



**Dave Lang**

CLERK OF THE CIRCUIT AND COUNTY COURTS  
LEON COUNTY ♦ TALLAHASSEE, FLORIDA

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March 15, 2000

To the Honorable Board of  
County Commissioners and to the  
Citizens of Leon County  
Leon County, Florida

The Comprehensive Annual Financial Report of Leon County for the fiscal year ended September 30, 1999, is respectfully submitted. This report was prepared by the Finance Department of the Office of Clerk of the Circuit Court (as part of the Clerk's legally prescribed duties as the Chief Financial Officer of the County). I believe the financial and statistical information presented is accurate in all material respects, and is set forth in a manner designed to fairly present the financial position and results of operations of the County as measured by the financial activity of its various funds. The report contains all of the disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs.

### **Organization and Content**

The purpose of this letter is to narratively point out the highlights of the County's financial operations for the fiscal year ended September 30, 1999. The Comprehensive Annual Financial Report contains three major sections; they are the Introductory, Financial, and Statistical Sections. The Introductory Section, which is unaudited, is designed to give the reader some basic background about the governmental unit as a whole. The Financial Section includes the independent auditors' report and is divided into the following subsections:

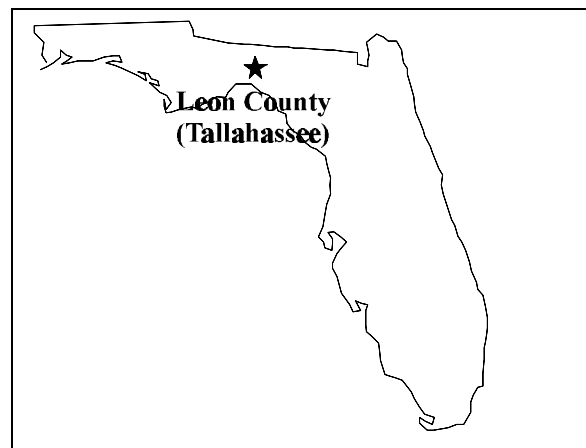
1. General Purpose Financial Statements by fund type, account group and component unit;
2. Notes to the Financial Statements;
3. Required Supplementary Information, and;
4. Combining, Individual Fund and Account Group Statements and Schedules.

The Statistical Section, which is unaudited, presents social, demographic, and economic data together with information concerning the financial trends and the fiscal capacity of Leon County, and is generally presented on a multi-year basis.

### **General Information on Leon County**

Leon County was created by the Territorial Legislature on December 29, 1824, and was named for Juan Ponce de Leon, the Spanish explorer who gave Florida its name. It is located in the midst of seven hills within a 671 square mile area, which includes the State Capitol and the County Seat, Tallahassee. It should be noted that approximately one fourth of Leon County is occupied by the Apalachicola National Forest and 290,000 acres of commercial forest.

As shown on the map below, the City of Tallahassee and Leon County are located in the panhandle area of north Florida. The presence of two major universities, Florida State University (FSU) founded in 1857 and Florida Agricultural and Mechanical University (FAMU) founded in 1887, helps to shape the Leon County population as relatively young, well advanced and affluent.



The estimated July 1, 1999, population of 237,637, residents rank Leon County as the 18th largest of Florida's 67 counties.

The Leon County economy can be characterized as stable, but growing, with increasing elements of diversification. Historically, the major economic factor has been the state government. The County, however, serves as an educational center, with five institutions offering post-secondary educational programs and as the financial, trade and health center for a surrounding population of more than 396,100, persons in north Florida and 106,900 in south Georgia for a total of 504,000.

## **Government Structure**

Leon County is a political subdivision of the State of Florida. As such, it is governed by, and derives its operating authority from, the constitution and laws of the State of Florida.

The County operates under a commission/administrator form of government, with a governing board consisting of seven county commissioners. The County is divided into five geographical districts, with five of the seven commissioners elected from one of each of these separate districts. Two commissioners are elected at large. In addition to the Board of County Commissioners, there are five elected constitutional officers performing specifically designated governmental functions: Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. The Leon County Board of County Commissioners exercises a varying degree of budgetary control, but not administrative control, over the activities of the constitutional officers. During fiscal year 1997-98, the Property Appraiser, Sheriff, and Supervisor of Elections each operated their respective offices as budget officers with funding provided by the Board in the form of operating subsidies. In return, each budget officer is responsible for the collection of revenues within their jurisdictional area, and for the subsequent remittance of such collections to the Board.

The Clerk of the Circuit Court and Tax Collector operates a portion of their office as a budget officer, with the remainder being operated as a fee officer. Fee officers are authorized to retain revenues generated within their offices for the purpose of defraying the costs of operation. The Clerk of the Circuit Court serves as Clerk to the Board of County Commissioners. The duties of the Clerk of the Circuit Court, as set forth in the Florida Constitution, include those of County auditor, accountant and custodian of County funds.

## **The Financial Reporting Entity and Its Services**

This report contains all of the funds and account groups of Leon County, Florida, as well as component units which are required to be included pursuant to the provisions of Governmental Accounting Standards Board Statement Number 14. Statement 14 defines the Financial Reporting Entity as (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

Primary government is defined as an entity which (a) has a separately elected governing body, (b) is legally separate, and (c) is fiscally independent of other state and local governments. Component units on the other hand, are defined as either (a) legally separate organizations for which the elected officials of the primary government are financially accountable, or (b) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria used to determine whether an organization is financially accountable to the primary government include:

1. The primary government appoints a voting majority of the potential component unit's governing body; **and**
2. The primary government is able to impose its will on the potential component unit **or** there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Once a determination is made that an organization is a component unit of the primary government, a decision must be made relative to the presentation of that component unit in the financial statements of the primary government. If the component units, despite being legally separate from the primary government, are so intertwined with the primary government that they are, in substance, the same as the primary government, then they are reported as a part of the primary government. That is, the component unit's balances and transactions are reported in a manner similar to the balances and transactions of the primary government. This method of inclusion is known as blending. Component units, which do not meet the criteria for blending, are reported as discrete presentations in a separate column on the financial statements of the primary government.

Based on the application of the foregoing criteria, the primary government includes the Board of County Commissioners, Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. The Leon County Commission Governmental Leasing Corporation is included as a blended component unit of the County, and the Leon County Housing Finance Authority is included as a discretely presented component unit.

After a detailed review of the criteria set forth in Governmental Accounting Standards Board Statement Number 14 (*the Financial Reporting Entity*), the following Boards, authorities, agencies, and districts have been excluded from the financial reporting entity:

- Leon County School Board District
- Leon County Health Department
- Tallahassee Leon County Civic Center Authority
- Falls Chase Special Taxing District
- Northwest Florida Water Management District
- Leon County Educational Facilities Authority
- Frenchtown Neighborhood Improvement District
- Leon County Health Facilities Authority
- Leon County Research and Development Authority
- Ochlochnee Soil and Water Conservation District
- Tallahassee Downtown Improvement Authority
- Tallahassee Housing Authority

The County provides a full range of governmental services pursuant to state law and local ordinance, including public safety, transportation, physical environment, economic environment, human services, culture/recreation, and general government services.

## **Accounting System and Budgetary Control**

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records used in preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. I believe that the County's internal accounting controls adequately safeguard assets, and provide reasonable assurance of proper recording of financial transactions.

Formal budgetary integration is used as a management control device during the year for all governmental funds of the County and the Housing Finance Authority. Budgetary control (i.e. the level at which expenditures cannot exceed the appropriated amount) is established at the fund level, pursuant to Section 129.07, Florida Statutes. Budgets for all governmental fund types are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The County's accounting system is organized and operated on a "fund" basis, which is the basic fiscal and accounting entity in governmental accounting. Each fund is classified by category and fund type. For descriptions of the County's fund types, account groups and a summary of significant accounting policies, see the notes to the financial statements. For a description of the individual funds, see the combining statements.

An abbreviated summary of the classes of funds is outlined below:

### **Governmental Funds**

In Governmental Funds, measurement focus is based on a determination of the financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income determination. These funds are maintained on the modified accrual basis of accounting, where revenues and other financial resource increments (for example, bond proceeds) are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Basic financial statements necessary to fairly present financial position and operating results for these funds are the balance sheet and the statement of revenues, expenditures and changes in fund balance.

## **Proprietary Funds**

The Proprietary Funds (the Enterprise Funds and the Internal Service Funds) are used to account for activities in a manner similar to that utilized in the private sector, where the determination of net income is necessary or useful for sound financial administration. The Proprietary Funds are accounted for on the full accrual basis, where revenues are recognized when they are earned and expenses when they are incurred.

## **Fiduciary Funds**

The measurement focus for the Fiduciary Funds (the Trust and Agency Funds) is dependent on the nature of the fund. The Expendable Trust Fund is accounted for in essentially the same manner as the Governmental Funds, while Agency Funds are purely custodial (assets equal liabilities) and therefore do not involve the measurement of the results of operations.

## **Account Groups**

The General Fixed Assets and General Long-Term Debt Account Groups are used to establish accounting control and accountability for the County's general fixed assets and general long-term debt. The County's general fixed assets are not financial resources available for expenditure. The unmatured principal of the County's general long-term debt does not require the use of financial resources during the current accounting period. Accordingly, these are not accounted for in the governmental funds, but in self-balancing account groups.

## **General Governmental Functions**

Revenues, as included in governmental and expendable trust fund types, totaled \$135,376,933 during fiscal year 1998-99 and increased by \$3,125,649 or 2.36% over the total revenues of \$132,251,284, reported in fiscal year 1997-98.

Pursuant to the uniform classification of accounts prescribed by the State Comptroller's office, governmental fund revenues are classified into one of the following six categories:

**Taxes** - Includes property (ad valorem) taxes, various gas taxes, other local taxes, and franchise fees.

**Licenses and Permits** - Includes occupational licenses, building, zoning, and utility permits, right-of-way permits, and other licenses and permits of a local nature.

**Intergovernmental Revenues** - Includes federal grants and contracts, state grants and contracts and revenue sharing, such as the County's share of state collected motor fuel taxes, sales taxes, pari-mutuel wagering taxes, and license fees.

**Charges for Services** - Includes assessments for street paving which benefit property in specific areas, as well as assessments collected by the Tax Collector on a per-parcel basis, transportation impact fees, 911 fees imposed and collected from local telephone exchange customers, fees for recording of documents, prisoner room and board, certification and copy of county documents and records, sale of official maps and publications, animal control fees, parks and campground user fees, and other user charges.

**Fines and Forfeitures** - Includes court fines and fees, as well as the proceeds from the sale of judicially confiscated property.

**Miscellaneous Revenues** - Includes interest on investments, rents, sales of surplus property, insurance proceeds from lost or destroyed property, refunds, contributions, reimbursements, and revenues not more properly recorded in other classifications.

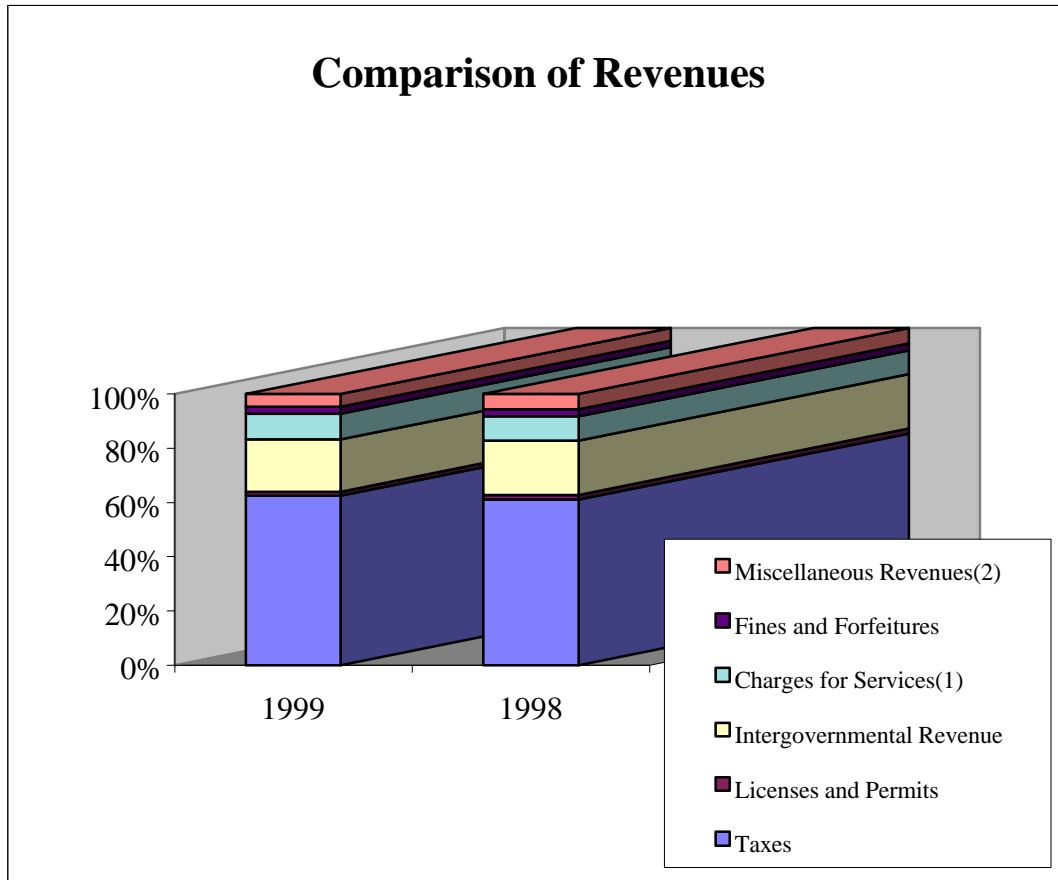
Based on the preceding classifications, the amount of general government revenues received during fiscal year 1998-99 as compared to fiscal year 1997-98 is included in the chart below:

<b>Description</b>	<b>Fiscal Year 1998-99</b>	<b>Fiscal Year 1997-98</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
Taxes	\$ 84,536,788	\$ 80,777,322	\$ 3,759,466	4.65
Licenses and Permits	2,116,674	2,321,885	(205,211)	(8.84)
Intergovernmental Revenue	26,016,921	26,591,904	(574,983)	(2.16)
Charges for Services <sup>(1)</sup>	12,949,811	11,763,588	1,186,223	10.08
Fines and Forfeitures	3,322,766	3,281,358	41,408	1.26
Miscellaneous Revenues <sup>(2)</sup>	6,433,973	7,515,227	(1,081,254)	(14.39)
<b>Totals</b>	<b>\$ 135,376,933</b>	<b>\$ 132,251,284</b>	<b>\$ 3,125,649</b>	<b>2.36</b>

<sup>(1)</sup>Includes special assessments levied and collected.

<sup>(2)</sup>Includes interest income.

The relationships between the various sources of revenue received in fiscal year 1998-99, as compared to fiscal year 1997-98, may be shown graphically:



As in the previous year, virtually 100% of the increase in tax revenues can be attributed to increases in total ad valorem tax revenues. Ad valorem tax collections increased by \$3.666 million or 6.48% from \$56.597 million in fiscal year 1997-98 to \$60.264 million in fiscal year 1998-99. Since the average millage rate (amount of taxes per \$1,000 of assessed value) levied throughout the county remained constant at 8.60 mills in fiscal year 1998-99, this increase is entirely attributable to increases in the assessed value of taxable properties. Property value totaled \$6.82 billion in fiscal year 1997-98 and increased by \$420 million or 6.2% to \$7.24 billion in fiscal year 1998-99.



Of the three other major categories of tax revenues (i.e. franchise taxes, local option gas taxes, and the one cent voted gas tax) the local option gas tax and one cent voted gas tax experienced an increase in the amount received in fiscal year 1998-99 as compared to the amount received in fiscal year 1997-98. Combined these sources of revenue increased by a total of \$1,188,962 from \$18,559,897 in fiscal year 1997-98 to \$19,748,859 in fiscal year 1998-99. The notable change in this area involves the electric franchise fees. In the fourth quarter of fiscal year 1998-99, Talquin Electric Cooperative discontinued the remittance of electric franchise fees. Although the company continues to collect these fees, they have adopted the position that these fees are not constitutional and should be returned to the rate-payer. The County believes that these funds are due and legal. As a result, the county has initiated aggressive action to collect these funds. However, for fiscal year 1998-99, the county experienced a decrease in franchise fees from fiscal year 1997-98. The decrease amounted to \$1,110,000 or 22.07%.

Revenues received from the One-Cent Voted Gas Tax increased from \$14,145,487 during fiscal year 1997-98 to \$16,242,957 during fiscal year 1998-99. This tax, which was approved by the voters of Leon County in a referendum election held on November 4, 1989, provides for the levy of a one cent per gallon tax on every gallon of motor fuel and special fuel sold in the County and taxed pursuant to the provisions of Section 206, Florida Statutes. Utilization of the proceeds of this tax is limited to the costs of acquisition, construction, reconstruction, and maintenance of roads and streets; and the costs of establishing, operating, and maintaining a transportation system and related facilities.

It should be noted at this point, that through a cooperative agreement between the Board of County Commissioners and the City of Tallahassee, nearly 45% of the combined revenues collected from the one cent voted gas tax and the six cent local option gas tax, are shared with the City.

License and permit revenues experienced an overall decrease in the amount received in fiscal year 1998-99 as compared to fiscal year 1997-98. These revenues are generated primarily from two principal sources, namely professional and occupational licenses and building permits. Professional and occupational license fees are payable on or before October 1 of each year; therefore, the timing of when these items are paid could have an impact on the amount received from one year to the next. Revenues from professional licenses were virtually unchanged from the prior fiscal year.

Building permits, the other major source of license and permits revenues, is the primary reason for the decrease in this category. Since the actual permits issued in fiscal year 1998-99 (3084) was essentially the same as fiscal year 1997-98 (3075), the number of permits issued is not considered a factor in explaining the decrease. Although building permits fees increased 2.35% from the prior fiscal year, the 14.63% decrease in commercial permitting far outweighed this increase and is the primary factor that must be considered in explaining the overall decrease to license and permit revenues. Less environmental permits have been issued because of a building moratorium imposed in portions of the northeast area of the County. The County only collects permit fees for development occurring in the un-incorporated area of the County. Leon County received \$989,428 during fiscal year 1998-99 as compared to \$1,156,877 during fiscal year 1997-98 for environmental permits.

Intergovernmental revenues experienced a slight decrease from fiscal year 1997-98 to fiscal year 1998-99. It is not uncommon to experience a 2.2% change in revenues from one year to the next. Items effecting this number range from funds to help with low income housing to funds from various taxes.

Similar to the fashion in which revenues are classified into major categories, as required by the State Comptroller's office, governmental fund type expenditures must also be classified into one of the following nine functional categories:

**General Government** - Includes the costs of services provided by the legislative, judicial and administrative branches of government for the benefit of the public and the governmental body as a whole.

**Public Safety** - Includes expenditures related to the security of persons and property, such as sheriff's services, medical examiner's services, fire protection and fire rescue services.

**Physical Environment** - Includes the costs of services necessary for the attainment of a satisfactory living environment, such as pollution control, water management, and other activities relating to the environment.

**Transportation** - Includes those expenditures necessary to provide for the safe and efficient flow of vehicle and pedestrian traffic throughout the County, primarily through construction and maintenance of roads.

**Economic Environment** - Includes costs incurred for the development and improvement of economic conditions for the community and its citizens.

**Human Services** - Includes expenditures for the care, treatment, and control of human illness, injury, or handicap, and for the welfare of the community as a whole, such as payments to hospitals for the medical treatment of indigents.

**Culture/Recreation** - Includes the costs of providing and maintaining cultural and recreational facilities throughout the County for the benefit of all County citizens.

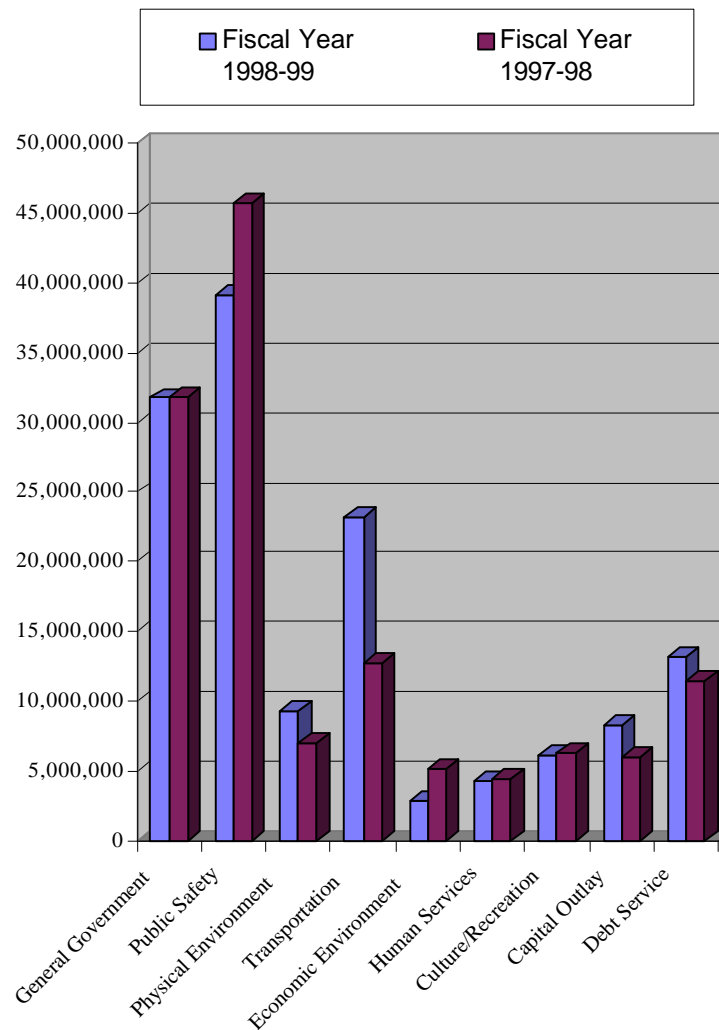
**Capital Outlay** - Includes expenditures for major construction projects, such as construction of the Tallahassee/Leon County Tourist Development Council building, construction of the new northeast fire station, the dredging of Lake Jackson and for various stormwater and lake protection projects

**Debt Service** - Includes the costs of liquidating long-term liabilities of the County, such as principal and interest on bond issues and notes and contracts payable and related expenditures.

Utilizing the functional categories listed above, the amount of expenditures incurred in the governmental and expendable trust funds during fiscal year 1998-99, as compared to fiscal year 1997-98, was as follows:

<b>Description</b>	<b>Fiscal Year 1998-99</b>	<b>Fiscal Year 1997-98</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
General Government	\$ 31,771,319	\$ 31,721,836	\$ 49,483	(.16)
Public Safety	45,764,208	39,105,616	6,658,592	17.03
Physical Environment	7,040,241	9,261,186	(2,220,945)	(23.98)
Transportation	12,734,601	23,182,401	(10,447,800)	(45.07)
Economic Environment	5,125,514	2,901,936	2,223,578	76.63
Human Services	4,426,836	4,262,864	163,972	3.85
Culture/Recreation	6,114,994	6,322,246	(207,252)	(3.28)
Capital Outlay	8,327,758	5,999,860	2,327,898	38.80
Debt Service	13,125,570	11,458,065	1,667,505	14.55
<b>Totals</b>	<b>\$ 134,431,041</b>	<b>\$ 134,216,010</b>	<b>\$ 215,031</b>	<b>.16</b>

The following is a graphic representation of the changes in expenditures by category from fiscal year 1997-98 to fiscal year 1998-99:



Expenditures for **General Government** functions are widely dispersed among a number of departments/activities and constitutional officers, of which, there were no individually significant variations.

**Public Safety** expenditures increased by \$6,122,233 or 15.66%. The majority of the increase can be attributed to improvements of the Sheriff's communication system and normal increases in the Sheriff's operating costs. The cost of funding the Sheriff's office in the prior fiscal year was \$32,498,191, while the cost in fiscal year 1998-99 increased to \$38,978,231. This was an increase of \$6,480,040 or 19.94%. While the need to add sworn officers to the Sheriff's office continues to exist, \$4.4 million of the increase is attributable to an improvement in the communication system. The City of Tallahassee Police Department had radios that were on a different frequency from the Sheriff's office. This presented unnecessary risk to the officers when answering the same call.

The \$2,220,945 or 23.98% decrease in **Physical Environment** expenditures can be directly attributed to the County's activity with various lake restoration projects. In early 1997-98, the county issued debt to begin the task of cleaning up the lakes and to reimburse funds already expended on these projects. The funds for reimbursement were expended in fiscal year 1997-98 out of the physical environment category. The remaining funds along with the additional debt service issued in the last quarter of 1998-99 will be discussed in the Capital Outlay category.

The decrease in **Transportation** expenditures of \$10,447,800, or 45.07%, resulted primarily from the fact that funding was advanced to the State Department of Transportation in the amount of \$8,495,007, in the previous fiscal year. This funding was in accordance with new legislation, which allows local governments to pay for road improvements on state roads and to be reimbursed by the State at a later date. The State is slated to reimburse \$7,295,007 of these funds from future state appropriations.

Expenditures in **Economic Environment** rose by 76.63% or \$2,223,578. This increase was partly due to the continued efforts by the Tourist Development Council (TDC), which are to maximize the number, length of stay and economic impact of visitors to Leon County. TDC is the primary vehicle to bring the public and private sectors together in a mutually productive working relationship. The majority of this increase can be explained because the TDC was given a permanent home through the purchase of a \$1.5 million facility. Funding for the TDC is solely from a 3% local option tourist tax on transient lodging sales in Leon County. There was a modest increase in the other spending categories of each program within Economic Environment.

The expenditures in **Human Services** increased from \$4,262,864 in fiscal year 1997-98 to \$4,426,836 in fiscal year 1998-99 or 3.85%. The increase is attributable to a modest increase in spending throughout this category.

Expenditures for **Culture/Recreation** totaled \$6,114,994 in fiscal year 1998-99, which represents a decrease of \$207,252, or 3.28% under the \$6,322,246 reported in fiscal year 1997-98. This category will vary for the next few years as the County establishes its new branch library and park facilities.

Net **Capital Outlay** expenditures increased by \$2,327,898, or 38.80% from \$5,999,860, in fiscal year 1997-98 to \$8,327,758, in fiscal year 1998-99. This increase is attributed primarily to the county's efforts in the restoration of its' lakes. The nature and purpose of these expenditures were discussed in the Physical Environment category.

Although **Debt Service** expenditures vary depending on the amount of the periodic installments of principal and interest due on long-term obligations during a particular fiscal year, the County issued \$30 million in new debt and advanced refunded an additional \$28.3 million.

The General Fund closed the year with an unreserved fund balance of \$10,378,729. The unreserved fund balance represents the net uncommitted resources available for reappropriation to meet General Fund operational costs in subsequent fiscal years. The unreserved fund balance increased by \$2,372,833, from fiscal year 1997-98, due to the County's decision to work towards maximizing the fund balance in the General Fund.

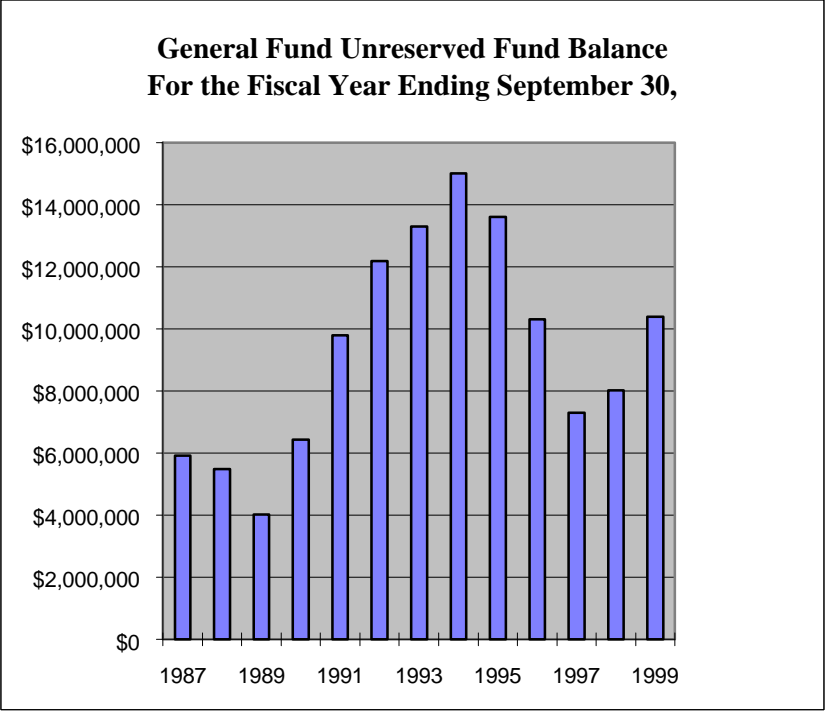
The current projections of the unreserved fund balance for fiscal year 1999-00 is \$6.1 million. Although the County has made efforts to build the General Fund unreserved fund balance, the temporary loss of electric franchise fees required the Board to utilize \$4 million of these funds to continue the parks and recreation and fire services for residents in the unincorporated area of the County.

During the fiscal year 2000-01 budget preparation the County will be considering several funding alternatives for services that experienced an unexpected loss of funding in fiscal year 1999-00. The County will be considering such funding alternatives as fees for fire services, an increase in the storm water fee, and the institution of a municipal services taxing unit (MSTU) for park services.

Historical trends of the County's unreserved fund balance for the past thirteen years is depicted below:

General Fund  
Unreserved Fund Balance  
For the Fiscal Year Ending September 30,

1987	\$ 5,911,958
1988	\$ 5,486,608
1989	\$ 4,024,978
1990	\$ 6,425,417
1991	\$ 9,784,391
1992	\$ 12,176,385
1993	\$ 13,297,913
1994	\$ 15,007,269
1995	\$ 13,600,532
1996	\$ 10,293,913
1997	\$ 7,303,200
1998	\$ 8,005,896
1999	\$ 10,378,729



## Debt Administration

The following is a summary of long-term debt activity for the fiscal year ended September 30, 1999:

<b>Description</b>	<b>Balance October 1, 1998</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance September 30, 1999</b>
Leon County Board of County Commissioners:				
Capital Improvement Revenue Bonds 1998A Series	\$ 9,710,000	\$ —	\$ —	\$ 9,710,000
Capital Improvement Revenue Bonds 1997 Series	6,825,000	—	230,000	6,595,000
Refunding Revenue Series 1993	10,320,000	—	1,070,000	9,250,000
Capital Improvement Refunding Revenue Bonds 1991 Series	28,125,000	—	28,125,000	—
Capital Improvement Revenue Bonds 1988 Series	1,605,000	—	—	1,605,000
Infrastructure Sales Surtax Revenue Bonds 1991 Series	28,315,000	—	4,065,000	[1] 24,250,000
Special Assessment Bonds Series 1989-A	24,038	—	24,038	—
Capital Improvement Refunding Revenue Bonds Series 1998B	—	28,395,000	395,000	28,000,000
Capital Improvement Revenue Bonds Series 1999	—	29,900,000	—	29,900,000
<b>Total Long-Term Debt</b>	<b>\$ 84,924,038</b>	<b>\$ 58,295,000</b>	<b>\$ 33,909,038</b>	<b>\$ 109,310,000</b>

[1] The bonded debt outstanding does not reflect a sinking fund amount of \$5,133,304.  
The net bonded debt outstanding is \$19,116,696 for September 30, 1999.

The \$9,710,000 Capital Improvement Revenue Bonds, Series 1998A are insured by AMBAC Indemnity Corporation and, therefore, carry AAA Fitch IBCA and Aaa Moody's Investors Service Bond Rating.



The \$6,825,000 Capital Improvement Revenue Bonds, Series 1997 are insured by AMBAC Indemnity Corporation and, therefore, carry AAA Standard and Poors and Aaa Moody's Investors Service Bond Rating.

The \$10,320,000 Refunding Revenue Bonds, Series 1993 are insured by the Municipal Bond Investors Assurance Corporation and, therefore, carry AAA Standard and Poors and Aaa Moody's Investors Service Bond Rating.

The \$28,125,000 Capital Improvement Refunding Revenue Bonds, Series 1991 are insured by the Municipal Bond Investors Assurance Corporation and, therefore, carry AAA Standard and Poors and Aaa Moody's Investors Service Bond Rating.

The \$1,605,000 Capital Improvement Revenue Bonds, Series 1988 are insured by the Municipal Bond Investors Assurance Corporation and, therefore, carry AAA Standard and Poors and Aaa Moody's Investors Service Bond Rating.

The \$28,315,000 Infrastructure Sales Surtax Revenue Bonds, Series 1991 are insured by the AMBAC Municipal Bond Investors Insurance Corporation and, therefore, carry AAA Standard and Poors and Aaa Moody's Investors Service Bond Rating.

The \$28,395,000 Refunding Revenue Bonds, Series 1998B are insured by the Ambac Municipal Bond Investors Insurance Corporation and, therefore, carry AAA Fitch IBCA and Aaa Moody's Investors Service Bond Rating.

The \$29,900,000 Capital Improvement Revenue Bonds, Series 1999 are insured by the Ambac Municipal Bond Investors Insurance Corporation and, therefore, carry AAA Fitch IBCA and Aaa Moody's Investors Service Bond Rating.

### **Capital Projects Funds**

The county has spent a significant amount of funds from bond proceeds and various revenue sources to improve and implement capital projects over the past several years. As a result, the County experienced an increase in these expenditures during the 1998-99, fiscal year due to its continued growth. The County has increased the spending levels associated with lakes and roads and expects to expend the majority of its capital funds in this area over the next few years. Other capital improvement expenditures are reported within the appropriate governmental fund type.

## **Fiduciary Operations**

A number of Trust and Agency funds have been established by the County to account for funds for which either the Board or one of the various constitutional officers serves as custodian. The total dollar value of transactions recorded in Trust and Agency funds during fiscal year 1998-99 exceeded \$577 million. The purposes for which these funds have been established vary greatly, and include such activities as property taxes collected by the Tax Collector but due to other governmental entities, child support payments collected by the Clerk of the Circuit Court, and prisoner's funds deposited with the Sheriff. Also, the Sheriff maintains a single expendable trust fund to account for the activities of the Inmate Canteen Fund, which allows prisoners to purchase items such as food and cigarettes.

## **General Fixed Assets**

The general fixed assets of the County are those fixed assets used in the performance of general governmental functions and exclude those fixed assets known collectively as infrastructure, i.e., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar assets which are immovable and generally of value only to Leon County. Also excluded from general fixed assets are the fixed assets of enterprise and internal service funds, if any. As of September 30, 1999, the general fixed assets of the County amounted to \$171,431,895. This amount represents the historical cost of purchased assets or the estimated fair market value at the date of acquisition of assets acquired through donation or other means. During fiscal year 1996-97, the Board of County Commissioner's adopted a policy changing the value of fixed assets from \$200 to \$500. As a result the Board of County Commissioner's and Sheriff's fixed asset accounting policies, require fixed assets with a value in excess of \$500 to be recorded in the General Fixed Assets Account Group.

## **Proprietary Operations**

The County created its first enterprise fund to account for the operations of the County's solid waste and hazardous waste disposal divisions, concurrent with a rate restructuring designed to provide the landfill with sufficient revenues to be self supporting. During fiscal year 1998-99, operating revenues totaled \$9,555,364. Operating and maintenance expenses totaled \$8,486,352, resulting in a total operating surplus of \$1,069,012. Adding net non-operating revenue of \$1,653,342, yields a net income for the fiduciary funds of \$2,722,354, and retained earnings at September 30, 1999 of \$17,812,714. Of the balance in retained earnings, \$10,383,859 is restricted for landfill rate stabilization and \$3,989,100 has been accumulated in the internal service fund to protect against unexpected catastrophic losses.

## **Risk Management**

Risk management is the process of managing the County's activities in order to minimize the potential adverse effects of certain types of losses. The main elements of the Risk Management program are risk control (loss reduction) and risk financing (restoration of the economic damages of losses incurred). Pursuant to commission action, the Risk Management function was created to review and identify areas of risk, loss, and insurance coverage for each participant. This function is also charged with the establishment and implementation of a safety plan, which incorporates loss prevention and reduction standards. In addition, the function establishes standard insurance and indemnification provisions for contracts, leases, and other special use agreements entered into by the participating governments.

Presently, the County's risk management program calls for self-insuring many types of risk, subject to the following limitations:

<b>Type of Risk</b>	<b>Amount of Risk Retained by County</b>	<b>Limit of Excess Insurance Coverage</b>
Workers Compensation	\$400,000	Statutory
General Liability <sup>(1)</sup>	\$10,000	\$100/\$200,000
Automobile Liability	\$25,000	\$25,001-\$500,000
Property Actual Loss	\$5,000	Actual Loss

<sup>(1)</sup>Does not include coverage obtained by the Leon County Sheriff.

The limits stated above are on a per occurrence basis. For a schedule of Insurance in Force as of September 30, 1999, please see the Statistical Section of this report.

## **Cash Management**

Cash management is exercised independently by each constitutional officer. With respect to the Board of County Commissioners, the Clerk of the Circuit Court serves as custodian of county funds and disburses funds on their behalf as required by law, and applicable management directives. During fiscal year 1992-93, the Board of County Commissioners adopted the County's first comprehensive investment policy. Cash temporarily idle during the year was invested in time and demand deposits, and in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration. During fiscal year 1996-97, the Board selected a new advisor, to replace Public Financial Management, Inc. The County contracts with an investment manager to assist the County with the investment of temporarily idle funds.

Interest rates and maturities (from the date of purchase) on securities purchased by the County during fiscal year 1998-99 were as follows:

Description	Days to Maturity		Interest Rate	
	Low	High	Low	High
Federal Agencies and Discount Notes	185	10,677	5.625	7.17
Federal Home Loan Mortgage Corporation Discount Notes	306	5567	5.50	6.375
United States Treasury Notes	46	973	5.125	6.50
Corporate Bonds	01	1,012	5.225	7.875

In as much as all Federal Agencies and Discount Notes purchased during the year were held in Leon County's name in a trust account established by the County's custodial bank, First Union National Bank of North Carolina, they are classified for the purpose of financial statement presentation in risk categories as defined by the Governmental Accounting Standards Board.

Funds deposited in local banks and savings and loan associations were secured by a pledge of approved collateral securities by the participating institutions with the State Treasurer's office. In addition, funds were invested in the Local Government Surplus Funds Trust Fund in order to take advantage of the higher yields and greater liquidity available therein.

Interest income in the Governmental Funds totaled \$5,575,836, during the year, which represents a decrease of \$414,941, or 6.92% under the \$5,990,777 recorded in fiscal year 1997-98. This decrease can be attributed primarily to the fact that the market yield rates were down from the previous year.

### **Major Initiatives**

While the County had many accomplishments to report during fiscal year 1998-99, some of the more significant items include:

- Received the All American City award, Leon County has only one incorporated city.
- Continued development of a Park and Recreation program for residents in the unincorporated area of the county
- Continued funding of a program for lake restorations
- Continued initiatives to widen major roads to accommodate growth
- Refunded the 1991 Capital Improvement Revenue Bonds which will save the County \$1.2 million over a thirteen year period
- Issued \$29.9 million in debt to fund the clean up of the County's lakes, purchase a facility for the Tourist Development Council, and the purchase of a county court complex.

Also during fiscal year 1998-99, work continued on the development of a comprehensive Geographic Informational System. This project, which is being accomplished through a cooperative agreement between the County, City of Tallahassee, Leon County School Board and the Leon County Property Appraiser, will attempt to modernize all information gathered by geographic local governmental entities, as well as, certain private sector interests, such as utility or telecommunications, by constructing a uniform geographic data base.

Interest in the petition-paving program (two-thirds, two-thirds program) continued during fiscal year 1998-99. This program continues to provide a cost-effective mechanism for citizens wishing to have their neighborhood streets paved. A number of projects were either initiated, in progress and/or completed during the fiscal year, and it is anticipated that this program will continue to be successful in future years.

### **Prospects for the Future**

Over the past several years, the County has become more reliant on taxes (which includes property or ad valorem taxes, local option gas taxes, other local taxes, and franchise fees) as a means of financing the operations of the County. Specifically, during fiscal year 1998-99, taxes accounted for 67.76% of total revenues. However, given the relatively onerous provisions of Florida's legislation, which essentially provides for exemptions in various circumstances of assessed value from property taxation, it has been estimated that in Leon County, as much as 60% of the parcels of property are exempt from property taxes in some manner. The major exemption in assessed value is attributable to federal, state and local governmental owned property.

In an effort to more equitably distribute the burden of paying for governmental services, effective October 1, 1991, the County implemented a system wherein, subject to certain criteria, each structure within the County is assessed a flat fee for storm water. This "fee" is incorporated on the property tax bill and distributed as part of the ad valorem tax bills in November of each year. Although there was a considerable amount of controversy surrounding the implementation of this charge, mainly from individuals who previously paid little or no property taxes, it is hoped that this vehicle will provide for a more equitable distribution of the costs of services provided for many years to come.

### **Economic Condition and Outlook**

The unemployment rate for Leon County is low. It is important to the economy that interest rates remain low enough to maintain the sales volume of existing homes and encourage building investment. Excluding new revenue sources, any additional revenues to Leon County must come from property value assessments of new construction. Since inflationary pressures are subdued, retail sales are increasing in Leon County. Projections of population growth indicate growth in Leon County will occur at a slower rate in future fiscal years.

In 1992, the Economic Development Council (EDC) was formed to assist in the diversification of our employment base within the community. Funding is provided to the EDC from both public and private sources. The EDC focuses on Tallahassee's economic advantage and emphasizes the retention and expansion of existing businesses in addition to recruitment of new companies in financial services and business, education, technology, light manufacturing, distribution, and health care. The EDC has recently expanded its efforts to broaden this areas opportunities for business recruitment, by joining forces with six neighboring counties to form the Capital Region Economic Development Partnership. Both the EDC and the Regional Partnership have been successful in assisting existing businesses and in recruiting new businesses to the area.

Employment is expected to out-pace unemployment and income is expected to increase through 2000. However, by the year 2000, projections show a slowing of annual population growth to 1.6%. This projection is down from the 5.9% increase occurring from 1994 through 1997. The planning of a new development, Southwood Plantation could have a positive impact on the population growth in Leon County. Phase one of this project, (from 1999 through 2009) proposes 1,800 dwelling units. This represents housing for over 3,700 persons, with projected employment nearing 3,400 persons. The full development has plans for 4,770 dwelling units, housing almost 9,500, and providing permanent non-construction employment for almost 12,000. The development is planned for completion in the year 2019.

### **Independent Audit**

Section 11.45, Florida Statutes, requires a financial audit of the annual financial statements of Leon County by an independent Certified Public Accountant selected by the Board of County Commissioners and paid from County funds. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act amendments of 1996 and the related U.S. Office of Management and Budget's Circular A-133. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports on compliance and on internal control over financial reporting can be found in the other reports section of this document and in a separately issued single audit report.

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to governmental agencies for its comprehensive annual financial report for their fiscal year. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Leon County received this Certificate for the first time in the history of the county on the fiscal 1995-96 statements and has repeated every year since. It is my belief that our current report conforms to the Certificate of Achievement Program requirements. This report will also be submitted to the GFOA to determine its eligibility for a Certificate.

In addition, Leon County has received the GFOA's award for Distinguished Budget Presentation for its annual appropriated budget for fiscal year 1998-99. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

### **Acknowledgments**

A comprehensive annual financial report of this nature could not have been prepared without the efficient and dedicated service of all staff members involved. I would like to express my appreciation to the staff of the Finance Department for their efforts in producing this report, and to the accounting firms of Thomas Howell Ferguson P.A. and Law, Redd, Crona, & Munroe P.A. for their contributions to the design, preparation and publication of this document. Finally, my thanks for the interest and support of the Clerk of the Circuit Court and the Board of County Commissioners in planning and conducting the fiscal operations of Leon County.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bill Bogan Jr.", with a stylized, cursive script.

Bill Bogan Jr., CPA, CGFO  
Finance Director