

# *Leon County, Florida*



## *Annual Financial Report For the Fiscal Year Ended September 30, 2023*

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

Leon County, Florida,  
Annual Financial Report

Year ended September 30, 2023

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## 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 and the budgetary comparison statements of Leon County, Florida (the County) as of and for the year ended September 30, 2023, 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, 2023, 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 0.4%, 0.9%, and 0.2%, respectively, of the assets, net position, and revenues of the County as of September 30, 2023. 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 I to the financial statements, in the fiscal year ended September 30, 2023, the County adopted Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations*. Our opinions are not modified with respect to this matter.

As discussed in Note I to the financial statements, in the fiscal year ended September 30, 2023, the County adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

As discussed in Note XVIII to the financial statements, October 1, 2022 net position for the Governmental Activities and fund balances for the General and Nonmajor Governmental Funds have been restated to correct previously reported misstatements. 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 86–92 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 May 22, 2024, 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  
May 22, 2024



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, 2023. 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><b>Government-wide Fund Financial Statements</b></i>	<i><b>Governmental Funds</b></i>	<i><b>Proprietary Funds</b></i>	<i><b>Fiduciary Funds</b></i>
<b>Scope</b>	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
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses, and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
<b>Accounting basis and measurement focus</b>	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
<b>Type of asset/liability information</b>	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
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	<ul style="list-style-type: none"> <li>• Revenues for which cash is received during or soon after the end of the year</li> <li>• Expenditures when goods or services have been received and payment is due during the year or soon thereafter</li> </ul>	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 \$274.7 million as compared to \$271.6 million a year ago; this is an increase of \$3.1 million. These capital assets are used to provide services to the citizens and businesses in the County; consequently, the net position is not available for future spending.

## Condensed Statement of Net Position (continued)

Table 2 below presents the County's condensed Statement of Net Position as of September 30, 2023 and 2022, 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 279,784	\$ 239,875	\$ 17,688	\$ 15,585	\$ 297,472	\$ 255,460
Capital assets	313,969	311,532	6,763	6,526	320,732	318,058
Total assets	593,753	551,407	24,451	22,111	618,204	573,518
Deferred outflows	56,456	62,010	0	0	56,456	62,010
 Total assets and deferred outflows	 650,209	 613,417	 24,451	 22,111	 674,660	 635,528
 Current liabilities	 85,834	 64,584	 2,212	 1,313	 88,046	 65,897
Noncurrent liabilities	263,069	249,328	22,438	18,302	285,507	267,630
Total liabilities	348,903	313,912	24,650	19,615	373,553	333,527
Deferred inflows	39,559	36,907	0	0	39,559	36,907
 Total liabilities and deferred outflows	 388,462	 350,819	 24,650	 19,615	 413,112	 370,434
 <b>Net position:</b>						
Net investment in capital assets	267,934	265,087	6,763	6,526	274,697	271,613
Restricted	121,995	111,560	0	0	121,995	111,560
Unrestricted	(128,182)	(114,049)	(6,962)	(4,030)	(135,144)	(118,079)
*Total net position	\$ 261,747	\$ 262,598	\$ (199)	\$ 2,496	\$ 261,548	\$ 265,094

\*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, 2023 and 2022, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net position may measure whether the County's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities decreased by (\$.851) million, or (.003) percent, and the net position of the business-type activities decreased by \$(2.7) million, or (108.0) percent. The decrease in Governmental Activities is primarily due to a decrease in inflows of resources from operating grants and contributions and an increase in program expenses. The decrease in Business-Type Activities is due to an increase in current year expenditures and a decrease in revenues to the Landfill in 2023.

In 2003, the Board of County Commissioners adopted an ordinance levying a Utility Services Tax on the unincorporated area of Leon County. This tax generated \$8.6 million in FY 2022 versus \$9.9 million in FY 2023. The County also adopted a Communications Services Tax in FY 2003, with revenues in the amount of \$2.74 million in FY 2023 compared to revenues of \$2.71 million in FY 2022. 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 fair 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 23 increased by 9.2%, and future growth will be tempered by the above tax changes, with increases mirroring population growth.

The Board of County Commissioners (the Board) Investment Policy is very risk averse and places a premium on security. With the effective rate of return of the portfolio averaging 3.48% for the year, the net change in fair market value of investments in the portfolio totaled \$12.5 million, an increase of \$17.0 million from 2022. The primary reasons for the increase in fair market value are from unrealized gains marked to market totaling \$3.9 million, while the investment portfolio earned a total return of \$8.6 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 2022 to 2023
	2023	2022	2023	2022	2023	2022	
<b>Revenues</b>							
<b>Program Revenues:</b>							
Charges for services	\$ 47,532	\$ 47,537	\$ 11,216	\$ 11,514	\$ 58,748	\$ 59,051	(1)%
Operating grants & contributions	18,415	48,898	0	0	18,415	48,898	(62)%
<b>Total Program Revenues</b>	<b>65,947</b>	<b>96,435</b>	<b>11,216</b>	<b>11,514</b>	<b>77,163</b>	<b>107,949</b>	<b>(29)%</b>
<b>General Revenues:</b>							
Property taxes	184,764	169,138	0	0	184,764	169,138	9 %
Local option taxes	62,017	46,480	0	0	62,017	46,480	33 %
Communications services taxes	2,743	2,711	0	0	2,743	2,711	1 %
Motor fuel taxes	1,388	1,425	0	0	1,388	1,425	(3)%
Utility services taxes	9,885	8,642	0	0	9,885	8,642	14 %
Other taxes	0	0	1,892	1,976	1,892	1,976	(4)%
State shared revenues	14,514	14,353	0	0	14,514	14,353	1 %
Net Change in Fair Market Value of Investments	12,366	(4,487)	159	30	12,525	(4,457)	381 %
Miscellaneous revenues	5,319	3,500	6	17	5,325	3,517	51 %
<b>Total General Revenues</b>	<b>292,996</b>	<b>241,762</b>	<b>2,057</b>	<b>2,023</b>	<b>295,053</b>	<b>243,785</b>	<b>21 %</b>
<b>Total Revenues</b>	<b>358,943</b>	<b>338,197</b>	<b>13,273</b>	<b>13,537</b>	<b>372,216</b>	<b>351,734</b>	<b>6 %</b>
<b>Program Expenses</b>							
General government	72,157	68,696	0	0	72,157	68,696	5 %
Public safety	164,680	145,396	0	0	164,680	145,396	13 %
Physical environment	16,019	14,119	18,901	15,906	34,920	30,025	16 %
Transportation	17,546	16,043	0	0	17,546	16,043	9 %
Economic environment	12,762	14,399	0	0	12,762	14,399	(11)%
Human services	34,858	20,755	0	0	34,858	20,755	68 %
Culture and recreation	15,537	13,210	0	0	15,537	13,210	18 %
Judicial	19,298	16,885	0	0	19,298	16,885	14 %
Interest on long-term debt	852	848	0	0	852	848	0 %
<b>*Total Program Expenses</b>	<b>353,709</b>	<b>310,351</b>	<b>18,901</b>	<b>15,906</b>	<b>372,610</b>	<b>326,257</b>	<b>14 %</b>
Excess (deficiency) before transfers (net)	5,234	27,846	(5,628)	(2,369)	(394)	25,477	(102)%
Transfers	(4,039)	(1,524)	2,933	1,524	(1,106)	0	0 %
<b>Change In Net Position</b>	<b>1,195</b>	<b>26,322</b>	<b>(2,695)</b>	<b>(845)</b>	<b>(1,500)</b>	<b>25,477</b>	<b>(106)%</b>
Beginning net position	262,598	235,997	2,496	3,341	265,094	239,338	11 %
Prior period adjustments	(2,046)	279	0	0	(2,046)	279	
Beginning net position, as restated	260,552	236,276	2,496	3,341	263,048	239,617	9 %
*Ending net position	\$ 261,747	\$ 262,598	\$ (199)	\$ 2,496	\$ 261,548	\$ 265,094	(1)%

\*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 19% from fiscal year 2022 to fiscal year 2023.

Table 4

<div> <div>Program Expenses and Revenues</div> <div>for Governmental Activities</div> <div>For the Fiscal Year Ended September 30</div> <div>(in thousands)</div> </div>						
	Program Expenses	Less Program Revenues	Net Program Expenses (a)		Program Revenues as a Percentage Program Expenses	
	2023	2023	2023	2022	2023	2022
General government	\$ 72,157	\$ 8,387	\$ 63,770	\$ 58,325	12 %	15 %
Public safety	164,680	39,999	124,681	76,700	24 %	47 %
Physical environment	16,019	2,149	13,870	7,346	13 %	48 %
Transportation	17,546	243	17,303	15,470	1 %	4 %
Economic environment	12,762	3,149	9,613	14,295	25 %	1 %
Human services	34,858	904	33,954	20,497	3 %	1 %
Culture and recreation	15,537	341	15,196	12,770	2 %	3 %
Judicial	19,298	10,775	8,523	7,666	56 %	55 %
Interest on long-term debt	852	0	852	848	N/A	N/A
*Total governmental activities	\$ 353,709	\$ 65,947	\$ 287,762	\$ 213,917	19 %	31 %

(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 2023. Program revenues as a percentage of expenses decreased to 59% from 2022 to 2023. The program expenses increased by \$3.3 million compared to 2022. In 2023, the estimated liability for closure/post closure cost for the Landfill increased by \$4.1 million, whereas in 2022 there was an increase of \$707.1 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
	2023	2023	2023	2022	2023      2022
Landfill	\$ 18,901	\$ 11,216	\$ 7,685	\$ 4,392	59 %      72 %

\*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 2023 is \$261,747,988, as compared to \$262,597,603 for fiscal year 2022, 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 2023 is \$(199,733) as compared to \$2,496,810 for fiscal year 2022. (Please see the Statement of Activities discussed previously for an explanation of the differences above.)
- The County's total net position decreased by \$(3,546,158) during fiscal year 2023, as compared to a \$25,478,623 increase in fiscal year 2022. The net position of governmental activities decreased by \$1,196,450 in fiscal year 2023, as compared to an increase of \$26,322,508 in 2022. The net position of business-type activities decreased by \$2,696,543 in 2023, as compared to an decrease of \$(843,885) in 2022. (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 \$204,145,455 for fiscal year 2023, as compared to \$182,890,457 for fiscal year 2022. 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, 2023 has decreased to a total of \$49,225,710, as compared to \$53,034,909 for September 30, 2022. This \$(3,809,199) decrease in fund balance in the General Fund represents an increase in transfers out and increased liabilities. The General Fund reserves are within policy limits and allow the County to maintain the same property millage rates for 2024.

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, 2023 totaled \$7,238,685, as compared to \$1,789,316 for September 30, 2022. This is an increase for the fiscal year and can be attributed to significant increases in tax revenues and transfers in to public safety.

### **Grants Fund**

The fund balance at September 30, 2023 totaled \$17,462,584, as compared to the September 30, 2022 balance of \$29,305,024. This was a decrease of \$(11,842,440), primarily related to an decrease of pandemic recovery and relief efforts from the federal government in the current fiscal year. Grant expenditures increased as expected and will continue in following years to increase as projects close.

### **Capital Improvement Fund**

Fund balance at September 30, 2023 totaled \$37,986,593, as compared to \$23,952,946 for September 30, 2022. This was an increase of \$14,033,647. This increase can be attributed to unrealized gains in the fair market value of investments and an increase in intergovernmental and miscellaneous revenues during September 30, 2023.

### **Enterprise Funds**

The County's enterprise funds reported net position of \$(520,338) for September 30, 2023, as compared to \$2,202,987 for September 30, 2022, which is a decrease of \$(2,723,325). 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 2022.



### **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 \$313,969,372 in capital assets for governmental activities and \$6,762,523 in capital assets for business-type activities at September 30, 2023, versus \$311,532,148 for governmental and \$6,526,377 for business-type activities at September 30, 2022. Please refer to Note V in the Notes to the Financial Statements for additional information on capital assets and Note XVI in the Notes to the Financial Statements for additional information on construction commitments.

#### **Debt Administration Activity**

At September 30, 2023, the County had \$14,653,116 of outstanding bonded debt, as compared to \$18,760,643 at September 30, 2022. 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 IX 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 remained at 3.1% in FY 2023, which was higher compared to the State of Florida's unemployment rate of 2.9%.
- Visitors to Leon County had an economic impact of \$1.248 billion in 2023, an increase of \$96.9 million or 8.4% compared to 2022.
- The Florida Price Index Level for Leon County decreased from 95.83 in 2022 to 94.08 in 2023.
- The total fair value of parcels with homestead exemption in Leon County increased from \$14.95 billion in 2022 to \$16.58 billion in 2023.
- Total employment in Leon County increased by 2.8% compared to the prior year.
- The estimated population in Leon County increased from 299,130 to 301,724 during FY 2023.
- New construction permits in Leon County decreased by 9.8% in FY 2023, from 5979 to 5392.
- Mortgage foreclosure cases in Leon County increased by 1% in 2023 when compared to 2022.

## **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](http://www.clerk.leon.fl.us) for further financial information.

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Leon County, Florida

Statement of Net Position

September 30, 2023

	Governmental Activities	Business-Type Activities	Total	Component Unit Housing Finance Authority
<b>Assets</b>				
<b>Current assets:</b>				
Cash	\$ 29,552,739	\$ 559,991	\$ 30,112,730	\$ 1,902,636
Investments	186,444,617	0	186,444,617	0
Accounts receivable	9,121,697	2,520,793	11,642,490	30,147
Lease receivables	1,409,868	0	1,409,868	0
Receivables from other governments	20,707,949	0	20,707,949	12,613
Special assessments receivable	25,254,314	0	25,254,314	0
Due from other county units	0	0	0	31,000
Inventories	1,274,753	1,733	1,276,486	0
Prepays	1,325,952	0	1,325,952	0
Total current assets	<u>275,091,889</u>	<u>3,082,517</u>	<u>278,174,406</u>	<u>1,976,396</u>
<b>Noncurrent assets:</b>				
Restricted assets:				
Cash and investments	0	14,605,274	14,605,274	0
Lease receivables	4,692,269	0	4,692,269	0
Mortgage loans, net of allowance	0	0	0	287,238
Capital assets:				
Land and construction in progress, nondepreciable	86,742,235	3,165,465	89,907,700	0
Capital assets (net)	<u>227,227,137</u>	<u>3,597,058</u>	<u>230,824,195</u>	<u>0</u>
Total noncurrent assets	<u>318,661,641</u>	<u>21,367,797</u>	<u>340,029,438</u>	<u>287,238</u>
Total assets	<u>593,753,530</u>	<u>24,450,314</u>	<u>618,203,844</u>	<u>2,263,634</u>
<b>Deferred outflows of resources</b>				
Deferred outflows of resources	56,455,624	0	56,455,624	0
Total deferred outflows of resources	<u>56,455,624</u>	<u>0</u>	<u>56,455,624</u>	<u>0</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 650,209,154</u>	<u>\$ 24,450,314</u>	<u>\$ 674,659,468</u>	<u>\$ 2,263,634</u>

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

	Governmental Activities	Business-Type Activities	Total	Component Unit Housing Finance Authority
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 16,625,464	\$ 2,588,291	\$ 19,213,755	\$ 0
Payable to other governments	31,660,544	2,063	31,662,607	0
Internal balances	477,337	(477,337)	0	0
Accrued compensated absences	6,302,487	85,679	6,388,166	0
Unearned revenues	10,381,538	13,206	10,394,744	0
Bonds payable	4,190,149	0	4,190,149	0
Notes payable	1,010,000	0	1,010,000	0
Other post employment benefits obligations	4,023,896	0	4,023,896	0
Claims payable	6,847,147	0	6,847,147	0
Lease liability	3,883,821	0	3,883,821	0
Subscription liability	430,749	0	430,749	0
Total current liabilities	<u>85,833,132</u>	<u>2,211,902</u>	<u>88,045,034</u>	<u>0</u>
<b>Noncurrent liabilities:</b>				
Deposits	231,544	0	231,544	0
Estimated liability for landfill closure and postclosure care costs	0	22,076,218	22,076,218	0
Arbitrage rebate liability	25,000	0	25,000	0
Accrued compensated absences	11,639,044	130,697	11,769,741	0
Other postemployment benefits obligation	27,322,500	231,230	27,553,730	0
Net pension liability	187,331,075	0	187,331,075	0
Bonds payable	10,557,749	0	10,557,749	0
Notes payable	13,580,000	0	13,580,000	0
Lease liability	10,833,953	0	10,833,953	0
Suscription liability	1,548,494	0	1,548,494	0
Total noncurrent liabilities	<u>263,069,359</u>	<u>22,438,145</u>	<u>285,507,504</u>	<u>0</u>
Total liabilities	<u>348,902,491</u>	<u>24,650,047</u>	<u>373,552,538</u>	<u>0</u>
<b>Deferred inflows of resources</b>				
Deferred inflows of resources	<u>39,558,675</u>	<u>0</u>	<u>39,558,675</u>	<u>0</u>
Total deferred inflows of resources	<u>39,558,675</u>	<u>0</u>	<u>39,558,675</u>	<u>0</u>
<b>Net position</b>				
Net investment in capital assets	267,934,457	6,762,523	274,696,980	0
Restricted for:				
Federal and state grants and other purpose	19,345,204	0	19,345,204	0
Major non-transportation related capital projects and facilities	70,200,686	0	70,200,686	0
Public improvement revenue bond projects	20,401,911	0	20,401,911	0
Enabling legislation	11,491,477	0	11,491,477	0
User restricted	555,987	0	555,987	0
Unrestricted	(128,181,734)	(6,962,256)	(135,143,990)	2,263,634
Total net position	<u>\$ 261,747,988</u>	<u>\$ (199,733)</u>	<u>\$ 261,548,255</u>	<u>\$ 2,263,634</u>

**Leon County, Florida**  
**Statement of Activities**  
**For the Year Ended September 30, 2023**

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
General government	\$ 72,156,813	\$ 7,813,340	\$ 573,383	\$ -
Public safety	164,679,539	30,756,160	9,243,202	-
Physical environment	16,019,320	1,199,785	949,198	-
Transportation	17,546,206	242,690	-	-
Economic environment	12,761,519	386,490	2,762,281	-
Human services	34,858,171	-	904,560	-
Culture and recreation	15,536,713	204,929	135,733	-
Judicial	19,297,707	6,928,245	3,846,747	-
Interest on long-term debt	851,905	-	-	-
Total governmental activities	<u>353,707,893</u>	<u>47,531,639</u>	<u>18,415,104</u>	<u>-</u>
<b>Business-type activities:</b>				
Landfill	18,900,852	11,215,796	-	-
Total business-type activities	<u>18,900,852</u>	<u>11,215,796</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 372,608,745</u>	<u>\$ 58,747,435</u>	<u>\$ 18,415,104</u>	<u>\$ -</u>
<b>Component Unit:</b>				
Economic environment	164,422	78,780	-	-
Total component unit	<u>\$ 164,422</u>	<u>\$ 78,780</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

<u>Primary Government</u>			<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Housing Finance Authority</u>
\$ (63,770,090)	\$ -	\$ (63,770,090)	\$ -
(124,680,177)	-	(124,680,177)	-
(13,870,337)	-	(13,870,337)	-
(17,303,516)	-	(17,303,516)	-
(9,612,748)	-	(9,612,748)	-
(33,953,611)	-	(33,953,611)	-
(15,196,051)	-	(15,196,051)	-
(8,522,715)	-	(8,522,715)	-
(851,905)	-	(851,905)	-
<u>(287,761,150)</u>	<u>-</u>	<u>(287,761,150)</u>	<u>-</u>
-	(7,685,056)	(7,685,056)	-
-	(7,685,056)	(7,685,056)	-
<u>\$ (287,761,150)</u>	<u>\$ (7,685,056)</u>	<u>\$ (295,446,206)</u>	<u>\$ -</u>
-	-	-	(85,642)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (85,642)</u>
\$ 184,764,172	\$ -	\$ 184,764,172	\$ -
62,017,106	-	62,017,106	-
2,743,295	-	2,743,295	-
1,387,836	-	1,387,836	-
9,885,075	-	9,885,075	-
-	1,892,060	1,892,060	-
14,514,012	-	14,514,012	-
12,366,276	158,555	12,524,831	72,417
5,318,540	5,447	5,323,987	476,522
(4,038,712)	2,932,451	(1,106,261)	-
<u>288,957,600</u>	<u>4,988,513</u>	<u>293,946,113</u>	<u>548,939</u>
1,196,450	(2,696,543)	(1,500,093)	463,297
262,597,603	2,496,810	265,094,413	1,800,337
(2,046,065)	-	(2,046,065)	-
<u>260,551,538</u>	<u>2,496,810</u>	<u>263,048,348</u>	<u>1,800,337</u>
<u>\$ 261,747,988</u>	<u>\$ (199,733)</u>	<u>\$ 261,548,255</u>	<u>\$ 2,263,634</u>

**Leon County, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2023**

	General Fund	Fine & Forfeiture Fund	Grants Fund	Capital Improvement Fund	Local Provider Participation Fund	Nonmajor Governmental Funds
<b>Assets:</b>						
Cash	\$ 18,134,843	\$ 60,160	\$ 692,098	\$ 0	\$ 0	\$ 9,392,614
Investments	34,762,058	4,771,671	20,033,312	38,515,434	2,696,838	77,317,765
Receivables:						
Accounts	2,364,033	8,079	0	67,162	0	6,364,778
Lease receivables	0	0	0	0	0	6,102,137
Due from other governments	6,749,126	0	6,927,475	0	0	7,023,536
Special assessments	0	0	0	0	24,251,888	1,002,426
Due from other funds	2,288,950	3,816,165	735,271	416,438	0	1,403,257
Inventories	1,174,170	0	0	0	0	5,612
Prepays	720,748	0	179,271	154,952	0	154,790
Total assets	<u>\$ 66,193,928</u>	<u>\$ 8,656,075</u>	<u>\$ 28,567,427</u>	<u>\$ 39,153,986</u>	<u>\$ 26,948,726</u>	<u>\$ 108,766,915</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 4,566,735	\$ 5,303	\$ 1,577,707	\$ 1,167,393	\$ 0	\$ 2,859,843
Accrued liabilities	5,284,498	0	4,480	0	0	687,900
Due to other governments	1,334,328	690	1,004	0	24,639,976	5,692,601
Due to other funds	5,759,660	1,226,657	549,389	0	127,213	1,293,532
Deposits	22,997	184,740	0	0	0	36,772
Unearned revenues	0	0	8,972,263	0	0	1,409,275
Total liabilities	<u>16,968,218</u>	<u>1,417,390</u>	<u>11,104,843</u>	<u>1,167,393</u>	<u>24,767,189</u>	<u>11,979,923</u>
<b>Deferred inflows of resources:</b>						
Deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,736,646</u>
Total deferred inflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,736,646</u>
<b>Fund balances:</b>						
Nonspendable	1,894,918	0	179,271	154,952	0	160,402
Restricted	0	225,998	16,636,457	35,678,641	2,181,537	67,272,632
Committed	7,660,233	1,055,341	695,723	2,153,000	0	19,700,826
Assigned	6,139,030	5,957,346	0	0	0	3,043,830
Unassigned	33,531,529	0	(48,867)	0	0	(127,344)
Total fund balances	<u>49,225,710</u>	<u>7,238,685</u>	<u>17,462,584</u>	<u>37,986,593</u>	<u>2,181,537</u>	<u>90,050,346</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 66,193,928</u>	<u>\$ 8,656,075</u>	<u>\$ 28,567,427</u>	<u>\$ 39,153,986</u>	<u>\$ 26,948,726</u>	<u>\$ 108,766,915</u>

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



Total  
Governmental  
Funds

---

\$ 28,279,715  
178,097,078

8,804,052  
6,102,137  
20,700,137  
25,254,314  
8,660,081  
1,179,782  
1,209,761

---

\$ 278,287,057

---

\$ 10,176,981  
5,976,878  
31,668,599  
8,956,451  
244,509  
10,381,538

---

67,404,956

---

6,736,646

---

6,736,646

---

2,389,543  
121,995,265  
31,265,123  
15,140,206  
33,355,318

---

204,145,455

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\$ 278,287,057

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**Leon County, Florida**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2023**

Total fund balances of governmental funds \$ 204,145,455

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	817,231,223	
Less accumulated depreciation/amortization	<u>(503,261,851)</u>	313,969,372

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	(29,243,116)	
Unamortized premium on bonds payable	(94,782)	
Lease liability	(14,717,774)	
Subscription liability	(1,979,243)	
OPEB related deferred inflows	(20,498,202)	
OPEB related deferred outflows	17,698,439	
Pension related deferred outflows	38,757,185	
Pension related deferred inflows	(12,323,827)	
Net pension liability	(187,331,075)	
Compensated absences, net of internal service amount	(17,482,897)	
Other postemployment benefits, net of internal service amount	(31,249,567)	
Arbitrage rebate liability	<u>(25,000)</u>	(258,489,859)

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>2,123,020</u>	
Total net position of governmental activities		<u><u>\$ 261,747,988</u></u>

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

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**Leon County, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2023**

	<u>General Fund</u>	<u>Fine &amp; Forfeiture Fund</u>	<u>Grants Fund</u>	<u>Capital Improvement Fund</u>	<u>Local Provider Participation Fund</u>	<u>Nonmajor Governmental Funds</u>
<b>Revenues:</b>						
Taxes	\$ 88,331,602	\$ 101,194,886	\$ 0	\$ 0	\$ 24,251,888	\$ 47,019,108
Licenses and permits	0	0	0	0	0	2,838,138
Intergovernmental	13,201,743	16,993	6,001,857	1,376,196	0	13,842,129
Charges for services	7,884,371	643,655	92,916	0	0	35,932,249
Fines and forfeitures	0	77,237	0	0	0	223,102
Interest	2,479,719	769,135	1,197,228	934,274	131,029	3,017,963
Net change in fair market value of investments	1,304,493	(5,206)	0	604,260	0	1,932,543
Miscellaneous	828,526	40,834	47,062	1,520,000	0	2,514,909
Total revenues	<u>114,030,454</u>	<u>102,737,534</u>	<u>7,339,063</u>	<u>4,434,730</u>	<u>24,382,917</u>	<u>107,320,141</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	45,486,017	0	0	2,139,429	0	770,390
Public safety	88,621,673	3,431,871	4,634,912	0	0	49,195,259
Physical environment	2,462,874	0	174,312	557,514	0	8,054,083
Transportation	535	0	6,138	0	0	14,145,592
Economic environment	4,409,165	0	1,074,268	0	0	6,096,119
Human services	8,349,612	0	42,807	0	22,353,917	2,290,894
Culture and recreation	5,817,465	0	157,630	54,194	0	7,802,774
Judicial	8,672,077	2,046,078	2,222	190,375	0	6,831,382
Debt service:						
Principal retirement	3,396,454	0	0	488,257	0	5,098,012
Interest and fiscal charges	253,734	0	0	28,052	0	617,509
Capital outlay	<u>9,139,437</u>	<u>0</u>	<u>7,925,010</u>	<u>10,241,468</u>	<u>0</u>	<u>10,669,123</u>
Total expenditures	<u>176,609,043</u>	<u>5,477,949</u>	<u>14,017,299</u>	<u>13,699,289</u>	<u>22,353,917</u>	<u>111,571,137</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,578,589)</u>	<u>97,259,585</u>	<u>(6,678,236)</u>	<u>(9,264,559)</u>	<u>2,029,000</u>	<u>(4,250,996)</u>
<b>Other financing sources (uses):</b>						
Transfers in	99,199,716	4,637,429	972,462	22,478,250	0	34,215,058
Lease financing	5,666,612	0	0	0	0	0
Subscription financing	1,629,353	0	0	819,956	0	0
Transfer out	<u>(48,176,116)</u>	<u>(96,447,645)</u>	<u>(6,136,666)</u>	<u>0</u>	<u>0</u>	<u>(14,984,075)</u>
Total other financing sources (uses)	<u>58,319,565</u>	<u>(91,810,216)</u>	<u>(5,164,204)</u>	<u>23,298,206</u>	<u>0</u>	<u>19,230,983</u>
Net change in fund balances	(4,259,024)	5,449,369	(11,842,440)	14,033,647	2,029,000	14,979,987
Fund balances, October 1	53,034,909	1,789,316	29,305,024	23,952,946	152,537	74,655,725
Prior period adjustments	<u>449,825</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>414,634</u>
Fund balances, October 1, as restated	<u>53,484,734</u>	<u>1,789,316</u>	<u>29,305,024</u>	<u>23,952,946</u>	<u>152,537</u>	<u>75,070,359</u>
Fund balances, September 30	<u>\$ 49,225,710</u>	<u>\$ 7,238,685</u>	<u>\$ 17,462,584</u>	<u>\$ 37,986,593</u>	<u>\$ 2,181,537</u>	<u>\$ 90,050,346</u>

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

Total  
Governmental  
Funds

---

\$ 260,797,484  
2,838,138  
34,438,918  
44,553,191  
300,339  
8,529,348  
  
3,836,090  
4,951,331  

---

360,244,839

48,395,836  
145,883,715  
11,248,783  
14,152,265  
11,579,552  
33,037,230  
13,832,063  
17,742,134

8,982,723  
899,295  

---

37,975,038

---

343,728,634

---

16,516,205

161,502,915  
5,666,612  
2,449,309  

---

(165,744,502)

---

3,874,334

20,390,539  
182,890,457  
864,459  

---

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183,754,916

\$ 204,145,455

**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, 2023**

Net change in fund balances - total governmental funds \$ 20,390,539

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	34,507,530	
Less current year depreciation and amortization	<u>(29,159,776)</u>	5,347,754

Repayment of leases/subscription liabilities/bond/loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		9,013,372
---	--	-----------

Lease financings and debt issuances provide current financial resources to governmental funds, but increase long-term liabilities in the Statement of Net Position.		(8,115,921)
---	--	-------------

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	(2,379,808)	
Change in compensated absences	(351,059)	
Change in net pension liability	<u>(22,884,053)</u>	(25,567,530)

Internal service funds are used by management to charge the costs of gasoline, vehicle repair, risk management, and telephone services to individual funds.		<u>128,236</u>
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Change in net position of governmental activities		<u><u>\$ 1,196,450</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, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 87,156,892	\$ 87,926,916	\$ 88,331,602	\$ 404,686
Intergovernmental	10,149,314	10,149,314	13,201,743	3,052,429
Charges for services	7,914,573	7,897,979	7,884,371	(13,608)
Interest	1,093,622	1,093,622	2,479,719	1,386,097
Net change in fair market value of investments	0	0	1,304,493	1,304,493
Miscellaneous	269,439	614,439	828,526	214,087
Total revenue	106,583,840	107,682,270	114,030,454	6,348,184
<b>Expenditures:</b>				
Current:				
General government	52,185,357	57,901,996	45,486,017	12,415,979
Public safety	92,184,763	92,307,676	88,621,673	3,686,003
Physical environment	2,756,638	2,632,884	2,462,874	170,010
Transportation	0	0	535	(535)
Economic environment	4,483,196	4,449,895	4,409,165	40,730
Human services	9,426,020	9,420,170	8,349,612	1,070,558
Culture and recreation	6,330,494	5,945,061	5,817,465	127,596
Judicial	5,556,223	5,766,873	8,672,077	(2,905,204)
Debt service:				
Principal retirement	0	0	3,396,454	(3,396,454)
Interest and fiscal charges	0	0	253,734	(253,734)
Capital outlay	2,958,328	3,390,268	9,139,437	(5,749,169)
Total expenditures	175,881,019	181,814,823	176,609,043	5,205,780
Excess (deficiency) of revenues over (under) expenditures	(69,297,179)	(74,132,553)	(62,578,589)	11,553,964
<b>Other financing sources (uses):</b>				
Transfers in	124,688,024	125,563,159	99,199,716	(26,363,443)
Lease financing	0	0	5,666,612	5,666,612
Subscription financing	0	0	1,629,353	1,629,353
Transfers out	(56,619,719)	(71,798,533)	(48,176,116)	23,622,417
Total other financing sources (uses)	68,068,305	53,764,626	58,319,565	4,554,939
Net change in fund balance	(1,228,874)	(20,367,927)	(4,259,024)	16,108,903
Fund balances, October 1	53,034,909	53,034,909	53,034,909	0
Prior period adjustments	0	0	449,825	449,825
Fund balances, October 1, as restated	53,034,909	53,034,909	53,484,734	449,825
Fund balances, September 30	\$ 51,806,035	\$ 32,666,982	\$ 49,225,710	\$ 16,108,903

*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, 2023**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Taxes	\$ 99,289,507	\$ 99,289,507	\$ 101,194,886	\$ 1,905,379
Intergovernmental	20,086	20,086	16,993	(3,093)
Charges for services	710,315	710,315	643,655	(66,660)
Fines and forfeitures	106,115	106,115	77,237	(28,878)
Interest	393,076	393,076	769,135	376,059
Net change in fair market value of investments	0	0	(5,206)	(5,206)
Miscellaneous	0	0	40,834	40,834
Total revenue	100,519,099	100,519,099	102,737,534	2,218,435
<b>Expenditures:</b>				
Current:				
Public safety	3,532,711	3,632,711	3,431,871	200,840
Judicial	2,439,717	2,439,717	2,046,078	393,639
Total expenditures	5,972,428	6,072,428	5,477,949	594,479
Excess (deficiency) of revenues over (under) expenditures	94,546,671	94,446,671	97,259,585	2,812,914
<b>Other financing sources (uses):</b>				
Transfers in	0	641,354	4,637,429	3,996,075
Transfers out	(94,546,671)	(95,833,155)	(96,447,645)	(614,490)
Total other financing sources (uses)	(94,546,671)	(95,191,801)	(91,810,216)	3,381,585
Net change in fund balance	0	(745,130)	5,449,369	6,194,499
Fund balances, October 1	1,789,316	1,789,316	1,789,316	0
Fund balances, September 30	\$ 1,789,316	\$ 1,044,186	\$ 7,238,685	\$ 6,194,499

*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, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 553,136	\$ 33,400,245	\$ 6,001,857	\$ (27,398,388)
Charges for services	83,800	220,238	92,916	(127,322)
Interest	0	107,018	1,197,228	1,090,210
Miscellaneous	0	876,936	47,062	(829,874)
Total revenue	636,936	34,604,437	7,339,063	(27,265,374)
<b>Expenditures:</b>				
Current:				
Public safety	776,965	9,220,518	4,634,912	4,585,606
Physical environment	0	2,959,559	174,312	2,785,247
Transportation	0	378,623	6,138	372,485
Economic environment	50,000	2,447,635	1,074,268	1,373,367
Human services	38,026	75,660	42,807	32,853
Culture and recreation	5,500	425,504	157,630	267,874
Judicial	88,053	176,473	2,222	174,251
Capital outlay	9,500	49,303,436	7,925,010	41,378,426
Total expenditures	968,044	64,987,408	14,017,299	50,970,109
Excess (deficiency) of revenues over (under) expenditures	(331,108)	(30,382,971)	(6,678,236)	23,704,735
<b>Other financing sources (uses):</b>				
Transfers in	331,108	331,108	972,462	641,354
Transfers out	(3,071,844)	(6,136,666)	(6,136,666)	0
Total other financing sources (uses)	(2,740,736)	(5,805,558)	(5,164,204)	641,354
Net change in fund balance	(3,071,844)	(36,188,529)	(11,842,440)	24,346,089
Fund balances, October 1	29,305,024	29,305,024	29,305,024	0
Fund balances, September 30	\$ 26,233,180	\$ (6,883,505)	\$ 17,462,584	\$ 24,346,089

*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, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 0	\$ 24,251,888	\$ 24,251,888	\$ 0
Interest	0	0	131,029	131,029
Total revenue	0	24,251,888	24,382,917	131,029
<b>Expenditures:</b>				
Current:				
Human services	0	24,251,888	22,353,917	1,897,971
Total expenditures	0	24,251,888	22,353,917	1,897,971
Net change in fund balance	0	0	2,029,000	2,029,000
Fund balances, October 1	152,537	152,537	152,537	0
Fund balances, September 30	\$ 152,537	\$ 152,537	\$ 2,181,537	\$ 2,029,000

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

**Leon County, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2023**

	Business-type Activities - Landfill Fund	Business-type Activities - Internal Service Funds
<b>Assets</b>		
Current assets:		
Cash	\$ 559,991	\$ 966,944
Cash with fiscal agent	0	306,082
Investments	0	8,347,539
Receivables:		
Accounts	2,520,793	317,643
Due from other funds	169,234	522,978
Due from other governments	0	23,223
Inventories	1,733	94,971
Prepays	0	116,191
Total current assets	<u>3,251,751</u>	<u>10,695,571</u>
Noncurrent assets:		
Restricted cash and investments	14,605,274	0
Capital assets:		
Nondepreciable capital assets	3,165,465	0
Depreciable (net)	<u>3,597,058</u>	<u>0</u>
Total noncurrent assets	<u>21,367,797</u>	<u>0</u>
Total assets	<u><u>\$ 24,619,548</u></u>	<u><u>\$ 10,695,571</u></u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 2,566,837	\$ 451,678
Due to other governments	2,063	7,356
Accrued liabilities	21,454	6,962
Due to other funds	12,502	383,340
Compensated absences	85,679	275,368
Claims payable	0	6,847,147
Deferred revenue	<u>13,206</u>	<u>0</u>
Total current liabilities	<u>2,701,741</u>	<u>7,971,851</u>
Noncurrent liabilities:		
Compensated absences	130,697	183,266
Liability for closure costs/maintenance	22,076,218	0
Other post employment benefits	<u>231,230</u>	<u>96,829</u>
Total noncurrent liabilities	<u>22,438,145</u>	<u>280,095</u>
Total liabilities	<u>25,139,886</u>	<u>8,251,946</u>
<b>Net position</b>		
Investment in capital assets	6,762,523	0
Unrestricted	<u>(7,282,861)</u>	<u>2,443,625</u>
Total net position	<u>(520,338)</u>	<u>2,443,625</u>
Total liabilities and net position	<u><u>\$ 24,619,548</u></u>	<u><u>\$ 10,695,571</u></u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>320,605</u>	
Net position of business-type activities	<u><u>\$ (199,733)</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, 2023**

	Business-type Activities - Landfill Fund	Business-type Activities - Internal Service Funds
<b>Operating revenues:</b>		
Charges for services	\$ 11,189,014	\$ 11,511,551
Total operating revenues	<u>11,189,014</u>	<u>11,511,551</u>
<b>Operating expenses:</b>		
Personnel services	2,141,583	899,733
Contractual services	10,601,222	164,143
Supplies	403,942	2,299,207
Communications services	27,978	931,431
Insurance	44,313	5,375,392
Utility services	84,956	0
Depreciation	673,633	0
Other services and charges	4,923,225	2,223,799
Total operating expenses	<u>18,900,852</u>	<u>11,893,705</u>
<b>Operating income (loss)</b>	<u>(7,711,838)</u>	<u>(382,154)</u>
<b>Nonoperating revenues:</b>		
Taxes	1,892,060	0
Interest	127,014	311,992
Net change in fair market value of investments	31,541	0
Loss on disposal of assets	5,447	22,305
Total nonoperating revenues	<u>2,056,062</u>	<u>334,297</u>
Income (loss) before transfers	(5,655,776)	(47,857)
Transfers in	3,032,555	202,875
Transfers out	(100,104)	0
Change in net position	(2,723,325)	155,018
Net position, October 1	<u>2,202,987</u>	<u>2,288,607</u>
Net position, September 30	<u>\$ (520,338)</u>	<u>\$ 2,443,625</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	26,782	
Change in net position of business-type activities	<u>\$ (2,696,543)</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, 2023**

	Business-type Activities - Landfill Fund	Business-type Activities - Internal Service Funds
<b>Cash flows from operating activities:</b>		
Receipts from customers fees and other income	\$ 10,547,578	\$ 22,305
Payments to suppliers	(10,805,962)	(8,042,479)
Payments to employees	(2,120,888)	(853,175)
Internal activity - payments to other funds	(44,313)	0
Internal activity - cash received from other funds	12,502	11,601,302
Claims paid	0	(1,535,218)
Net cash provided by (used in) operating activities	<u>(2,411,083)</u>	<u>1,192,735</u>
<b>Cash flows from noncapital financing activities:</b>		
Tax proceeds	1,892,060	0
Repayments on interfund loans	(167,190)	(142,571)
Loan from other funds	(40,739)	0
Transfers received from other funds	3,032,555	202,875
Transfers to other funds	(100,104)	0
Net cash provided by (used in) noncapital financing activities	<u>4,616,582</u>	<u>60,304</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and/or construction of capital assets	(909,779)	0
Net cash provided by (used in) capital and related financing activities	<u>(909,779)</u>	<u>0</u>
<b>Cash flows from investing activities:</b>		
Net proceeds from sales and maturities of investments	(48,839)	(1,525,372)
Interest and dividends received	126,160	311,992
Net change in fair market value of investments	31,541	0
Net cash provided by (used in) investing activities	<u>108,862</u>	<u>(1,213,380)</u>
Net cash increase (decreases) in cash	1,404,582	39,659
Cash at beginning of year (including \$12,441,089 included in restricted cash and investments)	12,864,930	1,233,367
Cash at end of year (including \$13,709,521 included in restricted cash and investments)	<u>\$ 14,269,512</u>	<u>\$ 1,273,026</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, 2023**  
**(continued)**

	Business-type Activities - Landfill Fund	Business-type Activities - Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>		
Operating income (loss)	\$ (7,711,838)	\$ (382,154)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	673,633	0
Other income	5,447	22,305
Changes in assets and liabilities:		
Receivables	(648,219)	1,297,442
Prepays	0	38,027
Due from other governments	12,502	(95,002)
Accounts payable and other liabilities	1,112,210	66,702
Accrued expenses	20,695	12,203
Other current liabilities	0	198,857
Revenues received in advance	1,336	0
Estimated liability for closure costs/maintenance	4,123,151	0
Other accrued liabilities	0	34,355
Net cash provided by (used in) operating activities:	<u>\$ (2,411,083)</u>	<u>\$ 1,192,735</u>

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

**Leon County, Florida**  
**Statement of Fiduciary Net Position**  
**Custodial Funds**  
**September 30, 2023**

	Total Custodial Funds
<b>Assets</b>	
Cash	\$ 10,009,464
Accounts receivable	454,416
Due from other governments	<u>977</u>
Total assets	<u><u>\$ 10,464,857</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 336,529
Due to other governments	2,386,105
Installment tax deposits	<u>2,165,961</u>
Total liabilities	<u>4,888,595</u>
<b>Net Position:</b>	
Restricted for:	
Individuals, organizations, and other governments	<u>5,576,262</u>
Total net position	<u>5,576,262</u>
Total liabilities and net position	<u><u>\$ 10,464,857</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, 2023**

	<u>Total Custodial Funds</u>
<b>Additions</b>	
Property taxes and fees collected	\$ 382,843,794
Fees and other amounts collected on behalf of other governments	851,949
Tourist development taxes collected	8,342,181
License, registrations, and vessel fees collected	23,371,026
Receipt of registry for court from citizens	7,104,791
Sales taxes collected	6,451,722
Bonds, deposits and other court related collections	3,756,534
Other taxes and fees collected	60,554
Interest earnings	837,424
Inmate funds collected	815,750
Contracts and other miscellaneous collected	494,939
Evidence monies collected	64,445
Fines and forfeitures fees collected	571,462
Total additions	<u>435,566,571</u>
<b>Deductions</b>	
Property taxes and fees distributed	382,843,794
Fees and other amounts distributed to other governments	1,069,185
Tourist developmmnt taxes distributed	8,342,181
License, registrations, and vessel fees distributed	23,371,026
Disbursement of registry for court from citizens	7,651,015
Sales taxes distributed	6,451,722
Bonds, deposits and other court related distributions	3,520,657
Other taxes and fees distributed	60,554
Interest earnings	837,424
Inmate funds disbursed	813,136
Contracts and other miscellaneous disbursed	493,774
Evidence monies disbursed	93,529
Fines and forfeitures and fees disbursed	571,462
Total deductions	<u>436,119,459</u>
Net increase (decrease) in fiduciary net position	(552,888)
Net position at beginning of year	<u>6,129,150</u>
Net position at end of year	<u><u>\$ 5,576,262</u></u>

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



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LEON COUNTY, FLORIDA  
NOTES TO FINANCIAL  
STATEMENTS SEPTEMBER 30, 2023

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**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**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, 2023**

**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, 2023, the only component unit of the County is the Housing Finance Authority of Leon County (the Authority) and it 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 Board District

Fallschase Special Taxing District

Northwest Florida Water Management District

Tallahassee-Leon County Civic Center Authority

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

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. Reporting Entity (continued)**

**Consolidated Dispatch Agency**

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

The governing body of the CDA consists of the City of Tallahassee City Manager, the Leon County Administrator and the Leon County Sheriff, hereinafter called the Council. The City and the County shall fund the CDA budget proportionately based upon the per capita population within the corporate limits of the City of Tallahassee for the city, and the per capita population within the 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.

The County and Blueprint have entered into a Joint Partnership Agreement whereby the County receives an annual allocation of \$3,875,000 from Blueprint for the performance of various infrastructure initiatives. 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, 2023**

**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, 2023**

**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, 2023**

**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, 2023**

**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 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 58% of outstanding gross charges at September 30, 2023.

**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, 2023**

**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, 2023 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:

<b>Assets</b>	<b><u>Years</u></b>
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, 2023**

**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.

**Subscription Based Information Technology Arrangements**

Subscription Based Information Technology Arrangements (SBITAs) are defined by the general government as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The County recognizes a subscription liability and an intangible right-of-use subscription asset at the beginning of a subscription term unless the SBITA is considered short-term or transfers ownership of the underlying asset. Right-of-use subscription assets are measured based on the net present value of the future SBITA payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Remeasurement of a subscription liability occurs when there is a change in the SBITA term and/or other changes that are likely to have a significant impact on the subscription liability. The County calculates the amortization of the discount on the subscription liability and reports that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the subscription liability. For SBITA contracts that are short-term, the County recognizes short-term subscription payments as outflows of resources (expenses) based on the payment provisions of the subscription contract. Additional disclosures regarding regulated SBITAs are in Note VII to the financial statements.

**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, 2023**

**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, 2023.

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**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 May 2020, the GASB issued Statement No. 96, Subscription Based Information Technology Arrangements (SBITAs). This statement increases the usefulness of governments’ financial statements by requiring recognition of certain subscription assets and liabilities for SBITAs that previously were classified as expenses based on the payment provisions of the contract. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2022. The County implemented GASB Statement No. 96 as of October 1, 2022 using the facts and circumstances that existed at the beginning of the period of implementation. As a result, there was no impact to the County’s beginning net position upon adoption of the new accounting standard.

In May 2019, the GASB issued Statement No 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The County implemented GASB Statement No. 91 as of October 1, 2022. There was no impact to the County’s beginning net position upon adoption of the new accounting standard.

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**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.

**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.



**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

**Budgets and Budgetary Accounting (continued)**

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.
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.

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

**Budgets and Budgetary Accounting (continued)**

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, 2023**

**III. CASH AND INVESTMENTS**

As of September 30, 2023, 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	\$ 39,802,978	NA	NA
Restricted deposits in qualified public depositories	13,709,521	NA	NA
External investment in government pools:			
Florida State Treasury Special Purpose Investment Account (SPIA)	8,136,283	AA-f	3.24
Florida Local Government Investment Trust Day to Day Fund (FLGIT)	50,905,250	AAAm	0.10
Florida PRIME investment pool	73,540,912	AAAm	0.10
Externally managed portfolio:			
Money market	151,746	AAA	NA
U.S. treasuries	22,066,011	AA+	1.73
Government sponsored agencies:			
Federal Home Loan Bank	2,756,906	AA+	2.40
Federal National Mortgage Association	2,496,137	AA+	1.92
Other government sponsored agencies	4,449,407	AA+	1.92
Mortgage backed securities	6,646,205	AA+	2.55
Collateralized mortgage obligations	9,323	AA+	0.07
Corporate bonds	10,996,959	A-	1.09
State and local obligations	3,188,904	AA-	1.38
Asset-backed securities	2,258,146	AAA	0.98
Total cash and investments	<u>\$ 241,114,688</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 \$261,820 accrued interest as of September 30, 2023.

**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, 2023**

**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, 2023 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, 2023, the County had \$8,136,283 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, 2023 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, 2023. At September 30, 2023, the County had \$50,905,250 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 40% of the portfolio.

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**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, 2023, 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 40% 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, 2023 is 21 days. The fair value of the County's position in the pool approximates the value of the pool shares. At September 30, 2023, the County had \$73,540,912 invested in Florida PRIME. Florida PRIME's most recent financial statements can be found at <https://prime.sbafla.com/audits/>.

**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, 2023, were \$56,250,120, of which \$13,709,521 was restricted deposits with qualified public depositories. Due to the nature of the County's cash and investments, there is no exposure to custodial credit risk and concentration of credit risk.

**Interest Rate Risk**

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

The externally managed portfolio totaled \$55,019,744 at September 30, 2023, and was invested for a weighted average term of approximately 622 days, as compared to a weighted average term of 631 days in fiscal year 2022. 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, 2023**

**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, 2023.

The fair value factor for SPIA at September 30, 2023 was 0.9711. 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, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Asset Backed Security (Mortgage Backed) - Non US Agency Sponsored	\$ 0	\$ 2,258,146	\$ 0	\$ 2,258,146
Corporate Bonds	0	10,996,959	0	10,996,959
Government Sponsored Agencies	0	9,702,450	0	9,702,450
US Government Obligations	22,066,011	0	0	22,066,011
Mortgage Backed Security - US Agency Sponsored	0	6,646,205	0	6,646,205
State and Local Obligations	0	3,188,904	0	3,188,904
Collateralized Mortgage Obligations	0	9,323	0	9,323
Investments at fair value	<u>\$ 22,066,011</u>	<u>\$ 32,801,987</u>	<u>\$ 0</u>	<u>\$ 54,867,998</u>

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**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 2023 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, 2023.

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**V. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2023 was as follows:

**Primary Government**

	Beginning Balance as Restated	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 21,218,691	\$ 1,500,000	\$ 0	\$ 22,718,691
Improvements other than buildings	25,105,583	0	0	25,105,583
Construction in progress	27,587,365	19,448,390	(8,117,794)	38,917,961
Total not being depreciated	<u>73,911,639</u>	<u>20,948,390</u>	<u>(8,117,794)</u>	<u>86,742,235</u>
<b>Capital assets being depreciated:</b>				
Buildings	235,835,887	5,005,826	0	240,841,713
Equipment	85,427,879	5,150,352	(2,405,103)	88,173,128
Library collection	2,862,784	585,087	(673,437)	2,774,434
Improvements other than buildings	23,776,625	989,896	0	24,766,521
Infrastructure	346,578,167	1,934,570	0	348,512,737
Leasehold Improvements	1,580,627	0	0	1,580,627
Total being depreciated	<u>696,061,969</u>	<u>13,665,731</u>	<u>(3,078,540)</u>	<u>706,649,160</u>
<b>Less accumulated depreciation:</b>				
Building	(145,511,747)	(5,467,730)	0	(150,979,477)
Equipment	(51,408,062)	(7,946,561)	2,321,213	(57,033,410)
Library collection	(1,801,033)	(554,887)	673,437	(1,682,483)
Improvements other than buildings	(3,469,874)	(1,091,357)	0	(4,561,231)
Infrastructure	(270,642,936)	(10,104,166)	0	(280,747,102)
Leasehold Improvements	(1,580,625)	0	0	(1,580,625)
Total accumulated depreciation	<u>(474,414,277)</u>	<u>(25,164,701)</u>	<u>2,994,650</u>	<u>(496,584,328)</u>
Total being depreciated, net	221,647,692	(11,498,970)	(83,890)	210,064,832
<b>Right-to-use assets, being amortized</b>				
Leased building	7,932,450	0	0	7,932,450
Leased equipment	9,237,508	5,440,344	(1,626,614)	13,051,238
Leased other	180,562	226,268	0	406,830
Subscription asset	2,185,092	264,217	0	2,449,309
Total Right-to-use assets, being amortized	<u>19,535,612</u>	<u>5,930,829</u>	<u>(1,626,614)</u>	<u>23,839,827</u>
<b>Less accumulated amortization:</b>				
Leased building	(682,270)	(682,270)	0	(1,364,540)
Leased equipment	(3,557,828)	(2,773,534)	1,605,780	(4,725,582)
Leased other	(48,129)	(60,698)	0	(108,827)
Subscription asset	0	(478,573)	0	(478,573)
Total accumulated amortization	<u>(4,288,227)</u>	<u>(3,995,075)</u>	<u>1,605,780</u>	<u>(6,677,522)</u>
<b>Right-to-use assets, net</b>	<u>15,247,385</u>	<u>1,935,754</u>	<u>(20,834)</u>	<u>17,162,305</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 310,806,716</u>	<u>\$ 11,385,174</u>	<u>\$ (8,222,518)</u>	<u>\$ 313,969,372</u>
<b>Business-type activities capital assets not being depreciated:</b>				
Land nondepreciable	\$ 1,809,844	\$ 0	\$ 0	\$ 1,809,844
Construction in progress	853,834	501,787	0	1,355,621
Total not being depreciated	<u>2,663,678</u>	<u>501,787</u>	<u>0</u>	<u>3,165,465</u>
<b>Business-type activities capital assets being depreciated:</b>				
Buildings	3,622,268	0	0	3,622,268
Improvements other than buildings	15,361,025	0	0	15,361,025
Equipment	5,406,163	407,991	(36,706)	5,777,448
Total being depreciated	<u>24,389,456</u>	<u>407,991</u>	<u>(36,706)</u>	<u>24,760,741</u>
<b>Less accumulated depreciation:</b>				
Building	(1,383,133)	(97,282)	0	(1,480,415)
Improvements other than buildings	(15,154,853)	(199,777)	0	(15,354,630)
Equipment	(3,988,771)	(376,574)	36,706	(4,328,639)
Total accumulated depreciation	<u>(20,526,757)</u>	<u>(673,633)</u>	<u>36,706</u>	<u>(21,163,684)</u>
Total being depreciated, net	<u>3,862,699</u>	<u>(265,642)</u>	<u>0</u>	<u>3,597,057</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 6,526,377</u>	<u>\$ 236,145</u>	<u>\$ 0</u>	<u>\$ 6,762,522</u>



**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**V. CAPITAL ASSETS (continued)**

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

**Governmental activities:**

General government	\$ 17,712,756
Public safety	6,619,516
Physical environment	2,286,712
Transportation	2,032,633
Human services	138,727
Culture and recreation	254,080
Judicial	115,352
Total depreciation/amortization expense - governmental activities	<u>\$ 29,159,776</u>

**Business-type activities:**

Landfill	\$ 673,633
Total depreciation expense - business-type activities	<u>\$ 673,633</u>

**VI. LEASES**

Effective October 1, 2021 the County adopted 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, 2023, the value of the lease liability is \$6,669,990. 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, 2023 of \$6,567,910, net of accumulated amortization of \$1,364,540 is included with Leased buildings on the lease class activities table found in Note V.

The County through the Leon County Board of County Commissioners has entered into one lease as lessee for the use of equipment. The term of the lease extends through July 31, 2025. An initial lease liability was recorded in the amount of \$769,104. As of September 30, 2023, the value of the lease liability is \$157,386. The County is required to make annual payments of \$160,029 through the term of the lease. The lease has an interest rate of 2.00%. The value of the right to use asset as of September 30, 2023 of \$282,005, net of accumulated amortization of \$487,099 is included with Leased equipment on the lease class activities table found in Note V.

The County through the Leon County Supervisor of Elections' office, has entered into eight 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 \$572,937. As of September 30, 2023, the value of the lease liability is \$373,761. The County is required to make monthly and quarterly payments ranging from \$566 to \$9,368 through the term of the lease. The leases have interest rate between 2.000% and 3.810%. The value of the right to use asset as of September 30, 2023 of \$356,862, net of accumulated amortization of \$216,075 is included with Leased equipment on the lease class activities table found in Note V.

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**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, 2023, the value of the lease liability is \$2,888. 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, 2023 of \$2,845, net of accumulated amortization of \$22,768 is included with Leased equipment on the lease class activities table found in Note V.

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, 2023, the value of the lease liability is \$67,411. The County is required to make monthly payments ranging from \$66 to \$1,476, and annual payments ranging from \$9,366 to \$18,732 through the terms 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, 2023 of \$74,732, with accumulated amortization of \$88,502 and is included with Leased equipment on the lease class activities table found in Note V.

The County through the Leon County Sheriff's office, has entered into six leases as lessee for the use of law enforcement equipment. The terms of the leases range from 31 to 64 months beginning on the contract commencement date. An initial lease liability was recorded in the amount of \$11,483,111. As of September 30, 2023, the value of the lease liability is \$7,121,612. The County is required to make monthly payments of \$39,339 and annual payments ranging from \$16,724 to \$1,761,766 through the terms of the leases. 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, 2023 of \$7,695,387, with accumulated amortization of \$3,898,724 and is included with Leased equipment on the lease class activities table found in Note V.

The County through the Leon County Sheriff's office, has entered into three leases as lessee for the use of office and training space. The terms of the leases range from 36 to 70 months beginning on the contract commencement date. An initial lease liability was recorded in the amount of \$406,830. As of September 30, 2023, the value of the lease liability is \$299,394. The County is required to make monthly payments ranging from \$945 to \$6,800 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, 2023 of \$298,003 net of accumulated amortization of \$108,827 is included with Leased other on the lease class activities table found in Note V.

The County through the Leon County Clerk of Courts and Comptroller's office, has entered into one lease as lessor for the use of office equipment. The terms of the lease extend through September 30, 2025. An initial lease liability was recorded in the amount of \$37,241. As of September 30, 2023, the value of the lease liability is \$25,332. The County is required to make monthly payments of \$1,098 through the term of the lease. The lease has an interest rate of 4.1200%. The value of the right to use asset as of September 30, 2023 of \$24,827, net of accumulated amortization of \$12,414 and is included with Leased equipment on the lease class activities table found in Note V.

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

September 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 3,883,822	\$ 342,942	\$ 4,226,764
2025	1,949,567	269,372	2,218,939
2026	1,862,440	195,321	2,057,761
2027	1,855,552	128,985	1,984,537
2028	1,842,053	58,753	1,900,806
2029-2033	3,324,340	111,167	3,435,507
Total	<u>\$ 14,717,774</u>	<u>\$ 1,106,540</u>	<u>\$ 15,824,314</u>

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**VI. LEASES (continued)**

**Leases Receivable**

In October 2009, the County through the Leon County Board of County Commissioners 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. During the fiscal year, the County had a total of 10 active leases as lessor for the use of commercial building space with remaining terms ranging from 6 to 75 months. As of September 30, 2023, the value of the lease receivable is \$1,109,728. The lessees are required to make monthly fixed payments ranging from \$716 to \$6,276. The leases have an interest rate of 2.00%. The value of the deferred inflow of resources as of September 30, 2023 was \$1,084,065, and the County recognized lease revenue of \$296,172 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
2024	\$ 259,787	\$ 19,287	\$ 279,074
2025	253,939	14,244	268,183
2026	192,261	9,779	202,040
2027	163,688	6,222	169,910
2028	132,815	3,225	136,040
2029-2033	107,238	1,261	108,499
Total	<u>\$ 1,109,728</u>	<u>\$ 54,018</u>	<u>\$ 1,163,746</u>

In June 2003, the County through the Leon County Board of County Commissioners 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. During the fiscal year, the Board had a total of 7 active leases as lessor for the use of office space with remaining terms at year end ranging from 6 to 150 months. As of September 30, 2023, the value of the lease receivable is \$4,992,409. The lessees are required to make monthly fixed payments ranging from \$5,960 to \$27,446. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources as of September 30, 2023 was \$4,752,139, and the Board recognized lease revenue of \$887,129 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
2024	\$ 1,150,081	\$ 88,193	\$ 1,238,274
2025	1,041,175	65,421	1,106,596
2026	770,953	47,691	818,644
2027	441,880	35,403	477,283
2028	319,560	28,332	347,892
2029-2033	934,846	72,030	1,006,876
2034-2038	333,914	8,696	342,610
Total	<u>\$ 4,992,409</u>	<u>\$ 345,766</u>	<u>\$ 5,338,175</u>

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**VII. SUBSCRIPTION LIABILITIES**

For the year ended September 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription Based Information Technology Arrangements (SBITAs). The primary objective of this statement is to enhance the relevance and consistency of information about governments' information technology (IT) subscription activities. This statement establishes a single model for IT Subscription accounting based on the principle that SBITAs are financings of the right to use an underlying asset. Under this Statement, a government is required to recognize a subscription liability and an intangible right-to-use subscription asset.

The County through the Leon County Board of County Commissioners has entered into five IT Arrangements for the right to use another party's (a SBITA vendor's) information technology (IT) software. The terms of the arrangements extend through various times ranging between October 2024 and January 2028 beginning on the contract commencement date. An initial lease liability was recorded in the amount of \$976,535. As of September 30, 2023, the value of the subscription liability is \$691,645. The County is required to make annual payments ranging from \$9,500 to \$207,535 through the term of the lease. The leases have interest rates ranging from 3.480% to 4.120%. The value of the right to use asset as of September 30, 2023 of \$675,053 with accumulated amortization of \$301,482 and is included with the SBITA activities table found below.

The County through the Leon County Supervisor of Elections has entered into four IT Arrangements for the right to use another party's (a SBITA vendor's) information technology (IT) software. The terms of the arrangements extend through various times ranging between September 2025 and April 2035 beginning on the contract commencement date. An initial lease liability was recorded in the amount of \$1,406,831. As of September 30, 2023, the value of the subscription liability is \$1,287,598. The County is required to make annual payments ranging from \$10,100 to \$137,388 through the term of the lease. The leases have interest rates ranging from 3.670% to 4.120%. The value of the right to use asset as of September 30, 2023 of \$1,255,988 with accumulated amortization of \$150,843 and is included with the SBITA activities table found below.

The County through the Leon County Clerk of Court and Comptroller has entered into two IT Arrangements for the right to use another party's (a SBITA vendor's) information technology (IT) software. The terms of the arrangements extend through July 2024 beginning on the contract commencement date. An initial lease liability was recorded in the amount of \$65,943. As of 09/30/2023, the value of the subscription liability is \$0. The County is required to make annual payments ranging from \$26,737 to \$40,018 through the term of the lease. The leases have interest rates ranging from 4.120% to 4.930%. The value of the right to use asset as of 09/30/2023 of \$39,695 with accumulated amortization of \$26,248 and is included with the SBITA activities table found below.

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

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2024	\$ 430,749	\$ 60,801	\$ 491,550
2025	449,203	43,335	492,538
2026	146,912	36,847	183,759
2027	154,767	31,336	186,103
2028	94,482	27,514	121,996
2029-2033	568,236	79,335	647,571
2034-2038	134,894	2,494	137,388
Total	<u>\$ 1,979,243</u>	<u>\$ 281,662</u>	<u>\$ 2,260,905</u>

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**VIII. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund Balances as of September 30, 2023, consisted of the following:

	Interfund Receivables	Interfund Payables
<b>Primary Government:</b>		
<b>By Major Funds:</b>		
General Fund	\$ 2,288,950	\$ 5,759,660
Fine & Forfeiture Fund	3,816,165	1,226,657
Grants Fund	735,271	549,389
Local Provider Participation Fund	0	127,213
Capital Improvement Fund	416,438	0
Total Major Funds	<u>7,256,824</u>	<u>7,662,919</u>
<b>Nonmajor Special Revenue Funds:</b>		
County Transportation Trust Fund	57,833	32,797
Probation Fund	14,377	328
Family Law Legal Services Fund	5,892	65,862
Drug Abuse Trust Fund	5,494	0
Local Legal Programs Fund	15,986	0
Opioid Litigation Settlement	430	0
Building Inspection Fund	24,343	0
Growth Management Fund	13,866	0
MSBU Stormwater Utility Fund	25,710	0
SHIP Trust Fund	8,409	0
911 Emergency Communications Fund	0	302,245
Radio Communications Systems Fund	1,261	0
Emergency Medical Services Fund	5,769	36,188
Municipal Service Fund	10,547	161,911
Fire Rescue Services Fund	46,228	0
Tourist Development Trust Fund	837,059	0
Special Assessment Paving Fund	3,013	141,976
Special Assessment Sewer Fund	1,621	0
BOA Building Operating Fund	21,700	0
Huntington Oaks Plaza Fund	4,823	0
Special Grants Fund	2,018	543,634
Total Nonmajor Special Revenue Funds	<u>1,106,379</u>	<u>1,284,941</u>
<b>Nonmajor Capital Projects Funds:</b>		
Gas Tax - Capital Projects Fund	92,909	0
Local Option Sales Tax Fund	30,447	0
Extended Local Option Sales Tax Fund	10,181	0
SOE Building Fund	0	4,859
800 MHz Radios Capital	0	3,732
Emergency Communications Fund	33,688	0
Sales Tax Extension 2020	92,419	0
Sales Tax Extension 2020 JPA Agreement	37,234	0
Total Nonmajor Capital Projects Funds	<u>296,878</u>	<u>8,591</u>
Total Nonmajor Governmental Funds	<u>1,403,257</u>	<u>1,293,532</u>
Internal Service Funds	<u>522,978</u>	<u>383,340</u>
Total Governmental Funds	<u>9,183,059</u>	<u>9,339,791</u>
<b>Proprietary Funds</b>		
Landfill Fund	169,234	12,502
Total Proprietary Funds	<u>169,234</u>	<u>12,502</u>
Total Primary Government	<u>\$ 9,352,293</u>	<u>\$ 9,352,293</u>

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**VIII. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)**

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.

Interfund Transfers represent the movement of cash for operations in funds and constitutional officers. Transfers to or from other funds are based on budgetary requirements as determined by the Office of Management and Budget. These transfers are primarily established during initial budget adoption. However, transfers may also be established through Supplemental Budget Amendments as necessary throughout the fiscal year. At year end, the balances for the year ended September 30, 2023, consisted of the following:

**Transfers to the General Fund from:**

Fine & Forfeiture Fund	\$ 95,231,953
Grants Fund	2,753,754
Nonmajor Governmental Funds	1,113,905
Enterprise Fund	100,104
Total Transfers to the General Fund	<u>99,199,716</u>

**Transfers to the Fine & Forfeiture Fund from:**

General Fund	3,498,131
Grants Fund	641,354
Nonmajor Governmental Funds	497,944
Total Transfers to the Fine & Forfeiture Fund	<u>4,637,429</u>

**Transfers to the Grants Fund from:**

General Fund	331,108
Fine & Forfeiture Fund	641,354
Total Transfers to Grants Fund	<u>972,462</u>

**Transfers to the Capital Improvement Fund from:**

General Fund	20,157,257
Grants Fund	318,090
Nonmajor Governmental Funds	2,002,903
Total Transfers to the Capital Improvement Fund	<u>22,478,250</u>

**Transfers to the Nonmajor Funds from:**

General Fund	21,109,339
Grants Fund	2,423,468
Fines & Forfeiture Fund	574,338
Nonmajor Governmental Funds	10,107,913
Total Transfers to the Nonmajor Funds	<u>34,215,058</u>
Total Transfers to the Governmental Funds	<u>161,502,915</u>

**Transfers to the Internal Service Funds from:**

General Fund	47,269
Nonmajor Governmental Funds	155,606
Total Transfers to Internal Service Funds	<u>202,875</u>

**Transfers to the Enterprise Fund from:**

General Fund	3,032,555
Total Transfers to Enterprise Funds	<u>3,032,555</u>
Total Transfers to Proprietary Funds	<u>3,235,430</u>
<b>Total Interfund Transfers</b>	<b><u>\$ 164,738,345</u></b>

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**IX. 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, 2023, are comprised of the following:

	Outstanding at September 30, 2023
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.	\$ 6,339,000
\$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.	574,116
\$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.	4,805,000
\$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.	2,935,000
<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 IX. I. Debt Parity.</i>	
<b>Total Special Revenue Bond Obligation</b>	<b>\$ 14,653,116</b>

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**IX. 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
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	855,000	76,697	931,697
2029-2033	2,780,000	246,553	3,026,553
2034-2038	815,000	22,661	837,661
Total	<u>\$ 14,653,116</u>	<u>\$ 993,059</u>	<u>\$ 15,646,175</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, 2022 as restated	Reductions	Additions	Balance September 30, 2023	Due Within One Year
<b>Governmental Activities:</b>					
Special Revenue Debt:					
Capital Improvement Revenue Refunding Bonds, Series 2017	\$ 9,412,000	\$ (3,073,000)	\$ 0	\$ 6,339,000	\$ 3,136,000
Capital Improvement Refunding Revenue Bonds, Series 2020	818,643	(244,527)	0	574,116	249,149
Capital Improvement Revenue Bonds, Series 2021	5,130,000	(325,000)	0	4,805,000	330,000
Capital Improvement Revenue Bonds, Series 2021B	3,400,000	(465,000)	0	2,935,000	475,000
Unamortized Premium on Bonds Payable	142,172	(47,390)	0	94,782	0
Total Special Revenue Debt	18,902,815	(4,154,917)	0	14,747,898	4,190,149
Liability for compensated absences	17,544,637	(9,632,492)	10,029,386	17,941,531	6,302,487
Net Pension Liability	165,476,515	(19,281,057)	41,135,617	187,331,075	0
Other postemployment benefits liability	33,717,513	(6,475,522)	4,104,405	31,346,396	4,023,896
Arbitrage rebate liability	25,000	0	0	25,000	0
Lease liability	12,496,457	(3,445,293)	5,666,610	14,717,774	3,883,821
Subscription liability	2,185,092	(470,066)	264,217	1,979,243	430,749
Financed purchase liability - ESCO	15,580,486	(990,486)	0	14,590,000	1,010,000
Governmental Activity Long-term Debt	<u>\$ 265,928,515</u>	<u>\$ (44,449,833)</u>	<u>\$ 61,200,235</u>	<u>\$ 282,678,917</u>	<u>\$ 19,841,102</u>



**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**IX. LONG-TERM OBLIGATIONS (continued)**

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

	Balance October 1, 2022	Reductions	Additions	Balance September 30, 2023	Due Within One Year
<b>Business-type activities:</b>					
Liabilities for compensated absences	\$ 197,249	\$ (130,526)	\$ 149,653	\$ 216,376	\$ 85,679
Other postemployment benefits liability	231,230	0	0	231,230	0
Landfill closure and postclosure costs	17,953,067	0	4,123,151	22,076,218	0
Business-type activity Long-term liabilities	<u>\$ 18,381,546</u>	<u>\$ (130,526)</u>	<u>\$ 4,272,804</u>	<u>\$ 22,523,824</u>	<u>\$ 85,679</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, 2023 future lease payments totaling \$16,322,561 consists of principal of \$14,590,000 and interest of \$1,732,561.

The future financed purchase liability and the net present value of the minimum payments relating to the energy savings project as of September 30, 2023, were as follows:

	ESCO - Master Tax-Exempt Lease, Series 2020		
	Principal	Interest	Debt Service
9/30/2024	\$ 1,010,000	\$ 248,037	\$ 1,258,037
9/30/2025	1,025,000	230,119	1,255,119
9/30/2026	1,045,000	211,892	1,256,892
9/30/2027	1,065,000	193,314	1,258,314
9/30/2028	1,080,000	174,427	1,254,427
9/30/2029	1,100,000	155,232	1,255,232
9/30/2030	1,120,000	135,685	1,255,685
9/30/2031	1,140,000	115,786	1,255,786
9/30/2032	1,160,000	95,534	1,255,534
9/30/2033	1,180,000	74,931	1,254,931
9/30/2034	1,200,000	53,975	1,253,975
9/30/2035	1,220,000	32,667	1,252,667
9/30/2036	1,245,000	10,962	1,255,962
Totals	<u>\$ 14,590,000</u>	<u>\$ 1,732,561</u>	<u>\$ 16,322,561</u>

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**IX. 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. The County only has a limited commitment to maintain a tax-exempt status. The County has no voluntary commitments or additional commitments regarding these bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2023, the unaudited conduit debts outstanding were as follows:

Project Description	Fiscal Year Issued	Original Bond Issue	Principal Outstanding @ 09/30/2023
<b>Leon County, Florida</b>			
Holy Comforter Episcopal School	2023	\$ 5,379,428	\$ 5,208,546
Housing Finance Authority	2020	11,760,000	11,211,627
	2021	18,900,000	12,841,153
	2022	82,960,000	78,933,353
	2023	51,000,000	6,107,001
Total Conduit Debt Principal Balance as of September 30, 2023			<u>\$ 114,301,680</u>

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**IX. 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 2020	Actual 2021	Actual 2022	Actual 2023
Pledged revenues:				
Revenues available for debt service:				
Local Government Half Cent Tax	\$ 12,429,991	\$ 13,980,522	\$ 15,415,389	\$ 15,740,767
Guaranteed entitlement	316,798	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	1,661,306	1,449,335	1,938,954	2,735,722
Total revenues available for debt service	<u>\$ 15,434,744</u>	<u>\$ 16,773,304</u>	<u>\$ 18,697,790</u>	<u>\$ 19,819,936</u>

**X. 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 \$22,076,218 reported as landfill closure and post-closure care liability at September 30, 2023, 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 2023 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, 2023, held cash and investments in the amount of \$14,605,274 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, 2023**

**XI. 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 441,816 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, 2023 are available online at [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](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, 2023, the date of the latest valuation, the FRS' funded ratio was 81.4% on the valuation funding basis and 82.4% on a Fair 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, 2023**

**XI. 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, 2023, the contribution rate was 2.0% of payroll pursuant to Section 112.363, Florida Statutes.

The amounts contributed for the years ended September 30, 2023, 2022, and 2021 were \$19,281,057, \$17,333,516, and \$15,846,687, respectively, which is equal to 100% of the required contribution for each year.

The membership categories and contribution rates for 2023 and 2022 were as follows:

Membership Category	Benefit	Vesting	Employer Contribution Rate	
			July 1, 2022	July 1, 2023
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.	11.91 %	13.57 %
	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.	31.57 %	34.52 %
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.	27.83 %	32.67 %
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.	57.00 %	58.68 %
	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.	18.60 %	21.13 %
	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, 2023**

**XI. EMPLOYEE BENEFITS (continued)**

**A. Florida Retirement System (continued)**

Net Pension Liability - At September 30, 2023, 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	\$ 825,436,806	\$ 43,726,858	\$ 869,163,664
Fiduciary Net Position	680,032,591	1,799,998	681,832,589
Net Pension Liability	<u>\$ 145,404,215</u>	<u>\$ 41,926,860</u>	<u>\$ 187,331,075</u>

The net pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2023 for the net pension liability as of June 30, 2023. "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, 2023, 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, 2023	.364907814%	.264000877%
June 30, 2022	.367963030%	.269692073%
Increase (decrease) in Share for 2023	(.003055216)%	(.005691196)%

The County's proportionate share of the net pension liability was based on the County's 2022-2023 fiscal year contributions relative to the 2021-2022 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 3.65% 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 2023:

- FRS: The long-term expected rate of return remained at 6.7%.

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**XI. EMPLOYEE BENEFITS (continued)**

**A. Florida Retirement System (continued)**

- HIS: The municipal rate used to determine total pension liability was increased from 3.54% to 3.65%.
- 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, 2022	July 1, 2023
Measurement date	June 30, 2022	June 30, 2023
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 4.48 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 2023 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 2023 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, 2023**

**XI. 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 %	2.9 %	2.9 %	1.1 %
Fixed income	19.8 %	4.5 %	4.4 %	3.4 %
Global equity	54.0 %	8.7 %	7.1 %	18.1 %
Real estate (property)	10.3 %	7.6 %	6.6 %	14.8 %
Private equity	11.1 %	11.9 %	8.8 %	26.3 %
Strategic investments	3.8 %	6.3 %	6.1 %	7.7 %
Total	100.00 %			
Assumed inflation - mean		2.4 %		1.4 %

(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](http://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, 2023 .

FRS Net Pension Liability		
1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
\$ 248,380,007	\$ 145,404,215	\$ 59,252,644

HIS Net Pension Liability		
1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
\$ 47,832,004	\$ 41,926,860	\$ 37,031,893

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, 2023**

**XI. 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, 2023 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)	\$ 27,876,100	\$ 15,413,946	\$ 43,290,046
Deferred Outflows of Resources	36,065,269	2,691,916	38,757,185
Deferred Inflows of Resources	\$ (7,059,363)	\$ (5,264,464)	\$ (12,323,827)

For the fiscal year ended September 30, 2023, the County recognized pension expense of \$27,876,100 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	\$ 13,652,201	\$ 0
Change of assumptions	9,478,653	0
Net difference between projected and actual earnings on FRS Plan investments	6,072,474	0
Changes in proportion and differences between County FRS Plan contributions and proportionate share of contributions	1,491,390	(7,059,363)
County FRS Plan contributions subsequent to the measurement date	5,370,551	0
Total	<u>\$ 36,065,269</u>	<u>\$ (7,059,363)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$5,370,551 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, 2024. 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)
2024	\$ 2,002,358
2025	(3,553,950)
2026	22,623,842
2027	1,962,725
2028	600,380
Thereafter	0
Totals	<u>\$ 23,635,355</u>

For the fiscal year ended September 30, 2023, the County recognized pension expense of \$15,413,946 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, 2023**

**XI. 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	\$ 613,780	\$ (98,409)
Change of assumptions	1,102,244	(3,633,104)
Net difference between projected and actual earnings on HIS Plan investments	21,652	0
Changes in proportion and differences between County HIS Plan contributions and proportionate share of contributions	389,084	(1,532,951)
County HIS Plan contributions subsequent to the measurement date	565,156	0
Total	<u>\$ 2,691,916</u>	<u>\$ (5,264,464)</u>

The deferred outflows of resources related to the HIS Plan, totaling \$565,156 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, 2024. 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
2024	\$ 582,514
2025	463,450
2026	638,490
2027	894,460
2028	499,696
Thereafter	59,094
Totals	<u>\$ 3,137,704</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, 2023**

**XI. 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, 2023 was as follows:

<u>Membership Status as of October 1, 2023</u>	<u>Life</u>	<u>Medical</u>
Active plan members	1,513	1,513
Retirees and DROP participants	422	206
Total	<u>1,935</u>	<u>1,719</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, 2023**

**XI. 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, 2023 measured as of September 30, 2023 is \$31,577,626. The following table outlines the changes in Net OPEB Liability for the fiscal year ending September 30, 2023:

	FY 2023	FY 2022
Service cost	\$ 1,407,503	\$ 2,333,956
Interest	1,657,783	1,141,365
Differences between expected and actual experience	(3,619,718)	0
Changes of assumptions or other input	(598,706)	(13,608,670)
Expected benefit payments	<u>(1,217,979)</u>	<u>(1,100,812)</u>
Net Changes	(2,371,117)	(11,234,161)
Net OPEB liability at beginning of year	<u>33,948,743</u>	<u>45,182,904</u>
Net OPEB liability at end of year	<u>\$ 31,577,626</u>	<u>\$ 33,948,743</u>

The total OPEB liability and contribution rates were determined by an actuarial valuation as of October 1, 2023. The total OPEB liability was rolled forward two years. The significant assumptions used were as follows:

Valuation Date	September 30, 2023
Measurement Date	September 30, 2023
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 4.87%. 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, 2023. The discount rate at the beginning of the year is 4.77% from the S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2022.
Consumer Price Index	N/A
Future Salary Increase	3.25%
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, 2023**

**XI. 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% and 20% of future retirees are assumed to elect Basic and Supplemental life insurance benefits at retirement, respectively, based on a mix of actual experience and experience for similar plans. For non-Senior Management employees who can elect up to 2x salary at retirement for Supplemental life insurance benefit up to a maximum of \$250,000 combined maximum for Basic and Supplemental life insurance, we have assumed that they will elect 1x salary at retirement.
Medical insurance:	45% of future retirees are assumed to elect health coverage with the County at retirement based on a mix of actual experience and experience for similar plans. Current retirees are assumed to coverage under the County's health plans if they are currently enrolled. Current retirees who are not currently enrolled in the County's health plans are not assumed to re-enroll in the future. 100% of surviving spouses are assumed to elect coverage with the County upon retirees' death.
Health care cost trends	Eligible health care costs, per capita costs, and retiree contributions, are assumed to decrease each year from 7.50% for the year ended 9/30/2024 to 4.50% for the year beginning 10/1/2032 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.

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**XI. EMPLOYEE BENEFITS (continued)**

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

Per capita costs	Our valuation reflects the following fiscal year 2023 annual per capita plan costs for retirees and their spouses: Per Capita Plan Cost at Male Age 65- Retiree \$22,080, Spouse \$23,436, Family \$36,072. Medical per capita plan costs for retirees and spouses were developed using 2024 premium information and de-trended to a level appropriate for the fiscal year beginning October 1, 2023. The premiums are assumed to include administrative expenses. The valuation relied upon the premium information which was assumed to be suitable for this purpose. The Pre-Medicare plan costs are based upon age-adjusted rates. Post-Medicare retirees are assumed to be in a retiree-only plan and retirees pay 100% of the premium. Therefore, we assume there is no associated post-Medicare liability for the retiree medical plan.
Spouse assumptions	For future retirees, female spouses are assumed to be three years younger than their male spouses. For existing retirees, actual spouses age are used if available, otherwise female spouses are assumed to be three years younger than their male spouses.
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 4.87%, 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 3.87%	Current Discount Rate 4.87%	1% Increase 5.87%
Net OPEB Liability	\$ 36,344,499	\$ 31,577,626	\$ 27,722,685

**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	\$ 30,107,237	\$ 31,577,626	\$ 33,309,834

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**XI. EMPLOYEE BENEFITS (continued)**

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

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

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

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

The below table presents the OPEB expense and its components:

<u>Components of OPEB Expense</u>	<u>For the year ended September 30, 2023</u>
Service Cost	\$ 1,407,503
Interest on the total OPEB liability and net cash flow	1,657,783
Differences between expected and actual experience	(379,426)
Changes in assumptions and other inputs	<u>911,927</u>
Total OPEB expense	<u>\$ 3,597,787</u>

At September 30, 2023, 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	\$ 12,718,259	\$ (4,431,787)	\$ 8,286,472
Changes in assumptions and other inputs	<u>4,980,180</u>	<u>(16,066,415)</u>	<u>(11,086,235)</u>
Total OPEB expense	<u>\$ 17,698,439</u>	<u>\$ (20,498,202)</u>	<u>\$ (2,799,763)</u>

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**XI. EMPLOYEE BENEFITS (continued)**

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

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) determined at October 1, 2023 is 10.1 years. The following deferred inflows of resources will be recognized in pension expense as follows:

For the year ended September 30,	County Total Deferred Outflow (Deferred Inflow)
2024	\$ 532,501
2025	532,501
2026	584,318
2027	662,038
2028	662,038
Thereafter	(5,773,159)
Totals	<u>\$ (2,799,763)</u>

**Funded Status and Funding Progress**

As of September 30, 2023, the County's actuarial accrued liability for benefits recognized in the County's financial statements was \$31,577,626, all of which was unfunded.

**XII. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The County's reported deferred outflows of resources are derived from \$17,698,439 from OPEB related activities and \$38,757,185 derived from Pension related activities.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The County's reported deferred inflows of resources are derived from \$20,498,202 from OPEB related activities, \$12,323,827 from pension related activities, \$5,836,204 from Lessor activities, and \$900,442 from special assessment related activities.



**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**XIII. 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, 2023	\$ 0	\$ 0	\$ 0	\$ 0
September 30, 2022	\$ 0	\$ 0	\$ 0	\$ 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, 2023, the County had \$306,082 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 \$6,800,211, which includes an actuarial evaluation for incurred but not reported claims of \$3,909,803 is included in other current liabilities and reported in the Internal Service Fund at September 30, 2023. 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, 2023**

**XIII. 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, 2023	\$ 6,606,825	\$ 1,750,386	\$ (1,557,000)	\$ 6,800,211
September 30, 2022	\$ 7,050,581	\$ 2,391,244	\$ (2,835,000)	\$ 6,606,825

**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, 2023	\$ 41,465	\$ 5,471	\$ 0	\$ 46,936
September 30, 2022	\$ 4,900	\$ 36,565	\$ 0	\$ 41,465

The claims liability of \$46,936 includes an actuarial valuation for incurred but not reported claims of \$15,965.

As a member of the Florida Sheriffs 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, 2023 was \$308,238.

**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, 2023 was \$559,280.

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, 2023**

**XIV. 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.

**XV. 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 \$59,970, the SHIP Trust fund had a deficit of \$16,838, the 911 Emergency fund had a deficit of \$9,255, the Special Assessment Paving fund had a deficit of \$13,410, the Landfill fund had a deficit of \$520,338. 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, 2023**

**XV. 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
<b>Nonspendable:</b>				
Inventory	\$ 1,174,170	\$ 0	\$ 5,612	\$ 1,179,782
Prepaid assets	720,748	334,223	154,790	1,209,761
Total nonspendable	<u>1,894,918</u>	<u>334,223</u>	<u>160,402</u>	<u>2,389,543</u>
<b>Restricted for:</b>				
Federal and state grants and other purpose	0	19,043,992	301,212	19,345,204
Major non-transportation related capital projects and facilities	0	35,678,641	34,522,045	70,200,686
Public improvement revenue bond projects	0	0	20,401,911	20,401,911
Enabling legislation	0	0	11,491,477	11,491,477
User restricted	0	0	555,987	555,987
Total restricted	<u>0</u>	<u>54,722,633</u>	<u>67,272,632</u>	<u>121,995,265</u>
<b>Committed for:</b>				
Minimum reserve requirements	7,383,856	1,055,341	0	8,439,197
Fire protection services	0	0	1,307,635	1,307,635
Emergency medical services	0	0	11,460,320	11,460,320
Building inspections	0	0	2,951,678	2,951,678
Unincorporated stormwater maintenance	0	0	1,920,203	1,920,203
City sewer services distribution	0	0	32,208	32,208
Environmental management	0	0	2,028,782	2,028,782
Pandemic recovery efforts	276,377	2,848,723	0	3,125,100
Total committed	<u>7,660,233</u>	<u>3,904,064</u>	<u>19,700,826</u>	<u>31,265,123</u>
<b>Assigned for:</b>				
General government	6,139,030	5,957,346	0	12,096,376
Public safety	0	0	3,043,830	3,043,830
Total assigned	<u>6,139,030</u>	<u>5,957,346</u>	<u>3,043,830</u>	<u>15,140,206</u>
Unassigned	<u>33,531,529</u>	<u>(48,867)</u>	<u>(127,344)</u>	<u>33,355,318</u>
Total Fund Balances	<u>\$ 49,225,710</u>	<u>\$ 64,869,399</u>	<u>\$ 90,050,346</u>	<u>\$ 204,145,455</u>

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**XVI. 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, 2023. These commitments have been included in the 2023-2024 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, 2023 approximate \$24.3 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 May 22, 2024, 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, 2023 Leon County entered into two subscription based information technology arrangements (SBITAs) for the right to use another party's (a SBITA vendor's) information technology (IT) software. The terms of the arrangements extend through September 30, 2026. An initial subscription liability and subscription asset for these SBITAs equals \$3,788,947. The County is required to make annual payments ranging from \$155,418 to \$1,097,162 through the term of the arrangements. The arrangements have interest rates of 4.880%.

**XVII. CONTINGENCIES - DEBT**

The company participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The company is potentially liable for any expenditures, which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

In the course of business, the company, its agencies and its employees are defendants in legal proceedings including but not limited to claims against the company for property damage, personal injury, personnel and contract matters, and alleged violations of state and federal laws. It is the opinion of management that the disposition or resolution of such claims and lawsuits will not have a material adverse effect on the financial position, changes in the financial position or cash flows of the company.

**Leon County, Florida**  
**Notes to the Financial Statements**  
**Year Ended September 30, 2023**

**XVIII. NET POSITION RESTATEMENT**

Fund balances as of October 1, 2022 have been restated to reflect the following adjustments:

During the year ended September 30, 2023 the County identified two revenues where the revenue recognition criteria required the revenues to have been recorded in a prior year but were not. In order to correct this error, both items have been recorded to the year ended September 30, 2022. As such, this correction results in an increase to the beginning fund balance of the general fund by \$449,825 and an increase to the beginning fund balance of the non-major governmental funds by \$414,634. These restatements result in a related increase to the beginning net position of the government activities of \$864,459.

During the year ended September 30, 2023 the County identified several capital assets that were previously classified as non-depreciable improvements other than buildings that should have been reported as depreciable improvements other than buildings. In order to correct this error, all such capital assets have been reclassified and the applicable previous depreciation has been calculated and applied to previous periods. As such, this correction results in a reclassification of \$8,467,199 between non-depreciable and depreciable improvements other than buildings capital assets and a decrease to the beginning net position of the governmental activities by \$2,910,524.

## **Required Supplementary Information**

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

	<u>2023</u>	<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>
Leon County's proportion of the net pension liability	0.364907814%	0.367963030%	0.373660617%	0.394768166%	0.405622105%	0.401636460%	0.404240284%	0.426742954%	0.381103706%	0.373806519%
Leon County's proportionate share of the net pension liability	\$ 145,404,215	\$ 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
Leon County's covered payroll	\$ 110,522,187	\$ 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
Leon County's proportionate share of the net pension liability as a percentage of its covered payroll	131.56 %	131.56 %	27.78 %	170.97 %	145.54 %	131.07 %	134.30 %	128.02 %	60.03 %	28.28 %
Plan fiduciary net position as a percentage of the total pension liability	82.38 %	82.89 %	96.40 %	78.85 %	82.61 %	84.26 %	83.89 %	84.88 %	92.00 %	96.09 %

\* 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 17,544,413	\$ 15,701,652	\$ 14,234,855	\$ 13,116,397	\$ 12,577,212	\$ 11,446,316	\$ 10,523,370	\$ 10,406,807
Actual employer contribution	<u>\$ (17,544,413)</u>	<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>
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	\$ 112,420,882	\$ 104,826,103	\$ 101,778,575	\$ 101,101,949	\$ 97,005,441	\$ 92,911,582	\$ 90,549,137	\$ 84,749,884
Contributions as a percentage of covered payroll	15.61 %	14.98 %	13.99 %	12.97 %	12.97 %	12.32 %	11.62 %	12.28 %
						<u>2015</u>	<u>2014</u>	
Actuarially determined contribution						\$ 9,291,632	\$ 8,187,949	
Actual employer contribution						<u>\$ (9,291,632)</u>	<u>\$ (8,187,949)</u>	
Contribution deficiency (excess)						<u>0</u>	<u>0</u>	
Leon County's covered payroll						\$ 82,413,692	\$ 80,762,932	
Contributions as a percentage of covered payroll						11.27 %	10.14 %	

\* 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**  
**Proportionate Share of Net Pension Liability**  
**Health Insurance Subsidy Program**  
**Last Ten Fiscal Years\***  
**(unaudited)**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Leon County's proportion of the net pension liability	0.264000877%	0.269692073%	0.274214019%	0.274310017%	0.281605365%	0.279643167%	0.275303556%	0.286548096%
Leon County's proportionate share of the net pension liability	\$ 41,926,860	\$ 28,564,698	\$ 33,636,472	\$ 33,492,806	\$ 31,508,822	\$ 29,597,747	\$ 29,436,726	\$ 33,395,994
Leon County's covered payroll	\$ 110,522,187	\$ 104,064,221	\$ 101,609,419	\$ 100,077,822	\$ 95,981,978	\$ 92,298,471	\$ 89,031,824	\$ 84,165,836
Leon County's proportionate share of the net pension liability as a percentage of its covered payroll	37.94 %	27.45 %	33.10 %	33.47 %	32.83 %	32.07 %	33.06 %	39.68 %
Plan fiduciary net position as a percentage of the total pension liability	4.12 %	4.81 %	3.56 %	3.00 %	2.63 %	2.15 %	1.64 %	0.97 %
							<b>2015</b>	<b>2014</b>
Leon County's proportion of the net pension liability							0.274123595%	0.270973192%
Leon County's proportionate share of the net pension liability							\$ 27,956,296	\$ 25,336,655
Leon County's covered payroll							\$ 82,001,002	\$ 80,661,380
Leon County's proportionate share of the net pension liability as a percentage of its covered payroll							34.09 %	31.41 %
Plan fiduciary net position as a percentage of the total pension liability							0.50 %	0.99 %

\* 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,736,644	\$ 1,631,864	\$ 1,611,832	\$ 1,580,720	\$ 1,563,727	\$ 1,516,512	\$ 1,456,986	\$ 1,468,742
Actual employer contribution	<u>\$ (1,736,644)</u>	<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>
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	\$ 112,420,882	\$ 104,826,103	\$ 101,778,575	\$ 101,101,949	\$ 97,005,441	\$ 92,911,582	\$ 90,459,137	\$ 84,749,884
Contributions as a percentage of covered payroll	1.54 %	1.56 %	1.58 %	1.56 %	1.61 %	1.63 %	1.61 %	1.73 %
							<u>2015</u>	<u>2014</u>
Actuarially determined contribution							\$ 1,047,871	\$ 928,263
Actual employer contribution							<u>\$ (1,047,871)</u>	<u>\$ (928,263)</u>
Contribution deficiency (excess)							<u>\$ 0</u>	<u>\$ 0</u>
Leon County's covered payroll							\$ 82,413,692	\$ 80,762,932
Contributions as a percentage of covered payroll							1.27 %	1.15 %

\* 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	2023	2022	2021	2020	2019
Service cost	\$ 1,407,503	\$ 2,333,956	\$ 2,501,300	\$ 540,572	\$ 492,162
Interest	1,657,783	1,141,365	934,003	607,217	666,184
Changes of benefit terms	0	0	0	1,067,856	0
Difference between expected & actual experience	(3,619,718)	0	5,600,923	15,714,047	(2,282,605)
Changes in assumptions & other inputs	(598,706)	(13,608,670)	(4,618,076)	7,277,059	(31,667)
Benefit payments	<u>(1,217,979)</u>	<u>(1,100,812)</u>	<u>(753,917)</u>	<u>(215,848)</u>	<u>(249,553)</u>
Net change in total OPEB liability	(2,371,117)	(11,234,161)	3,664,233	24,990,903	(1,405,479)
Net OPEB liability - beginning	<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>
Net OPEB liability - ending	<u>\$ 31,577,626</u>	<u>\$ 33,948,743</u>	<u>\$ 45,182,904</u>	<u>\$ 41,518,671</u>	<u>\$ 16,527,768</u>
Covered-Employee payroll	\$110,522,187	\$104,826,103	\$101,778,576	\$101,101,949	\$ 97,005,441
Net OPEB liability as a percentage of covered-employee payroll	28.57 %	32.39 %	44.39 %	41.07 %	17.04 %
Net OPEB Liability					2018
Service cost					\$ 534,336
Interest					621,125
Changes of benefit terms					0
Difference between expected & actual experience					0
Changes in assumptions & other inputs					(1,114,016)
Benefit payments					<u>(227,947)</u>
Net change in total OPEB liability					(186,502)
Net OPEB liability - beginning					<u>18,119,749</u>
Net OPEB liability - ending					<u>\$ 17,933,247</u>
Covered-Employee payroll					\$ 92,911,582
Net OPEB liability as a percentage of covered-employee payroll					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, 2023**  
**(unaudited)**

The following changes in actuarial assumptions occurred in 2023:

**PENSION RELATED NOTES TO SCHEDULE:**

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

HIS: The municipal rate used to determine total pension liability was increased from 3.54% to 3.65%.

Senate Bill 7024 increased the level of monthly benefits from \$5.00 times years of service to \$7.50, with an increased minimum of \$45.00 and maximum of \$225.00. This change applies to all years of service for both members currently in pay and members not yet in pay.

The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

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, 2022 dated December 29, 2022, except for the following:

The measurement date was updated to September 30, 2023. Liabilities as of the measurement date are based on the results of the September 30, 2023 valuation.

The discount rate was updated from 4.77% as of September 30, 2022 to 4.87% as of September 30, 2023 based on the S&P Municipal Bond 20-Year High Grade Rate Index. This caused a \$432,000 decrease in liabilities.

Per capita baseline costs were updated to reflect 2024 premium rates and census information as of September 30, 2023, which increased the liabilities by \$434,000.

Salary increase, retirement rates, and duty disability rates for Special Risk employees have been updated based on the assumptions used in the Florida Retirement System (FRS) Pension Plan Actuarial Valuation as of July 1, 2023. The net impact of this change is a liability reduction of \$1.6 million.

Health care trend rates have been updated based on updated market data and inflation expectation, which caused \$86,000 increase in liabilities.

Spousal election percentage for future retirees have been updated based on the actual spousal election for existing retirees that have at least one participant under the age of 65 with medical coverage in the 2019, 2021, and 2023 valuation data, which caused \$830,000 liability increase.

The valuation results now include liability for surviving spouses which was not valued in the past. Based on the information provided by the County this year, surviving spouses are allowed to stay on the plan upon retirees' death. This change caused \$145,000 increase in liabilities.

See Report of Independent Auditors

**Leon County, Florida**  
**Notes to the Required Supplementary Information**  
**September 30, 2023**  
**(unaudited)**

The valuation results also reflect two components of life insurance benefit provided by the County: basic and supplemental. Only the basic life insurance benefit was valued in prior valuations. Based on input from the County, 20% of active employees are assumed to elect supplemental life insurance benefit at retirement. We have used 2024 life insurance premium rates in this year's valuation. This change caused a \$1 million increase in liabilities.

The potential impact of the ongoing COVID-19 pandemic on costs and liabilities was considered, but no explicit adjustments to the calculations were made at this time.

The Inflation Reduction Act of 2022 signed into law in August includes numerous changes to future Medicare Part D benefits. However, given that Medicare eligible retirees pay the full cost of coverage, these changes to the Medicare prescription drug coverage would not have any direct impact on the results of the valuation. We will keep you informed of any additional information as guidance regarding these changes become available.

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

See Report of Independent Auditors

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

The Honorable Board of County Commissioners  
Leon County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison statements of Leon County, Florida (the County) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 22, 2024. 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.

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying Management Letter, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies described in the accompanying Management Letter as items 2023-004, 2023-005, and 2023-006 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Management Letter as items 2023-002 and 2023-003 to be significant deficiencies.

### **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Leon County, Florida's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and 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 May 22, 2024.



**Thomas Howell Ferguson P.A.**  
Tallahassee, Florida  
May 22, 2024



**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, 2023. 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, 2023.

**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, 2023, and the related notes to the financial statements, which collectively comprise Leon County, Florida's basic financial statements. We issued our report thereon dated May 22, 2024, 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  
May 22, 2024



**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, 2023**

Federal / State Agency Pass-through Entity Federal Program / State Project	CFDA or CSFA Number	Grant Contract Number	Expenditures	Transfers to Subrecipients
<b>FEDERAL AWARDS</b>				
<b><u>U.S. Department of Agriculture</u></b>				
Pass through Florida Department of Financial Services Schools and Roads - Grants to States	10.665	USFOR2022	\$ 49,288	\$ -
<b><u>U.S. Department of Treasury</u></b>				
Direct Program				
COVID-19 American Recovery Plan Funding	21.027	20-1982-0-1-806	13,283,396	6,464,700
Local Assistance and Tribal Consistency Fund	21.032	LATCF-3187	76,632	-
COVID-19 U.S. Treasury Emergency Rental Assistance Program	21.023	ERA2-0382	1,004,468	4,467
Pass through Florida Department of Emergency Management COVID-19 Cares Act Funding	21.019	Y2272	2,423,468	-
<b><u>U.S. Department of Interior</u></b>				
Direct Program				
Payments in Lieu of Taxes	15.226	Unknown	272,990	-
<b><u>U.S. Department of Justice</u></b>				
Direct Programs				
State Criminal Assistance Program	16.606	15PBJA-21RR-04907 SCAA	14,318	-
State Criminal Assistance Program	16.606	15PBJA-20RR-00504 SCAA	15,538	-
<b>Total CFDA # 16.606</b>			<u>29,856</u>	<u>-</u>
Community Based Violence Intervention and Prevention Initiative	16.045	15PBJA-22-GG-04708-CVIP	274,504	-
Capital Area Real Time Crime Center Operational Research Partnership	16.738	115PBJA-21-GG-04372-SMTP	180,811	-
Pass through City of Tallahassee, Florida Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2020-DJ-BX-0819	29,240	-
<b>Total CFDA # 16.738</b>			<u>210,051</u>	<u>-</u>
Pass through Florida Department of Law Enforcement North Star Multi-Jurisdictional Task Force	16.710	Unknown	2,829	-
Pass through Florida Department of Law Enforcement Project Safe Neighborhoods: City of Tallahassee	16.609	2020-GP-BX-0022 (8H002)	276	-
Project Safe Neighborhoods: Northern District of FL	16.609	15PBJA-21-GG-03010-GUNP B8002	4,841	-
<b>Total CFDA # 16.609</b>			<u>5,117</u>	<u>-</u>
Pass through State of Florida Office of the Attorney General Victims of Crime Act	16.575	VOCA-2022-718	110,809	-
<b><u>U.S. Department of Homeland Security</u></b>				
Pass through Florida Division of Emergency Management Homeland Security Grant Program - EM-SHSGP Federal Grant	97.067	R0476	17,195	-
State Homeland Security Grants Program	97.067	R0582	8,543	-
State Homeland Security Grants Program	97.067	R0469	168,316	-
<b>Total CFDA # 97.067</b>			<u>194,054</u>	<u>-</u>
<b><u>Federal Emergency Management Agency</u></b>				
Pass through Florida Division of Emergency Management Emergency Management Performance Grants	97.036	Z1848	2,351,332	-
Emergency Management Performance Grants	97.036	FEMA-4399-DR-FL	888,762	-
<b>Total CFDA # 97.036</b>			<u>3,240,094</u>	<u>-</u>
EMPG Base Grant	97.042	G0406	88,646	-
<b><u>U.S. Department of State</u></b>				
Pass through Florida Department of State Help America Vote Act - Election Security Grant	90.404	23.e.es.100.036	115,202	-
<b><u>U.S. Environmental Protection Agency</u></b>				
Pass through Florida Department of Environmental Protection USEPA Clean Water Campaign	66.460	NF029	7,498	-
Pass through Florida Department of Revenue Federal Grants Child Support Reimbursement	93.563	COC37	272,891	-
Child Support Enforcement - Title IV D Incentive	93.563	FFY2017	7,567	-
<b>Total CFDA # 97.563</b>			<u>280,458</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 21,669,360</u>	<u>\$ 6,469,167</u>
<i>(continued)</i>				

**Leon County, Florida**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)**  
**Year Ended September 30, 2023**

<u>Federal / State Agency</u> <u>Pass-through Entity</u> <u>Federal Program / State Project</u>	<u>CFDA or</u> <u>CSFA</u> <u>Number</u>	<u>Grant</u> <u>Contract</u> <u>Number</u>	<u>Expenditures</u>	<u>Transfers to</u> <u>Subrecipients</u>
<b>STATE FINANCIAL ASSISTANCE</b>				
<b><u>State of Florida Division of Emergency Management</u></b>				
Direct Projects				
Emergency Management Programs	31.063	A0272	\$ 105,806	\$ -
<b><u>Florida Department of Environmental Protection</u></b>				
Direct Projects				
Belair/Annawood Sewer System Project	37.052	LP01108	343,315	-
FDEPA Springs Restoration	37.052	LP37113	353,350	-
Woodville Sewer Project	37.052	LP37114	71,458	-
<b>Total CSFA # 37.052</b>			<u>768,123</u>	<u>-</u>
Leon County Septic Upgrade Program	37.039	LPF3701	67,500	-
Waste Tire Amnesty Event	37.010	DEP3745DWM	19,738	-
<b><u>Florida Department of Agriculture and Consumer Services</u></b>				
Direct Project				
Mosquito Control	42.003	Unknown	23,069	-
<b><u>Florida Department of State</u></b>				
Direct Project				
State Aid to Libraries	45.030	23-ST-27	107,995	-
<b><u>Florida Department of Juvenile Justice</u></b>				
Direct Project				
Delinquency Prevention	80.029	10697	31,192	-
<b><u>Florida Housing Finance Corporation</u></b>				
Direct Projects				
State Housing Initiatives Partnership Program	40.901	SHIP20	63,850	-
State Housing Initiatives Partnership Program	40.901	SHIP21	431,760	-
State Housing Initiatives Partnership Program	40.901	SHIP22	523,073	-
<b>Total CSFA # 40.901</b>			<u>1,018,683</u>	<u>-</u>
Direct Projects				
HHRP II	40.902	855-2020	12,937	-
<b><u>Florida Department of Law Enforcement</u></b>				
Direct Project				
LCSD Behavioral, Health and Occupational Wellness Program	71.068	3V007	131,312	-
CJDT Implementation Assistance Program	71.044	2022-DTSFA-D2-006	48,642	-
<b><u>Florida Department of Children and Families</u></b>				
Mental Health Mobile Response Team	60.153	B0230	213,638	-
<b>Total Expenditures of State Financial Assistance</b>			<u>\$ 2,548,635</u>	<u>\$ -</u>

**NOTES:**

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

Community Development Block Grant-Entitlement	14.218	\$ 861,980
State Housing Initiatives Partnership Program	40.901	<u>5,760,577</u>
		<u>\$ 6,622,557</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, 2023. 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) Leon County Board of County Commissioners has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

**Leon County, Florida**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2023**

**Section I -- Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
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>
		U.S. Department of Justice
	16.045	Direct - Community Based Violence Intervention and Prevention Initiative
		U.S. Department of Treasury
	21.023	Direct - COVID-19 Emergency Rental Assistance
	21.027	Direct - COVID-19 American Recovery Plan
Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?		Yes

**Leon County, Florida**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended September 30, 2023**

*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), *Rules of the Auditor General* ? No

Findings required to be reported in a management letter pursuant to  
Chapter 10.554(1)(i)3, *Rules of the Auditor General* ? No

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
		Florida Housing Finance Corporation
		Direct Project
	40.901	State Housing Initiatives Partnership Program

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

**Section II -- Financial Statement Findings**

See Findings 2023-001, 2023-002, 2023-003, 2023-004, 2023-005, and 2023-006 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, 2023*

#### **Federal Awards and State Financial Assistance:**

##### **Federal Programs**

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

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

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

##### **State Projects**

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

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

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

## 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, 2023, and have issued our report thereon dated May 22, 2024.

### 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 May 22, 2024, 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.

#### **2022-001 Insurance Recoveries**

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

**2022-002 & 2021-003 Construction in Progress**

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

**2022-003 Purchasing Card Documentation**

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

**2022-004 Employee Benefit Fund Receivables and Payables**

This corrective action is ongoing as of September 30, 2023, and as a result, this is the second consecutive year this specific recommendation is reported. See current year recommendation 2023-001.

**2022-005 Reconciliation of Balances Between Other Constitutional Officers**

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

**2022-006 & 2021-004 MS Access Database Uploads**

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

**2022-007 Fees and Fines Schedule Change Management**

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

**2022-008, 2021-007, 2020-005 & 2019-005 Florida Springs Grant Program, Grant number LP37114 and LP0110E**

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

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

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

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority for the primary government and each component unit of the reporting entity are disclosed in Note I 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, 2023. 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:

### **2023-001 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 unreconciled stale items in the receivable and payable balances reported. These stale and unreconciled items were not considered material, but represent a risk for financial statement misstatement.

**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 was resulting in a netting of balances and left a number of balances that are stale and unreconciled.

**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.*

## **2023-002- BOCC Fixed Asset Disposals**

**Criteria:** The Office of Financial Stewardship's purchasing division sets the policies and procedures regarding the disposal of fixed assets. These policies and procedures are necessary for financial reporting in accordance with the Government Accounting Standards Board (GASB) and to mitigate risks of material misstatement and misappropriation of assets. To sell, trade-in, transfer, cannibalize or dispose of unserviceable or uneconomically repairable equipment, the Board's policies require the Property Custodian to complete and submit a Property Control Form to the Property Control Clerk, outlining the action and the reason(s) for said action, prior to actual disposal. The Board's policies require a thorough review of the annual Tangible Personal Property Report by the Property Control Specialist, Procurement Administrator, and Purchasing Director to ensure complete and accurate information prior to its submission to the Board. The Board's policies require physical inventories be conducted by Property Control in coordination with the appropriate Property Custodian. During the physical inventory, if tangible personal property is found that is not on the property record, action will be taken by Property Control to evaluate it and place it on the Property Record in the department where it was found.

**Condition:** Six of eight samples tested during fixed asset disposal testing had no Property Control Form documenting if the required control process occurred prior to disposal as described in the internal control policies of the Board. A completed Property Control Form was provided for two of eight samples tested during fixed asset disposal testing, one of which was completed after the item had already been disposed.

Four items listed on the fiscal year 2023 Tangible Personal Property Items Report had not actually been disposed of during the current year, three of which went to auction but were never sold, and one of which was an item that was never initially acquired.

**Cause:** The internal controls are not operating as designed, specifically, the requirement for prior approval by both the applicable custodians and premature recording of items as having been disposed.

**Effect:** Management's risk of material misstatement over capital assets reported on the government wide financial statements and the BOCC special-purpose financial statements is increased. Additionally, the annual Tangible Personal Property Items Report presented to and approved by the Board is not accurate. Additionally, these deficiencies lead to increased risk for misappropriation of assets.

**Recommendation:** Management should improve policies and procedures in place to obtain appropriate supporting documentation for all fixed asset disposals, prior to the actual disposal. Management should be performing more routine inspections of physical property to ensure the accuracy of the Tangible Personal Property Items Report.

*Management's response:*

*During an internal review of the current procedures for asset disposal, the Purchasing Division became aware that some of the procedures and controls in place were not consistently being followed. This internal review was conducted simultaneously to the external audit which resulted in similar findings. Subsequently, the Purchasing Director began taking steps to rectify the issues related to asset disposal. A thorough assessment of the Property Custodian records found that the list was outdated; after discussions with each Department, Purchasing now has an accurate index of Property Custodians.*

*To further remedy the audit findings, a mandatory training for all Property Custodians is scheduled for 04/18/2024 and 04/25/2024. The training will apprise the Property Custodians of the requirements associated with the assets under their control, with an emphasis on the documentation necessary for asset disposal, movement, and acquisition. At the conclusion of the training, each Property Custodian will be required to certify in writing their understanding of these requirements (via a form requiring their signature). To assist in keeping the Property Custodian index current and accurate, the Property Control Specialist will require this form to be signed annually by each Property Custodian.*

*The Purchasing Director has implemented a revised documentation system to ensure that fixed assets which go to auction are not marked as disposed until the asset has been sold. Furthermore, the asset will not be removed from the inventory roll until documentation of the sale has been received and uploaded to the relevant property file. As suggested, the Property Control Specialist will begin performing routine and impromptu inspections of fixed assets to ensure the accuracy of the Tangible Personal Property Items Report.*

### 2023-003 BOCC Accounts Receivable Accruals

**Criteria:** A receivable should be recorded once any applicable eligibility requirements have been met including the anticipated return of resources (cost reimbursements), or once an enforceable legal claim to the resources exists.

**Condition:** Management's initial schedules and trial balances either excluded or improperly stated receivable balances. Corrections to the trial balance and supporting schedules were needed to improve reporting.

**Cause:** Two instances were noted where receivable balances were not properly accrued for the month of September 2023.

Additionally, the net receivable balance for the Emergency Medical Services fund was initially understated due to differences in the EMS Allowance for Uncollectibles recorded and the approved estimate.

**Effect:** Management's initially reported balances contained errors that required adjustments. These adjustments included instances of overstatements and understatements. Management's risk for errors in financial reporting in this area is increased.

**Recommendation:** Internal controls should be developed for the routine review of the year-end accounts receivable balances, including whether all schedules' inputs are correctly entered and calculated, as well as whether all accruals have been properly recorded. Management should make improvements to the internal reports used to determine the proper amounts for financial reporting.

*Management's response:*

*Management has reviewed the transactions related to this finding and determined this was related to being unaware of certain expected payments and unclear support from the customer. Management in Finance communicated the need to be aware of any expected receivables to management within the Office of Management and Budget. The Finance department requested to be notified of any billings occurring outside of the Finance department by the County.*

*Additionally, Management has implemented a tracking list of all expected revenue accruals from prior years to be reviewed and updated annually by the end of the fiscal year.*

*The net receivable balance related to the EMS fund was due to staff turnover at the beginning of the fiscal year and new staff unintentionally creating an error within the reconciliation resulting in an inaccurate posting within the fiscal year. The reconciliation file has been updated and the error has since been adjusted.*

## **2023-004 BOCC Manual Journal Entries Process Improvements**

**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.

The Board has developed a set of policies and procedures for the manual recording of journal entries needed for proper financial reporting. While the internal controls are designed to provide reasonable assurance of achieving the entity's objectives, limitations do exist. Such limitations include but are not limited to breakdowns in internal control due to human failures such as simple errors.

**Condition:** Manual journal entries are consistently reviewed and approved by management in accordance with policy. However, the audit identified several manual journal entries that contained errors and were not discovered during the review and approval process. Corrections to the trial balance and supporting schedules were needed to correct the errors identified.

The process for obtaining supporting documentation in certain instances could be improved. During journal entry testing, it was noted that at times, items were recorded via manual journal entry with limited supporting documentation to support the creation and recording of a manual journal entry.

**Cause:** During detailed testing over various audit areas, several instances were noted where a transaction was recorded to the incorrect fund, incorrect account, or in incorrect amounts. These instances were primarily caused by human error and the control not effectively detecting the error.

During testing over interest income, it was noted that the allocation of interest among funds was incorrectly applied to the various funds. While the manual journal agreed to the supporting schedules created, the schedules contained formula errors that resulted in inaccurate reporting that were not detected by the control.

**Effect:** Initially reported amounts were misstated for various funds. Risk of financial statement misstatement is increased.

**Recommendation:** Management should review its internal policies and procedures and consider adding additional controls for the detection of errors in the manual journal process. Additionally, the review should include a more rigorous review of underlying supporting schedules and documents to ensure those schedules are accurate, properly supported, and in line with applicable policy.



*Management's response:*

*During the audit management was made aware of the instances identified by the auditors. While reviewing the transactions, it was determined that the internal controls for review were not sufficiently identifying the errors. This was a result of incorrect calculations, access database documentation review (not the accounting system transaction details,) and approvers rushing during the review process. Management has met with our approving managers to implement a higher standard of review.*

*We will be reviewing original supporting documentation to verify calculations and not a copy, validating the documentation by reviewing accounting system details, and slowing down during the review process to confirm the information and entry provided is accurate.*

**2023-005 – Sheriff Significant Adjustments**

**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.” A “control deficiency” 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 misstatements of the financial statements on a timely basis. One control deficiency that typically is considered significant is identification by the audit of a material misstatement in the financial statements that was not initially identified by the entity’s internal controls. Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

**Condition:** Subsequent to the start of our year-end audit procedures, numerous adjustments were required to be made to prevent the Sheriff’s financial statements from being materially misstated.

**Cause:** The Sheriff’s accounting staff did not provide a year-end trial balance reflecting all necessary accounting entries.

**Effect:** The financial statements would be materially misstated if the significant adjustments were not made.

**Recommendation:** We recommend that the Sheriff evaluate and improve internal controls over financial reporting and implement changes as necessary to detect misstatements in the financial statements. This will ensure accurate and timely financial reporting. The controls should include preparation and review of all workpapers necessary to adjust the financial statements in accordance with generally accepted accounting principles. The Sheriff's accounting staff should post all necessary adjusting journal entries to the general ledger system prior to the audit. The draft financial statements should be reviewed by at least one qualified individual, independent of the preparation process, to identify potential misstatements.

**Management's Response:** *We have reviewed the adjustments made for financial statement presentation and identified the areas for improvement. The primary cause was our accrual process whereby we identify and record liabilities due and reportable as of September 30. To address the issue, we are creating written procedures for liability accruals, classification, and expense prepayments. In addition, we will be training applicable staff on proper treatment and review of the same.*

#### **2023-006 – Sheriff Bank Reconciliation**

**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.

The Sheriff has developed a set of policies and procedures to reconcile each bank account monthly to ensure proper financial reporting. While the internal controls are designed to provide reasonable assurance of achieving the entity's objectives, limitations do exist. Such limitations include but are not limited to breakdowns in internal control due to human errors.

**Condition:** During our testing of bank reconciliations, we noted fiscal year 2024 transactions were included as reconciling items on three separate bank reconciliations. These transactions were dated incorrectly in the general ledger and were incorrectly added as reconciling items to reconcile to the adjusted cash balance as of September 30, 2023. The error was not detected by management's internal controls. One of these reconciling items was material and a journal entry was required to correct the cash balance of the general fund as of September 30, 2023. Additionally, we noted several reconciling items on the bank reconciliations that excluded the payee name, which is not consistent with the Sheriff's policy and reduces the effectiveness of the bank reconciliation process for detecting errors and/or inappropriate transactions.

**Cause:** Oversight of the accounting staff preparing the bank reconciliation and in the review and approval process which did not detect the existence of the error.

**Effect:** The financial statements would be materially misstated if the identified adjustment was not made.

**Recommendation:** Management should review its internal policies and procedures regarding the bank reconciliation process and make changes as necessary. The bank reconciliations should be performed monthly by accounting staff that has an understanding of the bank reconciliation process and generally accepted accounting standards (GAAP). Bank reconciliations should be prepared in a manner that is consistent with policy, and timely reviewed, approved, signed, and dated by a senior level personnel such as the Controller or CFO to identify potential misstatements.

**Management's Response:** *We agree that cash transactions were entered into the accounting system under the incorrect fiscal year. To prevent further occurrences, staff responsible for preparing and supervising the bank reconciliations will be trained in the proper treatment of cash transactions, particularly those occurring at year-end. In addition, because these errors were introduced via journal entry, we will be training staff who prepare entries on proper year-end transaction procedures. Finally, we will prepare written procedures for bank reconciliations and journal entries.*

#### **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  
May 22, 2024



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