

CITIZENS' REPORT

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) PRESENTATION

Fiscal Year Ended September 30, 2008



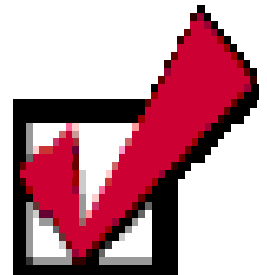
Escambia County, Florida

Prepared by the Clerk & Comptroller's Finance Department



Independent Auditor's Report

- Expresses an unqualified or “clean” opinion on the basic financial statements of Escambia County meaning that the auditor can state without reservation, that the financial statements are fairly presented in all material respects in conformity with generally accepted accounting principles.
- No instances of material weaknesses or reportable conditions were noted in the system of internal control



Statement of Net Assets

Governmental Accounting Standards Board (GASB) Statement 34 – Government-Wide

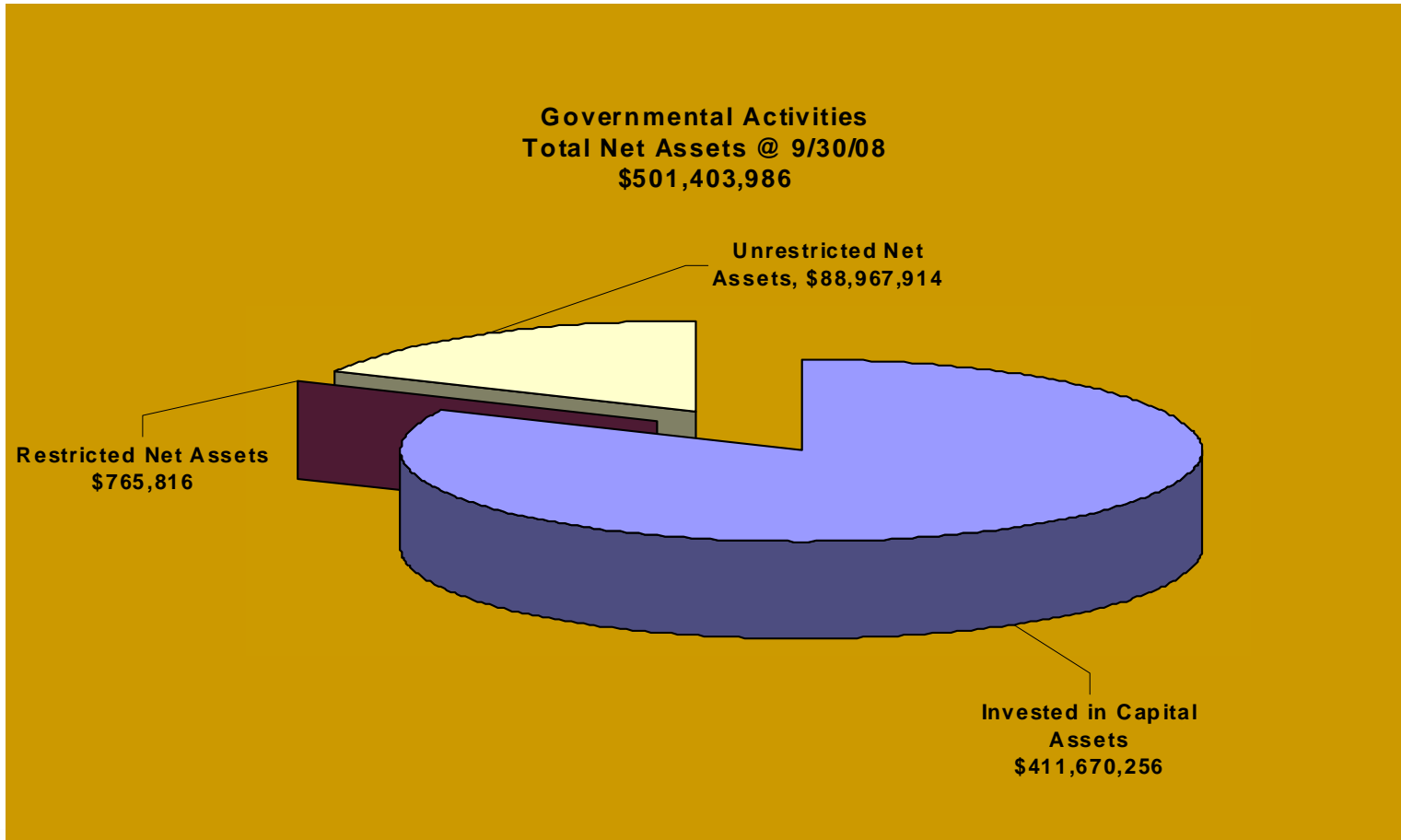
Escambia County, Florida Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$195,310	\$191,614	\$21,905	\$23,774	\$217,215	\$215,388
Capital assets	507,240	506,947	43,156	41,604	550,396	548,551
Total assets	702,550	698,561	65,061	65,378	767,611	763,939
Long-term liabilities	168,351	172,403	16,367	16,302	184,718	188,705
Other liabilities	32,795	38,749	3,115	3,154	35,910	41,903
Total liabilities	201,146	211,152	19,482	19,456	220,628	230,608
Net assets:						
Invested in capital assets net of related debt	411,670	406,635	43,157	41,604	454,827	448,239
Restricted	766	747	0	0	766	747
Unrestricted	88,968	80,027	2,422	4,318	91,390	84,345
	\$501,404	\$487,409	\$45,579	\$45,922	\$546,983	\$533,331

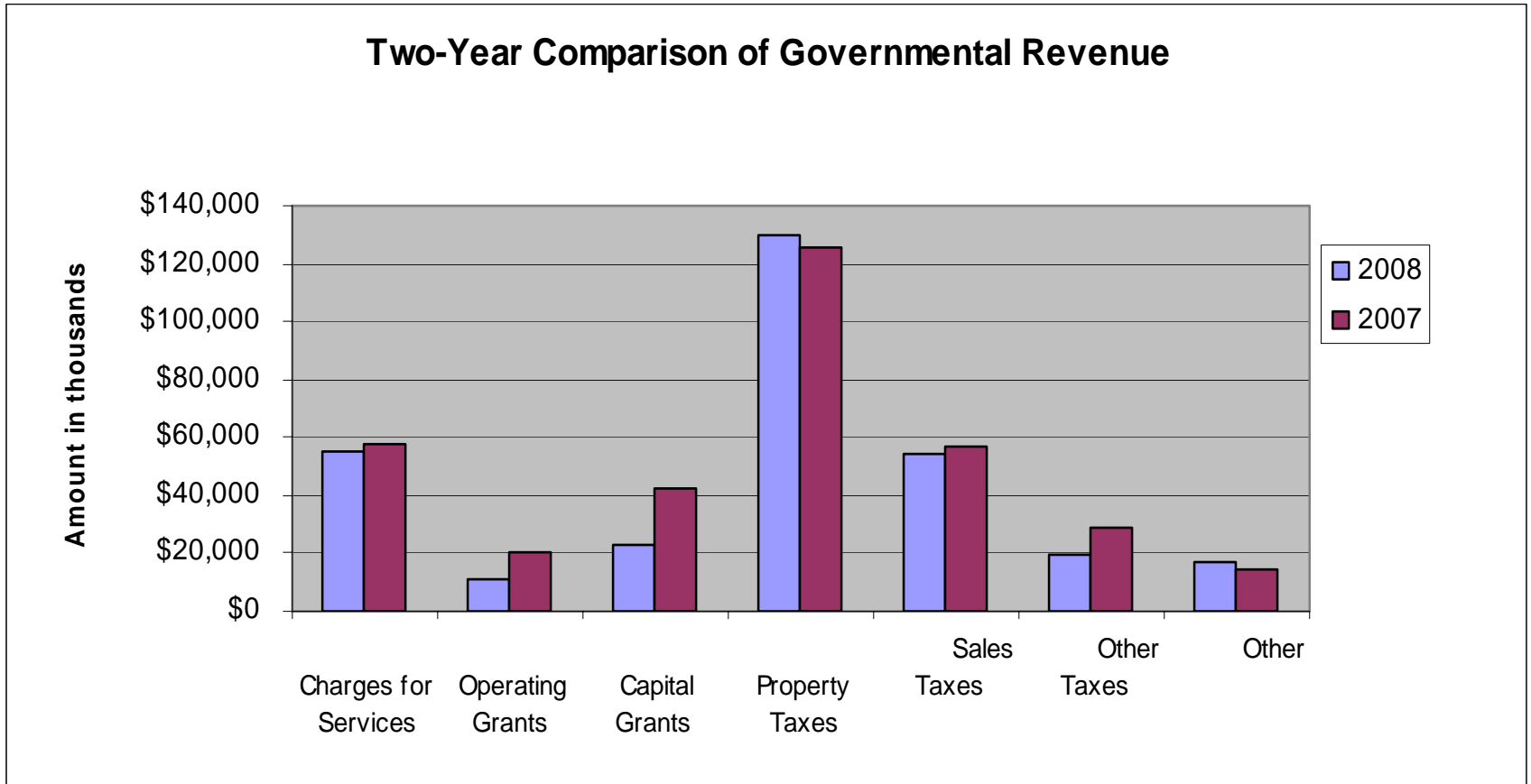


Net Assets

Governmental Activities



Two-Year Comparison

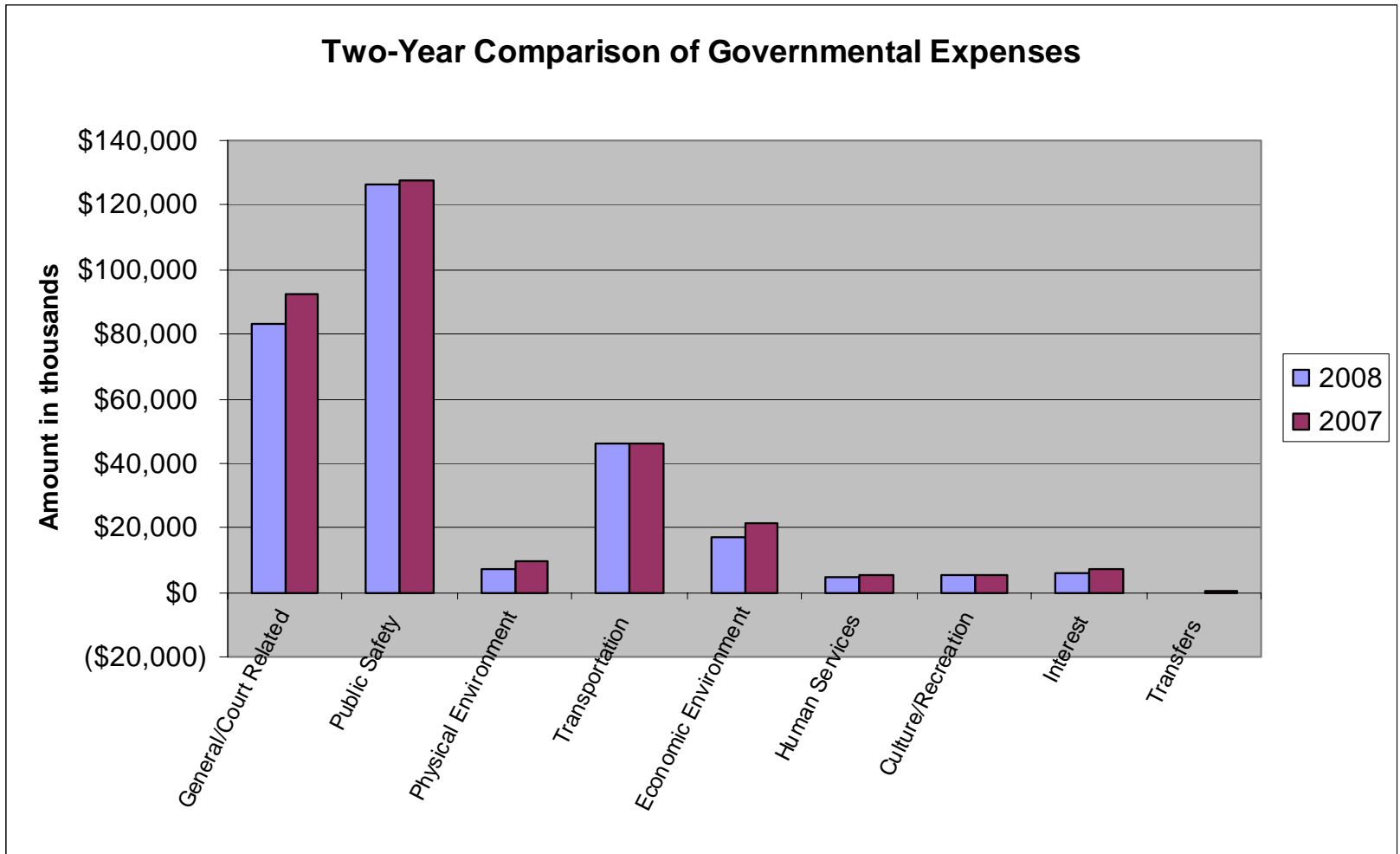


Financial Impacts on Revenue

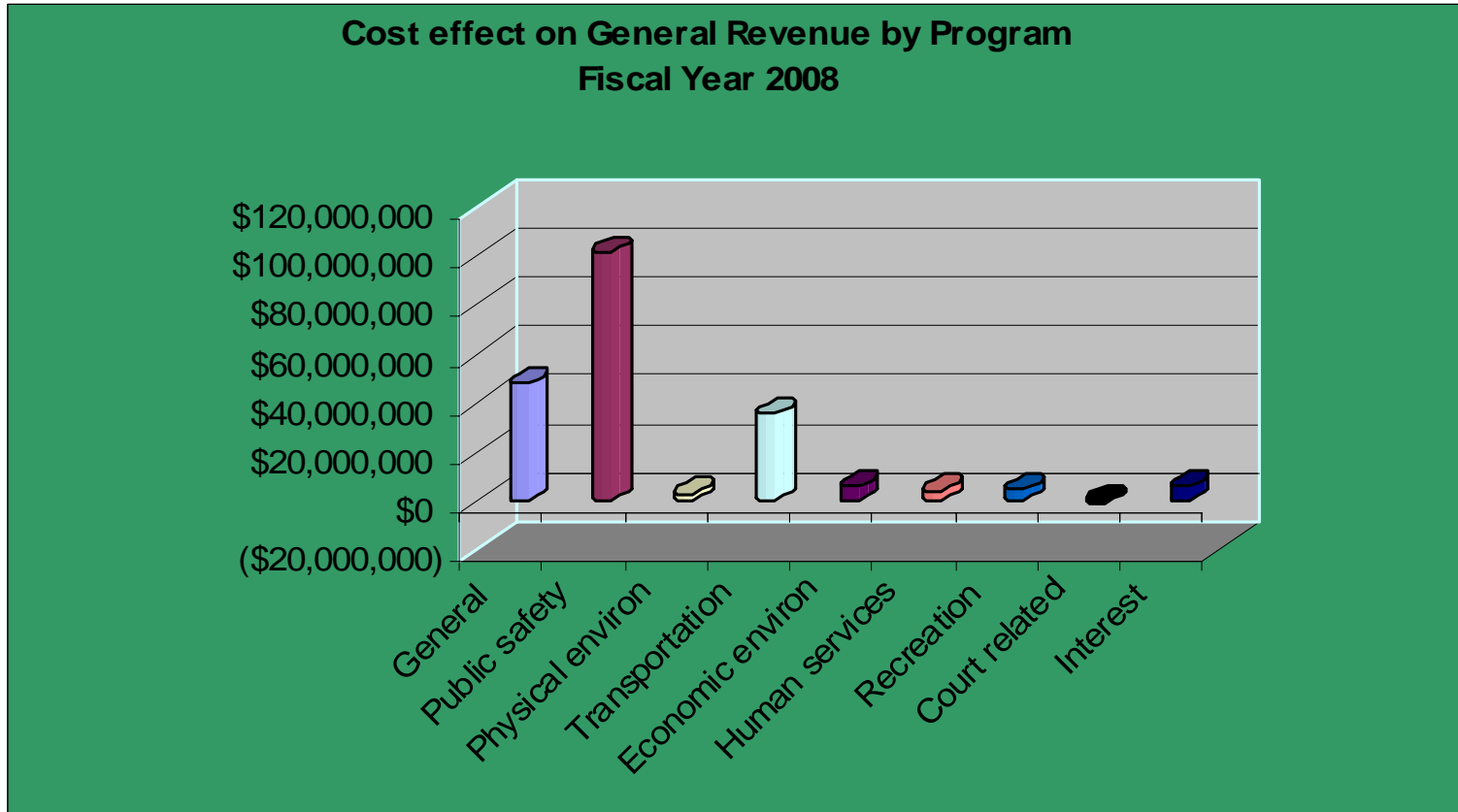
- Governmental revenues decreased \$14 million due to the culmination in FY 07 of numerous hurricane-related housing projects
- Property Tax Revenue increased almost \$5 million, despite the reduction of millage
- Sales Tax revenue decreased approximately \$3 million
- Other Tax revenues decreased \$2.5 million
- Road transportation project reimbursements decreased \$4.3 million
- Interest rate declines reduced interest income approximately \$5 million



Two-Year Comparison of Expenses



Governmental Activities Net (Cost)/Gain



This chart represents the amount of support through taxes and other general revenue required by each function.



Financial Impacts on Expenses (Government-Wide)

- Overall, the County experienced a 10% decline in revenue and a corresponding 6% decrease in expenses for all governmental activities
- One new debt for \$1.5 million was issued for a FNMA Loan to help fund the Hurricane Housing Activity
- The General Fund reduced its subsidy to other funds as follows:
 - ❑ Transportation Fund (\$4,209,757)
 - ❑ Capital Improvement Fund (\$812,642)
 - ❑ Code Enforcement (\$500,000)
 - ❑ Disaster Recovery (\$3,369,407)
 - ❑ Internal Service-Garage (\$450,000)



Capital Purchases

(Governmental Activities)

■ Major Capital Purchases:

□ Governmental Activities

- Road improvements **\$12.7 million**
- Drainage improvements in excess of **\$694,000**
- Right-of-Ways and Sidewalks **\$392,000**
- Pensacola Bay Fishing Bridge **\$3.16 million**
- Various other parks **\$1.08 million**
- Perdido Key improvements **\$569,000**



Capital Purchases

(Governmental Activities)

- Purchase of property on Bauer Road for the Southwest Sports Complex **\$1.4 million**
- Renovations to various County facilities, including the Sheriff's garage, the Pensacola Beach Fire Station, the MC Blanchard Judicial Building's security system, the Old County Courthouse, and the Governmental Complex totaling approximately **\$3.4 million**
- General computer equipment and upgrades **\$818,000**



Capital Purchases

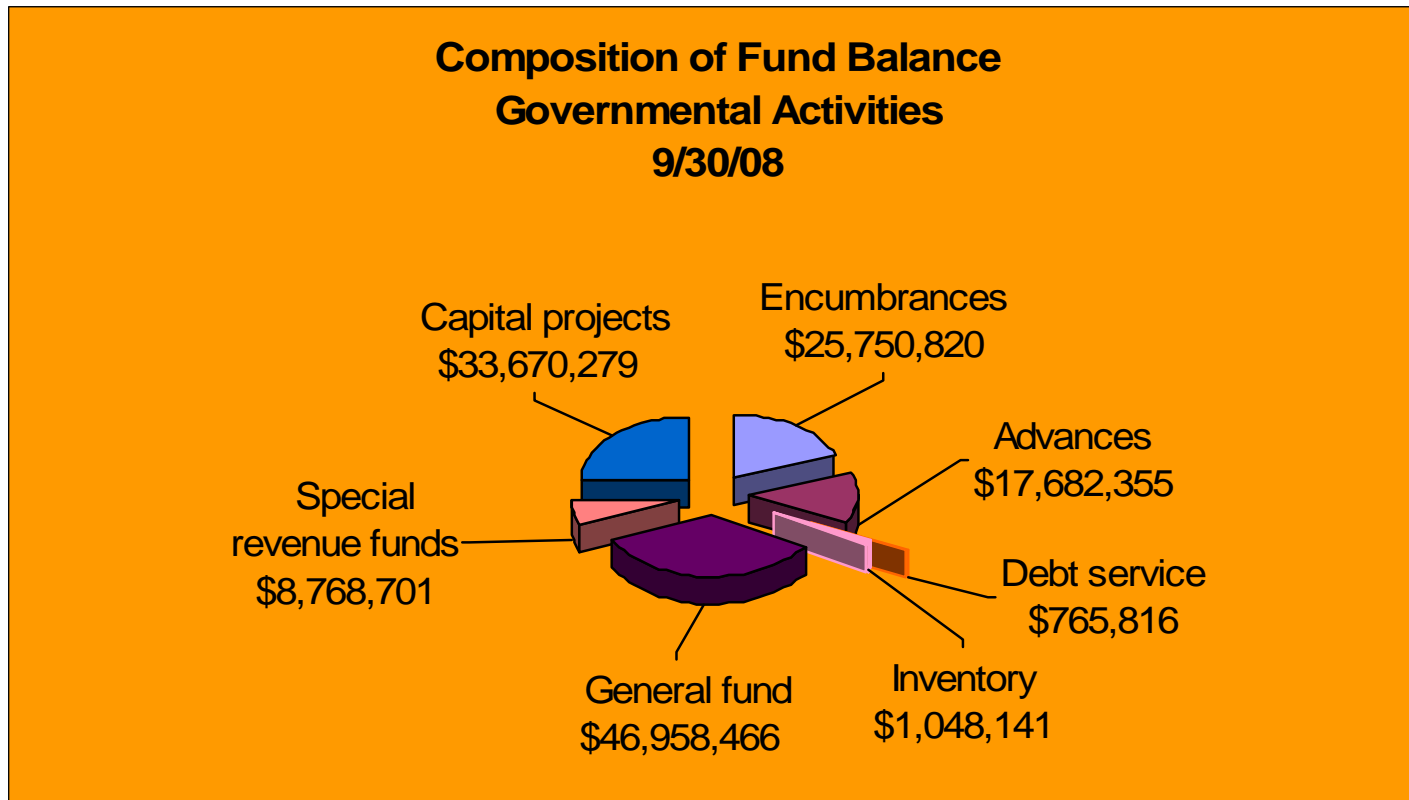
(Governmental Activities)



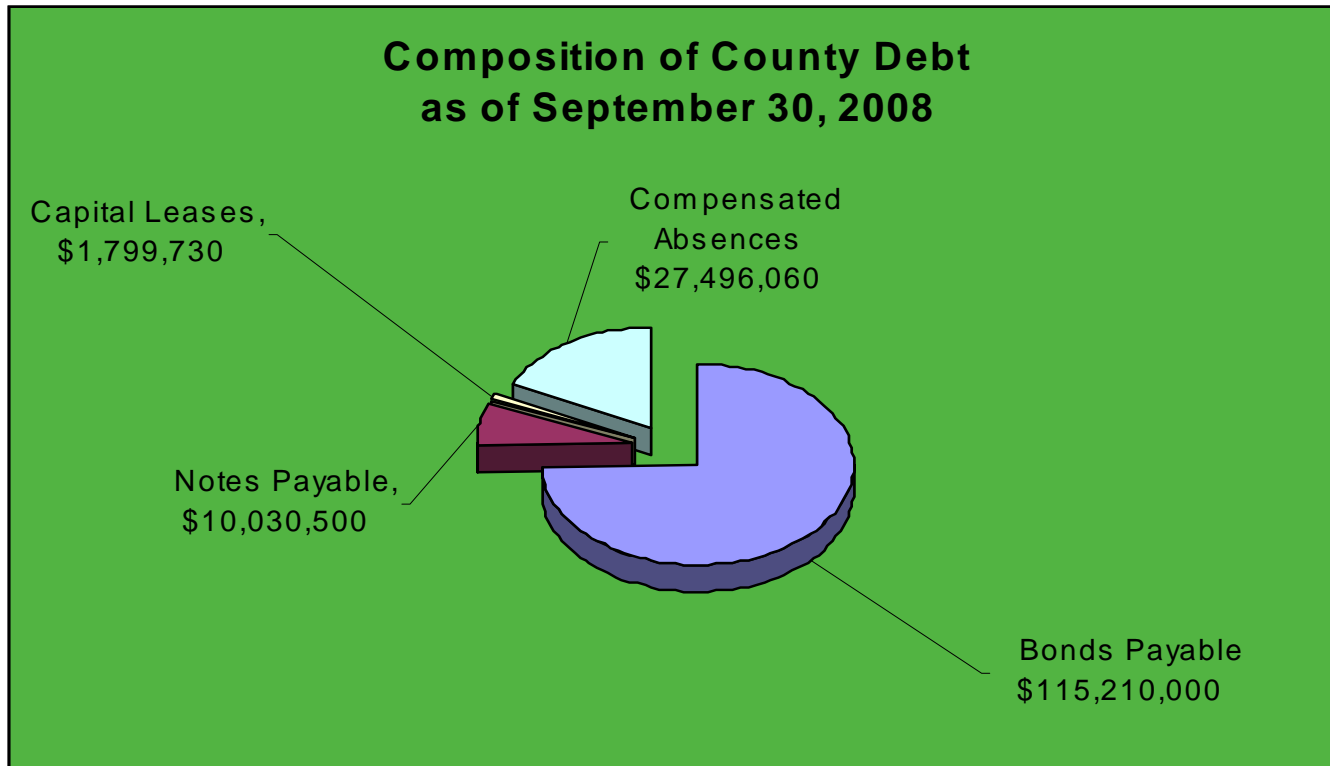
- Road Department heavy vehicles **\$2.84 million**
- Fire Department vehicles and other fire fighting/rescue equipment **\$1.04 million**
- New voting machines and equipment for the Supervisor of Elections **\$824,000**
- New 911 Equipment, along with various vehicles and equipment **\$2.4 million**
- Code enforcement vehicles **\$106,000**
- Mowing equipment and other large vehicles for Parks & Recreation **\$100,000**



Fund Balance – Government-Wide at September 30, 2008



Components of Debt – Governmental Funds



Components of Debt – Governmental Funds (continued)

- Escambia County holds a bond rating from Standard & Poor's of AA- with a stable rating
- Total bonded indebtedness of \$115,210,000 equates to \$389.23 per capita. The bonds are secured solely by specified revenue sources such as:
 - ❖ Toll bridge revenues
 - ❖ Tourist development taxes
 - ❖ Half-cent sales tax
 - ❖ There is no general obligation debt, meaning property tax revenue is not pledged to any of the outstanding bonds



Other Post Employment Benefits (OPEB)

Government-Wide GASB 45

- Effective Date of implementation was 9/30/08
- Improves financial reporting by:
 - Requiring systematic measurement & recognition of OPEB cost over a period that approximates employees' years of service
 - Provides information about the liabilities associated with OPEB and how it is funded
- *Implicit Rate Subsidy*--as required by State Law, Escambia County provides post-employment benefits other than pension in the form of health insurance for retired participants (and their dependents and/or beneficiaries) at the same rate as active participants. Retirees pay a lower premium rate than they would pay if insured separately.



Other Post Employment Benefits (OPEB)

Government-Wide GASB 45 (continued)

- Liability is actuarially determined based on costs, employee participation, length of service, and healthcare cost trends
- No requirement to fund the OPEB liability other than “pay-as-you-go”
- Escambia County paid approximately \$1,303,411 as funding of the implicit rate subsidy for FY 2008



Other Post Employment Benefits (OPEB)

Government-Wide GASB 45 (continued)

For the fiscal year ending	<u>9/30/2008</u>
<u>Determination of Annual Required Contribution (ARC)</u>	
Normal Cost at year end	\$1,617,580
Amortization of UAAL	<u>2,075,850</u>
Annual Required Contribution (ARC)	3,693,430
<u>Annual OPEB Cost and Net OPEB Obligation</u>	
Annual Required Contribution (ARC)	3,693,430
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost (expense)	<u>3,693,430</u>
Employer contributions made	<u>(1,303,411)</u>
Increase in net OPEB obligation	2,390,019
Net OPEB obligation - beginning of year	0
Estimated Net OPEB obligation - end of year	<u><u>\$2,390,019</u></u>

	<u>Net OPEB</u>	
BOCC	\$ 1,193,220	49.93%
Clerk	215,305	9.01%
Property Appraiser	91,146	3.81%
Tax Collector	93,376	3.91%
Supervsr of Elect	24,317	1.02%
Sheriff	<u>772,655</u>	<u>32.33%</u>
TOTAL	<u><u>\$ 2,390,019</u></u>	<u>100%</u>



Other Post Employment Benefits (OPEB)

Government-Wide GASB 45 (continued)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liabilities (AAL) (1)	Unfunded Actuarial Liabilities (UAAL) (2)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
October 1, 2007	\$0	\$35,895,656	\$35,895,656	0	\$152,785,238	23.49%

(1) Actuarial liability determined under the unit credit cost method.

(2) Actuarial liability less actuarial value of assets, if any.

- ❖ This table shows the Actuarially Accrued Liability for OPEB. This amount is not booked on the financial statements anywhere, only the unfunded portion of the current year net obligation is booked at the Government Wide level Statement of Net Assets.



BCC General Fund

Fund Level Activity

	Program Revenues			Net Cost
	Expenses	Charges for Services	Operating Grants & Contributions	
General	\$ 44,035,583	\$16,367,814	\$ 62,474	\$ (27,605,295)
Public Safety	3,717,418	2,462,868	284,865	(969,685)
Physical Environment	671,658	616,260	-	(55,398)
Transportation	304,697	-	-	(304,697)
Economic Environment	491,979	-	-	(491,979)
Human Services	3,395,418	-	90,963	(3,304,455)
Culture & Recreation	2,090,672	169,953	-	(1,920,719)
Court Related	-	1,021,495	-	1,021,495
Interest on debt	-	-	-	-
	\$ 54,707,425	\$20,638,390	\$ 438,302	\$ (33,630,733)

Property Taxes	130,008,956
State Shared Revenue	7,396,977
Sales Taxes	20,076,803
Gas Taxes	241,380
Unrestricted Interest	2,307,953
Sale of Assets	73,732
Miscellaneous Revenues	395,352
Transfers	(111,750,599)
Total Revenues & Transfers	<u>48,750,554</u>
Change in Net Assets	<u><u>\$ 15,119,821</u></u>



BCC General Fund

Fund Level Activity (continued)

Transfers Out went to:		Percent
Transportation Fund	\$ 7,369,561	6.2%
Debt Service	7,115,997	5.9%
Mass Transit	2,698,775	2.3%
CRA--TIF	2,662,037	2.2%
Southwest Sector	3,229,125	2.7%
Article V	297,163	0.2%
Code Enforcement	300,000	0.3%
Property Appraiser	7,081,723	5.9%
Tax Collector	4,735,866	4.0%
Clerk & Comptroller	2,120,427	1.8%
Sheriff	79,975,000	66.8%
Supervisor of Elections	2,147,007	1.8%
	<u>\$ 119,732,681</u>	<u>100.0%</u>

Transfers In came from:		Percent
Article V	\$ 546,922	6.9%
Fire Protection	231,176	2.9%
E-911 Fund	613,060	7.7%
Capital Improv Fund	559,486	7.0%
LOST	4,000,000	50.1%
Building Inspections	133,320	1.7%
Clerk & Comptroller	139	0.0%
Sheriff	44,814	0.6%
Prop Appraiser	835,425	10.5%
Tax Collector	1,017,740	12.8%
	<u>\$ 7,982,082</u>	<u>100.0%</u>

Overall, there was an \$8 million reduction in the amount transferred out of the General Fund in FY 08 compared to FY 07



Mass Transit including FTA Grant Fund

	Expenses	Program Revenues			Net Cost
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Transportation	\$ 8,391,854	\$ 1,051,115	\$ 4,182,152	\$ 475,671	\$ (2,682,916)
Interest on debt	23,730				(23,730)
	<u>\$ 8,415,584</u>	<u>\$ 1,051,115</u>	<u>\$ 4,182,152</u>	<u>\$ 475,671</u>	<u>\$ (2,706,646)</u>

General Revenues:

Unrestricted Interest	34,498
Miscellaneous Revenues	31,914
Transfers In from General Fund	<u>2,698,775</u>
Total Revenues & Transfers	<u>2,765,187</u>
Change in Net Assets	<u><u>\$ 58,541</u></u>

- ✓ The subsidy from the General Fund increased 29% over last year's subsidy
- ✓ 82% of revenue comes from FTA and FDOT grants
- ✓ Passenger revenue comprises 18% of program revenue



Tourist Development Tax (TDT) Fund

	Expenses	Program Revenues		Net Cost
		Charges for Services		Governmental Activities
Physical Environment	\$ 288,369	\$ 2,294		\$ (286,075)
Economic Environment	2,965,960	-		(2,965,960)
	<u>\$ 3,254,329</u>	<u>\$ 2,294</u>		<u>\$ (3,252,035)</u>

General Revenues:

Tourist Development Taxes	\$ 5,532,834
Unrestricted Interest	124,899
Miscellaneous Revenues	30,001
Transfers (Out)	<u>(1,929,311)</u>
Total	<u>3,758,423</u>
Change in Net Assets	<u><u>\$ 506,388</u></u>

- The first 3 cent collections for fiscal year 2008 were \$4,143,120
- The 4th cent collections for fiscal year 2008 were \$1,381,040
 - This represents approximately a 5% increase over last year's collections



TDT Fund

(Continued)

- In accordance with Florida Statute (FS) 125, the local ordinance allows the 3 cent TDT to be used for the following:
 - ❑ Repair and maintenance of the Civic Center
 - ❑ Financing beach improvements
 - ❑ A minimum of 30% of collections for the promotion of tourism
 - ❑ \$200,000 annually for the renewal and replacement of the Civic Center
 - ❑ Other lawful purposes permitted under FS 125
- In accordance with FS 125, the local ordinance allows the 4 cent TDT to be used for the following:
 - ❑ To construct a multi-use sports facility (Ashton-Brosnaham)
 - ❑ Or a convention center, or museums that are publicly owned
 - ❑ To promote and advertise tourism in Escambia County, including activities, services, venues, or events which have as one of their main purposes the attraction of tourists



Disaster Recovery Fund

	Program Revenues			Net Cost
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
General Government	\$ 284,241	\$ -	\$ -	\$ (284,241)
Public Safety	16,423,164	-	-	(16,423,164)
	<u>\$ 16,707,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,707,405)</u>

General Revenues:	
Unrestricted Interest	28,279
Change in Net Assets	<u>\$ (16,679,126)</u>

- ✓ There is no program revenue for this fund
- ✓ There is currently an outstanding loan from Local Option Sales Tax of \$17,682,355 awaiting disposition. The County is waiting for FEMA to close out the remaining Project Worksheets for Hurricanes IVAN and DENNIS in order to calculate how much of this loan will need to be covered by the General Fund



Transportation Fund

	Program Revenues			Net Cost
	Expenses	Charges for Services	Operating Grants & Contributions	Governmental Activities
Public Safety	\$ 5,231,917	\$ 237,013	\$ -	\$ (4,994,904)
Physical Environment	-	12,338	2,000	14,338
Transportation	18,346,965	3,350	266,397	(18,077,218)
	<u>\$ 23,578,882</u>	<u>\$ 252,701</u>	<u>\$ 268,397</u>	<u>\$ (23,057,784)</u>

General Revenues:

Gas Taxes	11,914,467
Unrestricted Interest	122,868
Miscellaneous Revenues	26,919
Transfers In from General Fund	7,369,561
Transfers In from Solid Waste	201,000
Total Revenues & Transfers	<u>19,634,815</u>
Change in Net Assets	<u>\$ (3,422,969)</u>



Local Option Sales Tax (LOST) Funds

(LOST I, II, and III combined)

	Expenses	Program Revenues		Net Cost
		Charges for Services	Capital Grants & Contributions	Governmental Activities
General Government	\$ 3,285,536	\$ -	\$ 138,308	\$ (3,147,228)
Public Safety	4,189,501		1,709,323	(2,480,178)
Physical Environment	100,142		-	(100,142)
Transportation	13,211,195		1,206,202	(12,004,993)
Culture & Recreation	5,640,053	161,091	400,000	(5,078,962)
Court Related	380,320	-		(380,320)
	<u>\$ 26,806,747</u>	<u>\$ 161,091</u>	<u>\$ 3,453,833</u>	<u>\$ (23,191,823)</u>

General Revenues:

Sales Taxes	\$ 34,326,319
Unrestricted Interest	1,198,308
Sale of Assets	505,698
Miscellaneous Revenues	27,709
Transfers In	1,583,158
Transfers (Out)	<u>(4,998,658)</u>
Total Revenues & Transfers	<u>32,642,534</u>
Change in Net Assets	<u>\$ 9,450,711</u>

- ❖ Sales Tax revenue decreased 4.59% from last year
- ❖ Parks & Rec maintenance costs increased \$233,506 over last year as more operational and maintenance costs are shifted from the General Fund to the LOST Fund.



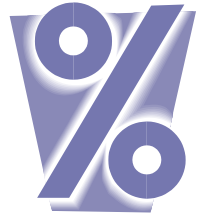
Construction Commitments at September 30, 2008

■ Engineering Services	
❖ Building	\$400,256
❖ Road Paving & Drainage	\$992,359
❖ Perdido Key	\$7,183,963
❖ Parks	\$820,756
❖ Solid Waste	\$65,784
■ Building Construction	\$2,535,544
■ Road Contracts	\$4,286,687
■ Other Construction	<u>\$8,423,005</u>
■ Total Commitments	<u>\$24,708,354</u>



Escambia County Ratios

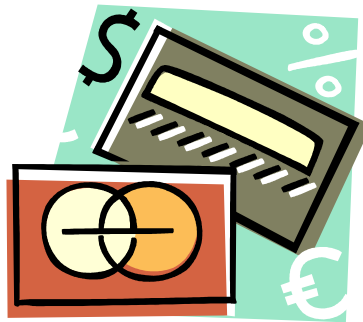
- The General Fund has approximately 10 months worth of operating expenditures in unrestricted fund balance
- The ratio of current assets to current liabilities in the governmental activities is 5.91
- Approximately 16% of all the governmental revenue is received through grants
- Property Tax revenue is approximately 72% of the General Fund's total revenue



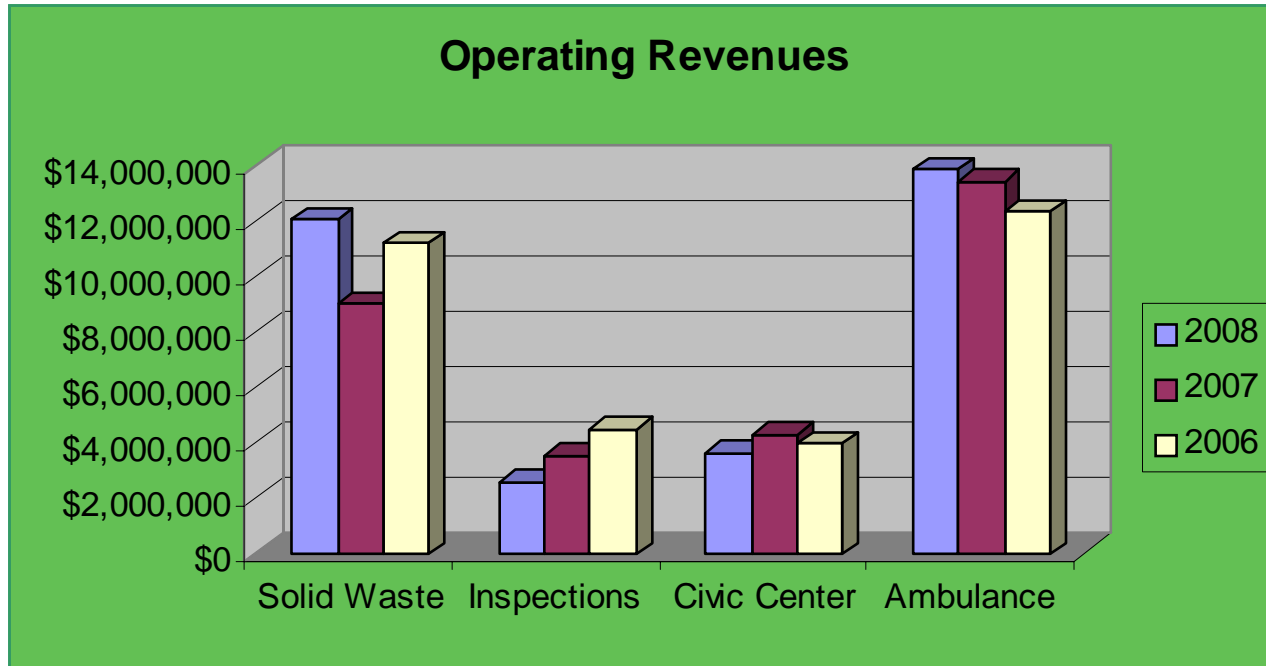
Escambia County Ratios

(continued)

- Debt Service to Total Expenditures = 3.72%
- Total Expenditures per Capita = \$520



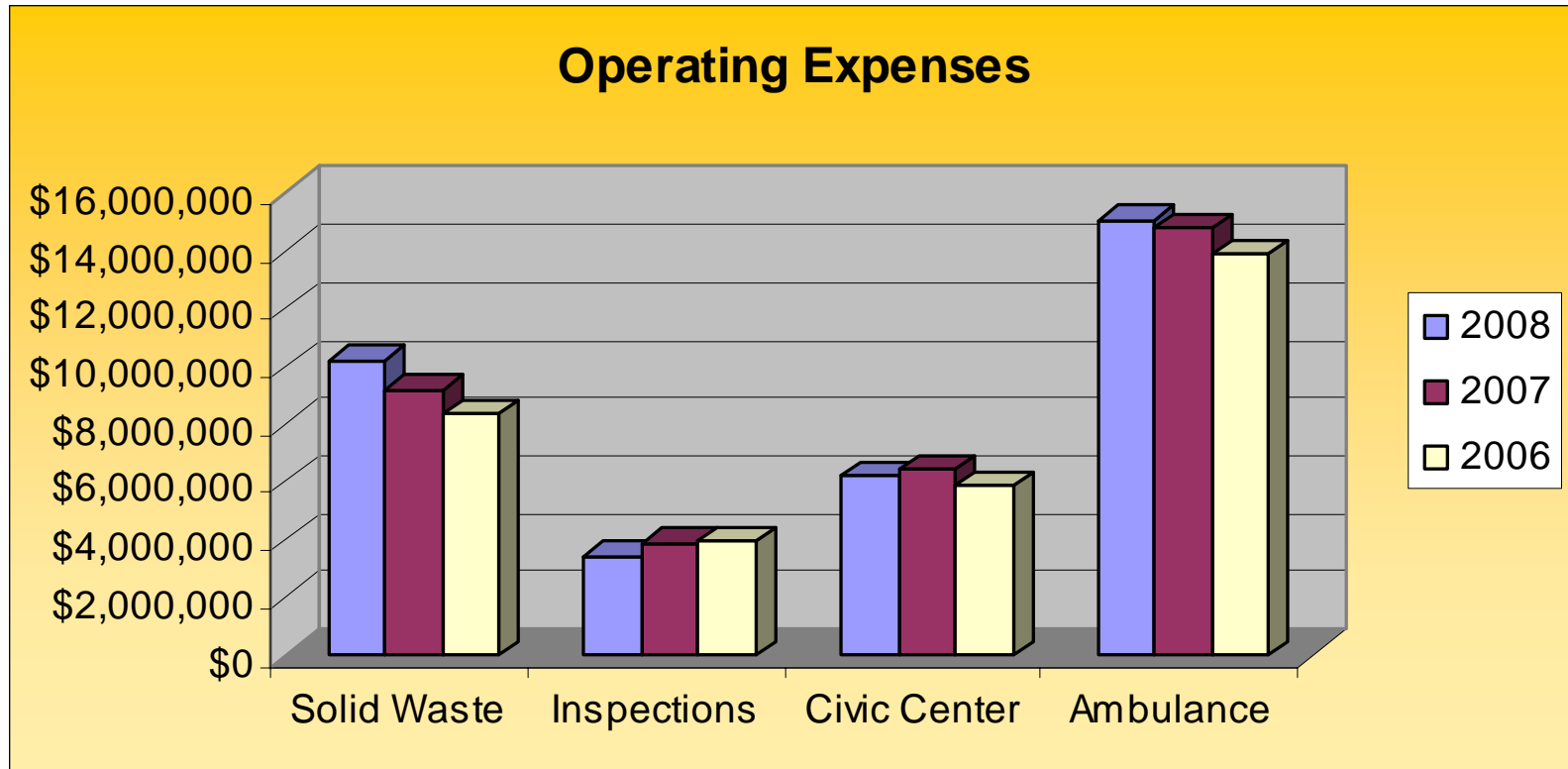
Enterprise Funds Operating Revenues



- The Solid Waste Fund experienced a 35% increase in charges for services revenue.
- The Inspections Fund continues to experience a decline in the number of permits issued. In FY 2008, there was a 28% decrease.
- The Civic Center experienced a 15.8% decrease in revenues.
- The Ambulance Fund experienced a 3% increase in their charges for services revenue.



Enterprise Funds Operating Expenses

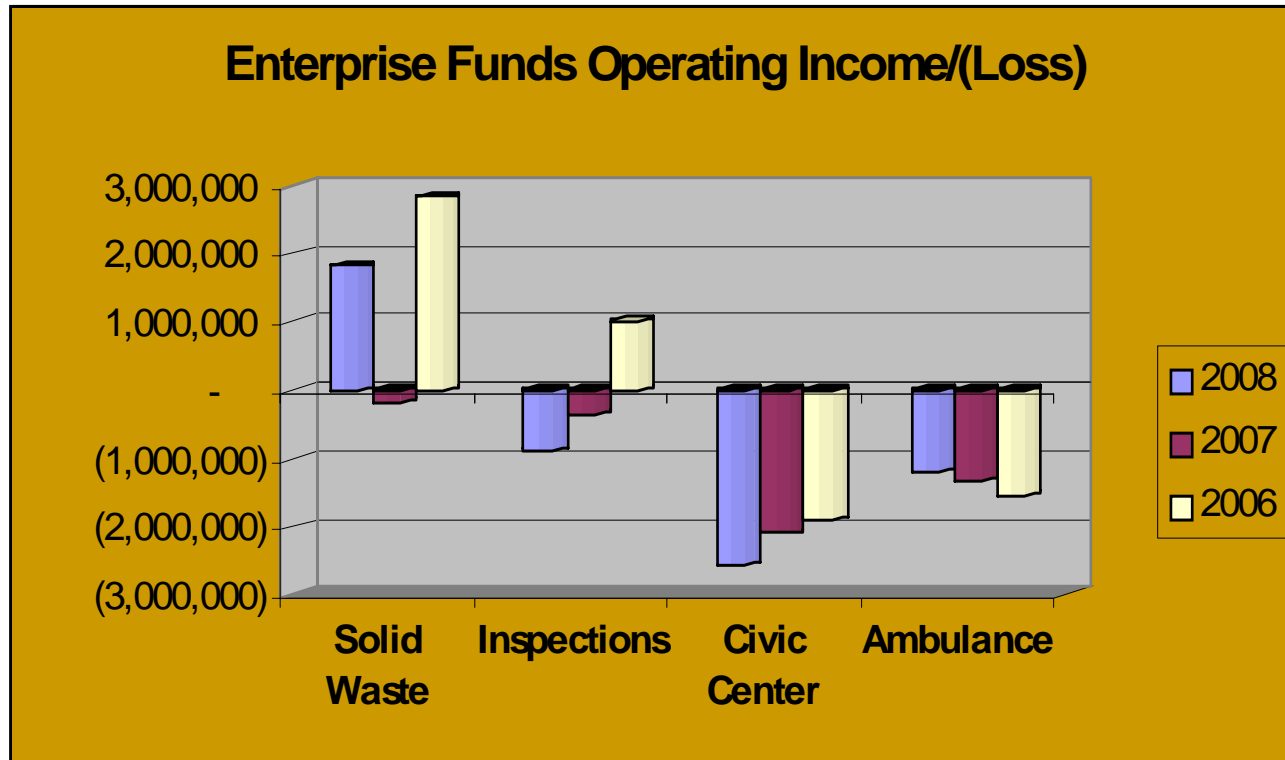


- The Solid Waste Fund experienced an overall 11.55% increase in operating expenses.
- The Inspections Fund decreased salaries by 12.9%, along with modest decreases in other operating expenses.
- The Civic Center decreased expenses slightly by just a little over 3%
- The Ambulance Fund saw an 80% increase in insurance costs, along with an increase in the bad debt write-off.



Enterprise Funds Operating Income/(Loss)

The graph below compares the operating expenses to the operating revenues. It does not reflect any transfer to or subsidy from another fund.



- Inspections, Civic Center and Ambulance Funds are all operating at a net loss. The next few slides will address each fund specifically.



Financial Impacts on Enterprise Funds

Solid Waste Fund

- Even though expenses increased 11%, Charges for Services revenue increased 35% thereby offsetting the increase in expenses.
- Estimates for landfill closure costs decreased \$582,369 due to the landfill mining efforts that were started in FY08 allowing new cells to open.
- Solid Waste transferred \$500,000 to Code Enforcement.



Financial Impacts on Enterprise Funds

(continued)

Inspections Fund

- ❑ Experienced a 28.1% decrease in licenses and permits revenues directly attributable to the diminished activity in the housing and commercial real estate market in general.
- ❑ Even with decreases in salaries expense of 12.9% and modest decreases in materials, travel, utilities and miscellaneous expenses, the revenue generated was not sufficient to cover the costs, thereby generating an operating loss of \$870,636.



Financial Impacts on Enterprise Funds

(continued)

Ambulance Fund

- While a 3% increase in charges for services revenue is helpful, if the revenue is not collectible, then the fund will experience a cash flow problem. Currently, 57% of the accounts receivable is aged over 180 days.
- This increase was offset by the following increased expenses:
 - ❑ Salaries & benefits 1.42%
 - ❑ Materials & Supplies 10.2%
 - ❑ Insurance 80%
 - ❑ Maintenance (14.67%)
 - ❑ Write off of bad debt 11.19%
- The General Fund did not charge any indirect costs to the Ambulance Fund in FY 08, helping to reduce the Ambulance Fund's operating loss.



Financial Impacts on Enterprise Funds (continued)

Civic Center Fund

- 15.8% decrease in operating revenues compared to a 3.3% decrease in operating costs
- Cash subsidy in FY 2008 equaled \$773,615
- After the TDT transfer, the net loss in FY 2008 was (\$1,204,959) compared to a net loss in FY 2007 of (\$1,002,932)
- TDT transfer to the Civic Center in FY 2008 increased \$281,941, a 26.7% increase



Business-type Capital Assets

- Major purchases in FY 2008
 - Solid Waste:
 - Buildings \$216,076
 - Improvements \$1,154,117
 - Equipment \$2,656,467
 - Of these amounts, \$122,650 was purchased by LOST and contributed to the Solid Waste Fund



Business-type Capital Assets

(continued)

- Civic Center:
 - Improvements to Building \$166,432
 - Equipment \$28,890

- Building Inspections:
 - Equipment \$33,434

- Ambulance Fund:
 - Equipment \$1,528,685
 - Of this amount, \$1,524,541 was purchased with LOST and contributed to the Ambulance Fund



THE END

Thank you for your attention.

Additional Financial Reports are available at:
www.escambiaclerk.com

