

INTRODUCTORY SECTION



Dave Lang

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March 15, 2000

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

I am very pleased to present to you and to the citizens of Leon County the Comprehensive Annual Financial Report (CAFR) of Leon County, Florida as of September 30, 1999. This CAFR covers the fiscal year October 1, 1998 through September 30, 1999. It was prepared by the Finance Department of my office. Responsibility for both the accuracy of the data presented, as well as the completeness and fairness of the presentation, including all disclosures, rests with the Clerk's Office. I believe that the information presented is materially accurate, that it has been presented in a manner designed to clearly set forth the financial position and results of operations of the County as measured by the financial activity of the various County funds, account groups and component unit, and that it includes all disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of the County.

Consideration has been given to the adequacy of internal accounting controls, both in the original development, as well as subsequent evaluations of, and modifications to the accounting system of the County. I believe the internal accounting controls of the County, as addressed in the accompanying letter of transmittal by Bill Bogan, my Finance Director, adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions. This report has been prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (formerly the Municipal Finance Officers Association). The Government Finance Officers Association (GFOA) awards Certificates of Achievement for Excellence in Financial Reporting (formerly Certificates of Conformance) to governments whose comprehensive annual financial reports are judged to conform substantially with high standards of public financial reporting, including generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board and its predecessor, the National Council on Governmental Accounting. The Certificate of Achievement for Excellence in Financial Reporting Program requires the inclusion of all funds and account groups of the County.

The financial statements for the fiscal year ended September 30, 1999 include all of the Constitutional Officers, as well as those other operations for which the County is financially accountable, as defined in Statement Number 14 of the Governmental Accounting Standards Board "*The Financial Reporting Entity*". For the third consecutive year in our history, Leon County received the Certificate of Achievement for Excellence in Financial Reporting on our Comprehensive Annual Financial Report. It is my belief that this accompanying financial report for fiscal year 1998-99 also meets program standards, and it will be submitted to the Government Finance Officers Association for review.

In accordance with the guidelines referenced above, the accompanying report consists of the following three parts:

1. The **Introductory Section**, which includes a letter of transmittal from the Finance Director;
2. The **Financial Section**, which includes the financial statements, footnote disclosures, and supplementary information about the County, and the opinion of our independent auditors; and
3. The **Statistical Section**, which includes a number of tables of unaudited data depicting the financial history of the County for the past ten (10) years, along with information on overlapping governments, social, demographic, and other miscellaneous information.

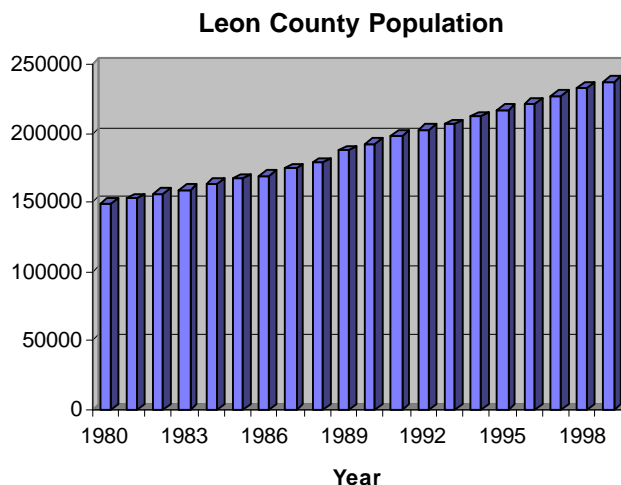
Florida law requires that an independent audit of the annual financial statements of Leon County be performed by a certified public accountant selected by the Board of County Commissioners. This requirement has been accomplished and, as noted above, the opinion of our auditors is included in the financial section of the report. Although the financial statements for the fiscal year ended September 30, 1999, confirm the continued sound financial standing of Leon County, there are, nevertheless, challenges both at present, as well as on the horizon, which will confront the elected officials, appointed management, and citizens of the County.

The major challenges facing the County included the identification of new revenue sources to adequately fund the lake restoration projects, future road needs and park and fire services. Joint communication issues between the City of Tallahassee Police Department and the Leon County Sheriff's Office also continue to be an issue. Finally, the level of the General Fund's fund balance is threatened to significantly decline due to pending litigation regarding electric franchise fees. Some solutions being considered to address these challenges include a voter referendum to extend the one-cent sales tax, the institution of a park services municipal services taxing unit (MSTU), and the institution of a fire services fee.

Since a number of challenges revolve around managing the growth of the County's population (but also include coping with the state initiatives imposed in an attempt to tackle growth related matters), the most obvious concern, which the County continues to face, is providing for the increasing service level and capital improvement demands.

Population data released by the University of Florida, Bureau of Economic and Business Research (BEBR) indicate an average annual rate of population growth for Leon County, for the nine (9) year period beginning in 1990 of 2.6%. This compares with an average statewide rate of population growth of approximately 1.9% for the same period. BEBR growth estimate of population for the next ten years indicate that Leon County will continue to exceed that of the state. Leon County's population growth is expected to be at a rate of 7.9% while the state is expected to be 6.2%. Should this steady rate of population growth continue, and there are certainly no indications to the contrary, the population of Leon County could potentially approach 270,000 over the next five years.

These historical and future population growth trends may be shown graphically as follows:



Leon County Average Annual Growth Rate from 1990 - 1999 = 2.6%

Statewide Average Annual Growth Rate from 1990 - 1999 = 1.9%

While the pressures associated with growth related issues are somewhat pervasive, one area is particularly noteworthy. Specifically, the demands placed upon the county for infrastructure improvements in the transportation, urban services and environmental areas (i.e. roads, parks and fire services, and lake restoration) versus the revenues available to pay for these improvements will have to be enhanced. The county has accumulated a sizable amount of transportation-related revenues; therefore, the near term financing of road-related capital improvements should not pose any significant difficulties. In fact, this revenue source has allowed the County to implement plans to advance fund state roads. The County has advanced over \$10.6 million in funding to the State of Florida Department of Transportation, for road improvements in Leon County and has committed to advance approximately \$5 million in additional funding during the next fiscal year.

The County will continue to closely monitor the relationship between the capital improvements needed to the transportation system, parks and fire services, and environmental preservation along with the resources available to pay for these improvements. Continued monitoring is necessary in order to ensure that the required improvements are provided in a timely, yet cost effective manner.

The preparation of this comprehensive annual financial report could not have been accomplished without the dedicated efforts of the entire staff of the Finance Department. Their efforts over the past years toward upgrading the accounting and financial reporting systems of the County have led to the improved quality of the information being reported to the Board of County Commissioners, State and Federal Agencies, and the citizens of Leon County.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dave Lang". The signature is fluid and cursive, with a large initial "D" and a stylized "L".

Dave Lang
Clerk of the Circuit Court
Leon County, Florida