

Leon County, Florida



Annual Financial Report For the Fiscal Year Ended September 30, 2021

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

LEON COUNTY, FLORIDA

PRINCIPAL OFFICERS

BOARD OF COUNTY COMMISSIONERS

William Proctor. – **Chairman** – District 1
Nick Maddox – **Vice Chairman** – At-Large
Jimbo Jackson. - District 2
Brian Welch - District 4
Kristin Dozier - District 5
Rick Minor - District 3
Carolyn Cummings – At-Large

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Vincent S. Long

COUNTY ATTORNEY

Chasity H. O’Steen

TAX COLLECTOR

Doris Malloy

SHERIFF

Walt McNeil

PROPERTY APPRIASER

Akin Akinyemi

SUPERVISOR OF ELECTIONS

Mark Earley

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

CLERK TO THE BOARD OF COUNTY COMMISSIONERS

Gwen Marshall-Knight

DIRECTOR OF FINANCE

Edward Burke

Leon County, Florida

THIS REPORT CONTAINS THE FOLLOWING SECTIONS

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

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

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

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

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

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

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

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Report of Independent Auditors

The Honorable Board of County Commissioners
Leon County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statements of Leon County, Florida (the County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Housing Finance Authority of Leon County, a component unit of Leon County, which statements reflect total assets constituting 0.30 percent of total assets at September 30, 2021, and total revenues constituting 0.07 percent of total revenues for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Finance Authority of Leon County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Leon County, Florida as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison statements of the major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note XIV to the financial statements, in the fiscal year ended September 30, 2021, the County adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. October 1, 2020 net position balances have been restated to reflect the implementation of the new standard. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14 and the supplementary schedules on pages 83-88, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

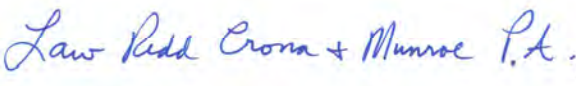
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, schedule of findings and questioned costs, and summary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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2022, on our consideration of the County’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, rules, regulations, contracts, grant agreements, and other matters under the heading *Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards*. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
May 24, 2022



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

Management's Discussion and Analysis

This discussion and analysis of Leon County's (the County) financial statements is designed to introduce the basic financial statements and provide an analytical overview of the County's financial activities for the fiscal year ended September 30, 2021. The basic financial statements are comprised of the government-wide financial statements, fund financial statements, and footnotes. We trust that the basic financial statements will, in conjunction with additional information provided in our letter of transmittal (pages xii–pages xx), assist readers in identifying significant financial issues, and in future years, changes in the County's financial position. In this Management's Discussion and Analysis (MD&A), all amounts, unless otherwise indicated, are expressed in thousands of dollars.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Fund Financial Statements (continued)

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

Table 1 Major Features of the Basic Financial Statements

| | <i>Government-wide Fund Financial Statements</i> | <i>Governmental Funds</i> | <i>Proprietary Funds</i> | <i>Fiduciary Funds</i> |
|---|---|--|--|---|
| Scope | Entire County government (except fiduciary funds) and the County's component unit | Activities of the County that are not proprietary or fiduciary | Activities of the County that are similar to private businesses | Instances in which the County is the trustee or agent for someone else's resources |
| Required financial statements | <ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities | <ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances | <ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows | <ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both, financial and capital, and short-term and long-term | Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included | All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term | All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term |
| Type of inflow/outflow information | All revenues and expenses during the year, regardless of when cash is received or paid | <ul style="list-style-type: none"> • Revenues for which cash is received during or soon after the end of the year • Expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid | All revenues and expenses during the year, regardless of when cash is received or paid |

Notes to the Financial Statements

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

Infrastructure Assets

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

Condensed Statement of Net Position

The net investment in capital assets is the largest portion of the County's net position. This represents capital assets (land, buildings, improvements, equipment, furniture, vehicles, and construction in progress, and infrastructure), net of accumulated depreciation, and the outstanding related debt used to acquire the assets in the amount of \$268.3 million as compared to \$263.6 million a year ago; this is an increase of \$4.7 million. These capital assets are used to provide services to the citizens and businesses in the County; consequently, the net position is not available for future spending.

Condensed Statement of Net Position (continued)

Table 2 below presents the County’s condensed Statement of Net Position as of September 30, 2021 and 2020, as derived from the government-wide Statement of Net Position.

Table 2

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

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|-------------------------|------------|--------------------------|-----------|--------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and other assets | \$ 206,991 | \$ 191,832 | \$ 15,097 | \$ 12,613 | \$ 222,088 | \$ 204,445 |
| Capital assets | 295,566 | 286,327 | 6,747 | 6,846 | 302,313 | 293,173 |
| Total assets | 502,557 | 478,159 | 21,844 | 19,459 | 524,401 | 497,618 |
| Deferred outflows | 58,200 | 80,278 | 0 | 0 | 58,200 | 80,278 |
| | | | | | | |
| Total assets and deferred outflows | 560,757 | 558,437 | 21,844 | 19,459 | 582,601 | 577,896 |
| | | | | | | |
| Current liabilities | 59,460 | 54,452 | 911 | 789 | 60,371 | 55,241 |
| Noncurrent liabilities | 147,731 | 276,369 | 17,592 | 17,427 | 165,323 | 293,796 |
| Total liabilities | 207,191 | 330,821 | 18,503 | 18,216 | 225,694 | 349,037 |
| Deferred inflows | 117,569 | 10,720 | 0 | 0 | 117,569 | 10,720 |
| | | | | | | |
| Total liabilities and deferred outflows | 324,760 | 341,541 | 18,503 | 18,216 | 343,263 | 359,757 |
| | | | | | | |
| Net position: | | | | | | |
| Net investment in capital assets | 261,561 | 256,739 | 6,747 | 6,846 | 268,308 | 263,585 |
| Unrestricted | (25,564) | (39,843) | (3,406) | (5,603) | (28,970) | (45,446) |
| *Total net position | \$ 235,997 | \$ 216,896 | \$ 3,341 | \$ 1,243 | \$ 239,338 | \$ 218,139 |

*Differences due to rounding

Condensed Statement of Activities

Table 3 on page 9 presents the County’s condensed Statement of Activities for the fiscal years ended September 30, 2021 and 2020, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net position may measure whether the County’s financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities increased by \$19.1 million, or 8.8 percent, and the net position of the business-type activities increased by \$2.1 million, or 168.8 percent. The increase in Governmental Activities is primarily due to inflows of resources needed for pandemic response and relief. The increase in business-type activity is due to a decrease in current year expenditures and an increase in transfers to the Landfill in 2021.

In 2003, the Board of County Commissioners adopted an ordinance levying a Utility Services Tax on the unincorporated area of Leon County. This tax generated \$9.1 million in FY 2020 versus \$9.2 million in FY 2021. The County also adopted a Communications Services Tax in FY 2003, with revenues in the amount of \$2.63 million in FY 2021 compared to revenues of \$2.83 million in FY 2020. These two taxes have been a stabilizing factor in the County’s financial picture, which was the intent of the ordinances.

Condensed Statement of Activities (continued)

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

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property. Amendment 1 became effective on October 1, 2008, but the ten percent (10%) assessment cap on non-homestead property became effective on January 1, 2009. Property tax revenues in FY 21 increased by 5.7%, and future growth will be tempered by the above tax changes, with increases mirroring population growth.

The Board of County Commissioners (the Board) Investment Policy is very risk averse and places a premium on security. With the effective rate of return of the portfolio averaging .99% for the year, investment earnings in the portfolio earned a total income of \$0.4 million, a decrease of \$3.2 million from 2020. The primary reasons for the decrease in income is due to the COVID-19 pandemic resulting in a falling interest rate environment. The gains made were from the active portfolio management that was well positioned to follow the market curve. The increase in the average daily balance of investable cash year over year reflected expenditure funds for capital construction projects, disaster recovery, and pandemic recovery.

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

Table 3

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

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | | Total % Change 2020 to 2021 |
|--|----------------------------|-------------------|-----------------------------|-----------------|-----------------------------|-------------------|--------------------------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | |
| Revenues | | | | | | | |
| Program Revenues: | | | | | | | |
| Charges for services | \$ 48,759 | \$ 41,079 | \$ 9,778 | \$ 9,324 | \$ 58,537 | \$ 50,403 | 16 % |
| Operating grants & contributions | 85,842 | 54,432 | 0 | 0 | 85,842 | 54,432 | 58 % |
| Capital grants & contributions | 0 | 2 | 0 | 0 | 0 | 2 | (100)% |
| Total Program Revenues | 134,601 | 95,513 | 9,778 | 9,324 | 144,379 | 104,837 | 38 % |
| General Revenues: | | | | | | | |
| Property taxes | 162,016 | 153,314 | 0 | 0 | 162,016 | 153,314 | 6 % |
| Local option taxes | 41,730 | 28,265 | 0 | 0 | 41,730 | 28,265 | 48 % |
| Communications services taxes | 2,627 | 2,834 | 0 | 0 | 2,627 | 2,834 | (7)% |
| Motor fuel taxes | 1,356 | 1,313 | 0 | 0 | 1,356 | 1,313 | 3 % |
| Utility services taxes | 9,215 | 9,057 | 0 | 0 | 9,215 | 9,057 | 2 % |
| Other taxes | 0 | 0 | 1,892 | 1,846 | 1,892 | 1,846 | 2 % |
| State shared revenues | 12,613 | 11,417 | 0 | 0 | 12,613 | 11,417 | 10 % |
| Investment earnings | 401 | 3,505 | 37 | 135 | 438 | 3,640 | (88)% |
| Miscellaneous revenues | 8,700 | 3,425 | (70) | 0 | 8,630 | 3,425 | 152 % |
| Total General Revenues | 238,658 | 213,130 | 1,859 | 1,981 | 240,517 | 215,111 | 12 % |
| Total Revenues | 373,259 | 308,643 | 11,637 | 11,305 | 384,896 | 319,948 | 20 % |
| Program Expenses | | | | | | | |
| General government | 66,438 | 70,327 | 0 | 0 | 66,438 | 70,325 | (6)% |
| Public safety | 124,306 | 130,444 | 0 | 0 | 124,306 | 130,444 | (5)% |
| Physical environment | 12,034 | 15,281 | 13,108 | 15,294 | 25,142 | 30,575 | (18)% |
| Transportation | 14,293 | 17,500 | 0 | 0 | 14,293 | 17,500 | (18)% |
| Economic environment | 84,527 | 18,401 | 0 | 0 | 84,527 | 18,401 | 359 % |
| Human services | 20,466 | 12,133 | 0 | 0 | 20,466 | 12,133 | 69 % |
| Culture and recreation | 12,074 | 14,609 | 0 | 0 | 12,074 | 14,609 | (17)% |
| Judicial | 15,931 | 17,678 | 0 | 0 | 15,931 | 17,678 | (10)% |
| Interest on long-term debt | 520 | 432 | 0 | 0 | 520 | 432 | 20 % |
| *Total Program Expenses | 350,589 | 296,805 | 13,108 | 15,294 | 363,697 | 312,097 | 17 % |
| Excess (deficiency) before transfers (net) | 22,670 | 11,838 | (1,471) | (3,989) | 21,199 | 7,851 | 170 % |
| Transfers | (3,569) | (1,070) | 3,569 | 1,070 | 0 | 0 | 0 % |
| Change In Net Position | 19,101 | 10,768 | 2,098 | (2,919) | 21,199 | 7,851 | 170 % |
| Beginning net position | 216,896 | 206,128 | 1,243 | 4,954 | 218,139 | 211,082 | 3 % |
| Prior period adjustments | 0 | 0 | 0 | (792) | 0 | (792) | (100)% |
| Beginning net position, as restated | 216,896 | 206,128 | 1,243 | 4,162 | 218,139 | 210,290 | (9)% |
| *Ending net position | \$ 235,997 | \$ 216,896 | \$ 3,341 | \$ 1,243 | \$ 239,338 | \$ 218,141 | 10 % |

*Differences due to rounding

Program Expenses and Revenues for Governmental Activities

Table 4 below presents program expenses and revenues for governmental activities. The nature of governmental activities is to be funded primarily from taxes and not to be self-supporting. As a result, overall program revenues were not sufficient to cover program expenses for governmental activities. General revenues, mainly taxes, therefore supported the net program expenses of these governmental activities. Program revenues as a percentage of program expenses increased to 38 percent from fiscal year 2020 to fiscal year 2021.

Table 4

| Program Expenses and Revenues for Governmental Activities For the Fiscal Year Ended September 30 (in thousands) | | | | | | |
|--|-------------------|-------------------|--------------------------|-------------------|------------------|-------------|
| | Program | Less | Net Program Expenses (a) | | Program Revenues | |
| | Expenses | Program | | | as a Percentage | |
| | 2021 | 2021 | 2021 | 2020 | 2021 | 2020 |
| General government | \$ 66,438 | \$ 8,976 | \$ 57,462 | \$ 62,216 | 14 % | 12 % |
| Public safety | 124,306 | 92,388 | 31,918 | 56,869 | 74 % | 56 % |
| Physical environment | 12,034 | 5,146 | 6,888 | 11,647 | 43 % | 24 % |
| Transportation | 14,293 | 566 | 13,727 | 16,945 | 4 % | 3 % |
| Economic environment | 84,527 | 839 | 83,688 | 17,825 | 1 % | 3 % |
| Human services | 20,466 | 17,136 | 3,330 | 12,133 | 84 % | 0 % |
| Culture and recreation | 12,074 | 241 | 11,833 | 14,430 | 2 % | 1 % |
| Judicial | 15,931 | 9,308 | 6,623 | 8,793 | 58 % | 50 % |
| Interest on long-term debt | 520 | 0 | 520 | 432 | N/A | N/A |
| *Total governmental activities | <u>\$ 350,589</u> | <u>\$ 134,600</u> | <u>\$ 215,989</u> | <u>\$ 201,290</u> | <u>38 %</u> | <u>32 %</u> |

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

*Differences from financial statements due to rounding

Program Expenses and Revenues for Business-type Activities

Table 5 below presents program expenses and revenues for business-type activities. Revenues are not sufficient to cover program expenses in FY 2021. Program revenues as a percentage of expenses increased to 75% from 2020 to 2021. The program expenses decreased by \$2.2 million compared to 2020. In 2021, the estimated liability for closure/post closure cost for the Landfill increased by \$204.5 thousand, whereas in 2020 there was an increase of \$2.5 million. This decrease along with operating expense reductions resulted in a decrease in the program expenses.

Table 5

| | Program Expenses and Revenues for Business-type Activities For the Year Ended September 30 (in thousands) | | | | | |
|----------|--|-----------------------------|----------------------|----------|---|------|
| | Program Expenses | Less Program Revenues | Net Program Expenses | | Program Revenues as a Percentage Program Expenses | |
| | 2021 | 2021 | 2021 | 2020 | 2021 | 2020 |
| Landfill | \$ 13,108 | \$ 9,778 | \$ 3,330 | \$ 5,970 | 75 % | 61 % |

*Differences from financial statements due to rounding

Overall Analysis

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

- The County's net position (excess of assets and deferred outflows over liabilities and deferred inflows) at the close of fiscal year 2021 is \$235,996,384, as compared to \$216,896,637 for fiscal year 2020, for governmental activities. The County's business-type activities net position (excess of assets and deferred outflows over liabilities and deferred inflows) at the close of fiscal year 2021 is \$3,340,695 as compared to \$1,243,668 for fiscal year 2020. (Please see the Statement of Activities discussed previously for an explanation of the differences above.)
- The County's total net position increased by \$21,196,774 during fiscal year 2021, as compared to a \$7,848,707 decrease in fiscal year 2020. The net position of governmental activities increased by \$19,099,747 in fiscal year 2021, as compared to an increase of \$10,767,895 in 2020. The net position of business-type activities increased by \$2,097,027 in 2021, as compared to a decrease of \$2,919,191 in 2020. (Please see the Statement of Activities discussed previously for an explanation of the differences above.)

Fund Analysis

The following funds experienced significant changes during the year:

Governmental Funds

The County's governmental funds reported a combined ending fund balance of \$158,714,823 for fiscal year 2021, as compared to \$144,994,353 for fiscal year 2020. This increase in fund balance is a planned appropriation of expenditures primarily in the General Fund, Grants Fund, Fine and Forfeiture Fund and the Capital Improvement Fund. These appropriations allow the Board to maintain existing infrastructure over the next five years.

General Fund

Fund balance at September 30, 2021 has increased to a total of \$47,698,121, as compared to \$33,789,262 for September 30, 2020. This \$13,908,859 increase in fund balance in the General Fund represents an increase in tax revenues due to the increased property values, increased transfers in, and adequate spending. The General Fund reserves are within policy limits and allow the County to maintain the same property millage rates for 2020.

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

Fine & Forfeiture Fund

Fund balance at September 30, 2021 totaled \$2,457,188, as compared to \$677,515 for September 30, 2020. This is an increase for the fiscal year and can be attributed to slow recovery from the pandemic with a slight increase in revenues while reducing overall operating expenses.

Grants Fund

The fund balance at September 30, 2021 totaled \$15,473,261, as compared to the September 30, 2020 balance of \$32,243,579. This was a decrease of \$16,770,318, primarily related to a reduction of pandemic recovery and relief efforts from by the federal government in the current fiscal year. Grant expenditures were completely offset by grant revenues plus the County transfers required for matching requirements.

Capital Improvement Fund

Fund balance at September 30, 2021 totaled \$25,051,519, as compared to \$24,226,121 for September 30, 2020. This was an increase of \$825,398. This increase can be attributed to transfers from other county funds that were used to pay for various capital projects that are still ongoing as of September 30, 2021.

Enterprise Funds

The County's proprietary funds reported net position of \$3,248,928 for September 30, 2021, as compared to \$1,014,711 for September 30, 2020, which is an increase of \$2,234,217. The estimated increase in liability for landfill closure and post closure costs decreased compared to 2020.

Budget Variances in the General Fund

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

Capital Asset and Long-term Debt Activity

Capital Asset Activity

The County reported \$295,566,168 in capital assets for governmental activities and \$6,746,692 in capital assets for business-type activities at September 30, 2021, versus \$286,327,378 for governmental and \$6,846,287 for business-type activities at September 30, 2020. Please refer to Note V in the Notes to the Financial Statements for additional information on capital assets and Note XIII in the Notes to the Financial Statements for additional information on construction commitments.

Debt Administration Activity

At September 30, 2021, the County had \$18,878,634 of outstanding bonded debt, as compared to \$23,789,120 at September 30, 2020. All of the County's debt is secured by specific general fund revenues, including sales tax, state revenue sharing, and specific other general fund revenues. The County has no general obligation bonds, which would be backed by the full faith and credit of the County. Leon County will finish paying off debt in 2036. There are no plans for financing any future infrastructure projects over the next five years. For more information on long-term debt activity, please see Note VII on Long-term Obligations in the Notes to the Financial Statements.

Economic Factors

Economic activity took a down turn as the pandemic significantly affected revenues and unemployment within Leon County.

- Leon County's unemployment rate decreased to 3.8% in FY 2021, compared to the State of Florida's unemployment rate of 5.0%.
- Visitors to Leon County had an economic impact of \$879.9 million in 2021, an increase of \$113.7 million or 14.8% compared to 2020.
- The Florida Price Index Level for Leon County increased from 96.10 in 2020 to 96.91 in 2021.
- The total market value of parcels with homestead exemption in Leon County increased from \$12.02 billion in 2020 to \$12.91 billion in 2021.
- Total employment in Leon County increased by 6.9% compared to the prior year.
- The estimated population in Leon County increased from 296,499 to 299,484 during FY 2021.
- New construction permits in Leon County increased by 13.8% in FY 2021, from 5796 to 6598.
- Mortgage foreclosure cases in Leon County decreased by 15.1% in 2021 when compared to 2020.

Request for Information

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

Leon County, Florida

Statement of Net Position

September 30, 2021

| | Governmental Activities | Business-Type Activities | Total | Component Unit Housing Finance Authority |
|--|----------------------------|-----------------------------|-----------------------|--|
| Assets | | | | |
| Current assets: | | | | |
| Cash | \$ 25,732,379 | \$ 462 | \$ 25,732,841 | \$ 1,173,863 |
| Investments | 141,960,456 | 436,937 | 142,397,393 | 0 |
| Receivables | 8,443,198 | 1,838,544 | 10,281,742 | 11,596 |
| Receivables from other governments | 17,096,480 | 0 | 17,096,480 | 35,863 |
| Special Assessments Receivable | 10,557,726 | 0 | 10,557,726 | 0 |
| Due to other county units | (44) | 44 | 0 | 0 |
| Inventories | 1,153,418 | 1,446 | 1,154,864 | 0 |
| Prepays | 2,046,951 | 0 | 2,046,951 | 0 |
| Total current assets | 206,990,564 | 2,277,433 | 209,267,997 | 1,221,322 |
| Noncurrent assets: | | | | |
| Restricted assets: | | | | |
| Cash and investments | 0 | 12,819,866 | 12,819,866 | 0 |
| Mortgage loans, net of allowance | 0 | 0 | 0 | 327,312 |
| Capital assets: | | | | |
| Land and construction in progress, nondepreciable | 91,134,066 | 2,301,847 | 93,435,913 | 0 |
| Capital assets (net) | 204,432,102 | 4,444,845 | 208,876,947 | 0 |
| Total noncurrent assets | 295,566,168 | 19,566,558 | 315,132,726 | 327,312 |
| Total assets | 502,556,732 | 21,843,991 | 524,400,723 | 1,548,634 |
| Deferred outflows of resources | | | | |
| Deferred outflows of resources | 58,200,437 | 0 | 58,200,437 | 0 |
| Total deferred outflows of resources | 58,200,437 | 0 | 58,200,437 | 0 |
| Total assets and deferred outflows of resources | \$ 560,757,169 | \$ 21,843,991 | \$ 582,601,160 | \$ 1,548,634 |

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

| | Governmental Activities | Business-Type Activities | Total | Component Unit Housing Finance Authority |
|--|----------------------------|-----------------------------|-----------------------|--|
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 25,732,781 | \$ 915,524 | \$ 26,648,305 | \$ 428 |
| Payable to other governments | 3,096,135 | 3,102 | 3,099,237 | 0 |
| Internal balances | 91,767 | (91,767) | 0 | 0 |
| Accrued compensated absences | 6,280,361 | 72,074 | 6,352,435 | 0 |
| Unearned revenues | 12,105,569 | 12,381 | 12,117,950 | 0 |
| Unamortized premium on bonds payable | 189,562 | 0 | 189,562 | 0 |
| Bonds payable | 3,517,991 | 0 | 3,517,991 | 0 |
| Claims payable | 7,055,481 | 0 | 7,055,481 | 0 |
| Capital lease liability | 1,391,107 | 0 | 1,391,107 | 0 |
| Total current liabilities | <u>59,460,754</u> | <u>911,314</u> | <u>60,372,068</u> | <u>428</u> |
| Noncurrent liabilities: | | | | |
| Deposits | 573,729 | 0 | 573,729 | 25,000 |
| Estimated liability for landfill closure and postclosure care costs | 0 | 17,245,981 | 17,245,981 | 0 |
| Arbitrage rebate liability | 25,000 | 0 | 25,000 | 0 |
| Accrued compensated absences | 11,411,945 | 114,771 | 11,526,716 | 0 |
| Other postemployment benefits obligation | 44,951,674 | 231,230 | 45,182,904 | 0 |
| Net pension liability | 61,862,285 | 0 | 61,862,285 | 0 |
| Bonds payable | 15,360,643 | 0 | 15,360,643 | 0 |
| Capital lease liability | 13,546,051 | 0 | 13,546,051 | 0 |
| Total noncurrent liabilities | <u>147,731,327</u> | <u>17,591,982</u> | <u>165,323,309</u> | <u>25,000</u> |
| Total liabilities | <u>207,192,081</u> | <u>18,503,296</u> | <u>225,695,377</u> | <u>25,428</u> |
| Deferred inflows of resources | | | | |
| Deferred inflows of resources | 117,568,704 | 0 | 117,568,704 | 0 |
| Total deferred inflows of resources | <u>117,568,704</u> | <u>0</u> | <u>117,568,704</u> | <u>0</u> |
| Net position | | | | |
| Net investment in capital assets | 261,560,814 | 6,746,692 | 268,307,506 | 0 |
| Unrestricted | (25,564,430) | (3,405,997) | (28,970,427) | 1,523,206 |
| Total net position | <u>\$ 235,996,384</u> | <u>\$ 3,340,695</u> | <u>\$ 239,337,079</u> | <u>\$ 1,523,206</u> |

Leon County, Florida
Statement of Activities
For the Year Ended September 30, 2021

| | Program Revenues | | | |
|----------------------------------|-------------------------|--|--|------|
| Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Function/Programs | | | | |
| Primary Government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 66,438,928 | \$ 8,606,254 | \$ 369,624 | \$ - |
| Public safety | 124,305,881 | 29,850,290 | 62,538,040 | - |
| Physical environment | 12,033,745 | 2,567,839 | 2,578,448 | - |
| Transportation | 14,292,797 | 566,442 | - | - |
| Economic environment | 84,527,083 | 327,647 | 511,301 | - |
| Human services | 20,466,157 | - | 17,135,825 | - |
| Culture and recreation | 12,074,202 | 148,063 | 93,422 | - |
| Judicial | 15,930,585 | 6,692,475 | 2,615,564 | - |
| Interest on long-term debt | 519,655 | - | - | - |
| Total governmental activities | 350,589,033 | 48,759,010 | 85,842,224 | - |
| Business-type activities: | | | | |
| Landfill | 13,108,024 | 9,778,300 | - | - |
| Total business-type activities | 13,108,024 | 9,778,300 | - | - |
| Total primary government | \$ 363,697,057 | \$ 58,537,310 | \$ 85,842,224 | \$ - |
| Component Unit: | | | | |
| Economic environment | 126,983 | 60,301 | - | - |
| Total component unit | \$ 126,983 | \$ 60,301 | \$ - | \$ - |

General Revenues:

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

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

Net (Expenses) Revenues and Changes in Net Position

| <u>Primary Government</u> | | | <u>Component Unit</u> |
|--------------------------------|---------------------------------|-------------------------|----------------------------------|
| <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> | <u>Housing Finance Authority</u> |
| \$ (57,463,050) | \$ - | \$ (57,463,050) | \$ - |
| (31,917,551) | - | (31,917,551) | - |
| (6,887,458) | - | (6,887,458) | - |
| (13,726,355) | - | (13,726,355) | - |
| (83,688,135) | - | (83,688,135) | - |
| (3,330,332) | - | (3,330,332) | - |
| (11,832,717) | - | (11,832,717) | - |
| (6,622,546) | - | (6,622,546) | - |
| (519,655) | - | (519,655) | - |
| <u>(215,987,799)</u> | <u>-</u> | <u>(215,987,799)</u> | <u>-</u> |
| - | (3,329,724) | (3,329,724) | - |
| - | (3,329,724) | (3,329,724) | - |
| <u>\$ (215,987,799)</u> | <u>\$ (3,329,724)</u> | <u>\$ (219,317,523)</u> | <u>\$ -</u> |
| - | - | - | (66,682) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (66,682)</u> |
| \$ 162,015,653 | \$ - | \$ 162,015,653 | \$ - |
| 41,730,099 | - | 41,730,099 | - |
| 2,626,789 | - | 2,626,789 | - |
| 1,355,773 | - | 1,355,773 | - |
| 9,214,553 | - | 9,214,553 | - |
| - | 1,890,476 | 1,890,476 | - |
| 12,612,720 | - | 12,612,720 | - |
| 401,436 | 36,708 | 438,144 | 1,369 |
| 8,700,001 | (69,911) | 8,630,090 | 210,050 |
| (3,569,478) | 3,569,478 | - | - |
| <u>235,087,546</u> | <u>5,426,751</u> | <u>240,514,297</u> | <u>211,419</u> |
| 19,099,747 | 2,097,027 | 21,196,774 | 144,737 |
| <u>216,896,637</u> | <u>1,243,668</u> | <u>218,140,305</u> | <u>1,378,469</u> |
| <u>\$ 235,996,384</u> | <u>\$ 3,340,695</u> | <u>\$ 239,337,079</u> | <u>\$ 1,523,206</u> |

Leon County, Florida
Balance Sheet
Governmental Funds
September 30, 2021

| | <u>General Fund</u> | <u>Fine & Forfeiture Fund</u> | <u>Grants Fund</u> | <u>Capital Improvement Fund</u> | <u>Local Provider Participation Fund</u> | <u>Nonmajor Governmental Funds</u> |
|--|----------------------|---|----------------------|---|--|--|
| Assets: | | | | | | |
| Cash | \$ 17,938,753 | \$ 86,707 | \$ 0 | \$ 0 | \$ 63,464 | \$ 6,999,471 |
| Investments | 29,344,527 | 1,141,086 | 25,409,439 | 25,496,803 | 0 | 53,913,956 |
| Receivables | | | | | | |
| Accounts | 2,742,323 | 2,011 | 44,784 | 44,937 | 0 | 5,219,257 |
| Due from other governments | 5,081,725 | 0 | 5,040,707 | 0 | 0 | 6,961,419 |
| Special assessments | 0 | 0 | 0 | 0 | 10,078,874 | 478,852 |
| Due from other funds | 4,457,367 | 1,650,452 | 73,046 | 0 | 0 | 1,195,197 |
| Inventories | 1,023,855 | 0 | 0 | 0 | 0 | 10,114 |
| Prepays | 1,374,714 | 0 | 151,388 | 218,997 | 0 | 208,186 |
| Total assets | <u>\$ 61,963,264</u> | <u>\$ 2,880,256</u> | <u>\$ 30,719,364</u> | <u>\$ 25,760,737</u> | <u>\$ 10,142,338</u> | <u>\$ 74,986,452</u> |
| Liabilities, deferred inflows of resources, and fund balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 3,834,762 | \$ 35,883 | \$ 3,825,275 | \$ 709,218 | \$ 9,976,734 | \$ 1,295,542 |
| Accrued liabilities | 5,059,855 | 0 | 3,077 | 0 | 0 | 434,364 |
| Due to other governments | 987,201 | 1,851 | 18,611 | 0 | 0 | 2,062,612 |
| Due to other funds | 4,316,936 | 6,463 | 98,464 | 0 | 0 | 2,010,732 |
| Deposits | 66,389 | 378,821 | 0 | 0 | 0 | 128,519 |
| Unearned revenues | 0 | 50 | 11,300,676 | 0 | 0 | 804,843 |
| Total liabilities | <u>14,265,143</u> | <u>423,068</u> | <u>15,246,103</u> | <u>709,218</u> | <u>9,976,734</u> | <u>6,736,612</u> |
| Deferred inflows of resources: | | | | | | |
| Deferred inflows of resources | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>380,710</u> |
| Total deferred inflows | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>380,710</u> |
| Fund balances: | | | | | | |
| Nonspendable | 2,398,569 | 0 | 151,388 | 218,997 | 0 | 218,300 |
| Restricted | 5,259,060 | 249,973 | 11,719,729 | 24,832,522 | 165,604 | 50,214,128 |
| Committed | 7,154,718 | 367,147 | 3,971,624 | 0 | 0 | 15,261,542 |
| Assigned | 9,957,705 | 1,840,068 | 0 | 0 | 0 | 2,642,641 |
| Unassigned | 22,928,069 | 0 | (369,480) | 0 | 0 | (467,481) |
| Total fund balances | <u>47,698,121</u> | <u>2,457,188</u> | <u>15,473,261</u> | <u>25,051,519</u> | <u>165,604</u> | <u>67,869,130</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 61,963,264</u> | <u>\$ 2,880,256</u> | <u>\$ 30,719,364</u> | <u>\$ 25,760,737</u> | <u>\$ 10,142,338</u> | <u>\$ 74,986,452</u> |

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

Total
Governmental
Funds

\$ 25,088,395
135,305,811

8,053,312
17,083,851
10,557,726
7,376,062
1,033,969
1,953,285

\$ 206,452,411

\$ 19,677,414
5,497,296
3,070,275
6,432,595
573,729
12,105,569

47,356,878

380,710

380,710

2,987,254
92,441,016
26,755,031
14,440,414
22,091,108

158,714,823

\$ 206,452,411

Leon County, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2021

Total fund balances of governmental funds \$ 158,714,823

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in governmental funds.

| | | |
|-------------------------------|----------------------|-------------|
| Governmental capital assets | 745,598,040 | |
| Less accumulated depreciation | <u>(450,031,872)</u> | 295,566,168 |

Long-term liabilities, and deferred outflows/inflows of resources including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.

| | | |
|---|-----------------|---------------|
| Bonds and notes payable | (18,878,634) | |
| Unamortized premium on bonds payable | (189,562) | |
| Capital lease liability | (14,937,158) | |
| OPEB related deferred inflows | (6,416,981) | |
| OPEB related deferred outflows | 22,951,498 | |
| Pension related deferred outflows | 35,248,939 | |
| Pension related deferred inflows | (110,771,013) | |
| Net pension liability | (61,862,285) | |
| Compensated absences, net of internal service amount | (17,220,539) | |
| Other postemployment benefits, net of internal service amount | (44,854,845) | |
| Arbitrage rebate liability | <u>(25,000)</u> | (216,955,580) |

Internal service funds are used by management to charge the costs of gasoline, vehicle repair, risk management, and telephone services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

| | | |
|---|--|-----------------------|
| | | <u>(1,329,027)</u> |
| Total net position of governmental activities | | <u>\$ 235,996,384</u> |

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

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Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2021

| | <u>General Fund</u> | <u>Fine & Forfeiture Fund</u> | <u>Grants Fund</u> | <u>Capital Improvement Fund</u> | <u>Local Provider Participation Fund</u> | <u>Nonmajor Governmental Funds</u> |
|---|----------------------|---|----------------------|---|--|--|
| Revenues: | | | | | | |
| Taxes | \$ 79,978,379 | \$ 86,170,853 | \$ 0 | \$ 0 | \$ 10,142,165 | \$ 40,651,470 |
| Licenses and permits | 0 | 0 | 0 | 0 | 0 | 4,955,091 |
| Intergovernmental | 10,334,388 | 22,478 | 75,400,709 | 0 | 0 | 12,826,610 |
| Charges for services | 7,999,637 | 518,206 | 120,514 | 0 | 0 | 34,904,285 |
| Fines and forfeitures | 0 | 114,292 | 0 | 0 | 0 | 149,540 |
| Interest | 490,601 | 196,519 | 250,414 | 176,431 | 173 | 492,030 |
| Net increase/(decrease) in fair value of investments | (58,574) | (12,953) | (122,809) | (332,338) | 0 | (678,058) |
| Miscellaneous | 3,817,866 | 0 | 366,405 | 0 | 0 | 4,383,935 |
| Total revenues | <u>102,562,297</u> | <u>87,009,395</u> | <u>76,015,233</u> | <u>(155,907)</u> | <u>10,142,338</u> | <u>97,684,903</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 45,127,543 | 0 | 0 | 2,420,855 | 0 | 1,601,585 |
| Public safety | 78,099,240 | 3,166,060 | 1,223,020 | 0 | 0 | 41,214,297 |
| Physical environment | 2,302,322 | 0 | 113,103 | 540,191 | 0 | 7,054,173 |
| Transportation | 0 | 0 | 381,982 | 0 | 0 | 12,091,934 |
| Economic environment | 3,640,962 | 0 | 74,118,895 | 0 | 0 | 7,386,229 |
| Human services | 8,772,985 | 0 | 15,001 | 0 | 9,976,734 | 1,918,777 |
| Culture and recreation | 5,373,755 | 0 | 6,133 | 1,209 | 0 | 6,230,167 |
| Judicial | 7,885,441 | 2,024,213 | 22,121 | 0 | 0 | 6,342,033 |
| Debt service: | | | | | | |
| Principal retirement | 0 | 0 | 0 | 0 | 0 | 3,183,486 |
| Interest and fiscal charges | 0 | 0 | 0 | 20,427 | 0 | 546,619 |
| Other debt service costs | 0 | 0 | 0 | 451,879 | 0 | 0 |
| Capital outlay | 3,041,663 | 0 | 3,170,214 | 9,689,890 | 0 | 21,800,451 |
| Total expenditures | <u>154,243,911</u> | <u>5,190,273</u> | <u>79,050,469</u> | <u>13,124,451</u> | <u>9,976,734</u> | <u>109,369,751</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(51,681,614)</u> | <u>81,819,122</u> | <u>(3,035,236)</u> | <u>(13,280,358)</u> | <u>165,604</u> | <u>(11,684,848)</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | 90,500,709 | 1,575,819 | 14,814,386 | 13,335,887 | 0 | 26,005,293 |
| Capital Lease Proceeds | 0 | 0 | 0 | 769,869 | 0 | 0 |
| Transfer out | (24,910,236) | (81,615,268) | (28,549,468) | 0 | 0 | (14,966,508) |
| Issuance of debt | 0 | 0 | 0 | 0 | 0 | 14,457,317 |
| Total other financing sources (uses) | <u>65,590,473</u> | <u>(80,039,449)</u> | <u>(13,735,082)</u> | <u>14,105,756</u> | <u>0</u> | <u>25,496,102</u> |
| Net change in fund balances | 13,908,859 | 1,779,673 | (16,770,318) | 825,398 | 165,604 | 13,811,254 |
| Fund balances, October 1 | 33,789,262 | 677,515 | 32,243,579 | 24,226,121 | 0 | 54,057,876 |
| Fund balances, September 30 | <u>\$ 47,698,121</u> | <u>\$ 2,457,188</u> | <u>\$ 15,473,261</u> | <u>\$ 25,051,519</u> | <u>\$ 165,604</u> | <u>\$ 67,869,130</u> |

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

Total
Governmental
Funds

\$ 216,942,867
4,955,091
98,584,185
43,542,642
263,832
1,606,168

(1,204,732)
8,568,206

373,258,259

49,149,983
123,702,617
10,009,789
12,473,916
85,146,086
20,683,497
11,611,264
16,273,808

3,183,486
567,046
451,879

37,702,218

370,955,589

2,302,670

146,232,094
769,869
(150,041,480)

14,457,317

11,417,800

13,720,470

144,994,353

\$ 158,714,823

Leon County, Florida
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended September 30, 2021

| | | |
|---|---------------------|--------------------------|
| Net change in fund balances - total governmental funds | \$ | 13,720,470 |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> | | |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p> | | |
| Expenditures for capital assets/leases | 32,457,661 | |
| Less current year depreciation | <u>(23,218,872)</u> | 9,238,789 |
| Repayment of capital leases/bond/loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | | 3,635,365 |
| Capital leases and debt issuances provide current financial resources to governmental funds, but increase long-term liabilities in the Statement of Net Position. | | (15,227,186) |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in the governmental funds.</p> | | |
| Amortization of current year bond discount/premium | 47,390 | |
| Change in other postemployment benefits | (4,974,740) | |
| Change in compensated absences | (783,524) | |
| Change in net pension liability | 15,020,807 | |
| | <u>9,309,933</u> | |
| Internal service funds are used by management to charge the costs of gasoline, vehicle repair, risk management, and telephone services to individual funds. | | <u>(1,577,624)</u> |
| Change in net position of governmental activities | \$ | <u><u>19,099,747</u></u> |

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

Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended September 30, 2021

| | <u>Budget Amounts</u> | | Actual Amounts | Variance with Final Budget |
|---|-----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues: | | | | |
| Taxes | \$ 76,358,048 | \$ 76,358,048 | \$ 79,978,379 | \$ 3,620,331 |
| Intergovernmental | 6,934,670 | 7,158,837 | 10,334,388 | 3,175,551 |
| Charges for services | 7,491,879 | 7,838,831 | 7,999,637 | 160,806 |
| Interest | 587,160 | 587,160 | 490,601 | (96,559) |
| Net increase/(decrease) in fair value of investments | 0 | 0 | (58,574) | (58,574) |
| Miscellaneous | 205,401 | 205,401 | 3,817,866 | 3,612,465 |
| Total revenue | <u>91,577,158</u> | <u>92,148,277</u> | <u>102,562,297</u> | <u>10,414,020</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 47,243,863 | 59,190,539 | 45,127,543 | 14,062,996 |
| Public safety | 78,902,443 | 78,924,395 | 78,099,240 | 825,155 |
| Physical environment | 2,541,451 | 2,541,451 | 2,302,322 | 239,129 |
| Economic environment | 3,862,714 | 3,907,714 | 3,640,962 | 266,752 |
| Human services | 9,501,121 | 10,080,688 | 8,772,985 | 1,307,703 |
| Culture and recreation | 6,209,849 | 6,223,202 | 5,373,755 | 849,447 |
| Judicial | 5,010,198 | 4,897,497 | 7,885,441 | (2,987,944) |
| Capital outlay | 3,192,805 | 3,500,959 | 3,041,663 | 459,296 |
| Total expenditures | <u>156,464,444</u> | <u>169,266,445</u> | <u>154,243,911</u> | <u>15,022,534</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(64,887,286)</u> | <u>(77,118,168)</u> | <u>(51,681,614)</u> | <u>25,436,554</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 103,845,920 | 111,578,707 | 90,500,709 | (21,077,998) |
| Transfers out | (40,799,944) | (44,418,244) | (24,910,236) | 19,508,008 |
| Total other financing sources (uses) | <u>63,045,976</u> | <u>67,160,463</u> | <u>65,590,473</u> | <u>(1,569,990)</u> |
| Net change in fund balance | (1,841,310) | (9,957,705) | 13,908,859 | 23,866,564 |
| Fund balances, October 1 | <u>33,789,262</u> | <u>33,789,262</u> | <u>33,789,262</u> | <u>0</u> |
| Fund balances, September 30 | <u>\$ 31,947,952</u> | <u>\$ 23,831,557</u> | <u>\$ 47,698,121</u> | <u>\$ 23,866,564</u> |

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

Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fine & Forfeiture Fund
Year Ended September 30, 2021

| | <u>Budget Amounts</u> | | Actual Amounts | Variance with Final Budget |
|---|-----------------------|-----------------------|---------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues: | | | | |
| Taxes | \$ 85,650,660 | \$ 85,650,660 | \$ 86,170,853 | \$ 520,193 |
| Intergovernmental | 19,570 | 19,570 | 22,478 | 2,908 |
| Charges for services | 834,745 | 834,745 | 518,206 | (316,539) |
| Fines and forfeitures | 106,875 | 106,875 | 114,292 | 7,417 |
| Interest | 314,925 | 314,925 | 196,519 | (118,406) |
| Net increase/(decrease) in fair value of investments | 0 | 0 | (12,953) | (12,953) |
| Total revenue | <u>86,926,775</u> | <u>86,926,775</u> | <u>87,009,395</u> | <u>82,620</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 3,265,150 | 3,303,834 | 3,166,060 | 137,774 |
| Judicial | 2,035,963 | 2,037,963 | 2,024,213 | 13,750 |
| Total expenditures | <u>5,301,113</u> | <u>5,341,797</u> | <u>5,190,273</u> | <u>151,524</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>81,625,662</u> | <u>81,584,978</u> | <u>81,819,122</u> | <u>234,144</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 0 | 0 | 1,575,819 | 1,575,819 |
| Transfers out | (81,625,662) | (90,733,888) | (81,615,268) | 9,118,620 |
| Total other financing sources (uses) | <u>(81,625,662)</u> | <u>(90,733,888)</u> | <u>(80,039,449)</u> | <u>10,694,439</u> |
| Net change in fund balance | 0 | (9,148,910) | 1,779,673 | 10,928,583 |
| Fund balances, October 1 | <u>677,515</u> | <u>677,515</u> | <u>677,515</u> | <u>0</u> |
| Fund balances, September 30 | <u>\$ 677,515</u> | <u>\$ (8,471,395)</u> | <u>\$ 2,457,188</u> | <u>\$ 10,928,583</u> |

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

Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Grants Fund
Year Ended September 30, 2021

| | <u>Budget Amounts</u> | | Actual Amounts | Variance with Final Budget |
|---|-----------------------|------------------------|----------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues | | | | |
| Intergovernmental | \$ 551,790 | \$ 111,630,002 | \$ 75,400,709 | \$ (36,229,293) |
| Charges for services | 105,497 | 244,022 | 120,514 | (123,508) |
| Interest | 0 | 87,111 | 250,414 | 163,303 |
| Net increase/(decrease) in fair value of investments | 0 | 0 | (122,809) | (122,809) |
| Miscellaneous | 0 | 1,165,737 | 366,405 | (799,332) |
| Total revenue | <u>657,287</u> | <u>113,126,872</u> | <u>76,015,233</u> | <u>(37,111,639)</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 691,910 | 29,427,914 | 1,223,020 | 28,204,894 |
| Physical environment | 0 | 1,081,642 | 113,103 | 968,539 |
| Transportation | 0 | 588,951 | 381,982 | 206,969 |
| Economic environment | 50,000 | 80,291,666 | 74,118,895 | 6,172,771 |
| Human services | 32,468 | 36,960 | 15,001 | 21,959 |
| Culture and recreation | 5,500 | 307,969 | 6,133 | 301,836 |
| Judicial | 91,844 | 164,594 | 22,121 | 142,473 |
| Capital outlay | 69,500 | 39,568,484 | 3,170,214 | 36,398,270 |
| Total expenditures | <u>941,222</u> | <u>151,468,180</u> | <u>79,050,469</u> | <u>72,417,711</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(283,935)</u> | <u>(38,341,308)</u> | <u>(3,035,236)</u> | <u>35,306,072</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 283,935 | 11,208,525 | 14,814,386 | 3,605,861 |
| Transfers out | 0 | (25,361,774) | (28,549,468) | (3,187,694) |
| Total other financing sources (uses) | <u>283,935</u> | <u>(14,153,249)</u> | <u>(13,735,082)</u> | <u>418,167</u> |
| Net change in fund balance | 0 | (52,494,557) | (16,770,318) | 35,724,239 |
| Fund balances, October 1 | <u>32,243,579</u> | <u>32,243,579</u> | <u>32,243,579</u> | <u>0</u> |
| Fund balances, September 30 | <u>\$ 32,243,579</u> | <u>\$ (20,250,978)</u> | <u>\$ 15,473,261</u> | <u>\$ 35,724,239</u> |

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

Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Local Provider Participation Fund
Year Ended September 30, 2021

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|----------------|---------------|-------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 0 | \$ 10,142,165 | \$ 10,142,165 | \$ 0 |
| Interest | 0 | 0 | 173 | 173 |
| Total revenue | 0 | 10,142,165 | 10,142,338 | 173 |
| Expenditures: | | | | |
| Current | | | | |
| Human services | 0 | 10,142,165 | 9,976,734 | 165,431 |
| Total expenditures | 0 | 10,142,165 | 9,976,734 | 165,431 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 0 | 165,604 | 165,604 |
| Net change in fund balance | 0 | 0 | 165,604 | 165,604 |
| Fund balances, October 1 | 0 | 0 | 0 | 0 |
| Fund balances, September 30 | \$ 0 | \$ 0 | \$ 165,604 | \$ 165,604 |

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

Leon County, Florida
Statement of Net Position
Proprietary Funds
September 30, 2021

| | Business-type Activities - Landfill Fund | Governmental Activities - Internal Service Funds |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Cash | \$ 462 | \$ 362,950 |
| Cash with fiscal agent | 0 | 281,034 |
| Investments | 436,937 | 6,654,645 |
| Receivables: | | |
| Accounts | 1,838,544 | 389,887 |
| Due from other funds | 44 | 70,770 |
| Due from other governments | 0 | 13,103 |
| Inventories | 1,446 | 119,449 |
| Prepays | 0 | 93,666 |
| Total current assets | 2,277,433 | 7,985,504 |
| Noncurrent assets: | | |
| Restricted cash and investments | 12,819,866 | 0 |
| Capital assets: | | |
| Land nondepreciable | 2,301,847 | 0 |
| Depreciable (net) | 4,444,845 | 0 |
| Total noncurrent assets | 19,566,558 | 0 |
| Total assets | 21,843,991 | 7,985,504 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 897,763 | 554,065 |
| Due to other governments | 3,102 | 25,859 |
| Accrued liabilities | 17,761 | 4,482 |
| Due to other funds | 0 | 1,014,281 |
| Compensated absences | 72,074 | 271,045 |
| Claims payable | 0 | 7,055,481 |
| Deferred revenue | 12,381 | 0 |
| Total current liabilities | 1,003,081 | 8,925,213 |
| Noncurrent liabilities: | | |
| Compensated absences | 114,771 | 200,722 |
| Liability for closure costs/maintenance | 17,245,981 | 0 |
| Other post employment benefits | 231,230 | 96,829 |
| Total noncurrent liabilities | 17,591,982 | 297,551 |
| Total liabilities | 18,595,063 | 9,222,764 |
| Net position | | |
| Investment in capital assets | 6,746,692 | 0 |
| Unrestricted | (3,497,764) | (1,237,260) |
| Total net position | 3,248,928 | \$ (1,237,260) |
| Total liabilities and net position | 21,843,991 | \$ 7,985,504 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | |
| | 91,767 | |
| Net position of business-type activities | \$ 3,340,695 | |

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

Leon County, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2021

| | <u>Business-type Activities- Landfill Fund</u> | <u>Business-type Activities- Internal Service Funds</u> |
|--|--|---|
| Operating revenues | | |
| Charges for services | \$ 9,915,490 | \$ 6,898,421 |
| Total operating revenues | <u>9,915,490</u> | <u>6,898,421</u> |
| Operating expenses | | |
| Personnel services | 1,815,833 | 831,069 |
| Contractual services | 8,960,598 | 152,553 |
| Supplies | 248,570 | 1,203,180 |
| Communications services | 29,698 | 544,239 |
| Insurance | 42,020 | 4,460,998 |
| Utility services | 65,286 | 0 |
| Depreciation | 855,937 | 0 |
| Other services and charges | 1,090,082 | 1,623,963 |
| Total operating expenses | <u>13,108,024</u> | <u>8,816,002</u> |
| Operating income (loss) | <u>(3,192,534)</u> | <u>(1,917,581)</u> |
| Nonoperating revenues | | |
| Taxes | 1,890,476 | 0 |
| Interest | 67,817 | 47,125 |
| Net increase/(decrease) in fair value of investments | (31,109) | (94,707) |
| Miscellaneous | (69,911) | 10,441 |
| Total nonoperating revenues | <u>1,857,273</u> | <u>(37,141)</u> |
| Income (loss) before transfers | (1,335,261) | (1,954,722) |
| Transfers in | 3,666,301 | 239,908 |
| Transfers out | (96,823) | 0 |
| Change in net position | <u>2,234,217</u> | <u>(1,714,814)</u> |
| Net position, October 1 | <u>1,014,711</u> | <u>477,554</u> |
| Net position, September 30 | <u>\$ 3,248,928</u> | <u>\$ (1,237,260)</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | <u>(137,190)</u> | |
| Change in net position of business-type activities | <u>\$ 2,097,027</u> | |

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

Leon County, Florida
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2021

| | <u>Business-type Activities Landfill Fund</u> | <u>Governmental Activities - Internal Service Funds</u> |
|---|---|---|
| Cash flows from operating activities: | | |
| Receipts from customers fees and other income | \$ 9,388,260 | \$ (6,999) |
| Payments to suppliers | (10,124,672) | (5,173,452) |
| Payments to employees | (1,909,086) | (985,369) |
| Internal activity - payments to other funds | (42,020) | 0 |
| Internal activity - cash received from other funds | (1,389) | 7,574,549 |
| Claims paid | 0 | (2,092,532) |
| Net cash provided by (used in) operating activities | <u>(2,688,907)</u> | <u>(683,803)</u> |
| Cash flows from noncapital financing activities: | | |
| Tax proceeds | 1,890,476 | 0 |
| Repayments on interfund loans | (11) | 16,100 |
| Loan from other funds | (32,467) | 0 |
| Transfers received from other funds | 3,666,301 | 239,908 |
| Transfers to other funds | (96,823) | 0 |
| Miscellaneous | (69,911) | 10,441 |
| Net cash provided by (used in) noncapital financing activities | <u>5,357,565</u> | <u>266,449</u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition and/or construction of capital assets | (805,231) | 0 |
| Proceeds from the sale of capital assets | 48,889 | 0 |
| Net cash provided by (used in) capital and related financing activities | <u>(756,342)</u> | <u>0</u> |
| Cash flows from investing activities: | | |
| Net proceeds from sales and maturities of investments | (1,932,693) | 448,732 |
| Interest and dividends received | 65,341 | 49,442 |
| Increase (decrease) in fair value of investments | (31,109) | (94,707) |
| Net cash provided by (used in) investing activities | <u>(1,898,461)</u> | <u>403,467</u> |
| Net cash increase (decreases) in cash | 13,855 | (13,887) |
| Cash at beginning of year (including \$9,526,174 included in restricted cash and investments) | <u>9,526,633</u> | <u>657,871</u> |
| Cash at end of year (including \$9,540,026 included in restricted cash and investments) | <u>\$ 9,540,488</u> | <u>\$ 643,984</u> |

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

Leon County, Florida
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2021

| | <u>Business-type Activities Landfill Fund</u> | <u>Governmental Activities - Internal Service Funds</u> |
|---|---|---|
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | |
| Operating income (loss) | \$ (3,192,534) | \$ (1,917,581) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation expense | 855,937 | 0 |
| Changes in assets and liabilities: | | |
| Receivables | (536,733) | (97,422) |
| Prepays | 0 | (93,666) |
| Due from other governments | (1,389) | 766,551 |
| Accounts payable and other liabilities | 65,064 | 344,922 |
| Accrued expenses | (93,253) | (43,017) |
| Other current liabilities | 0 | 467,693 |
| Revenues received in advance | 9,503 | 0 |
| Estimated liability for closure costs/maintenance | 204,498 | 0 |
| Other accrued liabilities | 0 | (111,283) |
| Net cash provided (used) by operating activities: | <u>\$ (2,688,907)</u> | <u>\$ (683,803)</u> |

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

Leon County, Florida
Statement of Fiduciary Net Position
Custodial Funds
September 30, 2021

| | <u>Total Custodial Funds</u> |
|---|--------------------------------------|
| Assets | |
| Cash | \$ 11,027,090 |
| Accounts receivable | 254,977 |
| Intergovernmental receivables | <u>11,420</u> |
| Total assets | <u>\$ 11,293,487</u> |
| Liabilities | |
| Accounts payable | \$ 621,285 |
| Due to other governments | 3,860,834 |
| Deposits | 6,262 |
| Installment tax deposits | <u>2,022,976</u> |
| Total Liabilities | <u>6,511,357</u> |
| Net Position: | |
| Restricted for: | |
| Individuals, organizations, and other governments | <u>4,782,130</u> |
| Total net position | <u>4,782,130</u> |
| Total liabilities and net position | <u>\$ 11,293,487</u> |

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

Leon County, Florida
Statement of Changes in Fiduciary Net Position - Custodial Funds
Year Ended September 30, 2021

| | <u>Total Custodial Funds</u> |
|---|----------------------------------|
| Additions | |
| Property taxes and fees collected | \$ 341,503,999 |
| Fees and other amounts collected on behalf of other governments | 53,077,894 |
| Tourist development taxes collected | 5,203,976 |
| License, registrations, and vessel fees collected | 24,435,005 |
| Receipt of registry for court from citizens | 15,449,551 |
| Sales taxes collected | 6,415,542 |
| Bonds, deposits and other court related collections | 3,729,561 |
| Other taxes and fees collected | 241,722 |
| Interest earnings | 77,850 |
| Inmate funds collected | 838,289 |
| Contracts and other miscellaneous collected | 3,983,000 |
| Evidence monies collected | 280,581 |
| Fines and forfeitures fees collected | <u>2,038,668</u> |
| Total additions | <u>457,275,638</u> |
| Deductions | |
| Property taxes and fees distributed | 341,503,999 |
| Fees and other amounts distributed to other governments | 52,746,028 |
| Tourist development taxes distributed | 5,203,976 |
| License, registrations, and vessel fees distributed | 24,435,005 |
| Disbursement of registry for court from citizens | 14,887,669 |
| Sales taxes distributed | 6,415,542 |
| Bonds, deposits and other court related distributions | 3,322,960 |
| Other taxes and fees distributed | 241,722 |
| Interest earnings | 77,850 |
| Inmate funds disbursed | 809,517 |
| Contracts and other miscellaneous disbursed | 3,982,350 |
| Evidence monies disbursed | 126,989 |
| Fines and forfeitures and fees disbursed | <u>2,038,668</u> |
| Total deductions | <u>455,792,275</u> |
| Net increase (decrease) in fiduciary net position | <u>1,483,363</u> |
| Net position at beginning of year | - |
| Prior period adjustment | <u>3,298,767</u> |
| Net position at beginning of year, as restated | <u>3,298,767</u> |
| Net position at end of year | <u>\$ 4,782,130</u> |

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

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LEON COUNTY, FLORIDA
NOTES TO FINANCIAL
STATEMENTS SEPTEMBER 30, 2021

| | | |
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Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Leon County, Florida (the County) is a political subdivision of the State of Florida and provides services to its residents in many areas, including public safety, transportation, recreation, and human services. The County is governed by an elected Board of County Commissioners (seven members). In addition to the members of the Board of County Commissioners (the Board), there are five elected Constitutional Officers: Clerk of the Circuit Court and Comptroller, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets. Effective for the 2003 fiscal year, the citizens of Leon County passed a voter referendum to make Leon County a Charter County. The Charter is a simple charter, which allows for the same powers and duties as provided in the Constitution of the State of Florida and Florida Statutes. However, in certain instances, the Charter may alter or expand the powers of the elected officials via voter referendum.

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

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

Component Unit

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

Specific criteria used to determine financial accountability are:

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Component Unit (continued)

Financial statements of component units would be included in the financial reporting entity either as a blended component unit or as a discretely presented component unit in accordance with governmental accounting standards. At September 30, 2021, the only component unit of the County is the Housing Finance Authority of Leon County (the Authority) and is presented in a separate column on the County's financial statements.

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

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

Excluded from the Reporting Entity

The Leon County Health Facilities Authority, Leon County Research and Development Authority, Leon County Education Facilities Authority and Leon County Energy Improvement District have been established under Florida Statutes, Chapter 159, Part V, Chapter 154, Part III, Chapter 243 and Chapter 189, Part II respectively. Operations of the above authorities are not included in this report because they do not meet the criteria for inclusion in the reporting entity as set forth in GASB Statement No. 39 and No. 61.

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

Children's Service Council of Leon County

Leon County School 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 a Consolidated Dispatch Agency (CDA) for the purpose of dispatching law enforcement, fire and emergency medical services personnel. The term of this agreement is for a period of 10 years, commencing April 1, 2013, and will renew automatically thereafter. The CDA will govern and manage the provision of public safety consolidated dispatch services on a county-wide basis.

The governing body of the CDA consists of the City of Tallahassee City Manager, the Leon County Administrator and the Leon

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Consolidated Dispatch Agency (continued)

County Sheriff, hereinafter called the Council. The City and the County 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 County, 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 and Havana; and the Leon County School Board as authorized by Section 163.01 Florida Statutes. It was established in order for the members to participate cooperatively in the development of transportation related plans and programs.

The governing board consists of voting representatives from the Counties of Leon, Gadsden, Jefferson, and Wakulla; the Cities of Midway, Quincy, Tallahassee, Chattahoochee and Gretna; the Towns of Greensboro and Havana, the Leon County School Board, and three nonvoting representatives from the Florida Department of Transportation, the Federal Highway Administration, and StarMetro, the City of Tallahassee's public transit system.

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

Blueprint Intergovernmental Agency

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

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting

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

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements (continued)

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements (continued)

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

C. Basis of Presentation

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

Governmental Major Funds:

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

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

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

Grants — This fund is used to account for and report the proceeds of revenues that are restricted or committed to expenditures of federal, state and local grants awarded to the County. This fund also includes the corresponding County matching funds for the various grants.

Capital Improvement — This fund is used to account for and report the financial resources restricted, committed, or assigned to the expenditures for the acquisition or construction of major non-transportation related capital facilities and/or projects other than those financed by proprietary funds.

Local Provider Participation — This fund is a special revenue fund, established to account for the non-ad valorem special assessment revenue pursuant to the Directed Payment Program (DPP). The DPP is a local option that allows establishment of non-ad valorem assessments that are charged solely to hospitals. Revenue generated is matched with federal funds to provide hospitals with supplemental Medicaid reimbursements.

Proprietary Major Fund:

Landfill — This fund accounts for the revenues, expenses, assets, and liabilities associated with the County landfill and transfer station.

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Other Fund Types:

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

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

Noncurrent Governmental Assets/Liabilities

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

D. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

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

Investments

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

Receivables and Payables

Receivables are shown net of an allowance for uncollectibles. The emergency medical services allowance is equal to 60% of outstanding gross charges at September 30, 2021.

Inventories and Prepaid Items

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

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Restricted Assets

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

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. Infrastructure assets are defined as public domain fixed assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar assets that are immovable and of value only to the government unit. All qualified infrastructure assets have been capitalized and included in the September 30, 2021 financial statements. Capital assets are reported in the government-wide financial statements in the applicable governmental or business-type activities column, as well as the proprietary fund financial statements. Capital assets are defined by Section 274.02, Florida Statutes, to include items of a nonconsumable nature with a value of at least \$1,000 and a life of one year or more. The County maintains an administrative record of these assets. However, for reporting purposes, the threshold for capitalizing property, plant, and equipment is \$20,000, building improvements \$100,000, improvements other than buildings \$50,000 and infrastructure is \$200,000. It is the County's policy to capitalize all acquired land and buildings. Capital assets are recorded at cost or estimated historical cost. Donated capital assets, donated works of art or similar items, and capital assets received in any service concession arrangement is reported at acquisition value. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets.

The ranges of useful lives are as follows:

| Assets | <u>Years</u> |
|--|---------------------|
| Buildings | 40 |
| Building improvements | 5-30 |
| Improvements other than buildings | 20-30 |
| Machinery, vehicle, and equipment | 5-20 |
| Library collection | 5 |
| Works of art, historical treasures, & similar assets | 20-50 |
| Infrastructure | 20-50 |

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

Capitalization of Interest

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

Unearned Revenues

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Landfill Closure Costs

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

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

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

Accrued Compensated Absences

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

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

Net Obligation for Pension Benefits

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

Net Obligation for Other Postemployment Benefits

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

Obligation for Bond Arbitrage Rebate

Pursuant to Section 148(f) of the U.S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the "revenue reduction" approach in accounting for rebatable arbitrage, which treats excess earnings as a reduction of revenue. The County has recorded an arbitrage liability outstanding as of September 30, 2021.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Due to/from Other Funds

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

Net Position/Fund Balances

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

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

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

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

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

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

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

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

Reserves/Designations of Net Position

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

Annual budgets for the governmental fund types of Leon County are adopted on a basis consistent with generally accepted accounting principles. Budgets are not adopted for the fiduciary funds. The legal level of budgetary control is at the fund level; however, budgets are monitored at varying levels of detail. All annual appropriations lapse at fiscal year end, although the County expects to honor purchase orders and contracts in process, subject to authority provided in the subsequent year's budget.

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

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

1. On or before May 1 of each year, the Clerk, Sheriff, and Supervisor of Elections submit to the Board of County Commissioners a tentative budget for the ensuing fiscal year. The tentative budget includes proposed expenditures and funding sources.
2. Section 195.087, Florida Statutes, governs the preparation, adoption and administration of the annual budget of the Property Appraiser and Tax Collector. The proposed operating budget is presented to the Board of County Commissioners on or before June 1 of each year by the Property Appraiser and on or before August 1 of each year by the Tax Collector. Their budgets are simultaneously submitted to the State of Florida, Department of Revenue, from which the approval of the budget of the Property Appraiser and Tax Collector must emanate.
3. The tentative budget must be posted on the county's official website at least 2 days before the public hearing to consider such budget and must remain on the website for at least 45 days. Pursuant to the provisions of Section 129.01, Florida Statutes, the proposed budget as submitted contains balanced statements of estimated revenues (including unexpended fund balances to be carried forward) and proposed appropriations for each fund required to be presented by law or by sound financial practices, including the General, Special Revenue, Debt Service, and Capital Projects funds.
4. The County shall require such changes to be made as it shall deem necessary, provided the budget remains in balance and subject to the notice and public hearing requirements of Section 200.065, Florida Statutes, and the budget preparation and adoption procedures, as defined in Section 129.03, Florida Statutes.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgets and Budgetary Accounting (continued)

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

III. CASH AND INVESTMENTS

As of September 30, 2021, the value of the County's deposits and investments, with their respective credit ratings, was as follows:

| | Fair Value | Credit Rating | Duration |
|---|-----------------------|------------------|----------|
| Deposits in qualified public depositories | \$ 36,471,622 | N/A | N/A |
| Restricted deposits in qualified public depositories | 9,540,026 | N/A | N/A |
| External investment in government pools: | | | |
| Florida State Treasury Special Purpose Investment Account (SPIA) | 77,036,042 | AA-f | 2.62 |
| Florida Local Government Investment Trust Day to Day Fund (FLGIT) | 2,506,651 | AAAm | 0.13 |
| Florida PRIME investment pool | 9,319,722 | AAAm | 0.13 |
| Florida CLASS investment pool | 1,249,493 | AAAm | 0.13 |
| Externally managed portfolio: | | | |
| Money market | 15,328 | AAA | N/A |
| U.S. treasuries | 21,614,386 | AA+ | 2.06 |
| Government sponsored agencies: | | | |
| Federal Home Loan Bank | 361,540 | AA+ | 1.37 |
| Federal National Mortgage Association | 2,622,472 | AA+ | 2.38 |
| Other government sponsored agencies | 3,968,949 | AA+ | 1.91 |
| Mortgage backed securities | 8,105,353 | AA+ | 1.80 |
| Collateralized mortgage obligations | 547,548 | AA+ | 1.57 |
| Corporate bonds | 11,471,320 | A- | 1.18 |
| State and local obligations | 3,550,280 | AA- | 1.85 |
| Municipal bonds | 3,561,258 | AAA | 1.28 |
| Asset-backed securities | 0 | 0 | N/A |
| Total cash and investments | <u>\$ 191,941,990</u> | | |

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

The County's deposits and investments include \$253,107 accrued interest as of September 30, 2021.

Credit Risk

The County Investment Policy provides a structure for the portfolio that is designed to minimize credit risk. The majority of the securities held will be those of the highest available credit quality ratings. These would include government pools, U. S. Government (AAA) securities, and commercial paper. Staff will notify the Investment Oversight Committee (IOC) at any time holdings drop below the minimum credit ratings specified in the policy.

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

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

1. The Florida PRIME (formerly the Local Government Surplus Funds Trust Fund) or any authorized intergovernmental investment pool.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

III. CASH AND INVESTMENTS (continued)

2. Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
3. Interest-bearing time deposits or savings accounts in qualified public depositories.
4. Direct obligations of the U.S. Treasury.
5. Federal agencies and instrumentalities.
6. Securities of, or other interests in, any management-type investment company or trust registered under the Investment Company Act of 1940, where the investment portfolio is limited to United States Government Obligations.
7. Other investments authorized by law or by ordinance for a county or a municipality.

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

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

The Chief Financial Officer for the State of Florida (formerly the State Treasurer) has been investing state revenues, excess revenues of state universities and community colleges, and certain other public agencies in a commingled investment portfolio for several years. This program is authorized under Section 17.61(1), Florida Statutes and is called the Treasury Special Purpose Investment Account (SPIA). Historically, SPIA participants have received higher earnings reflecting the higher risk associated with the longer maturities and lower credit quality. The financial details and disclosures for the SPIA are made in Note 2 to the State of Florida Annual Comprehensive Financial Report (ACFR). The rating as of September 30, 2021 was AA-f. A copy of SPIA's most recent financial statements can be found at <http://www.myfloridacfo.com/Division/Treasury/>. Investments in this pool are limited to a maximum of 100% of the portfolio. At September 30, 2021, the County had \$77,036,042 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, 2021 the County did not have any balances in the Short Term Bond Fund. The Day to Day Fund is a highly liquid fund with underlying investments having a weighted average maturity of less than 90 days. The Day to Day Fund does meet the criteria and has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. The Day to Day Fund maintained a credit rating of AAAM by Fitch as of September 30, 2021. At September 30, 2021, the County had \$2,506,651 with the FLGIT Day to Day Fund. A copy of FLGIT's most recent financial statement can be found at <http://www.floridatrustonline.com/funds-reports/day-to-day/>. Investments with FLGIT are limited to a maximum of 20% of the portfolio.

The County also invests in Florida PRIME administered by the Florida State Board of Administration (SBA). Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the State of Florida, Office of the Auditor General performs the operational audit of the activities and investments of the SBA. On September 30, 2021, 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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

III. CASH AND INVESTMENTS (continued)

rating for the Florida PRIME is AAAM by Standard and Poor's. The weighted average of days to maturity of the Florida PRIME at September 30, 2021 is 49 days. The fair value of the County's position in the pool approximates the value of the pool shares. At September 30, 2021, the County had \$9,319,722 invested in Florida PRIME. Florida PRIME's most recent financial statements can be found at <https://www.sbafla.com/prime/Audits.aspx>.

Florida Cooperative Liquid Assets Securities System (FLCLASS) is an external local government investment pool created by interlocal agreement under Section 163.01, Florida Statutes. The pool is supervised by an appointed Board of Trustees comprised of eligible participants of the program. The Board acts as the liaison between the participant, the custodian, and the program administrator. The fund is an S&P AAAM rated money market product offering a fiscally conservative diversification option for Florida local governments. The objective of the fund is to provide investors with liquidity, stable share price and as high a level of current income as is consistent with preservation of principal and liquidity. The weighted average days of maturity of the FLCLASS at September 30, 2021 is 47 days. Investments in the FLCLASS are not evidenced by securities that exist in physical or book entry form. The fair value of the pool approximates the value of the pool shares. At September 30, 2021, the County had \$1,249,493 invested with the FLCLASS.

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Chapter 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The County's deposits are therefore considered fully insured or collateralized. Bank balances at September 30, 2021, were \$48,123,553, of which \$9,540,026 was restricted deposits with qualified public depositories. Due to the nature of the County's cash and investments, there is no exposure to custodial credit risk and concentration of credit risk.

Interest Rate Risk

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

The externally managed portfolio totaled \$55,818,434 at September 30, 2021, and was invested for a weighted average term of approximately 650 days, as compared to a weighted average term of 704 days in fiscal year 2020. In accordance with its investment policy, the County requires a minimum balance of short-term investments. To meet the day-to-day operating needs of the County and to provide the ready cash to meet unforeseen temporary cash requirements, a liquidity base of approximately at least two months of anticipated disbursements is kept in relatively short term investments. This includes investments in government pools with daily liquidity such as Florida PRIME, FLGIT Day to Day Fund, or money markets. The County was in compliance with this requirement.

Foreign Currency Risk

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

III. CASH AND INVESTMENTS (continued)

Fair Value Measurements

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

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

FLGIT Short Term Bond Fund reports based on the fair market values of the underlying securities. Therefore, any participant account balance is measured at net asset value per share. Investments measured at net asset value are not subject to fair value hierarchy level classification under GASB 72. The County did not have a balance with the FLGIT Short Term Bond Fund at September 30, 2021.

The fair value factor for SPIA at September 30, 2021 was 0.9988. SPIA funds are combined with State of Florida funds and are invested in a combination of short-term liquid instruments and intermediate term fixed income securities. SPIA is measured at net asset value per share. Investments measured at net asset value are not subject to fair value hierarchy level classification under GASB 72.

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

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, 2021:

| | 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 | \$ 8,105,353 | \$ 0 | \$ 8,105,353 |
| Corporate Bonds | 0 | 11,471,320 | 0 | 11,471,320 |
| Government Sponsored Agencies | 0 | 6,952,961 | 0 | 6,952,961 |
| US Government Obligations | 21,614,386 | 0 | 0 | 21,614,386 |
| Mortgage Backed Security - US Agency Sponsored | 0 | 3,561,258 | 0 | 3,561,258 |
| State and Local Obligations | 0 | 3,550,280 | 0 | 3,550,280 |
| Collateralized Mortgage Obligations | 0 | 547,548 | 0 | 547,548 |
| Investments at fair value | <u>\$ 21,614,386</u> | <u>\$ 34,188,720</u> | <u>\$ 0</u> | <u>\$ 55,803,106</u> |

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

IV. PROPERTY TAXES

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

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

All taxes are due and payable on November 1st of each year, or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount. No accrual for the property tax levy becoming due in November 2021 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, 2021.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

V. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

Primary Government

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|-----------------------|----------------------|-----------------------|-----------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 21,043,253 | \$ 0 | \$ 0 | \$ 21,043,253 |
| Improvements other than buildings | 33,572,782 | 0 | 0 | 33,572,782 |
| Construction in progress | 29,651,517 | 16,035,524 | (9,169,010) | 36,518,031 |
| Total not being depreciated | <u>84,267,552</u> | <u>16,035,524</u> | <u>(9,169,010)</u> | <u>91,134,066</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 224,938,468 | 5,903,274 | 0 | 230,841,742 |
| Equipment | 65,250,875 | 4,411,314 | (1,547,561) | 68,114,628 |
| Equipment lease asset | 6,333,978 | 9,827,185 | 0 | 16,161,163 |
| Library collection | 3,136,182 | 591,273 | (673,334) | 3,054,121 |
| Improvements other than buildings | 1,582,420 | 0 | 0 | 1,582,420 |
| Infrastructure | 327,870,339 | 5,333,934 | (75,000) | 333,129,273 |
| Leasehold Improvements | 1,580,627 | 0 | 0 | 1,580,627 |
| Total being depreciated | <u>630,692,889</u> | <u>26,066,980</u> | <u>(2,295,895)</u> | <u>654,463,974</u> |
| Less accumulated depreciation: | | | | |
| Building | (130,044,156) | (6,093,896) | 0 | (136,138,052) |
| Equipment | (43,729,769) | (5,997,629) | 1,114,629 | (48,612,769) |
| Equipment lease asset | (772,127) | (445,537) | 0 | (1,217,664) |
| Library collection | (1,980,584) | (610,824) | 673,334 | (1,918,074) |
| Improvements other than buildings | (44,359) | (79,121) | 0 | (123,480) |
| Infrastructure | (250,961,196) | (9,672,028) | 32,100 | (260,601,124) |
| Leasehold Improvements | (1,100,872) | (319,837) | 0 | (1,420,709) |
| Total accumulated depreciation | <u>(428,633,063)</u> | <u>(23,218,872)</u> | <u>1,820,063</u> | <u>(450,031,872)</u> |
| Total being depreciated, net | <u>202,059,826</u> | <u>2,848,108</u> | <u>(475,832)</u> | <u>204,432,102</u> |
| Governmental activities capital assets, net | <u>\$ 286,327,378</u> | <u>\$ 18,883,632</u> | <u>\$ (9,644,842)</u> | <u>\$ 295,566,168</u> |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land nondepreciable | \$ 1,809,844 | \$ 0 | \$ 0 | \$ 1,809,844 |
| Construction in progress | 0 | 492,003 | 0 | 492,003 |
| Total not being depreciated | <u>1,809,844</u> | <u>492,003</u> | <u>0</u> | <u>2,301,847</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 3,622,268 | 0 | 0 | 3,622,268 |
| Improvements other than buildings | 15,361,025 | 0 | 0 | 15,361,025 |
| Equipment | 5,161,710 | 432,705 | (338,618) | 5,255,797 |
| Total being depreciated | <u>24,145,003</u> | <u>432,705</u> | <u>(338,618)</u> | <u>24,239,090</u> |
| Less accumulated depreciation: | | | | |
| Building | (1,143,296) | (119,917) | 0 | (1,263,213) |
| Improvements other than buildings | (14,351,074) | (409,495) | 0 | (14,760,569) |
| Equipment | (3,614,190) | (326,525) | 170,252 | (3,770,463) |
| Total accumulated depreciation | <u>(19,108,560)</u> | <u>(855,937)</u> | <u>170,252</u> | <u>(19,794,245)</u> |
| Total being depreciated, net | <u>5,036,443</u> | <u>(423,232)</u> | <u>(168,366)</u> | <u>4,444,845</u> |
| Business-type activities capital assets, net | <u>\$ 6,846,287</u> | <u>\$ 68,771</u> | <u>\$ (168,366)</u> | <u>\$ 6,746,692</u> |

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

V. CAPITAL ASSETS (continued)

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

Governmental activities:

| | |
|--|----------------------|
| General government | \$ 14,860,078 |
| Public safety | 3,947,208 |
| Physical environment | 2,089,698 |
| Transportation | 1,857,510 |
| Human services | 126,775 |
| Culture and recreation | 232,189 |
| Judicial | 105,414 |
| Total depreciation expense - governmental activities | <u>\$ 23,218,872</u> |

Business-type activities:

| | |
|---|-------------------|
| Landfill | <u>\$ 855,937</u> |
| Total depreciation expense - business-type activities | <u>\$ 855,937</u> |

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

VI. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Balances as of September 30, 2021, consisted of the following:

| | Interfund Receivables | Interfund Payables |
|---|--------------------------|-----------------------|
| Primary Government: | | |
| By Major Funds: | | |
| General Fund | \$ 4,457,367 | \$ 4,316,936 |
| Fine & Forfeiture Fund | 1,650,452 | 6,463 |
| Grants Fund | 73,046 | 98,464 |
| Total Major Funds | 6,180,865 | 4,421,863 |
| Nonmajor Special Revenue Funds: | | |
| County Transportation Trust Fund | 24,713 | 0 |
| Probation Fund | 0 | 102 |
| Family Law Legal Services Fund | 4,381 | 61,601 |
| Drug Abuse Trust Fund | 2,408 | 0 |
| Local Legal Programs Fund | 14,693 | 0 |
| Growth Management Fund | 0 | 47 |
| MSBU Stormwater Utility Fund | 1,106 | 0 |
| 911 Emergency Communications Fund | 0 | 631,145 |
| Radio Communications Systems Fund | 14,213 | 0 |
| Emergency Medical Services Fund | 1,033 | 0 |
| Municipal Service Fund | 10 | 185,242 |
| Fire Rescue Services Fund | 33 | 0 |
| Tourist Development Trust Fund | 684,747 | 0 |
| Special Assessment Paving Fund | 0 | 123,977 |
| Special Grants Fund | 400,427 | 369,684 |
| Inmate Welfare Fund | 22,415 | 104,936 |
| Records Modernization Fund | 0 | 65,673 |
| Clerks Grants Fund | 25,018 | 23,618 |
| Total Nonmajor Special Revenue Funds | 1,195,197 | 1,566,025 |
| Nonmajor Capital Projects Funds: | | |
| Sales Tax Extension 2020 JPA Agreement | 0 | 444,707 |
| Total Nonmajor Capital Projects Funds | 0 | 444,707 |
| Total Nonmajor Governmental Funds | 1,195,197 | 2,010,732 |
| Internal Service Funds | 70,770 | 1,014,281 |
| Proprietary Funds | | |
| Landfill Fund | 44 | 0 |
| Total Proprietary Funds | 44 | 0 |
| Total Primary Government | \$ 7,446,876 | \$ 7,446,876 |

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

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

Interfund Transfers represent the movement of cash for operations in funds and constitutional officers. At year end, the balances for the year ended September 30, 2021, consisted of the following:

Transfers to the General Fund from:

| | |
|--|-------------------|
| Fine & Forfeiture Fund | \$ 69,494,457 |
| Grants Fund | 19,874,359 |
| Nonmajor Governmental Funds | 1,035,070 |
| Enterprise Fund | 96,823 |
| Total Transfers to the General Fund | 90,500,709 |

Transfers to the Fine & Forfeiture Fund from:

| | |
|--|------------------|
| General Fund | 1,575,819 |
| Total Transfers to the Fine & Forfeiture Fund | 1,575,819 |

Transfers to the Grants Fund from:

| | |
|---------------------------------------|-------------------|
| General Fund | 283,935 |
| Fine & Forfeiture Fund | 12,120,811 |
| Nonmajor Governmental Funds | 2,409,640 |
| Total Transfers to Grants Fund | 14,814,386 |

Transfers to the Capital Improvement Fund from:

| | |
|--|-------------------|
| General Fund | 4,632,218 |
| Grants Fund | 3,950,000 |
| Nonmajor Governmental Funds | 4,753,669 |
| Total Transfers to the Capital Improvement Fund | 13,335,887 |

Transfers to the Nonmajor Funds from:

| | |
|--|--------------------|
| General Fund | 14,655,054 |
| Grants Fund | 4,725,109 |
| Nonmajor Governmental Funds | 6,625,130 |
| Total Transfers to the Nonmajor Funds | 26,005,293 |
| Total Transfers to the Governmental Funds | 146,232,094 |

Transfers to the Internal Service Funds from:

| | |
|--|----------------|
| General Fund | 96,909 |
| Nonmajor Governmental Funds | 142,999 |
| Total Transfers to Internal Service Funds | 239,908 |

Transfers to the Enterprise Fund from:

| | |
|---|-----------------------|
| General Fund | 3,666,301 |
| Total Transfers to Enterprise Funds | 3,666,301 |
| Total Transfers to Proprietary Funds | 3,906,209 |
| Total Interfund Transfers | \$ 150,138,303 |

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

VII. LONG-TERM OBLIGATIONS

A. Long-term Obligations

The County has no general long-term obligations debt. The County's special revenue long-term obligations, excluding accrued compensated absences, at September 30, 2021, are comprised of the following:

| | Outstanding at September 30, 2021 |
|---|---|
| Revenue Bonds: | 12,420,000 |
| \$15,991,000 Capital Improvement Revenue Refunding Bonds, Series 2017, (i) refund a portion of the Capital Improvement Revenue Bonds, Series 2014 of which \$15,951,000 was outstanding and maturing in the years 2021 through 2025, and (ii) pay issuance costs on the Series 2017 bonds. The economic gain resulting from the refunding was \$489,076. The bonds dated June 22, 2017 and bear interest of 2.11% per annum. The interest on the bonds is payable on April 1 and October 1, beginning October 1, 2017. The bond principal matures serially on October 1 of each year through the final maturity of October 1, 2025. | \$ 12,420,000 |
| \$1,298,120 Capital Improvement Revenue Note, Series 2020, is dated January 30, 2020 and bear interest of 1.89% per annum. The interest on the bonds is payable on June 1 and December 1, beginning June 1, 2020. The bond principal matures serially on December 1 of each year through the final maturity of December 1, 2025. | 1,058,634 |
| \$5,400,000 Capital Improvement Revenue note, Series 2021, is dated January 28, 2021 and bear interest of 1.85% per annum. The interest on the bonds is payable on December 1 and June 1, beginning December 1, 2021. The bond principal matures serially on December 1 of each year through the final maturity of December 1, 2036. | 5,400,000 |
| <i>The Capital Improvement Revenue Refunding Bonds Series 2017, the Capital Improvement Revenue Bonds Series 2020, and the Capital Improvement Revenue Bonds Series 2021 are parity bonds payable from and secured by a lien upon certain non-ad valorem revenue. The pledged revenues include the Local Government Half-Cent Sales Tax, Guaranteed Entitlement, Second Guaranteed Entitlement, and additional State Revenue Sharing Funds (less the Guaranteed Entitlement and the Second Guaranteed Entitlement). See schedule of pledged revenue at note VIII. H. , Debt Parity.</i> | |
| Total Special Revenue Bond Obligation | \$ 18,878,634 |

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

VII. LONG-TERM OBLIGATIONS (continued)

B. Schedule of Debt Service Requirements

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

| Year Ending September 30, | Special Revenue Bonds | | |
|------------------------------|-----------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2022 | \$ 3,517,991 | \$ 411,337 | \$ 3,929,328 |
| 2023 | 3,642,527 | 303,654 | 3,946,181 |
| 2024 | 3,715,149 | 228,089 | 3,943,238 |
| 2025 | 3,791,858 | 151,015 | 3,942,873 |
| 2026 | 416,109 | 74,071 | 490,180 |
| 2027-2031 | 1,810,000 | 268,527 | 2,078,527 |
| Thereafter | 1,985,000 | 93,009 | 2,078,009 |
| Total | <u>\$ 18,878,634</u> | <u>\$ 1,529,702</u> | <u>\$ 20,408,336</u> |

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

VII. LONG-TERM OBLIGATIONS (continued)

C. Changes in the Long-term Debt

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

| | Balance October 1, 2020 | Reductions | Additions | Balance September 30, 2021 | Due Within One Year |
|--|-------------------------------|------------------------|----------------------|----------------------------------|------------------------|
| Governmental Activities: | | | | | |
| Special Revenue Debt: | | | | | |
| Capital Improvement Revenue Bonds, Series 2012A | \$ 6,962,000 | \$ (6,962,000) | \$ 0 | \$ 0 | \$ 0 |
| Capital Improvement Revenue Refunding Bonds, Series 2017 | 15,529,000 | (3,109,000) | 0 | 12,420,000 | 3,008,000 |
| Capital Improvement Refunding Revenue Bonds, Series 2020 | 1,298,120 | (239,486) | 0 | 1,058,634 | 239,991 |
| Capital Improvement Revenue Bonds, Series 2021 | 0 | 0 | 5,400,000 | 5,400,000 | 270,000 |
| Unamortized Premium on Bonds Payable | 236,952 | (47,390) | 0 | 189,562 | 0 |
| Total Special Revenue Debt | 24,026,072 | (10,357,876) | 5,400,000 | 19,068,196 | 3,517,991 |
| Liability for compensated absences | 17,049,958 | (10,730,177) | 11,372,525 | 17,692,306 | 6,280,361 |
| Net Pension Liability | 204,591,147 | (142,728,862) | 0 | 61,862,285 | 0 |
| Other postemployment benefits liability | 41,287,441 | (5,371,993) | 9,036,226 | 44,951,674 | 0 |
| Arbitrage rebate liability | 25,000 | 0 | 0 | 25,000 | 0 |
| Capital lease liability | 5,561,851 | (451,879) | 9,827,186 | 14,937,158 | 1,391,107 |
| Governmental Activity Long-term Debt | \$292,541,469 | \$(169,640,787) | \$ 35,635,937 | \$158,536,619 | \$ 11,189,459 |

| | Balance October 1, 2020 | Reductions | Additions | Balance September 30, 2021 | Due Within One Year |
|---|-------------------------------|---------------------|-------------------|----------------------------------|------------------------|
| Business-type activities: | | | | | |
| Liabilities for compensated absences | \$ 250,762 | \$ (187,754) | \$ 123,837 | \$ 186,845 | \$ 72,074 |
| Other postemployment benefits liability | 231,230 | 0 | 0 | 231,230 | 0 |
| Landfill closure and postclosure costs | 17,041,483 | 0 | 204,498 | 17,245,981 | 0 |
| Business-type activity Long-term liabilities | \$ 17,523,475 | \$ (187,754) | \$ 328,335 | \$ 17,664,056 | \$ 72,074 |

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

D. Purchase Cards

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

VII. LONG-TERM OBLIGATIONS (continued)

E. Special Assessment Debt

The County has no special assessment debt.

F. Demand Bonds

The County has no demand bonds.

G. Conduit Debt Obligations

From time to time, the County has issued Industrial Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of health care and industrial facilities deemed to be in the public interest. These bonds are secured by the property financed and are payable solely from the payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2021, the unaudited conduit debts outstanding were as follows:

| Project Description | Fiscal Year Issued | Original Bond Issue | Principal Outstanding @ 09/30/2021 |
|---|--------------------------|------------------------|--|
| Leon County, Florida | | | |
| Holy Comforter Episcopal School | 2018 | \$ 6,000,000 | \$ 5,800,310 |
| Housing Finance Authority | 2005 | 16,800,000 | 15,603,331 |
| | 2020 | 11,760,000 | 11,550,062 |
| Educational Facilities Authority | | | |
| Refunding Series 1998B | 1998 | 20,500,000 | 20,500,000 |
| Student Housing Revenue Bonds 2003 | 2008 | 23,315,000 | <u>11,550,062</u> |
| Total Conduit Debt Principal Balance as of September 30, 2021 | | | <u>\$ 65,003,765</u> |

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

VII. LONG-TERM OBLIGATIONS (continued)

H. Debt Parity

The Capital Improvement Revenue Refunding Bonds Series 2017, the Capital Improvement Revenue Refunding Bonds Series 2020, and the Capital Improvement Revenue Refunding Bonds Series 2021 represent junior lien parity bonds payable from and secured by a lien upon certain non-ad valorem revenue. The pledged revenues include the Local Government Half-Cent Sales tax, guaranteed entitlement, second guaranteed entitlement, and 50% of the additional state revenue funds received in the prior fiscal year.

| | Actual 2018 | Actual 2019 | Actual 2020 | Actual 2021 |
|--|----------------------|----------------------|----------------------|----------------------|
| Pledged revenues: | | | | |
| Revenues available for debt service: | | | | |
| Local Government Half Cent Tax | \$ 12,855,444 | \$ 13,474,983 | \$ 12,429,991 | \$ 13,980,522 |
| Guaranteed entitlement | 316,778 | 316,778 | 316,798 | 316,798 |
| Second guaranteed entitlement | 1,026,649 | 1,026,649 | 1,026,649 | 1,026,649 |
| Additional state revenue sharing funds | 1,234,886 | 1,550,556 | 1,661,306 | 1,449,335 |
| Total revenues available for debt service | <u>\$ 15,433,757</u> | <u>\$ 16,368,966</u> | <u>\$ 15,434,744</u> | <u>\$ 16,773,304</u> |
| Combined maximum annual debt service for debt (Series 2020, Series 2017, and Series 2021) | \$ 8,050,816 | \$ 7,570,684 | \$ 7,577,482 | \$ 3,529,938 |
| Debt Service Coverage | 1.92 x | 2.16 x | 2.04 x | 4.75 x |

VIII. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on each of its landfill cells when it stops accepting waste and to perform certain maintenance and monitoring functions on each cell for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$17,245,981 reported as landfill closure and post-closure care liability at September 30, 2021, 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 2021 on those cells placed in use. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The landfill is no longer accepting waste.

The County is required by state and federal laws to make annual contributions to an escrow account to finance a minimum of all closure costs and at least one year of post-closure costs. The County is in compliance with those minimum requirements and at September 30, 2021, held cash and investments in the amount of \$12,819,866 for these purposes that are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined; these costs may need to be covered by charges to future landfill users or from future tax revenue.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

IX. EMPLOYEE BENEFITS

A. Florida Retirement System

Plan Description - The County participates in the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The FRS provides retirement, disability or death benefits to retirees or their designated beneficiaries along with an annual cost-of-living adjustment. Employees are classified in either the regular service class, the special risk class, or the senior management service class. Currently, the active participants in the pension plan for Leon County are 1,189 out of a total of 458,689 active FRS participants.

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

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

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

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

The FRS ACFR and actuarial valuation reports as of July 1, 2021 are available online at http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

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

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

Funding Policy - Prior to July 1, 2011, the FRS was employee noncontributory. Beginning July 1, 2011, employees who are not participating in the Deferred Retirement Option Plan (DROP) are required to contribute 3% of their salary to the FRS. The County is required to contribute at an actuarially-determined rate.

The FRS relies upon contributions from employees and employers, along with investment income, to meet the funding requirements of an actuarially determined accrued liability. As of July 1, 2021, the date of the latest valuation, the FRS' funded ratio was 83.4% on the valuation funding basis and 86.4% on a Market Value of Assets basis.

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

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program ("DROP"). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a Florida Retirement

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

IX. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

System employer for a period not to exceed 60 months after electing to participate. DROP benefits are held in the FRS Trust Fund and accrue interest.

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2021, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes.

The amounts contributed for the years ended September 30, 2021, 2020, and 2019 were \$15,846,687, \$14,697,117, and \$14,140,939, respectively, which is equal to 100% of the required contribution for each year.

The membership categories and contribution rates for 2021 and 2020 were as follows:

| Membership Category | Benefit | Vesting | Employer Contribution Rate | |
|---|---|---|----------------------------|--------------|
| | | | July 1, 2020 | July 1, 2021 |
| Regular Class | For employees in the FRS as of June 30, 2011, normal retirement at age 62 or at least 30 years of service: 1.60% times average compensation (five highest years) times years of creditable service. | After six years creditable service. | 10.00 % | 10.82 % |
| | For employees joining the FRS on or after July 1, 2011, normal retirement at age 65, or at least 33 years of service: 1.6% times average compensation (eight highest years) times years of creditable service. | After eight years creditable service. | | |
| Senior Management Class | For employees in the FRS as of June 30, 2011, normal retirement at seven years and age 62: 2.00% times average compensation (five highest years) times years of creditable service. | After six years creditable service. | 27.29 % | 29.01 % |
| Special Risk (sworn employees) | For employees in the FRS as of June 30, 2011, normal retirement at age 55, or 25 years of special risk service: 2% to 3% times average compensation (five highest years) times years of creditable service. | After six years of creditable service. | 24.45 % | 25.89 % |
| Elected County Officers' Class (ESCOC)- Nonjudicial | For employees in the FRS as of June 30, 2011, normal retirement at eight years ESCOC service and age 62: 3.00% times average compensation (five highest years) times years of creditable service. | After six years of creditable service. | 49.18 % | 51.42 % |
| | For employees joining the FRS on or after July 1, 2011, normal retirement at age 65, or at least 33 years of service: 3.00% times average compensation (eight highest years) times years of creditable service. | After eight years creditable service. | | |
| Deferred Retirement Option Program (Drop) | For employees in DROP as of June 30, 2011, retirement benefit paid to DROP where it earns 6.5% interest, tax deferred, for up to five years while the member continues to work. | Available to vested members at normal retirement age or date. | 16.98 % | 18.34 % |
| | For employees entered in DROP on or after July 1, 2011, retirement benefit paid to DROP where it earns 1.3% interest, tax deferred, for up to five years while the member continues to work. | | | |

Net Pension Liability - At September 30, 2021, the County reported for its share proportionate of the FRS and HIS plans the amount

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

IX. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

for the net pension liability as shown below:

| | Leon County | | |
|-------------------------|----------------|---------------|----------------|
| | FRS | HIS | Total |
| Total Pension Liability | \$ 783,327,343 | \$ 34,877,613 | \$ 818,204,956 |
| Fiduciary Net Position | 755,101,530 | 1,241,141 | 756,342,671 |
| Net Pension Liability | \$ 28,225,813 | \$ 33,636,472 | \$ 61,862,285 |

The net pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2021 for the net pension liability as of June 30, 2021. "Plan fiduciary net position" represents cash and investment assets held to pay pension liabilities as they mature. "Net pension liability" represents the equity in the applicable pension plan. "Plan fiduciary net position" represents the portion of the total pension liability that is funded by cash and investments. Detailed information regarding the FRS Pension Plan and HIS Program fiduciary net position is available in the separately issued FRS *Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report*. To obtain this report, see contact information on page 61.

At September 30, 2021, the County reported for its proportionate share of the employer portion for the FRS and HIS net pension liability the percentages below:

| | FRS | HIS |
|---------------------------------------|----------------|---------------|
| June 30, 2021 | 0.373660617% | 0.274214019% |
| June 30, 2020 | 0.394768166% | 0.274310017% |
| Increase (decrease) in Share for 2021 | (0.021107549)% | (.000095998)% |

The County's proportionate share of the net pension liability was based on the County's 2020-2021 fiscal year contributions relative to the 2019-2020 fiscal year contributions of all participating members of FRS.

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

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80%. The plans fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2021:

- FRS: The long-term expected rate of return remained at 6.80%, and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was decreased from 2.21% to 2.16%.

The actuarial assumptions that determined the total pension liability as of June 30, 2021, were based on the results of an actuarial

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

IX. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

experience study for the period July 1, 2013 – June 30, 2018.

| | | |
|--------------------------------------|--|---|
| Valuation date | July 1, 2020 | July 1, 2021 |
| Measurement date | June 30, 2020 | June 30, 2021 |
| Inflation | 2.40% | 2.40% |
| Salary increases including inflation | 3.25% | 3.25% |
| Mortality | PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report | PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018; details in the valuation report |
| Actuarial cost method | Individual Entry Age | Individual Entry Age |

Investments - The long-term expected rate of return assumption of 6.80 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.30 percent, consistent with the capital market outlook model developed by the outside investment consultant to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2021 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.80 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 6.80 percent reported investment return assumption differs from the 7.00 percent investment return assumption chosen by the 2021 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards.

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

| Asset Class | Target Allocation (1) | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|--------------------------|--------------------------------|---|-----------------------|
| Cash | 1.0 % | 2.1 % | 2.1 % | 1.1 % |
| Fixed income | 20.0 % | 3.8 % | 3.7 % | 3.3 % |
| Global equity | 54.2 % | 8.2 % | 6.7 % | 17.8 % |
| Real estate (property) | 10.3 % | 7.1 % | 6.2 % | 13.8 % |
| Private equity | 10.8 % | 11.7 % | 8.5 % | 26.4 % |
| Strategic investments | 3.7 % | 5.7 % | 5.4 % | 8.4 % |
| Total | 100.00 % | | | |
| Assumed inflation - mean | | 2.4 % | | 1.2 % |

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

Sensitivity Analysis - the following tables present the sensitivity of the net pension liability to changes in the discount rate of 6.80%. The sensitivity analysis shows the impact to the County's net pension liability if the discount rate shows as 1.00% higher or 1.00% lower than the current discounted rate at June 30, 2021 .

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

IX. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

| FRS Net Pension Liability | | |
|---------------------------|--------------------------------|----------------------|
| 1% Decrease 5.80% | Current Discount Rate 6.80% | 1% Increase 7.80% |
| \$ 126,227,726 | \$ 28,225,813 | \$ (53,692,798) |

| HIS Net Pension Liability | | |
|---------------------------|--------------------------------|----------------------|
| 1% Decrease 1.16% | Current Discount Rate 2.16% | 1% Increase 3.16% |
| \$ 38,887,020 | \$ 33,636,472 | \$ 29,334,822 |

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

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

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

For the fiscal year ended September 30, 2021 the total pension expense and deferred inflows and outflows related to the FRS and HIS plans were as follows:

| | FRS | HIS | Total |
|--------------------------------|------------------|----------------|------------------|
| Pension Expense (Income) | \$ (1,068,495) | \$ 2,394,425 | \$ 1,325,930 |
| Deferred Outflows of Resources | 30,372,923 | 4,876,016 | 35,248,939 |
| Deferred Inflows of Resources | \$ (107,979,796) | \$ (2,791,217) | \$ (110,771,013) |

For the fiscal year ended September 30, 2021, the County recognized pension expense of \$36,044,603 for the FRS plan. In addition the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

IX. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

| | Deferred Outflows of Resources for the FRS Plan | Deferred Inflows of Resources for the FRS Plan |
|--|---|--|
| Differences between expected and actual experience | \$ 4,837,949 | \$ 0 |
| Change of assumptions | 19,313,500 | 0 |
| Net difference between projected and actual earnings on FRS Plan investments | 0 | (98,472,766) |
| Changes in proportion and differences between County FRS Plan contributions and proportionate share of contributions | 2,130,678 | (9,507,030) |
| County FRS Plan contributions subsequent to the measurement date | 4,090,796 | 0 |
| Total | <u>\$ 30,372,923</u> | <u>\$ (107,979,796)</u> |

The deferred outflows of resources related to the Pension Plan, totaling \$4,090,796 and resulting from County contributions to the Plan subsequent to the measurement date, will be recognized as a reduction to net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

| Reporting Period Ending June 30 | FRS Net Deferred Inflows |
|---------------------------------|--------------------------|
| 2022 | \$ 14,806,140 |
| 2023 | 17,055,124 |
| 2024 | 21,748,556 |
| 2025 | 27,438,153 |
| 2026 | 649,696 |
| Thereafter | <u>0</u> |
| Totals | <u>\$ 81,697,669</u> |

For the fiscal year ended September 30, 2021, the County recognized pension expense of \$2,684,637 for the HIS plan. In addition the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources for the HIS Plan | Deferred Inflows of Resources for the HIS Plan |
|--|---|--|
| Description | | |
| Differences between expected and actual experience | \$ 1,125,561 | \$ (14,088) |
| Change of assumptions | 2,643,074 | (1,385,908) |
| Net difference between projected and actual earnings on HIS Plan investments | 35,065 | 0 |
| Changes in proportion and differences between County HIS Plan contributions and proportionate share of contributions | 997,776 | (1,391,221) |
| County HIS Plan contributions subsequent to the measurement date | 74,540 | 0 |
| Total | <u>\$ 4,876,016</u> | <u>\$ (2,791,217)</u> |

The deferred outflows of resources related to the HIS Plan, totaling \$74,540 resulting from County contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported by the County as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

IX. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

| Reporting Period Ending June 30 | FRS Net Deferred Outflows | |
|---------------------------------|---------------------------|------------------|
| 2022 | \$ | 657,689 |
| 2023 | | 69,018 |
| 2024 | | 383,891 |
| 2025 | | 508,261 |
| 2026 | | 327,797 |
| Thereafter | | 63,603 |
| Totals | \$ | <u>2,010,259</u> |

B. Deferred Compensation Plan

The County offers their employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The County complied with the requirements of subsection (g) of IRC Section 457 and, accordingly, all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Deferred compensation amounts withheld from participating employees' pay are not taxable as current income until withdrawn from the plan. Annual contributions by a participant may not exceed the lesser of \$19,500 or 50% of gross annual compensation. There is an "age 50 catch-up" provision that allows an additional \$6,500 contribution from the year the employee reaches age 50 until the employee terminates employment.

C. Liability for Compensated Absences

The County accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. Except for the Clerk, the County does not, nor is it legally required to, accumulate expendable available financial resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental funds. However, the current and long-term portion of the liability for compensated absences is reported at the entity-wide financial statement level. The liability associated with compensated absences is reported on the fund level in the internal service fund for the Clerk only.

D. Executive Service Plan

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

E. Post Employment Benefits Other Than Pension Benefits

Plan Description

The County participates and administers an agent multiple-employer plan under which qualified retired employees are permitted to participate in the health and life insurance benefits program (the Program) at the same rate as active participants. In medical insurance plans where a government's retirees and current employees are insured together as a group, the premiums paid by the retirees may be lower than they would have been if the retirees were insured separately. This is called an implicit rate subsidy. A stand alone financial report is not issued for the Program.

OPEB Plan membership at October 1, 2021 was as follows:

| <u>Membership Status as of October 1, 2021</u> | <u>Life</u> | <u>Medical</u> |
|--|--------------|----------------|
| Active plan members | 1,559 | 1,559 |
| Retirees and DROP participants | <u>625</u> | <u>263</u> |
| Total | <u>2,184</u> | <u>1,822</u> |

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

IX. EMPLOYEE BENEFITS (continued)

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

Benefits- Retirees continue active employee life insurance benefits, with coverage amount equaling 2 x final salary for Senior Management and 1 x final salary for all other retirees. Once a retiree reaches the age of 65, the coverage reduces to 65% of the original amount. Coverage is provided at a monthly rate of \$0.52 per \$1,000 benefit except for Sheriff. Sheriff coverage is provided at a monthly rate of \$0.47 per \$1,000 benefit. Retirees continue active employee medical insurance benefits. Coverage ends upon death of the retiree or if the retiree cancels retiree medical insurance coverage. Retirees who cancel coverage may not re-enroll in health insurance. There are no surviving spouse benefits.

Effective October 1, 2019, future retirees may be eligible for a subsidy to help offset the cost of the retiree medical insurance premiums. The contribution is available for the retiree only and paid only while the retiree is under the age of 65 and not Medicare eligible. Eligible retirees will receive \$5 per month for each year of service; up to a maximum of 30 years (\$150 per month). The \$5 per month subsidy does not increase with health care cost trend.

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

Funding Policy

Retired employees and their spouses for their lifetime are eligible for continuation of the benefits offered to active employees and are responsible for paying the required premium contributions. The County has the authority to establish and amend the OPEB funding policy, and is not required by law or other contractual agreement to provide funding for the implicit rate subsidy other than the pay-as-you-go amount necessary to provide current benefits for participants in its health insurance plan. Post-employment benefits are extended to retirees and continued at the discretion of the Employer, which reserves the right (subject to State Statutes and any collective bargaining agreements) to change or terminate benefits and to change premium contributions required from retirees in the future. There is no separate trust through which benefits for retirees are funded. No assets are currently accumulated or earmarked for this purpose. All approved benefits are paid from the Employer's general assets when due.

Net OPEB liability

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

The total OPEB liability for the year ended September 30, 2021 measured as of September 30, 2021 is \$45,182,904. The following table outlines the changes in Net OPEB Liability for the fiscal year ending September 30, 2021:

| | <u>FY 2021</u> | <u>FY 2020</u> |
|--|----------------------|----------------------|
| Service cost | \$ 2,501,300 | \$ 540,572 |
| Interest | 934,003 | 607,217 |
| Changes in benefit terms | 0 | 1,067,856 |
| Differences between expected and actual experience | 5,600,923 | 15,714,047 |
| Changes of assumptions or other input | (4,618,076) | 7,277,059 |
| Expected benefit payments | <u>(753,917)</u> | <u>(215,848)</u> |
| Net Changes | 3,664,233 | 24,990,903 |
| Net OPEB liability at beginning of year | <u>41,518,671</u> | <u>16,527,768</u> |
| Net OPEB liability at end of year | <u>\$ 45,182,904</u> | <u>\$ 41,518,671</u> |

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

IX. EMPLOYEE BENEFITS (continued)

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

The total OPEB liability and contribution rates were determined by an actuarial valuation as of October 1, 2021. The total OPEB liability was rolled forward two years. The significant assumptions used were as follows:

| | |
|-------------------------|--|
| Valuation Date | September 30, 2021 |
| Measurement Date | September 30, 2021 |
| Actuarial Cost Method | Entry Age Normal, Level Percent of Salary. Service Costs are attributed through all assumed ages of exit from active service. |
| Asset Valuation Method | Not Applicable. The plan operates on a pay-as-you-go basis and thus, has no assets. |
| Miscellaneous | The valuation was prepared on an on-going plan basis. This assumption does not necessarily imply that an obligation to continue the plan actually exists. |
| Discount Rate | The discount rate at the measurement date is 2.43%. Benefit payments are funded on a pay-as-you go basis. The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2021. The discount rate at the beginning of the year is 2.14% from the S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2020. |
| Consumer Price Index | N/A |
| Future Salary Increase | 3.0% |
| Administrative Expenses | Life Insurance administrative expenses are assumed to be 5% of claims based on experience for similar plans. |
| Mortality | According to the Benefit-Weighted Pub-2010 Mortality Tables with a public safety adjustment for sheriffs and the general table for all others, projected generationally with the MP-2021 Mortality Improvement scale. For disabled retirees, according to the Benefit-Weighted Pub-2010 Disabled Mortality Tables with a public safety adjustment for sheriffs and the general table for all others, projected generationally with MP-2021 Mortality Improvement scales. |
| Withdrawal | Same as the Florida Retirement System (FRS) pension plan. |
| Disability | Same as the Florida Retirement System (FRS) pension plan. |
| Retirement age | Same as the Florida Retirement System (FRS) pension plan. |
| Plan participation | |
| Life insurance: | 95% of future retirees are assumed to participate based on experience for similar plans. For current retirees, the coverage indicated on the provided census data was used. |
| Medical insurance: | 45% of future retirees are assumed to participate based on a mix of actual experience and experiences for similar plans. For current retirees, the coverage indicated on the provided census data was used. |

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

IX. EMPLOYEE BENEFITS (continued)

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

| | |
|--------------------------------|---|
| Health care cost trends | Eligible health care costs, per capita costs, and retiree contributions, are assumed to increase each year from 8.10% for the year ended 9/30/2022 to 4.75% for the year beginning 10/1/2029 and thereafter. The initial trend rate was established based on the influences of the health care marketplace as a whole as published in Buck’s National Health Care Trend Survey. The trend rates are based on the “core” trend components (i.e., medical inflation, utilization and intensity of services) but exclude the impact of the aging of the covered population and other noncore components of trend (e.g., profit margins typically included in an insurer’s trend assumptions). It is assumed that over the long-term, health care costs ultimately will be constrained by the public’s ability and willingness to pay the higher cost of health care services. This assumption implies that the ultimate trend rate should be related to the nominal per capita GDP. Therefore, ultimate trend is assumed to be comprised of (i) real growth in per capita GDP, (ii) long-term growth attributable to technology innovations, and (iii) assumed long-term inflation rate. We estimated that health care costs would reach the ultimate trend level in fiscal year ending in 2030, based on projections from CMS’ projection of National Health Care Expenditures. |
| Per capita costs | Our valuation reflects the following fiscal year 2021 annual per capita plan costs for retirees and their spouses: Per Capita Plan Cost at Male Age 65- Retiree \$18,504, Spouse \$19,644, Family \$30,240. Medical per capita plan costs for retirees and spouses were developed using 2022 premium information and de-trended to a level appropriate for the fiscal year beginning October 1, 2021. The premiums are assumed to include administrative expenses. The valuation relied upon the premium information which was assumed to be suitable for this purpose. The Pre-Medicare plan costs are based upon age-adjusted rates. Post-Medicare retirees are assumed to be in a retiree-only plan and retirees pay 100% of the premium. Therefore, we assume there is no associated post-Medicare liability for the retiree medical plan. |
| Spouse assumptions | For future retirees we assumed that 50% of male employees and 20% of female employees will be married at retirement and elect health coverage for their spouses. Current retirees who elected health benefits for their spouses are indicated on the census file. For future retirees and for retirees with missing spouse information, we assumed husbands to be 3 years older than their wives. |
| Age/Gender - related morbidity | The age/gender health care cost relativities implemented in this valuation to reflect associated differences in medical costs are based on data from the recent study, “Health Care Costs - From Birth to Death” prepared by Dale H. Yamamoto and sponsored by the Society of Actuaries. |

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

IX. EMPLOYEE BENEFITS (continued)

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

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

The following presents the plan's net OPEB liability, calculated using a single discount rate of 2.43%, as well as what the plan's net OPEB liability would be if it were calculated using a single Discount Rate that is one percent lower or one percentage higher:

| Sensitivity of the Net OPEB Liability to Changes in the Discount Rate | 1% Decrease 1.43% | Current Discount Rate 2.43% | 1% Increase 3.43% |
|---|----------------------|--------------------------------|----------------------|
| Net OPEB Liability | \$ 53,320,636 | \$ 45,182,904 | \$ 38,725,957 |

Sensitivity of Net OPEB Liability to changes in Health Care Cost Trends

The following presents the plan's net OPEB liability, calculated using the current health care cost trend, as well as what the plan's net OPEB liability would be if it were calculated using a health care cost trend that is one percent lower or one percentage higher:

| Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend | 1% Decrease | Current Health Care Cost Trend | 1% Increase |
|--|----------------|-----------------------------------|----------------|
| Net OPEB Liability | \$ 43,052,986 | \$ 45,182,904 | \$ 47,761,426 |

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

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

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

IX. EMPLOYEE BENEFITS (continued)

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

The below table presents the OPEB expense and its components:

| <u>Components of OPEB Expense</u> | <u>For the year ended September 30, 2021</u> |
|--|--|
| Service Cost | \$ 2,501,300 |
| Interest on the total OPEB liability and net cash flow | 934,003 |
| Differences between expected and actual experience | 542,725 |
| Changes in assumptions and other inputs | <u>1,750,629</u> |
| Total OPEB expense | <u>\$ 5,728,657</u> |

At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflow</u> | <u>Deferred Inflow County</u> | <u>Total County Deferred Outflow (Deferred Inflow)</u> |
|--|-------------------------|-----------------------------------|--|
| Differences between expected and actual experience | \$ 17,287,977 | \$ 1,627,939 | \$ 15,660,038 |
| Changes in assumptions and other inputs | <u>5,663,521</u> | <u>4,789,042</u> | <u>874,479</u> |
| Total OPEB expense | <u>\$ 22,951,498</u> | <u>\$ 6,416,981</u> | <u>\$ 16,534,517</u> |

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) determined at October 1, 2021 is 10.32 years. The following deferred inflows of resources will be recognized in pension expense as follows:

| <u>For the year ended September 30,</u> | <u>County Total Deferred Outflow (Deferred Inflow)</u> |
|---|--|
| 2022 | \$ 2,293,354 |
| 2023 | 2,293,354 |
| 2024 | 2,293,354 |
| 2025 | 2,293,354 |
| 2026 | 2,345,169 |
| Thereafter | <u>5,015,932</u> |
| Totals | <u>\$ 16,534,517</u> |

Funded Status and Funding Progress

As of September 30, 2021, the County's actuarial accrued liability for benefits recognized in the County's financial statements was \$45,182,904, all of which was unfunded.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

X. RISK MANAGEMENT AND CONVENTIONALLY INSURED CLAIMS & LOSSES

A. General Liability

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

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

| Year | Beginning of Fiscal Year | Current Year Claims and Changes in Estimates | Claims Payments | Balance at Fiscal Year End |
|--------------------|-----------------------------|---|--------------------|-------------------------------|
| September 30, 2021 | \$ 14,819 | \$ (14,819) | \$ 0 | \$ 0 |
| September 30, 2020 | \$ 25,805 | \$ 105,872 | \$ (116,858) | \$ 14,819 |

The claims liability of \$0 includes an actuarial valuation for incurred but not yet reported claims of \$0.

B. Workers' Compensation

The County maintains a self-insurance Internal Service Fund to account for insurance activities relating to workers' compensation that is administered by a third-party administrator. Under this program, the County absorbs losses up to a maximum of \$500,000 for each claim. At September 30, 2021, the County had \$186,596 deposited with the third-party administrator for use against future claims. The County purchases commercial insurance for claims in excess of coverage provided by the Fund. Settled claims have not exceeded this commercial coverage in the current year or any of the past five years.

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

The claims liability for workers' compensation of \$7,050,581, which includes an actuarial evaluation for incurred but not reported claims of \$2,494,302 is included in other current liabilities and reported in the Internal Service Fund at September 30, 2021. The liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated.

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

| Year | Beginning of Fiscal Year | Current-Year Claims and Changes in Estimates | Claims Payments | Balance at Fiscal Year End |
|--------------------|-----------------------------|---|--------------------|-------------------------------|
| September 30, 2021 | \$ 6,562,279 | \$ 2,474,302 | \$ (2,006,000) | \$ 7,050,581 |
| September 30, 2020 | \$ 4,692,555 | \$ 4,065,658 | \$ (2,195,934) | \$ 6,562,279 |

C. Automobile Liability

The County purchases commercial coverage for automobile liability insurance through the same provider of its general liability insurance. All vehicles are covered for physical damage with a \$1,000 deductible and for liability with a \$5,000 deductible. All funds

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

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

C. Automobile Liability (continued)

of the County participate in this program and pay premiums to the Insurance Service Fund based on the vehicles used by their personnel.

Changes in the fund's claims liability were as follows:

| Year | Beginning of Fiscal Year | Current-Year Claims and Changes in Estimates | Claims Payments | Balance at Fiscal Year End |
|--------------------|-----------------------------|---|--------------------|-------------------------------|
| September 30, 2021 | \$ 10,690 | \$ (5,790) | \$ 0 | \$ 4,900 |
| September 30, 2020 | \$ 4,789 | \$ 31,384 | \$ (25,483) | \$ 10,690 |

The claims liability of \$4,900 includes an actuarial valuation for incurred but not reported claims of \$5,000.

As a member of the Florida Sheriff's Association, the Sheriff participates in the Sheriffs' Automobile Risk Program for automobile liability insurance. Coverage includes liability for bodily injury and property damage, personal injury protection, auto medical payments, bodily injury for uninsured motorists and physical damage. Coverage for physical damage is also maintained on certain vehicles. The contribution required for the year ended September 30, 2021 was \$336,848.

D. Professional Liability

The Sheriff is currently a member of the Florida Sheriffs' Association and participates in the Florida Sheriffs' Self-Insurance Fund. The Self-Insurance Fund administers insurance activities related to professional liability and covers compensatory damages (except back pay), employment benefits, punitive damages, attorney fees or costs awarded to a prevailing plaintiff, and all legal fees involved in defense of the Sheriff. The contribution required for the year ended September 30, 2021 was \$599,636.

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

XI. SEGMENT INFORMATION - ENTERPRISE FUNDS

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

XII. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

A. Excess of Expenditures Over Appropriation

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

B. Excess of Expenditures Over Revenue in the Budget Column

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

C. Deficit Fund Balances

At fiscal year end, the Family Law Legal Service fund had a deficit of \$58,233, the SHIP Trust fund had a deficit of \$25,247, the 911 Emergency fund had a deficit of \$245,068, and the Special Assessment fund had a deficit of \$2,265. All funds are nonmajor special revenue funds. At fiscal year end, the Internal Service fund also had a deficit balance of \$1,237,260.

D. Minimum Fund Balance Policy

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

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

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

XII. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (continued)

E. Fund Balance

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

| | General Fund | Major Funds | Other Funds | Total |
|--|----------------------|----------------------|----------------------|-----------------------|
| Nonspendable: | | | | |
| Inventory | \$ 1,023,855 | \$ 0 | \$ 10,114 | \$ 1,033,969 |
| Prepaid assets | 1,374,714 | 370,385 | 208,186 | 1,953,285 |
| Total nonspendable | <u>2,398,569</u> | <u>370,385</u> | <u>218,300</u> | <u>2,987,254</u> |
| Restricted for: | | | | |
| Federal and state grants and other purpose | 5,259,060 | 12,135,306 | 111,789 | 17,506,155 |
| Major non-transportation related capital projects and facilities | 0 | 24,832,522 | 22,741,976 | 47,574,498 |
| Public improvement revenue bond projects | 0 | 0 | 16,427,872 | 16,427,872 |
| Enabling legislation | 0 | 0 | 10,666,569 | 10,666,569 |
| User restricted | 0 | 0 | 265,922 | 265,922 |
| Total restricted | <u>5,259,060</u> | <u>36,967,828</u> | <u>50,214,128</u> | <u>92,441,016</u> |
| Committed for: | | | | |
| Minimum reserve requirements | 7,154,718 | 367,147 | 0 | 7,521,865 |
| Fire protection services | 0 | 0 | 1,857,960 | 1,857,960 |
| Emergency medical services | 0 | 0 | 7,688,236 | 7,688,236 |
| Building inspections | 0 | 0 | 1,368,165 | 1,368,165 |
| Unincorporated stormwater maintenance | 0 | 0 | 2,050,945 | 2,050,945 |
| City sewer services distribution | 0 | 0 | 21,885 | 21,885 |
| Environmental management | 0 | 0 | 2,274,351 | 2,274,351 |
| Pandemic recovery efforts | 0 | 3,971,624 | 0 | 3,971,624 |
| Total committed | <u>7,154,718</u> | <u>4,338,771</u> | <u>15,261,542</u> | <u>26,755,031</u> |
| Assigned for: | | | | |
| Beginning appropriated fund balance | 9,957,705 | 0 | 0 | 9,957,705 |
| General government | 0 | 1,840,068 | 0 | 1,840,068 |
| Public safety | 0 | 0 | 2,642,641 | 2,642,641 |
| Total assigned | <u>9,957,705</u> | <u>1,840,068</u> | <u>2,642,641</u> | <u>14,440,414</u> |
| Unassigned | <u>22,928,069</u> | <u>(369,480)</u> | <u>(467,481)</u> | <u>22,091,108</u> |
| Total Fund Balances | <u>\$ 47,698,121</u> | <u>\$ 43,147,572</u> | <u>\$ 67,869,130</u> | <u>\$ 158,714,823</u> |

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

XIII. COMMITMENTS AND CONTINGENCIES

A. Contract Commitments

Lease Income

On June 2003, the County purchased the Bank of America building. There are several noncancelable operating lease agreements for the rental of its building. The lease agreements provide for monthly rentals, which escalate over the lease terms and expire on various dates. Minimum future rentals to be collected under the terms of the lease agreements as of September 30, 2021 are as follows:

| Year Ending September 30, | Amount |
|---|---------------------|
| 2022 | \$ 1,173,746 |
| 2023 | 685,708 |
| 2024 | 756,587 |
| 2025 | 352,271 |
| 2026 | 136,474 |
| Thereafter | <u>154,951</u> |
| Total minimum future rental receipts | <u>\$ 3,259,737</u> |

The property being leased is included in the Statement of Net Position Governmental Activities column with a carrying value of \$10,939,544 and depreciation expense of \$449,389 for fiscal year 2021. The facility is carried as a governmental activity because the County purchased the building to provide offices for County staff.

In October 2009, the Board purchased the Lake Jackson Huntington Oaks Property in BOCC. There are several noncancelable operating lease agreements for the rental of its building. The lease agreements provide for monthly rentals, which escalate over the lease terms and expire on various dates. Minimum future rentals to be collected under the terms of the lease agreements as of September 30, 2021, are as follows:

| Year Ending September 30, | Amount |
|---|---------------------|
| 2022 | \$ 350,985 |
| 2023 | 337,326 |
| 2024 | 315,180 |
| 2025 | 204,259 |
| 2026 | 115,686 |
| Thereafter | <u>114,710</u> |
| Total minimum future rental receipts | <u>\$ 1,438,146</u> |

The property being leased is included in the Statement of Net Position Governmental Activities column under Land and construction in progress with a carrying value of \$4,540,621 for fiscal year 2021. The facility is carried as a governmental activity because the County purchased the building to provide offices for County staff as well as to provide Library services to the community.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

XIII. COMMITMENTS AND CONTINGENCIES (continued)

A. Contract Commitments (continued)

Operating Leases

The Supervisor of Elections has multiple mailroom software and system operating leases that end on varying dates through 2025.

Minimum future lease payments are as follows:

| Year Ending September 30, | Amount |
|------------------------------|------------|
| 2022 | \$ 116,444 |
| 2023 | 116,444 |
| 2024 | 82,164 |
| 2025 | 26,457 |
| Total minimum payments | \$ 341,509 |

The Tax Collector has entered into noncancelable operating leases as lessee for office space and office equipment. Some of the real property leases contain provisions for four or five-year renewal options, with stated increases or decreases for lease payments. At September 30, 2021, aggregate future minimum payments are as follows:

| Year Ending September 30, | Amount |
|------------------------------|--------------|
| 2022 | \$ 738,812 |
| 2023 | 738,812 |
| 2024 | 742,607 |
| 2025 | 742,952 |
| 2026 | 742,952 |
| 2027-2031 | 3,026,486 |
| 2032-2034 | 978,972 |
| Total minimum payments | \$ 7,711,593 |

Lease expenditures incurred under operating leases for the year ended September 30, 2021 were \$673,541.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

XIII. COMMITMENTS AND CONTINGENCIES (continued)

A. Contract Commitments (continued)

Operating Leases (continued)

The Sheriff is committed to various operating leases for certain office and radio equipment. Operating leases are generally defined as leases that do not transfer benefits and risks of ownership to the lessee. For the year ended September 30, 2021, total rental and equipment lease expenses were \$346,094. Following is a schedule of future minimum lease payments under the equipment leases as of September 30:

| Year Ending September 30, | Amount |
|------------------------------|-------------------|
| 2022 | \$ 54,147 |
| 2023 | 34,790 |
| 2024 | 11,976 |
| Total minimum payments | <u>\$ 100,913</u> |

The Clerk leases office equipment and building space under operating leases expiring in various years through 2023. Minimum future lease payments under operating leases having remaining terms in excess of one year as of September 30, 2021, for each of the next five years and in the aggregate are as follows:

| Year Ending September 30, | Amount |
|------------------------------|-------------------|
| 2022 | \$ 83,451 |
| 2023 | 65,297 |
| 2024 | 3,762 |
| 2025 | 3,762 |
| Total minimum payments | <u>\$ 156,272</u> |

Rent expense paid during the fiscal year ended September 30, 2021 was \$102,523.

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

Capital Leases

The County has a capital lease agreement with Dell Financial Services (DFS) for equipment, software, and services or fees. Terms of the lease include annual payments of \$202,385. The lease expires December 30, 2022. As of September 30, 2021 future lease payments totaling \$202,385 consists entirely of imputed principal.

The County has a capital lease agreement with Insight Global Finance for equipment, software, and services or fees. Terms of the lease include monthly payments of \$9,990. The lease expires July 31, 2023. As of September 30, 2021 future lease payments totaling \$219,784 consists of imputed principal of \$217,825 and imputed interest of \$1,959.

The County has a capital lease agreement with SHI International Corp. for equipment, software, and services or fees. Terms of the lease include annual payments of \$160,029. The lease expires July, 23 2025. As of September 30, 2021 future lease payments totaling \$640,117 consists of imputed principal of \$609,839 and imputed interest of \$30,278.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

XIII. COMMITMENTS AND CONTINGENCIES (continued)

A. Contract Commitments (continued)

Capital Leases (continued)

The future capital lease payable and the net present value of the minimum lease payments relating to computer equipment, software services and fees as of September 30, 2020, were as follows:

| Future Cash Payments | | Future Maturities of Lease Liability | |
|------------------------------------|--------------|--------------------------------------|--------------|
| 2022 | \$ 482,297 | 2022 | \$ 448,363 |
| 2023 | 259,931 | 2023 | 270,797 |
| 2024 | 160,029 | 2024 | 153,915 |
| 2025 | 160,029 | 2025 | 156,974 |
| | 1,062,286 | | \$ 1,030,049 |
| Less: amount representing interest | (32,237) | | |
| | \$ 1,030,049 | | |

The County has a capital lease agreement with US Bank to finance the funding of an energy savings project. The plan will be completed by the Energy Systems Group LLC, for the installation of the energy, water and wastewater efficiency and conservation measures and related upgrades at County facilities. Terms of the lease include bi-annual payments on June 1, and December 1. The lease expires December 01, 2035. As of September 30, 2021 future lease payments totaling \$18,780,671 consists of principal of \$16,500,000 and interest of \$2,280,671. As of September 30, 2021 the county had received and maintained control of \$13,901,262 of the total contracted lease value. Only the portion in the Board's control as of September 30, 2021 has been recorded as a capital lease.

The future capital lease payable and the net present value of the minimum lease payments relating to the energy savings project as of September 30, 2021, were as follows:

| Period Ending | ESCO - Master Tax-Exempt Lease, Series 2020 | | |
|----------------------------|---|------------|--------------|
| | Principal | Interest | Debt Service |
| 9/30/2022 | \$ 920,000 | \$ 282,464 | \$ 1,202,464 |
| 9/30/2023 | 990,000 | 265,647 | 1,255,647 |
| 9/30/2024 | 1,010,000 | 248,037 | 1,258,037 |
| 9/30/2025 | 1,025,000 | 230,119 | 1,255,119 |
| 9/30/2026 | 1,045,000 | 211,892 | 1,256,892 |
| 9/30/2027 | 1,065,000 | 193,314 | 1,258,314 |
| 9/30/2028 | 1,080,000 | 174,427 | 1,254,427 |
| 9/30/2029 | 1,100,000 | 155,232 | 1,255,232 |
| 9/30/2030 | 1,120,000 | 135,685 | 1,255,685 |
| 9/30/2031 | 1,140,000 | 115,786 | 1,255,786 |
| 9/30/2032 | 1,160,000 | 95,534 | 1,255,534 |
| 9/30/2033 | 1,180,000 | 74,931 | 1,254,931 |
| 9/30/2034 | 1,200,000 | 53,975 | 1,253,975 |
| 9/30/2035 | 1,220,000 | 32,667 | 1,252,667 |
| 9/30/2036 | 1,245,000 | 10,961 | 1,255,961 |
| Totals: | 16,500,000 | 2,280,671 | 18,780,671 |
| Less amounts not obligated | (2,598,738) | | |
| | \$ 13,901,262 | | |

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

XIII. COMMITMENTS AND CONTINGENCIES (continued)

A. Contract Commitments (continued)

Grants

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

Long-Term Construction Projects

The County is committed to various material long-term construction projects at September 30, 2021. 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, 2021 approximate \$6.7 million.

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

Long-Term Contracts

On August 23, 2018, the Sheriff and Aramark entered into an Agreement which granted Aramark the exclusive rights to provide food and commissary services for the inmates, staff and visitors at the Leon County Detention Facility. The Agreement commenced starting October 1, 2018, and will continue through September 30, 2022 with the ability to renew the Agreement for four additional one-year periods. As part of the Agreement, Aramark agreed to make a financial commitment to the Sheriff in the amount of \$600,000, which was received in August 2018, for the purchase and installation of mutually agreed food service equipment and other improvements to the kitchen and dining facility. For the year ended September 30, 2021, total equipment and improvement expenses were \$97,043. If the Agreement expires or is terminated for any reason by either party prior to the complete amortization of the financial commitment, the Sheriff shall be obligated to reimburse the unamortized balance plus interest on such accounts at the Prime Rate plus two percentage points per annum, compounded monthly from the date of termination or expiration, until the date paid.

On May 8, 2019, the Sheriff entered into an agreement with Axon Enterprises, Inc. to replace and upgrade all of the agency's tasers. The agreement commenced October 1, 2019 and will continue through April 1, 2024. The agreement provided for replacement of all of the Sheriff's tasers and related equipment, as well as provide ongoing employee training and certification, data and software support, and warrantee replacement for any malfunctioning or damaged equipment. The total cost for the equipment and services is approximately \$2.318 million to be paid over the term of the agreement corresponding with annual scheduled deliverables. Payments are to be made at the beginning of each fiscal year in the amount of \$472,070 for the first four years and \$430,120 in the fifth and final year. For the year ended September 30, 2021, the Sheriff paid and expended \$472,070 for equipment and services received under this agreement, leaving a balance due to Axon of approximately \$1.374 million for goods and services to be provided over the remaining term of the agreement.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2021

XIII. COMMITMENTS AND CONTINGENCIES (continued)

B. Potential Liabilities Resulting from Litigation

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

C. Subsequent Events

The County has evaluated subsequent events through May 24, 2022, the date the financial statements were available to be issued.

On November 16, 2021, the Board finalized a loan agreement for \$3,400,000 titled Capital Improvement Revenue Note Series 2021 B. The terms of the loan agreement include annual interest of 1.29% and annual debt service payments ranging from \$509,286 to \$512,862 until maturity on December 1, 2028.

In December 2021, the Supervisor of Elections executed an operating lease for mailing system equipment. The lease commences January 1, 2022 for a term of 48 months at \$1,066 per month.

XIV. PRIOR PERIOD ADJUSTMENTS

The County implemented GASB Statement No. 84 *Fiduciary Activities*, as of October 1, 2020. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. In accordance with the provisions of GASB Statement No. 84, net position was restated to reflect the balances of funds held on behalf of other organizations and beneficiaries as a custodial fund. Balances previously reported in the County's financial statements as of October 1, 2020, have been restated to report deposits held for third party beneficiaries as Net Position, where the government has not been compelled to release the funds. This restatement resulted in a decrease in amounts reported at October 1, 2020 as deposits and an increase in the amounts reported as restricted net position of \$3,298,767.

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Required Supplementary Information

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|
| Leon County's proportion of the net pension liability | .373660617% | 0.394768166% | 0.405622105% | 0.401636460% | 0.404240284% | 0.426742954% | 0.381103706% | 0.373806519% | 0.387480733% |
| Leon County's proportionate share of the net pension liability | \$ 28,225,813 | \$ 171,098,341 | \$ 139,690,606 | \$ 120,974,984 | \$ 119,571,564 | \$ 107,752,931 | \$ 49,224,656 | \$ 22,807,695 | \$ 66,702,680 |
| Leon County's covered payroll | \$ 101,609,419 | \$ 100,077,822 | \$ 95,981,978 | \$ 92,298,471 | \$ 89,031,824 | \$ 84,165,836 | \$ 82,001,002 | \$ 80,661,380 | \$ 80,267,543 |
| Leon County's proportionate share of the net pension liability as a percentage of its covered payroll | 27.78 % | 170.97 % | 145.54 % | 131.07 % | 134.30 % | 128.02 % | 60.03 % | 28.28 % | 83.10 % |
| Plan fiduciary net position as a percentage of the total pension liability | 96.40 % | 78.85 % | 82.61 % | 84.26 % | 83.89 % | 84.88 % | 92.00 % | 96.09 % | 88.54 % |

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

See Report of Independent Auditors

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|
| Actuarially determined contribution | \$ 14,234,855 | \$ 13,116,397 | \$ 12,577,212 | \$ 11,446,316 | \$ 10,523,370 | \$ 10,406,807 | \$ 9,291,632 | \$ 8,187,949 |
| Actual employer contribution | <u>\$ (14,234,855)</u> | <u>\$ (13,116,397)</u> | <u>\$ (12,577,212)</u> | <u>\$ (11,446,316)</u> | <u>\$ (10,523,370)</u> | <u>\$ (10,406,807)</u> | <u>\$ (9,291,632)</u> | <u>\$ (8,187,949)</u> |
| Contribution deficiency (excess) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Leon County's covered payroll | \$ 101,778,575 | \$ 101,101,949 | \$ 97,005,441 | \$ 92,911,582 | \$ 90,549,137 | \$ 84,749,884 | \$ 82,413,692 | \$ 80,762,932 |
| Contributions as a percentage of covered payroll | 13.99 % | 12.97 % | 12.97 % | 12.32 % | 11.62 % | 12.28 % | 11.27 % | 10.14 % |
| | | | | | | | <u>2013</u> | |
| Actuarially determined contribution | | | | | | | \$ 5,214,322 | |
| Actual employer contribution | | | | | | | <u>\$ (5,214,322)</u> | |
| Contribution deficiency (excess) | | | | | | | <u>0</u> | |
| Leon County's covered payroll | | | | | | | \$ 80,356,724 | |
| Contributions as a percentage of covered payroll | | | | | | | | 6.49 % |

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

See Report of Independent Auditors

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|----------------|----------------|---------------|---------------|---------------|---------------|---------------|--------------------|
| Leon County's proportion of the net pension liability | .274214019% | 0.274310017% | 0.281605365% | 0.279643167% | 0.275303556% | 0.286548096% | 0.274123595% | 0.270973192% |
| Leon County's proportionate share of the net pension liability | \$ 33,636,472 | \$ 33,492,806 | \$ 31,508,822 | \$ 29,597,747 | \$ 29,436,726 | \$ 33,395,994 | \$ 27,956,296 | \$ 25,336,655 |
| Leon County's covered payroll | \$ 101,609,419 | \$ 100,077,822 | \$ 95,981,978 | \$ 92,298,471 | \$ 89,031,824 | \$ 84,165,836 | \$ 82,001,002 | \$ 80,661,380 |
| Leon County's proportionate share of the net pension liability as a percentage of its covered payroll | 33.10 % | 33.47 % | 32.83 % | 32.07 % | 33.06 % | 39.68 % | 34.09 % | 31.41 % |
| Plan fiduciary net position as a percentage of the total pension liability | 3.56 % | 3.00 % | 2.63 % | 2.15 % | 1.64 % | 0.97 % | 0.50 % | 0.99 % |
| | | | | | | | | <u>2013</u> |
| Leon County's proportion of the net pension liability | | | | | | | | 0.279295965% |
| Leon County's proportionate share of the net pension liability | | | | | | | | \$ 24,316,386 |
| Leon County's covered payroll | | | | | | | | \$ 80,267,543 |
| Leon County's proportionate share of the net pension liability as a percentage of its covered payroll | | | | | | | | 30.29 % |
| Plan fiduciary net position as a percentage of the total pension liability | | | | | | | | 1.78 % |

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

See Report of Independent Auditors

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Actuarially determined contribution | \$ 1,611,832 | \$ 1,580,720 | \$ 1,563,727 | \$ 1,516,512 | \$ 1,456,986 | \$ 1,468,742 | \$ 1,047,871 | \$ 928,263 |
| Actual employer contribution | <u>\$ (1,611,832)</u> | <u>\$ (1,580,720)</u> | <u>\$ (1,563,727)</u> | <u>\$ (1,516,512)</u> | <u>\$ (1,456,986)</u> | <u>\$ (1,468,742)</u> | <u>\$ (1,047,871)</u> | <u>\$ (928,263)</u> |
| Contribution deficiency (excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Leon County's covered payroll | \$ 101,778,575 | \$ 101,101,949 | \$ 97,005,441 | \$ 92,911,582 | \$ 90,459,137 | \$ 84,749,884 | \$ 82,413,692 | \$ 80,762,932 |
| Contributions as a percentage of covered payroll | 1.58 % | 1.56 % | 1.61 % | 1.63 % | 1.61 % | 1.73 % | 1.27 % | 1.15 % |
| | | | | | | | <u>2013</u> | |
| Actuarially determined contribution | | | | | | | \$ 914,903 | |
| Actual employer contribution | | | | | | | <u>\$ (914,903)</u> | |
| Contribution deficiency (excess) | | | | | | | <u>\$ 0</u> | |
| Leon County's covered payroll | | | | | | | \$ 80,356,724 | |
| Contributions as a percentage of covered payroll | | | | | | | | 1.14 % |

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

See Report of Independent Auditors

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

| Net OPEB Liability | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|
| Service cost | \$ 2,501,300 | \$ 540,572 | \$ 492,162 | \$ 534,336 |
| Interest | 934,003 | 607,217 | 666,184 | 621,125 |
| Changes of benefit terms | 0 | 1,067,856 | 0 | 0 |
| Difference between expected & actual experience | 5,600,923 | 15,714,047 | (2,282,605) | 0 |
| Changes in assumptions & other inputs | (4,618,076) | 7,277,059 | (31,667) | (1,114,016) |
| Benefit payments | <u>(753,917)</u> | <u>(215,848)</u> | <u>(249,553)</u> | <u>(227,947)</u> |
| Net change in total OPEB liability | 3,664,233 | 24,990,903 | (1,405,479) | (186,502) |
| | | | | |
| Net OPEB liability - beginning | <u>41,518,671</u> | <u>16,527,768</u> | <u>17,933,247</u> | <u>18,119,749</u> |
| Net OPEB liability - ending | <u>\$ 45,182,904</u> | <u>\$ 41,518,671</u> | <u>\$ 16,527,768</u> | <u>\$ 17,933,247</u> |
| | | | | |
| Covered-Employee payroll | \$101,778,576 | \$101,101,949 | \$ 97,005,441 | \$ 92,911,582 |
| | | | | |
| Net OPEB liability as a percentage of covered-employee payroll | 44.39 % | 41.07 % | 17.04 % | 19.30 % |

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

See Report of Independent Auditors

Leon County, Florida
Notes to the Required Supplementary Information
September 30, 2021
(unaudited)

The following changes in actuarial assumptions occurred in 2021:

PENSION RELATED NOTES TO SCHEDULE:

FRS: There were no changes in benefit terms. The inflation rate assumption remained at 2.40%. Payroll growth, including inflation remained at 3.25%. The long-term expected rate of return remained at 6.8%, and the active member mortality assumption was updated.

HIS: The municipal rate used to determine total pension liability was decreased from 2.21% to 2.16%.

OPEB RELATED NOTES TO SCHEDULE:

Changes in Assumptions - Changes in assumptions and other inputs include the change in the discount rate from 2.14% to 2.43% as of September 30, 2021. Under GASB 75, unfunded plans are required to use a discount rate that reflects to 20-year tax exempt municipal bond yield or index rate. Thus, the discount rate of 2.43% is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2021. The impact on the liability from this change was a decrease to the liability.

The mortality improvement scale was updated from MP-2020 to MP-2021. This resulted in a small decrease to the liability.

The medical trend rates have been updated to reflect new information published in Buck's 42nd edition of the national health care trend survey. This resulted in an increase to the liability.

The starting per capita costs were updated based on 2022 premiums. Since those premiums did not change from 2020, this decreased the liability.

See Report of Independent Auditors

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

The Honorable Board of County Commissioners
Leon County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison statements of Leon County, Florida (the County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 24, 2022. Our report includes a reference to other auditors who audited the financial statements of the Housing Finance Authority of Leon County, as described in our report on the County'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 on separately by those auditors

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 items 2021-001, 2021-002, and 2021-003 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Management Letter as item 2021-007.

Leon County, Florida's Response to Findings

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

Purpose of this Report

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

Page Three

We noted certain other matters pursuant to the Chapter 10.550, *Rules of the Auditor General* that we have reported to the management of Leon County, Florida in a separate letter dated May 24, 2022.

Handwritten signature of Thomas Howell Ferguson P.A. in black ink.Handwritten signature of Law, Redd, Crona & Munroe P.A. in blue ink.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
May 24, 2022

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

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

Honorable Board of County Commissioners
Leon County, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Leon County, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Florida Department of Financial Service's State Projects Compliance Supplement*, that could have a direct and material effect on each of Leon County, Florida's major federal programs and state projects for the year ended September 30, 2021. Leon County, Florida's major federal programs and state project are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program and State Project

In our opinion, Leon County, Florida, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state project identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of Leon County, Florida, as of and for the year ended September 30, 2021, and have issued our report thereon dated May 24, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements taken as a whole.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
May 24, 2022



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

Leon County, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2021

| Federal / State Agency Pass-through Entity Federal Program / State Project | CFDA or CSFA Number | Grant Contract Number | Expenditures |
|--|---------------------------|-----------------------------|----------------------|
| FEDERAL AWARDS | | | |
| <u>U.S. Department of Agriculture</u> | | | |
| Pass through Florida Department of Financial Services Schools and Roads - Grants to States | 10.665 | USFOR2020 | \$ 43,460 |
| <u>U.S. Department of Transportation</u> | | | |
| Pass through Florida Department of Transportation Highway Planning and Construction | 20.205 | 442060-1-38-01 | 73,631 |
| Highway Planning and Construction | 20.205 | 442060-2-38-01 | 78,060 |
| Highway Planning and Construction | 20.205 | 436621-1-58-01 | 7,834 |
| Highway Planning and Construction | 20.205 | 440655-1-38-01 | 74,974 |
| Total CFDA # 20.205 | | | <u>234,499</u> |
| <u>U.S. Department of Treasury</u> | | | |
| Direct Programs | | | |
| COVID-19 Emergency Rental Assistance 1 | 21.023 | ERA1-2101111917 | 8,864,910 |
| COVID-19 Emergency Rental Assistance 2 | 21.023 | ERA2-0382 | 8,270,915 |
| Total CFDA # 21.023 | | | <u>17,135,825</u> |
| COVID-19 American Recovery Plan | 21.027 | 20-1982-0-1-806 | 8,091,114 |
| Pass through Florida Division of Emergency Management | | | |
| COVID-19 CARES Act | 21.019 | Y2272 | 14,518,662 |
| COVID-19 FHFC CARES | 21.019 | 070-2020 | 11,432,255 |
| Total CFDA # 21.019 | | | <u>25,950,917</u> |
| <u>U.S. Department of Interior</u> | | | |
| Direct Program | | | |
| Payments in Lieu of Taxes | 15.226 | Unknown | 250,652 |
| <u>U.S. Department of Justice</u> | | | |
| Direct Programs | | | |
| COVID-19 Coronavirus Emergency Supplemental Funding Program | 16.034 | 2020-VD-BX-0172 | 1,635 |
| State Criminal Assistance Program | 16.606 | 2020-AP-BX-0871 | 20,331 |
| State Criminal Assistance Program | 16.606 | 2016-AP-BX-0098 | 1,475 |
| Total CFDA # 16.606 | | | <u>21,806</u> |
| Gulf State LE Technology Assistance | 16.843 | 2020-RZ-BX-0007 | 129,818 |
| Equitable Sharing Program | 16.922 | N/A | 11,499 |
| Pass through Florida Department of Law Enforcement | | | |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2020-JAGC-Leon-3-Y5-119 | 5,134 |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2020-JAGC-Leon-4-5R-084 | 30,739 |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2021-JAGC-Leon-4-N2-212 | 56,913 |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2020-JAGC-Leon-2-Y5-079 | 38,356 |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2021-JAGC-Leon-3-3B-097 | 38,356 |
| Total CFDA # 16.738 | | | <u>169,498</u> |
| Pass through State of Florida Office of the Attorney General Victims of Crime Act | 16.575 | V-2016-00162 | 103,210 |
| <u>U.S. Department of Health and Human Services</u> | | | |
| Direct Program | | | |
| COVID-19 Provider Relief Fund | 93.498 | PRF20200001 | 10,371 |
| Pass through Florida Department of Revenue | | | |
| Child Support Enforcement | 93.563 | COC37 | 192,670 |
| Child Support Enforcement - Title IV-D Incentive | 93.563 | FFY2017 | 7,496 |
| Total CFDA # 93.563 | | | <u>200,166</u> |
| <u>U.S. Department of Homeland Security</u> | | | |
| Pass through Florida Division of Emergency Management | | | |
| Homeland Security Grant Program | 97.067 | EMW-2019-SS-00049 | 40,447 |
| Homeland Security Grant Program | 97.067 | R0045 | 218,932 |
| Homeland Security Grant Program | 97.067 | R0314 | 331,700 |
| Homeland Security Grant Program | 97.067 | R0290 | 367,812 |
| Total CFDA # 97.067 | | | <u>958,891</u> |
| Pass through Florida Department of Law Enforcement Project Safe Neighborhoods | 16.609 | 2019-PSNN-1-F6-003 | 21,081 |
| <u>Federal Emergency Management Agency</u> | | | |
| Pass through Florida Division of Emergency Management Emergency Management Performance Grants | 97.042 | EMA-2020-EP-00006 | 90,529 |
| <u>U.S. Environmental Protection Agency</u> | | | |
| Pass through Florida Department of Environmental Protection USEPA Clean Water Campaign | 66.460 | NF029 | 13,750 |
| Total Expenditures of Federal Awards | | | <u>\$ 53,438,721</u> |

See independent auditors' report.

(continued)

Leon County, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)
Year Ended September 30, 2021

| Federal / State Agency Pass-through Entity Federal Program / State Project | CFDA or CSFA Number | Grant Contract Number | Expenditures |
|---|---------------------------|-----------------------------|---------------------|
| STATE FINANCIAL ASSISTANCE | | | |
| <u>State of Florida Division of Emergency Management</u> | | | |
| Direct Projects | | | |
| Emergency Management Programs | 31.063 | A0143 | \$ 105,806 |
| <u>Florida Department of Environmental Protection</u> | | | |
| Direct Projects | | | |
| Local Hazardous Waste Collection Center | 37.010 | DEP3745 DWM | 25,000 |
| Local Hazardous Waste Collection Center | 37.010 | DEP3745 DWM | 6,843 |
| Total CSFA # 37.010 | | | <u>31,843</u> |
| Florida Springs Grant Program | 37.052 | LP01108 | 1,087,966 |
| Florida Springs Grant Program | 37.052 | LP0110E | 110,280 |
| Florida Springs Grant Program | 37.052 | LP37113 | 466,286 |
| Florida Springs Grant Program | 37.052 | LP37114 | 2,495 |
| Total CSFA # 37.052 | | | <u>1,667,027</u> |
| <u>Florida Department of Agriculture and Consumer Services</u> | | | |
| Direct Project | | | |
| Mosquito Control | 42.003 | B7C186 | 15,000 |
| <u>Florida Department of State</u> | | | |
| Direct Project | | | |
| State Aid to Libraries | 45.030 | 19-ST-27 | 108,601 |
| <u>Florida Department of Juvenile Justice</u> | | | |
| Direct Project | | | |
| Delinquency Prevention | 80.029 | 10626 | 31,833 |
| Delinquency Prevention | 80.029 | 10626 | 6,350 |
| Total CSFA # 80.029 | | | <u>38,183</u> |
| <u>Florida Housing Finance Corporation</u> | | | |
| Direct Projects | | | |
| HFA Emergency Repairs | 40.901 | SHIP18 | 19,220 |
| State Housing Initiatives Partnership Program | 40.901 | SHIP19 | 56,621 |
| State Housing Initiatives Partnership Program | 40.901 | SHIP20 | 50,000 |
| Total CSFA # 40.901 | | | <u>125,841</u> |
| Direct Projects | | | |
| Hurricane Housing Recovery Program | 40.902 | 855-2020 | 79,046 |
| Hurricane Housing Recovery Program | 40.902 | 044-2019 | 203,965 |
| Total CSFA # 40.902 | | | <u>283,011</u> |
| <u>Florida Department of Health</u> | | | |
| Direct Project | | | |
| Emergency Medical Services (EMS) Matching Awards | 64.003 | M7018 | 24,834 |
| Emergency Medical Services (EMS) Matching Awards | 64.003 | M8028 | 20,881 |
| Emergency Medical Services (EMS) Matching Awards | 64.003 | M8029 | 29,450 |
| Total CSFA # 64.003 | | | <u>75,165</u> |
| Direct Project | | | |
| Emergency Medical Services County Grant | 64.005 | C7037 | 33,501 |
| Emergency Medical Services County Grant | 64.005 | C8037 | 27,832 |
| Emergency Medical Services County Grant | 64.005 | C9037 | 30,200 |
| Total CSFA # 64.005 | | | <u>91,533</u> |
| <u>Florida Department of Transportation</u> | | | |
| Direct Project | | | |
| County Incentive Grant Program | 55.008 | 440655-2-34-01 | 34,481 |
| Total Expenditures of State Financial Assistance | | | <u>\$ 2,576,491</u> |
| NOTES: | | | |
| (1) Housing loans originated since 2001 and outstanding at year end: | | | |
| Community Development Block Grant-Entitlement | 14.218 | | \$ 829,650 |
| State Housing Initiatives Partnership Program | 40.901 | | 3,071,309 |
| Hurricane Housing Recovery Program | 40.902 | | 303,806 |
| | | | <u>\$ 4,204,765</u> |
| (2) The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal programs and state projects of the Leon County Board of County Commissioners for the year ended September 30, 2021. All expenditures related to federal awards and state projects received directly from federal and state agencies, as well as federal awards and state projects passed through other governmental agencies, are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). | | | |
| (3) The Schedule was prepared on the modified accrual basis of accounting. | | | |
| (4) Of the federal expenditures presented in the schedule, Leon County Board of County Commissioners provided federal awards to subrecipients as follows: CFDA #21.019 \$9,660 | | | |
| (5) Leon County Board of County Commissioners has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. | | | |
| (6) No federal assistance was expended in noncash assistance. | | | |

See report of independent auditors.

Leon County, Florida
Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Section I -- Summary of Auditors' Results

Financial Statements

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

Schedule of Findings and Questioned Costs Relating to Federal Awards

Federal Awards

| | |
|--|------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified not considered to be material weaknesses? | No |
| Type of auditor's report issued on compliance for major programs? | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

| | | |
|-----------------------------------|--------------------|--|
| Identification of major programs: | <u>CFDA Number</u> | <u>Name of Federal Program</u> |
| | | U.S. Department of Treasury |
| | 21.023 | Direct - COVID-19 Emergency Rental Assistance |
| | 21.027 | Direct - COVID-19 American Recovery Plan |
| | 21.019 | Pass through Florida Division of Emergency Management - COVID-19 CARES Act |

| | |
|--|-------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$1,603,162 |
| Auditee qualified as low-risk auditee? | Yes |

Leon County, Florida
Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2021

Schedule of Findings and Questioned Costs Relating to State Financial Assistance

State Financial Assistance Awards

| | | | | | | | | | | |
|---|---|--------------------|------------------------------|--|--|--|----------------|--------|-------------------------------|--|
| Internal control over major projects: | | | | | | | | | | |
| Significant deficiency(ies) identified? | | None | | | | | | | | |
| Significant deficiency(ies) identified considered to be material weaknesses? | | No | | | | | | | | |
| Type of auditors' report issued on compliance for major projects? | | Unmodified | | | | | | | | |
| Any audit findings disclosed that are required to be reported in accordance with Chapter 10.554(1)(l)(4), <i>Rules of the Auditor General</i> ? | | No | | | | | | | | |
| Findings required to be reported in a management letter pursuant to Chapter 10.554(1)(i)3, <i>Rules of the Auditor General</i> ? | | Yes | | | | | | | | |
| Identification of major projects: | <table border="0" style="margin-left: 20px;"> <tr> <td style="text-align: center;"><u>CSEA Number</u></td> <td style="text-align: center;"><u>Name of State Project</u></td> </tr> <tr> <td></td> <td>Florida Department of Environmental Protection</td> </tr> <tr> <td></td> <td>Direct Project</td> </tr> <tr> <td style="text-align: center;">37.052</td> <td>Florida Springs Grant Program</td> </tr> </table> | <u>CSEA Number</u> | <u>Name of State Project</u> | | Florida Department of Environmental Protection | | Direct Project | 37.052 | Florida Springs Grant Program | |
| <u>CSEA Number</u> | <u>Name of State Project</u> | | | | | | | | | |
| | Florida Department of Environmental Protection | | | | | | | | | |
| | Direct Project | | | | | | | | | |
| 37.052 | Florida Springs Grant Program | | | | | | | | | |
| Dollar threshold used to distinguish between Type A and Type B projects: | | \$750,000 | | | | | | | | |

Section II -- Financial Statement Findings

See Findings 2021-001, 2021-002 and 2021-003 in the Management Letter.

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

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

State Financial Assistance Awards - We noted no matters involving noncompliance that are required to be reported in accordance with *Rules of the Auditor General* of the State of Florida, Chapter 10.554(1)(l)4. See finding 2021-007 in the Management Letter for noncompliance reported in accordance with *Rules of the Auditor General* of the State of Florida, Chapter 10.554(1)(i)3.

Leon County, Florida

Summary Schedule of Prior Audit Findings

Year ended September 30, 2021

Federal Awards and State Financial Assistance:

Federal Programs

2020-03 Preparation of the Schedule of Expenditures of Federal Awards and State Projects – Disaster Grants

Significant Deficiency: During review of the SEFA, we noted the following related to two separate projects under CFDA #97.036: 1) expenditures for the FEMA - Hurricane Michael project were erroneously excluded from the SEFA, as project expenditures had been incurred in a previous fiscal year and the project worksheet (PW) was approved in fiscal year ended September 30, 2020, and 2) expenditures for the FEMA - COVID-19 project were erroneously included on the SEFA, as project expenditures had been incurred but the PW not approved as of the fiscal year ended September 30, 2020.

Status: Corrective action for this recommendation was taken and this recommendation was considered resolved in the current year.

State Projects

2020-005 Florida Springs Grant Program, Grant Numbers LP37114 and LP37115

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

Status: Corrective action for this recommendation is in progress. This corrective action is ongoing as of May 24, 2022 and as a result, this is the third consecutive year this specific recommendation is reported. See current year recommendation 2021-007.

Management Letter

The Honorable Board of County Commissioners
Leon County, Florida

Report on the Financial Statements

We have audited the financial statements of Leon County, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated May 24, 2022.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Report of Independent Auditors on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; 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, aside from the examination reports, which include various dates from March 9, 2022 through May 13, 2022, are dated May 24, 2022, 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.

2020-001 Payables and Receivables

Corrective action for this recommendation was taken and this recommendation was considered resolved in the current year.

2020-002 Capitalization of Fixed Assets in Accordance with GASB 34

Corrective action for this recommendation was taken and this recommendation was considered resolved in the current year.

2020-003 Preparation of the Schedule of Expenditures of Federal Awards and State Projects – Disaster Grants

Corrective action for this recommendation was taken and this recommendation was considered resolved in the current year.

2020-004 Traffic Unit Cash Receipts

Corrective action for this recommendation is ongoing as of May 24, 2022, and as a result, this is the second consecutive year this specific recommendation is reported. See Current year recommendation 2021-005.

2020-005 & 2019-005 Florida Springs Grant Program, Grant number LP37114 and LP0110E

Corrective action for this recommendation is ongoing as of May 24, 2022, and as a result, this is the third consecutive year this specific recommendation is reported. See Current year recommendation 2021-007.

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for Leon County, Florida as of September 30, 2021. It is management's responsibility to monitor Leon County, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

2021-001 Capital Lease Asset Recognition

Criteria: GASB Statement No. 62 states that the lessee should record a capital lease as an asset at an amount equal to the related obligation.

Condition: We noted a new capital lease liability where management did not include a related amount as a capital lease asset.

Cause: Internal controls for financial reporting were ineffective in identifying an error in the amounts reported as capital assets.

Effect: Management's risk of material misstatement over capital assets reported on the government wide financial statements is increased.

Recommendation: Management should continue to improve policies and procedures in place to identify capital assets that do not correlate with the outflow of resources.

Management's response:

Management identified the use of non-standard account codes in the recording of payments related to the Capital Lease; avoided the capitalization process and subsequent internal controls. Management has widened the scope of the capital asset reconciliation and removing the ability to use non-standard account codes going forward.

2021-002 Capital Assets for other constitutional officers

Criteria: The Board of County Commissions (BOCC) sets the policies and procedures regarding the capitalization of capital assets for financial reporting. The general capital 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.

Condition: Certain expenditures made on behalf of other Constitutional Officers and assets purchased by other Constitutional Officers were mistakenly omitted from the capital asset listing.

Cause: The internal controls over capital asset reporting lacks certain elements that include the complete reconciliation of expenses made by or on behalf of other Constitutional Officers.

Effect: Management's risk of material misstatement over capital assets reported on the government wide financial statements is increased.

Recommendation: Management should continue to improve policies and procedures in place to identify capital assets that are purchased by or on behalf of other Constitutional Officers.

Management's response:

Management has enhanced the current reconciliation process to implement both a wider scope of review, and a more streamlined communication process between finance, other departments, and constitutionals involved in capital asset procurement.

2021-003 Construction in Progress

Criteria: Constructed assets should be re-classified from construction in progress and begin to be depreciated when they are substantially completed or otherwise available for use.

While assets may be jointly acquired, constructed, or used, an asset can only be asserted to be owned by one government and therefore may only be reported as such on one set of financial statements.

Condition: Items initially included in managements listing of capital projects not yet placed into service included items that had been completed and items owned and reported by other governments.

Cause: Management's report of capital projects in process is used for budgeting and overall tracking purposes but is not suitably designed for financial reporting.

Effect: Management's initially reported balance of CIP was overstated and included assets jointly acquired but reported by other governments and projects that had been previously completed.

Recommendation: Internal controls should be developed for the review of the capital projects report and the removal of items completed and/or reportable by other governments when determining the proper amounts for financial reporting.

Management's response:

CIP projects are currently reported to management by individual departments, project managers, and the Office of Management and Budget, including expenditures and completion dates. Management initiates this communication by sending out listings of all CIP expenditures and requesting review by those entities. A new process requiring sign off by the Directors of Engineering Services and Financial Stewardship will be implemented to guarantee accuracy of the CIP listing especially for completed and inter-government projects.

2021-004 MS Access Database Uploads

Criteria: Effective information technology controls include logical access controls that limit the ability to modify information to authorized persons and enforce an appropriate segregation of duties, management's monitoring of transactions, and written procedures that document management's expectations for maintaining and securing applications and databases.

Condition: Data from some of these databases is uploaded to the Banner general ledger. We noted a lack of controls protecting the integrity of this data, including:

- Logical access controls that limit the ability to modify data to only authorized individuals,
- Logical access controls to ensure that the same person cannot initiate and approve uploads of data from these databases into Banner,
- Management review and monitoring of the database uploads.
- Written procedures for maintaining and securing the databases.

Cause: The databases were developed years ago by an individual no longer with the Clerk's Office and, over time, controls such as those referenced above, were not put into place.

Effect: Management's risk of material misstatement and compromised data integrity associated with these data uploads is increased.

Recommendation: Management should strengthen controls surrounding these databases to prevent the unauthorized access, modification, or use of information. Management should strengthen controls for effective monitoring and review of these uploads from the database to the banner general ledger.

Management's response:

Management has initiated a review of the databases and will add further access controls on individual database files using windows access control lists to restrict access to only authorized individuals. In addition, we are reviewing the existing logical controls with our Banner support vendor to determine whether the existing approval process which prevents most users from initiating and approving uploads can be expanded to all users. A regular audit report will be generated for routine review by management to facilitate monitoring of data uploads from the database. We are developing procedures to ensure proper database maintenance and security of the databases.

2021-005 – Traffic Unit Cash Receipts

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: We noted that a single employee in the Traffic Unit is responsible for preparing invoices to towing wrecker operators. This includes invoices for monthly tow fees, initial background checks, and yearly fees for operator registration, badges and truck decals. QuickBooks accounting software is used to generate these invoices. The same employee is responsible for receiving payments, both through the mail and in person at the LCSO office, from the towing wrecker operators. Invoices are adjusted and receipts of cash and checks are applied against the invoices in QuickBooks. An invoice and statement are then generated from QuickBooks showing the invoice amount, payments applied, and any remaining balance. The Traffic Unit employee is to provide a copy of the original invoice, any customer invoice markups or customer email comments, an adjusted invoice marked paid, and a statement with the cash and checks to the Fiscal Unit for preparation of the deposit slip. A cash receipt number is assigned and stamped on the support by the Fiscal Unit for recording and tracking in Banner. A receipt from a tri-copy cash receipts booklet is to be generated by the Traffic Unit for in-person payments. During the current year, the Sheriff updated the documented procedures related to the cash receipts process, however, for cash receipts generated after the improved procedures were documented, it was noted that 1) not all cash receipt support identified in the documented process was present, 2) an instance was noted of cash received in person with no corresponding cash receipt from the booklet provided to the customer, and 3) cash receipts produced from the booklet were not signed by the customer.

There are also minimal controls and oversight over the QuickBooks file. During the current year, the following modifications to the QuickBooks software were put in place: 1) the ability to delete invoices was removed, 2) the audit trail tracking feature was activated, and 3) password protection has been implemented with administrator access rights over the ability to make changes to the QuickBooks software features, and this administrator is independent from the Traffic Unit receipts process. While these modifications implemented some controls over the data in the QuickBooks file, there was no one monitoring the audit trail reports, and this could still allow for the alteration of invoices to go undetected.

Cause: The controls relating to the achievement of objectives for operations and financial reporting are not properly designed and/or implemented. The component of internal control that is believed to be inadequate is Control Activities, which includes incomplete or conflicting policies and procedures. The procedures in place during the audit period were improved from the prior audit period, but still require improvement to mitigate the risk of misstatement for future reporting periods. Specific control activities found not to be present include dual control of cash receipts in the Traffic Unit, lack of a cash receipt provided to the towing wrecker operators, lack of segregation of duties due to a single employee having access to both assets (cash receipts) and records (QuickBooks), and the lack of sufficient controls over documents and records, including controls to prevent or detect the alteration of QuickBooks invoices.

Effect or Potential Effect: Incomplete or conflicting financial policies and procedures and the lack of controls could lead to differences in the performance of certain financial reporting tasks, which increases the risk of fraud and financial reporting misstatements.

Recommendation: Management should further review and revise its internal policies and procedures over the cash receipt and deposit process, ensure that they are properly designed, and evaluate whether the designed controls are performed as intended. Management should further review the duties and responsibilities required of the Leon County Sheriff's Office personnel and add or cross train personnel as necessary to achieve appropriate segregation of duties and oversight, and communicate resulting policy modifications to all units and staff that handle cash receipts. Additionally, the QuickBooks administrator or designee should periodically review the audit trail for changes logged, and select entries to test back to source documents.

Management's response:

Management is evaluating internal controls, policies and all procedures related to the Traffic Unit cash receipts and deposits to ensure proper segregation of duties and oversight. In addition, management will partner with the agency's IT department to evaluate the controls and authorization rights within the QuickBooks software to ensure that no one employee has sole custody and control of the software and develop a process for reviewing the audit log. Furthermore, management will continue to enhance the process in the upcoming year to ensure new procedures and policies are communicated and adequate training provided.

Additional Matters

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

2021-006 Timely Remission of amounts to FL Dept. of Revenue

Criteria: Section 28.37(3), Florida Statutes, requires that the portion of all fines, fees, service charges, and costs collected by the Clerks of the Court for the previous month that is in excess of one-twelfth of the Clerks' total budget for the performance of court-related functions be remitted to the FL Department of Revenue (FDOR) for deposit into the Clerks of the Court Trust Fund. Such collections do not include funding received for the operation of the Title IV-D child support collections and disbursement program. The Clerk of the Court shall remit the revenues collected during the previous month due to the state on or before the 10th day of each month.

Condition: We noted two months where remissions occurred outside of the 10th day of the month. Remissions were paid in full but not within the 10-day requirement.

Cause: A change in personnel related to the completion of the expenditure and collections form used for calculating the excess revenue occurred in the year. This change resulted in an oversight of the 10 day remission requirement.

Effect: Management remitted payments to FDOR in the correct balances but outside of the 10-day remission requirement.

Recommendation: Management should communicate the timely remission requirements with those responsible for calculating the excess revenues and ensure controls are in place for review and timely submission of any such amounts prior to the end of the 10-day period.

Management's response: *Management has implemented a review and sign off of the monthly reports, with an emphasis on the excess revenue section. Staff have been instructed to be sure they communicate timely if issues arise that may delay the remission.*

2021-007 Florida Springs Grant Program, Grant Number LP37113

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

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

Condition: The December 2020 quarterly report was not prepared or submitted and the March 2021, June 2021 and September 2021 quarterly reports were prepared, but not submitted timely.

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

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

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

Management's response:

Staff changes have occurred and the new grant manager for this grant is submitting the Spring Protection Quarterly reports on time. They are also working more closely with the specific project managers as recommended.

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
May 24, 2022



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

Special-Purpose Financial Statements

Board of County Commissioners
Leon County, Florida

*Year Ended September 30, 2021
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, 2021**

Board of County Commissioners

| | |
|--------------------------------|------------|
| William Proctor, Chairman..... | District 1 |
| Rick Minor..... | District 3 |
| Bryan Welch..... | District 4 |
| Jimbo Jackson..... | District 2 |
| Kristin Dozier..... | District 5 |
| Carolyn Cummings..... | 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, 2021**

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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, 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, 2021, 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 0.70 percent of total assets at September 30, 2021, and total revenues constituting 0.07 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 discretely presented component unit, and the aggregate remaining fund information of the Board of County Commissioners of Leon County, Florida as of September 30, 2021, 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, 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, 2021, 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 April 26, 2022, 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
April 26, 2022



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

Board of County Commissioners
Balance Sheet - Governmental Funds
September 30, 2021

| | General Fund | Fine & Forfeiture Fund | Grants Fund | Capital Improvement Fund |
|---|----------------------|---------------------------|----------------------|--------------------------------|
| Assets | | | | |
| Cash | \$ 12,168,596 | \$ 0 | \$ 0 | \$ 0 |
| Investments | 28,068,484 | 1,141,086 | 25,409,439 | 25,496,803 |
| Receivables (net of allowances for uncollectibles): | | | | |
| Accounts | 2,713,232 | 2,011 | 44,784 | 44,937 |
| Special assessments | 0 | 0 | 0 | 0 |
| Due from other governments | 4,954,937 | 0 | 5,040,707 | 0 |
| Due from other funds | 3,564,075 | 0 | 56,913 | 0 |
| Due from other county units | 1,472,469 | 1,737,159 | 16,133 | 0 |
| Inventories | 376,120 | 0 | 0 | 0 |
| Prepays | 444,742 | 0 | 151,388 | 218,997 |
| Total assets | \$ 53,762,655 | \$ 2,880,256 | \$ 30,719,364 | \$ 25,760,737 |
| Liabilities, deferred inflows, and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 2,558,320 | \$ 35,883 | \$ 3,825,275 | \$ 709,218 |
| Accrued liabilities | 1,365,283 | 0 | 3,077 | 0 |
| Due to other governments | 835,054 | 1,851 | 18,611 | 0 |
| Due to other funds | 1,173,857 | 6,463 | 16,445 | 0 |
| Due to other county units | 87,682 | 0 | 82,019 | 0 |
| Deposits | 44,338 | 378,821 | 0 | 0 |
| Revenue received in advance | 0 | 50 | 11,300,676 | 0 |
| Total liabilities | 6,064,534 | 423,068 | 15,246,103 | 709,218 |
| Deferred inflows | | | | |
| Deferred inflow of resources | 0 | 0 | 0 | 0 |
| Total deferred inflows | 0 | 0 | 0 | 0 |
| Fund balances: | | | | |
| Nonspendable | 820,862 | 0 | 151,388 | 218,997 |
| Restricted | 5,259,060 | 249,973 | 11,719,729 | 24,832,522 |
| Committed | 7,154,718 | 367,147 | 3,971,624 | 0 |
| Assigned | 9,957,705 | 1,840,068 | 0 | 0 |
| Unassigned | 24,505,776 | 0 | (369,480) | 0 |
| Total fund balances | 47,698,121 | 2,457,188 | 15,473,261 | 25,051,519 |
| Total liabilities, deferred inflows, and fund balances | \$ 53,762,655 | \$ 2,880,256 | \$ 30,719,364 | \$ 25,760,737 |

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

| <u>Local Provider Participation Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|--|---|
| \$ 63,464 | \$ 1,746,958 | \$ 13,979,018 |
| 0 | 53,834,721 | 133,950,533 |
| 0 | 4,881,515 | 7,686,479 |
| 10,078,874 | 478,852 | 10,557,726 |
| 0 | 6,516,406 | 16,512,050 |
| 0 | 30,256 | 3,651,244 |
| 0 | 717,081 | 3,942,842 |
| 0 | 0 | 376,120 |
| 0 | 144,918 | 960,045 |
| <u>\$ 10,142,338</u> | <u>\$ 68,350,707</u> | <u>\$ 191,616,057</u> |

| | | |
|------------------|------------------|-------------------|
| \$ 9,976,734 | \$ 1,236,219 | \$ 18,341,649 |
| 0 | 378,174 | 1,746,534 |
| 0 | 962,317 | 1,817,833 |
| 0 | 1,446,672 | 2,643,437 |
| 0 | 1,365 | 171,066 |
| 0 | 128,519 | 551,678 |
| 0 | 417,564 | 11,718,290 |
| <u>9,976,734</u> | <u>4,570,830</u> | <u>36,990,487</u> |

| | | |
|----------|----------------|----------------|
| <u>0</u> | <u>380,710</u> | <u>380,710</u> |
| <u>0</u> | <u>380,710</u> | <u>380,710</u> |

| | | |
|----------------------|----------------------|-----------------------|
| 0 | 144,918 | 1,336,165 |
| 165,604 | 48,460,188 | 90,687,076 |
| 0 | 15,261,543 | 26,755,032 |
| 0 | 0 | 11,797,773 |
| 0 | (467,482) | 23,668,814 |
| <u>165,604</u> | <u>63,399,167</u> | <u>154,244,860</u> |
| <u>\$ 10,142,338</u> | <u>\$ 68,350,707</u> | <u>\$ 191,616,057</u> |

Board of County Commissioners
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2021

| | <u>General Fund</u> | <u>Fine & Forfeiture Fund</u> | <u>Grants Fund</u> | <u>Capital Improvement Fund</u> |
|--|----------------------|---------------------------------------|----------------------|---|
| Revenues | | | | |
| Taxes | \$ 79,978,379 | \$ 86,170,853 | \$ 0 | \$ 0 |
| Licenses and permits | 0 | 0 | 0 | 0 |
| Intergovernmental | 10,332,954 | 22,478 | 75,400,709 | 0 |
| Charges for services | 1,741,199 | 518,206 | 120,514 | 0 |
| Fines and forfeitures | 0 | 114,292 | 0 | 0 |
| Interest | 487,686 | 196,519 | 250,414 | 176,431 |
| Net increase (decrease) in fair value of investments | (58,574) | (12,953) | (122,809) | (332,338) |
| Miscellaneous | 3,625,689 | 0 | 366,410 | 0 |
| Total revenues | <u>96,107,333</u> | <u>87,009,395</u> | <u>76,015,238</u> | <u>(155,907)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 25,063,045 | 0 | 0 | 2,420,855 |
| Public safety | 2,528,638 | 3,166,060 | 1,223,020 | 0 |
| Physical environment | 2,302,322 | 0 | 113,103 | 540,189 |
| Transportation | 0 | 0 | 381,982 | 0 |
| Economic environment | 3,640,962 | 0 | 74,118,895 | 0 |
| Human services | 8,772,985 | 0 | 15,001 | 0 |
| Culture and recreation | 5,373,755 | 0 | 6,133 | 1,209 |
| Judicial | 3,341,972 | 2,024,213 | 22,121 | 0 |
| Debt Service: | | | | |
| Principal retirement | 0 | 0 | 0 | 0 |
| Interest and fiscal charges | 0 | 0 | 0 | 20,427 |
| Other Debt Service Costs | 0 | 0 | 0 | 451,879 |
| Capital Outlay | <u>672,738</u> | <u>0</u> | <u>3,170,214</u> | <u>9,689,890</u> |
| Total expenditures | <u>51,696,417</u> | <u>5,190,273</u> | <u>79,050,469</u> | <u>13,124,449</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>44,410,916</u> | <u>81,819,122</u> | <u>(3,035,231)</u> | <u>(13,280,356)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 9,948,055 | 1,575,819 | 14,814,386 | 13,335,887 |
| Proceeds of long term capital-related debt | 0 | 0 | 0 | 0 |
| Capital lease | 0 | 0 | 0 | 769,869 |
| Transfers out | (40,450,101) | (81,615,268) | (28,549,468) | 0 |
| Total other financing (uses) sources | <u>(30,502,046)</u> | <u>(80,039,449)</u> | <u>(13,735,082)</u> | <u>14,105,756</u> |
| Net change in fund balances | 13,908,870 | 1,779,673 | (16,770,313) | 825,400 |
| Fund balances at beginning of year | 33,789,251 | 677,515 | 32,243,574 | 24,226,119 |
| Fund balances at end of year | <u>\$ 47,698,121</u> | <u>\$ 2,457,188</u> | <u>\$ 15,473,261</u> | <u>\$ 25,051,519</u> |

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

| <u>Local Provider Participation Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|--|---|
| \$ 10,142,165 | \$ 40,651,471 | \$ 216,942,868 |
| 0 | 4,955,091 | 4,955,091 |
| 0 | 10,440,666 | 96,196,807 |
| 0 | 27,615,645 | 29,995,564 |
| 0 | 105,191 | 219,483 |
| 173 | 488,223 | 1,599,446 |
| 0 | (675,858) | (1,202,532) |
| 0 | 2,471,109 | 6,463,208 |
| <u>10,142,338</u> | <u>86,051,538</u> | <u>355,169,935</u> |
| 0 | 452,739 | 27,936,639 |
| 0 | 38,635,941 | 45,553,659 |
| 0 | 7,054,173 | 10,009,787 |
| 0 | 12,091,934 | 12,473,916 |
| 0 | 7,386,229 | 85,146,086 |
| 9,976,734 | 1,918,777 | 20,683,497 |
| 0 | 6,230,167 | 11,611,264 |
| 0 | 351,757 | 5,740,063 |
| 0 | 3,183,486 | 3,183,486 |
| 0 | 546,619 | 567,046 |
| 0 | 0 | 451,879 |
| 0 | 20,512,362 | 34,045,204 |
| <u>9,976,734</u> | <u>98,364,184</u> | <u>257,402,526</u> |
| <u>165,604</u> | <u>(12,312,646)</u> | <u>97,767,409</u> |
| 0 | 25,830,184 | 65,504,331 |
| 0 | 14,457,318 | 14,457,318 |
| 0 | 0 | 769,869 |
| 0 | (14,769,609) | (165,384,446) |
| 0 | 25,517,893 | (84,652,928) |
| 165,604 | 13,205,247 | 13,114,481 |
| 0 | 50,193,920 | 141,130,379 |
| <u>\$ 165,604</u> | <u>\$ 63,399,167</u> | <u>\$ 154,244,860</u> |

Board of County Commissioners
Leon County, Florida
Statement of Net Position - Proprietary Funds
September 30, 2021

| | Business-type Activities - Landfill Fund | Internal Service Funds | Component Unit - Housing Finance Authority |
|---|---|---------------------------|--|
| Assets | | | |
| Current assets: | | | |
| Cash | \$ 462 | \$ 0 | \$ 1,173,863 |
| Cash with fiscal agent | 0 | 281,034 | 0 |
| Investments | 436,937 | 6,654,645 | 0 |
| Accounts receivable | 1,838,544 | 389,887 | 11,596 |
| Due from other funds | 11 | 6,463 | 0 |
| Due from other governments | 0 | 13,103 | 35,863 |
| Due from other county units | 33 | 40,689 | 0 |
| Inventories | 1,446 | 119,449 | 0 |
| Prepays | 0 | 93,666 | 0 |
| Total current assets | <u>2,277,433</u> | <u>7,598,936</u> | <u>1,221,322</u> |
| Noncurrent assets: | | | |
| Restricted cash and investments | 12,819,866 | 0 | 0 |
| Mortgage loans receivable, net of allowance | 0 | 0 | 327,312 |
| Capital assets: | | | |
| Non depreciable capital assets | 2,301,847 | 0 | 0 |
| Depreciable capital assets (Net) | <u>4,444,845</u> | <u>0</u> | <u>0</u> |
| Total noncurrent assets | <u>19,566,558</u> | <u>0</u> | <u>327,312</u> |
| Total assets | <u>\$ 21,843,991</u> | <u>\$ 7,598,936</u> | <u>\$ 1,548,634</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 896,592 | \$ 554,065 | \$ 428 |
| Accrued liabilities | 17,761 | 4,482 | 0 |
| Due to other governments | 3,102 | 25,859 | 0 |
| Due to other county units | 1,171 | 0 | 0 |
| Due to other funds | 0 | 1,014,281 | 0 |
| Claims payable | 0 | 7,055,481 | 0 |
| Deposits | 0 | 0 | 25,000 |
| Revenue received in advance | 12,381 | 0 | 0 |
| Compensated absences | <u>72,074</u> | <u>32,865</u> | <u>0</u> |
| Total current liabilities | <u>1,003,081</u> | <u>8,687,033</u> | <u>25,428</u> |
| Noncurrent liabilities: | | | |
| Liability for closure costs | 17,245,981 | 0 | 0 |
| Liability for compensated absences | 114,771 | 52,334 | 0 |
| Other post employment benefits | <u>231,230</u> | <u>96,829</u> | <u>0</u> |
| Total noncurrent liabilities | <u>17,591,982</u> | <u>149,163</u> | <u>0</u> |
| Total liabilities | <u>18,595,063</u> | <u>8,836,196</u> | <u>25,428</u> |
| Net position | | | |
| Net investment in capital assets | 6,746,692 | 0 | 0 |
| Unrestricted | <u>(3,497,764)</u> | <u>(1,237,260)</u> | <u>1,523,206</u> |
| Total net position | <u>3,248,928</u> | <u>(1,237,260)</u> | <u>1,523,206</u> |
| Total liabilities and net position | <u>\$ 21,843,991</u> | <u>\$ 7,598,936</u> | <u>\$ 1,548,634</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, 2021**

| | Business-type Activities - Landfill Fund | Internal Service Funds | Component Unit - Housing Finance Authority |
|--|---|---------------------------|--|
| Operating revenues | | | |
| Charges for services | \$ 9,915,490 | \$ 6,898,422 | \$ 52,583 |
| TBA program income | 0 | 0 | 7,718 |
| Other income | 0 | 0 | 9,480 |
| Sale of surplus land properties | 0 | 0 | 200,569 |
| Total operating revenues | <u>9,915,490</u> | <u>6,898,422</u> | <u>270,350</u> |
| Operating expenses | | | |
| Personnel services | 1,815,833 | 637,261 | 0 |
| Contractual services | 8,960,598 | 152,553 | 63,080 |
| Supplies | 248,570 | 1,203,180 | 124 |
| Communications services | 29,698 | 544,239 | 0 |
| Insurance | 42,020 | 4,460,998 | 3,714 |
| Utility services | 65,286 | 0 | 0 |
| Depreciation | 855,937 | 0 | 0 |
| Other services and charges | 1,090,082 | 1,623,963 | 60,065 |
| Total operating expenses | <u>13,108,024</u> | <u>8,622,194</u> | <u>126,983</u> |
| Operating (loss) income | <u>(3,192,534)</u> | <u>(1,723,772)</u> | <u>143,367</u> |
| Nonoperating revenues: | | | |
| Taxes | 1,890,476 | 0 | 0 |
| Interest | 67,817 | 47,125 | 1,369 |
| Net increase (decrease) in fair value of investments | (31,109) | (94,707) | 0 |
| Miscellaneous | (69,912) | 10,441 | 0 |
| Total nonoperating revenues | <u>1,857,272</u> | <u>(37,141)</u> | <u>1,369</u> |
| Income (loss) before contributions and transfers | (1,335,262) | (1,760,913) | 144,736 |
| Transfers in | 3,666,301 | 46,100 | 0 |
| Transfers out | (96,823) | 0 | 0 |
| Change in net position | <u>2,234,216</u> | <u>(1,714,813)</u> | <u>144,736</u> |
| Net position at beginning of year | <u>1,014,712</u> | <u>477,553</u> | <u>1,378,470</u> |
| Net position at end of year | <u>\$ 3,248,928</u> | <u>\$ (1,237,260)</u> | <u>\$ 1,523,206</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, 2021**

| | Business-type Activities <u>Landfill Fund</u> | Internal Service Funds | Component Unit - Housing Finance Authority |
|---|---|---------------------------|--|
| Cash flows from operating activities: | | | |
| Receipts from customers fees and other income | \$ 9,388,260 | \$ (7,000) | \$ 62,206 |
| Payments to suppliers | (10,124,672) | (5,173,452) | (75,521) |
| Payments to employees | (1,909,086) | (680,278) | 0 |
| Internal activity - payments to other funds | (42,020) | 0 | 0 |
| Internal activity - cash received from other funds | (1,389) | 7,574,550 | 0 |
| Claims paid | 0 | (2,092,532) | 0 |
| Cash received from other governments | 0 | 0 | 199,592 |
| Cash payments for program services | 0 | 0 | (52,930) |
| Net cash provided by (used in) operating activities | <u>(2,688,907)</u> | <u>(378,712)</u> | <u>133,347</u> |
| Cash flows from noncapital financing activities: | | | |
| Tax proceeds | 1,890,476 | 0 | 0 |
| Repayments on interfund loans | (11) | (6,463) | 0 |
| Loans from other funds | (32,467) | 0 | 0 |
| Transfers received from other funds | 3,666,301 | 46,100 | 0 |
| Transfers to other funds | (96,823) | 0 | 0 |
| Miscellaneous | (69,911) | 10,441 | 40,312 |
| Net cash provided by (used in) noncapital financing activities | <u>5,357,565</u> | <u>50,078</u> | <u>40,312</u> |
| Cash flows from capital and related financing activities: | | | |
| Acquisition and/or construction of capital assets | (805,231) | 0 | 0 |
| Proceeds from the sale of capital assets | 48,889 | 0 | 0 |
| Net cash provided by (used in) capital and related financing activities | <u>(756,342)</u> | <u>0</u> | <u>0</u> |
| Cash flows from investing activities: | | | |
| Net proceeds from sales and maturities of investments | (1,932,693) | 448,732 | 0 |
| Interest and dividends received | 65,341 | 49,442 | 1,369 |
| Increase (decrease) in fair value of investments | (31,109) | (94,707) | 0 |
| Net cash provided by (used in) investing activities | <u>(1,898,461)</u> | <u>403,467</u> | <u>1,369</u> |
| Net cash increase (decrease) in cash | 13,855 | 74,833 | 175,028 |
| Cash at beginning of year (including \$9,526,174 included in restricted cash and investments) | <u>9,526,633</u> | <u>206,201</u> | <u>998,835</u> |
| Cash at end of year (including \$9,540,026 included in restricted cash and investments) | <u>\$ 9,540,488</u> | <u>\$ 281,034</u> | <u>\$ 1,173,863</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, 2021**

| | Business-type Activities Landfill Fund | 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) | \$ (3,192,534) | \$ (1,723,772) | \$ 143,367 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation expense | 855,937 | 0 | 0 |
| Changes in assets and liabilities: | | | |
| Receivables | (536,733) | (97,423) | 143 |
| Prepays | 0 | (93,666) | 0 |
| Due from other governments | (1,389) | 766,551 | (8,695) |
| Accounts payable and other liabilities | 65,064 | 344,922 | (1,468) |
| Accrued expenses | (93,253) | (43,017) | 0 |
| Other current liabilities | 0 | 467,693 | 0 |
| Revenues received in advance | 9,503 | 0 | 0 |
| Estimated liability for closure costs/maintenance | 204,498 | 0 | 0 |
| Net cash provided by (used in) operating activities: | \$ (2,688,907) | \$ (378,712) | \$ 133,347 |

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

Board of County Commissioners
Leon County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended September 30, 2021

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|---|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues | | | | |
| Taxes | \$ 76,358,048 | \$ 76,358,048 | \$ 79,978,379 | \$ 3,620,331 |
| Intergovernmental | 6,934,670 | 7,158,837 | 10,332,954 | 3,174,117 |
| Charges for services | 1,765,978 | 1,765,978 | 1,741,199 | (24,779) |
| Interest | 587,160 | 587,160 | 487,686 | (99,474) |
| Net (decrease) increase in fair value of investments | 0 | 0 | (58,574) | (58,574) |
| Miscellaneous | 202,151 | 202,151 | 3,625,689 | 3,423,538 |
| Total revenue | <u>85,848,007</u> | <u>86,072,174</u> | <u>96,107,333</u> | <u>10,035,159</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 25,912,168 | 37,862,759 | 25,063,045 | 12,799,714 |
| Public safety | 2,859,981 | 2,859,981 | 2,528,638 | 331,343 |
| Physical environment | 2,541,451 | 2,541,451 | 2,302,322 | 239,129 |
| Economic environment | 3,862,714 | 3,907,714 | 3,640,962 | 266,752 |
| Human services | 9,501,121 | 10,080,688 | 8,772,985 | 1,307,703 |
| Culture and recreation | 6,209,849 | 6,223,202 | 5,373,755 | 849,447 |
| Judicial | 454,641 | 341,940 | 3,341,972 | (3,000,032) |
| Capital Outlay | <u>701,714</u> | <u>701,714</u> | <u>672,738</u> | <u>28,976</u> |
| Total expenditures | <u>52,043,639</u> | <u>64,519,449</u> | <u>51,696,417</u> | <u>12,823,032</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>33,804,368</u> | <u>21,552,725</u> | <u>44,410,916</u> | <u>22,858,191</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 5,154,266 | 12,907,814 | 9,948,055 | (2,959,759) |
| Transfers out | <u>(40,799,944)</u> | <u>(44,418,244)</u> | <u>(40,450,101)</u> | <u>3,968,143</u> |
| Total other financing sources (uses) | <u>(35,645,678)</u> | <u>(31,510,430)</u> | <u>(30,502,046)</u> | <u>1,008,384</u> |
| Net change in fund balance | (1,841,310) | (9,957,705) | 13,908,870 | 23,866,575 |
| Fund balances, October 1 | <u>33,789,251</u> | <u>33,789,251</u> | <u>33,789,251</u> | <u>0</u> |
| Fund balances, September 30 | <u>\$ 31,947,941</u> | <u>\$ 23,831,546</u> | <u>\$ 47,698,121</u> | <u>\$ 23,866,575</u> |

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

Board of County Commissioners
Leon County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fine & Forfeiture Fund
Year Ended September 30, 2021

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|---|---------------------|-----------------------|---------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues | | | | |
| Taxes | \$ 85,650,660 | \$ 85,650,660 | \$ 86,170,853 | \$ 520,193 |
| Intergovernmental | 19,570 | 19,570 | 22,478 | 2,908 |
| Charges for services | 834,745 | 834,745 | 518,206 | (316,539) |
| Fines and forfeitures | 106,875 | 106,875 | 114,292 | 7,417 |
| Interest | 314,925 | 314,925 | 196,519 | (118,406) |
| Net (decrease) increase in fair value of investments | 0 | 0 | (12,953) | (12,953) |
| Total revenue | <u>86,926,775</u> | <u>86,926,775</u> | <u>87,009,395</u> | <u>82,620</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 3,265,150 | 3,303,834 | 3,166,060 | 137,774 |
| Judicial | 2,035,963 | 2,037,963 | 2,024,213 | 13,750 |
| Total expenditures | <u>5,301,113</u> | <u>5,341,797</u> | <u>5,190,273</u> | <u>151,524</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>81,625,662</u> | <u>81,584,978</u> | <u>81,819,122</u> | <u>234,144</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 0 | 0 | 1,575,819 | 1,575,819 |
| Transfers out | (81,625,662) | (90,733,888) | (81,615,268) | 9,118,620 |
| Total other financing sources (uses) | <u>(81,625,662)</u> | <u>(90,733,888)</u> | <u>(80,039,449)</u> | <u>10,694,439</u> |
| Net change in fund balance | 0 | (9,148,910) | 1,779,673 | 10,928,583 |
| Fund balances, October 1 | <u>677,515</u> | <u>677,515</u> | <u>677,515</u> | <u>0</u> |
| Fund balances, September 30 | <u>\$ 677,515</u> | <u>\$ (8,471,395)</u> | <u>\$ 2,457,188</u> | <u>\$ 10,928,583</u> |

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

Board of County Commissioners
Leon County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Grants Fund
Year Ended September 30, 2021

| | <u>Budget Amounts</u> | | Actual Amounts | Variance with Final Budget |
|---|-----------------------|------------------------|----------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues | | | | |
| Intergovernmental | \$ 551,790 | \$ 111,630,002 | \$ 75,400,709 | \$ (36,229,293) |
| Charges for services | 105,497 | 244,022 | 120,514 | (123,508) |
| Interest | 0 | 87,111 | 250,414 | 163,303 |
| Net (decrease) increase in fair value of investments | 0 | 0 | (122,809) | (122,809) |
| Miscellaneous | 0 | 1,165,737 | 366,410 | (799,327) |
| Total revenue | <u>657,287</u> | <u>113,126,872</u> | <u>76,015,238</u> | <u>(37,111,634)</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 691,910 | 29,427,914 | 1,223,020 | 28,204,894 |
| Physical environment | 0 | 1,081,642 | 113,103 | 968,539 |
| Transportation | 0 | 588,951 | 381,982 | 206,969 |
| Economic environment | 50,000 | 80,291,666 | 74,118,895 | 6,172,771 |
| Human services | 32,468 | 36,960 | 15,001 | (21,959) |
| Culture and recreation | 5,500 | 299,969 | 6,133 | 293,836 |
| Judicial | 91,844 | 164,594 | 22,121 | (142,473) |
| Capital Outlay | <u>69,500</u> | <u>39,576,484</u> | <u>3,170,214</u> | <u>36,406,270</u> |
| Total expenditures | <u>941,222</u> | <u>151,468,180</u> | <u>79,050,469</u> | <u>72,417,711</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(283,935)</u> | <u>(38,341,308)</u> | <u>(3,035,231)</u> | <u>35,306,077</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 283,935 | 11,208,525 | 14,814,386 | 3,605,861 |
| Transfers out | 0 | (25,361,774) | (28,549,468) | 3,187,694 |
| Total other financing sources (uses) | <u>283,935</u> | <u>(14,153,249)</u> | <u>(13,735,082)</u> | <u>418,167</u> |
| Net change in fund balance | 0 | (52,494,557) | (16,770,313) | 35,724,244 |
| Fund balances, October 1 | <u>32,243,574</u> | <u>32,243,574</u> | <u>32,243,574</u> | <u>0</u> |
| Fund balances, September 30 | <u>\$ 32,243,574</u> | <u>\$ (20,250,983)</u> | <u>\$ 15,473,261</u> | <u>\$ 35,724,244</u> |

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

Board of County Commissioners
Leon County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Local Provider Participation Fund
Year Ended September 30, 2021

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|---|----------------|---------------|-------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues | | | | |
| Taxes | \$ 0 | \$ 10,142,165 | \$ 10,142,165 | \$ 0 |
| Interest | 0 | 0 | 173 | 173 |
| Total revenue | 0 | 10,142,165 | 10,142,338 | 173 |
| Expenditures | | | | |
| Current | | | | |
| Human services | 0 | 10,142,165 | 9,976,734 | 165,431 |
| Total expenditures | 0 | 10,142,165 | 9,976,734 | 165,431 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 0 | 165,604 | 165,604 |
| Net change in fund balance | 0 | 0 | 165,604 | 165,604 |
| Fund balances, October 1 | 0 | 0 | 0 | 0 |
| Fund balances, September 30 | \$ 0 | \$ 0 | \$ 165,604 | \$ 165,604 |

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, 2021

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. As of September 30, 2021, 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, 2021**

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:

Children's Services Council of Leon County
Leon County School 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 Board 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

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

1. Accounting Policies (continued)

Capital Region Transportation Planning Agency (continued)

order for the members to participate cooperatively in the development of transportation related plans and programs. The governing board consists of voting representatives from the Counties of Leon, Gadsden, Jefferson, and Wakulla; the Cities of Midway, Quincy, Tallahassee, Chattahoochee and Gretna; the Towns of Greensboro and Havana, the Leon County School Board, and three nonvoting representatives from the Florida Department of Transportation, the Federal Highway Administration, 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, 2021**

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.

Local Provider Participation Fund – This fund is a special revenue fund, established to account for non-ad valorem special assessment revenue pursuant to the Directed Payment Program (DPP). The DPP is a local option that allows establishment of non-ad valorem assessments that are charged solely to hospitals. Revenue generated is matched with federal funds to provide hospitals with supplemental Medicaid reimbursements.

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.

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,

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

1. Accounting Policies (continued)

Basis of Accounting (continued)

state revenue sharing, federal forestry revenue, insurance agents' revenue, various other gas taxes, gas tax pour-over trust, federal and state grants, planning and zoning revenue, municipal service franchise fees, and special assessments.

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

The financial statements of the Proprietary Funds 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. 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.

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

1. Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

4. Prior to October 1, the budget is legally enacted through passage of a resolution.
5. All changes to the final budget must be approved by the Board in accordance with Section 129.06, *Florida Statutes*.
6. Formal budgetary integration is used as a management control device during the year for all governmental funds of the Board.
7. Budgets for the governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

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

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 2020-2021 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, 2021 is equal to 60% of current year billings.

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

1. Accounting Policies (continued)

Short-Term Interfund Receivables/Payables

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

Inventories

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

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 Annual Comprehensive Financial Report (Leon County ACFR). 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 ACFR. 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 ACFR. 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 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 ACFR.

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

1. Accounting Policies (continued)

Other Post Employment 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 portions 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 portions of the liability for OPEB applicable to governmental funds are reported in the Statement of Net Position of the Leon County ACFR.

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 fund statements. Fund Balance is the difference between assets and liabilities on the governmental fund statement.

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

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

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

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

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

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

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

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

1. Accounting Policies (continued)

Common Expenses

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

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

Operating Transfers

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

Use of Estimates

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

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, 2021 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

2. Property Taxes (continued)

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, 2021.

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.

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

3. Cash and Investments (continued)

Credit Risk (continued)

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 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 Annual Comprehensive Financial Report (ACFR). The rating as of September 30, 2021 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/>. Investments in this pool are limited to a maximum of 100% of the portfolio. At September 30, 2021, the County had \$76,956,807 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, 2021 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, 2021. At September 30, 2021, the Board had \$2,506,651 with the FLGIT Day to Day Fund. A copy of FLGIT's most recent financial statements can be found at <http://www.floridatrusionline.com/funds-reports/day-to-day/>. 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, 2021, 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, 2021 is 49 days. The fair value of the County's position in the pool approximates the value of the pool shares. At September 30, 2021, the County had \$9,293,172 invested in Florida PRIME. Florida PRIME's most recent financial statements can be found at <http://www.sbafla.com/prime/Audits.aspx>.

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

3. Cash and Investments (continued)

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The County's deposits are therefore considered fully insured or collateralized. Bank balances at September 30, 2021, were \$24,923,426, of which \$9,540,026 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 \$55,818,434 at September 30, 2021, and was invested for a weighted average term of approximately 650 days, as compared to a weighted average term of 704 days in fiscal year 2020. 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 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, 2021**

3. Cash and Investments (continued)

As of September 30, 2021, the value of the Board's deposits and investments, with their credit ratings, was as follows:

| | <u>Fair Value</u> | <u>Credit Rating</u> | <u>Duration</u> |
|--|-----------------------|--------------------------|-----------------|
| Deposits in Qualified Public Depositories | \$ 13,979,480 | NA | NA |
| Restricted Deposits in Qualified Public Depositories | 9,540,026 | NA | NA |
| External Investment in Government Pools: | | | |
| State of Florida Special Purpose Investment Account (SPIA) | 76,956,807 | AA-f | 2.62 |
| Florida Local Government Investment Trust Day to Day Fund (FLGIT) | 2,506,651 | AAAm | 0.13 |
| Florida PRIME Investment Pool | 9,293,172 | AAAm | 0.13 |
| Externally Managed Portfolio: | | | |
| Money Market | 15,328 | AAA | NA |
| U.S. Treasuries | 21,614,386 | AA+ | 2.06 |
| Government Sponsored Agencies: | | | |
| Federal Home Loan Bank | 361,540 | AA+ | 1.37 |
| Federal National Mortgage Association | 2,622,472 | AA+ | 2.38 |
| Other Government Sponsored Agencies | 3,968,949 | AA+ | 1.91 |
| Mortgage Backed Securites | 8,105,353 | AA+ | 1.80 |
| Collateralized Mortgage Obligations | 547,548 | AA+ | 1.57 |
| Corporate Bonds | 11,471,320 | A- | 1.18 |
| State and Local Obligations | 3,550,280 | AA- | 1.85 |
| Municipal Bonds | <u>3,561,258</u> | AAA | 1.28 |
| Total Cash and Investments | <u>\$ 168,094,570</u> | | |

The amounts above exclude cash on hand and amounts held by third parties in trust for the Board, but includes accrued interest of \$253,107.

**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 Annual Comprehensive Financial Report. A copy of this report is available at <https://www.myfloridacfo.com/Division/AA/Reports/>.

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, 2021**

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, 2021.

The fair value factor for SPIA at September 30, 2021 was 0.9988. 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, 2021:

| | 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 | \$ 8,105,353 | \$ 0 | \$ 8,105,353 |
| Corporate Bonds | 0 | 11,471,320 | 0 | 11,471,320 |
| Government Sponsored Agencies | 0 | 6,952,961 | 0 | 6,952,961 |
| US Government Obligations | 21,614,386 | 0 | 0 | 21,614,386 |
| Mortgage Backed Security - US Agency Sponsored | 0 | 3,561,258 | 0 | 3,561,258 |
| State and Local Obligations | 0 | 3,550,280 | 0 | 3,550,280 |
| Collateralized Mortgage Obligations | 0 | 547,548 | 0 | 547,548 |
| Investments at fair value | <u>\$ 21,614,386</u> | <u>\$ 34,188,720</u> | <u>\$ 0</u> | <u>\$ 55,803,106</u> |

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

5. Fixed Assets

A summary of changes in fixed assets and depreciation for the year ended September 30, 2021, follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>(Reductions)</u> | <u>Ending Balance</u> |
|--------------------------------------|------------------------------|----------------------|------------------------|---------------------------|
| Governmental Funds: | | | | |
| Land | \$ 21,043,253 | \$ 0 | \$ 0 | \$ 21,043,253 |
| Improvements other than buildings | 35,155,202 | 0 | 0 | 35,155,202 |
| Buildings and improvements | 221,138,898 | 5,903,274 | 0 | 227,042,172 |
| Equipment | 73,012,991 | 13,688,252 | (1,265,847) | 85,435,396 |
| Leasehold Improvement | 1,580,627 | 0 | 0 | 1,580,627 |
| Construction in progress | 29,651,514 | 16,035,524 | (9,169,012) | 36,518,026 |
| Totals at historical cost | <u>\$ 381,582,485</u> | <u>\$ 35,627,050</u> | <u>\$ (10,434,859)</u> | <u>\$ 406,774,676</u> |

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

| | <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 | 18,983,293 | 492,003 | 0 | 19,475,296 |
| Equipment | 5,161,710 | 432,705 | (338,617) | 5,255,798 |
| Totals at historical cost | <u>25,954,847</u> | <u>924,708</u> | <u>(338,617)</u> | <u>26,540,938</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (15,494,369) | (529,412) | 0 | (16,023,781) |
| Equipment | (3,614,191) | (326,525) | 170,251 | (3,770,465) |
| Total accumulated depreciation | <u>(19,108,560)</u> | <u>(855,937)</u> | <u>170,251</u> | <u>(19,794,246)</u> |
| | <u>\$ 6,846,287</u> | <u>\$ 68,771</u> | <u>\$ (168,366)</u> | <u>\$ 6,746,692</u> |

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

6. Long-Term Liabilities

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

| | Balance October 1, 2020 | Additions | (Reductions) | Balance September 30, 2021 | Due Within One Year |
|---|-------------------------------|----------------------|------------------------|----------------------------------|------------------------|
| Long-Term Liabilities | | | | | |
| Special revenue debt: | | | | | |
| Capital Improvement Revenue Bonds, Series 2012A | \$ 6,962,000 | \$ 0 | \$ (6,962,000) | \$ 0 | \$ 0 |
| Capital Improvement Revenue Refunding Bonds, Series 2017 | 15,529,000 | 0 | (3,109,000) | 12,420,000 | 3,008,000 |
| Capital Improvement Revenue Refunding Bonds, Series 2020 | 1,298,120 | 0 | (239,486) | 1,058,634 | 239,991 |
| Capital Improvement Revenue Refunding Bonds, Series 2021 | 0 | 5,400,000 | 0 | 5,400,000 | 270,000 |
| Total special revenue debt | <u>23,789,120</u> | <u>5,400,000</u> | <u>(10,310,486)</u> | <u>18,878,634</u> | <u>3,517,991</u> |
| Liability for closure costs | 17,041,483 | 204,498 | 0 | 17,245,981 | 0 |
| Liability for compensated absences | 6,042,563 | 3,967,878 | (4,023,396) | 5,987,045 | 2,309,458 |
| Arbitrage rebate liability | 25,000 | 0 | 0 | 25,000 | 0 |
| Capital lease liability- Equipment | 717,905 | 769,869 | (445,537) | 1,042,237 | 471,107 |
| Capital lease liability- Esco | 4,843,946 | 9,057,317 | 0 | 13,901,263 | 920,000 |
| | <u>\$ 52,460,017</u> | <u>\$ 19,399,562</u> | <u>\$ (14,779,419)</u> | <u>\$ 57,080,160</u> | <u>\$ 7,218,556</u> |

Total interest costs incurred for general long-term debt by the Board, including bond issuance costs, for the year ended September 30, 2021, was \$403,589.

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

6. Long-Term Liabilities (continued)

B. A summary of each special revenue debt obligation outstanding at September 30, 2021 is as follows:

| | Outstanding at September 30, 2021 |
|---|---|
| | 2021 |
| <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> | \$ 12,420,000 |
| <p>\$1,298,120 Capital Improvement Revenue note, Series 2020, is dated January 30, 2020 and bear interest of 1.89% per annum. The interest on the bonds is payable on June 1 and December 1, beginning June 1, 2020. The bond principal matures serially on December 1 of each year through the final maturity of December 1, 2025.</p> | 1,058,634 |
| <p>\$5,400,000 Capital Improvement Revenue note, Series 2021, is dated January 28, 2021 and bear interest of 1.85% per annum. The interest on the bonds is payable on December 1 and June 1, beginning December 1, 2021. The bond principal matures serially on December 1 of each year through the final maturity of December 1, 2036.</p> | 5,400,000 |
| <p><i>The Capital Improvement Revenue Refunding Bonds Series 2017, Capital Improvement Revenue Refunding Bonds Series 2020, and the Capital Improvement Revenue Refunding Bonds Series 2021 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 \$16,773,304.</i></p> | |
| Total Special Revenue Bond Obligations | \$ 18,878,634 |

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

6. Long-Term Liabilities (continued)

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

| | Year ending September 30, | | | | |
|--|----------------------------------|--------------|--------------|--------------|------------|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| Capital Improvement Revenue Refunding Bonds, Series 2017 | \$ 3,270,062 | \$ 3,271,593 | \$ 3,269,753 | \$ 3,270,583 | \$ 0 |
| Capital Improvement Revenue Bonds, Series 2020 | 257,731 | 257,689 | 257,645 | 257,601 | 71,781 |
| Capital Improvement Revenue Bonds, Series 2021 | 401,535 | 416,899 | 415,840 | 414,689 | 418,399 |
| Total Debt Service | \$ 3,929,328 | \$ 3,946,181 | \$ 3,943,238 | \$ 3,942,873 | \$ 490,180 |

| | 2027-2031 | Thereafter | Total Payments | Less Interest | Principal |
|--|--------------|--------------|----------------|---------------|---------------|
| Capital Improvement Revenue Refunding Bonds, Series 2017 | \$ 0 | \$ 0 | \$ 13,081,991 | \$ 661,991 | \$ 12,420,000 |
| Capital Improvement Revenue Bonds, Series 2020 | 0 | 0 | 1,102,447 | 43,813 | 1,058,634 |
| Capital Improvement Revenue Bonds, Series 2021 | 2,078,527 | 2,078,009 | 6,223,898 | 823,898 | 5,400,000 |
| Total Debt Service | \$ 2,078,527 | \$ 2,078,009 | \$ 20,408,336 | \$ 1,529,702 | \$ 18,878,634 |

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 ACFR 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 ACFR. Contributions and benefits are established in Section 121.71, *Florida Statutes*.

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

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

7. Employees' Retirement Plan (continued)

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

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, 2021, 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, 2021, 2020, and 2019 were \$6,088,602, \$5,434,607, and \$5,173,938, 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.

8. Other Post Employment Benefits

Plan Description

The Board participates in an agent multiple-employer plan administered by the County for all the consitutional officers under which qualified retired employees are permitted to participate in the health and life insurance benefits program (the Program). 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 ACFR rather than in these Special-Purpose Financial Statements.

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, 2021.

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, 2021**

9. Risk Management (continued)

General Liability (continued)

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

| | <u>Beginning of Fiscal Year</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>Balance September 30, 2020</u> |
|--------------------|-------------------------------------|---|----------------------------|---|
| September 30, 2021 | \$ 14,819 | \$ (14,819) | \$ 0 | \$ 0 |
| September 30, 2020 | \$ 25,805 | \$ 105,872 | \$ (116,858) | \$ 14,819 |

The claims liability of \$0 includes an actuarial valuation for incurred but not reported claims of \$0.

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, 2021, the Board had \$186,596 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 \$7,050,581, which includes incurred but not reported claims of \$2,494,302, reported in the Fund at September 30, 2021 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:

| | <u>Beginning of Fiscal Year</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>Balance at Fiscal Year End</u> |
|--------------------|-------------------------------------|---|----------------------------|---|
| September 30, 2021 | \$ 6,562,279 | \$ 2,494,302 | \$ (2,006,000) | \$ 7,050,581 |
| September 30, 2020 | \$ 4,692,555 | \$ 4,065,658 | \$ (2,195,934) | \$ 6,562,279 |

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

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:

| | <u>Beginning of Fiscal Year</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>Balance at Fiscal Year End</u> |
|--------------------|-------------------------------------|---|----------------------------|---|
| September 30, 2021 | \$ 10,690 | \$ (5,790) | \$ 0 | \$ 4,900 |
| September 30, 2020 | \$ 4,789 | \$ 31,384 | \$ (25,483) | \$ 10,690 |

The claims liability of \$4,900 includes an actuarial valuation for incurred but not reported claims of \$5,000.

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, 2021, are as follows:

| <u>Year ending September 30,</u> | <u>Amount</u> |
|----------------------------------|---------------------|
| 2022 | \$ 1,173,746 |
| 2023 | 685,708 |
| 2024 | 756,587 |
| 2025 | 352,271 |
| 2026 | 136,474 |
| Thereafter | <u>154,951</u> |
| | <u>\$ 3,259,737</u> |

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

10. Leases (continued)

In October 2009, the Board purchased the Lake Jackson Huntington Oaks 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, 2021, are as follows:

| <u>Year ending September 30,</u> | <u>Amount</u> |
|----------------------------------|---------------------|
| 2022 | \$ 350,985 |
| 2023 | 337,326 |
| 2024 | 315,180 |
| 2025 | 204,259 |
| 2026 | 115,686 |
| Thereafter | 114,710 |
| | <u>\$ 1,438,146</u> |

The County has a capital lease agreement with Dell Financial Services (DFS) for equipment, software, and services or fees. Terms of the lease include annual payments of \$202,385. The lease expires December 30, 2022. As of September 30, 2021 future lease payments totaling \$202,385 consists entirely of imputed principal.

The County has a capital lease agreement with Insight Global Finance for equipment, software, and services or fees. Terms of the lease include monthly payments of \$9,990. The lease expires July 31, 2023. As of September 30, 2021 future lease payments totaling \$219,784 consists of imputed principal of \$217,825 and imputed interest of \$1,959.

The County has a capital lease agreement with SHI International Corp. for equipment, software, and services or fees. Terms of the lease include annual payments of \$160,029. The lease expires July, 23 2025. As of September 30, 2021 future lease payments totaling \$640,117 consists of imputed principal of \$609,839 and imputed interest of \$30,278.

The future capital lease payable and the net present value of the minimum lease payments relating to computer equipment, software services and fees as of September 30, 2021, were as follows:

| <u>Future Cash Payments</u> | | <u>Future Maturities of Lease Liability</u> | |
|------------------------------------|---------------------|---|------------------|
| 2022 | \$ 482,297 | 2022 | \$ 448,363 |
| 2023 | 259,931 | 2023 | 270,797 |
| 2024 | 160,029 | 2024 | 153,915 |
| 2025 | 160,029 | 2025 | 156,974 |
| | <u>1,062,286</u> | | <u>1,030,049</u> |
| Less: amount representing interest | <u>(32,237)</u> | | |
| | <u>\$ 1,030,049</u> | | |

The County has a capital lease agreement with US Bank to finance the funding of an energy savings project. The plan will be completed by the Energy Systems Group LLC, for the installation of the energy, water and wastewater efficiency and conservation measures and related upgrades at County facilities. Terms of the lease include bi-annual payments on June 1, and December 1. The lease expires December 01, 2035. As of September 30, 2021 future lease payments totaling \$18,780,671 consists of principal of \$16,500,000 and interest of \$2,280,671. As of September 30, 2021 the county had received and maintained control of \$13,901,262 of the total contracted lease value. Only the portion in the Board's control as of September

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

10. Leases (continued)

30, 2021 has been recorded as a capital lease.

The future capital lease payable and the net present value of the minimum lease payments relating to the energy savings project as of September 30, 2021, were as follows:

| ESCO - Master Tax-Exempt Lease, Series 2020 | | | |
|---|----------------------|------------|--------------|
| Period Ending | Principal | Interest | Debt Service |
| 9/30/2022 | \$ 920,000 | \$ 282,464 | \$ 1,202,464 |
| 9/30/2023 | 990,000 | 265,647 | 1,255,647 |
| 9/30/2024 | 1,010,000 | 248,037 | 1,258,037 |
| 9/30/2025 | 1,025,000 | 230,119 | 1,255,119 |
| 9/30/2026 | 1,045,000 | 211,892 | 1,256,892 |
| 9/30/2027 | 1,065,000 | 193,314 | 1,258,314 |
| 9/30/2028 | 1,080,000 | 174,427 | 1,254,427 |
| 9/30/2029 | 1,100,000 | 155,232 | 1,255,232 |
| 9/30/2030 | 1,120,000 | 135,685 | 1,255,685 |
| 9/30/2031 | 1,140,000 | 115,786 | 1,255,786 |
| 9/30/2032 | 1,160,000 | 95,534 | 1,255,534 |
| 9/30/2033 | 1,180,000 | 74,931 | 1,254,931 |
| 9/30/2034 | 1,200,000 | 53,975 | 1,253,975 |
| 9/30/2035 | 1,220,000 | 32,667 | 1,252,667 |
| 9/30/2036 | 1,245,000 | 10,961 | 1,255,961 |
| Totals: | 16,500,000 | 2,280,671 | 18,780,671 |
| Less amounts not obligated | (2,598,738) | | |
| | <u>\$ 13,901,262</u> | | |

11. Other Required Individual Fund Disclosures

Deficit fund balances in the Internal Service funds were noted at fiscal year end. The total deficit for the Internal Service funds was \$1,237,260.

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, 2021, are as follows:

| <u>Fund</u> | <u>Interfund Receivables</u> | <u>Interfund Payable</u> |
|-----------------------------|----------------------------------|------------------------------|
| General Fund | \$ 3,564,075 | \$ 1,173,857 |
| Nonmajor Governmental Funds | 30,256 | 1,446,672 |
| Internal Service Funds | 6,463 | 1,014,281 |
| Fine and Forfeiture | 0 | 6,463 |
| Enterprise Funds | 11 | 0 |
| Grants Fund | 56,913 | 16,445 |
| | <u>\$ 3,657,718</u> | <u>\$ 3,657,718</u> |

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

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, 2021, consisted of the following:

Transfers to the General Fund from:

| | |
|-------------------------------------|------------------|
| Grants Fund | \$ 7,753,548 |
| Nonmajor Governmental Funds | 741,533 |
| Enterprise Fund | <u>65,670</u> |
| Total Transfers to the General Fund | <u>8,560,751</u> |

Transfers to the Grants Fund from:

| | |
|------------------------------------|-------------------|
| General Fund | 283,935 |
| Fine and Forfeiture Fund | 12,120,811 |
| Nonmajor Governmental Funds | <u>2,409,640</u> |
| Total Transfers to the Grants Fund | <u>14,814,386</u> |

Transfers to the Capital Improvement Fund from:

| | |
|---|-------------------|
| General Fund | 4,632,218 |
| Grants Fund | 3,950,000 |
| Nonmajor Governmental Funds | <u>4,753,669</u> |
| Total Transfers to the Capital Improvement Fund | <u>13,335,887</u> |

Transfers to the Nonmajor Governmental Funds:

| | |
|--|-------------------|
| General Fund | 14,655,054 |
| Grants Fund | 4,550,000 |
| Nonmajor Governmental Funds | <u>6,525,130</u> |
| Total Transfers to the Nonmajor Governmental Funds | <u>25,730,184</u> |
| Total Transfers to Governmental Funds | <u>62,441,208</u> |

Transfers to the Enterprise Fund from:

| | |
|-------------------------------------|------------------|
| General Fund | <u>3,666,301</u> |
| Total Transfers to Enterprise Funds | <u>3,666,301</u> |

Transfers to the Internal Service Funds from:

| | |
|---|----------------------|
| Nonmajor Governmental Funds | <u>46,100</u> |
| Total Transfers to Internal Service Funds | <u>46,100</u> |
| Total Interfund Transfers | <u>\$ 66,153,609</u> |

Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

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 \$17,245,981 reported as landfill closure and post-closure care liability at September 30, 2021, 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 2021 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, 2021, held investments in the amount of \$12,819,866 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.

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, 2021. These commitments have been included in the 2021-2022 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, 2021 approximate \$6.7 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, 2021.

**Board of County Commissioners
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

14. Subsequent Event

The County has evaluated subsequent events through April 26, 2022, the date the financial statements were available to be issued.

On November 16, 2021, the Board finalized a loan agreement for \$3,400,000 titled Capital Improvement Revenue Note Series 2021 B. The terms of the loan agreement include annual interest of 1.29% and annual debt service payments ranging from \$509,286 to \$512,862 until maturity on December 1, 2028.

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, 2021

| Source | Amount Received during the 2020-21 Fiscal Year | Amount Expended during the 2020-21 Fiscal Year |
|---|--|--|
| British Petroleum: Agreement No. 134036 | \$ - | \$ - |

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, 2021

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, 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, 2021, and the related notes to the financial statements, which collectively comprise the Board's special-purpose financial statements, and have issued our report thereon dated April 26, 2022. 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) as a basis for designing 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 items 2021-001, 2021-002 and 2021-003 that we consider to be significant deficiencies.

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 financial statements. 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 April 26, 2022, presenting certain required disclosures and comments pursuant to the *Rules of the Auditor General*, Chapter 10.550.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
April 26, 2022



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, 2021

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, 2021. 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, 2021.

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
April 26, 2022



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, 2021

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, 2021. 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, 2021.

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
April 26, 2022



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, 2021

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, 2021. 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, 2021.

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
April 26, 2022



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

**Management Letter
September 30, 2021**

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, 2021, and have issued our report thereon dated April 26, 2022.

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 April 26, 2022, 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.

2020-001 Payables and Receivables

Corrective action for this recommendation was taken and this recommendation was considered resolved in the current year.

2020-002, 2019-002, & 2018-002 Capitalization of Fixed Assets in Accordance with GASB 34

Corrective action for these recommendations were taken and these recommendations are considered resolved in the current year

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.

2021-001 Capital Lease Asset Recognition

Criteria: GASB Statement No. 62 states that the lessee should record a capital lease as an asset at an amount equal to the related obligation.

Condition: We noted a new capital lease liability where management did not include a related amount as a capital lease asset.

Cause: Internal controls for financial reporting were ineffective in identifying an error in the amounts reported as capital assets.

Effect: Management's risk of material misstatement over capital assets reported on the government wide financial statements and the BOCC special-purpose financial statements is increased.

Recommendation: Management should continue to improve policies and procedures in place to identify capital assets that do not correlate with the outflow of resources.

Management's response:

Management identified the use of non-standard account codes in the recording of payments related to the Capital Lease; avoided the capitalization process and subsequent internal controls. Management has widened the scope of the capital asset reconciliation and removing the ability to use non-standard account codes going forward.

2021-002 Capital Assets for other constitutional officers

Criteria: The Board of County Commissions (BOCC) sets the policies and procedures regarding the capitalization of capital assets for financial reporting. The general capital 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.

Condition: Certain expenditures made on behalf of other Constitutional Officers and assets purchased by other Constitutional Officers were mistakenly omitted from the capital asset listing.

Cause: The internal controls over capital asset reporting lacks certain elements that include the complete reconciliation of expenses made by or on behalf of other constitutional officers.

Effect: Management's risk of material misstatement over capital assets reported on the government wide financial statements and the BOCC special-purpose financial statements is increased.

Recommendation: Management should continue to improve policies and procedures in place to identify capital assets that are purchased by or on behalf of other constitutional officers.

Management's response:

Management has enhanced the current reconciliation process to implement both a wider scope of review, and a more streamlined communication process between finance, other departments, and constitutionals involved in capital asset procurement.

2021-003 Construction in Progress

Criteria: Constructed assets should be re-classified from construction in progress and begin to be depreciated when they are substantially completed or otherwise available for use.

While assets may be jointly acquired, constructed, or used, an asset can only be asserted to be owned by one government and therefore may only be reported as such on one set of financial statements.

Condition: Items initially included in managements listing of capital projects not yet placed into service included items that had been completed and items owned and reported by other governments.

Cause: Management's report of capital projects in process is used for budgeting and overall tracking purposes but is not suitably designed for financial reporting.

Effect: Management's initially reported balance of CIP was overstated and included assets jointly acquired but reported by other governments and projects that had been previously completed.

Recommendation: Internal controls should be developed for the review of the capital projects report and the removal items completed and/or reportable by other governments when determining the proper amounts for financial reporting.

Management's response:

CIP projects are currently reported to management by individual departments, project managers, and the Office of Management and Budget, including expenditures and completion dates. Management initiates this communication by sending out listings of all CIP expenditures and requesting review by those entities. A new process requiring sign off by the Directors of Engineering Services and Financial Stewardship will be implemented to guarantee accuracy of the CIP listing especially for completed and inter-government projects.

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.

The Honorable Board of County Commissioners
Leon County, Florida
Page Five

Purpose of this Letter

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



Thomas Howell Ferguson P.A.
Tallahassee, Florida
April 26, 2022



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

Special-Purpose Financial Statements

Clerk of the Circuit Court and Comptroller
Leon County, Florida

*Year Ended September 30, 2021
with Report of Independent Auditors*

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

Clerk of the Circuit Court and Comptroller

Leon County, Florida
Special - Purpose Financial Statements
Year Ended September 30, 2021

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Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the governmental funds, the proprietary fund, and the fiduciary fund of Clerk of the Circuit Court and Comptroller of Leon County, Florida (the Clerk) as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Clerk's special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clerk of the Circuit Court and Comptroller of Leon County, Florida, as of September 30, 2021, and the changes in net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the accompanying special-purpose financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (Rules). In conformity with the Rules, the accompanying special-purpose financial statements are intended to present the financial position and changes in financial position of the governmental funds, the proprietary fund and the custodial fund of the Clerk, and only that portion that is attributable to the transactions of the Clerk. They do not purport to, and do not, present fairly the financial position of Leon County, Florida, as of September 30, 2021, 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.

As discussed in Note 10 to the financial statements, in the fiscal year ended September 30, 2021, the Clerk adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. October 1, 2020 net position balances have been restated to reflect the implementation of the new standard. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2022 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters under the heading *Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
April 26, 2022



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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Balance Sheet - Governmental Funds
September 30, 2021

| | <u>General Fund</u> | <u>Article V Court Operating Fund</u> | <u>Records Modernization Fund</u> | <u>Grants Fund</u> | <u>Total Governmental Funds</u> |
|--|---------------------|---|---|--------------------|---|
| Assets | | | | | |
| Cash | \$ 359,614 | \$ 1,050,957 | \$ 1,643,125 | \$ 0 | \$ 3,053,696 |
| Investments | 0 | 0 | 79,235 | 0 | 79,235 |
| Receivables (net of allowances for uncollectibles): | | | | | |
| Accounts receivable | 9,260 | 0 | 68 | 0 | 9,328 |
| Due from other funds | 65,673 | 0 | 0 | 0 | 65,673 |
| Due from other county units | 22,113 | 0 | 0 | 25,018 | 47,131 |
| Due from other governments | 10,886 | 92,300 | 0 | 0 | 103,186 |
| Prepays | 84,080 | 0 | 63,268 | 0 | 147,348 |
| Inventory | 46,887 | 0 | 0 | 0 | 46,887 |
| Total assets | <u>\$ 598,513</u> | <u>\$ 1,143,257</u> | <u>\$ 1,785,696</u> | <u>\$ 25,018</u> | <u>\$ 3,552,484</u> |
| Liabilities and fund balances | | | | | |
| Liabilities | | | | | |
| Accounts payable and other liabilities | \$ 107,586 | \$ 3,911 | \$ 7,003 | \$ 1,400 | \$ 119,900 |
| Accrued liabilities | 52,318 | 48,589 | 7,601 | 0 | 108,508 |
| Due to other county units | 265,459 | 0 | 0 | 0 | 265,459 |
| Due to other governments | 151,099 | 1,090,757 | 0 | 0 | 1,241,856 |
| Deposits | 22,051 | 0 | 0 | 0 | 22,051 |
| Due to other funds | 0 | 0 | 65,673 | 23,618 | 89,291 |
| Total liabilities | <u>598,513</u> | <u>1,143,257</u> | <u>80,277</u> | <u>25,018</u> | <u>1,847,065</u> |
| Fund balance | | | | | |
| Nonspendable | 130,967 | 0 | 63,268 | 0 | 194,235 |
| Restricted | 0 | 0 | 1,642,151 | 0 | 1,642,151 |
| Unassigned | (130,967) | 0 | 0 | 0 | (130,967) |
| Total fund balance | <u>0</u> | <u>0</u> | <u>1,705,419</u> | <u>0</u> | <u>1,705,419</u> |
| Total liabilities and fund balances | <u>\$ 598,513</u> | <u>\$ 1,143,257</u> | <u>\$ 1,785,696</u> | <u>\$ 25,018</u> | <u>\$ 3,552,484</u> |

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2021

| | <u>General Fund</u> | <u>Article V Court Operating Fund</u> | <u>Records Modernization Fund</u> | <u>Grants Fund</u> | <u>Total Governmental Funds</u> |
|---|---------------------|---|---|--------------------|---|
| Revenues | | | | | |
| Intergovernmental | \$ 1,434 | \$ 1,058,984 | \$ 0 | \$ 0 | \$ 1,060,418 |
| Charges for services | 1,707,845 | 4,511,208 | 727,024 | 0 | 6,946,077 |
| Interest | 0 | 0 | 1,011 | 0 | 1,011 |
| Net increase (decrease) in fair value of investments | 0 | 0 | (2,200) | 0 | (2,200) |
| Miscellaneous | 8,407 | 0 | 0 | 0 | 8,407 |
| Total revenues | <u>1,717,686</u> | <u>5,570,192</u> | <u>725,835</u> | <u>0</u> | <u>8,013,713</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| Judicial | 407,728 | 5,384,747 | 455,626 | 149,904 | 6,398,005 |
| Financial and administrative | 2,576,812 | 0 | 0 | 25,205 | 2,602,017 |
| Other general government | 426,380 | 0 | 80,685 | 0 | 507,065 |
| Capital Outlay | 260,998 | 102,851 | 97,649 | 0 | 461,498 |
| Total expenditures | <u>3,671,918</u> | <u>5,487,598</u> | <u>633,960</u> | <u>175,109</u> | <u>9,968,585</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,954,232)</u> | <u>82,594</u> | <u>91,875</u> | <u>(175,109)</u> | <u>(1,954,872)</u> |
| Other financing sources (uses) including transfers: | | | | | |
| Operating transfers in | 2,337,828 | 0 | 0 | 175,109 | 2,512,937 |
| Operating transfers out | <u>(383,596)</u> | <u>(82,594)</u> | <u>(14,305)</u> | <u>0</u> | <u>(480,495)</u> |
| Total other financing sources (uses) | <u>1,954,232</u> | <u>(82,594)</u> | <u>(14,305)</u> | <u>175,109</u> | <u>2,032,442</u> |
| Net change in fund balances | 0 | 0 | 77,570 | 0 | 77,570 |
| Fund balance at beginning of year | <u>0</u> | <u>0</u> | <u>1,627,849</u> | <u>0</u> | <u>1,627,849</u> |
| Fund balance at end of year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,705,419</u> | <u>\$ 0</u> | <u>\$ 1,705,419</u> |

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Net Position - Proprietary Fund
September 30, 2021

| | Internal Service Fund |
|-------------------------------------|--------------------------|
| Assets | |
| Current assets: | |
| Cash | \$ 362,950 |
| Due from other funds | <u>23,618</u> |
| Total assets | <u><u>\$ 386,568</u></u> |
| Liabilities and net position | |
| Current liabilities: | |
| Compensated absences | <u>\$ 238,180</u> |
| Total current liabilities | <u>238,180</u> |
| Noncurrent liabilities: | |
| Compensated absences | <u>148,388</u> |
| Total noncurrent liabilities | <u>148,388</u> |
| Total liabilities | <u><u>386,568</u></u> |
| Net position | |
| Unrestricted | <u>0</u> |
| Total net position | <u><u>0</u></u> |
| Total liabilities and net position | <u><u>\$ 386,568</u></u> |

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

**Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Revenues, Expenses, and Changes in Fund Net Position -
Proprietary Fund
Year Ended September 30, 2021**

| | Internal Service Fund |
|---|--------------------------|
| Operating revenues | |
| Charges for services | \$ 0 |
| Operating expenses | |
| Personnel services | 193,808 |
| Total operating expenses | 193,808 |
| Operating income (loss) | (193,808) |
| Nonoperating revenues (expenses) | |
| Operating transfers in | 193,808 |
| Change in net position | 0 |
| Net position at beginning of year | 0 |
| Net position at end of year | \$ 0 |

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

**Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Cash Flows -
Proprietary Fund
Year Ended September 30, 2021**

| | <u>Internal Service Fund</u> |
|---|----------------------------------|
| Cash flows from operating activities | |
| Payments to employees | \$ (305,091) |
| Net cash provided by (used in) operating activities | <u>(305,091)</u> |
| Cash flows from noncapital financing activities | |
| Transfers from other funds | 193,808 |
| Due from other funds | <u>22,563</u> |
| Net cash provided by (used in) noncapital financing activities | <u>216,371</u> |
| Net decrease in cash | (88,720) |
| Cash at beginning of year | <u>451,670</u> |
| Cash at end of year | <u><u>\$ 362,950</u></u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | |
| Operating income (loss) | \$ (193,808) |
| Adjustments to reconcile operating income (loss) to net cash used in operating activities: | |
| Changes in assets and liabilities: | |
| Compensated absences | <u>(111,283)</u> |
| Net cash used in operating activities | <u><u>\$ (305,091)</u></u> |

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

**Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Fiduciary Net Position - Custodial Fund
September 30, 2021**

| | |
|---|----------------------------|
| Assets | |
| Cash and cash equivalents | \$ 7,275,596 |
| Receivables: | |
| Taxes for other governments | <u>22,464</u> |
| Total assets | <u><u>\$ 7,298,060</u></u> |
| Liabilities | |
| Accounts payable and other liabilities | \$ 93,450 |
| Due to local governments | 146,642 |
| Other long-term liabilities | <u>2,856,020</u> |
| Total liabilities | <u><u>3,096,112</u></u> |
| Net Position | |
| Restricted For: | |
| Individuals, organizations, and other governments | <u>4,201,948</u> |
| Total net position | <u><u>4,201,948</u></u> |
| Total liabilities and net position | <u><u>\$ 7,298,060</u></u> |

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Changes in Fiduciary Net Position - Custodial Fund
Year Ended September 30, 2021

Additions

| | |
|---|-------------------|
| Fees and other amounts collected on behalf of other governments | \$ 53,077,894 |
| Receipt of registry for court from citizens | 15,449,551 |
| Bonds, deposits and other court related collections | <u>3,729,561</u> |
| Total additions | <u>72,257,006</u> |

Deductions

| | |
|---|-------------------|
| Fees and other amounts distributed to other governments | 52,746,028 |
| Disbursement of registry for court from citizens | 14,887,669 |
| Bonds, deposits and other court related distributions | <u>3,322,960</u> |
| Total deductions | <u>70,956,657</u> |

| | |
|---|-----------|
| Net increase (decrease) in fiduciary net position | 1,300,349 |
|---|-----------|

| | |
|-----------------------------------|------------------|
| Net position at beginning of year | 0 |
| Prior period adjustments | <u>2,901,599</u> |

| | |
|--|----------------------------|
| Net position at beginning of year, as restated | <u>2,901,599</u> |
| Net position at end of year | <u><u>\$ 4,201,948</u></u> |

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 0 | \$ 0 | \$ 1,434 | \$ 1,434 |
| Charges for services | 1,383,246 | 1,708,246 | 1,707,845 | (401) |
| Miscellaneous | 3,250 | 3,250 | 8,407 | 5,157 |
| Total revenues | 1,386,496 | 1,711,496 | 1,717,686 | 6,190 |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Judicial | 392,915 | 392,915 | 407,728 | (14,813) |
| Financial and administrative | 2,878,856 | 2,932,843 | 2,576,812 | 356,031 |
| Other general government | 438,953 | 438,953 | 426,380 | 12,573 |
| Capital Outlay | 13,600 | 284,613 | 260,998 | 23,615 |
| Total expenditures | 3,724,324 | 4,049,324 | 3,671,918 | 377,406 |
| Excess (deficiency) of revenues over (under) expenditures | (2,337,828) | (2,337,828) | (1,954,232) | 383,596 |
| Other financing sources (uses) | | | | |
| including transfers: | | | | |
| Operating transfers in | 2,337,828 | 2,337,828 | 2,337,828 | 0 |
| Operating transfers out | 0 | 0 | (383,596) | (383,596) |
| Total other financing sources (uses) | 2,337,828 | 2,337,828 | 1,954,232 | (383,596) |
| Net change in fund balances | 0 | 0 | 0 | 0 |
| Fund balance at beginning of year | 0 | 0 | 0 | 0 |
| Fund balance at end of year | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Article V Court Operating Fund
Year Ended September 30, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 1,936,878 | \$ 1,953,304 | \$ 1,058,984 | \$ (894,320) |
| Charges for services | 3,772,782 | 3,772,782 | 4,511,208 | 738,426 |
| Total revenues | <u>5,709,660</u> | <u>5,726,086</u> | <u>5,570,192</u> | <u>(155,894)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Judicial | 5,709,660 | 5,726,086 | 5,384,747 | 341,339 |
| Capital Outlay | 0 | 0 | 102,851 | (102,851) |
| Total expenditures | <u>5,709,660</u> | <u>5,726,086</u> | <u>5,487,598</u> | <u>238,488</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>0</u> | <u>0</u> | <u>82,594</u> | <u>82,594</u> |
| Other financing sources (uses) including transfers: | | | | |
| Operating transfers out | 0 | 0 | (82,594) | (82,594) |
| Total other financing sources (uses) | <u>0</u> | <u>0</u> | <u>(82,594)</u> | <u>(82,594)</u> |
| Net change in fund balances | 0 | 0 | 0 | 0 |
| Fund balance at beginning of year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund balance at end of year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Records Modernization Fund
Year Ended September 30, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Charges for services | \$ 605,444 | \$ 686,899 | \$ 727,024 | \$ 40,125 |
| Interest | 1,000 | 1,000 | 1,011 | 11 |
| Net increase (decrease) in fair value of investments | 0 | 0 | (2,200) | (2,200) |
| Total revenues | 606,444 | 687,899 | 725,835 | 37,936 |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Judicial | 465,444 | 546,899 | 455,626 | 91,273 |
| Other general government | 131,000 | 131,000 | 80,685 | 50,315 |
| Capital Outlay | 10,000 | 10,000 | 97,649 | (87,649) |
| Total expenditures | 606,444 | 687,899 | 633,960 | 53,939 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 0 | 91,875 | 91,875 |
| Other financing sources (uses) | | | | |
| including transfers: | | | | |
| Operating transfers out | 0 | 0 | (14,305) | (14,305) |
| Total other financing sources (uses) | 0 | 0 | (14,305) | (14,305) |
| Net change in fund balances | 0 | 0 | 77,570 | 77,570 |
| Fund balance at beginning of year | 1,627,849 | 1,627,849 | 1,627,849 | 0 |
| Fund balance at end of year | \$ 1,627,849 | \$ 1,627,849 | \$ 1,705,419 | \$ 77,570 |

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Grants Fund
Year Ended September 30, 2021

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|-------|-----------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Revenues | | | | |
| Total revenues | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Expenditures | | | | |
| Current | | | | |
| General government: | | | | |
| Judicial | 0 | 0 | 149,904 | (149,904) |
| Financial and administrative | 0 | 0 | 25,205 | (25,205) |
| Total expenditures | 0 | 0 | 175,109 | (175,109) |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 0 | (175,109) | (175,109) |
| Other financing sources (uses) including transfers | | | | |
| Operating transfers in | 0 | 0 | 175,109 | 175,109 |
| Total other financing sources (uses) including transfers | 0 | 0 | 175,109 | 175,109 |
| Net change in fund balances | 0 | 0 | 0 | 0 |
| Fund balance at beginning of year | 0 | 0 | 0 | 0 |
| Fund balance at end of year | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

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

**Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

1. Summary of Significant Accounting Policies

Reporting Entity

The Clerk of the Circuit Court and Comptroller (the Clerk) is an elected Constitutional Officer of Leon County, Florida, pursuant to Article VIII, Section (1) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Clerk is a separate constitutional officer as provided by Chapter 218, *Florida Statutes*. Leon County (County) is a charter county which allows for the same powers and duties as provided by the Constitution of the State of Florida and *Florida Statutes*. However, in certain instances, the charter either alters or expands the powers of the elected officials via voter referendum. The Clerk is considered to be a part of the primary government of Leon County and is included in the Leon County government-wide financial statements. The financial statements contained herein represent the financial transactions of the Clerk only.

The Leon County Board of County Commissioners (the Board) funds a portion or, in certain instances, all of the operating budgets of the County's Constitutional Officers except for the Tax Collector and only the obligations specified under Chapter 29 in the *Florida Statutes* for the Clerk. The Tax Collector and the Clerk are considered fee officers. A portion of the Clerk's budget is funded by the Board for part of Finance, Internal Audit and Human Resources and all obligations specified under Chapter 29 in the *Florida Statutes* for the Clerk. The payments by the Board to fund the operations of the Constitutional Officers are recorded as operating transfers out on the financial statements of the Board and as operating transfers in on the financial statements of the Constitutional Officers. Repayments to the Board are recorded as operating transfers out on the financial statements of the Constitutional Officers and as operating transfers in on the financial statements of the Board.

The accounting policies of the Clerk conform to accounting principles generally accepted in the United States of America, as applicable to governments.

Basis of Presentation

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

Description of Funds

The financial activities of the Clerk are recorded in separate funds which are categorized and described as follows:

Governmental Fund Type

- General Fund - The General Fund is the general operating fund of the Clerk. This fund is used to account for all financial transactions not required to be accounted for in another fund.
- Article V Court Operating Fund - This fund is used to account for specific governmental revenue sources that are legally restricted through Article V of the Florida Constitution to expenditures for court operations.
- Records Modernization Fund - This fund is used to account for specific governmental revenue sources that are legally restricted to expenditures for records modernization.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

1. Summary of Significant Accounting Policies (continued)

Description of Funds (continued)

- Grants Fund - This fund is used to account for the revenue and expenses of federal, state, and local grants awarded to the Clerk.

Other Fund Type

- Internal Service Fund - This fund is used to report funded and accrued compensated absences.
- Custodial Fund - These funds are used to account for the assets held by the Clerk as an agent for individuals, private organizations, and/or other governmental units.

Basis of Accounting

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

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

The Clerk considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. The following revenues are considered to be susceptible to accrual: charges for services and interest earned.

Budgets and Budgetary Accounting

Budgets for the Court-related functions (the Courts) for each Clerk will be submitted by June 1 to be approved by the legislature. All court revenues are collected monthly and available for use by the Clerks in the month following collection. Beginning November 1st and by the 10th day of each month, the Clerks will submit that portion of all fines, fees, service charges, and costs collected in the previous month that exceeds one-twelfth of the Clerks' total budget. The remainder of the available revenues will be appropriated for the following month's Court expenditures up to the budget cap authorized by the legislature. Any revenue deficits will be certified by the Florida Clerk of Court Operations Corporation. Any unexpended appropriation for the Court's budget will be paid to the State by January 25 of the following year.

Expenditures, other than those for certain agency funds, are controlled by appropriations in accordance with the budget requirements set forth in the *Florida Statutes*. Budgets are adopted for governmental and special revenue funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Clerk. Appropriations lapse at the end of the fiscal year to the extent they have not been expended.

The budgeted revenues and expenditures in the accompanying budgetary comparison statements reflect all approved amendments.

**Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

Section 218.35 *Florida Statutes*, governs the preparation, adoption, and administration of the annual budget. The Clerk establishes an annual budget for her office which clearly reflects the revenues available to the office and the functions for which money is expended.

The Clerk prepares the budget in three parts:

1. The budget relating to the requirements of the Clerk as the Ex Officio Clerk to the Board, County Auditor, County Recorder, and Custodian or Treasurer of all County funds and other county-related duties, and for Chapter 29 obligations;
2. The budget relating to the Florida court system, which is filed with Florida Clerk of Court Operations Corporation (CCOC). With the 2009 legislative changes, CCOC will submit a Legislative Budget Request for all clerks that will result in an appropriation by the legislature; and
3. The budget for all other operations.

The annual budgetary data reported for the governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States and represent the Clerk's adopted budget, the original appropriation ordinance, and budget amendments approved by the Clerk or as adopted by the Board.

Inventories

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

Prepaid Expense

The Clerk uses the consumption method of accounting, whereby the costs of expendable software licenses are expensed over the life of the agreements.

Investments

Investments are made in the Special Purpose Investment Account (SPIA) within the Florida Treasury Investment Pool (the Pool), administered by the Florida Department of Financial Services, as authorized by Section 17.61(1), *Florida Statutes*. The Clerk liquidates and reallocates investments throughout the year depending on liquidity needs for operations.

Capital Assets

Capital assets purchased in the governmental fund type are recorded as expenditures (capital outlay) at the time of purchase. Such assets are reported as capital assets in the Statement of Net Position in the county-wide financial statements of Leon County, Florida.

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

1. Summary of Significant Accounting Policies (continued)

Liability for Compensated Absences

The Clerk accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Clerk is not legally required to accumulate expendable available financial resources to liquidate this obligation. However, the funding for the Courts from the State of Florida has been decreasing since 2004. The possibility exists that future funding may be further reduced. To minimize the impact on future budgets, the Clerk has decided to fully fund the cost of the liability. Accordingly, an internal service fund has been established to record the liability for the compensated absences earned but not yet paid for in the General Fund, the Article V Court Operating Fund, and the Records Modernization Fund. The current and long-term portion of the liability for compensated absences is reported as an obligation of the General Fund in the county-wide Statement of Net Position for Leon County, Florida.

Net Position and Fund Balances

Net Position is the difference between fund assets and liabilities on the proprietary and fiduciary fund statements. Fund Balance is the difference between assets and liabilities on the governmental fund statements.

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

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

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

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

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

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

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

Use of Estimates

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

Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

1. Summary of Significant Accounting Policies (continued)

Other Postemployment Benefits

The Clerk through Leon County offers retiree medical and life insurance benefits for qualifying Clerk employees that have retired from a Florida Retirement System (FRS) retirement plan. The premium associated with these benefits is paid by the qualifying employee.

Distribution of Excess Revenues

Section 218.36, *Florida Statutes* requires that the Clerk distribute any excess of revenues over expenditures within the General Fund to the Board within 31 days following the end of the fiscal year. Accordingly, the amount of excess revenues distributed to the Board at the end of the year is presented in the accompanying Special-Purpose Financial Statements as “other financing uses.”

Based on the legal opinion provided by the Florida Clerks of Court Operations Corporation (CCOC) general counsel of the provisions of Section 28.37(3), F.S., which was adopted as policy by the CCOC Finance and Budget Committee, all excess court-related funds have been included in a fund liability, Due to Other Governments.

2. Cash and Investments

Cash

Cash consists of demand deposits held at qualified public depositories. At September 30, 2021, the carrying amount of the Clerk’s deposits (including custodial funds) was \$10,692,242 and bank balances were \$10,234,544. The Clerk's cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes.

Investments

Credit Risk

The Clerk’s investment practices are governed by Section 218.415(17), *Florida Statutes*. Investments authorized by Section 218.415(17), *Florida Statutes* include:

1. The Florida PRIME (formerly the Local Government Surplus Funds Trust Fund) administered by the State Board of Administration or any authorized intergovernmental investment pool.
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
3. Interest-bearing time deposits or savings accounts in qualified public depositories.
4. Direct obligations of the U.S. Treasury.

**Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

2. Cash and Investments (continued)

Investments (continued)

The Chief Financial Officer for the State of Florida (formerly the State Treasurer) has been investing state revenues, excess revenues of state universities and community colleges and certain other public agencies in a commingled investment portfolio for several years. Section 17.61(1), *Florida Statutes* permits organizations created by the Florida Constitution to participate in the existing State Treasury Investment Pool “Special Purpose Investment Account” (SPIA). Historically, the SPIA participants have received higher earnings reflecting the higher risk associated with the longer maturities and lower credit quality.

To provide liquidity for operations during the fiscal year, the Clerk invested in the SPIA. The financial details and disclosures for SPIA are made in Note 4 of the State of Florida Annual Comprehensive Financial Report (ACFR). The fair value factor for SPIA at September 30, 2021, was 0.9988. SPIA funds are combined with State of Florida funds and are invested in a combination of short-term liquid instruments and intermediate term fixed income securities. SPIA is measured at net asset value per share. Investments measured at net asset value are not subject to fair value hierarchy level classification under GASB 72.

At September 30, 2021, the Clerk had \$79,235 invested in SPIA and reported at fair market value. The current rating for SPIA is AA-f by Standard and Poors. A copy of SPIA's most recent financial statements can be found at <https://www.myfloridacfo.com/Division/Treasury/>.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of investments. One method of managing interest rate risk is the duration method, which measures a debt investment’s exposure to fair value changes arising from changing interest rates. The longer the effective duration of the investment, the greater the potential variability of the investment’s fair value as a result of future changes in interest rates.

The effective duration of the SPIA at September 30, 2021 is 2.62 years.

3. Compensated Absences

As discussed in Note 1, the liability associated with compensated absences is reported on the fund level in the internal service fund. A summary of the Clerk’s liability for compensated absences included at the county-wide financial statement level is as follows with \$238,180 as the current portion:

| | Balance October 1, 2020 | Additions | (Retirements) | Balance September 30, 2021 |
|------------------------------------|-------------------------------|-------------------|---------------------|----------------------------------|
| Liability for compensated absences | <u>\$ 497,851</u> | <u>\$ 584,848</u> | <u>\$ (696,131)</u> | <u>\$ 386,568</u> |

**Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

4. Risk Management

The Clerk participates in the Leon County Internal Service Fund, which accounts for self-insurance activities relating to workers' compensation. This fund is administered by a third party administrator. The Clerk makes payments to the Internal Service Fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2021, was \$9,623. Excess payments are recorded as a designation of retained earnings for catastrophic losses on the books of Leon County. Excess coverage with a commercial carrier is also in force for each claim exceeding \$500,000.

5. Employees' Retirement Plan

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

All full-time employees of the Clerk, except those excluded pursuant to Section 121.4501, *Florida Statutes*, are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans and programs, including a defined benefit pension plan (Pension Plan), which is primarily a cost-sharing, multiple-employer defined benefit public-employee pension plan. Information as to benefits, contribution rates, and vesting requirements by membership category is provided in the Leon County ACFR. Contributions and benefits are established in Section 121.71, *Florida Statutes*.

Participating employer contributions are based upon actuarially determined blended rates established by the State Legislature that are expressed as percentages of annual covered payroll and are adequate to accumulate sufficient assets to pay benefits when due. Employees who are not participating in the Deferred Retirement Option Plan (DROP) are required to contribute 3% of their salary to the FRS.

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

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, 2021, the contribution rate was 1.66% of payroll pursuant to Section 112.363, *Florida Statutes*.

The total retirement contributions for the fiscal years ended September 30, 2021, 2020, and 2019 were \$812,917, \$773,606, and \$630,010, respectively, which is equal to the required contribution for each year.

The Pension Plan and the HIS Program are administered by the State of Florida, Department of Management Services, Division of Retirement. The Division of Retirement issues a publicly available FRS Annual Report that includes financial statements and required supplementary information for the Pension Plan and HIS Program. The latest report may be obtained by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, or on the website located at www.dms.myflorida.workforce_operations/retirement/publications.

**Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

6. Other Postemployment Benefits (OPEB)

Plan Description

The Clerk participates in an agent multiple-employer plan administered by Leon County, Florida under which qualified retired employees are permitted to participate in the health and life insurance benefits program (the Program). The Program may be amended by the Board of County Commissioners. A stand alone financial report is not issued for the Program. As described in Note 1, the Clerk is an elected Constitutional Officer of the County. The financial statements of the Clerk are fund statements considered to be special-purpose financial statements consistent with accounting practices by the Auditor General, State of Florida. Accordingly, the annual OPEB obligation of Constitutional Officers is recognized in the government-wide financial statements of the County rather than in these Special-Purpose Financial Statements.

7. Interfund transfers

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

Interfund receivable and payable balances at September 30, 2021, are as follows:

| Fund | Interfund Receivable | Interfund Payable |
|----------------------------|-------------------------|----------------------|
| Internal Service Fund | \$ 23,618 | \$ 0 |
| General Fund | 65,673 | 0 |
| Grants Fund | 0 | 23,618 |
| Records Modernization Fund | 0 | 65,673 |
| Total | <u>\$ 89,291</u> | <u>\$ 89,291</u> |

Each fund has a discrete purpose. However, often there is a need for one fund to support a portion of another fund's activities. To accomplish this, monies are moved between funds through a process called interfund transfers. Interfund transfers, excluding transfers to other governments, for the year ended September 30, 2021 consisted of the following.

Transferred to the Internal Service Fund from:

| | |
|---------------------------|-------------------|
| General Fund | \$ 96,909 |
| Article V Operating Fund | 82,594 |
| Record Modernization Fund | 14,305 |
| | <u>\$ 193,808</u> |

8. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. The Clerk had no outstanding encumbrances at September 30, 2021.

**Clerk of the Circuit Court and Comptroller
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

9. Operating Leases

The Clerk leases office equipment and building space under operating leases expiring in various years through 2025.

Minimum future lease payments under operating leases having remaining terms in excess of one year as of September 30, 2021, for each of the next five years and in the aggregate are as follows:

| <u>September 30,</u> | <u>Amount</u> |
|----------------------|-------------------|
| 2022 | \$ 83,451 |
| 2023 | 65,297 |
| 2024 | 3,762 |
| 2025 | 3,762 |
| Total | <u>\$ 156,272</u> |

Rent expense paid during the fiscal year ended September 30, 2021 was \$102,523.

10. Prior Period Adjustments

The Clerk implemented GASB Statement No. 84 Fiduciary Activities, as of October 1, 2020. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. In accordance with the provisions of GASB Statement No. 84, net position was restated to reflect the balances of funds held on behalf of other organizations and beneficiaries as a custodial fund. Balances previously reported in the Clerk's financial statements as of October 1, 2020, have been restated to report deposits held for third party beneficiaries as Net Position, where the government has not been compelled to release the funds. This restatement resulted in a decrease in amounts reported at October 1, 2020 as deposits and an increase in the amounts reported as restricted net position of \$2,901,599.

11. Related Party Transaction

The Clerk has a written agreement to rent office space from the Leon County Tax Collector for its customer service location. Under this agreement the Clerk paid \$71,726 to the Leon County Tax Collector during the year ended September 30, 2021.

12. Subsequent Events

The Clerk has evaluated subsequent events through April 26, 2022, the date the financial statements were available to be issued. No subsequent events were identified that required disclosure.

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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of the Clerk of the Circuit Court and Comptroller of Leon County, Florida (Clerk), as of and for the year ended September 30, 2021, and the related notes to the financial statements which collectively comprise the Clerk's special-purpose financial statements, and have issued our report thereon dated April 26, 2022.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

We have issued a management letter to the Clerk of the Circuit Court and Comptroller of Leon County, Florida dated April 26, 2022, presenting certain required disclosures and comments pursuant to the Chapter 10.550, Rules of the Auditor General.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
April 26, 2022



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

Report of Independent Accountants on Compliance with
Florida Statutes Section 218.415, Sections 28.35 and 28.36, and Section 61.181

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

We have examined the Clerk of the Circuit Court and Comptroller of Leon County, Florida's (Clerk) compliance with the requirements of *Florida Statutes* Section 218.415, Sections 28.35 and 28.36, and Section 61.181, during the period October 1, 2020 to September 30, 2021. Management is responsible for the Clerk's compliance with the specified requirements. Our responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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



Thomas Howell Ferguson P.A.
Tallahassee, Florida
April 26, 2022



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

Management Letter

Management Letter

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

Report on the Financial Statements

We have audited the special-purpose financial statements of the Clerk of the Circuit Court and Comptroller of Leon County, Florida (Clerk), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated April 26, 2022.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Report of Independent Auditors on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* and Report of Independent Accountants on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 26, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority for the primary government of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Clerk has no component units.

Financial Management

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

2021-001 MS Access Database Uploads

Criteria: Effective information technology controls include logical access controls that limit the ability to modify information to authorized persons and enforce an appropriate segregation of duties, management's monitoring of update transactions, and written procedures that document management's expectations for maintaining and securing applications and databases.

Condition: Data from some of these databases is uploaded to the Banner general ledger. We noted a lack of controls protecting the integrity of this data, including:

- Logical access controls that limit the ability to modify data to only authorized individuals,
- Logical access controls to ensure that the same person cannot initiate and approve uploads of data from these databases into Banner,
- Management review and monitoring of the database uploads.
- Written procedures for maintaining and securing the databases.

Cause: The databases were developed years ago by an individual no longer with the Clerk's Office and, over time, controls such as those referenced above, were not put into place.

Effect: Management's risk of material misstatement and fraud associated with these data uploads is increased.

Recommendation: Management should strengthen controls surrounding these databases to prevent the unauthorized access, modification, or use of information. Management should strengthen controls for effective monitoring and review of these uploads from the database to the banner general ledger.

Management's response:

Management has initiated a review of the databases and will add further access controls on individual database files using windows access control lists to restrict access to only authorized individuals. In addition, we are reviewing the existing logical controls with our Banner support vendor to determine whether the existing approval process which prevents most users from initiating and approving uploads can be expanded to all users. A regular audit report will be generated for routine review by management to facilitate monitoring of data uploads from the database. We are developing procedures to ensure proper database maintenance and security of the databases.

Additional Matters

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

2021-002 Timely Remission of amounts to FL Dept. of Revenue

Criteria: Section 28.37(3), Florida Statutes, requires that the portion of all fines, fees, service charges, and costs collected by the clerks of the court for the previous month that is in excess of one-twelfth of the clerks' total budget for the performance of court-related functions be remitted to the FL Department of Revenue (FDOR) for deposit into the Clerks of the Court Trust Fund. Such collections do not include funding received for the operation of the Title IV-D child support collections and disbursement program. The clerk of the court shall remit the revenues collected during the previous month due to the state on or before the 10th day of each month.

Condition: We noted two months where remissions occurred outside of the 10th day of the month. Remissions were paid in full but not within the 10-day requirement.

Cause: A change in personnel related to the completion of the expenditure and collections form used for calculating the excess revenue occurred in the year. This change resulted in an oversight of the 10-day remission requirement.

Effect: Management remitted payments to FDOR in the correct balances but outside of the 10-day remission requirement.

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

Recommendation: Management should communicate the timely remission requirements with those responsible for calculating the excess revenues and ensure controls are in place for review and timely submission of any such amounts prior to the end of the 10-day period.

Management's response:

Management has implemented a review and sign off of the monthly reports, with an emphasis on the excess revenue section. Staff have been instructed to be sure they communicate timely if issues arise that may delay the remission.

Purpose of this Letter

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



Thomas Howell Ferguson P.A.
Tallahassee, Florida
April 26, 2022



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

Special-Purpose Financial Statements

Property Appraiser
Leon County, Florida

*Year ended September 30, 2021
With Report of Independent Auditors*

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

Property Appraiser
Leon County, Florida

Special-Purpose Financial Statements
Year ended September 30, 2021

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Report of Independent Auditors

The Honorable Property Appraiser
Leon County, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the governmental fund (General Fund) of the Property Appraiser of Leon County, Florida (Property Appraiser), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Property Appraiser's special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental fund (General Fund) of the Property Appraiser of Leon County, Florida, as of September 30, 2021, and the respective changes in financial position thereof, and the respective budgetary comparison statements of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the accompanying special-purpose financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying special-purpose financial statements are intended to present the financial position and the changes in financial position of the governmental fund of only that portion that is attributable to the transactions of the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Leon County, Florida, as of September 30, 2021, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2022 on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters, included under the heading Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 9, 2022



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

**Property Appraiser
Leon County, Florida
Balance Sheet - General Fund**

September 30, 2021

Assets

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 147,526 |
| Investments | 26,550 |
| Total assets | <u>\$ 174,076</u> |

Liabilities and fund balance

Liabilities:

| | |
|--|----------------|
| Accounts payable and other liabilities | \$ 113,107 |
| Due to other county units | 60,859 |
| Due to other governments | 110 |
| Total liabilities | <u>174,076</u> |

Fund balance:

| | |
|------------------------------------|-------------------|
| Unassigned | 0 |
| Total liabilities and fund balance | <u>\$ 174,076</u> |

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

**Property Appraiser
Leon County, Florida**
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------------|--------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Charges for services | \$ 0 | \$ 0 | \$ 9,452 | \$ 9,452 |
| Interest | 0 | 0 | 45 | 45 |
| Total revenues | <u>0</u> | <u>0</u> | <u>9,497</u> | <u>9,497</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Personnel services | 4,603,205 | 4,651,215 | 4,597,567 | 53,648 |
| Operating | 645,223 | 576,452 | 569,209 | 7,243 |
| Capital outlay | <u>5,000</u> | <u>5,000</u> | <u>5,000</u> | <u>0</u> |
| Total expenditures | <u>5,253,428</u> | <u>5,232,667</u> | <u>5,171,776</u> | <u>60,891</u> |
| (Deficiency) excess of revenues (under) over expenditures | <u>(5,253,428)</u> | <u>(5,232,667)</u> | <u>(5,162,279)</u> | <u>70,388</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 5,253,428 | 5,232,667 | 5,223,248 | (9,419) |
| Transfers out | <u>0</u> | <u>0</u> | <u>(60,969)</u> | <u>(60,969)</u> |
| Total other financing sources (uses) | <u>5,253,428</u> | <u>5,232,667</u> | <u>5,162,279</u> | <u>(70,388)</u> |
| Net change in fund balance | 0 | 0 | 0 | 0 |
| Fund balance at beginning of year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund balance at end of year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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

**Property Appraiser
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Property Appraiser operates as a county agency and an elected Constitutional Officer of Leon County (the County) pursuant to Article VIII, Section (1) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Property Appraiser is a separate constitutional officer as provided by Chapter 218, Florida Statutes. Leon County is a charter county which allows for the same powers and duties as provided by the Constitution of the State of Florida and Florida Statutes. However, in certain instances, the charter either alters or expands the powers of the elected officials via voter referendum. The Property Appraiser is considered to be a part of the primary government of Leon County, Florida, and is included in the Leon County, Florida Annual Comprehensive Financial Report (Leon County ACFR). The financial statements contained herein represent the financial transactions of the Property Appraiser only.

The accounting policies of the Property Appraiser conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant policies:

Basis of Presentation

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

Description of Funds

The financial activities of the Property Appraiser are recorded in the following fund:

Governmental Fund Type

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

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying special-purpose financial statements have been prepared using the modified accrual basis of accounting for all Governmental Funds. Accordingly, revenues are recognized when measurable and available to

**Property Appraiser
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

pay liabilities of the current period. Expenditures are generally recorded when the liability is incurred and/or will be paid from expendable available financial resources.

The Property Appraiser considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. In accordance with that definition, charges for services and interest earned are considered to be susceptible to accrual.

Budgets and Budgetary Accounting

Section 195.087, *Florida Statutes*, governs the preparation, adoption, and administration of the Property Appraiser's annual budget. The budget and the subsequent budget amendments of the Property Appraiser are submitted to the Florida Department of Revenue for approval. A copy of the budget is furnished to the Leon County Board of County Commissioners (the Board) at the same time.

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personnel services, operating expenses, capital outlay, debt service, and non-operating) must be approved in writing by the Florida Department of Revenue. Transfers between expense items within the same appropriation category do not need written approval from the Florida Department of Revenue. The budget is prepared on the modified accrual basis of accounting. General Fund appropriations lapse at the close of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, reflect all approved amendments.

Encumbrances represent commitments related to unperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. The Property Appraiser had no outstanding encumbrances at September 30, 2021.

Investments

Investments in external pools that follow SEC Rule 2a-7 regulations are reported at amortized cost, which approximates fair value.

Capital Assets

Capital assets purchased in the Governmental Fund Type are recorded as expenditures (capital outlay) at the time of purchase. The tangible personal property used by the Property Appraiser is reported as capital assets, at cost, in the Statement of Net Position in the Leon County ACFR.

**Property Appraiser
Leon County, Florida
Notes to Special-Purpose Financial Statements**

Year Ended September 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Liability for Compensated Absences

It is the Property Appraiser's policy to grant all full-time employees annual leave based on the number of years of continuous employment for agencies operating under the Florida Retirement System. Annual leave accrued above 240 hours is transferred to sick leave at the end of each calendar year. Upon termination of employment, the employee can receive a cash benefit based upon the employee's current wage rate and the annual leave not taken.

Sick leave is accumulated at the rate of eight hours for each full calendar month of continuous employment. Employees who have transferred from an agency operating under the Florida Retirement System with no break in service may transfer up to 240 sick leave hours. There is no limit on the amount of sick leave that can be accumulated. At the end of each calendar year, employees with 240 or more hours of sick leave may bank up to 24 hours of leave. At the time of separation, employees with eight years or more continuous employment with the Property Appraiser receive payment based upon the employee's current wage rate for 25% of accumulated sick leave. If the separation is due to retirement, those employees also receive payment based upon the employee's current wage rate for 100% of banked sick leave.

The Property Appraiser uses the vesting method to calculate the liability for compensated absences. The Property Appraiser does not and is not legally required to, accumulate expendable available financial resources to liquidate these obligations. Accordingly, the liability for compensated absences is not reported in the General Fund, but is included in the Statement of Net Position in the Leon County ACFR.

Transfers In and Out

The Board funds primarily all of the operating budget of the Property Appraiser. The payments by the Board to fund the operations of the Property Appraiser are recorded as transfers in on the financial statements of the Property Appraiser. In accordance with *Florida Statutes*, the Property Appraiser distributes all General Fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year. Repayments to the Board are recorded as a liability and as transfers out on the financial statements of the Property Appraiser.

Related Organizations - Common Expenses

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

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

**Property Appraiser
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued)

Other Postemployment Benefits

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

Note 2. Cash and Investments

Cash and Cash Equivalents

The Property Appraiser maintains checking and money market accounts at a bank designated by the Florida Division of Treasury as a qualified public depository. At September 30, 2021, the carrying amount of the Property Appraiser's deposits with the financial institutions was \$147,526 and the bank balances were \$197,689. Deposits whose values exceed the limits of Federal depository insurance are entirely insured or collateralized pursuant to Chapter 280, *Florida Statutes*.

Investments

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The Property Appraiser is authorized to invest in all state-approved investments identified in Section 218.415(17), *Florida Statutes*, which include:

- 1) The Florida PRIME (formerly the Local Government Surplus Funds Trust Fund) administered by the State Board of Administration or any authorized intergovernmental investment pool;
- 2) Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally-recognized rating agency;
- 3) Interest-bearing time deposits or savings accounts in qualified public depositories;
- 4) Direct obligations of the U.S. Treasury.

The Property Appraiser has no investment policy that would further limit its investment choices.

The Property Appraiser invests in the Florida PRIME administered by the Florida State Board of Administration (SBA). The Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund.

**Property Appraiser
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

Note 2. Cash and Investments (continued)

Investments (continued)

The Florida PRIME is governed by Chapter 19-7 of the *Florida Administrative Code*, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of the Florida PRIME. Additionally, the State of Florida, Office of the Auditor General performs the operational audit of the activities and investments of the SBA. Throughout the year and as of September 30, 2021, the Florida PRIME contained certain floating rate and adjustable rate securities that were indexed based on the prime rate and/or one and three-month LIBOR rates.

These floating rate and adjustable rate securities are used to hedge against interest risk and provide diversification to the portfolio. Exposure to a single issuer is limited to 5% of the portfolio's amortized cost. The current rating for the Florida PRIME is AAAM by Standard and Poors. The dollar weighted average days to maturity of the Florida PRIME at September 30, 2021 is 49 days. The fair value of the Property Appraiser's position in the pool approximates the value of the pool shares. At September 30, 2021, the Property Appraiser had \$26,550 invested with Florida PRIME.

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, *Florida Statutes*. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Property Appraiser's deposits are therefore considered fully insured or collateralized.

The investment in the Florida PRIME is not classified as to custodial risk since the investment is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Property Appraiser limits interest rate risk for the money market fund by utilizing an overnight sweep agreement to invest excess cash balances.

The most recent Florida Prime audited financial statements can be obtained at www.sbafla.com/prime/audits.aspx.

**Property Appraiser
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

Note 3. Employees' Retirement Plan

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

All full-time and permanent part-time employees of the Property Appraiser are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans, including a defined benefit public employee pension plan, which is primarily a cost-sharing multiple-employer defined benefit plan administered by the State of Florida, Department of Management Services, Division of Retirement.

Information as to benefits, contribution rates, and vesting requirements by membership category is provided in the Leon County ACFR. Contributions and benefits are established by Section 121.71, *Florida Statutes*.

Participating employer contributions are based upon actuarially determined blended rates established by the state of Florida, that expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. Beginning July 1, 2011, active employees are required to contribute three percent of their gross compensation to the retirement plan.

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

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2021, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, *Florida Statutes*.

The contributions required for the years ended September 30, 2021, 2020, and 2019 were \$523,905, \$467,801, and \$433,572, respectively, which is equal to the required contribution for each year.

The FRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Division of Retirement, Post Office Box 9000, Tallahassee, Florida 32315-9000, or by calling 850-488-5706.

**Property Appraiser
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

Note 4. Other Postemployment Benefits

Plan Description

The Property Appraiser participates in an agent multi-employer plan administered by the County under which qualified retired employees are permitted to participate in the health and life insurance benefits program (the Program). The Program may be amended by the Board of County Commissioners. A stand alone financial report is not issued for the Program. As described in Note 1, the Property Appraiser is an elected Constitutional Officer of the County. The financial statements of the Property Appraiser are fund statements considered to be special-purpose financial statements consistent with accounting practices by the Auditor General, State of Florida. Accordingly, the annual OPEB obligation of Constitutional Officers is recognized in the Leon County ACFR rather than in these Special-Purpose Financial Statements.

Note 5. Risk Management

The Property Appraiser participates in the Leon County Insurance Service Fund, which accounts for self-insurance activities relating to workers' compensation. This fund is administered by a third-party administrator. The Property Appraiser makes payments to the Insurance Service Fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2021 was \$20,063. Excess payments are recorded as a designation of retained earnings for catastrophic losses on the books of Leon County. Excess coverage with a commercial carrier is also in force for each claim exceeding \$500,000.

Note 6. Long-Term Liabilities

A summary of the Property Appraiser's liability for compensated absences is as follows:

| | Balance October 1, 2020 | Additions | (Retirements) | Balance September 30, 2021 |
|------------------------------------|--|-------------------|----------------------|---|
| Liability for compensated absences | <u>\$ 666,017</u> | <u>\$ 205,361</u> | <u>\$ (305,902)</u> | <u>\$ 565,476</u> |

Of the \$565,476 liability for accrued compensated absences, management estimates that \$165,166 will be due and payable within one year. The liability is not reported in the financial statements of the Property Appraiser since it is not payable from available resources at September 30, 2021. As discussed in Note 1, the liability is reported on the Statement of Net Position in the Leon County ACFR.

**Property Appraiser
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

Note 7. Fund Balance

The Governmental Accounting Standards Board's Statement No. 54 requires that all fund balances be classified into one of the following categories: Nonspendable, Restricted, Committed, Assigned, and Unassigned. All remaining funds of the Property Appraiser as of the end of the fiscal year are remitted back to the Board as excess fees.

Note 8. Contingencies

Litigation

Various suits and claims arising in the ordinary course of operations are pending against the Property Appraiser. These primarily relate to property assessments within Leon County. The ultimate effect of such litigation cannot be ascertained at this time. In the opinion of management for the Property Appraiser, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of the Property Appraiser or its operations. In the event property assessment claims are resolved in favor of plaintiffs/claimants, such settlements would be funded, if at all, by the Board.

Note 9. Subsequent Events

The Property Appraiser has evaluated subsequent events through March 9, 2022, the date the financial statements were available to be issued.

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

September 30, 2021

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

The Honorable Property Appraiser
Leon County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of the Property Appraiser of Leon County, Florida (Property Appraiser) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Property Appraiser's special-purpose financial statements, and have issued our report thereon dated March 9, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Property Appraiser's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

We have issued a management letter to the Property Appraiser of Leon County, Florida, dated March 9, 2022, 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 9, 2022



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, 2021

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

The Honorable Property Appraiser
Leon County, Florida

We have examined the Property Appraiser of Leon County, Florida's (Property Appraiser) compliance with local government investment policies provided in Section 218.415, *Florida Statutes*, during the year ended September 30, 2021. Management of the Property Appraiser is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

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

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

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 9, 2022



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

Management Letter

September 30, 2021

Management Letter

The Honorable Property Appraiser
Leon County, Florida

Report on the Financial Statements

We have audited the special-purpose financial statements of the Property Appraiser of Leon County, Florida (Property Appraiser), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 9, 2022.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* and Report of Independent Accountants on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Section 218.415, *Florida Statutes* and Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 9, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority for the primary government of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Property Appraiser has no component units.

Financial Management

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

Additional Matters

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

Purpose of this Letter

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



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 9, 2022



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

Special-Purpose Financial Statements

Sheriff
Leon County, Florida

September 30, 2021
with Report of Independent Auditors

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

Sheriff
Leon County, Florida

Special-Purpose Financial Statements

September 30, 2021

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Report of Independent Auditors

The Honorable Sheriff
Leon County, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the governmental funds and fiduciary funds of the Sheriff of Leon County, Florida (Sheriff), as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Sheriff's special-purpose financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each of the governmental funds and the fiduciary funds of the Sheriff of Leon County, Florida, as of September 30, 2021, the changes in financial position thereof and the respective budgetary comparison statement for the general fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the accompanying special-purpose financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying special-purpose financial statements are intended to present the financial position and changes in the financial position of each of the governmental funds and the fiduciary funds, and only that portion that is attributable to the transactions of the Sheriff. They do not purport to, and do not, present fairly the financial position of Leon County, Florida, as of September 30, 2021, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 12 to the special-purpose financial statements, the Sheriff adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during the year ended September 30, 2021. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2022, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters, included under the heading *Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with Government Auditing Standards*. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.



Thomas Howell Ferguson P.A.

Tallahassee, Florida

May 13, 2022



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

Tallahassee, Florida

Sheriff
Leon County, Florida
Balance Sheet
Governmental Funds

September 30, 2021

| | <u>General Fund</u> | <u>Special Grants Fund</u> | <u>Inmate Welfare Fund</u> | <u>Total Governmental Funds</u> |
|-------------------------------------|---------------------|--------------------------------|--------------------------------|---|
| Assets | | | | |
| Cash | \$ 2,985,583 | \$ 331,854 | \$ 2,220,065 | \$ 5,537,502 |
| Investments | 1,249,493 | 0 | 0 | 1,249,493 |
| Accounts receivable | 19,831 | 65,610 | 272,063 | 357,504 |
| Due from other funds | 480,524 | 343,514 | 22,427 | 846,465 |
| Due from other county units | 65,806 | 63,413 | 0 | 129,219 |
| Due from other governments | 115,902 | 343,363 | 0 | 459,265 |
| Inventories | 600,848 | 9,725 | 389 | 610,962 |
| Prepays | 827,873 | 0 | 0 | 827,873 |
| Total assets | <u>\$ 6,345,860</u> | <u>\$ 1,157,479</u> | <u>\$ 2,514,944</u> | <u>\$ 10,018,283</u> |
| Liabilities and fund balance | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 1,011,709 | \$ 15,844 | \$ 29,947 | \$ 1,057,500 |
| Accrued liabilities | 3,626,854 | 0 | 0 | 3,626,854 |
| Deferred revenue | 0 | 387,279 | 0 | 387,279 |
| Due to other funds | 67,530 | 369,684 | 104,936 | 542,150 |
| Due to other county units | 1,639,767 | 0 | 0 | 1,639,767 |
| Due to other governments | 0 | 189 | 0 | 189 |
| Total liabilities | <u>6,345,860</u> | <u>772,996</u> | <u>134,883</u> | <u>7,253,739</u> |
| Fund balance: | | | | |
| Nonspendable | 1,428,721 | 9,725 | 389 | 1,438,835 |
| Restricted | 0 | 111,789 | 0 | 111,789 |
| Assigned | 0 | 262,969 | 2,379,672 | 2,642,641 |
| Unassigned | <u>(1,428,721)</u> | <u>0</u> | <u>0</u> | <u>(1,428,721)</u> |
| Total fund balance | <u>0</u> | <u>384,483</u> | <u>2,380,061</u> | <u>2,764,544</u> |
| Total liabilities and fund balance | <u>\$ 6,345,860</u> | <u>\$ 1,157,479</u> | <u>\$ 2,514,944</u> | <u>\$ 10,018,283</u> |

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

Sheriff
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds

Year Ended September 30, 2021

| | General Fund | Special Grants Fund | Inmate Welfare Fund | Total Governmental Funds |
|--|-------------------------|------------------------------------|--------------------------------|---|
| Revenues | | | | |
| Intergovernmental | \$ 0 | \$ 1,326,964 | \$ 0 | \$ 1,326,964 |
| Charges for services | 1,685,760 | 149,748 | 1,900,674 | 3,736,182 |
| Fines and forfeitures | 0 | 44,348 | 0 | 44,348 |
| Interest | 0 | 0 | 2,796 | 2,796 |
| Miscellaneous | 183,781 | 475,444 | 0 | 659,225 |
| Total revenues | <u>1,869,541</u> | <u>1,996,504</u> | <u>1,903,470</u> | <u>5,769,515</u> |
| Expenditures | | | | |
| Current: | | | | |
| Judicial: | | | | |
| Personnel services | 3,980,441 | 0 | 0 | 3,980,441 |
| Operating | 155,300 | 0 | 0 | 155,300 |
| Total judicial | <u>4,135,741</u> | <u>0</u> | <u>0</u> | <u>4,135,741</u> |
| Public Safety: | | | | |
| Personnel services | 59,779,217 | 436,337 | 746,343 | 60,961,897 |
| Operating | 15,791,385 | 476,467 | 384,064 | 16,651,916 |
| Total public safety | <u>75,570,602</u> | <u>912,804</u> | <u>1,130,407</u> | <u>77,613,813</u> |
| Intergovernmental | 0 | 535,145 | 0 | 535,145 |
| Capital Outlay | <u>2,030,127</u> | <u>693,158</u> | <u>0</u> | <u>2,723,285</u> |
| Total expenditures | <u>81,736,470</u> | <u>2,141,107</u> | <u>1,130,407</u> | <u>85,007,984</u> |
| Excess of revenues over (under) expenditures | <u>(79,866,929)</u> | <u>(144,603)</u> | <u>773,063</u> | <u>(79,238,469)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 81,442,748 | 0 | 0 | 81,442,748 |
| Transfers out | (1,575,819) | 0 | (100,000) | (1,675,819) |
| Total other financing sources (uses) | <u>79,866,929</u> | <u>0</u> | <u>(100,000)</u> | <u>79,766,929</u> |
| Net change in fund balance | 0 | (144,603) | 673,063 | 528,460 |
| Fund balance, at beginning of year | 0 | 529,086 | 1,706,998 | 2,236,084 |
| Fund balance at end of year | <u>\$ 0</u> | <u>\$ 384,483</u> | <u>\$ 2,380,061</u> | <u>\$ 2,764,544</u> |

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

Sheriff
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund

Year Ended September 30, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Charges for services | \$ 1,422,001 | \$ 1,443,953 | \$ 1,685,760 | \$ 241,807 |
| Miscellaneous | 0 | 0 | 183,781 | 183,781 |
| Total revenues | <u>1,422,001</u> | <u>1,443,953</u> | <u>1,869,541</u> | <u>425,588</u> |
| Expenditures | | | | |
| Current: | | | | |
| Judicial: | | | | |
| Personnel services | 3,896,062 | 3,896,062 | 3,980,441 | (84,379) |
| Operating | <u>266,580</u> | <u>266,580</u> | <u>155,300</u> | <u>111,280</u> |
| Total judicial | <u>4,162,642</u> | <u>4,162,642</u> | <u>4,135,741</u> | <u>26,901</u> |
| Public Safety: | | | | |
| Personnel services | 59,483,893 | 59,505,845 | 59,779,217 | (273,372) |
| Operating | <u>16,558,569</u> | <u>16,558,569</u> | <u>15,791,385</u> | <u>767,184</u> |
| Total public safety | <u>76,042,462</u> | <u>76,064,414</u> | <u>75,570,602</u> | <u>493,812</u> |
| Capital Outlay | <u>2,436,651</u> | <u>2,436,651</u> | <u>2,030,127</u> | <u>406,524</u> |
| Total expenditures | <u>82,641,755</u> | <u>82,663,707</u> | <u>81,736,470</u> | <u>927,237</u> |
| Excess of revenues over (under) expenditures | <u>(81,219,754)</u> | <u>(81,219,754)</u> | <u>(79,866,929)</u> | <u>1,352,825</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 81,219,754 | 81,219,754 | 81,442,748 | 222,994 |
| Transfers out | <u>0</u> | <u>0</u> | <u>(1,575,819)</u> | <u>(1,575,819)</u> |
| Total other financing sources (uses) | <u>81,219,754</u> | <u>81,219,754</u> | <u>79,866,929</u> | <u>(1,352,825)</u> |
| Net change in fund balance | 0 | 0 | 0 | 0 |
| Fund balance at beginning of year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund balance at end of year | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> |

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

Sheriff
Leon County, Florida
Statement of Fiduciary Net Position -
Custodial Funds

September 30, 2021

Assets

| | |
|-----------------------------|----------------------------|
| Cash | \$ 1,029,964 |
| Accounts receivable | 395 |
| Due from other governments | 11,420 |
| Due from other funds | 17,976 |
| Due from other county units | 0 |
| Total assets | <u><u>\$ 1,059,755</u></u> |

Liabilities

| | |
|---------------------------|-----------------------|
| Accounts payable | \$ 14,619 |
| Due to other funds | 322,291 |
| Due to other county units | 122,995 |
| Due to other governments | 13,406 |
| Deposits | 6,262 |
| Total liabilities | <u><u>479,573</u></u> |

Net Position

| | |
|---|----------------------------|
| Restricted for: | |
| Individuals, organizations, and other governments | <u>580,182</u> |
| Total net position | <u>580,182</u> |
| Total liabilities and net position | <u><u>\$ 1,059,755</u></u> |

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

Sheriff
Leon County, Florida
Statement of Changes in Fiduciary Net Position -
Custodial Funds

Year Ended September 30, 2021

| | |
|---|--------------------------|
| Additions: | |
| Inmate Funds Collected | \$ 838,289 |
| Contracts and Other Miscellaneous Collected | 3,983,000 |
| Evidence Monies Collected | 280,581 |
| Fines and Forfeitures Fees Collected | <u>2,038,668</u> |
| Total additions | <u>7,140,538</u> |
| Deductions | |
| Inmate Funds Disbursed | 809,517 |
| Contracts and Other Miscellaneous Disbursed | 3,982,350 |
| Evidence Monies Disbursed | 126,989 |
| Fine and Forfeiture and Fees Disbursed | <u>2,038,668</u> |
| Total deductions | <u>6,957,524</u> |
| Net increase (decrease) in fiduciary net position | 183,014 |
| Beginning Net Position | 0 |
| Prior Period Adjustment | <u>397,168</u> |
| Beginning Net Position, Restated | <u>397,168</u> |
| Ending Net Position | <u><u>\$ 580,182</u></u> |

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

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2021

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Sheriff operates as a County agency and an elected Constitutional Officer of Leon County (the County) pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Sheriff is a separate constitutional officer as provided by Chapter 218, *Florida Statutes*. Leon County is a charter county, which allows for the same powers and duties as provided by the *Constitution of the State of Florida* and *Florida Statutes*. However, in certain instances, the charter either alters or expands the powers of the elected officials via voter referendum. The Sheriff is considered to be a part of the primary government of Leon County, Florida, and is included in the Leon County government-wide annual financial statements. The financial statements contained herein represent the financial transactions of the Sheriff only.

The accounting policies of the Sheriff conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

Basis of Presentation

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

Description of Funds

The financial activities of the Sheriff are recorded in separate funds, which are categorized and described as follows:

Governmental Fund Types

- *General Fund* — The General Fund is the general operating fund of the Sheriff. This fund is used to account for all financial transactions not required to be accounted for in another fund.
- *Special Grants Fund* — To account for various law enforcement grants and the proceeds of specific revenue sources that are legally restricted to expenditures for specific law enforcement purposes.
- *Inmate Welfare Fund* — To account for the operations related to various rehabilitative programs and other expenditures related to inmate welfare.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Description of Funds (continued)

Fiduciary Fund Types

- *Custodial Funds* — These funds are used to account for assets held by the Sheriff as an agent, including prisoner housing, work release and warrant fees which are remitted to other governmental agencies, restitution, forfeitures and other collections which are remitted to third parties, employee contributions to be used for designated purposes and prisoner deposits which are expended on their personal effects.

Basis of Accounting

Basis of accounting refers to the method by which revenues and expenditures are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Governmental Funds are maintained on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they are received in cash or when they are considered both measurable and available and as such, are susceptible to accrual. Expenditures are recorded when the liability is incurred and/or will be paid from expendable available financial resources. The accounts of the Custodial Funds are reported using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

The Sheriff considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. There are essentially two types of revenue when applying the “susceptible to accrual” concept to intergovernmental revenues. Primarily all grant revenues are recognized on the basis of expenditures incurred for the specific purpose or project. Other revenues are generally unrestricted and are revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if measurable and available to finance expenditures of the current period. The following major revenues are considered susceptible to accrual: charges for services, intergovernmental revenues, grant revenues expended on a cost reimbursement basis, and interest earned.

Budgets and Budgetary Accounting

Section 30.49, *Florida Statutes*, governs the preparation, adoption and administration of the Sheriff’s annual budget. Line item expenditures in excess of budget are authorized to the extent that total expenditures do not

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

exceed total budgeted expenditures at the fund level. An annual budget is adopted for the General Fund, while the Special Grants Fund adopts project-specific budgets, and the Inmate Welfare Fund is not budgeted. Appropriations lapse at the close of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, reflect all approved amendments.

Investments

Investments in external pools that follow SEC Rule 2a-7 regulations are reported at amortized cost, which approximates fair value.

Inventories

Inventories consist of supplies and are stated at the lower of cost or market, determined on a first-in, first-out basis. The consumption method is used for all funds whereby the cost is recorded as an expenditure at the time of issuance to the user department.

Capital Assets

The Sheriff is accountable for and thus maintains capital asset records pertaining to the equipment used in his operations. Real property used by the Sheriff is accounted for by the Board of County Commissioners (Board), as the Board holds legal title and is accountable for such assets under Florida law.

Capital assets purchased in the governmental fund types costing \$1,000 or more and having a useful life in excess of one year are recorded as capital outlay expenditures at the time of purchase. The tangible personal property used by the Sheriff is reported as capital assets, at cost, in the Statement of Net Position in the government-wide financial statements of Leon County, Florida. Donated and confiscated capital assets are recorded in the County's Statement of Net Position at fair value at the time received. Capital assets are depreciated using the straight-line method over 5 to 20 years. Depreciation expense is recorded in the Statement of Activities in the government-wide financial statements of Leon County, Florida.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Liability for Compensated Absences

Permanent full-time employees receive annual vacation and sick leave and compensatory leave based on policies determined by the Sheriff.

- a. Annual leave is earned biweekly as follows:

| <u>Years of Service</u> | <u>Hours</u> |
|-----------------------------|--------------|
| First 5 | 3.75 |
| 5-10 | 4.75 |
| 10-15 | 5.75 |
| 15-20 | 6.50 |
| 20 or more | 7.50 |

Accumulated annual leave balances shall be limited based on years of service as follows:

| <u>Years of Service</u> | <u>Hours</u> |
|-----------------------------|--------------|
| First 10 | 240 |
| 10-20 | 360 |
| 20 or more | 500 |

An employee's total annual leave may exceed the annual limit during a calendar year, but will be reduced to the above limited hours on the first pay period for the following year. Any annual leave balances in excess of the authorized limits shall be transferred to their sick leave on an hour-for-hour basis. Employees who have reached permanent status and who separate in good standing shall be paid for the accrued time at their current rate of pay, not to exceed the limitations noted above.

Senior Management Service members shall receive 195 hours credited to their annual leave balance upon initial hire date and on the first pay period of each fiscal year. If a Senior Management Service staff member separates from the agency, the annual leave balance or final compensation will be reduced by the prorated amount.

- b. Each employee earns 3.75 hours of sick leave biweekly that may be accumulated without limits. Accrued sick leave is paid out upon separation of service, based on the following percentages:

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Liability for Compensated Absences (continued)

| | |
|-----------------------------|------|
| First 5 Years of Service | 0% |
| 5-20 Years of Service | 25% |
| 20 or More Years of Service | 50% |
| Death of Employee | 75% |
| Death (in the line of duty) | 100% |

- c. An employee may also accumulate up to 240 hours of compensatory leave in addition to earned annual and sick leave. Any employee who terminates shall be paid for all accrued compensatory leave at their current rate of pay.

The Sheriff uses the vesting method to calculate the liability for compensated absences. The Sheriff does not, nor is he legally required to, accumulate expendable available financial resources to liquidate these obligations. Accordingly, the liability for compensated absences is not reported in the Sheriff's General Fund, but is included in the Statement of Net Position in the government-wide financial statements of Leon County, Florida.

Other Postemployment Benefits

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

Transfers In and Out

The Board funds the majority of the operating budget of the Sheriff. The payments by the Board to fund the operations of the Sheriff are recorded as transfers in on the financial statements of the Sheriff. In accordance with *Florida Statutes*, the Sheriff distributes all general fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year. These excess fees are reported as a liability and as operating transfers out to the Board on the financial statements of the Sheriff.

Common Expenses

Certain expenses for occupancy costs, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Sheriff.

Fund Balances

Fund Balance is the difference between assets and liabilities on the governmental fund statements.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

For financial reporting purposes, the County has a financial policy that defines the different 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 have externally imposed restrictions by resource providers, creditors, grantors, contributors, voters, inter-local agreements, or enabling legislation.

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

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

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

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

Note 2. Cash and Investments

As of September 30, 2021, the Sheriff had the following in cash and investments:

| | <u>Carrying Amount</u> |
|---|-----------------------------------|
| Cash on Hand | \$ 300 |
| Deposits in Qualified Public Depositories | 6,567,166 |
| FLCLASS Investment Pool | <u>1,249,493</u> |
| Total Cash and Investments | <u><u>\$ 7,816,959</u></u> |

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2021

Note 2. Cash and Investments (continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The Sheriff is authorized to invest in all state-approved investments identified in Section 218.415(17), *Florida Statutes*, which include:

1. The Florida PRIME (formerly the Local Government Surplus Funds Trust Fund), or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969;
2. Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally-recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories;
4. Direct obligations of the U.S. Treasury.

The Sheriff's investment policies are guided by Section 219.075, *Florida Statutes* - Investment of Surplus Funds by County Officers and Section 218.415, *Florida Statutes* - Local Government Investment Policies. The Sheriff has no investment policy that would further limit its investment choices.

Florida Cooperative Liquid Assets Securities System (FLCLASS) is an external local government investment pool created by interlocal agreement under Section 163.01, *Florida Statutes*. FLCLASS is managed by Public Trust Advisors, LLC and the trust's investments are held in custody by Wells Fargo Bank, N.A. The pool is supervised by an appointed Board of Trustees comprised of eligible participants of the program. The Board acts as the liaison between the participant, the custodian, and the program administrator. The fund is an S&P AAAM rated money market product offering a fiscally conservative diversification option for Florida local governments. The objective of the fund is to provide investors with liquidity, stable share price and as high a level of current income as is consistent with preservation of principal and liquidity. The weighted average days of maturity of the FLCLASS at September 30, 2021 is 47 days. Investments in the FLCLASS are not evidenced by securities that exist in physical or book entry form. The fair value of the Sheriff's position in the pool approximates the value of the pool shares. At September 30, 2021, the Sheriff had \$1,249,493 invested with the FLCLASS.

Custodial Credit Risk

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

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2021

Note 2. 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 custodians with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Sheriff's deposits are therefore considered fully insured or collateralized. Bank balances at September 30, 2021, were \$7,388,207. The investments in the FLCLASS investment pool are not classified as to custodial risk since the investments are not evidenced by securities that exist in physical or book entry form. There were no losses during the period due to default by counterparties to investment transactions.

Note 3. Capital Assets

As discussed in Note 1, tangible personal property used by the Sheriff in operations is reported in the government-wide financial statements of Leon County, Florida. A summary of the changes in capital assets for the year ended September 30, 2021 follows:

| | Balance October 1, 2020 | Additions | (Retirements) | Balance September 30, 2021 |
|------------------------|--|---------------------|-----------------------|---|
| Vehicles and equipment | <u>\$ 37,946,382</u> | <u>\$ 2,785,592</u> | <u>\$ (1,536,483)</u> | <u>\$ 39,195,491</u> |

Note 4. Long-Term Liabilities

A summary of changes in the long-term liabilities of the Sheriff follows:

| | Balance October 1, 2020 | Additions | (Retirements) | Balance September 30, 2021 |
|------------------------------------|--|---------------------|-----------------------|---|
| Liability for compensated absences | <u>\$ 9,232,330</u> | <u>\$ 5,995,225</u> | <u>\$ (4,976,357)</u> | <u>\$ 10,251,198</u> |

Of the \$10,251,198 liability for accrued compensated absences, management estimates that \$3,308,430 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Sheriff since they are not payable from available resources at September 30, 2021. As discussed in Note 1, they are reported in the Statement of Net Position as part of the government-wide financial statements of Leon County, Florida.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2021

Note 5. Employees' Retirement Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As described in Note 1, the financial statements of the Sheriff are fund statements considered to be special-purpose financial statements consistent with accounting practices by the Auditor General, State of Florida. Accordingly, the net pension liability is included at the county-wide financial statement level rather than in these special-purpose financial statements.

All full-time and permanent part-time employees of the Sheriff are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans, including a defined benefit pension plan (Pension Plan), which is primarily a cost-sharing multiple-employer defined benefit public employee pension plan.

Information as to benefits, contribution rates and vesting requirements by membership category, is provided in the Leon County, Florida Annual Comprehensive Financial Report. Contributions and benefits are established by Section 121.71, *Florida Statutes*.

Participating employer contributions are based upon actuarially determined blended rates established by the State Legislature, that expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Employees who are not participating in the Deferred Retirement Option Program are required to contribute three percent (3%) of their gross compensation to the FRS.

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

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2021, the contribution rate was 1.66 percent of payroll, pursuant to Section 112.363, *Florida Statutes*.

The total employer retirement contributions paid for the years ended September 30, 2021, 2020 and 2019 were \$9,573,896, \$8,866,396, and \$8,484,589, respectively, which is equal to the required contribution for each year.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2021

Note 5. Employees' Retirement Plan (continued)

The Pension Plan and the HIS Program are administered by the State of Florida, Department of Management Services, Division of Retirement. The Division of Retirement issues a publicly available FRS Annual Report that includes financial statements and required supplementary information for these plans. That report may be obtained by writing to the Division of Retirement, Post Office Box 9000, Tallahassee Florida 32399-9000, or on the website located at www.DMS.myflorida/workforce_operations/retirement/publications.

Note 6. Other Postemployment Benefits

The Sheriff participates in an agent multiple-employer plan administered by the County, under which qualified retired employees and their spouses are permitted to participate in the health and life insurance benefits program (the Program). Retired employees and their spouses for their lifetime are eligible for continuation of the benefits offered to active employees and are responsible for paying the required premium contributions. The Program may be amended by the Board. A stand alone financial report is not issued for the Program. As described in Note 1, the Sheriff is an elected Constitutional Officer of the County. The annual OPEB obligation of constitutional officers is recognized in the government-wide financial statements of the County.

Note 7. Other Required Individual Fund Disclosures

Individual fund interfund receivable and payable balances at September 30, 2021, were:

| | <u>Receivable</u> | <u>Payable</u> |
|---------------------|-------------------|-------------------|
| General Fund | \$ 480,524 | \$ 67,530 |
| Special Grants Fund | 343,514 | 369,684 |
| Inmate Welfare Fund | 22,427 | 104,936 |
| Custodial Funds | 17,976 | 322,291 |
| | <u>\$ 864,441</u> | <u>\$ 864,441</u> |

Interfund balances in the Governmental Funds primarily represent repayments due from the funds responsible for particular expenditures to the funds that initially paid for them. Interfund balances in the Custodial Funds primarily represent collections from the Inmate Fund that are to be remitted to other governmental entities. Interfund balances are due and payable within one year.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2021

Note 8. Risk Management

Professional Liability

The Sheriff is currently a member of the Florida Sheriffs' Association and participates in the Florida Sheriffs' Self-Insurance Fund. The Self-Insurance Fund administers insurance activities related to professional liability and covers compensatory damages (except back pay), employment benefits, punitive damages, attorney fees or costs awarded to a prevailing Plaintiff, and all legal fees involved in defense of the Sheriff. The contribution required for the year ended September 30, 2021 was \$599,636.

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

Automobile Liability

As a member of the Florida Sheriff's Association, the Sheriff participates in the Sheriffs' Automobile Risk Program (SHARP) for automobile liability insurance. Coverage includes liability for bodily injury and property damage, personal injury protection, auto medical payments, bodily injury for uninsured motorists and physical damage. Coverage for physical damage is also maintained on certain vehicles. The contribution required for the year ended September 30, 2021 was \$336,849.

Workers' Compensation

The Sheriff participates in the Leon County Insurance Service Fund, which accounts for self-insurance activities relating to workers' compensation. This fund is administered by a third-party administrator. The Sheriff makes payments to the Insurance Service Fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2021 was \$925,997. Excess payments are recorded as a designation of net position for catastrophic losses on the books of Leon County. Excess coverage with a commercial carrier is also in force for each claim exceeding \$500,000.

Note 9. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. There were no encumbrances at September 30, 2021.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2021

Note 10. Commitments and Contingencies

A. Operating Leases

The Sheriff is committed to various operating leases for certain office and radio equipment. Operating leases are generally defined as leases that do not transfer benefits and risks of ownership to the lessee. For the year ended September 30, 2021, total rental and equipment lease expenses were \$346,094. Following is a schedule of future minimum lease payments under the equipment leases as of September 30:

| | |
|-------------------------------------|--------------------------|
| 2022 | \$ 54,147 |
| 2023 | 34,790 |
| 2024 | <u>11,976</u> |
| Total future minimum lease payments | <u><u>\$ 100,913</u></u> |

B. Litigation

At September 30, 2021, there were certain claims and legal actions pending against the Sheriff from the normal course of operations. The outcome of these claims and actions is not presently determinable.

At September 30, 2021, there were various other claims and legal actions pending against the Sheriff. These claims are covered through the Sheriff's participation in the Florida Sheriffs' Self-Insurance Fund. In the opinion of the Sheriff's legal counsel, the liabilities which may arise from such actions would be adequately covered by the Self-Insurance Fund.

C. Long-Term Contracts

TSR System Agreement

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

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2021

Note 10. Commitments and Contingencies (continued)

C. Long-Term Contracts (continued)

Aramark Agreement

On August 23, 2018, the Sheriff and Aramark entered into an Agreement which granted Aramark the exclusive rights to provide food and commissary services for the inmates, staff and visitors at the Leon County Detention Facility. The Agreement commenced starting October 1, 2018, and will continue through September 30, 2022 with the ability to renew the Agreement for four additional one-year periods. As part of the Agreement, Aramark agreed to make a financial commitment to the Sheriff in the amount of \$600,000, which was received in August 2018, for the purchase and installation of mutually agreed food service equipment and other improvements to the kitchen and dining facility. For the year ended September 30, 2021, total equipment and improvement expenses were \$97,043. If the Agreement expires or is terminated for any reason by either party prior to the complete amortization of the financial commitment, the Sheriff shall be obligated to reimburse the unamortized balance plus interest on such accounts at the Prime Rate plus two percentage points per annum, compounded monthly from the date of termination or expiration, until the date paid.

Axon Agreement

On May 8, 2019, the Sheriff entered into an agreement with Axon Enterprises, Inc. to replace and upgrade all of the agency's tasers. The agreement commenced October 1, 2019 and will continue through April 1, 2024. The agreement provided for replacement of all of the Sheriff's tasers and related equipment, as well as provide ongoing employee training and certification, data and software support, and warranty replacement for any malfunctioning or damaged equipment. The total cost for the equipment and services is approximately \$2.318 million to be paid over the term of the agreement corresponding with annual scheduled deliverables. Payments are to be made at the beginning of each fiscal year in the amount of \$472,070 for the first four years and \$430,120 in the fifth and final year. For the year ended September 30, 2021, the Sheriff paid and expended \$472,070 for equipment and services received under this agreement, leaving a balance due to Axon of approximately \$1.374 million for goods and services to be provided over the remaining term of the agreement.

Note 11. Consolidated Dispatch Agency

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

The governing body of the CDA consists of the City of Tallahassee City Manager, the Leon County Administrator and the Leon County Sheriff, hereinafter called the Council. The City and County shall fund the CDA budget

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2021

Note 11. Consolidated Dispatch Agency (continued)

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 County, 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.

Note 12. Change in Accounting Principle

The Sheriff implemented GASB Statement No. 84 Fiduciary Activities, as of October 1, 2020. This statement establishes criteria for identifying fiduciary activities for all state and local governments. In accordance with the provisions of GASB Statement No. 84, net position was restated to reflect the balances of funds held on behalf of other organizations and beneficiaries as a custodial fund. Balances previously reported in the Sheriff's financial statements as of October 1, 2020, have been restated to report deposits held for third party beneficiaries where the government has not been compelled to release the funds are now reported as Net Position. This resulted in a decrease in amounts reported as deposits and an increase in the amounts reported as restricted net position of \$397,168 as of October 1, 2020.

Note 13. Subsequent Events

The Sheriff has evaluated subsequent events through May 13, 2022, the date the special-purpose financial statements were available to be issued. No subsequent events were identified that required disclosure.

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, 2021

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

The Honorable Sheriff
Leon County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of the Sheriff of Leon County, Florida (Sheriff) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Sheriff's special-purpose financial statements, and have issued our report thereon dated May 13, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

We have issued a management letter to the Sheriff of Leon County, Florida, dated May 13, 2022, presenting certain required disclosures and comments pursuant to the *Rules of the Auditor General*, Chapter 10.550.



Thomas Howell Ferguson P.A.

Tallahassee, Florida

May 13, 2022



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, 2021

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

The Honorable Sheriff
Leon County, Florida

We have examined the Sheriff of Leon County, Florida's (Sheriff) compliance with local government investment policies provided in Section 218.415, *Florida Statutes*, during the fiscal year ended September 30, 2021. Management of the Sheriff is responsible for the Sheriff's compliance with the specified requirements. Our responsibility is to express an opinion on the Sheriff's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Sheriff complied in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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



Thomas Howell Ferguson P.A.
Tallahassee, Florida
May 13, 2022



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

Management Letter

September 30, 2021

Management Letter

The Honorable Sheriff
Leon County, Florida

Report on the Financial Statements

We have audited the special-purpose financial statements of the Sheriff of Leon County, Florida (Sheriff), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated May 13, 2022.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* and Report of Independent Accountants on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Section 218.415, *Florida Statutes*, and Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 13, 2022, 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.

2020-001 Traffic Unit Cash Receipts

Corrective action for this recommendation is in progress. During the current year, it was noted that management made some progress on implementing corrective action policies and procedures to mitigate the risk of financial reporting misstatements. This corrective action is ongoing as of May 13, 2022 and as a result, this is the second consecutive year this specific recommendation is reported. See current year recommendation 2021-001.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority for the primary government of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Sheriff has no component units.

Financial Management

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

2021-001 Traffic Unit Cash Receipts

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: We noted that a single employee in the Traffic Unit is responsible for preparing invoices to towing wrecker operators. This includes invoices for monthly tow fees, initial background checks, and yearly fees for operator registration, badges and truck decals. QuickBooks accounting software is used to generate these invoices. The same employee is responsible for receiving payments, both through the mail and in person at the LCSO office, from the towing wrecker operators. Invoices are adjusted and receipts of cash and checks are applied against the invoices in QuickBooks. An invoice and statement are then generated from QuickBooks showing the invoice amount, payments applied, and any remaining balance. The Traffic Unit employee is to provide a copy of the original invoice, any customer invoice markups or customer email comments, an adjusted invoice marked paid, and a statement with the cash and checks to the Fiscal Unit for preparation of the deposit slip. A cash receipt number is assigned and stamped on the support by the Fiscal Unit for recording and tracking in Banner. A receipt from a tri-copy cash receipts booklet is to be generated by the Traffic Unit for in-person payments. During the current year, the Sheriff updated the documented procedures related to the cash receipts process, however, for cash receipts generated after the improved procedures were documented, it was noted that 1) not all cash receipt support identified in the documented process was present, 2) an instance was noted of cash received in person with no corresponding cash receipt from the booklet provided to the customer, and 3) cash receipts produced from the booklet were not signed by the customer.

There are also minimal controls and oversight over the QuickBooks file. During the current year, the following modifications to the QuickBooks software were put in place: 1) the ability to delete invoices was removed, 2) the audit trail tracking feature was activated, and 3) password protection has been implemented with administrator access rights over the ability to make changes to the QuickBooks software features, and this administrator is independent from the Traffic Unit receipts process. While these modifications implemented some controls over the data in the QuickBooks file, there was no one monitoring the audit trail reports, and this could still allow for the alteration of invoices to go undetected.

Cause: The controls relating to the achievement of objectives for operations and financial reporting are not properly designed and/or implemented. The component of internal control that is believed to be inadequate is Control Activities, which includes incomplete or conflicting policies and procedures. The procedures in place during the audit period were improved from the prior audit period, but still require improvement to mitigate the risk of misstatement for future reporting periods. Specific control activities found not to be present include dual control of cash receipts in the Traffic Unit, lack of a cash receipt provided to the towing wrecker operators, lack of segregation of duties due to a single employee having access to both assets (cash receipts) and records (QuickBooks), and the lack of sufficient controls over documents and records, including controls to prevent or detect the alteration of QuickBooks invoices.

Effect or Potential Effect: Incomplete or conflicting financial policies and procedures and the lack of controls could lead to differences in the performance of certain financial reporting tasks, which increases the risk of fraud and financial reporting misstatements.

Recommendation: Management should further review and revise its internal policies and procedures over the cash receipt and deposit process, ensure that they are properly designed, and evaluate whether the designed controls are performed as intended. Management should further review the duties and responsibilities required of the Leon County Sheriff's Office personnel and add or cross train personnel as necessary to achieve appropriate segregation of duties and oversight, and communicate resulting policy modifications to all units and staff that handle cash receipts. Additionally, the QuickBooks administrator or designee should periodically review the audit trail for changes logged, and select entries to test back to source documents.

Management's Response: *Management is evaluating internal controls, policies and all procedures related to the Traffic Unit cash receipts and deposits to ensure proper segregation of duties and oversight. In addition, management will partner with the agency's IT department to evaluate the controls and authorization rights within the QuickBooks software to ensure that no one employee has sole custody and control of the software and develop a process for reviewing the audit log. Furthermore, management will continue to enhance the process in the upcoming year to ensure new procedures and policies are communicated and adequate training provided.*

Additional Matters

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

Purpose of this Letter

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



Thomas Howell Ferguson P.A.

Tallahassee, Florida

May 13, 2022



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

Tallahassee, Florida

Special-Purpose Financial Statements

Supervisor of Elections
Leon County, Florida

*Year Ended September 30, 2021
with Report of Independent Auditors*

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

**Supervisor of Elections
Leon County, Florida**

Special - Purpose Financial Statements

**Year Ended September 30, 2021
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Report of Independent Auditors

To the Honorable Supervisor of Elections
Leon County, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the governmental funds (General Fund and Grants Fund) of the Supervisor of Elections of Leon County, Florida, (the Supervisor of Elections) as of and for the year ended September 30, 2021, and the related notes to the special-purpose financial statements, which collectively comprise the Supervisor of Elections' special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each of the governmental funds of the Supervisor of Elections of Leon County, Florida as of September 30, 2021, and the respective changes in financial position thereof, and the respective budgetary comparison statements of the General Fund and Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the accompanying special-purpose financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying special-purpose financial statements are intended to present the financial position and the changes in financial position of only that portion that is attributable to the transactions of the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Leon County, Florida, as of September 30, 2021, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2022, on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters included under the heading 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Supervisor of Elections' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 10, 2022



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

**Supervisor of Elections
Leon County, Florida
Balance Sheet - Governmental Funds
September 30, 2021**

| | General Fund | Grants Fund | Total Governmental Funds |
|-------------------------------------|-------------------------|--------------------|---|
| Assets | | | |
| Cash | \$ 363,683 | \$ 0 | \$ 363,683 |
| Prepays | 18,019 | 0 | 18,019 |
| Total Assets | \$ 381,702 | \$ 0 | \$ 381,702 |
| Liabilities and fund balance | | | |
| Liabilities: | | | |
| Accounts payable | \$ 37,940 | \$ 0 | \$ 37,940 |
| Due to other county units | 328,362 | 0 | 328,362 |
| Accrued liabilities | 15,400 | 0 | 15,400 |
| Total liabilities | 381,702 | 0 | 381,702 |
| Fund balance: | | | |
| Nonspendable | 18,019 | 0 | 18,019 |
| Unassigned | (18,019) | 0 | (18,019) |
| Total fund balance | 0 | 0 | 0 |
| Total liabilities and fund balances | \$ 381,702 | \$ 0 | \$ 381,702 |

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

**Supervisor of Elections
Leon County, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2021**

| | General Fund | Grants Fund | Total Governmental Funds |
|---|-------------------------|------------------------|---|
| Revenues | | | |
| Charges for services | \$ 17,334 | \$ 0 | \$ 17,334 |
| Grant | 0 | 1,437,386 | 1,437,386 |
| Total revenues | <u>17,334</u> | <u>1,437,386</u> | <u>1,454,720</u> |
| Expenditures | | | |
| Current: | | | |
| General government: | | | |
| Personnel services | 2,578,159 | 93,332 | 2,671,491 |
| Operating | 1,568,848 | 949,623 | 2,518,471 |
| Capital outlay | 0 | 394,431 | 394,431 |
| Total expenditures | <u>4,147,007</u> | <u>1,437,386</u> | <u>5,584,393</u> |
| Excess of revenues over (under) expenditures | <u>(4,129,673)</u> | <u>0</u> | <u>(4,129,673)</u> |
| Other financing sources (uses) | | | |
| Transfers in | 4,458,035 | 0 | 4,458,035 |
| Transfers out | (328,362) | 0 | (328,362) |
| Total other financing sources (uses) | <u>4,129,673</u> | <u>0</u> | <u>4,129,673</u> |
| Net change in fund balances | 0 | 0 | 0 |
| Fund balances at beginning of year | 0 | 0 | 0 |
| Fund balances at end of year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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

**Supervisor of Elections
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual -General Fund
Year Ended September 30, 2021**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Charges for services | \$ 0 | \$ 0 | \$ 17,334 | \$ 17,334 |
| Total revenues | <u>0</u> | <u>0</u> | <u>17,334</u> | <u>17,334</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Personnel services | 2,564,012 | 2,650,312 | 2,578,159 | 72,153 |
| Operating | <u>1,894,023</u> | <u>1,807,723</u> | <u>1,568,848</u> | <u>238,875</u> |
| Total expenditures | <u>4,458,035</u> | <u>4,458,035</u> | <u>4,147,007</u> | <u>311,028</u> |
| Excess of revenues (under) over expenditures | <u>(4,458,035)</u> | <u>(4,458,035)</u> | <u>(4,129,673)</u> | <u>328,362</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 4,458,035 | 4,458,035 | 4,458,035 | 0 |
| Transfers out | <u>0</u> | <u>0</u> | <u>(328,362)</u> | <u>(328,362)</u> |
| Total other financing sources (uses) | <u>4,458,035</u> | <u>4,458,035</u> | <u>4,129,673</u> | <u>(328,362)</u> |
| Net change in fund balance | 0 | 0 | 0 | 0 |
| Fund balance at beginning of year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund balance at end of year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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

**Supervisor of Elections
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Grants Fund
Year Ended September 30, 2021**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Grant | \$ 0 | \$ 1,437,386 | \$ 1,437,386 | \$ 0 |
| Total revenues | <u>0</u> | <u>1,437,386</u> | <u>1,437,386</u> | <u>0</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Personnel services | 0 | 93,331 | 93,332 | (1) |
| Operating | 0 | 870,370 | 949,623 | (79,253) |
| Capital outlay | <u>0</u> | <u>473,685</u> | <u>394,431</u> | <u>79,254</u> |
| Total expenditures | <u>0</u> | <u>1,437,386</u> | <u>1,437,386</u> | <u>0</u> |
| Excess of revenues over (under) expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net change in fund balance | 0 | 0 | 0 | 0 |
| Fund balance at beginning of year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund balance at end of year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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

**Supervisor of Elections
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Supervisor of Elections is an elected Constitutional Officer of Leon County, Florida, pursuant to Article VIII, Section (1) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Supervisor of Elections is a separate constitutional officer as provided by Chapter 218, *Florida Statutes*. Leon County is a charter county which allows for the same powers and duties as provided by the Constitution of the State of Florida and *Florida Statutes*. However, in certain instances, the charter either alters or expands the powers of the elected officials via voter referendum. The Supervisor of Elections is considered to be a part of the primary government of Leon County, Florida, and is included in the Leon County, Florida Annual Comprehensive Financial Report (Leon County ACFR). The financial statements contained herein represent the financial transactions of the Supervisor of Elections only.

The accounting policies of the Supervisor of Elections conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant policies:

Basis of Presentation

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

Description of Funds

The financial activities of the Supervisor of Elections are recorded in the following funds:

Governmental Fund Type

- General Fund - The General Fund is the general operating fund of the Supervisor of Elections. This fund is used to account and report for all financial transactions not required to be accounted for in another fund.
- Grants Fund - The Grants Fund is a special revenue fund, used to account for grants awarded to the Supervisor of Elections. This fund also includes the corresponding county matching funds for the grants when required.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements have been prepared using the modified accrual basis of accounting for all governmental funds. Accordingly, revenues are recognized when measurable and available to pay liabilities of the current period. Expenditures are generally recorded when the liability is incurred and/or will be paid from expendable available financial resources.

The Supervisor of Elections considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. In accordance with that definition, charges for services and interest earned are considered to be susceptible to accrual.

Supervisor of Elections
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the *Florida Statutes*. A budget is adopted for the governmental funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Supervisor of Elections. Appropriations lapse at the end of the fiscal year to the extent they have not been expended.

The budgeted revenues and expenditures in the accompanying budgetary comparison statement reflect all approved amendments.

Section 218.35, *Florida Statutes*, governs the preparation, adoption, and administration of the Supervisor of Elections' annual budget. The Supervisor of Elections establishes an annual budget for its office which clearly reflects the revenues available to the office and the functions for which the money is to be expended.

The annual budgetary data reported for the general fund are adopted on a basis consistent with accounting principles generally accepted in the United States and represent the Supervisor of Elections' adopted budget, the original appropriation ordinance, and budget amendments approved by the Supervisor of Elections or as adopted by the Leon County Board of County Commissioners.

Prepaid Expense

The Supervisor of Elections uses the consumption method of accounting, whereby the costs of expendable software licenses are expensed over the life of the agreements.

Capital Assets

Capital assets purchased in the governmental fund are recorded as expenditures (capital outlay) at the time of purchase. The Supervisor of Elections does not maintain fixed asset records. The tangible personal property used by the Supervisor of Elections is reported as capital assets, at cost, in the Statement of Net Position in the Leon County ACFR.

Liability for Compensated Absences

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

Other Postemployment Benefits

The Supervisor of Elections, through Leon County, offers retiree medical and life insurance benefits for the qualifying Supervisor of Elections employees that have retired from a Florida Retirement System (FRS) pension plan. The premium associated with these benefits is paid by the qualifying employee.

**Supervisor of Elections
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Related Organizations - Common Expenses

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

- Occupancy Costs
- Utilities (except telephone)
- Janitorial service

In addition, the Supervisor of Elections shares a FEIN with the BOCC who provides high-level support in human resources and accounting functions. This partnership eliminates the need to fund separate staffing and infrastructure for HR and Finance departments at the Supervisor of Elections.

Note 2. Cash

Cash consists of cash on hand and bank balances. At September 30, 2021, the carrying amount of the Supervisor of Elections' deposits was \$363,683. Deposits in excess of federal depository insurance are covered by deposits held in banks that are members of the State of Florida's Collateral Pool.

Note 3. Compensated Absences

As discussed in Note 1, the liability associated with compensated absences is reported at the county-wide financial statement level. A summary of the Supervisor of Elections' liability for compensated absences included in the Leon County ACFR is as follows:

| | Balance October 1, 2020 | Additions | (Retirements) | Balance September 30, 2021 |
|------------------------------------|-------------------------------|-------------------|---------------------|----------------------------------|
| Liability for compensated absences | <u>\$ 413,776</u> | <u>\$ 239,359</u> | <u>\$ (432,331)</u> | <u>\$ 220,804</u> |

Of the \$220,804 liability for accrued compensated absences, management estimates \$104,727 will be due and payable within one year. The liability is not reported in the financial statements of the Supervisor of Elections since it is not payable from available resources at September 30, 2021.

Note 4. Risk Management

The Supervisor of Elections obtains workers' compensation insurance coverage through a commercial carrier.

Supervisor of Elections
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

Note 5. Employees' Retirement Plan

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

All full-time employees of the Supervisor of Elections, except those excluded pursuant to Section 121.4501, *Florida Statutes*, are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans and programs, including a defined benefit pension plan (Pension Plan), which is primarily a cost-sharing, multiple-employer defined benefit public-employee pension plan. Information as to benefits, contribution rates, and vesting requirements by membership category is provided in the Leon County ACFR. Contributions and benefits are established in Section 121.71, *Florida Statutes*.

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

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

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2021, the contribution rate was 1.66% of payroll pursuant to Section 112.363, *Florida Statutes*.

The total retirement contributions for the fiscal years ended September 30, 2021, 2020, and 2019 were \$366,376, \$343,695 and \$295,431, respectively, which is equal to the required contribution for each year.

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

**Supervisor of Elections
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

Note 6. Other Postemployment Benefits

Plan Description

The Supervisor of Elections participates in an agent multiple-employer plan administered by Leon County, Florida (the County) under which qualified retired employees are permitted to participate in the health and life insurance benefits program (the Program). The Program may be amended by the Board of County Commissioners. A stand alone financial report is not issued for the Program. As described in Note 1, the Supervisor of Elections is an elected Constitutional Officer of the County. The financial statements of the Supervisor of Elections are fund statements considered to be special-purpose financial statements consistent with accounting practices by the Auditor General, State of Florida. Accordingly, the annual OPEB obligation of Constitutional Officers is recognized in the Leon County ACFR rather than in these Special-Purpose Financial Statements.

Note 7. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. The Supervisor of Elections had no outstanding encumbrances at September 30, 2021.

Note 8. Fund Balance

Governmental Accounting Standards require that all fund balances be classified into one of the following five categories: Nonspendable, Restricted, Committed, Assigned, and Unassigned. Fund Balance is the difference between assets and liabilities on the governmental fund statements.

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

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

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

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

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

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

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

**Supervisor of Elections
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021**

Note 9. Leases

On April 11, 2012, the Supervisor of Elections entered into an operating lease for the rental of space for the voter operations center. On April 27, 2016, the original lease agreement was amended in order to expand the existing floor space. The restated lease agreement provides for monthly rentals, which escalate over the term of the lease with specific uses for the space. The restated lease commenced on August 15, 2016 for a period of 10 years, with a one time option to cancel after 5 years. Additionally, the lease includes options to renew for two five year periods. In February 2021, the lease agreement was terminated by mutual agreement of the Supervisor of Elections and the lessor due to the execution of a Purchase and Sale Agreement for the property between the lessor and the County on December 21, 2020.

The Supervisor of Elections has multiple mailroom software and system operating leases that end on varying dates through 2025.

Minimum future lease payments are as follows:

| Fiscal Year Ending September 30, | Amount |
|-------------------------------------|-------------------|
| 2022 | \$ 116,444 |
| 2023 | 116,444 |
| 2024 | 82,164 |
| 2025 | 26,457 |
| Total minimum payments | <u>\$ 341,509</u> |

Rental expense for the year ended September 30, 2021 was \$262,310 . This amount also includes short term rentals.

Note 10. Subsequent Events

The Supervisor of Elections has evaluated subsequent events through March 10, 2022, the date the special-purpose financial statements were available to be issued.

In December 2021, the Supervisor of Elections executed an operating lease for mailing system equipment. The lease commences January 1, 2022 for a term of 48 months at \$1,066 per month.

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, 2021

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

To the Honorable Supervisor of Elections
Leon County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the special-purpose financial statements of the Supervisor of Elections of Leon County, Florida, (the Supervisor of Elections) as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' special-purpose financial statements, and have issued our report thereon dated March 10, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Supervisor of Elections' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' internal control.

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

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

To the Honorable Supervisor of Elections
Leon County, Florida
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Supervisor of Elections' special-purpose financial statements are free 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

We have issued a management letter to the Supervisor of Elections dated March 10, 2022, 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 10, 2022



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, 2021

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

To the Honorable Supervisor of Elections
Leon County, Florida

We have examined the Supervisor of Elections of Leon County, Florida's (the Supervisor) compliance with local government investment policies provided in Section 218.415, *Florida Statutes*, during the year ended September 30, 2021. Management is responsible for the Supervisor's compliance with those requirements. Our responsibility is to express an opinion on the Supervisor'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 Supervisor complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Supervisor complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Supervisor complied in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 10, 2022



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

Management Letter

September 30, 2021

Management Letter

To the Honorable Supervisor of Elections
Leon County, Florida

Report on the Financial Statements

We have audited the special-purpose financial statements of the Supervisor of Elections of Leon County, Florida, (Supervisor of Elections), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 10, 2022.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* and Report of Independent Accountants on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Section 218.415, *Florida Statutes* and Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 10, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority for the primary government of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Supervisor of Elections has no component units.

To the Honorable Supervisor of Elections
Leon County, Florida
Page Two

Financial Management

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

Additional Matters

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

Purpose of this Letter

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



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 10, 2022



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

Special-Purpose Financial Statements

Tax Collector
Leon County, Florida

*Year Ended September 30, 2021
with Report of Independent Auditors*

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

Tax Collector
Leon County, Florida

Special-Purpose Financial Statements

Year Ended September 30, 2021

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Report of Independent Auditors

The Honorable Tax Collector
Leon County, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the governmental fund (General Fund) and the fiduciary fund (Custodial Fund) of the Tax Collector of Leon County, Florida (Tax Collector), as of and for the year ended September 30, 2021, and the related notes to the special-purpose financial statements, which collectively comprise the Tax Collector's special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental fund (General Fund) and fiduciary fund (Custodial Fund) of the Tax Collector of Leon County, Florida, as of September 30, 2021, and the respective changes in financial position thereof, and the respective budgetary comparison statements of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 13 to the special-purpose financial statements, the Tax Collector adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during the year ended September 30, 2021. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 1, the accompanying special-purpose financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying special-purpose financial statements are intended to present the financial position and changes in financial position of the governmental fund and fiduciary fund of only that portion that is attributable to the transactions of the Tax Collector. They do not purport to, and do not, present fairly the financial position of Leon County, Florida, as of September 30, 2021, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2022, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters, included under the heading Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is solely to

The Honorable Tax Collector
Leon County, Florida
Page Three

describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 11, 2022



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

Tax Collector
Leon County, Florida
Balance Sheet - General Fund
September 30, 2021

Assets

| | |
|---------------------------|--------------------------|
| Cash and cash equivalents | \$ 512,785 |
| Due from other funds | <u>205,649</u> |
| Total assets | <u><u>\$ 718,434</u></u> |

Liabilities and fund balance

Liabilities:

| | |
|------------------------------------|--------------------------|
| Accounts payable | \$ 6,100 |
| Due to other county units | 711,396 |
| Due to other governments | <u>938</u> |
| Total liabilities | <u>718,434</u> |
| Fund balance: | |
| Unassigned | <u>0</u> |
| Total liabilities and fund balance | <u><u>\$ 718,434</u></u> |

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

Tax Collector
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Charges for services | \$ 8,343,263 | \$ 8,343,263 | \$ 8,528,739 | \$ 185,476 |
| Interest | 0 | 0 | 2,870 | 2,870 |
| Total revenues | <u>8,343,263</u> | <u>8,343,263</u> | <u>8,531,609</u> | <u>188,346</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Personnel services | 6,775,579 | 6,717,300 | 6,374,399 | 342,901 |
| Operating | 1,531,844 | 1,552,982 | 1,373,014 | 179,968 |
| Capital outlay | 35,840 | 72,981 | 72,800 | 181 |
| Total expenditures | <u>8,343,263</u> | <u>8,343,263</u> | <u>7,820,213</u> | <u>523,050</u> |
| Excess of revenues over expenditures | <u>0</u> | <u>0</u> | <u>711,396</u> | <u>711,396</u> |
| Other financing sources (uses) | | | | |
| Transfers out | <u>0</u> | <u>0</u> | <u>(711,396)</u> | <u>(711,396)</u> |
| Total other financing sources (uses) | <u>0</u> | <u>0</u> | <u>(711,396)</u> | <u>(711,396)</u> |
| Net change in fund balance | 0 | 0 | 0 | 0 |
| Fund balance at beginning of year | 0 | 0 | 0 | 0 |
| Fund balance at end of year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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

Tax Collector
Leon County, Florida
Statement of Fiduciary Net Position - Custodial Fund
September 30, 2021

Assets

| | |
|-----------------------------|----------------------------|
| Cash and cash equivalents | \$ 4,215,715 |
| Due from other county units | 2,387 |
| Accounts receivable | <u>229,731</u> |
| Total assets | <u><u>\$ 4,447,833</u></u> |

Liabilities

| | |
|---------------------------|------------------|
| Accounts payable | \$ 513,216 |
| Due to other funds | 205,649 |
| Due to other county units | 714,584 |
| Due to other governments | 991,408 |
| Installment tax deposits | <u>2,022,976</u> |
| Total Liabilities | <u>4,447,833</u> |

Net Position

| | |
|------------------------------------|----------------------------|
| Restricted | <u>0</u> |
| Total liabilities and net position | <u><u>\$ 4,447,833</u></u> |

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

Tax Collector
Leon County, Florida
Statement of Changes in Fiduciary Net Position - Custodial Fund
Year Ended September 30, 2021

Additions

| | |
|---|--------------------|
| Property taxes and fees collected | \$ 341,503,999 |
| Tourist development taxes collected | 5,203,976 |
| License, registrations, and vessel fees collected | 24,435,005 |
| Sales taxes collected | 6,415,542 |
| Other taxes and fees collected | 241,722 |
| Interest earnings | <u>77,850</u> |
| Total additions | <u>377,878,094</u> |

Deductions

| | |
|---|--------------------|
| Property taxes and fees distributed | 341,503,999 |
| Tourist development taxes distributed | 5,203,976 |
| License, registrations, and vessel fees distributed | 24,435,005 |
| Sales taxes distributed | 6,415,542 |
| Other taxes and fees distributed | 241,722 |
| Interest earnings | <u>77,850</u> |
| Total deductions | <u>377,878,094</u> |
| Net change in fiduciary net position | 0 |
| Net position, at beginning of year | <u>0</u> |
| Net position, at end of year | <u><u>\$ 0</u></u> |

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

Tax Collector
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

Note 1. Significant Accounting Policies

Reporting Entity

The Tax Collector operates as a county agency and an elected Constitutional Officer of Leon County, Florida (the County) pursuant to Article VIII, Section (1) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Tax Collector is a separate constitutional officer as provided by Chapter 218, *Florida Statutes*. Leon County is a charter county which allows for the same powers and duties as provided by the Constitution of the State of Florida and *Florida Statutes*. However, in certain instances, the charter either alters or expands the powers of the elected officials via voter referendum. The Tax Collector is considered to be a part of the primary government of Leon County, Florida, and is included in the Leon County, Florida Annual Comprehensive Financial Report (Leon County ACFR). The financial statements contained herein represent the financial transactions of the Tax Collector only.

The accounting policies of the Tax Collector conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

Basis of Presentation

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

Description of Funds

The financial activities of the Tax Collector are recorded in separate funds which are categorized and described as follows:

Governmental Fund Type

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

Fiduciary Fund Type

- Custodial Fund - The Custodial Fund is used to account for assets held by the Tax Collector as an agent for individuals, private organizations and/or other governmental units. Such assets include receipts for property taxes, tourist development taxes, vehicle registrations, driver license fees, birth certificate fees, hunting and fishing licenses, tax deed application fees, and concealed weapons licenses.

Tax Collector
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

Note 1. Significant Accounting Policies (continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The General Fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they are received in cash or when they are considered both measurable and available and, as such, are susceptible to accrual. Expenditures are recorded when the liability is incurred and/or will be paid from expendable available financial resources.

The Tax Collector considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. In accordance with that definition, charges for services and interest earned are considered to be susceptible to accrual.

Custodial Funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Budgets and Budgetary Accounting

Section 195.087, *Florida Statutes*, governs the preparation, adoption and administration of the annual budget of the Tax Collector. The budget and subsequent budget amendments of the Tax Collector are submitted to the Florida Department of Revenue for approval. A copy of the budget is provided to the Leon County Board of County Commissioners (the Board). Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personnel services, operating expenses, capital outlay, debt service and non-operating) must be approved in writing by the Florida Department of Revenue. Transfers between expense items within the same appropriation category do not need written approval from the Florida Department of Revenue. The budget is prepared on the modified accrual basis of accounting. General Fund appropriations lapse at the close of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, reflect all approved amendments.

Prepaid Items

Certain payments to vendors are made in advance of the accounting period to which the cost relates. These payments are reported under the purchases method, i.e., expenditures are recorded when payment is made.

Capital Assets

Capital assets purchased in the governmental fund type costing \$1,000 or more and having a useful life in excess of one year are recorded as expenditures (capital outlay) at the time of purchase. Capital assets acquired under capital leases are recorded, at cost, as capital outlay expenditures and other financing sources at inception of the capital lease. The tangible personal property used by the Tax Collector is reported as capital assets, at cost, in the Statement of Net Position in the Leon County (ACFR).

The Tax Collector also utilizes certain computer equipment and software to process registrations and licenses owned by various state of Florida agencies as follows:

Vehicle and boat registrations and driver's licenses - State of Florida Department of Highway Safety and Motor Vehicles (FHSMV)

Tax Collector
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

Note 1. Significant Accounting Policies (continued)

Capital Assets (continued)

Hunting and fishing licenses - State of Florida Fish and Wildlife Conservation Commission (FFWCC)

Concealed weapons licenses - State of Florida Department of Agriculture and Consumer Services (FDACS)

Birth Certificates - Florida Department of Health (FDOH)

The cost of this equipment is not recognized in the Statement of Net Position of the County as title to the equipment is held by FHSMV, FFWCC, FDACS and FDOH.

Liability for Compensated Absences

It is the Tax Collector's policy to grant all full-time employees annual leave based on the number of years of continuous employment for agencies operating under the Florida Retirement System. Annual leave can be accumulated, but is limited to 480 hours for chief deputies, 360 hours for administrators and managers and 240 hours for all other employees. Excess hours at the end of each calendar year are converted to sick leave. Upon termination of employment, the employee can receive a cash benefit based upon the employee's current wage rate and the annual leave not taken, not to exceed 240 hours.

Sick leave is accumulated at the rate of eight hours for each full calendar month of continuous employment. Employees who have transferred from an agency operating under the Florida Retirement System with no break in service may transfer up to 240 sick leave hours. There is no limit on the amount of sick leave that can be accumulated. At the time of termination, employees with six years or more continuous employment for agencies operating under the Florida Retirement System, can receive payments based upon the employee's current wage rate for 25% of accumulated sick leave not to exceed 480 hours.

The Tax Collector uses the vesting method to calculate the liability for compensated absences. The Tax Collector does not and is not legally required to accumulate expendable available financial resources to liquidate these obligations. Accordingly, the liability for compensated absences is not reported in the General Fund, but is included in the Statement of Net Position in the Leon County ACFR.

Excess Fees Due to Other County Units

The Tax Collector is considered a fee officer because operations are funded primarily by fees for services. Generally, no funds are received from the Board other than applicable fees. In accordance with Section 218.36, *Florida Statutes*, the Tax Collector distributes all general fund revenues in excess of expenditures to the Board and other governments on a pro-rata basis within 31 days following the end of the fiscal year. These excess fees are reported as a liability and as transfers out to the Board or deducted from fees earned for amounts distributed to other governments.

Other Postemployment Benefits

The Tax Collector through Leon County offers retiree medical and life insurance benefits for the qualifying Tax Collector employees that have retired from a Florida Retirement System (FRS) pension plan. The premium associated with these benefits is paid by the qualifying employee.

Tax Collector
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

Note 1. Significant Accounting Policies (continued)

Related Organizations - Service Fees and Common Expenses

The Tax Collector's charges for services includes approximately \$5,800,000 as fees for the collection of real and tangible property taxes and tourist development taxes collected on behalf of the Board.

Certain expenses, which are common to the Board and all Constitutional Officers are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Tax Collector. These expenses include occupancy costs, janitorial services, and utilities, except telephone, associated with certain Tax Collector offices.

Additionally, property insurance associated with all of the Tax Collector's offices is reported as a common expense by the Board.

Note 2. Cash and Cash Equivalents

Cash consists of cash on hand, demand deposit accounts, and a Public Funds Now account with banks designated by the Florida Division of Treasury as qualified public depositories. The Tax Collector maintains bank accounts for the General Fund and for the Custodial Fund. Amounts in excess of \$10,000 in the Custodial Fund demand deposit account are swept daily into the Public Funds Now account which earns an interest rate equal to the 90 day Treasury Bill rate plus .20% (.24% as of September 30, 2021). At September 30, 2021, the carrying amounts of the Tax Collector's General and Custodial Fund deposits with financial institutions were \$4,721,525 and the bank balances were \$5,379,687. Deposits whose values exceed the limits of Federal depository insurance are entirely insured or collateralized pursuant to Chapter 280, *Florida Statutes*. Additionally, as of September 30, 2021, the Tax Collector had cash on hand of \$6,975.

Note 3. Employees' Retirement Plan

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

All full-time and permanent part-time employees of the Tax Collector are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans including a defined benefit plan, which is primarily a cost-sharing multiple-employer defined benefit public employee pension plan administered by the State of Florida, Department of Management Services, Division of Retirement.

Information as to benefits, contribution rates and vesting requirements by membership category, is provided in the Leon County ACFR. Contributions and benefits are established by Section 121.71, *Florida Statutes*.

Participating employer contributions are based upon actuarially determined blended rates established by the state of Florida, that expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Beginning July 1, 2011, active employees are required to contribute three percent of their gross compensation to the retirement plan.

Tax Collector
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

Note 3. Employees' Retirement Plan (continued)

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

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2021, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, *Florida Statutes*.

The contributions paid for the years ended September 30, 2021, 2020, and 2019 were \$498,785, \$427,848, and \$380,805, respectively, which is equal to the required contribution for each year.

The FRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Division of Retirement, Post Office Box 9000, Tallahassee, Florida 32315-9000, or by calling 850-488-5706.

Note 4. Other Postemployment Benefits

Plan Description

The Tax Collector participates in an agent multi-employer plan administered by the County under which qualified retired employees are permitted to participate in the health and life insurance benefits program (the Program). The Program may be amended by the Board of County Commissioners. A stand alone financial report is not issued for the Program. As described in Note 1, the Tax Collector is an elected Constitutional Officer of the County. The financial statements of the Tax Collector are fund statements considered to be special-purpose financial statements consistent with accounting practices by the Auditor General, State of Florida. Accordingly, the annual OPEB obligation of Constitutional Officers is recognized in the Leon County ACFR rather than in these Special-Purpose Financial Statements.

Note 5. Risk Management

The Tax Collector participates in the Leon County Insurance Service Fund, which accounts for self-insurance activities relating to workers' compensation. This fund is administered by a third-party administrator. The Tax Collector makes payments to the Insurance Service Fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2021 was \$9,375. Excess payments are recorded as a designation of retained earnings for catastrophic losses on the books of Leon County. Excess coverage with a commercial carrier is also in force for each claim exceeding \$500,000.

Tax Collector
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

Note 6. Long-Term Liabilities

A summary of changes in the long-term liabilities of the Tax Collector follows:

| | Balance October 1, 2020 | Additions | (Retirements) | Balance September 30, 2021 |
|------------------------------------|-------------------------------|------------|---------------|----------------------------------|
| Liability for compensated absences | \$ 448,182 | \$ 503,692 | \$ (483,814) | \$ 468,060 |

Of the \$468,060 liability for accrued compensated absences, management estimates that \$226,474 will be due and payable within one year. The above liabilities are not reported in the financial statements of the Tax Collector since they are not payable from available resources at September 30, 2021. As discussed in Note 1, they are reported in the Statement of Net Position in the Leon County ACFR.

Note 7. Commitments Under Operating Leases

The Tax Collector has entered into noncancelable operating leases as lessee for office space and office equipment. Some of the real property leases contain provisions for four or five year renewal options, with stated increases or decreases for lease payments. At September 30, 2021, aggregate future minimum payments under non-cancelable operating leases and licensing agreements with remaining terms equal to or exceeding one year are as follows:

| Fiscal Year Ending September 30, | Amount |
|-------------------------------------|---------------------|
| 2022 | \$ 738,812 |
| 2023 | 738,812 |
| 2024 | 742,607 |
| 2025 | 742,952 |
| 2026 | 742,952 |
| 2027-2031 | 3,026,486 |
| 2032-2034 | 978,972 |
| Total minimum payments | <u>\$ 7,711,593</u> |

Lease expenditures incurred under operating leases for the year ended September 30, 2021 were \$673,541.

Note 8. Fund Balance

The Governmental Accounting Standards Board's Statement No. 54 requires that all fund balances be classified into one of the following categories: Nonspendable, Restricted, Committed, Assigned, and Unassigned. All remaining funds of the Tax Collector as of the end of the fiscal year are remitted back to the Board as excess fees.

Note 9. Interfund Receivables and Payables

The Custodial Fund amount due to the General Fund of \$205,649 consists of fees on transactions collected by the Custodial Fund. These funds were paid shortly after the fiscal year end.

Tax Collector
Leon County, Florida
Notes to Special-Purpose Financial Statements
Year Ended September 30, 2021

Note 10. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. The Tax Collector had no encumbrances outstanding at September 30, 2021.

Note 11. Contingencies

Various suits and claims arising in the ordinary course of operations are pending against the Tax Collector. These primarily relate to property assessments within Leon County. The ultimate effect of such litigation cannot be ascertained at this time. In the opinion of management for the Tax Collector, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of the Tax Collector or its operations.

Note 12. Related Party

The Leon County Clerk's Office reimburses the Tax Collector for the occupancy of office space in a building leased by the Tax Collector. The reimbursement is presented as an offset against operating expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund. Reimbursements to the Tax Collector totaled \$71,634 for the year ended September 30, 2021.

Note 13. Change in Accounting Principle

For the fiscal year ended September 30, 2021, the Tax Collector implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The implementation of the statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and, (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement will enhance consistency and comparability and the value provided by the information reported in financial statements for assessing government accountability and stewardship.

The Statement requires a cumulative effect adjustment to the opening balance of net position. The Tax Collector applied the provisions of the Statement to the prior year and determined a restatement of beginning net position was not required. The financial statements and note disclosures reflect the applicable required changes of the Statement.

Note 14. Subsequent Events

The Tax Collector has evaluated subsequent events through **March 11, 2022**, the date the financial statements were available to be issued.

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

September 30, 2021

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

The Honorable Tax Collector
Leon County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of the Tax Collector of Leon County, Florida (Tax Collector) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Tax Collector's special-purpose financial statements, and have issued our report thereon dated March 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Tax Collector's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

We have issued a management letter to the Tax Collector of Leon County, Florida, dated March 11, 2022, 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 11, 2022



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, 2021

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

The Honorable Tax Collector
Leon County, Florida

We have examined the Tax Collector of Leon County, Florida's (Tax Collector) compliance with local government investment policies provided in Section 218.415, *Florida Statutes*, during the year ended September 30, 2021. Management of the Tax Collector is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

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

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

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 11, 2022



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

Management Letter

September 30, 2021

Management Letter

The Honorable Tax Collector
Leon County, Florida

Report on the Financial Statements

We have audited the special-purpose financial statements of the Tax Collector of Leon County, Florida (Tax Collector), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 11, 2022.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* and Report of Independent Accountants on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Section 218.415, *Florida Statutes* and Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 11, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority for the primary government of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Tax Collector has no component units.

Financial Management

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

Additional Matters

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

Purpose of this Letter

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



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 11, 2022



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