

Leon County, Florida



Annual Financial Report For the Fiscal Year Ended September 30, 2020

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

Leon County, Florida,
Annual Financial Report

Year ended September 30, 2020

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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, 2020, 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 0.28 percent of total assets at September 30, 2020, and total revenues constituting 0.08 percent of total revenues for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Finance Authority of Leon County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Leon County, Florida as of September 30, 2020, 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, October 1, 2019 net position balances have been restated to correct misstatements associated with the Proprietary Major Fund - *Landfill Fund*. 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 82-87, 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 13, 2021 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 13, 2021



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

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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, 2020. 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
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 \$263.6 million as compared to \$262.5 million a year ago; this is an increase of \$1.1 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, 2020 and 2019, 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 191,832	\$ 144,732	\$ 12,613	\$ 13,168	\$ 204,445	\$ 157,900
Capital assets	286,327	276,976	6,846	8,401	293,173	285,377
Total assets	478,159	421,708	19,459	21,569	497,618	443,277
Deferred outflows	80,278	57,088	0	0	80,278	57,088
Total assets and deferred outflows	558,437	478,796	19,459	21,569	577,896	500,365
Current liabilities	54,452	39,720	789	1,706	55,241	41,426
Noncurrent liabilities	276,369	214,927	17,427	14,909	293,796	229,836
Total liabilities	330,821	254,647	18,216	16,615	349,037	271,262
Deferred inflows	10,720	18,021	0	0	10,720	18,021
Total liabilities and deferred outflows	341,541	272,668	18,216	16,615	359,757	289,283
Net position:						
Net investment in capital assets	256,739	254,084	6,846	8,401	263,585	262,485
Unrestricted	(39,843)	(47,956)	(5,603)	(3,447)	(45,446)	(51,403)
*Total net position	\$ 216,896	\$ 206,128	\$ 1,243	\$ 4,954	\$ 218,139	\$ 211,082

*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, 2020 and 2019, 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 \$10.8 million, or 5.2 percent, and the net position of the business-type activities decreased by \$2.9 million, or 70.1 percent. The increase in Governmental Activities is primarily due to inflows of resources needed for pandemic response and relief. The decrease in business-type activity is due to an increase in estimated closure/post closure costs for the Landfill in 2020.

In 2003, the Board of County Commissioners adopted an ordinance levying a Utility Services Tax on the unincorporated area of Leon County. This tax generated \$8.7 million in FY 2019 versus \$9.1 million in FY 2020. The County also adopted a Communications Services Tax in FY 2003, with revenues in the amount of \$2.83 million in FY 2020 compared to revenues of \$2.86 million in FY 2019. 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 20 increased by 6.1%, and future growth will be tempered by the above tax changes, with increases mirroring population growth.

The Board of County Commissioners (the Board) Investment Policy is very risk averse and places a premium on security. With the effective rate of return of the portfolio averaging 2.03% for the year, investment earnings in the portfolio earned a total income of \$3.6 million, a decrease of \$2.2 million from 2019. 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 2019 to 2020
	2020	2019	2020	2019	2020	2019	
Revenues							
Program Revenues:							
Charges for services	\$ 41,079	\$ 43,336	\$ 9,324	\$ 9,866	\$ 50,403	\$ 53,202	(5)%
Operating grants & contributions	54,432	18,314	0	0	54,432	18,314	197 %
Capital grants & contributions	2	2,261	0	0	2	2,261	(100)%
Total Program Revenues	95,513	63,911	9,324	9,866	104,837	73,777	42 %
General Revenues:							
Property taxes	153,314	144,539	0	0	153,314	144,539	6 %
Local option taxes	28,265	32,211	0	0	28,265	32,211	(12)%
Communications services taxes	2,834	2,861	0	0	2,834	2,861	(1)%
Motor fuel taxes	1,313	1,498	0	0	1,313	1,498	(12)%
Utility services taxes	9,057	8,748	0	0	9,057	8,748	4 %
Other taxes	0	0	1,846	1,833	1,846	1,833	1 %
State shared revenues	11,417	25,082	0	0	11,417	25,082	(54)%
Investment earnings	3,505	5,212	135	635	3,640	5,847	(38)%
Miscellaneous revenues	3,425	6,128	0	18	3,425	6,146	(44)%
Total General Revenues	213,130	226,279	1,981	2,486	215,111	228,765	(6)%
Total Revenues	308,643	290,190	11,305	12,352	319,948	302,542	6 %
Program Expenses							
General government	70,327	76,240	0	0	70,327	76,238	(8)%
Public safety	130,444	131,116	0	0	130,444	131,116	(1)%
Physical environment	15,281	20,370	15,294	14,801	30,575	35,171	(13)%
Transportation	17,500	22,386	0	0	17,500	22,386	(22)%
Economic environment	18,401	8,758	0	0	18,401	8,758	110 %
Human services	12,133	12,494	0	0	12,133	12,494	(3)%
Culture and recreation	14,609	18,942	0	0	14,609	18,942	(23)%
Judicial	17,678	18,630	0	0	17,678	18,630	(5)%
Interest on long-term debt	432	568	0	0	432	568	(24)%
*Total Program Expenses	296,805	309,504	15,294	14,801	312,099	324,303	(4)%
Excess (deficiency) before transfers (net)	11,838	(19,314)	(3,989)	(2,449)	7,849	(21,761)	(136)%
Transfers	(1,070)	(381)	1,070	381	0	0	0 %
Change In Net Position	10,768	(19,695)	(2,919)	(2,068)	7,849	(21,761)	(136)%
Beginning net position	206,128	225,823	4,954	7,022	211,082	232,845	(9)%
Prior period adjustments	0	0	(792)	0	(792)	0	DIV/0 %
Beginning net position, as restated	206,128	225,823	4,162	7,022	210,290	232,845	(9)%
*Ending net position	\$ 216,896	\$ 206,128	\$ 1,243	\$ 4,954	\$ 218,139	\$ 211,084	3 %

*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 32 percent from fiscal year 2019 to fiscal year 2020.

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 as a Percentage Program Expenses	
	Expenses	Program Revenues			2020	2019
General government	\$ 70,327	\$ 8,111	\$ 62,216	\$ 68,322	12 %	10 %
Public safety	130,444	73,575	56,869	90,306	56 %	31 %
Physical environment	15,281	3,634	11,647	16,772	24 %	18 %
Transportation	17,500	555	16,945	21,758	3 %	3 %
Economic environment	18,401	576	17,825	7,759	3 %	11 %
Human services	12,133	0	12,133	12,494	0 %	0 %
Culture and recreation	14,609	179	14,430	18,650	1 %	2 %
Judicial	17,678	8,885	8,793	8,964	50 %	50 %
Interest on long-term debt	432	0	432	568	N/A	N/A
*Total governmental activities	<u>\$ 296,805</u>	<u>\$ 95,515</u>	<u>\$ 201,290</u>	<u>\$ 245,593</u>	<u>32 %</u>	<u>20 %</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 2020. Program revenues as a percentage of expenses decreased to 61% from 2019 to 2020. The program expenses increased by \$0.5 million compared to 2019. In 2020, the estimated liability for closure/post closure cost for the Landfill increased by \$2.5 million, whereas in 2019 there was a decrease of \$2.5 million. This increase resulted in an increase 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 of Program Expenses	
	2020	2020	2020	2019	2020	2019
Landfill	\$ 15,294	\$ 9,324	\$ 5,970	\$ 4,935	61 %	67 %

*Differences from financial statements due to rounding

Overall Analysis

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

- The assets of the County exceeded its liabilities (net position) at the close of fiscal year 2020 by \$216,896,637, as compared to \$206,128,740 for fiscal year 2019, for governmental activities. The assets for business-type activities exceeded its liabilities (net position) at the close of fiscal year 2020 by \$1,243,668 as compared to \$4,162,858 for fiscal year 2019. (Please see the Statement of Activities discussed previously for an explanation of the differences above.)
- The County’s total net position increased by \$7,848,707 during fiscal year 2020, as compared to a \$21,761,882 decrease in fiscal year 2019. The net position of governmental activities increased by \$10,767,895 in fiscal year 2020, as compared to a decrease of \$19,694,135 in 2019. The net position of business-type activities decreased by \$2,919,191 in 2020, as compared to a decrease of \$2,067,747 in 2019. This variance for business-type activities is due to change in estimated closure/post closure cost for the Landfill. The variance for governmental activities is due to the grant activity related to pandemic recovery and overall expense reductions due to the pandemic. (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 \$144,994,353 for fiscal year 2020, as compared to \$115,092,504 for fiscal year 2019. 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, 2020 has increased to a total of \$33,789,262, as compared to \$33,714,518 for September 30, 2019. This \$74,744 increase in fund balance in the General Fund represents a reduction in overall expenses due to the pandemic. 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, 2020 totaled \$677,515, as compared to \$1,674,303 for September 30, 2019. This is a decrease for the fiscal year and can be attributed to pandemic related revenue losses and expenditures.

Grants Fund

The fund balance at September 30, 2020 totaled \$32,243,579, as compared to the September 30, 2019 balance of \$(7,034). This was a increase of \$32,250,613, primarily related to a pandemic recovery and relief efforts 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, 2020 totaled \$24,226,121, as compared to \$22,802,164 for September 30, 2019. This was a increase of \$1,423,957. 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, 2020.

Enterprise Funds

The County's proprietary funds reported net position of \$1,014,711 for September 30, 2020, as compared to \$3,766,188 for September 30, 2019, which is a decrease of \$2,751,477. The estimated liability for landfill closure and post closure costs decreased compared to 2019.

Budget Variances in the General Fund

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

Capital Asset and Long-term Debt Activity

Capital Asset Activity

The County reported \$286,327,378 in capital assets for governmental activities and \$6,846,287 in capital assets for business-type activities at September 30, 2020, versus \$277,170,638 for governmental and \$7,609,703 for business-type activities at September 30, 2019. 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, 2020, the County had \$23,789,120 of outstanding bonded debt, as compared to \$22,491,000 at September 30, 2019. 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 2026. 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 increased to 5.6% in FY 2020, compared to the State of Florida's unemployment rate of 7.2%.
- Visitors to Leon County had an economic impact of \$647 million in 2020, a decrease of \$393 million or 38% compared to 2019.
- The Florida Price Index Level for Leon County decreased from 96.4 in 2019 to 96.1 in 2020.
- The total market value of parcels with homestead exemption in Leon County increased from \$11.42 billion in 2019 to \$12.02 billion in 2020.
- Total employment in Leon County decreased by 7.9% compared to the prior year.
- The estimated population in Leon County increased from 293,582 to 296,499 during FY 2020.
- New construction permits in Leon County increased by 17.1% in FY 2020, from 4950 to 5796.
- Mortgage foreclosure cases in Leon County decreased by 54.1% in 2020 when compared to 2019.

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, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit Housing Finance Authority</u>
Assets				
Current assets:				
Cash	\$ 32,933,015	\$ 459	\$ 32,933,474	\$ 998,835
Investments	108,989,336	1,011,428	110,000,764	0
Receivables	5,439,790	1,299,335	6,739,125	11,739
Receivables from other governments	42,079,237	0	42,079,237	0
Special Assessments Receivable	561,807	0	561,807	0
Due to other county units	1,390	1,463	2,853	0
Due from other county units	0	0	0	27,168
Inventories	1,181,024	1,446	1,182,470	0
Prepays	646,849	0	646,849	0
Total current assets	<u>191,832,448</u>	<u>2,314,131</u>	<u>194,146,579</u>	<u>1,037,742</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	0	10,298,831	10,298,831	0
Mortgage loans, net of allowance	0	0	0	367,623
Capital assets:				
Land and construction in progress, nondepreciable	84,267,552	1,809,844	86,077,396	0
Capital assets (net)	202,059,826	5,036,443	207,096,269	0
Total noncurrent assets	<u>286,327,378</u>	<u>17,145,118</u>	<u>303,472,496</u>	<u>367,623</u>
Total assets	<u>478,159,826</u>	<u>19,459,249</u>	<u>497,619,075</u>	<u>1,405,365</u>
Deferred outflows of resources				
Deferred outflows of resources	80,278,327	0	80,278,327	0
Total deferred outflows of resources	<u>80,278,327</u>	<u>0</u>	<u>80,278,327</u>	<u>0</u>
Total assets and deferred outflows of resources	<u>\$ 558,438,153</u>	<u>\$ 19,459,249</u>	<u>\$ 577,897,402</u>	<u>\$ 1,405,365</u>

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

	Governmental Activities	Business-Type Activities	Total	Component Unit Housing Finance Authority
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 17,266,927	\$ 878,628	\$ 18,145,555	\$ 1,896
Payable to other governments	4,437,112	38,168	4,475,280	0
Internal balances	228,957	(228,957)	0	0
Accrued compensated absences	5,867,383	96,686	5,964,069	0
Due to other funds	1,464	1,389	2,853	0
Unearned revenues	9,205,784	2,878	9,208,662	0
Unamortized premium on bonds payable	236,952	0	236,952	0
Bonds payable	10,310,486	0	10,310,486	0
Claims payable	6,587,788	0	6,587,788	0
Capital lease liability	310,122	0	310,122	0
Total current liabilities	<u>54,452,975</u>	<u>788,792</u>	<u>55,241,767</u>	<u>1,896</u>
Noncurrent liabilities:				
Deposits	552,387	0	552,387	25,000
Estimated liability for landfill closure and postclosure care costs	0	17,041,483	17,041,483	0
Arbitrage rebate liability	25,000	0	25,000	0
Accrued compensated absences	11,182,575	154,076	11,336,651	0
Other postemployment benefits obligation	41,287,441	231,230	41,518,671	0
Net pension liability	204,591,147	0	204,591,147	0
Bonds payable	13,478,634	0	13,478,634	0
Capital lease liability	5,251,729	0	5,251,729	0
Total noncurrent liabilities	<u>276,368,913</u>	<u>17,426,789</u>	<u>293,795,702</u>	<u>25,000</u>
Total liabilities	<u>330,821,888</u>	<u>18,215,581</u>	<u>349,037,469</u>	<u>26,896</u>
Deferred inflows of resources				
Deferred inflows of resources	10,719,628	0	10,719,628	0
Total deferred inflows of resources	<u>10,719,628</u>	<u>0</u>	<u>10,719,628</u>	<u>0</u>
Net position				
Net investment in capital assets	256,739,455	6,846,287	263,585,742	0
Unrestricted	(39,842,818)	(5,602,619)	(45,445,437)	1,378,469
Total net position	<u>\$ 216,896,637</u>	<u>\$ 1,243,668</u>	<u>\$ 218,140,305</u>	<u>\$ 1,378,469</u>

Leon County, Florida
Statement of Activities
For the Year Ended September 30, 2020

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Function/Programs				
Primary Government:				
Governmental activities:				
General government	\$ 70,325,407	\$ 7,302,199	\$ 808,390	\$ -
Public safety	130,443,831	25,169,288	48,405,502	(1)
Physical environment	15,281,458	1,554,838	2,078,873	-
Transportation	17,499,645	552,316	-	2,445
Economic environment	18,401,388	575,850	-	-
Human services	12,133,427	-	-	-
Culture and recreation	14,609,224	108,706	70,657	-
Judicial	17,678,178	5,815,910	3,069,074	-
Interest on long-term debt	432,422	-	-	-
Total governmental activities	296,804,980	41,079,107	54,432,496	2,444
Business-type activities:				
Landfill	15,293,715	9,323,690	-	-
Total business-type activities	15,293,715	9,323,690	-	-
Total primary government	\$ 312,098,695	\$ 50,402,797	\$ 54,432,496	\$ 2,444
Component Unit:				
Economic environment	128,744	43,024	-	-
Total component unit	\$ 128,744	\$ 43,024	\$ -	\$ -

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
Prior period adjustments
Net position - beginning, as restated
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>
\$ (62,214,818)	\$ -	\$ (62,214,818)	\$ -
(56,869,042)	-	(56,869,042)	-
(11,647,747)	-	(11,647,747)	-
(16,944,884)	-	(16,944,884)	-
(17,825,538)	-	(17,825,538)	-
(12,133,427)	-	(12,133,427)	-
(14,429,861)	-	(14,429,861)	-
(8,793,194)	-	(8,793,194)	-
(432,422)	-	(432,422)	-
<u>(201,290,933)</u>	<u>-</u>	<u>(201,290,933)</u>	<u>-</u>
-	(5,970,025)	(5,970,025)	-
-	(5,970,025)	(5,970,025)	-
<u>\$ (201,290,933)</u>	<u>\$ (5,970,025)</u>	<u>\$ (207,260,958)</u>	<u>\$ -</u>
-	-	-	(85,720)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (85,720)</u>
\$ 153,313,673	\$ -	\$ 153,313,673	\$ -
28,264,740	-	28,264,740	-
2,834,383	-	2,834,383	-
1,312,790	-	1,312,790	-
9,056,775	-	9,056,775	-
-	1,845,895	1,845,895	-
11,417,192	-	11,417,192	-
3,504,968	134,731	3,639,699	8,674
3,424,515	-	3,424,515	211,051
(1,070,208)	1,070,208	-	-
<u>212,058,828</u>	<u>3,050,834</u>	<u>215,109,662</u>	<u>219,725</u>
10,767,895	(2,919,191)	7,848,704	134,005
206,128,742	4,954,450	211,083,192	1,244,464
-	(791,591)	(791,591)	-
<u>206,128,742</u>	<u>4,162,859</u>	<u>210,291,601</u>	<u>1,244,464</u>
<u>\$ 216,896,637</u>	<u>\$ 1,243,668</u>	<u>\$ 218,140,305</u>	<u>\$ 1,378,469</u>

Leon County, Florida
Balance Sheet
Governmental Funds
September 30, 2020

	General Fund	Fine & Forfeiture Fund	Grants Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash	\$ 24,323,626	\$ 44,924	\$ 25,646	\$ 66,368	\$ 7,814,580	\$ 32,275,144
Investments	12,675,800	1,694,498	11,246,392	25,294,962	50,974,307	101,885,959
Receivables						
Accounts	570,257	1,999	23,589	50,016	4,489,042	5,134,903
Due from other governments	4,666,471	0	30,727,072	0	6,673,615	42,067,158
Special assessments	0	0	0	0	561,807	561,807
Due from other funds	2,151,409	152,390	0	15,926	789,808	3,109,533
Inventories	1,059,409	0	0	0	2,166	1,061,575
Prepays	490,588	0	0	0	146,061	636,649
Other assets	0	0	0	0	10,200	10,200
Total assets	<u>\$45,937,560</u>	<u>\$ 1,893,811</u>	<u>\$42,022,699</u>	<u>\$25,427,272</u>	<u>\$ 71,461,586</u>	<u>\$ 186,742,928</u>
Liabilities, deferred inflows of resources, and fund balances						
Liabilities:						
Accounts payable	\$ 4,291,485	\$ 125,285	\$ 1,303,037	\$ 1,201,151	\$ 3,776,467	\$ 10,697,425
Accrued liabilities	5,311,155	0	9,742	0	970,441	6,291,338
Due to other governments	1,227,206	733,896	172,420	0	2,303,590	4,437,112
Due to other funds	1,252,168	0	274,688	0	1,421,892	2,948,748
Deposits	66,269	357,065	0	0	145,527	568,861
Unearned revenues	15	50	8,019,233	0	1,186,486	9,205,784
Bonds payable	0	0	0	0	7,127,000	7,127,000
Total liabilities	<u>12,148,298</u>	<u>1,216,296</u>	<u>9,779,120</u>	<u>1,201,151</u>	<u>16,931,403</u>	<u>41,276,268</u>
Deferred inflows of resources:						
Deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>472,307</u>	<u>472,307</u>
Total deferred inflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>472,307</u>	<u>472,307</u>
Fund balances:						
Nonspendable	1,549,997	0	0	0	158,157	1,708,154
Restricted	0	249,973	203,137	24,226,121	40,424,103	65,103,334
Committed	5,068,303	101,627	32,639,225	0	11,694,951	49,504,106
Assigned	5,603,478	325,915	0	0	2,347,103	8,276,496
Unassigned	21,567,484	0	(598,783)	0	(566,438)	20,402,263
Total fund balances	<u>33,789,262</u>	<u>677,515</u>	<u>32,243,579</u>	<u>24,226,121</u>	<u>54,057,876</u>	<u>144,994,353</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$45,937,560</u>	<u>\$ 1,893,811</u>	<u>\$42,022,699</u>	<u>\$25,427,272</u>	<u>\$ 71,461,586</u>	<u>\$ 186,742,928</u>

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

Leon County, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2020

Total fund balances of governmental funds \$ 144,994,353

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	714,960,441	
Less accumulated depreciation	<u>(428,633,063)</u>	286,327,378

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	(16,662,120)	
Unamortized premium on bonds payable	(236,952)	
Capital lease liability	(5,561,851)	
OPEB related deferred inflows	(2,597,179)	
OPEB related deferred outflows	20,442,203	
Pension related deferred outflows	59,836,124	
Pension related deferred inflows	(7,650,142)	
Net pension liability	(204,591,147)	
Compensated absences, net of internal service amount	(16,437,015)	
Other postemployment benefits, net of internal service amount	(41,190,612)	
Arbitrage rebate liability	<u>(25,000)</u>	(214,673,691)

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>248,597</u>
Total net position of governmental activities		<u>\$ 216,896,637</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, 2020

	<u>General Fund</u>	<u>Fine & Forfeiture Fund</u>	<u>Grants Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Taxes	\$ 71,548,835	\$ 85,094,554	\$ 0	\$ 0	\$ 38,138,972	\$ 194,782,361
Licenses and permits	0	0	0	0	3,391,382	3,391,382
Intergovernmental	10,066,129	13,862	39,632,669	402,221	15,740,748	65,855,629
Charges for services	7,813,843	455,281	85,401	0	28,898,823	37,253,348
Fines and forfeitures	0	104,255	0	0	327,169	431,424
Interest	485,138	529,511	130,340	467,858	1,114,704	2,727,551
Net increase/(decrease) in fair value of investments	71,772	(1,036)	176,942	172,658	357,081	777,417
Miscellaneous	879,301	(2)	54,649	2	2,490,020	3,423,970
Total revenues	<u>90,865,018</u>	<u>86,196,425</u>	<u>40,080,001</u>	<u>1,042,739</u>	<u>90,458,899</u>	<u>308,643,082</u>
Expenditures:						
Current:						
General government	40,691,937	0	0	2,910,018	2,622,210	46,224,165
Public safety	78,217,653	2,896,561	832,080	0	31,161,446	113,107,740
Physical environment	2,466,828	0	86,813	182,401	8,589,468	11,325,510
Transportation	0	0	15,698	0	12,431,216	12,446,914
Economic environment	2,993,388	0	10,631,064	0	3,964,006	17,588,458
Human services	8,632,800	62,273	30,044	0	2,110,146	10,835,263
Culture and recreation	5,843,443	0	21,161	2,100	6,188,951	12,055,655
Judicial	6,745,950	2,260,295	1,786	0	6,584,242	15,592,273
Debt service:						
Principal retirement	0	0	0	0	7,127,000	7,127,000
Interest and fiscal charges	0	0	0	7,884	450,482	458,366
Other debt service costs	0	0	0	394,501	21,450	415,951
Capital outlay	4,268,571	0	2,658,121	7,927,963	20,246,439	35,101,094
Total expenditures	<u>149,860,570</u>	<u>5,219,129</u>	<u>14,276,767</u>	<u>11,424,867</u>	<u>101,497,056</u>	<u>282,278,389</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(58,995,552)</u>	<u>80,977,296</u>	<u>25,803,234</u>	<u>(10,382,128)</u>	<u>(11,038,157)</u>	<u>26,364,693</u>
Other financing sources (uses):						
Transfers in	81,526,624	250,354	36,977,051	9,999,108	23,415,162	152,168,299
Capital Lease Proceeds	0	0	0	517,104	0	517,104
Transfer out	(22,456,328)	(82,224,438)	(30,529,672)	(8,247)	(20,071,627)	(155,290,312)
Proceeds on debt issuance	0	0	0	1,298,120	4,843,945	6,142,065
Total other financing sources (uses)	<u>59,070,296</u>	<u>(81,974,084)</u>	<u>6,447,379</u>	<u>11,806,085</u>	<u>8,187,480</u>	<u>3,537,156</u>
Net change in fund balances	74,744	(996,788)	32,250,613	1,423,957	(2,850,677)	29,901,849
Fund balances, October 1	33,714,518	1,674,303	(7,034)	22,802,164	56,908,553	115,092,504
Fund balances, September 30	<u>\$ 33,789,262</u>	<u>\$ 677,515</u>	<u>\$ 32,243,579</u>	<u>\$ 24,226,121</u>	<u>\$ 54,057,876</u>	<u>\$ 144,994,353</u>

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

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, 2020

Net change in fund balances - total governmental funds		\$	29,901,849
<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			31,670,354
Less current year depreciation	<u>(22,513,617)</u>		9,156,737
<p>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.</p>			
			7,521,499
<p>Capital leases and debt issuances provide current financial resources to governmental funds, but increase long-term liabilities in the Statement of Net Position.</p>			
			(6,659,169)
<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			(4,197,914)
Change in compensated absences			(579,119)
Change in net pension liability	<u>(23,800,052)</u>		(28,529,695)
<p>Internal service funds are used by management to charge the costs of gasoline, vehicle repair, risk management, and telephone services to individual funds.</p>			
			<u>(623,326)</u>
Change in net position of governmental activities		\$	<u><u>10,767,895</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, 2020

	<u>Budget Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 71,531,778	\$ 71,531,778	\$ 71,548,835	\$ 17,057
Licenses and permits	9,500	9,500	0	(9,500)
Intergovernmental	9,409,687	9,409,687	10,066,129	656,442
Charges for services	5,379,183	5,597,999	7,813,843	2,215,844
Interest	1,047,115	1,047,115	485,138	(561,977)
Net increase/(decrease) in fair value of investments	0	0	71,772	71,772
Miscellaneous	408,355	733,901	879,301	145,400
Total revenue	<u>87,785,618</u>	<u>88,329,980</u>	<u>90,865,018</u>	<u>2,535,038</u>
Expenditures:				
Current:				
General government	43,812,797	47,527,605	40,691,937	6,835,668
Public safety	77,929,385	78,974,637	78,217,653	756,984
Physical environment	2,532,947	2,532,947	2,466,828	66,119
Economic environment	3,145,804	3,139,304	2,993,388	145,916
Human services	9,142,524	9,264,409	8,632,800	631,609
Culture and recreation	6,732,615	6,732,615	5,843,443	889,172
Judicial	4,808,880	4,636,246	6,745,950	(2,109,704)
Capital outlay	3,178,674	3,852,910	4,268,571	(415,661)
Total expenditures	<u>151,283,626</u>	<u>156,660,673</u>	<u>149,860,570</u>	<u>6,800,103</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(63,498,008)</u>	<u>(68,330,693)</u>	<u>(58,995,552)</u>	<u>9,335,141</u>
Other financing sources (uses):				
Transfers in	110,855,541	111,862,403	81,526,624	(30,335,779)
Transfers out	(48,892,333)	(49,123,488)	(22,456,328)	26,667,160
Total other financing sources (uses)	<u>61,963,208</u>	<u>62,738,915</u>	<u>59,070,296</u>	<u>(3,668,619)</u>
Net change in fund balance	(1,534,800)	(5,591,778)	74,744	5,666,522
Fund balances, October 1	33,714,518	33,714,518	33,714,518	0
Fund balances, September 30	<u>\$ 32,179,718</u>	<u>\$ 28,122,740</u>	<u>\$ 33,789,262</u>	<u>\$ 5,666,522</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, 2020

	<u>Budget Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Taxes	\$ 84,065,518	\$ 84,065,518	\$ 85,094,554	\$ 1,029,036
Intergovernmental	25,270	25,270	13,862	(11,408)
Charges for services	881,985	881,985	455,281	(426,704)
Fines and forfeitures	107,350	107,350	104,255	(3,095)
Interest	497,230	497,230	529,511	32,281
Net increase/(decrease) in fair value of investments	0	0	(1,036)	(1,036)
Miscellaneous	0	0	(2)	(2)
Total revenue	<u>85,577,353</u>	<u>85,577,353</u>	<u>86,196,425</u>	<u>619,072</u>
Expenditures				
Current				
Public safety	2,896,461	2,896,461	2,896,561	(100)
Human services	100,000	100,000	62,273	37,727
Judicial	2,408,854	2,408,854	2,260,295	148,559
Total expenditures	<u>5,405,315</u>	<u>5,405,315</u>	<u>5,219,129</u>	<u>186,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>80,172,038</u>	<u>80,172,038</u>	<u>80,977,296</u>	<u>805,258</u>
Other financing sources (uses):				
Transfers in	0	0	250,354	250,354
Transfers out	(80,172,038)	(115,882,821)	(82,224,438)	33,658,383
Total other financing sources (uses)	<u>(80,172,038)</u>	<u>(115,882,821)</u>	<u>(81,974,084)</u>	<u>33,908,737</u>
Net change in fund balance	0	(35,710,783)	(996,788)	34,713,995
Fund balances, October 1	<u>1,674,303</u>	<u>1,674,303</u>	<u>1,674,303</u>	<u>0</u>
Fund balances, September 30	<u>\$ 1,674,303</u>	<u>\$ (34,036,480)</u>	<u>\$ 677,515</u>	<u>\$ 34,713,995</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, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$ 546,290	\$ 69,330,078	\$ 39,632,669	\$ (29,697,409)
Charges for services	84,835	759,827	85,401	(674,426)
Interest	0	27,354	130,340	102,986
Net increase/(decrease) in fair value of investments	0	0	176,942	176,942
Miscellaneous	0	1,178,759	54,649	(1,124,110)
Total revenue	631,125	71,296,018	40,080,001	(31,216,017)
Expenditures				
Current				
General government	0	275	0	275
Public safety	652,289	1,465,612	832,080	633,532
Physical environment	25,000	1,337,589	86,813	1,250,776
Transportation	0	597,184	15,698	581,486
Economic environment	50,000	47,292,723	10,631,064	36,661,659
Human services	32,468	32,468	30,044	2,424
Culture and recreation	5,500	292,573	21,161	271,412
Judicial	91,787	141,787	1,786	140,001
Capital outlay	77,979	27,733,611	2,658,121	25,075,490
Total expenditures	935,023	78,893,822	14,276,767	64,617,055
Excess (deficiency) of revenues over (under) expenditures	(303,898)	(7,597,804)	25,803,234	33,401,038
Other financing sources (uses):				
Transfers in	90,131	40,528,212	36,977,051	(3,551,161)
Transfers out	0	(33,648,383)	(30,529,672)	3,118,711
Total other financing sources (uses)	90,131	6,879,829	6,447,379	(432,450)
Net change in fund balance	(213,767)	(717,975)	32,250,613	32,968,588
Fund balances, October 1	(7,034)	(7,034)	(7,034)	0
Fund balances, September 30	\$ (220,801)	\$ (725,009)	\$ 32,243,579	\$ 32,968,588

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

Leon County, Florida
Statement of Net Position
Proprietary Funds
September 30, 2020

	<u>Business-type Activities - Landfill Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
Assets		
Current assets:		
Cash	\$ 459	\$ 471,567
Cash with fiscal agent	0	186,304
Investments	1,011,428	7,103,377
Receivables:		
Accounts	1,299,335	304,887
Due from other funds	1,463	52,682
Due from other governments	0	12,079
Inventories	1,446	119,449
Total current assets	2,314,131	8,250,345
Noncurrent assets:		
Restricted cash and investments	10,298,831	0
Capital assets:		
Land nondepreciable	1,809,844	0
Depreciable (net)	5,036,443	0
Total noncurrent assets	17,145,118	0
Total assets	19,459,249	8,250,345
Liabilities		
Current liabilities:		
Accounts payable	831,531	246,501
Due to other governments	38,168	0
Accrued liabilities	47,097	15,189
Due to other funds	1,389	213,541
Compensated absences	96,686	352,162
Claims payable	0	6,587,788
Deferred revenue	2,878	0
Total current liabilities	1,017,749	7,415,181
Noncurrent liabilities:		
Compensated absences	154,076	260,781
Liability for closure costs/maintenance	17,041,483	0
Other post employment benefits	231,230	96,829
Total noncurrent liabilities	17,426,789	357,610
Total liabilities	18,444,538	7,772,791
Net position		
Investment in capital assets	6,846,287	9,532
Unrestricted	(5,831,576)	468,022
Total net position	1,014,711	\$ 477,554
Total liabilities and net position	19,459,249	\$ 8,250,345
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	228,957	
Net position of business-type activities	\$ 1,243,668	

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, 2020

	<u>Business-type Activities- Landfill Fund</u>	<u>Business-type Activities- Internal Service Funds</u>
Operating revenues		
Charges for services	\$ 9,491,404	\$ 6,578,927
Total operating revenues	<u>9,491,404</u>	<u>6,578,927</u>
Operating expenses		
Personnel services	1,986,869	824,789
Contractual services	8,146,307	141,743
Supplies	278,486	821,783
Communications services	6,241	506,493
Insurance	36,844	5,938,750
Utility services	65,623	0
Depreciation	810,932	0
Other services and charges	3,962,413	1,347,126
Total operating expenses	<u>15,293,715</u>	<u>9,580,684</u>
Operating income (loss)	<u>(5,802,311)</u>	<u>(3,001,757)</u>
Nonoperating revenues		
Taxes	1,845,895	0
Interest	140,929	98,734
Net increase/(decrease) in fair value of investments	(6,198)	58,620
Miscellaneous	0	1,558
Total nonoperating revenues	<u>1,980,626</u>	<u>158,912</u>
Income (loss) before transfers	(3,821,685)	(2,842,845)
Transfers in	1,185,987	2,051,805
Transfers out	(115,779)	0
Change in net position	<u>(2,751,477)</u>	<u>(791,040)</u>
Net position, October 1	4,557,779	1,268,594
Prior period adjustments	(791,591)	0
Net position, October 1 as restated	<u>3,766,188</u>	<u>1,268,594</u>
Net position, September 30	<u>\$ 1,014,711</u>	<u>\$ 477,554</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	<u>(167,714)</u>	
Change in net position of business-type activities	<u>\$ (2,919,191)</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, 2020

	<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	\$ 9,152,958	\$ (33,689)
Payments to suppliers	(11,135,816)	(4,635,963)
Payments to employees	(1,908,923)	(768,988)
Internal activity - payments to other funds	(36,844)	0
Internal activity - cash received from other funds	1,389	6,783,007
Claims paid	0	(2,338,275)
Net cash provided by (used in) operating activities	<u>(3,927,236)</u>	<u>(993,908)</u>
Cash flows from noncapital financing activities:		
Tax proceeds	1,845,895	0
Repayments on interfund loans	0	398,807
Loan from other funds	36,939	0
Transfers received from other funds	1,185,987	2,051,805
Transfers to other funds	(115,779)	0
Miscellaneous	0	1,558
Net cash provided by (used in) noncapital financing activities	<u>2,953,042</u>	<u>2,452,170</u>
Cash flows from capital and related financing activities:		
Acquisition and/or construction of capital assets	(138,095)	0
Proceeds from the sale of capital assets	90,579	0
Net cash provided by (used in) capital and related financing activities	<u>(47,516)</u>	<u>0</u>
Cash flows from investing activities:		
Net proceeds from sales and maturities of investments	1,930,195	(1,428,308)
Interest and dividends received	148,050	100,743
Increase (decrease) in fair value of investments	(6,198)	58,620
Net cash provided by (used in) investing activities	<u>2,072,047</u>	<u>(1,268,945)</u>
Net cash increase (decreases) in cash	1,050,337	189,317
Cash at beginning of year (including \$8,475,834 included in restricted cash and investments)	<u>8,476,296</u>	<u>468,554</u>
Cash at end of year (including \$9,526,174 included in restricted cash and investments)	<u>\$ 9,526,633</u>	<u>\$ 657,871</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, 2020

	<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)	\$ (5,802,311)	\$ (3,001,757)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	810,932	0
Changes in assets and liabilities:		
Receivables	(330,218)	(27,691)
Inventories	(232)	(79,739)
Due from other governments	1,389	198,083
Accounts payable and other liabilities	(1,155,261)	(3,244)
Accrued expenses	77,946	44,196
Other current liabilities	0	1,864,639
Revenues received in advance	(8,231)	0
Estimated liability for closure costs/maintenance	2,478,750	0
Other accrued liabilities	0	11,605
Net cash provided (used) by operating activities:	<u>\$ (3,927,236)</u>	<u>\$ (993,908)</u>

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

Leon County, Florida
Statement of Fiduciary Net Position
Agency Funds
September 30, 2020

	<u>Total Agency Funds</u>
Assets	
Cash	\$ 8,722,863
Accounts receivable	1,510,291
Intergovernmental receivables	<u>3,638</u>
Total assets	<u>\$ 10,236,792</u>
Liabilities	
Accounts payable	\$ 1,368,671
Due to other governments	2,523,039
Accrued liabilities	1,023,390
Deposits	3,303,782
Installment tax deposits	<u>2,017,910</u>
Total liabilities	<u>\$ 10,236,792</u>

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

LEON COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

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Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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, 2020

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, 2020, 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:

Leon County District School Board

Leon County Health Department

Fallschase Special Taxing District

Northwest Florida Water Management District

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

Consolidated Dispatch Agency

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

The governing body of the CDA consists of the City of Tallahassee City Manager, the Leon County Administrator and the Leon County Sheriff, hereinafter called the Council. The City and 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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Consolidated Dispatch Agency (continued)

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

Capital Region Transportation Planning Agency

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

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

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

Blueprint Intergovernmental Agency

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

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting

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

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

Government-wide Financial Statements

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

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

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, 2020

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 agency funds. The agency funds of the County primarily represent assets held by the County in a custodial capacity for other individuals or governments.

Governmental Funds

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

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

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

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

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

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, 2020

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.

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, 2020

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.

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

Noncurrent Governmental Assets/Liabilities

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

D. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

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

Investments

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

Receivables and Payables

Receivables are shown net of an allowance for uncollectibles. The emergency medical services allowance is equal to 60% of outstanding gross charges at September 30, 2020.

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, 2020

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, 2020 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 are reported in government-wide financial statements represent unearned revenues. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available. In accordance with the modified accrual basis of accounting, these items are reported as deferred revenues.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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, 2020.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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, 2020

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, 2020

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, 2020

III. CASH AND INVESTMENTS

As of September 30, 2020, 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	\$ 41,462,758	N/A	N/A
Restricted deposits in qualified public depositories	9,526,174	N/A	N/A
External investment in government pools:			
Florida State Treasury Special Purpose Investment Account (SPIA)	16,414,671	AA-f	2.45
Florida Local Government Investment Trust Day to Day Fund (FLGIT)	23,192,043	AAAm	0.07
Florida PRIME investment pool	12,614,159	AAAm	0.13
Florida CLASS investment pool	3,089,698	AAAm	0.14
Externally managed portfolio:			
Money market	19,387	AAA	N/A
U.S. treasuries	14,570,211	AA+	2.49
Government sponsored agencies:			
Federal Home Loan Bank	656,958	AA+	1.80
Federal National Mortgage Association	2,263,744	AA+	3.00
Other government sponsored agencies	8,026,100	AA+	1.74
Mortgage backed securities	11,858,490	AA+	1.71
Collateralized mortgage obligations	723,758	AA+	2.47
Corporate bonds	13,143,759	AA+	1.48
State and local obligations	1,790,722	AA-	2.76
Asset-backed securities	2,622,172	AAA	1.00
Total cash and investments	<u>\$ 161,974,804</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 \$212,451 accrued interest as of September 30, 2020.

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, 2020

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, 2020 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, 2020, the County had \$16,414,671 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, 2020 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, 2020. At September 30, 2020, the County had \$23,192,043 with the FLGIT Day to Day Fund. A copy of FLGIT's most recent financial statement 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 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, 2020, 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, 2020

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, 2020 is 48 days. The fair value of the County's position in the pool approximates the value of the pool shares. At September 30, 2020, the County had \$12,614,159 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, 2020 is 51 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, 2020, the County had \$3,089,698 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, 2020, were \$43,653,679, of which \$9,526,174 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 \$55,675,301 at September 30, 2020, and was invested for a weighted average term of approximately 704 days, as compared to a weighted average term of 734 days in fiscal year 2019. 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, 2020

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, 2020.

The fair value factor for SPIA at September 30, 2020 was 1.0269. 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, 2020:

	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	\$ 2,622,172	\$ 0	\$ 2,622,172
Corporate Bonds	0	13,143,758	0	13,143,758
Government Sponsored Agencies	0	10,946,802	0	10,946,802
US Government Obligations	14,570,211	0	0	14,570,211
Mortgage Backed Security - US Agency Sponsored	0	11,858,490	0	11,858,490
State and Local Obligations	0	1,790,722	0	1,790,722
Collateralized Mortgage Obligations	0	723,758	0	723,758
Investments at fair value	<u>\$ 14,570,211</u>	<u>\$ 41,085,702</u>	<u>\$ 0</u>	<u>\$ 55,655,913</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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 2020 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, 2020.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

V. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

Primary Government

	Beginning Balance (as restated)	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	17,848,311	19,220,580	(7,417,374)	29,651,517
Total not being depreciated	<u>72,464,346</u>	<u>19,220,580</u>	<u>(7,417,374)</u>	<u>84,267,552</u>
Capital assets being depreciated:				
Buildings	224,651,120	287,348	0	224,938,468
Equipment	60,376,169	6,578,202	(1,703,496)	65,250,875
Equipment lease asset	972,928	5,361,050	0	6,333,978
Library collection	3,342,399	442,078	(648,295)	3,136,182
Improvements other than buildings	95,975	1,486,445	0	1,582,420
Infrastructure	321,796,561	6,148,778	(75,000)	327,870,339
Leasehold Improvements	1,580,627	0	0	1,580,627
Total being depreciated	<u>612,815,779</u>	<u>20,303,901</u>	<u>(2,426,791)</u>	<u>630,692,889</u>
Less accumulated depreciation:				
Building	(123,517,066)	(6,527,090)	0	(130,044,156)
Equipment	(39,931,038)	(5,107,253)	1,308,522	(43,729,769)
Equipment lease asset	(377,627)	(394,500)	0	(772,127)
Library collection	(2,001,643)	(627,236)	648,295	(1,980,584)
Improvements other than buildings	(2,399)	(41,960)	0	(44,359)
Infrastructure	(241,498,678)	(9,495,742)	33,224	(250,961,196)
Leasehold Improvements	(781,036)	(319,836)	0	(1,100,872)
Total accumulated depreciation	<u>(408,109,487)</u>	<u>(22,513,617)</u>	<u>1,990,041</u>	<u>(428,633,063)</u>
Total being depreciated, net	<u>204,706,292</u>	<u>(2,209,716)</u>	<u>(436,750)</u>	<u>202,059,826</u>
Governmental activities capital assets, net	<u>\$ 277,170,638</u>	<u>\$ 17,010,864</u>	<u>\$ (7,854,124)</u>	<u>\$ 286,327,378</u>
Business-type activities:				
Capital assets not being depreciated:				
Land nondepreciable	\$ 1,809,844	\$ 0	\$ 0	\$ 1,809,844
Total not being depreciated	<u>1,809,844</u>	<u>0</u>	<u>0</u>	<u>1,809,844</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	5,197,010	138,096	(173,396)	5,161,710
Total being depreciated	<u>24,180,303</u>	<u>138,096</u>	<u>(173,396)</u>	<u>24,145,003</u>
Less accumulated depreciation:				
Building	(584,737)	(558,559)	0	(1,143,296)
Improvements other than buildings	(14,351,074)	0	0	(14,351,074)
Equipment	(3,444,633)	(252,373)	82,816	(3,614,190)
Total accumulated depreciation	<u>(18,380,444)</u>	<u>(810,932)</u>	<u>82,816</u>	<u>(19,108,560)</u>
Total being depreciated, net	<u>5,799,859</u>	<u>(672,836)</u>	<u>(90,580)</u>	<u>5,036,443</u>
Business-type activities capital assets, net	<u>\$ 7,609,703</u>	<u>\$ (672,836)</u>	<u>\$ (90,580)</u>	<u>\$ 6,846,287</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

V. CAPITAL ASSETS (continued)

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

Governmental activities:

General government	\$ 14,408,715
Public safety	3,827,315
Physical environment	2,026,226
Transportation	1,801,089
Human services	122,924
Culture and recreation	225,136
Judicial	102,212
Total depreciation expense - governmental activities	<u>\$ 22,513,617</u>

Business-type activities:

Landfill	\$ 810,932
Total depreciation expense - business-type activities	<u>\$ 810,932</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

VI. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Balances as of September 30, 2020, consisted of the following:

	Interfund Receivables	Interfund Payables
Primary Government:		
By Major Funds:		
General Fund	\$ 2,151,409	\$ 1,252,168
Fine & Forfeiture Fund	152,390	0
Grants Fund	0	274,688
Capital Improvement Fund	15,926	0
Total Major Funds	2,319,725	1,526,856
Nonmajor Special Revenue Funds:		
County Transportation Trust Fund	0	9,234
Probation Fund	17,792	0
Family Law Legal Services Fund	0	52,610
Building Inspection Fund	0	58
MSBU Stormwater Utility Fund	2,084	0
Emergency Medical Services Fund	2,635	4,513
Municipal Service Fund	0	258,525
Fire Rescue Services Fund	2,329	0
Tourist Development Trust Fund	388,168	2,267
Special Assessment Paving Fund	0	15,502
Special Grants Fund	40,259	83,935
Inmate Welfare Fund	71,554	120,475
Records Modernization Fund	114,911	0
Clerks Grants Fund	150,076	161,092
Total Nonmajor Special Revenue Funds	789,808	708,211
Nonmajor Capital Projects Funds:		
Extended Local Option Sales Tax Fund	0	713,681
Total Nonmajor Capital Projects Funds	0	713,681
Total Nonmajor Governmental Funds	789,808	1,421,892
Internal Service Funds	52,682	213,541
Total Governmental Funds	3,162,215	3,162,289
Proprietary Funds		
Landfill Fund	1,463	1,389
Total Proprietary Funds	1,463	1,389
Total Primary Government	\$ 3,163,678	\$ 3,163,678

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, 2020

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, 2020, consisted of the following:

Transfers to the General Fund from:

Fine & Forfeiture Fund	\$ 50,064,813
Grants Fund	30,379,596
Nonmajor Governmental Funds	966,436
Enterprise Fund	115,779
Total Transfers to the General Fund	<u>81,526,624</u>

Transfers to the Fine & Forfeiture Fund from:

General Fund	381
Nonmajor Governmental Funds	249,973
Total Transfers to the Fine & Forfeiture Fund	<u>250,354</u>

Transfers to the Grants Fund from:

General Fund	90,131
Fine & Forfeiture Fund	30,097,222
Nonmajor Governmental Funds	6,789,698
Total Transfers to Grants Fund	<u>36,977,051</u>

Transfers to the Capital Improvement Fund from:

General Fund	5,107,194
Fine & Forfeiture Fund	62,400
Nonmajor Governmental Funds	4,829,514
Total Transfers to the Capital Improvement Fund	<u>9,999,108</u>

Transfers to the Nonmajor Funds from:

General Fund	16,061,567
Grants Fund	150,076
Nonmajor Governmental Funds	7,195,272
Capital Improvement Fund	8,247
Total Transfers to the Nonmajor Funds	<u>23,415,162</u>
Total Transfers to the Governmental Funds	<u>152,168,299</u>

Transfers to the Internal Service Funds from:

General Fund	11,068
Fines & Forfeiture Fund	2,000,003
Nonmajor Governmental Funds	40,734
Total Transfers to Internal Service Funds	<u>2,051,805</u>

Transfers to the Enterprise Fund from:

General Fund	1,185,987
Total Transfers to Enterprise Funds	<u>1,185,987</u>
Total Transfers to Proprietary Funds	<u>3,237,792</u>
Total Interfund Transfers	<u><u>\$ 155,406,091</u></u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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, 2020, are comprised of the following:

	Outstanding at September 30, 2020
Revenue Bonds:	2020
 \$8,267,000, Capital Improvement Revenue Bonds, Series 2012A, (i) to refund the County's Capital Improvement Revenue Bonds, Series 2003A of which \$7,965,000 was outstanding and maturing in the years 2018 through 2020, and (ii) to pay a portion of the costs of the acquisition of the Bank of America Building, and (iii) the construction of improvements to the Bank of America Building, and (iv) to finance improvements to the County's courthouse and parking garage. The economic gain resulting from the refunding was \$1,279,488. The bonds dated December 20, 2012, bear interest of 1.65% per annum. The interest on the bonds is payable on April 1 and October 1, beginning April 1, 2013. The bond principal matures serially on October 1 of each year for two years beginning October 1, 2019.	\$ 6,962,000
 \$15,991,000,000 Capital Improvement Revenue Refunding Bonds, Series 2017, (i) refund a portion of the Capital Improvement Revenue Bonds, Series 2014 of which \$15,951,000 was outstanding and maturing in the years 2021 through 2025, and (ii) pay issuance costs on the Series 2017 bonds. The economic gain resulting from the refunding was \$489,076. The bonds dated June 22, 2017 and bear interest of 2.11% per annum. The interest on the bonds is payable on April 1 and October 1, beginning October 1, 2017. The bond principal matures serially on October 1 of each year through the final maturity of October 1, 2025.	15,529,000
 \$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.	1,298,120
 <i>The Capital Improvement Revenue Bonds, Series 2012A, Capital Improvement Revenue Refunding Bonds Series 2017, and the Capital Improvement Revenue Refunding Bonds Series 2020 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	\$ 23,789,120

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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
2021	\$ 10,310,486	\$ 721,545	\$ 11,032,031
2022	3,247,991	282,070	3,530,061
2023	3,317,527	214,066	3,531,593
2024	3,385,149	144,604	3,529,753
2025	3,456,858	73,725	3,530,583
Thereafter	71,109	1,343	72,452
Total	\$ 23,789,120	\$ 1,437,353	\$ 25,226,473

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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, 2019	Reductions	Additions	Balance September 30, 2020	Due Within One Year
Governmental Activities:					
Special Revenue Debt:					
Capital Improvement Revenue Bonds, Series 2012A	\$ 6,962,000	\$ 0	\$ 0	\$ 6,962,000	\$ 6,962,000
Capital Improvement Revenue Refunding Bonds, Series 2017	15,529,000	0	0	15,529,000	3,109,000
Capital Improvement Refunding Revenue Bonds, Series 2020	0	0	1,298,120	1,298,120	239,486
Unamortized Premium on Bonds Payable	284,342	(47,390)	0	236,952	0
Total Special Revenue Debt	22,775,342	(47,390)	1,298,120	24,026,072	10,310,486
Liability for compensated absences	16,417,652	(9,253,109)	9,885,415	17,049,958	5,867,383
Net Pension Liability	171,199,428	(14,697,117)	48,088,836	204,591,147	0
Other postemployment benefits liability	16,296,538	(215,848)	25,206,751	41,287,441	0
Arbitrage rebate liability	25,000	0	0	25,000	0
Capital lease liability	595,301	(394,500)	5,361,050	5,561,851	310,122
Governmental Activity Long-term Debt	<u>\$ 227,309,261</u>	<u>\$ (24,607,964)</u>	<u>\$ 89,840,172</u>	<u>\$ 292,541,469</u>	<u>\$ 16,487,991</u>

	Balance October 1, 2019	Reductions	Additions	Balance September 30, 2020	Due Within One Year
Business-type activities:					
Liabilities for compensated absences	\$ 182,658	\$ (105,736)	\$ 173,840	\$ 250,762	\$ 96,686
Other postemployment benefits liability	231,230	0	0	231,230	0
Landfill closure and postclosure costs	14,562,733	0	2,478,750	17,041,483	0
Business-type activity Long-term liabilities	<u>\$ 14,976,621</u>	<u>\$ (105,736)</u>	<u>\$ 2,652,590</u>	<u>\$ 17,523,475</u>	<u>\$ 96,686</u>

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

D. Purchase Cards

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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, 2020, the unaudited conduit debts outstanding were as follows:

Project Description	Fiscal Year Issued	Original Bond Issue	Principal Outstanding @ 09/30/2020
Leon County, Florida			
Holy Comforter Episcopal School	2002 2018	\$ 4,400,000 6,000,000	\$ 513,709 6,000,000
Housing Finance Authority	2005 2020	16,800,000 11,760,000	15,751,317 11,709,763
Educational Facilities Authority			
Refunding Series 1998B	1998	20,500,000	20,500,000
Student Housing Revenue Bonds 2003	2008	23,315,000	<u>14,915,000</u>
Total Conduit Debt Principal Balance as of September 30, 2020			<u>\$ 69,389,789</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

VII. LONG-TERM OBLIGATIONS (continued)

H. Debt Parity

The Capital Improvement Revenue Bonds, Series 2012A, Capital Improvement Revenue Refunding Bonds Series 2017, and the Capital Improvement Revenue Refunding Bonds Series 2020, 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 2017	Actual 2018	Actual 2019	Actual 2020
Pledged revenues:				
Revenues available for debt service:				
Local Government Half Cent Tax	\$ 12,414,836	\$ 12,855,444	\$ 13,474,983	\$ 12,429,991
Guaranteed entitlement	316,798	316,778	316,778	316,798
Second guaranteed entitlement	1,026,649	1,026,649	1,026,649	1,026,649
Additional state revenue sharing funds	1,318,646	1,234,886	1,550,556	1,661,306
Total revenues available for debt service	\$ 15,076,929	\$ 15,433,757	\$ 16,368,966	\$ 15,434,744
 Combined maximum annual debt service for debt (Series 2020, Series 2017, and Series 2012A)	 \$ 8,066,500	 \$ 8,050,816	 \$ 7,570,684	 \$ 7,577,482
 Debt Service Coverage	 1.87 x	 1.92 x	 2.16 x	 2.04 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 \$17,041,483 reported as landfill closure and post-closure care liability at September 30, 2020, 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 2020 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, 2020, held cash and investments in the amount of \$10,298,831 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, 2020

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 or the senior management service class. Currently, the active participants in the pension plan for Leon County are 1,167 out of a total of 479,043 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, 2020 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, 2020, the date of the latest valuation, the FRS' funded ratio was 82.0% on the valuation funding basis and 80.7% 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, 2020

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, 2020, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes.

The amounts contributed for the years ended September 30, 2020, 2019, and 2018 were \$14,697,117, \$14,140,939, and \$12,962,828, respectively, which is equal to 100% of the required contribution for each year.

The membership categories and contribution rates for 2020 and 2019 were as follows:

Membership Category	Benefit	Vesting	Employer Contribution Rate	
			July 1, 2019	July 1, 2020
Regular Class	For employees in the FRS as of June 30, 2011, normal retirement at age 62 or at least 30 years of service: 1.60% times average compensation (five highest years) times years of creditable service.	After six years creditable service.	8.47 %	10.00 %
	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.	25.41 %	27.29 %
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.	25.48 %	24.45 %
Elected County Officers' Class (ESCOC)-Nonjudicial	For employees in the FRS as of June 30, 2011, normal retirement at eight years ESCOC service and age 62: 3.00% times average compensation (five highest years) times years of creditable service.	After six years of creditable service.	48.82 %	49.18 %
	For employees joining the FRS on or after July 1, 2011, normal retirement at age 65, or at least 33 years of service: 3.00% times average compensation (eight highest years) times years of creditable service.	After eight years creditable service.		
Deferred Retirement Option Program (Drop)	For employees in DROP as of June 30, 2011, retirement benefit paid to DROP where it earns 6.5% interest, tax deferred, for up to five years while the member continues to work.	Available to vested members at normal retirement age or date.	14.60 %	16.98 %
	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, 2020, the County reported for its share proportionate of the FRS and HIS plans the amount for the net pension liability as shown below:

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

IX. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

	Leon County		
	FRS	HIS	Total
Total Pension Liability	\$ 808,918,419	\$ 34,530,414	\$ 843,448,833
Fiduciary Net Position	637,820,078	1,037,608	638,857,686
Net Pension Liability	\$ 171,098,341	\$ 33,492,806	\$ 204,591,147

The net pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2020 for the net pension liability as of June 30, 2020. "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 70.

At September 30, 2020, 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, 2020	0.394768166%	0.274310017%
June 30, 2019	0.405622105%	0.281605365%
Increase (decrease) in Share for 2020	(.010853939)%	(.007295348)%

The County's proportionate share of the net pension liability was based on the County's 2019-2020 fiscal year contributions relative to the 2018-2019 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 2.21% 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 2020:

- FRS: The long-term expected rate of return was decreased from 6.90% to 6.80%, and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was decreased from 3.50% to 2.21%.

The actuarial assumptions that determined the total pension liability as of June 30, 2020, were based on the results of an actuarial

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

IX. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

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

Valuation date	July 1, 2019	July 1, 2020
Measurement date	June 30, 2019	June 30, 2020
Inflation	2.60%	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 during 2020 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 2020 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 2020 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 %	2.2 %	2.2 %	1.2 %
Fixed income	19.0 %	3.0 %	2.9 %	3.5 %
Global equity	54.2 %	8.0 %	6.7 %	17.1 %
Real estate (property)	10.3 %	6.4 %	5.8 %	11.7 %
Private equity	11.1 %	10.8 %	8.1 %	25.7 %
Strategic investments	4.4 %	5.5 %	5.3 %	6.9 %
Total	100.00 %			
Assumed inflation - mean		2.4 %		1.7 %

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

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, 2020.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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%
\$ 273,215,296	\$ 171,098,341	\$ 85,809,816

HIS Net Pension Liability		
1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
\$ 38,716,189	\$ 33,492,806	\$ 29,217,483

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, 2020 the total pension expense and deferred inflows and outflows related to the FRS and HIS plans were as follows:

	FRS	HIS	Total
Pension Expense	\$ 36,044,603	\$ 2,684,637	\$ 38,729,240
Deferred Outflows of Resources	53,404,928	6,431,196	59,836,124
Deferred Inflows of Resources	\$ (4,245,793)	\$ (3,404,349)	\$ (7,650,142)

For the fiscal year ended September 30, 2020, 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, 2020

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	\$ 6,548,282	\$ 0
Change of assumptions	30,974,243	0
Net difference between projected and actual earnings on FRS Plan investments	10,187,360	0
Changes in proportion and differences between County FRS Plan contributions and proportionate share of contributions	2,407,418	(4,245,793)
County FRS Plan contributions subsequent to the measurement date	3,287,625	0
Total	\$ 53,404,928	\$ (4,245,793)

The deferred outflows of resources related to the Pension Plan, totaling \$3,287,625 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Reporting Period Ending June 30	FRS Net Deferred Outflows
2021	\$ 9,929,901
2022	14,753,671
2023	12,381,874
2024	7,408,546
2025	1,397,518
Totals	\$ 45,871,510

For the fiscal year ended September 30, 2020, 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	\$ 1,370,057	\$ (25,838)
Change of assumptions	3,601,430	(1,947,476)
Net difference between projected and actual earnings on HIS Plan investments	26,741	0
Changes in proportion and differences between County HIS Plan contributions and proportionate share of contributions	1,055,303	(1,431,035)
County HIS Plan contributions subsequent to the measurement date	377,665	0
Total	\$ 6,431,196	\$ (3,404,349)

The deferred outflows of resources related to the HIS Plan, totaling \$377,665 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, 2021. 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, 2020

IX. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

Reporting Period Ending June 30	FRS Net Deferred Outflows	
2021	\$	845,882
2022		618,286
2023		29,458
2024		344,409
2025		468,829
Thereafter		342,318
Totals	\$	<u>2,649,182</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, 2020 was as follows:

<u>Membership Status as of October 1, 2020</u>	<u>Life</u>	<u>Medical</u>
Active plan members	1,673	1,673
Retirees and DROP participants	501	191
Total	<u>2,174</u>	<u>1,864</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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*.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

IX. EMPLOYEE BENEFITS (continued)

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

The total OPEB liability for the year ended September 30, 2020 measured as of September 30, 2020 is \$41,518,671. The following table outlines the changes in Net OPEB Liability for the fiscal year ending September 30, 2020:

	<u>FY 2020</u>	<u>FY 2019</u>
Service cost	\$ 540,572	\$ 492,162
Interest	607,217	666,184
Changes in benefit terms	1,067,856	0
Differences between expected and actual experience	15,714,047	(2,282,605)
Changes of assumptions or other input	7,277,059	(31,667)
Expected benefit payments	<u>(215,848)</u>	<u>(249,553)</u>
Net Changes	24,990,903	(1,405,479)
Net OPEB liability at beginning of year	<u>16,527,768</u>	<u>17,933,247</u>
Net OPEB liability at end of year	<u><u>\$ 41,518,671</u></u>	<u><u>\$ 16,527,768</u></u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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, 2020. The total OPEB liability was rolled forward two years. The significant assumptions used were as follows:

Valuation Date	September 30, 2019
Measurement Date	September 30, 2020
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 2.14%. 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, 2020. The discount rate at the beginning of the year is 3.58% from the S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2019.
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-2020 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-2020 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, 2020

IX. EMPLOYEE BENEFITS (continued)

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

Health care cost trends	<p>Eligible health care costs, per capita costs, and retiree contributions, are assumed to increase each year from 7.35% for the year ended 9/30/2021 to 4.50% for the year beginning 10/1/2027 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 2028, based on projections from CMS' projection of National Health Care Expenditures.</p>
Per capita costs	<p>Our valuation reflects the following fiscal year 2020 annual per capita plan costs for retirees and their spouses: Per Capita Plan Cost at Male Age 65- Retiree \$18,936, Spouse \$20,088, Family \$30,936. Medical per capita plan costs for retirees and spouses were developed using 2020 premium information and de-trended to a level appropriate for the fiscal year beginning October 1, 2019. 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.</p>
Spouse assumptions	<p>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.</p>
Age/Gender - related morbidity	<p>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.</p>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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 2.14%, 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 1.14%	Current Discount Rate 2.14%	1% Increase 3.14%
Net OPEB Liability	\$ 49,039,180	\$ 41,518,671	\$ 35,536,176

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	\$ 39,445,743	\$ 41,518,671	\$ 44,019,283

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, 2020

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, 2020</u>
Service Cost	\$ 540,572
Interest on the total OPEB liability and net cash flow	607,217
Current period effect on benefit changes	1,067,856
Differences between expected and actual experience	1,742,134
Changes in assumptions and other inputs	<u>455,983</u>
Total OPEB expense	<u>\$ 4,413,762</u>

At September 30, 2020, 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	\$ 13,971,913	\$ 1,846,161	\$ 12,125,752
Changes in assumptions and other inputs	<u>6,470,290</u>	<u>751,018</u>	<u>5,719,272</u>
Total OPEB expense	<u>\$ 20,442,203</u>	<u>\$ 2,597,179</u>	<u>\$ 17,845,024</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, 2020 is 9.02 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>
2021	\$ 2,198,117
2022	2,198,117
2023	2,198,117
2024	2,198,117
2025	2,198,117
Thereafter	<u>6,854,439</u>
Totals	<u>\$ 17,845,024</u>

Funded Status and Funding Progress

As of September 30, 2020, the County's actuarial accrued liability for benefits recognized in the County's financial statements was \$41,518,671, all of which was unfunded.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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, 2020	\$ 25,805	\$ 105,872	\$ (116,858)	\$ 14,819
September 30, 2019	\$ 48,131	\$ 29,806	\$ (52,132)	\$ 25,805

The claims liability of \$14,819 includes an actuarial valuation for incurred but not yet reported claims of \$14,819.

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, 2020, 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 \$6,562,279, which includes an actuarial evaluation for incurred but not reported claims of \$3,330,902 is included in other current liabilities and reported in the Internal Service Fund at September 30, 2020. 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, 2020	\$ 4,692,555	\$ 4,065,658	\$ (2,195,934)	\$ 6,562,279
September 30, 2019	\$ 4,207,550	\$ 2,151,783	\$ (1,666,778)	\$ 4,692,555

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, 2020

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, 2020	\$ 4,789	\$ 31,384	\$ (25,483)	\$ 10,690
September 30, 2019	\$ 12,131	\$ 22,205	\$ (29,547)	\$ 4,789

The claims liability of \$10,690 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, 2020 was \$281,549.

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, 2020 was \$587,875.

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

E. Excess Insurance

In the normal course of jail operations, the Sheriff seeks to limit its exposure to loss for catastrophic medical costs by purchasing insurance under an excess coverage contract. During the year ended September 30, 2020, the Sheriff maintained an excess insurance policy that provides a maximum specific benefit of \$250,000 per covered person, for claims in excess of \$70,000 reported during the annual contract term. The premium required for the year ended September 30, 2020 was \$115,534.

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, 2020

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 Municipal Service fund has a deficit of \$420,716, the Family Law Legal Services fund had a deficit of \$30,465, and the SHIP Trust fund had a deficit of \$25,260. All funds are nonmajor special revenue funds. At fiscal year end, the Debt Services Series 2020 Helicopter fund has a deficit of \$21,449. This fund is a nonmajor debt service fund. At fiscal year end the ESCO 2020 fund had a deficit balance of \$15,001. This fund is a nonmajor capital projects fund.

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, 2020

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	\$ 1,059,409	\$ 0	\$ 2,166	\$ 1,061,575
Prepaid assets	490,588	0	155,991	646,579
Total nonspendable	<u>1,549,997</u>	<u>0</u>	<u>158,157</u>	<u>1,708,154</u>
Restricted for:				
Federal and state grants and other purpose	0	203,137	159,016	362,153
Major non-transportation related capital projects and facilities	0	24,226,121	15,884,360	40,110,481
Debt service	0	0	127,446	127,446
Public improvement revenue bond projects	0	0	12,314,947	12,314,947
Enabling legislation	0	249,973	11,938,334	12,188,307
Total restricted	<u>0</u>	<u>24,679,231</u>	<u>40,424,103</u>	<u>65,103,334</u>
Committed for:				
Minimum reserve requirements	5,068,303	101,627	0	5,169,930
Fire protection services	0	0	2,145,212	2,145,212
Emergency medical services	0	0	6,277,871	6,277,871
Building inspections	0	0	1,445,475	1,445,475
Unincorporated stormwater maintenance	0	0	1,141,911	1,141,911
City sewer services distribution	0	0	19,706	19,706
Special assessments paving	0	0	97,557	97,557
Environmental management	0	0	567,219	567,219
Pandemic recovery efforts	0	32,639,225	0	32,639,225
Total committed	<u>5,068,303</u>	<u>32,740,852</u>	<u>11,694,951</u>	<u>49,504,106</u>
Assigned for:				
Beginning appropriated fund balance	1,500,000	0	0	1,500,000
Carry-forward appropriations	4,103,478	0	272,201	4,375,679
General government	0	325,915	0	325,915
Public safety	0	0	2,074,902	2,074,902
Total assigned	<u>5,603,478</u>	<u>325,915</u>	<u>2,347,103</u>	<u>8,276,496</u>
Unassigned	<u>21,567,484</u>	<u>(598,783)</u>	<u>(566,438)</u>	<u>20,402,263</u>
Total Fund Balances	<u>\$ 33,789,262</u>	<u>\$ 57,147,215</u>	<u>\$ 54,057,876</u>	<u>\$ 144,994,353</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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, 2020 are as follows:

Year Ending September 30,	Amount
2021	\$ 1,037,324
2022	455,714
2023	200,969
2024	206,222
2025	206,222
Thereafter	<u>164,690</u>
Total minimum future rental receipts	<u>\$ 2,271,141</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 2020. 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, 2020, are as follows:

Year Ending September 30,	Amount
2021	\$ 316,123
2022	323,741
2023	259,719
2024	253,645
2025	174,840
Thereafter	<u>155,875</u>
Total minimum future rental receipts	<u>\$ 1,483,943</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 2020. 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, 2020

XIII. COMMITMENTS AND CONTINGENCIES (continued)

A. Contract Commitments (continued)

Operating Leases

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

Year Ending September 30,	Amount
2021	\$ 116,444
2022	116,444
2023	116,444
2024	82,164
2025	26,457
Total minimum payments	\$ 457,953

Rental expense for the year ended September 30, 2020 was \$408,857.

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, 2020, aggregate future minimum payments are as follows:

Year Ending September 30,	Amount
2021	\$ 738,812
2022	738,812
2023	738,812
2024	742,607
2025	742,952
2026-2030	3,210,026
2031-2034	1,538,383
Total minimum payments	\$ 8,450,404

Lease expenditures incurred under operating leases for the year ended September 30, 2020 were \$695,834.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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, 2020, total rental and equipment lease expenses were \$163,001. Following is a schedule of future minimum lease payments under the equipment leases as of September 30:

Year Ending September 30,	Amount
2021	\$ 34,790
2022	34,790
2023	34,790
2024	11,976
Total minimum payments	<u>\$ 116,346</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, 2020, for each of the next five years and in the aggregate are as follows:

Year Ending September 30,	Amount
2021	\$ 83,251
2022	61,535
2023	61,535
Total minimum payments	<u>\$ 206,321</u>

Rent expense paid during the fiscal year ended September 30, 2020 was \$96,118.

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

Capital Leases

The County has a capital lease agreement with Dell Financial Services (DFS) for equipment, software, and services or fees. Terms of the lease include annual payments of \$202,384. The lease expires December 30, 2022. As of September 30, 2020 future lease payments totaling \$404,769 consists of imputed principal of \$400,801 and imputed interest of \$3,968.

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 \$9,990.19. The lease expires December 30, 2022. As of September 30, 2020 future lease payments totaling \$329,676 consists of imputed principal of \$317,104 and imputed interest of \$12,572.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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	
2021	\$ 312,277	2021	\$ 310,122
2022	322,267	2022	313,643
2023	99,901	2023	94,140
	734,445		717,905
Less: amount representing interest	(16,540)		
	\$ 717,905		

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, 2020 future lease payments totaling \$18,980,838 consists of principal of \$16,500,000 and imputed interest of \$2,480,838. As of September 30, 2020 the county had received and maintained control of \$4,843,946 of the total contracted lease value. Only the portion in the Board's control as of September 30, 2020 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, 2020, were as follows:

ESCO - Master Tax-Exempt Lease, Series 2020			
Period Ending	Principal	Interest	Debt Service
9/30/2021	\$ 0	\$ 200,167	\$ 200,167
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	2,480,838	18,980,838
Less amounts not obligated	(11,656,054)		
	\$ 4,843,946		

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2020

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, 2020. 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, 2020 approximate \$18.4 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, 2020, total equipment and improvement expenses were \$206,844. 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, 2020, the Sheriff paid and expended \$472,070 for equipment and services received under this agreement, leaving a balance due to Axon of approximately \$1.846 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, 2020

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 13, 2021, the date the financial statements were available to be issued.

At its December 8, 2020 meeting, the Board approved an additional \$11,000,000 appropriation ammendment associated with Florida Housing Finance Corporation Coronavirus Relieve Act funding. The funds were allocated and expensed using the Leon County CARES program infrastructure to administer the individual assistance program to applicable rent and/or utilities payments. The funds were spent by the deadline of December 30, 2020.

At its January 26, 2021 meeting, the Board approved the appropriation of \$8,900,000 in U.S. Department of Treasury funding to provide rent and/or utility assistance to eligible low-income households experiencing financial hardship due to COVID-19. In coordination with, TetraTech & Neighborly the Leon County Housing Authority is set to open the program in late March, 2021. The funds are to be expended by December 30, 2021.

At its January 26, 2021 meeting, the Board approved the purchase of the Supervisor of Elections Voting Operations Center Building and related expenditures. The purchase and building improvements will be made from loan proceeds from the issuance of the Capital Improvement Revenue Note, Series 2021, to be paid back over 15 years with an interest rate of 1.85%. Future loan payments of \$6,223,898 consist of principal of \$5,400,000 and interest of \$823,898. Debt Service will begin on December 1, 2021 and extend until December 1, 2035.

As part of the American Recovery Act, Leon County was allocated \$57 million from the US Treasury to be divided equally over a two year period. Treasury has not yet provided guidance or allowed for application for these funds. The Board will discuss the allocation of these funds during the FY 2022 budget development process.

XIV. PRIOR PERIOD ADJUSTMENTS

Net Position as of October 1, 2019 has been restated to reflect the following adjustments:

Errors were identified which require a restatement of the October 1, 2019 net position. The nature of the errors include items previously capitalized that did not meet the County's capitalization policy and should have been expensed, items previously expensed that did meet the County's capitalization policy and should have been capitalized, items previously disposed that were not recorded as a disposal in previous years, and corrections to the accumulated depreciation of fixed assets placed into service that were not being depreciated in line with the County's capitalization policy. The combination of these errors resulted in a decrease in the Business Type Activities – Landfill Fund net position of \$791,591.

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Required Supplementary Information

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

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

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

See Report of Independent Auditors

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

	2020	2019	2018	2017	2016	2015	2014	2013
Leon County's proportion of the net pension liability	0.274310017	0.281605365%	0.279643167%	0.275303556%	0.286548096%	0.274123595%	0.270973192%	0.279295965%
Leon County's proportionate share of the net pension liability	\$ 33,492,806	\$ 31,508,822	\$ 29,597,747	\$ 29,436,726	\$ 33,395,994	\$ 27,956,296	\$ 25,336,655	\$ 24,316,386
Leon County's covered payroll	\$ 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	33.47 %	32.83 %	32.07 %	33.06 %	39.68 %	34.09 %	31.41 %	30.29 %
Plan fiduciary net position as a percentage of the total pension liability	3.00 %	2.63 %	2.15 %	1.64 %	0.97 %	0.50 %	0.99 %	1.78 %

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

See Report of Independent Auditors

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

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

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

See Report of Independent Auditors

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

Net OPEB Liability	2020	2019	2018
Service cost	\$ 540,572	\$ 492,162	\$ 534,336
Interest	607,217	666,184	621,125
Changes of benefit terms	1,067,856	0	0
Difference between expected & actual experience	15,714,047	(2,282,605)	0
Changes in assumptions & other inputs	7,277,059	(31,667)	(1,114,016)
Benefit payments	<u>(215,848)</u>	<u>(249,553)</u>	<u>(227,947)</u>
Net change in total OPEB liability	24,990,903	(1,405,479)	(186,502)
Net OPEB liability - beginning	<u>16,527,768</u>	<u>17,933,247</u>	<u>18,119,749</u>
Net OPEB liability - ending	<u>\$ 41,518,671</u>	<u>\$ 16,527,768</u>	<u>\$ 17,933,247</u>
Covered-Employee payroll	\$101,101,949	\$ 97,005,441	\$ 92,911,582
Net OPEB liability as a percentage of covered-employee payroll	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, 2020
(unaudited)

The following changes in actuarial assumptions occurred in 2020:

PENSION RELATED NOTES TO SCHEDULE:

FRS: There were no changes in benefit terms. The inflation rate assumption decreased to 2.40%. Payroll growth, including inflation remained at 3.25%. The long-term expected rate of return decreased from 6.9% to 6.8%, and the active member mortality assumption was updated.

HIS: The municipal rate used to determine total pension liability was decreased from 3.50% to 2.21%.

OPEB RELATED NOTES TO SCHEDULE:

Changes of Benefit Terms - In prior reports it was understood that retirees paid the full cost of retiree medical benefits, and that these were the retiree-only costs (i.e., not retiree costs blended with active employee costs). However, it was recently determined that retiree costs are blended with active employee costs and therefore a hidden subsidy exists. This valuation includes the impact of the hidden subsidy associated with the pre-Medicare retiree medical plan.

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.

These two changes increase Leon County's total OPEB liability by about \$16,782,000.

Changes in Assumptions - Changes in assumptions and other inputs include the change in the discount rate from 3.58% to 2.14% as of September 30, 2020. 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 2.14% is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2020. The impact on the liability from this change was a substantial increase to the liability.

The mortality improvement scale was updated from MP-2019 to MP-2020. The retirement, withdrawal, and disability tables have been updated to be consistent with the tables used in the most recent FRS pension valuation report dated December 3, 2019. This resulted in a small increase to the liability.

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

The Honorable Board of County Commissioners
Leon County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Leon County, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Leon County, Florida's basic financial statements, and have issued our report thereon dated May 13, 2021. Our report includes a reference to other auditors who audited the financial statements of the Housing Finance Authority of Leon County, a discretely presented component unit of Leon County, as described in our report on Leon County, Florida's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by these auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Leon County, Florida's internal control over financial reporting (internal control) 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 Leon County, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Leon County, Florida's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Management Letter as items 2020-001, 2020-002, and 2020-003 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Leon County Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the of 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 2020-005.

Leon County Florida's Response to Findings

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

Purpose of this Report

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

The Honorable Board of County Commissioners
Leon County, Florida
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 13, 2021.

Thomas Howell Ferguson P.A.

Law, Redd, Crona & Munroe P.A.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
May 13, 2021

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, 2020. Leon County, Florida's major federal program 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 program 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 its major federal program 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, 2020.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of Leon County, Florida as of and for the year ended September 30, 2020, and have issued our report thereon dated May 13, 2021, 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 13, 2021



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

Leon County, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2020

Federal / State Agency Pass-through Entity <u>Federal Program / State Project</u>	CFDA or CSFA <u>Number</u>	Grant Contract <u>Number</u>	<u>Expenditures</u>
FEDERAL AWARDS			
<u>U.S. Department of Agriculture</u>			
Pass through Florida Department of Financial Services Schools and Roads - Grants to States	10.665	USFOR2019	\$ 48,503
<u>U.S. Department of Transportation</u>			
Pass through Florida Department of Transportation			
Highway Planning and Construction	20.205	436621-1-38.01	476,726
Highway Planning and Construction	20.205	438270-1-38.01	142,977
Highway Planning and Construction	20.205	442060-1-38-01	107,994
Highway Planning and Construction	20.205	442060-2-38-01	132,198
Total CFDA # 20.205			<u>859,895</u>
<u>U.S. Department of Treasury</u>			
Pass through Florida Division of Emergency Management CARES Act	21.019	Y2272	36,709,133
<u>U.S. Department of Interior</u>			
Direct Program			
Payments in Lieu of Taxes	15.226	Unknown	244,621
<u>U.S. Department of Justice</u>			
Direct Program			
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0172	20,905
Pass through Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-JAGC-Leon-2-N2-079	2,160
Edward Byrne Memorial Justice Assistance Grant	16.738	2020-JAGC-Leon-3-Y5-119	20,130
Pass through City of Tallahassee			
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-H4264-FL-DJ	80,837
Total CFDA # 16.738			<u>103,127</u>
Pass through State of Florida Office of the Attorney General Victims of Crime Act	16.580	V-2016-00162	85,463
<u>U.S. Department of State</u>			
Pass through Florida Department of State			
Help America Vote Act - Albert Monitoring Grant	90.401	2019-2020-0001-LEO	26,995
Help America Vote Act - Elections Security Grant	90.401	2018-2019-003-LEO	29,922
Total CFDA # 90.401			<u>56,917</u>
Pass through Florida Department of State Help America Vote Act - CARES Act	90.404	2020-001-LEO	315,771
<u>U.S. Department of Health and Human Services</u>			
Direct Program			
Provider Relief Fund	Unknown	93.043	34,454
Pass through Florida Department of Revenue			
Child Support Enforcement	93.563	COC37	203,508
Child Support Enforcement - Title IV-D Incentive	93.563	FFY2017	3,496
Total CFDA # 93.563			<u>207,004</u>
<u>U.S. Department of Homeland Security</u>			
Pass through Florida Division of Emergency Management			
Homeland Security Grant Program	97.067	DEM-19-DS-01-02-47-23-275	140,176
Homeland Security Grant Program	97.067	DEM-18-DS-X1-02-47-23-242	23,103
Homeland Security Grant Program	97.067	EMW-2018-SS-00064-S01	19,286
Homeland Security Grant Program	97.067	R0045	571,533
Homeland Security Grant Program	97.067	R0158	52,807
Total CFDA # 97.067			<u>806,905</u>
Pass through Florida Division of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4399-DR-FL	13,588,015
Pass through Florida Department of Law Enforcement Project Safe Neighborhoods	16.609	2019-PSNN-1-F6-003	144,321
<u>Federal Emergency Management Agency</u>			
Pass through Florida Department of Emergency Management Emergency Management Performance Grants	97.042	EMA-2019-EP-00001	88,904
<u>U.S. Environmental Protection Agency</u>			
Pass through Florida Department of Environmental Protection USEPA Clean Water Campaign	66.460	NF029	5,928
Total Expenditures of Federal Awards			<u>\$ 53,319,866</u> <i>(continued)</i>

See report of independent auditors.

Leon County, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)
For the Year Ended September 30, 2020

Federal / State Agency Pass-through Entity <u>Federal Program / State Project</u>	CFDA or CSFA Number	Grant Contract Number	<u>Expenditures</u>
STATE FINANCIAL ASSISTANCE			
<u>State of Florida Division of Emergency Management</u>			
Direct Projects			
Emergency Management Programs	31.063	A0061	\$ 70,850
<u>Florida Department of Environmental Protection</u>			
Direct Projects			
Florida Springs Grant Program	37.052	LP01108	33,421
Florida Springs Grant Program	37.052	LP0110E	165,914
Florida Springs Grant Program	37.052	LP37112	318,579
Florida Springs Grant Program	37.052	LP37113	95,900
Florida Springs Grant Program	37.052	LP37114	695,023
Florida Springs Grant Program	37.052	LP37115	224,960
Total CSFA # 37.052			<u>1,533,797</u>
<u>Florida Department of Agriculture and Consumer Services</u>			
Direct Project			
Mosquito Control	42.003	Unknown	31,173
<u>Florida Department of State</u>			
Direct Project			
State Aid to Libraries	45.030	19-ST-27	156,627
<u>Florida Department of Law Enforcement</u>			
Direct Project			
Criminal Justice Data Transparency Program	71.044	2020-DTSFA-D2-005	13,200
<u>Florida Housing Finance Corporation</u>			
Direct Projects			
HFA Emergency Repairs	40.901	SHIP FY 17-20	36,259
State Housing Initiatives Partnership Program	40.901	SHIP17	122,375
State Housing Initiatives Partnership Program	40.901	SHIP18	36,506
State Housing Initiatives Partnership Program	40.901	SHIP19	130,604
Total CSFA # 40.901			<u>325,744</u>
Direct Projects			
Hurricane Housing Recovery Program	40.902	SHIP19	145,965
<u>Florida Department of Health</u>			
Direct Project			
Emergency Medical Services (EMS) Matching Awards	64.003	M7019	65,573
Emergency Medical Services (EMS) Matching Awards	64.003	M8029	63,318
Total CSFA # 64.003			<u>128,891</u>
Direct Project			
Emergency Medical Services County Grant	64.005	C6037	1,949
Total Expenditures of State Financial Assistance			<u>\$ 2,408,196</u>

NOTES:

(1) Housing loans originated since 2001 and outstanding at year end:

Community Development Block Grant-Entitlement	14.218	\$	916,289
State Housing Initiatives Partnership Program	40.901		3,553,785
Hurricane Housing Recovery Program	40.902		179,491
		<u>\$</u>	<u>4,649,565</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, 2020. All expenditures related to federal awards and state projects received directly from federal and state agencies, as well as federal awards and state projects passed through other governmental agencies, are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

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

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

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

(7) Expenditures in the amount of \$13,588,015 shown for U.S. Department of Homeland Security, Pass through Florida Division of Emergency Management, Disaster Grants-Public Assistance (Presidentially Declared Disasters), CFDA 97.036, grant contract number FEMA-4399-DR-FL, were incurred during the year ended September 30, 2019.

(8) Expenditures in the amount of \$318,579 shown for Florida Department of Environmental Protection, Florida Springs Grant Program, CSFA #37.052, grant contract number LP37112, were incurred during the year ended September 30, 2019.

Leon County, Florida
Schedule of Findings and Questioned Costs
Year ended September 30, 2020

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>
	21.019	U.S. Department of Treasury Pass through Florida Department of Emergency Management - CARES Act

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

Auditee qualified as low-risk auditee? No

Leon County, Florida
Schedule of Findings and Questioned Costs (continued)
Year ended September 30, 2020

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
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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
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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
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Identification of major projects:	<u>CSFA 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:	\$722,459
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Section II -- Financial Statement Findings

See Findings 2020-001, 2020-002 and 2020-003 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.

Leon County, Florida

Summary Schedule of Prior Audit Findings

Year ended September 30, 2020

Federal Awards and State Financial Assistance:

Federal Programs

2019-001 – Closing Process

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

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

State Projects

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

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 13, 2021 and as a result, this is the second consecutive year this specific recommendation is reported. See current year recommendation 2020-005.

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, 2020, and have issued our report thereon dated May 13, 2021.

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 22, 2021 through May 12, 2021, are dated May 13, 2021, 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.

2019-001 Closing Process

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

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

Corrective action for this recommendation is in progress. During the current year, it was noted that management made progress on implementing corrective action policies and procedures to mitigate the risk of financial misstatement. This corrective action is ongoing as of May 13, 2021, and as a result, this is the third consecutive year this specific recommendation is reported. See current year recommendation 2020-002.

2019-003 Manual Journal Entries

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

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

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

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

Corrective action for this recommendation is in progress. This corrective action is ongoing as of May 13, 2021 and as a result, this is the second consecutive year this specific recommendation is reported. See Current year recommendation 2020-005.

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, 2020. It is management's responsibility to monitor Leon County, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

2020-001 Payables and Receivables

Criteria: Under the accrual basis of accounting an expense is recognized as soon as a liability is incurred, regardless of when that liability will be liquidated. Under modified accrual basis of accounting the rules that apply to expense recognition are presumed to apply to expenditure recognition as well unless a modification has been prescribed in the authoritative accounting and financial reporting standards. Thus, in the absence of an explicit requirement to do otherwise, a government should accrue a governmental fund liability and expenditure in the period in which the government incurs the liability.

Condition: The preliminary financial reports for fiscal year 2020 included errors relating to the balances recorded for accounts receivable and payable at year-end. The errors were discovered during the audit process and were properly investigated and corrected by management.

Specifically, the audit identified several misstatements in the amounts reported for accounts receivable and accounts payable that had been previously paid or received.

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

Several controls regarding the achievement of objectives for financial reporting need improvement. The components of internal control believed to need improvement are the *Control Activities*, including improved policies and procedures for the reconciliation and validation of accrued balances.

Effect: The need for improvement in procedures for year-end financial reporting and review of information for accuracy, completeness, and cutoff have led to errors in the amounts reported prior to audit adjustment.

Recommendation: Management should review the policies and procedures for reporting accrued balances and offsetting those balances when amounts are received or paid. Management should implement and document a process for reconciling amounts recorded as payable or receivable to supporting schedules on a quarterly and annual basis. Any amounts recorded as a payable or receivable that are greater than 90 days old should be thoroughly investigated and determined if an offset to the accrual was inadvertently misreported and if amounts remain collectable or payable.

Management's Response:

Management implemented a periodic fund review process during the last fiscal year in an effort to identify and adjust necessary accounting transactions. We will further review the related policies and procedures with Clerk Finance staff to enhance this process to include potential aging schedules for accounts payable and receivable.

2020-002 Capitalization of Fixed Assets in Accordance with GASB

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

Condition: We noted multiple expenditures for the purchase of capital assets or improvements meeting the definition of capital assets under GASB and the capitalization policy of the Board, that were not properly reported or included in the fixed asset management system. The errors were discovered during the audit process and were properly investigated and corrected by management.

Cause: The cause relates to deficiencies in the design of internal controls for financial reporting. 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. In the current year several areas were identified that are believed to have contributed to the preliminary misstatements. These areas included incomplete policies and procedures for the treatment of various types of capital improvement projects, deficiencies in the financial reporting process that created difficulties for management in tracking capital projects, and a lack of policies and procedures for the timing and reconciliation of the amounts recorded as capital outlay expenditures to the fixed asset software and schedules.

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

Recommendation: Management should continue their corrective action plan and document policies and procedures for the treatment of different types of capital outlay scenarios. Additionally, management should update the policies and procedures to include the process for the reconciliation of capital outlay expenditures to amounts recorded as fixed assets, and the performance of this process at more frequent intervals throughout the year.

Management's response:

Since the previous audit, Management has evaluated the Fixed Asset Capitalization process and policy. We have identified specific areas to implement various controls in, that will enhance the capitalization of asset process. Management will continue to develop this process in the upcoming year to bring all capital asset transactions into compliance.

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

Criteria: Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) which must include the total federal awards expended during the audit period. Part IV of the Compliance Supplement (Appendix XI – Uniform Guidance) provides additional guidance for certain federal programs listed in the Catalog of Federal Domestic Assistance (CFDA).

Supplemental guidance for CFDA #97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) is included in the Compliance Supplement. The Federal Emergency Management Agency (FEMA) administers this public assistance program and utilizes project worksheets (PW) in managing the program and approving assistance for non-federal entities. As stated in the Compliance Supplement, “non-federal entities must record expenditures on the SEFA when (1) FEMA has approved the non-federal entity’s PW, and (2) the non-federal entity has incurred the eligible expenditures. Federal awards expended in years subsequent to the fiscal year in which the PW is approved are to be recorded on the non-federal entity’s SEFA in those subsequent years.”

Condition: 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 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.

Cause: Individuals responsible for preparation of the SEFA did not have a clear understanding of when the expenditures should be recorded on the SEFA for this funding source.

Effect: Expenditures reported on the SEFA for the fiscal year ended September 30, 2020 were initially understated by \$13.6 million for the Hurricane Michael project and overstated by \$2.1 million for the COVID–19 project.

Recommendation: Individuals responsible for the preparation of the SEFA should review the Uniform Guidance and the Compliance Supplement related to each of the County’s federal programs to gain an understanding of when expenditures should be properly reported on the SEFA.

Management’s Response:

Management and staff will review the current SEFA preparation process and the related guidance to gain a clear understanding of the requirements related to reporting. Finance staff will also work with Grant Managers to provide approved project worksheets for the fiscal year of preparation.

2020-004 – 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: During testing of internal control over cash receipts, 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 utilized to generate these invoices. The same employee is responsible for receiving payments from the towing wrecker operators, with receipts collected both through the mail and in person at the LCSO office. Receipts of cash and checks are applied against the invoices in QuickBooks. A statement is then generated from QuickBooks showing the invoice amount, payments applied, and any remaining balance. The Traffic Unit employee provides a copy of the statement with the cash and checks to the Accounting Division for preparation of the deposit slip, and a cash receipt number is assigned by the Accounting Division for recording and tracking in Banner. There is no cash receipt generated by the Traffic Unit, and no cash receipt given to the towing wrecker operators, even when payments are received in person at the LCSO office. There are also no controls or oversight over the QuickBooks file, due to the Traffic Unit employee having sole custody and control of the software, which could allow alteration or deletion 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 policies and procedures. Specific control activities found not to be present include dual control of cash receipts in the Traffic Unit, lack of cash receipts 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 controls over documents and records, including controls to prevent or detect the alteration or deletion of QuickBooks invoices.

Effect or Potential Effect: Incomplete 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 review 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 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. Additionally, improvements to the policies and procedures over the cash receipt and deposit process should be communicated to all units and staff that handle cash receipts.

Management's Response:

Management is currently evaluating internal controls, policies and procedures related to the Traffic Units cash receipt and deposit process. The agency's IT department is evaluating the controls and authorization rights within our QuickBooks software to ensure that no one employee has sole custody and control of the software. Management will continue to enhance the process in the upcoming year to ensure that proper controls are in place and appropriate segregation of duties exist.

Additional Matters

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

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

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

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

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

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

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

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

Management's Response:

The County Project Managers for the spring protection grant program will provide the quarterly report schedule to the Office of Management and Budget and the assigned analyst will issue reporting reminders two weeks prior to the update deadlines to ensure prompt submittal of future grant status updates

Purpose of this Letter

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



Thomas Howell Ferguson P.A.
Tallahassee, Florida
May 13, 2021



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