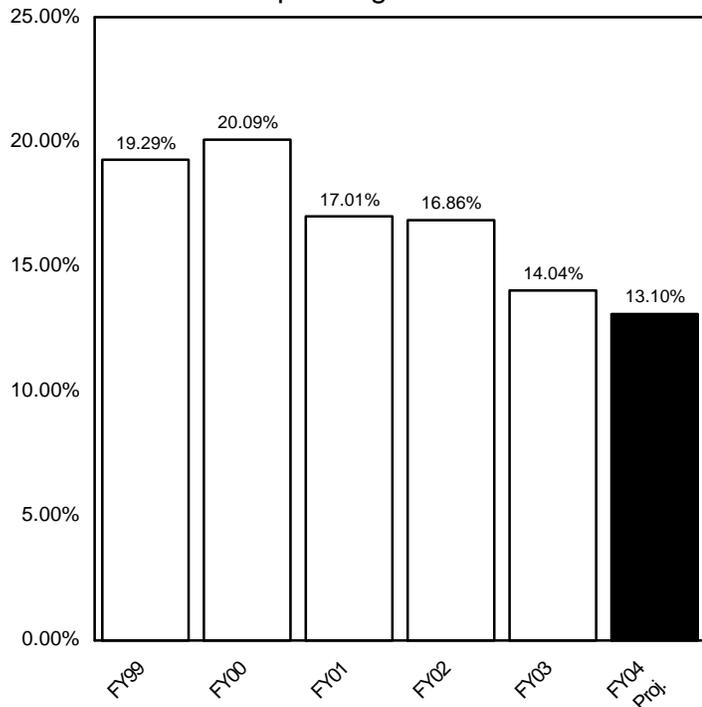


**Financial Analysis**

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Financial Indicators

**Intergovernmental Revenues**  
Percent of Operating Revenues

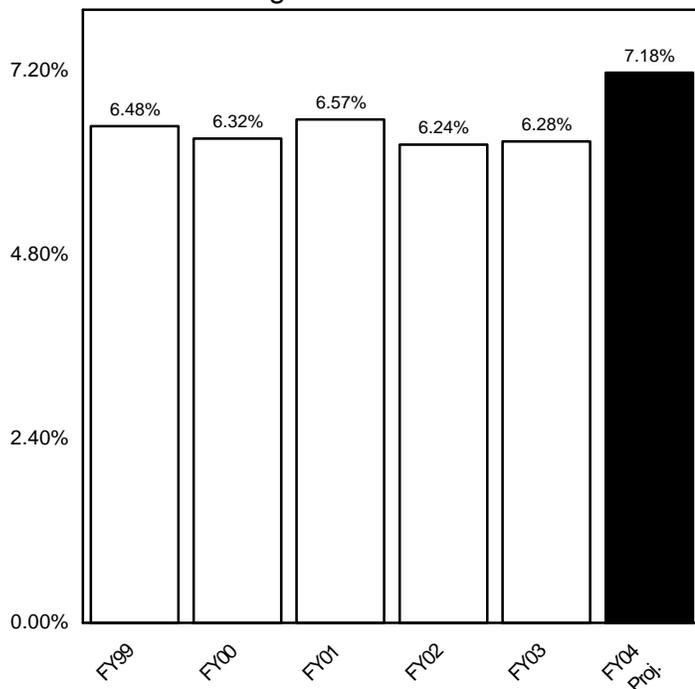


**Analysis:** The monitoring of Intergovernmental Revenues (revenues received from another governmental entity) is important because an over dependence on such revenues can be harmful if the external source withdraws the funds entirely or reduces its share of costs. If such a scenario was to occur in Leon County's case, the County would be left with the choice of cutting programs or paying for them out of the general fund. In addition, conditions attached to the intergovernmental revenues by the external source may prove too costly, especially if these conditions are changed after the County has become dependent on the revenues. Nevertheless, the County might want to maximize its use of intergovernmental revenues, consistent with its service priorities and financial condition. Leon County may want to rely on intergovernmental revenues to fund a one-time capital projects versus financing federal and state mandated services which require a more stable revenue source. Faced with decreases in intergovernmental revenues the County must bear the burden of increased cost in the form of federal and state mandates being passed on to local governments from the state. The primary concern in analyzing intergovernmental revenues is determining whether the County is controlling its use of the external revenues or whether these revenues are controlling the County. Leon County exhibits a reduced dependency on intergovernmental revenues in comparison to total operating revenues.

**Formula:** Intergovernmental Revenues divided by Total Operating Revenues

Data obtained from the FY 2003 Revenue Summary Report and 2004 Budget Summary.

**Property Tax Revenues**  
Rate of Change



**Analysis:** Property tax revenues should be considered separately from other revenues because Leon County relies heavily on this revenue source. A decline or a diminished growth rate in property taxes can result from a number of causes. It may reflect an overall decline in property values resulting from the aging of buildings, a decline in local economic health, or a decline in the total number of households, which can depress the housing market. The millage rate remained constant at 8.60 mills from FY 1997 to FY 1999 and has gradually decreased to 8.54 in FY 2005. These figures only include the countywide property tax levy and do not include any MSTU taxes.

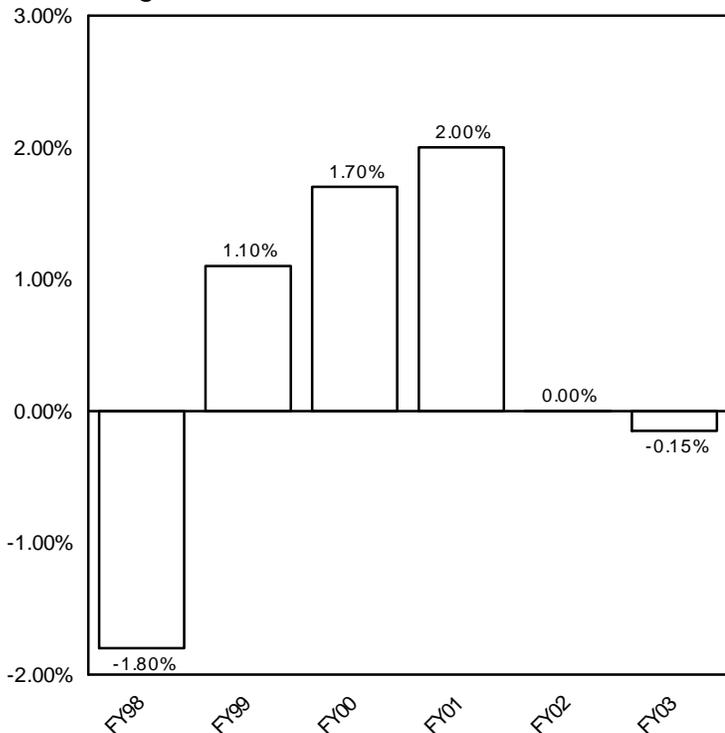
**Formula:** Current Year minus Prior Year divided by Prior Year

Data obtained from the 2003 Certification of Taxable Value and Statistical Digest.

**Financial Indicators**

**Revenue Projections**

Budgeted vs. Actual Revenues



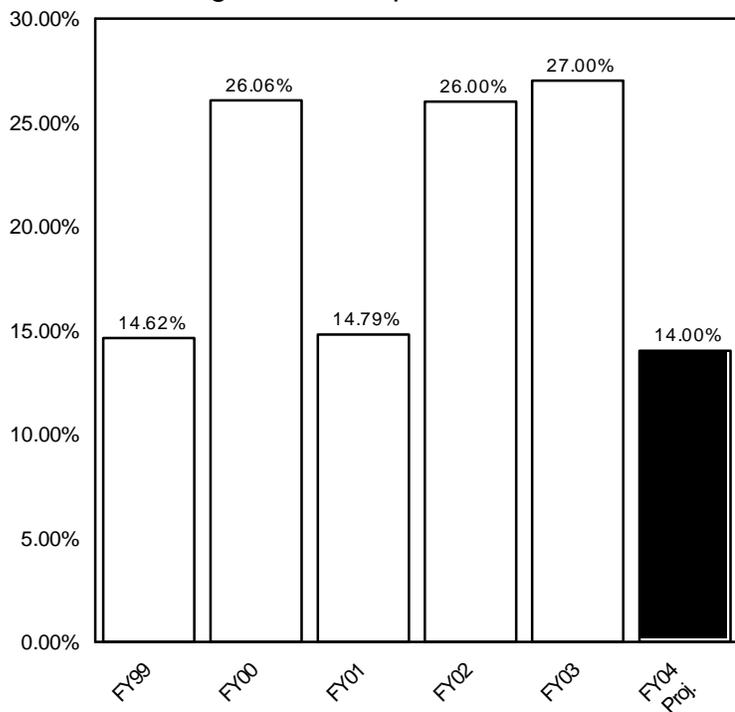
**Analysis:** This indicator examines the differences between actual revenues received versus budgeted revenues during the fiscal year. Major discrepancies in any fiscal year could indicate a declining economy, inefficient collection procedures or inaccurate estimating techniques. If revenue shortfalls are increasing in frequency or size, a detailed analysis of revenues should be done to pinpoint the source. Typically, actual revenues versus budgeted revenues falls in the range of + or - five percent. Leon County has done exceptionally well in forecasting its revenues and staying within this range.

**Formula:** Actual General Fund, Special Funds and Enterprise Fund Revenue minus Budgeted General Fund, Special Funds and Enterprise Fund Revenue divided by Budgeted Revenues

Data obtained from the FY 2003 Revenue Summary Report.

**Capital Outlay**

Percentage of Total Expenditures



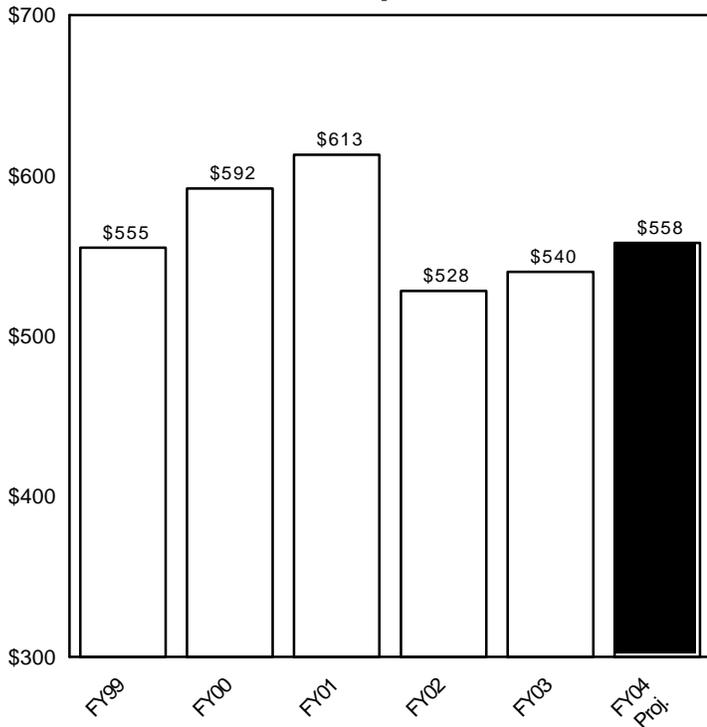
**Analysis:** The purpose of capital outlay in the operating budget is to replace worn equipment or to add new equipment and infrastructure. The ratio of capital outlay to net operating expenditures is a rough indicator of whether the stock of equipment is being adequately replaced. Over a number of years, the relationship between capital outlay and operating expenditures is likely to remain about the same. If this ratio declines in the short run (one to three years) it may mean that the local government's needs are temporarily satisfied since most equipment lasts more than one year. A decline persisting over three or more years can indicate that capital outlay needs are being deferred, which can result in the use of inefficient or obsolete equipment. Local governments tend to eliminate expenditures on capital outlay when revenues are declining in relationship to the government's overall operating expenditures. Funding for capital outlay experienced relatively stable spending levels through the middle of the decade and has only recently peaked, which is due primarily to stormwater and transportation related activities funded by sales tax and bond proceeds.

**Formula:** Capital Outlay Divided by Total Operating Expenditures

Data obtained from the FY 2003 Expenditure Summary Report and Budget Summary.

**Financial Indicators**

**Revenues Per Capita**

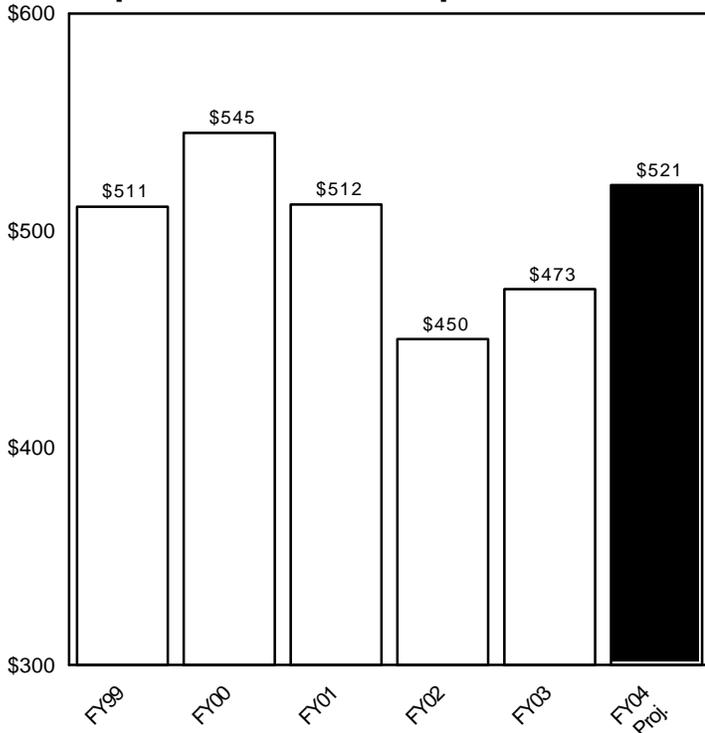


**Analysis:** Examining per capita revenues indicates changes in revenues relative to changes in population size. As population increases, it is expected that revenues and the needs for services will increase in a direct relationship and therefore the level of per capita revenue should at least remain constant. If per capita revenues are decreasing, it will be impossible to maintain the existing level of services unless new sources of revenues and ways of reducing expenses are found. This reasoning assumes that the cost of services is directly related to population size. The early 1990s data reflects a leading trend since the increase was fueled largely by an increase in revenues from the situation of the Local Option Sales Tax, which was approved in 1989 for a period of 15 years. The Local Option Sales Tax, however, is a restricted revenue and cannot be used for operating purposes. A decrease in the revenue per capita indicator, in recent years is because operating revenues have leveled and have been out paced by the population growth rate. The decline is the result of litigation surrounding the electric franchise fee, legislative action which reduced the state shared revenue distribution to local governments, and increases in the County's population.

**Formula:** General Fund, Special Revenue Funds, and Enterprise Fund Revenues Divided by Population

Data obtained from the FY 2002 Revenue Summary Report and the FY 2003 Budget Summary.

**Expenditures Per Capita**



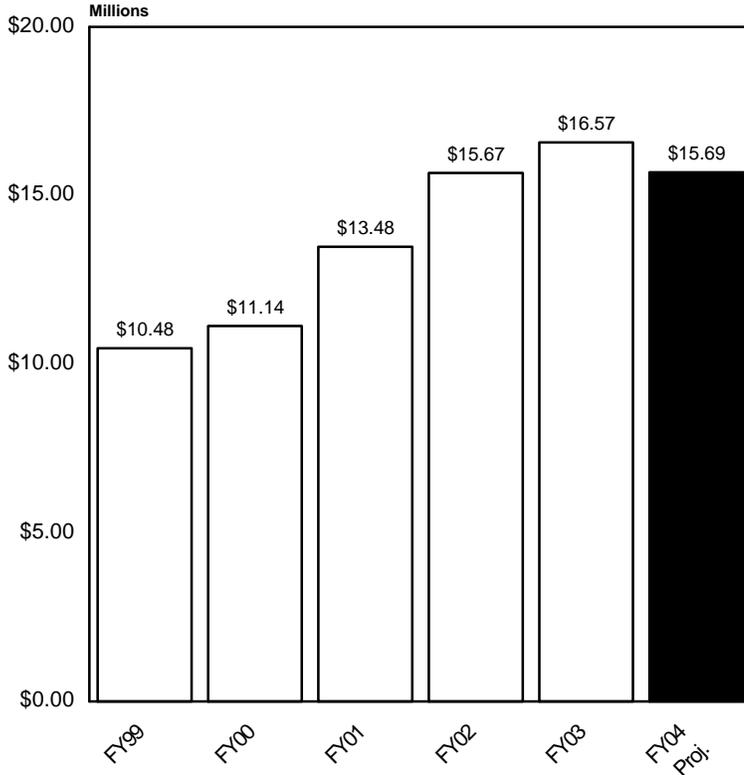
**Analysis:** Changes in per capita expenditures reflect changes in expenditures relative to changes in population. Increasing per capita expenditures may indicate that the cost of providing services is surpassing the community's ability to pay, especially if spending increases faster than residents' collective personal income. From a different perspective, if the increase in spending is greater than can be accounted for by inflation or the addition of new services, it may indicate declining productivity or that the government is spending more real dollars to support the same level of services. The indicator has remained relatively stable for the past ten years, with slight increases which are indicative of increased services provided to a relatively moderate increase in population.

**Formula:** Actual General Fund, Special Funds and Enterprise Fund divided by population

Data obtained from the FY 2003 Expenditure Summary Report, the 2004 Statistical Digest, and the FY 2004 Budget Summary.

Financial Indicators

**General Fund Balance**



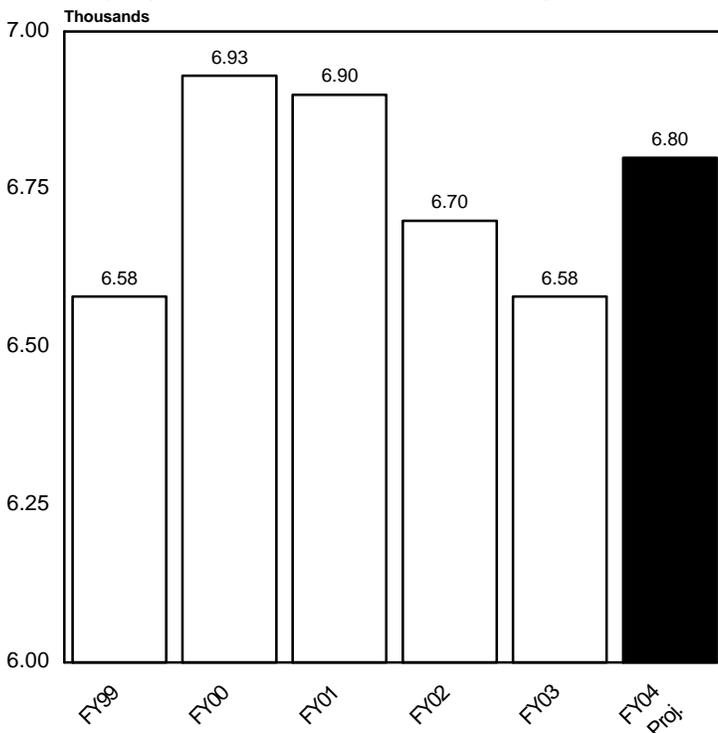
**Analysis:** Positive fund balances can also be thought of as reserves, although the "fund balance" entries on the County's annual report will not always be synonymous with the funds "available for appropriation." The size of fund balances can affect the ability of the County to withstand financial emergencies. It can also affect its ability to accumulate funds for capital purchases without having to borrow. The County should attempt to operate each year with a small surplus to maintain positive fund balances and thus maintain adequate reserves. Special reserves are maintained in separate funds. Reserves can also be appropriated as a budget item in some form of contingency account. Regardless of the way in which reserves are recorded, an unplanned decline in fund balances may mean that the government will be unable to meet future unexpected needs and emergencies. The General Fund balance peaked at \$15.53 million in FY 94. However, that balance began to decline over the next three years and reached a low of \$7.35 million in FY 97. Efforts to restore General Fund balance are reflected in the increasing fund balances beginning in FY 98, as depicted in the chart above.

**Formula:** Prior Year Fund Balance plus Actual Revenues minus Actual Expenditures

Data obtained from the FY 2003 Comprehensive Annual Financial Report. \$2.5 million is budgeted in FY 2004 for Capital Improvement Projects as well as a \$1 million of growth.

**Employees Per Capita**

Employees Per 1,000 Leon County Residents



**Analysis:** Because personnel costs are a major portion of an operating budget, plotting changes in the number of employees per capita is a good way to measure changes in expenditures. An increase in employees per capita might indicate that expenditures are rising faster than revenues, that the County is becoming more labor intensive, that personnel productivity is declining or that new services or service levels have been added. Overall, the County appears to be controlling the cost associated with this financial indicator. Note that the number of employees includes Constitutional Officers.

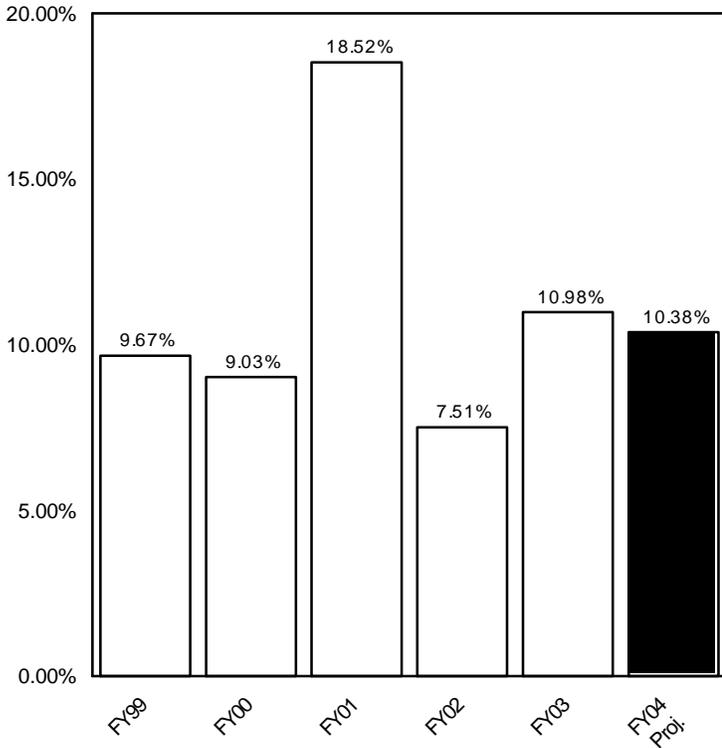
**Formula:** Number of full-time employees divided by population multiplied by 1,000

Data obtained from the FY 2004 Annual Budget Document and 2002 Comprehensive Annual Financial Report.

**Financial Indicators**

**Debt Service**

Percentage of Total Operating Expenditures

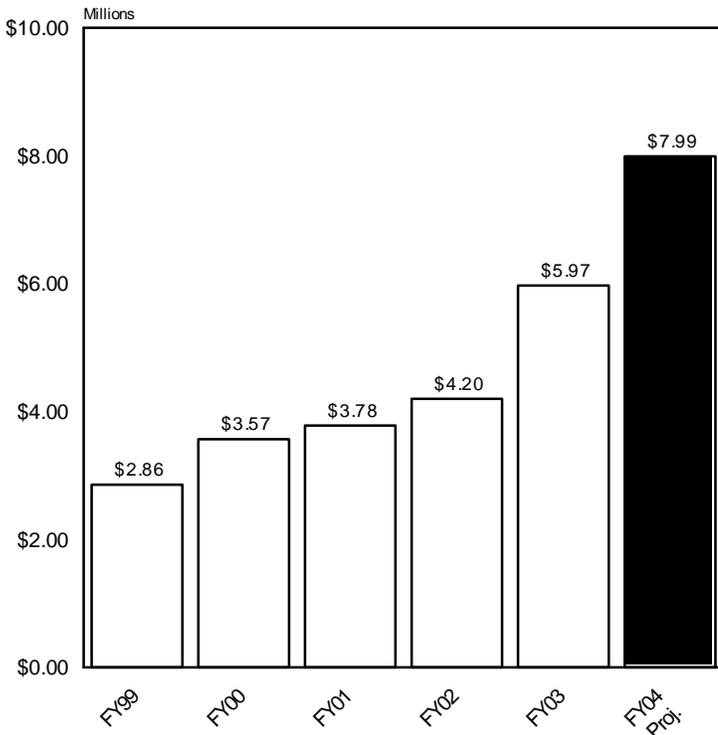


**Analysis:** Debt service is defined here as the amount of principal and interest that a local government pays each year on net direct bonded long-term debt, plus the interest on direct short-term debt. Increasing debt service reduces expenditure flexibility by adding to the County's obligations. Debt service can be a major part of the County's fixed costs and its increase may indicate excessive debt and fiscal strain.

**Formula:** Debt Service divided by Total Operating Expenditures

Data obtained from the FY 2003 Expenditure Summary and the FY 2004 Budget Summary.

**Total Annual Ad Valorem Savings**



**Analysis:** This chart displays the total annual ad valorem savings to citizens of Leon County. The total fiscal impact of both tax liability reductions or exemptions and the fairly consistent reduction of the countywide millage rate have had a combined effect of affording the citizens of Leon County approximately \$28.4 million in tax savings since 1998.

Data obtained from the Review of County Tax Revenues and Millage Workshop on 2/11/03 and 2003 Revised Recapitulation of the Ad Valorem Assessment Rolls.

