

CITIZENS' REPORT

ESCAMBIA COUNTY, FLORIDA

For the fiscal year ended September 30, 2003



From
The Honorable Ernie Lee Magaha
Clerk of the Circuit Court

Prepared by
The Finance Department
Wanda M. McBrearty, CPA, CGFO
Deputy Finance Director



Report to the Citizens

We are pleased to present the Citizens' Report of Escambia County, Florida, for the fiscal year ended September 30, 2003. This report has been prepared by the Finance Department of the Clerk of the Circuit Court to inform residents about Escambia County's financial condition. It is suitable for those readers who desire an overview or summary of the County government and its financial condition.

The Florida Constitution over 150 years ago established the Clerk of the Circuit Court as an elected public trustee with wide and varied mandated duties. The Clerk is responsible for maintaining the records of the Circuit and County Courts and acts as the ex officio Clerk of the Board of County Commissioners, auditor, recorder and custodian of all County funds. The Honorable Ernie Lee Magaha was elected and has served as Clerk of the Circuit Court since 1957.

The Clerk of the Circuit Court's office provides for Court Services which includes operating the Circuit and County Judicial system; provides financial and record keeping services for the Board of County Commissioners; records and maintains all official records of the County; and provides administrative support in the form of operational services and management information systems (MIS).

The financial information in this report is presented in a condensed and summarized form and does not substitute for the County's detailed Comprehensive Annual Financial Report (CAFR). The Escambia County CAFR provides in detail the financial position and financial changes for each year presented in conformity with generally accepted accounting principles. The CAFR is available through the Clerk's Web site should you require additional data (www.clerk.co.escambia.fl.us). Unlike the CAFR, this Citizens' Report is unaudited and is provided for informational purposes. This report includes all funds and account groups for primary government, but it does not contain information on major components of our organization (Santa Rosa Island Authority, the Housing Finance Authority, the Escambia County Law Library Board and the Civil Service Board).

In keeping with our commitment to excellence, we proudly present this user-friendly document to you. We hope that this report will give you a better understanding of Escambia County government's financial condition. We welcome your suggestions and comments to improve this presentation. In closing, we would like to acknowledge the hard work of Patty Sheldon, CPA, CGFO, CPFO, and Arlene Curb in preparing this report.

Respectfully submitted,

Ernie Lee Magaha

Clerk of the Circuit Court

Wanda M. McBrearty, CPA, CGFO

Deputy Finance Director

General Information

Escambia County's history dates back to the sixteenth century when it became a place where the Spanish explorers traded with the Indians. Through such trading activities the County developed its name, "Escambia," which comes from the Spanish meaning "to barter." Because of the area's strategic importance to many countries, it changed hands thirteen times during the seventeenth and eighteenth centuries. Five powers flew their flags over the area during these two hundred years: Spain, France, Great Britain, Southern Confederacy and the United States of America.



The County was established in 1821 and encompasses approximately 661 square miles, 420,480 acres, with an additional 64,000 acres of water area. The population is currently estimated at 297,280.

Escambia is located in the extreme northwestern part of the State of Florida, bordered on the west and north by Alabama, on the east by Santa Rosa County and the south by the Gulf of Mexico. The County is labeled by the Area Chamber of Commerce as "The Western Gate to the Sunshine State," and is known for its superb year-round climate and sugar-white sand beaches. There are two municipalities within the County: the Town of Century and the City of Pensacola, which is the County seat.

Escambia County is known as the "Cradle of Naval Aviation" and is the nucleus of four Navy bases. Pensacola is proud to be the home of the "Blue Angels," the Navy's flight demonstration team, and the National Museum of Naval Aviation, one of the largest museums of its kind. Escambia County provides education to more than 43,300 students from elementary school through high school with continuing education provided through 1 two-year college and 3 four-year colleges. Medical facilities are provided through four hospitals located in the County, all of which have surgical centers. The area provides any number of cultural events, festivals and museums.



Governmental Structure

Escambia County is organized as a non-charter government established by the Constitution of the State of Florida. The Board of County Commissioners is responsible for adopting ordinances and resolutions which govern the County. The Board of County Commissioners report is included on the opposite side of this report. Separate powers for operation of specific functions of the County government are provided through five elected Constitutional Officers:

Clerk of the Circuit Court



The responsibilities of the Honorable Ernie Lee Magaha, Clerk of the Circuit Court, are discussed in depth in the "Report to the Citizens" and "Fiscal Responsibility" sections within this report.

Supervisor of Elections



The Honorable Bonnie Jones, as Supervisor of Elections, is the Chief Election Officer of the County, official custodian of the voting records and has exclusive control of matters pertaining to registration and voting.

Tax Collector



The Honorable Janet Holley, Tax Collector, is responsible for billing, collecting, and disbursing real estate and tangible personal property taxes and non-ad valorem assessments. She is responsible for processing vehicle, vessel, and mobile home titles and registrations; issuing occupational, hunting and fishing licenses; and issuing fire sale and going out of business permits. Driver license services are offered at two of her five offices.

Property Appraiser



The Honorable Chris Jones, Property Appraiser, identifies, locates and values all property within the County for ad valorem tax purposes. Mr. Jones is also responsible for administering exemptions, mapping all parcels and classifying agricultural lands.

Sheriff



The Honorable Ron McNesby, Sheriff, in person or by deputy is mandated to: execute all process of the Courts and Boards of County Commissioners of this state to be executed within Escambia County. Sheriff McNesby, in person or by deputy, is mandated to be conservator of the peace in Escambia County; suppress tumults, riots and unlawful assemblies; and to perform other such duties as may be imposed upon them by law.

Financial Condition



The future is bright for Escambia County and its residents. Efforts toward creating a positive business environment are paying off. The strong vitality of the area is the result of collaborative efforts taking place among local governments, other public organizations and the private sector.

The overall financial condition of the County continues to improve. Although the property tax millage remained at 8.756, an increase in assessed property values allowed the County to realize an increase in ad valorem revenue from the previous fiscal year. The County continues to update capital improvement plans to adequately forecast long-term needs. A firm commitment to planning, together with enhanced economic development efforts and strong civic leadership should result in sufficient revenue growth to sustain the quality of life enjoyed by our residents and propel the area's economy to new heights.

Following are financial summaries based upon a condensed view of the County's funds and account groups as of September 30th, the end of the County's fiscal year. The financial summaries group both governmental operations and enterprise operations together and present the data in aggregate.

Governmental Operations are those primarily supported by tax dollars for services such as law enforcement, transportation and capital project activities. The Governmental Operations encompasses all the activity of the County's Elected Officials with exception of the Enterprise Operations.

Enterprise Operations offer goods and services of the County for sale and are intended to be self-supporting. The County has the following Enterprise Funds:

- Solid Waste Fund
- Inspection Fund
- Ambulance Fund
- Civic Center Fund
- Economic Development and Industrial Fund

Ad Valorem Taxes

ASSESSED VALUES

Fiscal Year	Assessed Value	Tax Collections	Millage Rates
1994	\$6,891,962,230	\$47,552,338	8.817
1995	\$7,051,257,770	\$49,531,953	8.817
1996	\$7,330,933,580	\$49,167,620	8.789
1997	\$7,538,325,190	\$50,841,281	8.756
1998	\$8,408,675,280	\$53,178,162	8.260
1999	\$9,187,553,282	\$61,519,272	8.756
2000	\$10,483,805,990	\$65,340,474	8.756
2001	\$11,231,095,470	\$71,605,263	8.756
2002	\$11,673,095,374	\$76,446,757	8.756
2003	\$12,598,404,891	\$79,837,671	8.756

Source: Escambia County Property Appraiser

Fiscal Responsibility

The fiscal responsibility for Escambia County is divided between the Board of County Commissioners and the Clerk of the Circuit Court. The State of Florida Constitution vests separate powers to the County Officers to provide checks and balances within the County government that help protect and safeguard the assets of the County.

The Board of County Commissioners is responsible for establishing policies and managing the county departments through the County Administrator. The Board adopts the annual budget that governs expenditures for all departments and Constitutional Officers.

The Clerk of the Circuit Court is designated as the accountant, auditor and custodian of funds for the Board of County Commissioners. As **accountant**, the Clerk's Office maintains the accounting system and prepares all financial statements and reports. As **auditor**, the Clerk's Office pre-audits all expenditures to assure correctness, policy compliance and legality prior to payment. Also as auditor, the Clerk's Office performs internal audits to identify control weaknesses and make recommendations of improved controls. As **custodian of funds**, the Clerk's Office is responsible for maintaining all funds of the Board of County Commissioners. Cash collection controls and timely deposits are established to prevent theft and to maximize investable funds. The investment portfolio is invested in accordance with policy to protect principal, provide liquidity and maximize yield.



Investment Policy

As of September 30, 2003, the County's investment portfolio totaled over \$147 million. Although most of this money is obligated to various projects, it is invested to provide interest income that is depended upon as a revenue source. The County's Investment Ordinance and Policy sets forth specific criteria for all investments. The policy requires monthly reporting of portfolio activity to the Board of County Commissioners by the Clerk of the Circuit Court's Office and provides for oversight by an investment advisory committee comprised of appointed citizens, the County Administrator and the Clerk of the Circuit Court.

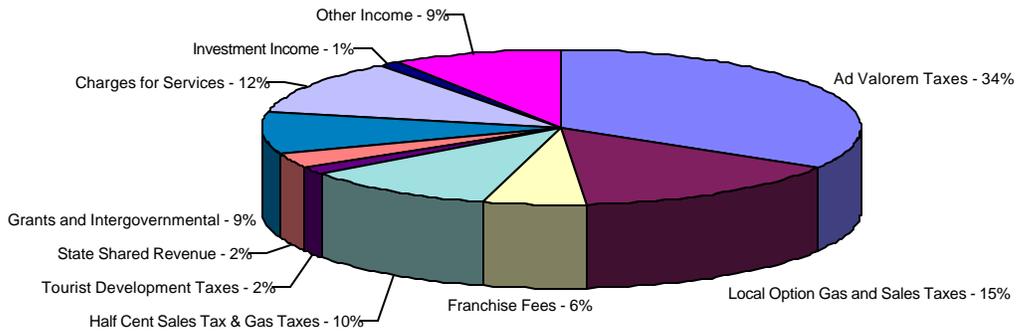
The Clerk invests in a diversified portfolio of minimum risk to generate the highest yield possible. During fiscal year 2003, investments made by the Clerk earned an average yield of 1.59% and generated over \$3 million in investment earnings. As a benchmark, the County's average yield of 1.59% should be compared to the 90-day Treasury Bill yield and the State Board of Administration yield of .94% and 1.30%, respectively. The table below is a breakdown of the portfolio by types of investments.

INVESTMENTS

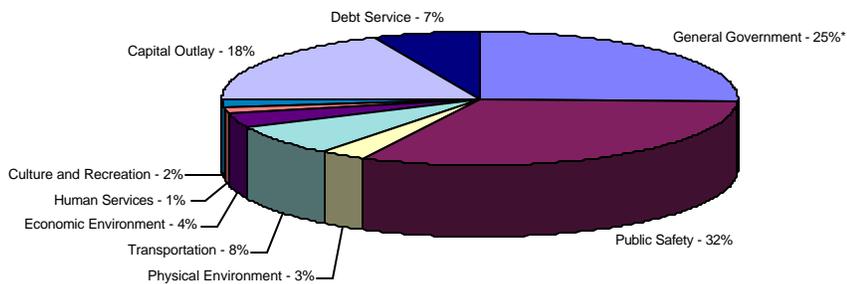
State of Florida Pooled Investment Trust	\$68,351,141	46%
US Government Agencies	4,996,014	4%
Certificates of Deposit	9,000,000	6%
US Treasuries	4,995,570	3%
Deposits with Financial Institutions	14,527,694	10%
Money Market Accounts	41,303,777	28%
Other	4,635,845	3%
	<u>\$147,810,041</u>	

Governmental Operations

Sources of County Funds



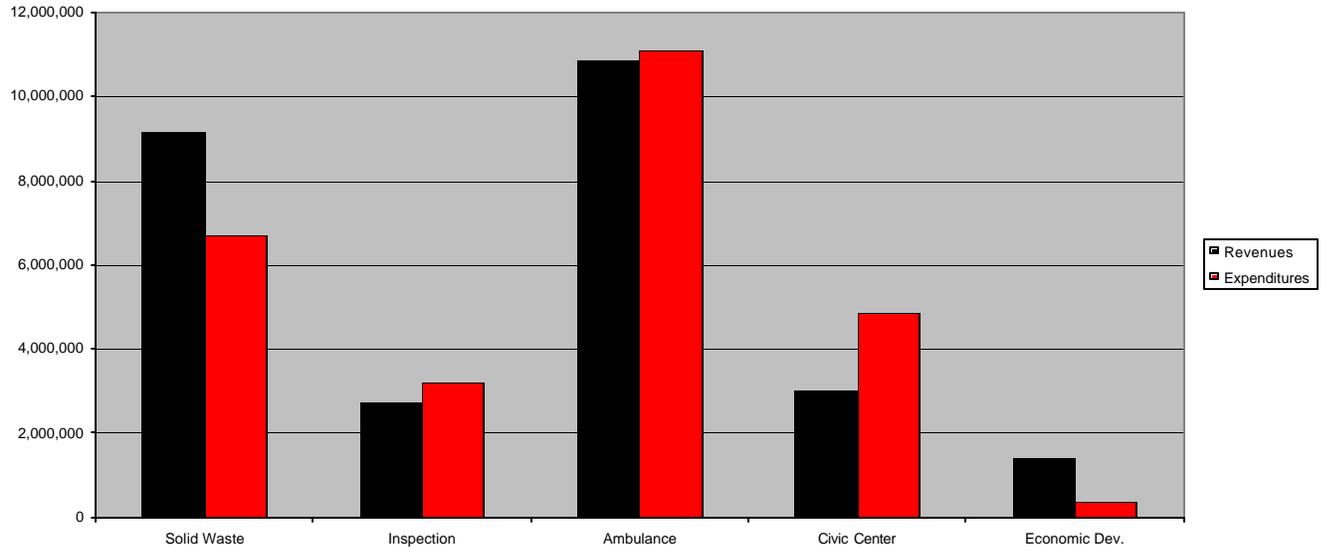
Uses of County Funds



*General Government includes all Constitutional Officers except the Sheriff's Office, which accounts for the majority of the Public Safety Uses.

Enterprise Operations

Operating Revenues and Expenses



Balance Sheet

FOR THE FISCAL YEAR ENDED
 SEPTEMBER 30, 2003

	Governmental Operations	Enterprise Operations	Total September 30, 2003	Total September 30, 2002
Assets				
Cash and investments	\$148,583,042	\$11,951,997	\$160,535,039	\$112,739,375
Receivables	17,873,256	1,987,572	19,860,828	13,944,738
Fixed assets (net of depreciation)	410,536,379	44,301,985	454,838,364	449,229,854
Inventory	985,292	186,347	1,171,639	1,175,101
Restricted assets	0	5,484,132	5,484,132	5,738,084
Total assets and other debits	<u>\$577,977,969</u>	<u>\$63,912,033</u>	<u>\$641,890,002</u>	<u>\$582,827,152</u>
Liabilities				
Payables	22,510,339	3,936,211	26,446,550	14,391,672
Compensated absences payable	20,567,195	1,153,016	21,720,211	19,889,629
Closure liability	0	8,697,544	8,697,544	18,802,009
Bonds, leases, notes, and loans	184,793,093	1,184,362	185,977,455	117,518,743
Outstanding claims payable	16,951,375	0	16,951,375	13,389,823
Total liabilities	<u>244,822,002</u>	<u>14,971,133</u>	<u>259,793,135</u>	<u>183,991,876</u>
Net Assets				
Investment in capital assets (net of related debt)	259,641,603	40,298,499	299,940,102	330,368,132
Restricted net assets	33,979,794	0	33,979,794	25,380,413
Unrestricted net assets	39,534,570	8,642,401	48,176,971	43,086,731
Total net assets	<u>333,155,967</u>	<u>48,940,900</u>	<u>382,096,867</u>	<u>398,835,276</u>
Total liabilities and net assets	<u>\$577,977,969</u>	<u>\$63,912,033</u>	<u>\$641,890,002</u>	<u>\$582,827,152</u>

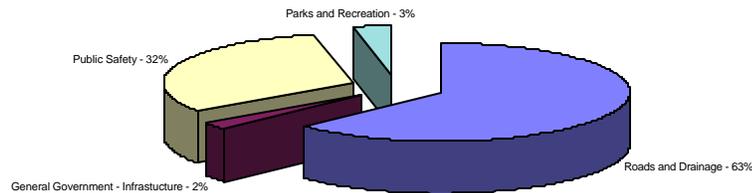
Sources / Uses Schedule

FOR THE FISCAL YEAR ENDED
 SEPTEMBER 30, 2003

Sources	Original Budget	Ending Budget	Actual September 30, 2003	Total September 30, 2002 (Restated)
Taxes	\$136,043,530	\$134,684,228	\$134,093,195	\$127,896,239
Grants and other governmental revenue	59,340,519	68,220,246	52,015,756	54,198,354
Charges for services	49,467,466	52,234,541	55,986,146	52,424,330
Investment income	4,418,972	4,442,572	3,110,270	3,535,585
Other income	2,300,726	20,572,559	33,038,257	21,211,767
Bond issues	0	128,920,000	128,920,000	0
Other financing sources	123,862,136	182,391,796	7,677,559	0
Total sources	<u>375,433,349</u>	<u>591,465,942</u>	<u>414,841,183</u>	<u>259,266,275</u>
Uses				
Constitutional Officers (Employees):				
Clerk of the Circuit Court (237)	\$10,840,000	\$11,216,684	\$11,216,463	\$10,327,333
Sheriff (1,070)	65,100,000	67,957,998	66,320,282	63,978,642
Property Appraiser (89)	4,638,411	4,626,530	4,160,088	3,984,031
Supervisor of Elections (22)	1,828,047	1,828,047	1,553,998	1,658,259
Tax Collector (76)	5,188,599	5,189,318	5,194,227	5,500,702
Board of County Commissioners (1,121):				
General government	66,837,259	66,264,789	56,805,522	55,756,151
Public safety	35,367,468	35,732,537	30,853,485	26,919,158
Physical environment	13,872,677	9,844,479	8,192,543	6,887,342
Transportation	24,404,861	29,910,643	23,616,936	20,865,981
Economic environment	21,906,926	21,226,774	10,876,786	10,567,094
Human services	3,984,106	5,148,218	3,780,390	3,885,068
Culture and recreation	7,676,471	10,414,993	7,294,514	6,990,210
Capital outlay	64,379,411	183,633,443	56,310,916	24,525,469
Debt service	17,032,775	80,935,825	20,108,698	16,329,883
Refunded bonds	32,376,338	57,535,664	53,857,245	0
Total uses	<u>375,433,349</u>	<u>591,465,942</u>	<u>360,142,093</u>	<u>258,175,323</u>
Net sources (uses)	<u>\$0</u>	<u>\$0</u>	<u>\$54,699,090</u>	<u>\$1,090,952</u>

Local Option Sales Tax

The County levies a one-cent local option sales tax pursuant to County Ordinance 92-10 and Florida Statute 212.055. Revenues are used to fund infrastructure projects, road and drainage improvements, recreation projects, public safety, community redevelopment projects and debt service on bonds and notes related to construction of the before-mentioned items. The chart below represents the types of purchases made during the year ended September 30, 2003.



This concludes the Clerk of the Circuit Court's portion of the Citizens' Report.

