

Leon County, Florida



Annual Financial Report *For the Fiscal Year Ended September 30, 2022*

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

Leon County, Florida,
Annual Financial Report

Year ended September 30, 2022

Table of Contents

Report of Independent Auditors.....	1
Management’s Discussion and Analysis	5
A. Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	18
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet - Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position.....	22
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Governmental Funds.....	23
Reconciliation of the Statement of Revenues, Expenditures, and	
Changes in Fund Balances of Governmental Funds to the	
Statement of Activities.....	25
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual for Major Funds with Annually	
Appropriated Budgets:	
General Fund	26
Fine & Forfeiture Fund	27
Grants Fund	28
Local Provider Participation Fund	29
Proprietary Fund Financial Statements:	
Statement of Net Position - Proprietary Funds.....	30
Statement of Revenues, Expenses, and Changes in Net Position -	
Proprietary Funds.....	31
Statement of Cash Flows - Proprietary Funds.....	32
Fiduciary Fund Statement:	
Statement of Fiduciary Net Position - Custodial Funds.....	34
Statement of Changes in Fiduciary Net Position - Custodial Funds	35
Notes to Financial Statements.....	36

Leon County, Florida
Annual Financial Report

Year ended September 30, 2022

Table of Contents (continued)

B. Required Supplementary Information

Proportionate Share of Net Pension Liability – Florida Retirement System	82
Schedule of Contributions – Florida Retirement System.....	83
Proportionate Share of Net Pension Liability – Health Insurance Subsidy Program	84
Schedule of Contributions - Health Insurance Subsidy Program.....	85
Schedule of Changes in the County’s Net OPEB Liability and Related Ratios	86
Notes to the Required Supplementary Information	87

C. Internal Control and Compliance Reports

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	88
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.....	90
Schedule of Expenditures of Federal Awards and State Financial Assistance	94
Schedule of Findings and Questioned Costs.....	96
Summary Schedule of Prior Audit Findings	98

D. Management Letter

Letter to the Leon County Board of County Commissioners	99
---	----

Report of Independent Auditors

The Honorable Board of County Commissioners
Leon County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Leon County, Florida (the County) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditor, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison statements for the General Fund, the Fine and Forfeiture Fund, the Grants Funds, and the Local Provider Participation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Housing Finance Authority of Leon County, a discretely presented component unit of Leon County, which represent 0.3%, 0.7%, and 0.1%, respectively, of the assets, net position, and revenues of the County as of September 30, 2022. 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note XV to the financial statements, in the fiscal year ended September 30, 2022, the County adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. October 1, 2021 net position balances have been restated to reflect the implementation of the new standard. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5–15 and the supplementary schedules on pages 82–87 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The schedule of expenditures of federal awards and state financial assistance, schedule of findings and questioned costs, and summary schedule of prior audit findings, 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* are presented for purposes of additional analysis 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 GAAS. In our opinion, the supplementary information as presented in the table of contents is 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 June 27, 2023 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board's internal control over financial reporting and compliance.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
June 27, 2023



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

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, 2022. 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 xxi), 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 16-17 and 18-19, 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 net change in fair market value of investments are reported under general revenue. The effects of interfund activity have been removed from the government-wide financial statements and internal service activity has been eliminated. However, the interfund services between functions have not been eliminated.

Fund Financial Statements

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

Fund Financial Statements (continued)

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

Table 1 Major Features of the Basic Financial Statements

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

Notes to the Financial Statements

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

Infrastructure Assets

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

Condensed Statement of Net Position

The net investment in capital assets is the largest portion of the County's net position. This represents capital assets (land, buildings, improvements, equipment, furniture, vehicles, and construction in progress, and infrastructure), net of accumulated depreciation, and the outstanding related debt used to acquire the assets in the amount of \$271.6 million as compared to \$268.3 million a year ago; this is an increase of \$3.3 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, 2022 and 2021, 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 239,875	\$ 206,991	\$ 15,585	\$ 15,097	\$ 255,460	\$ 222,088
Capital assets	311,532	295,566	6,526	6,747	318,058	302,313
Total assets	551,407	502,557	22,111	21,844	573,518	524,401
Deferred outflows	62,010	58,200	0	0	62,010	58,200
 Total assets and deferred outflows	 613,417	 560,757	 22,111	 21,844	 635,528	 582,601
 Current liabilities	 64,584	 59,460	 1,313	 911	 65,897	 60,371
Noncurrent liabilities	249,328	147,731	18,302	17,592	267,630	165,323
Total liabilities	313,912	207,191	19,615	18,503	333,527	225,694
Deferred inflows	36,907	117,569	0	0	36,907	117,569
 Total liabilities and deferred outflows	 350,819	 324,760	 19,615	 18,503	 370,434	 343,263
 Net position:						
Net investment in capital assets	265,087	261,561	6,526	6,747	271,613	268,308
Unrestricted	(2,489)	(25,564)	(4,030)	(3,406)	(6,519)	(28,970)
*Total net position	\$ 262,598	\$ 235,997	\$ 2,496	\$ 3,341	\$ 265,094	\$ 239,338

*Differences due to rounding

Condensed Statement of Activities

Table 3 on page 10 presents the County's condensed Statement of Activities for the fiscal years ended September 30, 2022 and 2021, 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 26.3 million, or 11.3 percent, and the net position of the business-type activities decreased by \$(0.8) million, or (25.3) percent. The increase in Governmental Activities is primarily due to inflows of resources from tax revenues and reduction in program expenses. The decrease in business-type activity is due to an increase in current year expenditures and a decrease in transfers to the Landfill in 2022.

In 2003, the Board of County Commissioners adopted an ordinance levying a Utility Services Tax on the unincorporated area of Leon County. This tax generated \$9.2 million in FY 2021 versus \$8.6 million in FY 2022. The County also adopted a Communications Services Tax in FY 2003, with revenues in the amount of \$2.71 million in FY 2022 compared to revenues of \$2.63 million in FY 2021. 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 22 increased by 4.4%, 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 .85% for the year, the net change in fair market value of investments in the portfolio totaled \$(4.5) million, a decrease of \$4.9 million from 2021. The primary reasons for the decrease in fair market value are from unrealized losses marked to market totaling \$(6.4) million, while the investment portfolio earned a total return of \$1.9 million.

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 2021 to 2022
	2022	2021	2022	2021	2022	2021	
Revenues							
Program Revenues:							
Charges for services	\$ 47,537	\$ 48,759	\$ 11,514	\$ 9,778	\$ 59,051	\$ 58,537	1 %
Operating grants & contributions	48,898	85,842	0	0	48,898	85,842	(43)%
Total Program Revenues	96,435	134,601	11,514	9,778	107,949	144,379	(25)%
General Revenues:							
Property taxes	169,138	162,016	0	0	169,138	162,016	4 %
Local option taxes	46,480	41,730	0	0	46,480	41,730	11 %
Communications services taxes	2,711	2,627	0	0	2,711	2,627	3 %
Motor fuel taxes	1,425	1,356	0	0	1,425	1,356	5 %
Utility services taxes	8,642	9,215	0	0	8,642	9,215	(6)%
Other taxes	0	0	1,976	1,892	1,976	1,892	4 %
State shared revenues	14,353	12,613	0	0	14,353	12,613	14 %
Net Change in Fair Market Value of Investments	(4,487)	401	30	37	(4,457)	438	(1,118)%
Miscellaneous revenues	3,500	8,700	17	(70)	3,517	8,630	(59)%
Total General Revenues	241,762	238,658	2,023	1,859	243,785	240,517	1 %
Total Revenues	338,197	373,259	13,537	11,637	351,734	384,896	(9)%
Program Expenses							
General government	68,696	66,438	0	0	68,696	66,438	3 %
Public safety	145,396	124,306	0	0	145,396	124,306	17 %
Physical environment	14,119	12,034	15,906	13,108	30,025	25,142	19 %
Transportation	16,043	14,293	0	0	16,043	14,293	12 %
Economic environment	14,399	84,527	0	0	14,399	84,527	(83)%
Human services	20,755	20,466	0	0	20,755	20,466	1 %
Culture and recreation	13,210	12,074	0	0	13,210	12,074	9 %
Judicial	16,885	15,931	0	0	16,885	15,931	6 %
Interest on long-term debt	848	520	0	0	848	520	63 %
*Total Program Expenses	310,351	350,589	15,906	13,108	326,257	363,697	(10)%
Excess (deficiency) before transfers (net)	27,846	22,670	(2,369)	(1,471)	25,477	21,199	20 %
Transfers	(1,524)	(3,569)	1,524	3,569	0	0	0 %
Change In Net Position	26,322	19,101	(845)	2,098	25,477	21,199	20 %
Beginning net position	235,997	216,896	3,341	1,243	239,338	218,139	10 %
Prior period adjustments	279	0	0	0	279	0	
Beginning net position, as restated	236,276	216,896	3,341	1,243	239,617	218,139	(9)%
*Ending net position	<u>\$ 262,598</u>	<u>\$ 235,997</u>	<u>\$ 2,496</u>	<u>\$ 3,341</u>	<u>\$ 265,094</u>	<u>\$ 239,338</u>	<u>11 %</u>

*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 decreased to 31 percent from fiscal year 2021 to fiscal year 2022.

Table 4

Program Expenses and Revenues for Governmental Activities For the Fiscal Year Ended September 30 (in thousands)					
	Program Expenses	Less Program Revenues	Net Program Expenses (a)		Program Revenues as a Percentage Program Expenses
	2022	2022	2022	2021	2022 2021
General government	\$ 68,696	\$ 10,371	\$ 58,325	\$ 57,462	15 % 14 %
Public safety	145,396	68,696	76,700	31,918	47 % 74 %
Physical environment	14,119	6,773	7,346	6,888	48 % 43 %
Transportation	16,043	573	15,470	13,727	4 % 4 %
Economic environment	14,399	104	14,295	83,688	1 % 1 %
Human services	20,755	258	20,497	3,330	1 % 84 %
Culture and recreation	13,210	440	12,770	11,833	3 % 2 %
Judicial	16,885	9,219	7,666	6,623	55 % 58 %
Interest on long-term debt	848	0	848	520	N/A N/A
*Total governmental activities	<u>\$ 310,351</u>	<u>\$ 96,434</u>	<u>\$ 213,917</u>	<u>\$ 215,989</u>	<u>31 % 38 %</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 2022. Program revenues as a percentage of expenses decreased to 72% from 2021 to 2022. The program expenses increased by \$2.8 million compared to 2021. In 2022, the estimated liability for closure/post closure cost for the Landfill increased by \$707.1 thousand, whereas in 2021 there was an increase of \$204.5 thousand. This increase along with operating expense increases resulted in a decrease in the program revenues as a percentage of expenses.

Table 5

Program Expenses and Revenues for Business-type Activities For the Year Ended September 30 (in thousands)					
	Program Expenses	Less Program Revenues	Net Program Expenses		Program Revenues as a Percentage Program Expenses
	2022	2022	2022	2021	2022 2021
Landfill	\$ 15,906	\$ 11,514	\$ 4,392	\$ 3,330	72 % 75 %

*Differences from financial statements due to rounding

Overall Analysis

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

- The County's net position (excess of assets and deferred outflows over liabilities and deferred inflows) at the close of fiscal year 2022 is \$262,597,603, as compared to \$236,275,095 for fiscal year 2021, for governmental activities. The County's business-type activities net position (excess of assets and deferred outflows over liabilities and deferred inflows) at the close of fiscal year 2022 is \$2,496,810 as compared to \$3,340,695 for fiscal year 2021. (Please see the Statement of Activities discussed previously for an explanation of the differences above.)
- The County's total net position increased by \$25,478,623 during fiscal year 2022, as compared to a \$21,196,774 increase in fiscal year 2021. The net position of governmental activities increased by \$26,322,508 in fiscal year 2022, as compared to an increase of \$19,099,747 in 2021. The net position of business-type activities decreased by \$843,885 in 2022, as compared to an increase of \$2,097,027 in 2021. (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 \$182,890,457 for fiscal year 2022, as compared to \$158,714,823 for fiscal year 2021. 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, 2022 has increased to a total of \$53,034,909, as compared to \$47,698,121 for September 30, 2021. This \$5,336,788 increase in fund balance in the General Fund represents an increase in tax revenues due to the increased property values, increased transfers in, and adequate spending. The General Fund reserves are within policy limits and allow the County to maintain the same property millage rates for 2023.

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, 2022 totaled \$1,789,316, as compared to \$2,457,188 for September 30, 2021. This is a decrease for the fiscal year and can be attributed to slow recovery from the pandemic with a significant increase in expenses for public safety and transfers out.

Grants Fund

The fund balance at September 30, 2022 totaled \$29,305,024, as compared to the September 30, 2021 balance of \$15,473,261. This was an increase of \$13,831,763, primarily related to an increase of pandemic recovery and relief efforts from by the federal government in the current fiscal year. Grant expenditures were reduced with expected expenditures in following years to increase as projects close.

Capital Improvement Fund

Fund balance at September 30, 2022 totaled \$23,952,946, as compared to \$25,051,519 for September 30, 2021. This was an decrease of \$1,098,573. This decrease can be attributed to unrealized losses in the fair market value of investments and a decrease of transfers in from other county funds that were used to pay for various capital projects that are still ongoing as of September 30, 2022.

Enterprise Funds

The County's enterprise funds reported net position of \$2,202,987 for September 30, 2022, as compared to \$3,248,928 for September 30, 2021, which is a decrease of \$1,045,941. The decrease in net position is due to an increase in current year expenses and an increase in the estimated change in liability for landfill closure and post closure costs compared to 2021.

Budget Variances in the General Fund

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

Capital Asset and Long-term Debt Activity

Capital Asset Activity

The County reported \$311,532,148 in capital assets for governmental activities and \$6,526,377 in capital assets for business-type activities at September 30, 2022, versus \$305,516,885 for governmental and \$6,746,692 for business-type activities at September 30, 2021. Please refer to Note V in the Notes to the Financial Statements for additional information on capital assets and Note XIV in the Notes to the Financial Statements for additional information on construction commitments.

Debt Administration Activity

At September 30, 2022, the County had \$18,760,643 of outstanding bonded debt, as compared to \$18,878,634 at September 30, 2021. All of the County's debt is secured by specific general fund revenues, including sales tax, state revenue sharing, and specific other general fund revenues. The County has no general obligation bonds, which would be backed by the full faith and credit of the County. Leon County will finish paying off debt in 2036. There are no plans for financing any future infrastructure projects over the next five years. For more information on long-term debt activity, please see Note VIII on Long-term Obligations in the Notes to the Financial Statements.

Economic Factors

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

- Leon County's unemployment rate decreased to 2.4% in FY 2022, which was equally compared to the State of Florida's unemployment rate of 2.4%.
- Visitors to Leon County had an economic impact of \$1.151 billion in 2022, an increase of \$271.9 million or 30.1% compared to 2021.
- The Florida Price Index Level for Leon County decreased from 96.91 in 2021 to 95.83 in 2022.
- The total market value of parcels with homestead exemption in Leon County increased from \$12.91 billion in 2021 to \$14.95 billion in 2022.
- Total employment in Leon County increased by 0.8% compared to the prior year.
- The estimated population in Leon County decreased from 299,484 to 299,130 during FY 2022.
- New construction permits in Leon County decreased by 9.4% in FY 2022, from 6598 to 5979.
- Mortgage foreclosure cases in Leon County increased by 91% in 2022 when compared to 2021.

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, 2022

	Governmental Activities	Business-Type Activities	Total	Component Unit Housing Finance Authority
Assets				
Current assets:				
Cash	\$ 26,624,157	\$ 423,841	\$ 27,047,998	\$ 1,499,073
Investments	171,825,361	0	171,825,361	0
Accounts receivable	10,087,920	1,871,720	11,959,640	11,432
Lease receivables	947,233	0	947,233	0
Receivables from other governments	14,525,366	0	14,525,366	5,687
Special assessments receivable	10,026,690	0	10,026,690	0
Inventories	1,153,680	1,733	1,155,413	0
Prepays	1,382,264	0	1,382,264	0
Total current assets	<u>236,572,671</u>	<u>2,297,294</u>	<u>238,869,965</u>	<u>1,516,192</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	0	13,288,003	13,288,003	0
Lease receivables	3,302,167	0	3,302,167	0
Mortgage loans, net of allowance	0	0	0	309,144
Capital assets:				
Land and construction in progress, nondepreciable	82,378,838	2,663,678	85,042,516	0
Capital assets (net)	<u>229,153,310</u>	<u>3,862,699</u>	<u>233,016,009</u>	<u>0</u>
Total noncurrent assets	<u>314,834,315</u>	<u>19,814,380</u>	<u>334,648,695</u>	<u>309,144</u>
Total assets	<u>551,406,986</u>	<u>22,111,674</u>	<u>573,518,660</u>	<u>1,825,336</u>
Deferred outflows of resources				
Deferred outflows of resources	<u>62,010,468</u>	<u>0</u>	<u>62,010,468</u>	<u>0</u>
Total deferred outflows of resources	<u>62,010,468</u>	<u>0</u>	<u>62,010,468</u>	<u>0</u>
Total assets and deferred outflows of resources	<u>\$ 613,417,454</u>	<u>\$ 22,111,674</u>	<u>\$ 635,529,128</u>	<u>\$ 1,825,336</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	\$ 14,400,408	\$ 1,474,513	\$ 15,874,921	\$ 0
Payable to other governments	17,526,514	40,772	17,567,286	0
Internal balances	293,837	(293,837)	0	0
Accrued compensated absences	6,138,673	79,129	6,217,802	0
Unearned revenues	11,160,946	11,870	11,172,816	0
Bonds payable	4,107,527	0	4,107,527	0
Notes payable	990,000	0	990,000	0
Claims payable	6,648,290	0	6,648,290	0
Lease liability	3,318,597	0	3,318,597	0
Total current liabilities	<u>64,584,792</u>	<u>1,312,447</u>	<u>65,897,239</u>	<u>0</u>
Noncurrent liabilities:				
Deposits	139,245	0	139,245	25,000
Estimated liability for landfill closure and postclosure care costs	0	17,953,067	17,953,067	0
Arbitrage rebate liability	25,000	0	25,000	0
Accrued compensated absences	11,405,964	118,120	11,524,084	0
Other postemployment benefits obligation	33,717,513	231,230	33,948,743	0
Net pension liability	165,476,515	0	165,476,515	0
Bonds payable	14,795,288	0	14,795,288	0
Notes payable	14,590,486	0	14,590,486	0
Lease liability	9,177,860	0	9,177,860	0
Total noncurrent liabilities	<u>249,327,871</u>	<u>18,302,417</u>	<u>267,630,288</u>	<u>25,000</u>
Total liabilities	<u>313,912,663</u>	<u>19,614,864</u>	<u>333,527,527</u>	<u>25,000</u>
Deferred inflows of resources				
Deferred inflows of resources	<u>36,907,188</u>	<u>0</u>	<u>36,907,188</u>	<u>0</u>
Total deferred inflows of resources	<u>36,907,188</u>	<u>0</u>	<u>36,907,188</u>	<u>0</u>
Net position				
Net investment in capital assets	265,086,811	6,526,377	271,613,188	0
Unrestricted	<u>(2,489,208)</u>	<u>(4,029,567)</u>	<u>(6,518,775)</u>	<u>1,800,336</u>
Total net position	<u>\$ 262,597,603</u>	<u>\$ 2,496,810</u>	<u>\$ 265,094,413</u>	<u>\$ 1,800,336</u>

Leon County, Florida
Statement of Activities
For the Year Ended September 30, 2022

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 68,695,898	\$ 9,991,006	\$ 380,482	\$ -
Public safety	145,395,762	28,173,955	40,522,139	-
Physical environment	14,118,990	1,805,729	4,967,611	-
Transportation	16,042,770	573,419	-	-
Economic environment	14,399,414	87,905	16,017	-
Human services	20,755,213	-	257,769	-
Culture and recreation	13,210,444	213,341	226,439	-
Judicial	16,884,749	6,691,716	2,527,692	-
Interest on long-term debt	847,854	-	-	-
Total governmental activities	<u>310,351,094</u>	<u>47,537,071</u>	<u>48,898,149</u>	<u>-</u>
Business-type activities:				
Landfill	15,905,923	11,513,506	-	-
Total business-type activities	<u>15,905,923</u>	<u>11,513,506</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 326,257,017</u>	<u>\$ 59,050,577</u>	<u>\$ 48,898,149</u>	<u>\$ -</u>
Component Unit:				
Economic environment	208,722	57,156	-	-
Total component unit	<u>\$ 208,722</u>	<u>\$ 57,156</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Property taxes
Local option taxes
Communication services taxes
Motor fuel taxes
Utility services taxes
Other taxes
State shared revenues
Net Change in Fair Market Value of Investments
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

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Housing Finance Authority
\$ (58,324,410)	\$ -	\$ (58,324,410)	\$ -
(76,699,668)	-	(76,699,668)	-
(7,345,650)	-	(7,345,650)	-
(15,469,351)	-	(15,469,351)	-
(14,295,492)	-	(14,295,492)	-
(20,497,444)	-	(20,497,444)	-
(12,770,664)	-	(12,770,664)	-
(7,665,341)	-	(7,665,341)	-
(847,854)	-	(847,854)	-
(213,915,874)	-	(213,915,874)	-
-	(4,392,417)	(4,392,417)	-
-	(4,392,417)	(4,392,417)	-
\$ (213,915,874)	\$ (4,392,417)	\$ (218,308,291)	\$ -
-	-	-	(151,566)
\$ -	\$ -	\$ -	\$ (151,566)
\$ 169,137,911	\$ -	\$ 169,137,911	\$ -
46,480,182	-	46,480,182	-
2,711,460	-	2,711,460	-
1,424,831	-	1,424,831	-
8,641,984	-	8,641,984	-
-	1,977,398	1,977,398	-
14,352,641	-	14,352,641	-
(4,486,649)	30,485	(4,456,164)	10,804
3,499,924	16,747	3,516,671	417,892
(1,523,902)	1,523,902	-	-
240,238,382	3,548,532	243,786,914	428,696
26,322,508	(843,885)	25,478,623	277,130
235,996,384	3,340,695	239,337,079	1,523,206
278,711	-	278,711	-
236,275,095	3,340,695	239,615,790	1,523,206
\$ 262,597,603	\$ 2,496,810	\$ 265,094,413	\$ 1,800,336

Leon County, Florida
Balance Sheet
Governmental Funds
September 30, 2022

	<u>General Fund</u>	<u>Fine & Forfeiture Fund</u>	<u>Grants Fund</u>	<u>Capital Improvement Fund</u>	<u>Local Provider Participation Fund</u>	<u>Nonmajor Governmental Funds</u>
Assets:						
Cash	\$ 14,322,657	\$ 61,172	\$ 687,618	\$ 0	\$ 152,537	\$ 10,166,806
Investments	39,244,025	1,394,642	32,252,463	25,171,106	0	66,940,958
Receivables						
Accounts	2,275,358	2,612	0	47,148	0	5,239,462
Lease receivables	0	0	0	0	0	4,249,400
Due from other governments	4,814,325	213,669	6,470,391	0	0	4,016,863
Special assessments	0	0	0	0	9,626,920	399,770
Due from other funds	3,301,968	217,125	25,600	0	0	1,787,180
Inventories	1,049,048	0	0	0	0	9,662
Prepays	625,946	0	117,345	164,918	0	319,838
Total assets	<u>\$ 65,633,327</u>	<u>\$ 1,889,220</u>	<u>\$ 39,553,417</u>	<u>\$ 25,383,172</u>	<u>\$ 9,779,457</u>	<u>\$ 93,129,939</u>
Liabilities, deferred inflows of resources, and fund balances						
Liabilities:						
Accounts payable	\$ 4,080,078	\$ 1,108	\$ 705,485	\$ 1,301,129	\$ 0	\$ 2,405,549
Accrued liabilities	4,986,588	0	4,118	0	0	598,500
Due to other governments	911,918	4,553	49,041	129,097	9,626,920	6,816,033
Due to other funds	2,595,663	3,431	62,092	0	0	2,572,747
Deposits	24,171	90,812	0	0	0	37,367
Unearned revenues	0	0	9,427,657	0	0	1,733,289
Total liabilities	<u>12,598,418</u>	<u>99,904</u>	<u>10,248,393</u>	<u>1,430,226</u>	<u>9,626,920</u>	<u>14,163,485</u>
Deferred inflows of resources:						
Deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,310,729</u>
Total deferred inflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,310,729</u>
Fund balances:						
Nonspendable	1,674,994	0	117,345	164,918	0	329,500
Restricted	2,429,378	499,290	28,828,135	23,788,028	152,537	55,862,233
Committed	7,955,237	268,397	687,618	0	0	16,083,849
Assigned	5,947,134	1,021,629	0	0	0	2,740,188
Unassigned	35,028,166	0	(328,074)	0	0	(360,045)
Total fund balances	<u>53,034,909</u>	<u>1,789,316</u>	<u>29,305,024</u>	<u>23,952,946</u>	<u>152,537</u>	<u>74,655,725</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 65,633,327</u>	<u>\$ 1,889,220</u>	<u>\$ 39,553,417</u>	<u>\$ 25,383,172</u>	<u>\$ 9,779,457</u>	<u>\$ 93,129,939</u>

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

Total
Governmental
Funds

\$ 25,390,790
165,003,194

7,564,580
4,249,400
15,515,248
10,026,690
5,331,873
1,058,710
1,228,047

\$ 235,368,532

\$ 8,493,349
5,589,206
17,537,562
5,233,933
152,350
11,160,946

48,167,346

4,310,729

4,310,729

2,286,757
111,559,601
24,995,101
9,708,951
34,340,047

182,890,457

\$ 235,368,532

Leon County, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2022

Total fund balances of governmental funds		\$ 182,890,457
---	--	----------------

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	787,324,128		
Less accumulated depreciation/amortization	<u>(475,791,980)</u>		311,532,148

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	(34,341,129)		
Unamortized premium on bonds payable	(142,172)		
Lease liability	(12,496,457)		
OPEB related deferred inflows	(17,908,708)		
OPEB related deferred outflows	19,859,870		
Pension related deferred outflows	42,150,598		
Pension related deferred inflows	(14,687,751)		
Net pension liability	(165,476,515)		
Compensated absences, net of internal service amount	(17,131,838)		
Other postemployment benefits, net of internal service amount	(33,620,684)		
Arbitrage rebate liability	<u>(25,000)</u>		(233,819,786)

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

		<u>1,994,784</u>
Total net position of governmental activities		<u><u>\$ 262,597,603</u></u>

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

This page intentionally left blank

Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2022

	<u>General Fund</u>	<u>Fine & Forfeiture Fund</u>	<u>Grants Fund</u>	<u>Capital Improvement Fund</u>	<u>Local Provider Participation Fund</u>	<u>Nonmajor Governmental Funds</u>
Revenues:						
Taxes	\$ 82,540,190	\$ 91,949,509	\$ 0	\$ 0	\$ 9,626,920	\$ 44,279,749
Licenses and permits	0	0	0	0	0	5,662,108
Intergovernmental	13,207,789	3,669	37,200,936	0	0	12,955,969
Charges for services	8,171,449	634,922	102,338	0	0	32,586,838
Fines and forfeitures	0	94,693	0	0	0	495,350
Interest	523,001	143,406	337,136	204,875	1,333	760,464
Net change in fair market value of investments	(1,886,724)	(67,893)	(69,359)	(1,238,746)	0	(3,194,141)
Miscellaneous	694,335	210,004	1,906	0	0	2,362,182
Total revenues	<u>103,250,040</u>	<u>92,968,310</u>	<u>37,572,957</u>	<u>(1,033,871)</u>	<u>9,628,253</u>	<u>95,908,519</u>
Expenditures:						
Current:						
General government	42,866,208	0	0	3,079,240	0	642,456
Public safety	84,057,848	3,390,741	6,007,590	0	0	44,477,959
Physical environment	2,311,101	0	254,976	633,500	0	8,200,772
Transportation	0	0	13,363	0	0	14,085,050
Economic environment	3,806,138	0	5,070,498	0	0	4,554,421
Human services	8,658,904	0	129,956	0	9,641,320	2,109,643
Culture and recreation	5,374,942	0	34,326	22,411	0	7,100,982
Judicial	8,083,250	2,140,666	5,343	256,535	0	6,257,460
Debt service:						
Principal retirement	3,002,595	0	0	0	0	4,437,991
Interest and fiscal charges	236,362	0	0	12,533	0	646,349
Other debt service costs	0	0	0	469,762	0	0
Capital outlay	<u>18,520,489</u>	<u>0</u>	<u>5,078,067</u>	<u>8,693,627</u>	<u>0</u>	<u>18,127,411</u>
Total expenditures	<u>176,917,837</u>	<u>5,531,407</u>	<u>16,594,119</u>	<u>13,167,608</u>	<u>9,641,320</u>	<u>110,640,494</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(73,667,797)</u>	<u>87,436,903</u>	<u>20,978,838</u>	<u>(14,201,479)</u>	<u>(13,067)</u>	<u>(14,731,975)</u>
Other financing sources (uses):						
Transfers in	90,367,024	1,759,791	480,642	13,252,906	0	28,168,380
Lease financing	15,088,237	0	0	0	0	0
Transfer out	(26,450,676)	(89,864,566)	(7,627,717)	(150,000)	0	(12,649,033)
Proceeds of long-term capital related debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,999,223</u>
Total other financing sources (uses)	<u>79,004,585</u>	<u>(88,104,775)</u>	<u>(7,147,075)</u>	<u>13,102,906</u>	<u>0</u>	<u>21,518,570</u>
Net change in fund balances	5,336,788	(667,872)	13,831,763	(1,098,573)	(13,067)	6,786,595
Fund balances, October 1	<u>47,698,121</u>	<u>2,457,188</u>	<u>15,473,261</u>	<u>25,051,519</u>	<u>165,604</u>	<u>67,869,130</u>
Fund balances, September 30	<u>\$ 53,034,909</u>	<u>\$ 1,789,316</u>	<u>\$ 29,305,024</u>	<u>\$ 23,952,946</u>	<u>\$ 152,537</u>	<u>\$ 74,655,725</u>

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

Total
Governmental
Funds

\$ 228,396,368
5,662,108
63,368,363
41,495,547
590,043
1,970,215

(6,456,863)
3,268,427

338,294,208

46,587,904
137,934,138
11,400,349
14,098,413
13,431,057
20,539,823
12,532,661
16,743,254

7,440,586
895,244
469,762

50,419,594

332,492,785

5,801,423

134,028,743
15,088,237
(136,741,992)

5,999,223

18,374,211

24,175,634
158,714,823

\$ 182,890,457

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, 2022

Net change in fund balances - total governmental funds \$ 24,175,634

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets/leases	46,189,138	
Less current year depreciation and amortization	<u>(30,346,555)</u>	15,842,583

Repayment of leases/bond/loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		7,910,348
--	--	-----------

Lease financings and debt issuances provide current financial resources to governmental funds, but increase long-term liabilities in the Statement of Net Position.		(21,087,460)
---	--	--------------

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

Amortization of current year bond discount/premium	47,390	
Change in other postemployment benefits	(3,349,194)	
Change in compensated absences	88,701	
Change in net pension liability	<u>(629,305)</u>	(3,842,408)

Internal service funds are used by management to charge the costs of gasoline, vehicle repair, risk management, and telephone services to individual funds.		<u>3,323,811</u>
---	--	------------------

Change in net position of governmental activities		<u><u>\$ 26,322,508</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, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 79,156,906	\$ 79,156,906	\$ 82,540,190	\$ 3,383,284
Intergovernmental	9,324,449	9,324,449	13,207,789	3,883,340
Charges for services	7,524,569	7,524,569	8,171,449	646,880
Interest	492,825	492,825	523,001	30,176
Net change in fair market value of investments	0	0	(1,886,724)	(1,886,724)
Miscellaneous	214,378	284,378	694,335	409,957
Total revenue	96,713,127	96,783,127	103,250,040	6,466,913
Expenditures:				
Current:				
General government	49,338,026	54,209,998	42,866,208	11,343,790
Public safety	82,893,396	84,641,533	84,057,848	583,685
Physical environment	2,558,766	2,558,766	2,311,101	247,665
Economic environment	3,910,998	3,959,613	3,806,138	153,475
Human services	9,201,791	9,583,471	8,658,904	924,567
Culture and recreation	5,891,119	5,911,375	5,374,942	536,433
Judicial	5,390,795	4,895,980	8,083,250	(3,187,270)
Debt service:				
Principal retirement	0	0	3,002,595	(3,002,595)
Interest and fiscal charges	0	0	236,362	(236,362)
Capital outlay	3,695,522	5,423,072	18,520,489	(13,097,417)
Total expenditures	162,880,413	171,183,808	176,917,837	(5,734,029)
Excess (deficiency) of revenues over (under) expenditures	(66,167,286)	(74,400,681)	(73,667,797)	732,884
Other financing sources (uses):				
Transfers in	111,098,554	114,201,704	90,367,024	(23,834,680)
Lease financing	0	0	15,088,237	15,088,237
Transfers out	(48,560,950)	(49,891,270)	(26,450,676)	23,440,594
Total other financing sources (uses)	62,537,604	64,310,434	79,004,585	14,694,151
Net change in fund balance	(3,629,682)	(10,090,247)	5,336,788	15,427,035
Fund balances, October 1	47,698,121	47,698,121	47,698,121	0
Fund balances, September 30	\$ 44,068,439	\$ 37,607,874	\$ 53,034,909	\$ 15,427,035

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, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 90,948,385	\$ 90,948,385	\$ 91,949,509	\$ 1,001,124
Intergovernmental	16,764	16,764	3,669	(13,095)
Charges for services	686,495	686,495	634,922	(51,573)
Fines and forfeitures	115,995	115,995	94,693	(21,302)
Interest	306,310	306,310	143,406	(162,904)
Net change in fair market value of investments	0	0	(67,893)	(67,893)
Miscellaneous	210,000	210,000	210,004	4
Total revenue	92,283,949	92,283,949	92,968,310	684,361
Expenditures				
Current				
Public safety	3,448,695	3,590,741	3,390,741	200,000
Human services	0	195,874	0	195,874
Judicial	2,346,857	2,304,811	2,140,666	164,145
Total expenditures	5,795,552	6,091,426	5,531,407	560,019
Excess (deficiency) of revenues over (under) expenditures	86,488,397	86,192,523	87,436,903	1,244,380
Other financing sources (uses):				
Transfers in	0	1,597,624	1,759,791	162,167
Transfers out	(86,488,397)	(90,144,567)	(89,864,566)	280,001
Total other financing sources (uses)	(86,488,397)	(88,546,943)	(88,104,775)	442,168
Net change in fund balance	0	(2,354,420)	(667,872)	1,686,548
Fund balances, October 1	2,457,188	2,457,188	2,457,188	0
Fund balances, September 30	\$ 2,457,188	\$ 102,768	\$ 1,789,316	\$ 1,686,548

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, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 590,348	\$ 74,590,868	\$ 37,200,936	\$ (37,389,932)
Charges for services	78,454	211,136	102,338	(108,798)
Interest	0	25,312	337,136	311,824
Net change in fair market value of investments	0	0	(69,359)	(69,359)
Miscellaneous	0	856,748	1,906	(854,842)
Total revenue	668,802	75,684,064	37,572,957	(38,111,107)
Expenditures				
Current				
Public safety	680,863	28,235,298	6,007,590	22,227,708
Physical environment	0	2,103,424	254,976	1,848,448
Transportation	0	215,946	13,363	202,583
Economic environment	100,000	16,332,989	5,070,498	11,262,491
Human services	32,468	146,904	129,956	16,948
Culture and recreation	5,500	380,394	34,326	346,068
Judicial	92,143	176,434	5,343	171,091
Capital outlay	69,500	40,774,535	5,078,067	35,696,468
Total expenditures	980,474	88,365,924	16,594,119	71,771,805
Excess (deficiency) of revenues over (under) expenditures	(311,672)	(12,681,860)	20,978,838	33,660,698
Other financing sources (uses):				
Transfers in	311,672	492,431	480,642	(11,789)
Transfers out	0	(7,627,717)	(7,627,717)	0
Total other financing sources (uses)	311,672	(7,135,286)	(7,147,075)	(11,789)
Net change in fund balance	0	(19,817,146)	13,831,763	33,648,909
Fund balances, October 1	15,473,261	15,473,261	15,473,261	0
Fund balances, September 30	\$ 15,473,261	\$ (4,343,885)	\$ 29,305,024	\$ 33,648,909

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

Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Local Provider Participation Fund
Year Ended September 30, 2022

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 0	\$ 9,626,920	\$ 9,626,920	\$ 0
Interest	0	0	1,333	1,333
Total revenue	<u>0</u>	<u>9,626,920</u>	<u>9,628,253</u>	<u>1,333</u>
Expenditures:				
Current				
Human services	<u>0</u>	<u>9,626,920</u>	<u>9,641,320</u>	<u>(14,400)</u>
Total expenditures	<u>0</u>	<u>9,626,920</u>	<u>9,641,320</u>	<u>(14,400)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>(13,067)</u>	<u>(13,067)</u>
Net change in fund balance	0	0	(13,067)	(13,067)
Fund balances, October 1	<u>165,604</u>	<u>165,604</u>	<u>165,604</u>	<u>0</u>
Fund balances, September 30	<u>\$ 165,604</u>	<u>\$ 165,604</u>	<u>\$ 152,537</u>	<u>\$ (13,067)</u>

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

Leon County, Florida
Statement of Net Position
Proprietary Funds
September 30, 2022

	Business-type Activities - Landfill Fund	Business-type Activities - Internal Service Funds
Assets		
Current assets:		
Cash	\$ 423,841	\$ 947,660
Cash with fiscal agent	0	285,707
Investments	0	6,822,167
Receivables:		
Accounts	1,871,720	1,551,958
Due from other funds	23	121,749
Due from other governments	0	8,956
Inventories	1,733	94,971
Prepays	0	154,218
Total current assets	<u>2,297,317</u>	<u>9,987,386</u>
Noncurrent assets:		
Restricted cash and investments	13,288,003	0
Capital assets:		
Nondepreciable capital assets	2,663,678	0
Depreciable (net)	<u>3,862,699</u>	<u>0</u>
Total noncurrent assets	<u>19,814,380</u>	<u>0</u>
Total assets	<u><u>22,111,697</u></u>	<u><u>9,987,386</u></u>
Liabilities		
Current liabilities:		
Accounts payable	1,454,627	298,510
Due to other governments	40,772	16,409
Accrued liabilities	19,886	6,240
Due to other funds	9	219,703
Compensated absences	79,129	244,361
Claims payable	0	6,648,290
Deferred revenue	<u>11,870</u>	<u>0</u>
Total current liabilities	<u>1,606,293</u>	<u>7,433,513</u>
Noncurrent liabilities:		
Compensated absences	118,120	168,437
Liability for closure costs/maintenance	17,953,067	0
Other post employment benefits	<u>231,230</u>	<u>96,829</u>
Total noncurrent liabilities	<u>18,302,417</u>	<u>265,266</u>
Total liabilities	<u>19,908,710</u>	<u>7,698,779</u>
Net position		
Investment in capital assets	6,526,377	0
Unrestricted	<u>(4,323,390)</u>	<u>2,288,607</u>
Total net position	<u>2,202,987</u>	<u>\$ 2,288,607</u>
Total liabilities and net position	22,111,697	<u><u>\$ 9,987,386</u></u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>293,823</u>	
Net position of business-type activities	<u><u>\$ 2,496,810</u></u>	

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

Leon County, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2022

	Business-type Activities - Landfill Fund	Business-type Activities - Internal Service Funds
Operating revenues		
Charges for services	\$ 11,311,450	\$ 12,077,014
Total operating revenues	<u>11,311,450</u>	<u>12,077,014</u>
Operating expenses		
Personnel services	2,040,043	808,754
Contractual services	10,539,494	161,305
Supplies	465,772	2,299,034
Communications services	31,273	748,593
Insurance	47,260	3,843,772
Utility services	58,557	0
Depreciation	866,525	0
Other services and charges	1,856,999	1,908,739
Total operating expenses	<u>15,905,923</u>	<u>9,770,197</u>
Operating income (loss)	<u>(4,594,473)</u>	<u>2,306,817</u>
Nonoperating revenues		
Taxes	1,977,398	0
Interest	95,302	47,868
Net change in fair market value of investments	(64,817)	(18,165)
Loss on disposal of assets	16,747	0
Total nonoperating revenues	<u>2,024,630</u>	<u>29,703</u>
Income (loss) before transfers	(2,569,843)	2,336,520
Transfers in	1,652,329	1,189,347
Transfers out	(128,427)	0
Change in net position	<u>(1,045,941)</u>	<u>3,525,867</u>
Net position, October 1	<u>3,248,928</u>	<u>(1,237,260)</u>
Net position, September 30	<u>\$ 2,202,987</u>	<u>\$ 2,288,607</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	202,056	
Change in net position of business-type activities	<u>\$ (843,885)</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, 2022

	Business-type Activities - Landfill Fund	Business-type Activities - Internal Service Funds
Cash flows from operating activities:		
Receipts from customers fees and other income	\$ 11,289,659	\$ 0
Payments to suppliers	(11,687,261)	(7,500,825)
Payments to employees	(2,027,514)	(863,547)
Internal activity - payments to other funds	(47,260)	0
Internal activity - cash received from other funds	0	11,153,295
Claims paid	0	(3,292,878)
Net cash provided by (used in) operating activities	<u>(2,472,376)</u>	<u>(503,955)</u>
Cash flows from noncapital financing activities:		
Tax proceeds	1,977,398	0
Repayments on interfund loans	11	30,081
Loan from other funds	36,518	0
Transfers received from other funds	1,652,329	1,189,347
Transfers to other funds	(128,427)	0
Net cash provided by (used in) noncapital financing activities	<u>3,537,829</u>	<u>1,219,428</u>
Cash flows from capital and related financing activities:		
Acquisition and/or construction of capital assets	(646,210)	0
Net cash provided by (used in) capital and related financing activities	<u>(646,210)</u>	<u>0</u>
Cash flows from investing activities:		
Net proceeds from sales and maturities of investments	2,869,863	(167,522)
Interest and dividends received	100,153	59,597
Net change in fair market value of investments	(64,817)	(18,165)
Net cash provided by (used in) investing activities	<u>2,905,199</u>	<u>(126,090)</u>
Net cash increase (decreases) in cash	3,324,442	589,383
Cash at beginning of year (including \$9,540,026 included in restricted cash and investments)	9,540,488	643,984
Cash at end of year (including \$12,441,089 included in restricted cash and investments)	<u>\$ 12,864,930</u>	<u>\$ 1,233,367</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, 2022
(continued)

	Business-type Activities - <u>Landfill Fund</u>	Business-type Activities - Internal <u>Service Funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (4,594,473)	\$ 2,306,817
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	866,525	0
Loss on disposal of capital assets	16,747	0
Changes in assets and liabilities:		
Receivables	(38,027)	(1,160,751)
Prepays	0	(60,552)
Due from other governments	0	(875,657)
Accounts payable and other liabilities	558,035	(276,306)
Accrued expenses	12,529	4,312
Inventories	(287)	24,478
Other current liabilities	0	(407,191)
Revenues received in advance	(511)	0
Estimated liability for closure costs/maintenance	707,086	0
Other accrued liabilities	<u>0</u>	<u>(59,105)</u>
Net cash provided (used) by operating activities:	<u><u>\$ (2,472,376)</u></u>	<u><u>\$ (503,955)</u></u>

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

Leon County, Florida
Statement of Fiduciary Net Position
Custodial Funds
September 30, 2022

	<u>Total Custodial Funds</u>
Assets	
Cash	\$ 11,296,133
Accounts receivable	361,666
Special assessments	5,118
Due from other governments	<u>4,338</u>
Total assets	<u><u>\$ 11,667,255</u></u>
Liabilities	
Accounts payable	\$ 406,677
Due to other governments	2,986,465
Deposits	4,553
Installment tax deposits	<u>2,140,410</u>
Total liabilities	<u>5,538,105</u>
Net Position:	
Restricted for:	
Individuals, organizations, and other governments	<u>6,129,150</u>
Total net position	<u>6,129,150</u>
Total liabilities and net position	<u><u>\$ 11,667,255</u></u>

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

Leon County, Florida
Statement of Changes in Fiduciary Net Position - Custodial Funds
Year Ended September 30, 2022

	<u>Total Custodial Funds</u>
Additions	
Property taxes and fees collected	\$ 359,503,513
Fees and other amounts collected on behalf of other governments	27,338
Tourist development taxes collected	7,728,849
License, registrations, and vessel fees collected	25,582,638
Receipt of registry for court from citizens	18,078,786
Sales taxes collected	6,835,441
Bonds, deposits and other court related collections	3,639,657
Other taxes and fees collected	88,153
Interest earnings	51,322
Inmate funds collected	931,892
Contracts and other miscellaneous collected	471,437
Evidence monies collected	82,154
Fines and forfeitures fees collected	549,661
Total additions	<u>423,570,841</u>
Deductions	
Property taxes and fees distributed	359,503,513
Fees and other amounts distributed to other governments	49,392
Tourist developmmnt taxes distributed	7,728,849
License, registrations, and vessel fees distributed	25,582,638
Disbursement of registry for court from citizens	17,484,720
Sales taxes distributed	6,835,441
Bonds, deposits and other court related distributions	2,912,639
Other taxes and fees distributed	88,153
Interest earnings	51,322
Inmate funds disbursed	933,210
Contracts and other miscellaneous disbursed	470,021
Evidence monies disbursed	34,262
Fines and forfeitures and fees disbursed	549,661
Total deductions	<u>422,223,821</u>
Net increase (decrease) in fiduciary net position	<u>1,347,020</u>
Net position at beginning of year	<u>4,782,130</u>
Net position at end of year	<u><u>\$ 6,129,150</u></u>

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

This page intentionally left blank

LEON COUNTY, FLORIDA
NOTES TO FINANCIAL
STATEMENTS SEPTEMBER 30, 2022

I.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
A.	Reporting Entity.....	36
B.	Measurement Focus and Basis of Accounting.....	39
C.	Basis of Presentation.....	41
D.	Assets, Liabilities, and Net Position	42
II.	STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
	Budgets and Budgetary Accounting.....	47
III.	CASH AND INVESTMENTS	49
IV.	PROPERTY TAXES.....	53
V.	CAPITAL ASSETS.....	54
VI.	LEASES	55
VII.	INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS	58
VIII.	LONG-TERM OBLIGATIONS	
A.	Long-term Obligations.....	60
B.	Schedule of Debt Service Requirements.....	61
C.	Changes in the Long-term Debt.....	61
D.	Financed purchase liability - ESCO.....	62
E.	Purchase Cards.....	63
F.	Special Assessment Debt	63
G.	Demand Bonds.....	63
H.	Conduit Debt Obligations	63
I.	Debt Parity	64
IX.	CLOSURE AND POST CLOSURE CARE COST	64
X.	EMPLOYEE BENEFITS	
A.	Florida Retirement System	65
B.	Deferred Compensation Plan	71
C.	Liability for Compensated Absences	71
D.	Executive Service Plan	71
E.	Post Employment Benefits Other Than Pension Benefits.....	72
XI.	RISK MANAGEMENT AND CONVENTIONALLY INSURED CLAIMS & LOSSES	
A.	General Liability	77
B.	Workers Compensation	77
C.	Automobile Liability	78
D.	Professional Liability	78
XII.	SEGMENT INFORMATION – ENTERPRISE FUNDS.....	79
XIII.	OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES	
A.	Excess of Expenditures over Appropriations	79
B.	Excess of Expenditures Over Revenue in the Budget Column	79
C.	Deficit Fund Balances	79
D.	Minimum Fund Balance Policy	79

E.	Fund Balance	80
XIV.	COMMITMENTS AND CONTINGENCIES	
A.	Contract Commitments	81
B.	Potential Liabilities Resulting from Litigation	81
C.	Subsequent Events	81
XV.	NET POSITION RESTATEMENT.....	81

This page intentionally left blank

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

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, 2022

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, 2022, the only component unit of the County is the Housing Finance Authority of Leon County (the Authority) and is presented in a separate column on the County's financial statements.

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

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

Excluded from the Reporting Entity

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

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

Children's Service Council of Leon County

Leon County School District

Leon County Health Department

Fallschase Special Taxing District

Northwest Florida Water Management District

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

Consolidated Dispatch Agency

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Consolidated Dispatch Agency (continued)

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 unincorporated area of Leon County for the County, and a service cost allocation shall be included in the CDA's annual budget. Current audited financial statements may be obtained from the Consolidated Dispatch Agency, 300 S. Adams Street, Box A-19, Tallahassee, Florida 32301.

Capital Region Transportation Planning Agency

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

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

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

Blueprint Intergovernmental Agency

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

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting

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

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements (continued)

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

Governmental Funds

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

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

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

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, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements (continued)

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

C. Basis of Presentation

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

Governmental Major Funds:

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

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

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

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

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

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

Proprietary Major Fund:

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

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Other Fund Types:

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

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

Noncurrent Governmental Assets/Liabilities

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

D. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

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

Investments

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

Receivables and Payables

Receivables are shown net of an allowance for uncollectibles. The emergency medical services allowance is equal to 60% of outstanding gross charges at September 30, 2022.

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, 2022

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, 2022 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.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases

Leases are defined by the general government as the right to use an underlying asset. As lessee, the County recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximates the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The County calculates the amortization of the discount on the lease liability and reports that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

As lessor, the County recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of resources at the beginning of the lease term. Periodic amortization of the discount on the receivable is reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Remeasurement of lease receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference. For lease contracts that are short-term, the County recognizes short-term lease payments as inflows of resources (revenues) based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period. Refer to Note VI for additional information regarding leases.

Capitalization of Interest

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

Unearned Revenues

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

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.

The Clerk is not legally required to accumulate expendable available financial resources to liquidate this obligation. However, to mitigate the impact of such obligations on future budgets, the Clerk has decided to fully fund the cost of the liability. Accordingly, an internal service fund has been established to record 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, 2022.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

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.”

New accounting pronouncements

In June 2017, the GASB issued Statement No. 87, “Leases”. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. In response to the coronavirus pandemic, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which extended this effective date by 18 months. The Board implemented GASB Statement No. 87 as of October 1, 2021.

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. Within all other governmental funds, unassigned fund balance is comprised of negative residual in excess of what can be properly classified as nonspendable, restricted, or committed .

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Reserves/Designations of Net Position

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

II. 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, 2022

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, 2022

III. CASH AND INVESTMENTS

As of September 30, 2022, 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	\$ 38,050,826	N/A	N/A
Restricted deposits in qualified public depositories	12,441,089	N/A	N/A
External investment in government pools:			
Florida State Treasury Special Purpose Investment Account (SPIA)	52,070,179	AA-f	2.67
Florida Local Government Investment Trust Day to Day Fund (FLGIT)	34,063,968	AAAm	0.08
Florida PRIME investment pool	33,424,586	AAAm	0.06
Florida CLASS investment pool	1,238	AAAm	0.07
Externally managed portfolio:			
Money market	26,455	AAA	N/A
U.S. treasuries	23,117,293	AA+	1.97
Government sponsored agencies:			
Federal Home Loan Bank	575,041	AA+	1.27
Federal National Mortgage Association	1,827,762	AA+	2.51
Other government sponsored agencies	3,422,657	AA+	1.69
Mortgage backed securities	6,522,545	AA+	2.09
Collateralized mortgage obligations	222,753	AA+	0.60
Corporate bonds	11,244,039	A-	1.24
State and local obligations	3,002,604	A+	1.39
Asset-backed securities	3,397,482	AAA	1.14
Total cash and investments	<u>\$ 223,410,517</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 excludes cash on hand and amounts held by third parties in trust for the county, but include \$246,327 accrued interest as of September 30, 2022.

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, 2022

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, 2022 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, 2022, the County had \$52,070,179 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, 2022 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, 2022. At September 30, 2022, the County had \$34,063,968 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.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

III. CASH AND INVESTMENTS (continued)

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, 2022, Florida PRIME was invested in fixed rate and floating rate bank instruments, repurchase agreements, fixed rate and floating rate corporate commercial paper, floating rate corporate notes, money market mutual funds, and fixed rate and floating rate asset backed commercial paper. Investments in this pool are limited to a maximum of 20% of the portfolio. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The current rating for the Florida PRIME is AAAM by Standard and Poor's. The weighted average of days to maturity of the Florida PRIME at September 30, 2022 is 21 days. The fair value of the County's position in the pool approximates the value of the pool shares. At September 30, 2022, the County had \$33,424,586 invested in Florida PRIME. Florida PRIME's most recent financial statements can be found at <https://prime.sbafla.com/audits/>.

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, 2022 is 26 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, 2022, the County had \$1,238 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, 2022, were \$54,085,347, of which \$12,441,089 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 \$53,358,631 at September 30, 2022, and was invested for a weighted average term of approximately 507 days, as compared to a weighted average term of 650 days in fiscal year 2021. 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.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

III. CASH AND INVESTMENTS (continued)

Foreign Currency Risk

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

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, 2022.

The fair value factor for SPIA at September 30, 2022 was 0.9357. 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, 2022:

	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	\$ 6,522,545	\$ 0	\$ 6,522,545
Corporate Bonds	0	11,244,039	0	11,244,039
Government Sponsored Agencies	0	5,825,460	0	5,825,460
US Government Obligations	23,117,293	0	0	23,117,293
Mortgage Backed Security - US Agency Sponsored	0	3,397,482	0	3,397,482
State and Local Obligations	0	3,002,604	0	3,002,604
Collateralized Mortgage Obligations	0	222,753	0	222,753
Investments at fair value	<u>\$ 23,117,293</u>	<u>\$ 30,214,883</u>	<u>\$ 0</u>	<u>\$ 53,332,176</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

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 2022 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, 2022.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

V. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 was as follows:

Primary Government

	Beginning Balance as Restated	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 21,043,253	\$ 175,438	\$ 0	\$ 21,218,691
Improvements other than buildings	33,572,782	0	0	33,572,782
Construction in progress	36,518,031	23,056,538	(31,987,204)	27,587,365
Total not being depreciated	<u>91,134,066</u>	<u>23,231,976</u>	<u>(31,987,204)</u>	<u>82,378,838</u>
Capital assets being depreciated:				
Buildings	230,841,742	4,994,145	0	235,835,887
Equipment	82,015,891	7,347,676	(3,935,688)	85,427,879
Library collection	3,054,121	498,261	(689,598)	2,862,784
Improvements other than buildings	1,582,420	13,727,006	0	15,309,426
Infrastructure	333,129,273	13,448,894	0	346,578,167
Leasehold Improvements	1,580,627	0	0	1,580,627
Total being depreciated	<u>652,204,074</u>	<u>40,015,982</u>	<u>(4,625,286)</u>	<u>687,594,770</u>
Less accumulated depreciation:				
Building	(136,138,052)	(9,373,695)	0	(145,511,747)
Equipment	(48,612,769)	(6,571,129)	3,775,836	(51,408,062)
Library collection	(1,918,074)	(572,557)	689,598	(1,801,033)
Improvements other than buildings	(123,480)	(435,870)	0	(559,350)
Infrastructure	(260,601,124)	(10,041,812)	0	(270,642,936)
Leasehold Improvements	(1,420,709)	(159,916)	0	(1,580,625)
Total accumulated depreciation	<u>(448,814,208)</u>	<u>(27,154,979)</u>	<u>4,465,434</u>	<u>(471,503,753)</u>
Total being depreciated, net	203,389,866	12,861,003	(159,852)	216,091,017
Right-to-use leased assets, being amortized				
Building	7,932,450	0	0	7,932,450
Equipment	3,976,592	5,260,916	0	9,237,508
Other	180,562	0	0	180,562
Total leased assets, being amortized	<u>12,089,604</u>	<u>5,260,916</u>	<u>0</u>	<u>17,350,520</u>
Less accumulated amortization:				
Building	0	(682,270)	0	(682,270)
Equipment	(1,096,651)	(2,461,177)	0	(3,557,828)
Other	0	(48,129)	0	(48,129)
Total accumulated amortization	<u>(1,096,651)</u>	<u>(3,191,576)</u>	<u>0</u>	<u>(4,288,227)</u>
Right-to-use leased assets, net	<u>10,992,953</u>	<u>2,069,340</u>	<u>0</u>	<u>13,062,293</u>
Governmental activities capital assets, net	<u>305,516,885</u>	<u>38,162,319</u>	<u>(32,147,056)</u>	<u>311,532,148</u>
Business-type activities capital assets not being depreciated:				
Land nondepreciable	\$ 1,809,844	\$ 0	\$ 0	\$ 1,809,844
Construction in progress	492,003	361,831	0	853,834
Total not being depreciated	<u>2,301,847</u>	<u>361,831</u>	<u>0</u>	<u>2,663,678</u>
Business-type activities 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	5,255,797	367,939	(217,573)	5,406,163
Total being depreciated	<u>24,239,090</u>	<u>367,939</u>	<u>(217,573)</u>	<u>24,389,456</u>
Less accumulated depreciation:				
Building	(1,263,213)	(119,920)	0	(1,383,133)
Improvements other than buildings	(14,760,569)	(394,284)	0	(15,154,853)
Equipment	(3,770,463)	(352,321)	134,013	(3,988,771)
Total accumulated depreciation	<u>(19,794,245)</u>	<u>(866,525)</u>	<u>134,013</u>	<u>(20,526,757)</u>
Total being depreciated, net	4,444,845	(498,586)	(83,560)	3,862,699
Business-type activities capital assets, net	<u>\$ 6,746,692</u>	<u>\$ (136,755)</u>	<u>\$ (83,560)</u>	<u>\$ 6,526,377</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

V. CAPITAL ASSETS (continued)

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

Governmental activities:

General government	\$ 18,731,725
Public safety	6,455,384
Physical environment	2,443,948
Transportation	2,172,398
Human services	148,266
Culture and recreation	271,550
Judicial	123,284
Total depreciation/amortization expense - governmental activities	<u>\$ 30,346,555</u>

Business-type activities:

Landfill	\$ 866,525
Total depreciation expense - business-type activities	<u>\$ 866,525</u>

VI.3 LEASES

For the year ended September 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

Lessee

The County through the Leon County Tax Collector's office has entered into two leases as lessee for the use of office space. One lease has been extended through June 30, 2033 and the second lease has been extended through December 31, 2027 and contains provisions for one five year renewal option, with a stated increase. It is anticipated that the lease will be renewed for an additional five years at that time. An initial lease liability was recorded in the amount of \$7,932,450. As of September 30, 2022, the value of the lease liability is \$7,305,889. The Tax Collector is required to make monthly payments ranging from \$14,950 to \$46,618 through the terms of the leases. The leases have interest rates of 1.4800%. The value of the right to use asset as of September 30, 2022 of \$7,250,180, net of accumulated amortization of \$682,270 is included with Buildings on the lease class activities table found below.

The County through the Leon County Board of County Commissioners has entered into three leases as lessee for the use of various pieces of equipment. The terms range from 36 months to 60 months beginning on the contract commencement date. An initial lease liability was recorded in the amount of \$2,259,901. As of September 30, 2022, the value of the lease liability is \$410,815. The County is required to make semi annual payments ranging from \$59,941 to \$160,029 through the terms of the leases. The leases have interest rates of 2.00%. The value of the right to use asset as of September 30, 2022 of \$636,754, net of accumulated amortization of \$1,625,529 is included with Equipment on the lease class activities table found below.

The County through the Leon County Supervisor of Elections' office, has entered into seven leases as lessee for the use of various pieces of office equipment. The terms of the leases range from 24 to 60 months beginning on the contract commencement date. An initial lease liability was recorded in the amount of \$459,480. As of September 30, 2022, the value of the lease liability is \$336,440. The County is required to make quarterly payments ranging from \$566 to \$10,284 through the term of the lease. The leases have interest rate of 2.000%. The value of the right to use asset as of September 30, 2022 of \$329,474, net of accumulated amortization of \$130,006 is included with equipment on the lease class activities table found below.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

VI. LEASES (continued)

Lessee (continued)

The County through the Leon County Tax Collector's office, has entered into one lease as lessee for the use of office equipment. The terms are 36 months beginning on the contract commencement date. An initial lease liability was recorded in the amount of \$25,613. As of September 30, 2022, the value of the lease liability is \$14,334. The County is required to make monthly payments of \$964 through the term of the lease. The lease has an interest rate of 1.4800%. The value of the right to use asset as of September 30, 2022 of \$14,229, net of accumulated amortization of \$11,383 is included with equipment on the lease class activities table found below.

The County through the Leon County Sheriff's office, has entered into seven leases as a lessee for the use of office equipment. The terms of the leases range from 36 to 60 months beginning on the contract commencement date. An initial lease liability was recorded in the amount of \$163,232. As of September 30, 2022, the value of the lease liability is \$115,510. The County is required to make monthly payments ranging from \$66 to \$1,476, semi-annual payments of \$9,366, and annual payments of \$18,732 through the term of the leases. The leases have interest rate ranging from 0.5300% and 0.9800%. The value of the right to use assets as of September 30, 2022 of \$119,029, net of accumulated amortization of \$44,298 is included with equipment on the lease class activities table found below.

The County through the Leon County Sheriff's office, has entered into seven leases as lessee for the use of law enforcement equipment. The terms of the leases range from 24 to 48 months beginning on the contract commencement date. An initial lease liability was recorded in the amount of \$6,424,085. As of September 30, 2022, the value of the lease liability is \$4,179,261. The County is required to make monthly payments ranging from \$377 to \$39,339 and annual payments ranging from \$34,358 to \$1,761,766 through the term of the lease. The leases have an interest rate of between 2.4400% and 5.0000%. The value of the right to use asset as of September 30, 2022 of \$4,580,194, net of accumulated amortization of \$1,746,612 is included with equipment on the lease class activities table found below.

The County through the Leon County Sheriff's office, has entered into two leases as lessee for the use of office and training space. The terms of the leases range from 48 to 72 months beginning on the contract commencement date. An initial lease liability was recorded in the amount of \$180,562. As of September 30, 2022, the value of the lease liability is \$134,208. The County is required to make monthly payments ranging from \$945 to 1,025 or annual payments of \$42,000 through the term of the lease. The leases have interest rate of 5.0000%. The value of the right to use asset as of September 30, 2022 of \$132,433 net of accumulated amortization of \$48,129 is included with Other on the lease class activities table found below.

Asset Class	September 30, 2022	
	Lease Asset Value	Accumulated Amortization
Building	\$ 7,932,450	\$ 682,270
Equipment	9,237,508	3,557,828
Other	180,562	48,129
	<u>\$ 17,350,520</u>	<u>\$ 4,288,227</u>

Total future minimum lease payments under lease agreements are as follows:

September 30	Governmental Activities		
	Principal	Interest	Total
2023	\$ 3,318,597	\$ 195,769	\$ 3,514,366
2024	3,010,391	114,720	3,125,111
2025	768,901	85,882	854,783
2026	695,978	74,723	770,701
2027	689,072	64,128	753,200
2028-2032	3,550,176	164,870	3,715,046
2033-2037	463,342	2,118	465,460
Total	<u>\$ 12,496,457</u>	<u>\$ 702,210</u>	<u>\$ 13,198,667</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

VI. LEASES (continued)

Leases Receivable

In October 2009, the Board purchased the Lake Jackson Huntington Oaks Property. There are several noncancellable 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. On October 1, 2021, the Board had a total of 9 leases as lessor for the use of commercial building space with remaining terms ranging from 18 to 82 months. An initial lease receivable was recorded in the amount of \$1,034,644. As of September 30, 2022, the value of the lease receivable is \$786,141. The lessees are required to make monthly fixed payments ranging from \$716 to \$5,576. The leases have an interest rate of 2.00%. The value of the deferred inflow of resources as of September 30, 2022 was \$769,701, and the Board recognized lease revenue of \$264,943 during the fiscal year. The lessees have 1 or 2 extension option(s), for a range of 12 to 60 months each.

Total future minimum lease payments under lease agreements are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2023	\$ 263,257	\$ 12,815	\$ 276,072
2024	213,434	8,066	221,500
2025	147,947	4,450	152,397
2026	71,671	2,456	74,127
2027	54,659	1,123	55,782
2028-2032	35,173	264	35,437
Total	<u>\$ 786,141</u>	<u>\$ 29,174</u>	<u>\$ 815,315</u>

In June 2003, the Board purchased the Bank of America building. There are several noncancellable 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. On October 1, 2021, the Board had a total of 6 leases as lessor for the use of office space with remaining terms ranging from 10 to 111 months. An initial lease receivable was recorded in the amount of \$3,980,415. As of September 30, 2022, the value of the lease receivable is \$3,463,259. The lessees are required to make monthly fixed payments ranging from \$5,960 to \$26,908. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources as of September 30, 2022 was \$3,249,298, and the Board recognized lease revenue of \$731,117 during the fiscal year. The lessees have 1 or 2 extension option(s), for a range of 14 to 60 months each.

Total future minimum lease payments under lease agreements are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2023	\$ 683,976	\$ 61,800	\$ 745,776
2024	710,877	47,853	758,730
2025	671,098	33,995	705,093
2026	629,040	20,911	649,951
2027	297,102	11,487	308,589
2028-2032	471,166	13,863	485,029
Total	<u>\$ 3,463,259</u>	<u>\$ 189,909</u>	<u>\$ 3,653,168</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

VII. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Balances as of September 30, 2022, consisted of the following:

	Interfund Receivables	Interfund Payables
Primary Government:		
By Major Funds:		
General Fund	\$ 3,301,968	\$ 2,595,663
Fine & Forfeiture Fund	217,125	3,431
Grants Fund	25,600	62,092
Total Major Funds	<u>3,544,693</u>	<u>2,661,186</u>
Nonmajor Special Revenue Funds:		
Probation Fund	640	74
Family Law Legal Services Fund	5,124	61,396
Drug Abuse Trust Fund	1,988	0
Local Legal Programs Fund	14,105	0
Growth Management Fund	0	872
MSBU Stormwater Utility Fund	179	8,306
SHIP Trust Fund	0	124
911 Emergency Communications Fund	0	596,658
Emergency Medical Services Fund	1,185	0
Municipal Service Fund	20	0
Fire Rescue Services Fund	240	0
Tourist Development Trust Fund	716,913	0
Special Assessment Paving Fund	0	131,749
Special Grants Fund	969,376	859,027
Inmate Welfare Fund	77,410	914,541
Total Nonmajor Special Revenue Funds	<u>1,787,180</u>	<u>2,572,747</u>
Total Nonmajor Governmental Funds	<u>1,787,180</u>	<u>2,572,747</u>
Internal Service Funds	<u>121,749</u>	<u>219,703</u>
Proprietary Funds		
Landfill Fund	23	9
Total Proprietary Funds	<u>23</u>	<u>9</u>
Total Primary Government	<u>\$ 5,453,645</u>	<u>\$ 5,453,645</u>

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

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

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

Interfund Transfers represent the movement of cash for operations in funds and constitutional officers. At year end, the balances for the year ended September 30, 2022, consisted of the following:

Transfers to the General Fund from:

Fine & Forfeiture Fund	\$ 89,174,566
Nonmajor Governmental Funds	1,064,031
Enterprise Fund	128,427
Total Transfers to the General Fund	<u>90,367,024</u>

Transfers to the Fine & Forfeiture Fund from:

General Fund	1,212,949
Grants Fund	490,817
Nonmajor Governmental Funds	56,025
Total Transfers to the Fine & Forfeiture Fund	<u>1,759,791</u>

Transfers to the Grants Fund from:

General Fund	311,672
Nonmajor Governmental Funds	18,970
Capital Improvement Fund	150,000
Total Transfers to Grants Fund	<u>480,642</u>

Transfers to the Capital Improvement Fund from:

General Fund	3,609,520
Grants Fund	5,840,406
Nonmajor Governmental Funds	3,802,980
Total Transfers to the Capital Improvement Fund	<u>13,252,906</u>

Transfers to the Nonmajor Funds from:

General Fund	19,591,035
Grants Fund	1,296,494
Fines & Forfeiture Fund	80,000
Nonmajor Governmental Funds	7,200,851
Total Transfers to the Nonmajor Funds	<u>28,168,380</u>
Total Transfers to the Governmental Funds	<u>134,028,743</u>

Transfers to the Internal Service Funds from:

General Fund	73,171
Fines & Forfeiture Fund	610,000
Nonmajor Governmental Funds	506,176
Total Transfers to Internal Service Funds	<u>1,189,347</u>

Transfers to the Enterprise Fund from:

General Fund	1,652,329
Total Transfers to Enterprise Funds	<u>1,652,329</u>
Total Transfers to Proprietary Funds	<u>2,841,676</u>
Total Interfund Transfers	<u>\$ 136,870,419</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

VIII. LONG-TERM OBLIGATIONS

A. Long-term Obligations

The County has no general long-term obligations debt. The County's special revenue long-term obligations, excluding accrued compensated absences, at September 30, 2022, are comprised of the following:

	Outstanding at September 30, 2022
Revenue Bonds:	
\$15,991,000 Capital Improvement Revenue Refunding Bonds, Series 2017, (i) refund a portion of the Capital Improvement Revenue Bonds, Series 2014 of which \$15,951,000 was outstanding and maturing in the years 2021 through 2025, and (ii) pay issuance costs on the Series 2017 bonds. The economic gain resulting from the refunding was \$489,076. The bonds dated June 22, 2017 and bear interest of 2.11% per annum. The interest on the bonds is payable on April 1 and October 1, beginning October 1, 2017. The bond principal matures serially on October 1 of each year through the final maturity of October 1, 2025.	\$ 9,412,000
\$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.	818,643
\$5,400,000 Capital Improvement Revenue note, Series 2021, is dated January 28, 2021 and bear interest of 1.85% per annum. The interest on the bonds is payable on December 1 and June 1, beginning December 1, 2021. The bond principal matures serially on December 1 of each year through the final maturity of December 1, 2036.	5,130,000
\$3,400,000 Capital Improvement Revenue note, Series 2021B, is dated November 16, 2021 and bear interest of 1.29% per annum. The interest on the bonds is payable on December 1, beginning December 1, 2022. The bond principal matures serially on December 1 of each year through the final maturity of December 1, 2028.	3,400,000
<i>The Capital Improvement Revenue Refunding Bonds Series 2017, the Capital Improvement Revenue Bonds Series 2020, Capital Improvement Revenue Refunding Bonds Series 2021, and the Capital Improvement Revenue Note Series 2021B are parity bonds payable from and secured by a lien upon certain non-ad valorem revenue. The pledged revenues include the Local Government Half-Cent Sales Tax, Guaranteed Entitlement, Second Guaranteed Entitlement, and additional State Revenue Sharing Funds (less the Guaranteed Entitlement and the Second Guaranteed Entitlement). See schedule of pledged revenue at note VIII. H. ,Debt Parity.</i>	
Total Special Revenue Bond Obligation	\$ 18,760,643

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

VIII. LONG-TERM OBLIGATIONS (continued)

B. Schedule of Debt Service Requirements

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

Special Revenue Bonds			
Year Ending September 30,	Principal	Interest	Total
2023	\$ 4,107,527	\$ 352,347	\$ 4,459,874
2024	4,190,149	269,003	4,459,152
2025	4,271,858	185,848	4,457,706
2026	901,109	102,804	1,003,913
2027	840,000	89,493	929,493
2028-2032	2,850,000	271,264	3,121,264
2033-2037	1,600,000	74,648	1,674,648
Total	<u>\$ 18,760,643</u>	<u>\$ 1,345,407</u>	<u>\$ 20,106,050</u>

C. Changes in the Long-term Debt

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

	Balance October 1, 2021 as restated	Reductions	Additions	Balance September 30, 2022	Due Within One Year
Governmental Activities:					
Special Revenue Debt:					
Capital Improvement Revenue Refunding Bonds, Series 2017	\$ 12,420,000	\$ (3,008,000)	\$ 0	\$ 9,412,000	\$ 3,073,000
Capital Improvement Refunding Revenue Bonds, Series 2020	1,058,634	(239,991)	0	818,643	244,527
Capital Improvement Revenue Bonds, Series 2021	5,400,000	(270,000)	0	5,130,000	325,000
Capital Improvement Revenue Bonds, Series 2021B	0	0	3,400,000	3,400,000	465,000
Unamortized Premium on Bonds Payable	189,562	(47,390)	0	142,172	0
Total Special Revenue Debt	19,068,196	(3,565,381)	3,400,000	18,902,815	4,107,527
Liability for compensated absences	17,692,306	(9,771,350)	9,623,681	17,544,637	6,138,673
Net Pension Liability	61,862,285	(17,333,516)	120,947,746	165,476,515	0
Other postemployment benefits liability	44,951,674	(14,709,482)	3,475,321	33,717,513	0
Arbitrage rebate liability	25,000	0	0	25,000	0
Lease liability	10,707,898	(3,472,357)	5,260,916	12,496,457	3,318,597
Financed purchase liability - ESCO	13,901,263	(920,000)	2,599,223	15,580,486	990,000
Governmental Activity Long-term Debt	<u>\$ 168,208,622</u>	<u>\$ (49,772,086)</u>	<u>\$ 145,306,887</u>	<u>\$ 263,743,423</u>	<u>\$ 14,554,797</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

VIII. LONG-TERM OBLIGATIONS (continued)

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

	Balance October 1, 2021	Reductions	Additions	Balance September 30, 2022	Due Within One Year
Business-type activities:					
Liabilities for compensated absences	\$ 186,845	\$ (129,261)	\$ 139,665	\$ 197,249	\$ 79,129
Other postemployment benefits liability	231,230	0	0	231,230	0
Landfill closure and postclosure costs	17,245,981	0	707,086	17,953,067	0
Business-type activity Long-term liabilities	<u>\$ 17,664,056</u>	<u>\$ (129,261)</u>	<u>\$ 846,751</u>	<u>\$ 18,381,546</u>	<u>\$ 79,129</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. Financed purchase liability - ESCO

The County has an agreement with US Bank to finance the funding of an energy savings project. The project completed by the Energy Systems Group LLC included the installation of energy, water, and wastewater efficiency and conservation measures and related upgrades at County facilities. Terms of the agreement include bi-annual payments on June 1 and December 1. The agreement expires December 1, 2035. As of September 30, 2022 future lease payments totaling \$17,578,694 consists of principal of \$15,580,486 and interest of \$1,998,208.

The future financed purchase liability and the net present value of the minimum payments relating to the energy savings project as of September 30, 2022, were as follows:

Period Ending	ESCO - Master Tax-Exempt Lease, Series 2020		
	Principal	Interest	Debt Service
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	<u>1,245,486</u>	<u>10,962</u>	<u>1,256,448</u>
Totals	\$ 15,580,486	\$ 1,998,208	\$ 17,578,694

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

VIII. LONG-TERM OBLIGATIONS (continued)

E. 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.

F. Special Assessment Debt

The County has no special assessment debt.

G. Demand Bonds

The County has no demand bonds.

H. 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, 2022, the unaudited conduit debts outstanding were as follows:

Project Description	Fiscal Year Issued	Original Bond Issue	Principal Outstanding @ 09/30/2022
Leon County, Florida			
Holy Comforter Episcopal School	2018	\$ 6,000,000	\$ 5,356,381
Housing Finance Authority	2005	16,800,000	15,631,621
	2020	11,760,000	11,384,099
	2021	18,900,000	539,105
	2022	82,960,000	73,928,565
Educational Facilities Authority			
Refunding Series 1998B	1998	20,500,000	20,500,000
Student Housing Revenue Bonds 2003	2008	23,315,000	11,550,062
Total Conduit Debt Principal Balance as of September 30, 2022			<u><u>\$ 138,889,833</u></u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

VIII. LONG-TERM OBLIGATIONS (continued)

I. Debt Parity

The Capital Improvement Revenue Refunding Bonds Series 2017, the Capital Improvement Revenue Refunding Bonds Series 2020, the Capital Improvement Revenue Refunding Bonds Series 2021 and the Capital Improvement Revenue Note Series 2021B 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 2019	Actual 2020	Actual 2021	Actual 2022
Pledged revenues:				
Revenues available for debt service:				
Local Government Half Cent Tax	\$ 13,474,983	\$ 12,429,991	\$ 13,980,522	\$ 15,415,389
Guaranteed entitlement	316,778	316,798	316,798	316,798
Second guaranteed entitlement	1,026,649	1,026,649	1,026,649	1,026,649
Additional state revenue sharing funds	1,550,556	1,661,306	1,449,335	1,938,954
Total revenues available for debt service	<u>\$ 16,368,966</u>	<u>\$ 15,434,744</u>	<u>\$ 16,773,304</u>	<u>\$ 18,697,790</u>
Combined maximum annual debt service for debt (Series 2017, Series 2020, Series 2021, and Series 2021B)	\$ 7,570,684	\$ 7,577,482	\$ 3,529,938	\$ 4,283,411
Debt Service Coverage	2.16 x	2.04 x	4.75 x	4.37 x

IX. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on each of its landfill cells when it stops accepting waste and to perform certain maintenance and monitoring functions on each cell for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$17,953,067 reported as landfill closure and post-closure care liability at September 30, 2022, 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 2022 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, 2022, held cash and investments in the amount of \$13,288,003 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, 2022

X. EMPLOYEE BENEFITS

A. Florida Retirement System

Plan Description - The County participates in the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The FRS provides retirement, disability or death benefits to retirees or their designated beneficiaries along with an annual cost-of-living adjustment. Employees are classified in either the regular service class, the special risk class, or the senior management service class. Currently, the active participants in the pension plan for Leon County are 1,559 out of a total of 444,150 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, 2022 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, 2022, the date of the latest valuation, the FRS' funded ratio was 82.4% on the valuation funding basis and 82.9% 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.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

X. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

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

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

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2022, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes.

The amounts contributed for the years ended September 30, 2022, 2021, and 2020 were \$17,333,516, \$15,846,687, and \$14,697,117, respectively, which is equal to 100% of the required contribution for each year.

The membership categories and contribution rates for 2022 and 2021 were as follows:

Membership Category	Benefit	Vesting	Employer Contribution Rate	
			July 1, 2021	July 1, 2022
Regular Class	For employees in the FRS as of June 30, 2011, normal retirement at age 62 or at least 30 years of service: 1.60% times average compensation (five highest years) times years of creditable service.	After six years creditable service.	10.82 %	11.91 %
	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.	29.01 %	31.57 %
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.	25.89 %	27.83 %
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.	51.42 %	57.00 %
	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.	18.34 %	18.60 %
	For employees entered in DROP on or after July 1, 2011, retirement benefit paid to DROP where it earns 1.3% interest, tax deferred, for up to five years while the member continues to work.			

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

X. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

Net Pension Liability - At September 30, 2022, the County reported for its share proportionate of the FRS and HIS plans the amount for the net pension liability as shown below:

	Leon County		
	FRS	HIS	Total
Total Pension Liability	\$ 800,078,357	\$ 30,008,544	\$ 830,086,901
Fiduciary Net Position	663,166,540	1,443,846	664,610,386
Net Pension Liability	<u>\$ 136,911,817</u>	<u>\$ 28,564,698</u>	<u>\$ 165,476,515</u>

The net pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2022 for the net pension liability as of June 30, 2022. "Plan fiduciary net position" represents cash and investment assets held to pay pension liabilities as they mature. "Net pension liability" represents the equity in the applicable pension plan. "Plan fiduciary net position" represents the portion of the total pension liability that is funded by cash and investments. Detailed information regarding the FRS Pension Plan and HIS Program fiduciary net position is available in the separately issued FRS *Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report*. To obtain this report, see contact information on page 61.

At September 30, 2022, 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, 2022	.367963030%	.269692073%
June 30, 2021	.373660617%	.274214019%
Increase (decrease) in Share for 2022	(.005697587)%	(.004521946)%

The County's proportionate share of the net pension liability was based on the County's 2021-2022 fiscal year contributions relative to the 2020-2021 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 2019 for the period July 1, 2013, through June 30, 2018. 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 6.70%. The plans fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% 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 2022:

- FRS: The long-term expected rate of return decreased from 6.80% to 6.7%.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

X. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

- HIS: The municipal rate used to determine total pension liability was increased from 2.16% to 3.54%.
- The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838. Specifically, HB5007 resulted in the development of separate rates of DROP Entry for law enforcement officers, and an assumed 60-month average duration of DROP participation for law enforcement officers who enter DROP in the future. HB689 and SB 838 resulted in updated line-of-duty disability rates and an increase in the portion of all future active member deaths assumed to be in the line of duty from 25% to 30% for all Special Risk class members.
- The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.

Valuation date	July 1, 2021	July 1, 2022
Measurement date	June 30, 2021	June 30, 2022
Inflation	2.40%	2.40%
Salary increases including inflation	3.25%	3.25%
Mortality	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018; details in the valuation report
Actuarial cost method	Individual Entry Age	Individual Entry Age

Investments - The long-term expected rate of return assumption of 6.70 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.38 percent, consistent with the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2022 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.70 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 6.70 percent reported investment return assumption is the same as the investment return assumption chosen by the 2022 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.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

X. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0 %	2.6 %	2.6 %	1.1 %
Fixed income	19.8 %	4.4 %	4.4 %	3.2 %
Global equity	54.0 %	8.8 %	7.3 %	17.8 %
Real estate (property)	10.3 %	7.4 %	6.3 %	15.7 %
Private equity	11.1 %	12.0 %	8.9 %	26.3 %
Strategic investments	3.8 %	6.2 %	5.9 %	7.8 %
Total	100.00 %			
Assumed inflation - mean		2.4 %		1.3 %

(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 6.70%. 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, 2022 .

FRS Net Pension Liability		
1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
\$ 236,779,574	\$ 136,911,817	\$ 53,410,489

HIS Net Pension Liability		
1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
\$ 32,680,360	\$ 28,564,698	\$ 25,159,073

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.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

X. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

- 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, 2022 the total pension expense and deferred inflows and outflows related to the FRS and HIS plans were as follows:

	FRS	HIS	Total
Pension Expense (Income)	\$ 17,225,352	\$ 1,392,911	\$ 18,618,263
Deferred Outflows of Resources	38,551,608	3,598,990	42,150,598
Deferred Inflows of Resources	\$ (8,702,620)	\$ (5,985,131)	\$ (14,687,751)

For the fiscal year ended September 30, 2022, the County recognized pension expense of \$17,225,352 for the FRS plan. In addition the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources for the FRS Plan	Deferred Inflows of Resources for the FRS Plan
Differences between expected and actual experience	\$ 6,502,521	\$ 0
Change of assumptions	16,861,263	0
Net difference between projected and actual earnings on FRS Plan investments	9,040,269	0
Changes in proportion and differences between County FRS Plan contributions and proportionate share of contributions	1,763,213	(8,702,620)
County FRS Plan contributions subsequent to the measurement date	4,384,342	0
Total	<u>\$ 38,551,608</u>	<u>\$ (8,702,620)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$4,384,342 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, 2023. 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/(Inflows)
2023	\$ 5,760,968
2024	1,143,089
2025	(4,459,744)
2026	21,931,204
2027	1,089,129
Thereafter	0
Totals	<u>\$ 25,464,646</u>

For the fiscal year ended September 30, 2022, the County recognized pension expense of \$1,392,911 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:

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

X. EMPLOYEE BENEFITS (continued)

A. Florida Retirement System (continued)

Description	Deferred Outflows of Resources for the HIS Plan	Deferred Inflows of Resources for the HIS Plan
Differences between expected and actual experience	\$ 867,006	\$ (125,687)
Change of assumptions	1,637,347	(4,418,941)
Net difference between projected and actual earnings on HIS Plan investments	41,356	0
Changes in proportion and differences between County HIS Plan contributions and proportionate share of contributions	616,859	(1,440,503)
County HIS Plan contributions subsequent to the measurement date	436,422	0
Total	<u>\$ 3,598,990</u>	<u>\$ (5,985,131)</u>

The deferred outflows of resources related to the HIS Plan, totaling \$436,422 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, 2023. Other amounts reported by the County as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Reporting Period Ending June 30	FRS Net Deferred Inflows
2023	\$ 701,078
2024	389,904
2025	267,883
2026	445,945
2027	709,200
Thereafter	308,553
Totals	<u>\$ 2,822,563</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.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

X. EMPLOYEE BENEFITS (continued)

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, 2022 was as follows:

<u>Membership Status as of October 1, 2022</u>	<u>Life</u>	<u>Medical</u>
Active plan members	1,559	1,559
Retirees and DROP participants	625	263
Total	<u>2,184</u>	<u>1,822</u>

Benefits- Retirees continue active employee life insurance benefits, with coverage amount equaling 2 x final salary for Senior Management and 1 x final salary for all other retirees. Once a retiree reaches the age of 65, the coverage reduces to 65% of the original amount. Coverage is provided at a monthly rate of \$0.59 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.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

X. EMPLOYEE BENEFITS (continued)

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

Net OPEB liability

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

The total OPEB liability for the year ended September 30, 2022 measured as of September 30, 2022 is \$33,948,743. The following table outlines the changes in Net OPEB Liability for the fiscal year ending September 30, 2022:

	FY 2022	FY 2021
Service cost	\$ 2,333,956	\$ 2,501,300
Interest	1,141,365	934,003
Differences between expected and actual experience	0	5,600,923
Changes of assumptions or other input	(13,608,670)	(4,618,076)
Expected benefit payments	<u>(1,100,812)</u>	<u>(753,917)</u>
Net Changes	(11,234,161)	3,664,233
Net OPEB liability at beginning of year	<u>45,182,904</u>	<u>41,518,671</u>
Net OPEB liability at end of year	<u><u>\$ 33,948,743</u></u>	<u><u>\$ 45,182,904</u></u>

The total OPEB liability and contribution rates were determined by an actuarial valuation as of October 1, 2022. The total OPEB liability was rolled forward two years. The significant assumptions used were as follows:

Valuation Date	September 30, 2022
Measurement Date	September 30, 2022
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 4.77%. 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, 2022. The discount rate at the beginning of the year is 2.43% from the S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2021.
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. Medical insurance administrative expenses are assumed to be included in the premiums.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

X. EMPLOYEE BENEFITS (continued)

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

Mortality	According to the Benefit-Weighted Pub-2010 Mortality Tables with a public safety adjustment for sheriffs and the general table for all others, projected generationally with the MP-2021 Mortality Improvement scale. For disabled retirees, according to the Benefit-Weighted Pub-2010 Disabled Mortality Tables with a public safety adjustment for sheriffs and the general table for all others, projected generationally with MP-2021 Mortality Improvement scales.
Withdrawal	Same as the Florida Retirement System (FRS) pension plan.
Disability	Same as the Florida Retirement System (FRS) pension plan.
Retirement age	Same as the Florida Retirement System (FRS) pension plan.
Plan participation	
Life insurance:	95% of future retirees are assumed to participate based on experience for similar plans. For current retirees, the coverage indicated on the provided census data was used.
Medical insurance:	45% of future retirees are assumed to participate based on a mix of actual experience and experiences for similar plans. For current retirees, the coverage indicated on the provided census data was used.
Health care cost trends	Eligible health care costs, per capita costs, and retiree contributions, are assumed to increase each year from 7.60% for the year ended 9/30/2023 to 4.75% for the year beginning 10/1/2029 and thereafter. The initial trend rate was established based on the influences of the health care marketplace as a whole as published in Buck's National Health Care Trend Survey. The trend rates are based on the "core" trend components (i.e., medical inflation, utilization and intensity of services) but exclude the impact of the aging of the covered population and other noncore components of trend (e.g., profit margins typically included in an insurer's trend assumptions). It is assumed that over the long-term, health care costs ultimately will be constrained by the public's ability and willingness to pay the higher cost of health care services. This assumption implies that the ultimate trend rate should be related to the nominal per capita GDP. Therefore, ultimate trend is assumed to be comprised of (i) real growth in per capita GDP, (ii) long-term growth attributable to technology innovations, and (iii) assumed long-term inflation rate. We estimated that health care costs would reach the ultimate trend level in fiscal year ending in 2028, based on projections from CMS' projection of National Health Care Expenditures.
Per capita costs	Our valuation reflects the following fiscal year 2022 annual per capita plan costs for retirees and their spouses: Per Capita Plan Cost at Male Age 65- Retiree \$20,613, Spouse \$21,884, Family \$33,688. Medical per capita plan costs for retirees and spouses were developed using 2023 premium information and de-trended to a level appropriate for the fiscal year beginning October 1, 2022. 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.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

X. EMPLOYEE BENEFITS (continued)

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

Spouse assumptions	For future retirees we assumed that 50% of male employees and 20% of female employees will be married at retirement and elect health coverage for their spouses. Current retirees who elected health benefits for their spouses are indicated on the census file. For future retirees and for retirees with missing spouse information, we assumed husbands to be 3 years older than their wives.
Age/Gender - related morbidity	The age/gender health care cost relativities implemented in this valuation to reflect associated differences in medical costs are based on data from the recent study, "Health Care Costs - From Birth to Death" prepared by Dale H. Yamamoto and sponsored by the Society of Actuaries.

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 4.77%, 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 3.77%	Current Discount Rate 4.77%	1% Increase 5.77%
Net OPEB Liability	\$ 38,986,470	\$ 33,948,743	\$ 29,835,877

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	\$ 32,029,634	\$ 33,948,743	\$ 36,252,855

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.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

X. EMPLOYEE BENEFITS (continued)

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

- 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.

The below table presents the OPEB expense and its components:

<u>Components of OPEB Expense</u>	<u>For the year ended September 30, 2022</u>
Service Cost	\$ 2,333,956
Interest on the total OPEB liability and net cash flow	1,141,365
Differences between expected and actual experience	0
Changes in assumptions and other inputs	<u>974,685</u>
Total OPEB expense	<u>\$ 4,450,006</u>

At September 30, 2022, 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	\$ 15,003,118	\$ (1,409,717)	\$ 13,593,401
Changes in assumptions and other inputs	<u>4,856,752</u>	<u>(16,498,991)</u>	<u>(11,642,239)</u>
Total OPEB expense	<u>\$ 19,859,870</u>	<u>\$ (17,908,708)</u>	<u>\$ 1,951,162</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, 2022 is 10.6 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>
2023	\$ 974,685
2024	974,685
2025	974,685
2026	1,026,500
2027	1,104,222
Thereafter	<u>(3,103,615)</u>
Totals	<u>\$ 1,951,162</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

X. EMPLOYEE BENEFITS (continued)

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

Funded Status and Funding Progress

As of September 30, 2022, the County's actuarial accrued liability for benefits recognized in the County's financial statements was \$33,948,743, all of which was unfunded.

XI. RISK MANAGEMENT AND CONVENTIONALLY INSURED CLAIMS & LOSSES

A. General Liability

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

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

Year	Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
September 30, 2022	\$ 14,819	\$ 0	\$ 0	\$ 0
September 30, 2021	\$ 14,819	\$ (14,819)	\$ 0	\$ 14,819

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

B. Workers' Compensation

The County maintains a self-insurance Internal Service Fund to account for insurance activities relating to workers' compensation that is administered by a third-party administrator. Under this program, the County absorbs losses up to a maximum of \$500,000 for each claim. At September 30, 2022, the County had \$285,707 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 \$6,606,825, which includes an actuarial evaluation for incurred but not reported claims of \$2,391,244 is included in other current liabilities and reported in the Internal Service Fund at September 30, 2022. 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.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

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

B. Workers' Compensation (continued)

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, 2022	\$ 7,050,581	\$ 2,391,244	\$ (2,835,000)	\$ 6,606,825
September 30, 2021	\$ 6,562,279	\$ 2,494,302	\$ (2,006,000)	\$ 7,050,581

C. Automobile Liability

The County purchases commercial coverage for automobile liability insurance through the same provider of its general liability insurance. All vehicles are covered for physical damage with a \$1,000 deductible and for liability with a \$5,000 deductible. All funds of the County participate in this program and pay premiums to the Insurance Service Fund based on the vehicles used by their personnel.

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

Year	Beginning of Fiscal Year	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
September 30, 2022	\$ 4,900	\$ 36,565	\$ 0	\$ 41,465
September 30, 2021	\$ 10,690	\$ (5,790)	\$ 0	\$ 4,900

The claims liability of \$41,465 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, 2022 was \$306,484.

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, 2022 was \$673,856.

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.

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

XII. SEGMENT INFORMATION - ENTERPRISE FUNDS

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

XIII. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

A. Excess of Expenditures Over Appropriation

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

B. Excess of Expenditures Over Revenue in the Budget Column

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

C. Deficit Fund Balances

At fiscal year end, the Family Law Legal Service fund had a deficit of \$58,279, the SHIP Trust fund had a deficit of \$25,247, the 911 Emergency fund had a deficit of \$93,011. All funds are nonmajor special revenue funds.

D. Minimum Fund Balance Policy

On September 16, 2008, Leon County adopted Policy Number 07-2 called "Reserves." The first section, Emergency Reserves includes the general revenue emergency reserves which are maintained at an amount not to be less than three percent and not to exceed eight percent of the projected General Fund and Fine & Forfeiture Fund operating expenditures for the ensuing fiscal year. In addition, a catastrophe reserve will be maintained at two percent. The reserve will provide immediate cash flow in the event of a natural disaster. The Reserve for Contingency is separate from the Reserves for Cash Balances and annually determined by the Board of County Commissioners as a part of the budget. Any funds not included under this category will be included as part of the unreserved 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, 2022

XIII. 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	\$ 1,049,048	\$ 0	\$ 9,662	\$ 1,058,710
Prepaid assets	625,946	282,263	319,838	1,228,047
Total nonspendable	<u>1,674,994</u>	<u>282,263</u>	<u>329,500</u>	<u>2,286,757</u>
Restricted for:				
Federal and state grants and other purpose	2,429,378	29,479,962	381,566	32,290,906
Major non-transportation related capital projects and facilities	0	23,788,028	26,066,519	49,854,547
Public improvement revenue bond projects	0	0	18,543,913	18,543,913
Enabling legislation	0	0	10,458,195	10,458,195
User restricted	0	0	412,040	412,040
Total restricted	<u>2,429,378</u>	<u>53,267,990</u>	<u>55,862,233</u>	<u>111,559,601</u>
Committed for:				
Minimum reserve requirements	7,955,237	268,397	0	8,223,634
Fire protection services	0	0	1,047,908	1,047,908
Emergency medical services	0	0	7,267,358	7,267,358
Building inspections	0	0	3,222,536	3,222,536
Unincorporated stormwater maintenance	0	0	2,057,326	2,057,326
City sewer services distribution	0	0	24,452	24,452
Environmental management	0	0	2,464,269	2,464,269
Pandemic recovery efforts	0	687,618	0	687,618
Total committed	<u>7,955,237</u>	<u>956,015</u>	<u>16,083,849</u>	<u>24,995,101</u>
Assigned for:				
General government	5,947,134	1,021,629	0	6,968,763
Public safety	0	0	2,740,188	2,740,188
Total assigned	<u>5,947,134</u>	<u>1,021,629</u>	<u>2,740,188</u>	<u>9,708,951</u>
Unassigned	<u>35,028,166</u>	<u>(328,074)</u>	<u>(360,045)</u>	<u>34,340,047</u>
Total Fund Balances	<u>\$ 53,034,909</u>	<u>\$ 55,199,823</u>	<u>\$ 74,655,725</u>	<u>\$ 182,890,457</u>

Leon County, Florida
Notes to the Financial Statements
Year Ended September 30, 2022

XIV. COMMITMENTS AND CONTINGENCIES

A. Contract Commitments

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, 2022. These commitments have been included in the 2021-2022 fiscal year budget and the five-year Capital Improvement Program and certain amounts have been reserved in the capital projects fund. Current contracts outstanding as of September 30, 2022 approximate \$3.2 million.

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

B. Potential Liabilities Resulting from Litigation

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

C. Subsequent Events

The County has evaluated subsequent events through June 27, 2023, the date the financial statements were available to be issued. No subsequent events were identified that required disclosure except for the transaction described below.

On October 1, 2022 Leon County issued an educational refunding revenue bond, Series 2022, in the principal amount of \$5,379,428 and loaned the proceeds to Holy Comforter Episcopal School, Inc. for the principal purpose of refunding the Series 2018 bond.

XV. NET POSITION RESTATEMENT

Effective October 1, 2021, the County adopted GASB Statement No. 87 – Leases, using the facts and circumstances that existed at the beginning of the period of implementation. In a period prior to the implementation of Statement 87, the County entered into various capital leases in which the County was a lessee. As of September 30, 2021 the County recognized a capital lease asset and a capital lease liability of \$1,035,895. Statement 87 allows for the use of the carrying value of the existing capital lease asset, adjusted to the new carrying value of the lease liability. This change resulted in a decrease to the lease liability for these leases of \$155,318 and a increase of lease assets of \$123,393 as of September 30, 2021. Accordingly this resulted in a increase of beginning net position in the county-wide financial statements of Leon County, Florida of \$278,711.

This page intentionally left blank

Required Supplementary Information

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Leon County's proportion of the net pension liability	0.367963030%	0.373660617%	0.394768166%	0.405622105%	0.401636460%	0.404240284%	0.426742954%	0.381103706%	0.373806519%	0.387480733%
Leon County's proportionate share of the net pension liability	\$ 136,911,817	\$ 28,225,813	\$ 171,098,341	\$ 139,690,606	\$ 120,974,984	\$ 119,571,564	\$ 107,752,931	\$ 49,224,656	\$ 22,807,695	\$ 66,702,680
Leon County's covered payroll	\$ 104,064,221	\$ 101,609,419	\$ 100,077,822	\$ 95,981,978	\$ 92,298,471	\$ 89,031,824	\$ 84,165,836	\$ 82,001,002	\$ 80,661,380	\$ 80,267,543
Leon County's proportionate share of the net pension liability as a percentage of its covered payroll	131.56 %	27.78 %	170.97 %	145.54 %	131.07 %	134.30 %	128.02 %	60.03 %	28.28 %	83.10 %
Plan fiduciary net position as a percentage of the total pension liability	82.89 %	96.40 %	78.85 %	82.61 %	84.26 %	83.89 %	84.88 %	92.00 %	96.09 %	88.54 %

* The amounts presented for each fiscal year were determined as of 6/30.

See Report of Independent Auditors

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 15,701,652	\$ 14,234,855	\$ 13,116,397	\$ 12,577,212	\$ 11,446,316	\$ 10,523,370	\$ 10,406,807	\$ 9,291,632
Actual employer contribution	<u>\$ (15,701,652)</u>	<u>\$ (14,234,855)</u>	<u>\$ (13,116,397)</u>	<u>\$ (12,577,212)</u>	<u>\$ (11,446,316)</u>	<u>\$ (10,523,370)</u>	<u>\$ (10,406,807)</u>	<u>\$ (9,291,632)</u>
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	\$ 104,826,103	\$ 101,778,575	\$ 101,101,949	\$ 97,005,441	\$ 92,911,582	\$ 90,549,137	\$ 84,749,884	\$ 82,413,692
Contributions as a percentage of covered payroll	14.98 %	13.99 %	12.97 %	12.97 %	12.32 %	11.62 %	12.28 %	11.27 %
							<u>2014</u>	<u>2013</u>
Actuarially determined contribution							\$ 8,187,949	\$ 5,214,322
Actual employer contribution							<u>\$ (8,187,949)</u>	<u>\$ (5,214,322)</u>
Contribution deficiency (excess)							<u>0</u>	<u>0</u>
Leon County's covered payroll							\$ 80,762,932	\$ 80,356,724
Contributions as a percentage of covered payroll							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.

See Report of Independent Auditors

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

	2022	2021	2020	2019	2018	2017	2016	2015
Leon County's proportion of the net pension liability	.269692073%	.274214019%	0.274310017%	0.281605365%	0.279643167%	0.275303556%	0.286548096%	0.274123595%
Leon County's proportionate share of the net pension liability	\$ 28,564,698	\$ 33,636,472	\$ 33,492,806	\$ 31,508,822	\$ 29,597,747	\$ 29,436,726	\$ 33,395,994	\$ 27,956,296
Leon County's covered payroll	\$ 104,064,221	\$ 101,609,419	\$ 100,077,822	\$ 95,981,978	\$ 92,298,471	\$ 89,031,824	\$ 84,165,836	\$ 82,001,002
Leon County's proportionate share of the net pension liability as a percentage of its covered payroll	27.45 %	33.10 %	33.47 %	32.83 %	32.07 %	33.06 %	39.68 %	34.09 %
Plan fiduciary net position as a percentage of the total pension liability	4.81 %	3.56 %	3.00 %	2.63 %	2.15 %	1.64 %	0.97 %	0.50 %
							2014	2013
Leon County's proportion of the net pension liability							0.270973192%	0.279295965%
Leon County's proportionate share of the net pension liability							\$ 25,336,655	\$ 24,316,386
Leon County's covered payroll							\$ 80,661,380	\$ 80,267,543
Leon County's proportionate share of the net pension liability as a percentage of its covered payroll							31.41 %	30.29 %
Plan fiduciary net position as a percentage of the total pension liability							0.99 %	1.78 %

* The amounts presented for each fiscal year were determined as of 6/30.

See Report of Independent Auditors

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,631,864	\$ 1,611,832	\$ 1,580,720	\$ 1,563,727	\$ 1,516,512	\$ 1,456,986	\$ 1,468,742	\$ 1,047,871
Actual employer contribution	<u>\$ (1,631,864)</u>	<u>\$ (1,611,832)</u>	<u>\$ (1,580,720)</u>	<u>\$ (1,563,727)</u>	<u>\$ (1,516,512)</u>	<u>\$ (1,456,986)</u>	<u>\$ (1,468,742)</u>	<u>\$ (1,047,871)</u>
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	\$ 104,826,103	\$ 101,778,575	\$ 101,101,949	\$ 97,005,441	\$ 92,911,582	\$ 90,459,137	\$ 84,749,884	\$ 82,413,692
Contributions as a percentage of covered payroll	1.56 %	1.58 %	1.56 %	1.61 %	1.63 %	1.61 %	1.73 %	1.27 %
							<u>2014</u>	<u>2013</u>
Actuarially determined contribution							\$ 928,263	\$ 914,903
Actual employer contribution							<u>\$ (928,263)</u>	<u>\$ (914,903)</u>
Contribution deficiency (excess)							<u>0</u>	<u>0</u>
Leon County's covered payroll							\$ 80,762,932	\$ 80,356,724
Contributions as a percentage of covered payroll							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.

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	2022	2021	2020	2019	2018
Service cost	\$ 2,333,956	\$ 2,501,300	\$ 540,572	\$ 492,162	\$ 534,336
Interest	1,141,365	934,003	607,217	666,184	621,125
Changes of benefit terms	0	0	1,067,856	0	0
Difference between expected & actual experience	0	5,600,923	15,714,047	(2,282,605)	0
Changes in assumptions & other inputs	(13,608,670)	(4,618,076)	7,277,059	(31,667)	(1,114,016)
Benefit payments	<u>(1,100,812)</u>	<u>(753,917)</u>	<u>(215,848)</u>	<u>(249,553)</u>	<u>(227,947)</u>
Net change in total OPEB liability	(11,234,161)	3,664,233	24,990,903	(1,405,479)	(186,502)
Net OPEB liability - beginning	<u>45,182,904</u>	<u>41,518,671</u>	<u>16,527,768</u>	<u>17,933,247</u>	<u>18,119,749</u>
Net OPEB liability - ending	<u>\$ 33,948,743</u>	<u>\$ 45,182,904</u>	<u>\$ 41,518,671</u>	<u>\$ 16,527,768</u>	<u>\$ 17,933,247</u>
Covered-Employee payroll	\$104,826,103	\$101,778,576	\$101,101,949	\$ 97,005,441	\$ 92,911,582
Net OPEB liability as a percentage of covered-employee payroll	32.39 %	44.39 %	41.07 %	17.04 %	19.30 %

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

See Report of Independent Auditors

Leon County, Florida
Notes to the Required Supplementary Information
September 30, 2022
(unaudited)

The following changes in actuarial assumptions occurred in 2022:

PENSION RELATED NOTES TO SCHEDULE:

FRS: There were no changes in benefit terms. The inflation rate assumption remained at 2.40%. Payroll growth, including inflation remained at 3.25%. The long-term expected rate of return decreased from 6.8% to 6.7%.

HIS: The municipal rate used to determine total pension liability was increased from 2.16% to 3.54%.

The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838. Specifically, HB5007 resulted in the development of separate rates of DROP Entry for law enforcement officers, and an assumed 60-month average duration of DROP participation for law enforcement officers who enter DROP in the future. HB689 and SB 838 resulted in updated line-of-duty disability rates and an increase in the portion of all future active member deaths assumed to be in the line of duty from 25% to 30% for all Special Risk class members.

The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.

There are no assets accumulated in a trust to pay for related benefits for the pension plan.

OPEB RELATED NOTES TO SCHEDULE:

The assumptions, methods, and plan provisions used were the same as those in Leon County's GASB 75 valuation report for FYE September 30, 2021 dated April 18, 2022, except for the following:

The starting per capita costs were updated based on 2023 premiums. This resulted in an increase to the liability.

The retiree life insurance contributions for non-sheriff coverage were increase from \$0.52 (per \$1,000 coverage) to \$0.59 (per \$1,000 coverage). This resulted in a decrease to the liability.

The discount rate has been increased from 2.43% to 4.77% based on the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2022 . This resulted in a significant decrease to the liability.

There are no assets accumulated in a trust to pay for related benefits for the OPEB plan.

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

The Honorable Board of County Commissioners
Leon County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison statements of Leon County, Florida (the County) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 27, 2023. Our report includes a reference to other auditors who audited the financial statements of the Housing Finance Authority of Leon County, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant

deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying *Management Letter* as item 2022-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Management Letter as items 2022-008 and 2022-009.

Leon County, Florida's Response to Findings

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

Purpose of this Report

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

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 June 27, 2023.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
June 27, 2023



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

Opinion on Each Major Federal Program and State Project

We have audited Leon County, Florida's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and 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, 2022. Leon County, Florida's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Leon County, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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*. Our responsibilities under those standards, the Uniform Guidance, and *Rules of the Auditor General* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Leon County, Florida and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of Leon County, Florida's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Leon County, Florida's federal programs and state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Leon County, Florida's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Leon County, Florida's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Leon County, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Leon County, Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Leon County, Florida's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program 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 or state program 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements of Leon County, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Leon County, Florida's basic financial statements. We issued our report thereon dated June 27, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic 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 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, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
June 27, 2023



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

Leon County, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2022

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 Service: Schools and Roads - Grants to States	10.665	USFOR2021	\$ 55,322
<u>U.S. Department of Transportation</u>			
Pass through Florida Department of Transportation			
Highway Planning and Construction	20.205	442060-1-58/68-01	1,123,828
Highway Planning and Construction	20.205	442060-2-38-01	724,573
Highway Planning and Construction	20.205	440655-1-38-01	444,551
Total CFDA # 20.205			2,292,952
<u>U.S. Department of Treasury</u>			
Direct Programs			
COVID-19 Emergency Rental Assistance 1	21.023	ERA1-2101111917	2,225,520
COVID-19 Emergency Rental Assistance 2	21.023	ERA2-0382	302,363
Total CFDA # 21.023			2,527,883
COVID-19 American Recovery Plan	21.027	20-1982-0-1-806	17,781,659
<u>U.S. Department of Interior</u>			
Direct Program			
Payments in Lieu of Taxes	15.226	Unknown	262,950
<u>U.S. Department of Justice</u>			
Direct Programs			
State Criminal Assistance Program	16.606	2019-AP-BX-0121	22,706
State Criminal Assistance Program	16.606	2019-AP-BX-1186	19,279
State Criminal Assistance Program	16.606	2016-AP-BX-0098	12,659
Total CFDA # 16.606			54,644
Pass through Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant	16.738	2020-JAGC-Leon-5-5R-148	38,356
Edward Byrne Memorial Justice Assistance Grant	16.738	2021-JAGC-Leon-2-3B-067	13,265
Edward Byrne Memorial Justice Assistance Grant	16.738	15PBJA-21-GG-01353-JAGX	39,199
Total CFDA # 16.738			90,820
Pass through State of Florida Office of the Attorney General			
Victims of Crime Act	16.575	V-2016-00555	106,768
Pass through Florida Department of Law Enforcement			
Prison Rape Elimination Act	16.751	2022-PREA-LEON-1-2P-001	80,540
<u>U.S. Department of Health and Human Services</u>			
Pass through Florida Department of Revenue			
Child Support Enforcement	93.563	COC37	127,058
<u>U.S. Department of Homeland Security</u>			
Pass through Florida Division of Emergency Management			
Homeland Security Grant Program	97.067	EMW-2020-SS-00035-S01	22,927
Homeland Security Grant Program	97.067	EMW-2021-SS-00056-S01	387,977
Homeland Security Grant Program	97.067	R0538	441,000
Homeland Security Grant Program	97.067	R0290	24,057
Total CFDA # 97.067			875,961
Pass through Florida Executive Office of the Governor			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z1848	3,448,797
<u>Federal Emergency Management Agency</u>			
Pass through Florida Division of Emergency Management			
Emergency Management Performance Grants	97.042	EMA-2021-EP-00006	13,926
Emergency Management Performance Grants	97.042	EMA-2021-EP-00007	90,914
Total CFDA # 97.067			104,840
<u>U.S. Department of State</u>			
Pass through Florida Department of State			
Help America Vote Act - Election Security Grant	90.404	22.e.es.300.LEO	32,752
<u>U.S. Environmental Protection Agency</u>			
Pass through Florida Department of Environmental Protection			
USEPA Clean Water Campaign	66.460	NF029	7,500
Total Expenditures of Federal Awards			\$ 27,850,446
			(continued)

See independent auditors' report.

Leon County, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)
Year Ended September 30, 2022

Federal / State Agency Pass-through Entity Federal Program / State Project	CFDA or CSFA Number	Grant Contract Number	Expenditures
STATE FINANCIAL ASSISTANCE			
<u>State of Florida Division of Emergency Management</u>			
Direct Projects			
Emergency Management Programs	31.063	A0202	\$ 105,806
<u>Florida Department of Environmental Protection</u>			
Direct Projects			
Local Hazardous Waste Collection Center	37.010	DEP3745 DWM	19,819
Florida Springs Grant Program	37.052	LP01108	70,468
Florida Springs Grant Program	37.052	LP0110E	300,509
Florida Springs Grant Program	37.052	LP37113	354,793
Total CSFA # 37.052			<u>725,770</u>
<u>Florida Department of Agriculture and Consumer Services</u>			
Direct Project			
Mosquito Control	42.003	Unknown	74,737
<u>Florida Department of State</u>			
Direct Project			
State Aid to Libraries	45.030	19-ST-27	117,532
<u>Florida Department of Juvenile Justice</u>			
Direct Project			
Delinquency Prevention	80.029	10627	28,781
<u>Florida Housing Finance Corporation</u>			
Direct Projects			
HFA Emergency Repairs	40.901	SHIP19	12,060
State Housing Initiatives Partnership Program	40.901	SHIP20	47,000
State Housing Initiatives Partnership Program	40.901	SHIP21	158,443
Total CSFA # 40.901			<u>217,503</u>
Direct Projects			
Hurricane Housing Recovery Program	40.902	855-2020	16,017
Hurricane Housing Recovery Program	40.902	044-2019	12,529
Total CSFA # 40.902			<u>28,546</u>
<u>Florida Department of Health</u>			
Direct Project			
Emergency Medical Services (EMS) Matching Awards	64.003	M9045	44,410
<u>Florida Department of Law Enforcement</u>			
Direct Project			
LCSO Behavioral, Health and Occupational Wellness Program	71.068	3V007	9,401
Total Expenditures of State Financial Assistance			<u>\$ 1,372,305</u>
<u>NOTES:</u>			
(1) Housing loans originated since 2001 and outstanding at year end:			
Community Development Block Grant-Entitlement	14.218		\$ 677,299
State Housing Initiatives Partnership Program	40.901		2,820,369
Hurricane Housing Recovery Program	40.902		162,888
			<u>\$ 3,660,556</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, 2022. All expenditures related to federal awards and state projects received directly from federal and state agencies, as well as federal awards and state projects passed through other governmental agencies, are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

(4) Of the federal expenditures presented in the schedule, Leon County Board of County Commissioners provided federal awards to subrecipients as follows:
CFDA #21.027 \$2,938,472 and CFDA #21.023 \$533,472

(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.

Leon County, Florida
Schedule of Findings and Questioned Costs
Year Ended September 30, 2022

Section I -- Summary of Auditors' Results

Financial Statements

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

Schedule of Findings and Questioned Costs Relating to Federal Awards

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None
Type of 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>
	20.205	U.S. Department of Transportation Pass through Florida Department of Transportation - Highway Planning and Construction
	21.023	U.S. Department of Treasury Direct - COVID-19 Emergency Rental Assistance
	21.027	Direct - COVID-19 American Recovery Plan
	97.036	U.S. Department of Homeland Security Pass through Florida Executive Office of the Governor Disaster Grants - Public Assistance (Presidentially Declared Disasters)
	97.067	Pass through Florida Division of Emergency Management - Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$835,513
Auditee qualified as low-risk auditee?	Yes

Leon County, Florida
Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2022

Schedule of Findings and Questioned Costs Relating to State Financial Assistance

State Financial Assistance Awards

Internal control over major projects:

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

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

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

Findings required to be reported in a management letter pursuant to Chapter 10.554(1)(i)3, <i>Rules of the Auditor General</i> ?	Yes
--	-----

Identification of major projects:	<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:	\$411,691
--	-----------

Section II -- Financial Statement Findings

See Findings 2022-001, 2022-002, 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, 2022-008, and 2022-009 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, 2022

Federal Awards and State Financial Assistance:

State Projects

2021-007 Florida Springs Grant Program, Grant Numbers LP37114 and LP37115

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

Status: Corrective action for this recommendation is in progress. This corrective action is ongoing as of June 27, 2023 and as a result, this is the fourth consecutive year this specific recommendation is reported. See current year recommendation 2022-008.

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 (the County), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 27, 2023.

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 Report of Independent Auditors on Internal Control over Financial Reporting and 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 Report of Independent Accountants on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 27, 2023, 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.

2021-001 Capital Lease Asset Recognition

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

2021-002 Capital Assets for Other Constitutional Officers

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

2021-003 Construction in Progress

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 improve controls over this process. This corrective action is ongoing as of September 30, 2022, and as a result, this is the second consecutive year this specific recommendation is reported. See current year recommendation 2022-002.

2021-004 MS Access Database Uploads

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 improve controls over this process. This corrective action is ongoing as of September 30, 2022, and as a result, this is the second consecutive year this specific recommendation is reported. See current year recommendation 2022-006.

2021-005 – Traffic Unit Cash Receipts

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

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

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

2021-007, 2020-005 & 2019-005 Florida Springs Grant Program, Grant number LP37114 and LP0110E

Corrective action for this recommendation is ongoing as of September 30, 2022, and as a result, this is the fourth consecutive year this specific recommendation is reported. See Current year recommendation 2022-008.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority for the primary government and each component unit of the reporting entity are disclosed in Note 1 of the Notes to the Financial Statements.

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, 2022. 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. The following recommendations were made:

2022-001 Insurance Recoveries

Criteria: GASB requires amounts that are recoverable from reinsurers or excess insurers that relate to paid claims and claim adjustment expenses, should be classified as assets (with an allowance for estimated uncollectible amounts) and as reductions of expenses.

Condition: Instances were noted in which reinsurance recoveries collected subsequent to year end, but related to previous years claims paid were recorded as revenues in the subsequent year received rather than being recorded as a receivable and an offset to expenses in the year the expenses were incurred.

Cause: Long periods of time between the underlying expense and the reimbursement were noted. However, an insurance recovery is recognizable as soon as it becomes realizable. A recovery is considered realizable if the insurer has admitted and acknowledged coverage. These factors led to internal controls for financial reporting being ineffective in identifying the proper period of recording for reinsurance recoveries received.

Effect: The County's unadjusted trial balance contained financial reporting errors in which the accounts receivable balances were understated and expenses were overstated.

Recommendation: Management should monitor the expected repayment from reinsurance recoveries and record amounts to the period when a recovery becomes admitted and acknowledged. Management should provide training to employees over the proper accounting of such amounts to ensure that they are correctly recorded in the correct period in accordance with GASB standards.

Management's response:

Management will communicate the proper accounting for reinsurance recoveries with the appropriate stakeholders. Management will also update the internal controls for reinsurance recovery to include a notification step when claims are submitted.

2022-002 Construction in Progress

Criteria: Constructed assets should be re-classified to depreciable capital asset categories from construction in progress when the assets are substantially completed or otherwise available for use.

Condition: Management's initial schedules and trial balances reported significant amounts of completed projects in the non-depreciable construction in progress category. Corrections to the trial balance and supporting schedules were needed to improve reporting.

Cause: Management's schedules of completed capital projects in progress is completed using input from appropriate stakeholders. Breakdowns in the information and communication lead to untimely and incomplete support for the capital projects in process schedule.

Effect: Management's initially reported balance of construction in progress was overstated and included projects that had been previously completed and were not being depreciated.

Recommendation: Internal controls should be developed for the routine review of the capital projects report and the removal of assets that are completed. Management should make improvements to the internal reports used to determine the proper amounts for financial reporting.

Management's response:

Management has enhanced the current reconciliation process to implement both a wider scope of review, and a more streamlined communication process between finance, other departments, and constitutionals involved in capital asset procurement. Within the fiscal year, management implemented a quarterly review of CIP projects and completion status with stakeholders. However, more emphasis is needed on the review process and that will be communicated.

2022-003 Purchasing Card Documentation

Criteria: The Board of County Commissions (BOCC) sets the policies and procedures regarding the use of purchasing cards by employees. These policies and procedures are necessary for financial reporting in accordance with the Government Accounting Standards Board (GASB) and to mitigate risks of the misuse of funds. BOCC policies require expenditures made via purchasing cards be supported by source documentation and receipts. Supporting documentation must be reviewed and approved timely by the employee's supervisor.

Condition: One of 30 purchasing card samples tested during purchasing card control testing had no supporting documentation or receipts that could be provided. It was noted that the purchasing card holder did not provide required documentation to the Finance Department and that the transactions were not reviewed or approved by the employee's supervisor. Additionally, it was noted that purchasing card documentation is often provided to the finance department in an untimely manner.

Cause: This specific purchasing card holder was not an employee of the County but an employee of a separate Article V officer. As such, the County's ability to force compliance with the policy was limited. Management identified the issue and notified the purchasing card holder of the requirements for supporting documentation and approval. After several attempts to resolve the issue, management terminated the user's purchasing card.

Effect: Management's risk of an employee's improper use of purchasing cards is increased.

Recommendation: Management should improve policies and procedures in place to obtain appropriate supporting documentation for all purchasing card transactions on a timely basis.

Management's response:

Management will be reviewing and updating the Purchase Card policy to align with best practices. Management is also reviewing and updating the internal controls over the documentation submission and approval process. The Finance department will begin taking a more active role in the review and approval process.

2022-004 Employee Benefit Fund Receivables and Payables

Criteria: The Committee for Sponsoring Organizations (COSO) defines controls activities as the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at various levels of an entity, at various stages within business processes, and over the technology environment. Principle 12 of the Internal Control - Integrated Framework states, the organization deploys control activities through policies that establish what is expected and in procedures that put policies into action. Effective policies and procedures address controls put in place to prevent and detect potential fraud and material misstatements.

Condition: The legacy process for recording Employee Benefit Fund transactions has resulted in transactions not being properly classified in the general ledger and the receivable and payable balances reported in the financial statements being misstated.

Cause: Management has special procedures that are performed to record the receipt of the receivables and the payment of the payables within the Employee Benefit Fund. The legacy process is resulting in a netting of balances and errors for financial reporting.

Effect: This condition increases the risk of misstatement in the financial statements and the potential for differences in amounts reported by each constitutional officer.

Recommendation: Management should review the policies and procedures for recording the collection of cash and payment of amounts related to the Employee Benefit Fund and make changes as necessary. Management should perform a detailed reconciliation between amounts reported and paid/received.

Management's response:

Management has reviewed and updated its recording procedure and reconciliation for the Employee Benefits fund to account for payments and liabilities appropriately and timely. Further review and reconciliation of legacy balances will be performed within the next fiscal year. Additionally, management has added a Benefits Reconciliation Accountant to address reconciling items from internal and external stakeholders. Management will communicate with internal and external stakeholders clarifying their responsibilities for this process.

2022-005 Reconciliation of Balances Between Other Constitutional Officers

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: Instances were noted in which balances reported by the County for transfers between and due to/from other constitutional officers did not agree to the corresponding balance reported by the other constitutional officers. Management’s process for identifying, reconciling and reporting amounts for inter-constitutional balances was not performed timely and did not identify several differences in reported amounts. Various adjustments were needed between the constitutional officers for reconciliation.

Cause: Internal controls for information and communication between constitutional officers is not properly identifying all amounts between constitutional officers and is resulting in errors in reported balances.

Effect: The lack of controls and effective communication between constitutional officers led to differences in the amounts reported by the County and those reported by other constitutional officers.

Recommendation: Management should implement controls to ensure that amounts reported by the County for transfers in/out and due to/from other constitutional officers agrees to those reported by other constitutional officers, such as periodic reconciliations.

Management's response:

Management will ensure effective communication between the County and constitutional officers/staff by implementing off cycle training, periodic reconciliations, mid-year reviews, and an end of year preparation meeting.

2022-006 MS Access Database Uploads

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

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

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

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

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

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

Management's response:

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

2022-007 Fees and Fines Schedule Change Management

Criteria: Effective information technology controls include change management controls that ensure that only authorized and accurate changes are made to parameters within an application, management's monitoring of updates and transactions, and written procedures that document management's expectations for managing changes to such parameters.

Condition: Within the case management system, there is a court fees and fines schedule that controls how court fees, fines, and costs are calculated and recorded in the general ledger. How these transactions are recorded affects how certain collected funds are distributed between governmental entities in accordance with state and local laws. We noted a lack of controls over the input and monitoring of these fee schedules, including written procedures for managing changes to the fees and fines schedule including procedures for authorization of changes, user testing and acceptance of changes, implementation of changes into the production environment, documentation requirements, and independent monitoring of the schedule for changes.

Cause: The fees and fines schedule was created years ago when the County implemented the current case management system and controls such as those referenced above, were not put into place regarding changes to the schedule.

Effect: The lack of controls allowed inaccurate information to be entered into the fees and fines schedule which resulted in the County making payments to state agencies beyond the statutory requirements. Management's risk of material misstatement associated with fees and fines maintained in this schedule is increased.

Recommendation: Management should implement change management controls surrounding the fees and fines schedule, as well as all similarly maintained schedules, to prevent unauthorized or inaccurate changes. Management should strengthen controls for effective monitoring and review of these schedules, as well as the information and transactions produced from these schedules.

Management's response:

Management has created a work group for fee review. Currently the work group is made up of staff and management from IT, Audit, Legal, and Finance. Our goals are to build a framework for maintaining the fee review, complete a ceiling to floor review of current fees for amount, disbursements, accounting, etc., and review staffing needs to sustain a high level of quality assurance going forward.

2022-008 Florida Springs Grant Program, Grant Number LP37113 and LP0110E

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

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

Condition: The December 2021 quarterly reports were not submitted timely. However, the March 2022, June 2022 and September 2022 were all submitted timely.

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

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

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

Management's response:

As of the second quarter ending March 2022, the audit findings regarding filing these reports were corrected; however, reports for the first quarter of FY 2022 were filed late for the current FY 2022 audit period.

The previous employee responsible for managing these grants and filing the associated quarterly reports has left the employment of Leon County, and the new individual charged with managing these grants has filed all subsequent quarterly reports for the spring protection grants on time.

2022-009 Homeland Security Grant Program, Grant Numbers R0469 and R0538

Criteria: The Homeland Security Grant Program is operated under the governance of 2 *CFR* 200, *the Uniform Guidance*. The grant agreement for this project outlines the activities allowed, general requirements, and compliance requirements for the administration of the program. Reporting requirements of the program include the submission of quarterly status reports to the Division of Emergency Management describing the current status and progress of the project, expenditure of funds, and any other information requested by the Division.

Quarterly status reports are due no later than thirty days following the completion of the quarterly reporting period. The close-out report is due sixty days after termination of the agreement or thirty days after completion of the activities contained in the agreement, whichever first occurs.

Condition: The March 2022, June 2022 and September 2022 quarterly reports were not submitted timely and the close-out report for Grant R0538 could not be provided..

Cause: The Sheriff's Office experienced a high volume of turnover during the fiscal year. The turnover resulted in delays in gathering the information to complete the quarterly reports and therefore delaying the preparation and submittal of those quarterly reports.

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

Recommendation: The Sheriff's Office should implement a process to cross-train employees to ensure that grant compliance remains consistent during periods of turnover.

Management's response:

The delay in preparing the quarterly reports was due to significant staff turnover during the fiscal year. Quarterly reports will be prepared, reviewed and submitted timely going forward.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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



Thomas Howell Ferguson P.A.
Tallahassee, Florida
June 27, 2023



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