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March 15, 2001

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

I am very pleased to present to the citizens of Leon County and to you the Comprehensive Annual Financial Report (CAFR) of Leon County, Florida as of September 30, 2000. This CAFR covers the fiscal year October 1, 1999 through September 30, 2000. 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, 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.

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Clerk of Courts ♦ Clerk of County Commission ♦ Auditor ♦ Treasurer ♦ Recorder ♦ Custodian of County Funds

The financial statements for the fiscal year ended September 30, 2000 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 fourth 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 1999-00 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, and footnote disclosures, of 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, 2000, confirm the continued sound financial standing of Leon County, there continue to be challenges confronting the elected officials, appointed management, and citizens of the County.

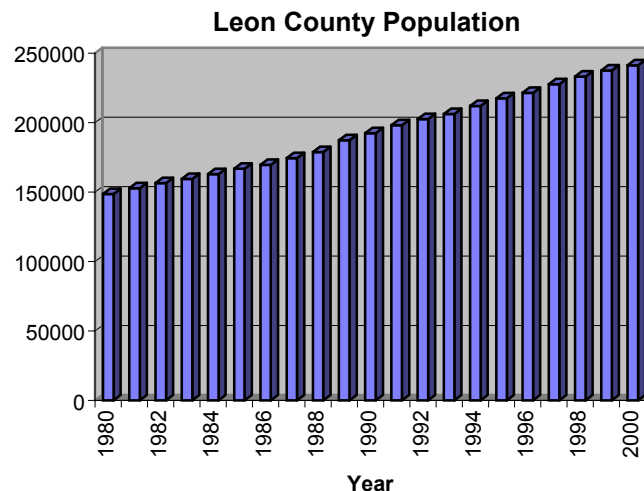
The major challenges facing the County include the identification of new revenue sources to adequately fund the lake restoration projects, future road needs and park and fire services. Joint communication issues between the City of Tallahassee Police Department and the Leon County Sheriff's Office also continue to be an issue. It is my belief that the County has begun to address some of these challenges with the voter referendum passage of the one-cent sales tax extension and the County Commissions adoption of the fire services Municipal Services Taxing Unit for the unincorporated area of Leon County. Additionally, the rebuilding of our general fund, fund balance is a sign that we are headed toward financial stability.

Although I believe that we have made efforts to improve our financial stability, this will be short-lived if we do not continue to prepare for potential catastrophic events by building fund balances in the appropriate funds. We must look to build fund balances because our ability to tap into additional revenue streams is somewhat limited. Also, our ability to issue debt is severely limited over the next few years.

A number of challenges revolve around managing the growth of the County's population. They 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 growth estimates for the next 30 years indicate that percentage of growth in the unincorporated areas of Leon County will outpace those inside the incorporated area of the City of Tallahassee by approximately 12%. The continued growth in the urban services area of the county, means more demand for urban services. As citizens began to move in this area, they will expect typical services provided by governmental units. This will place a large demand for parks and fire services. The county in its foresight built two new branch libraries. Future growth however, will place an even greater demand for these services. The county's options in raising additional revenue, and issuing additional debt will have a direct bearing on our ability to respond to future demands for service by the citizens of Leon County. In the short term, the extent to which we build our unencumbered reserves our expectation of meeting current demands may be realized. This is primarily because our current ability to issue debt as well as raise additional revenues is very limited.

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 eleven (11) year period beginning in 1990 of 2.5%. This compares with an average statewide rate of population growth of approximately 2% for the same period. BEBR growth estimate of population for the next ten years indicates that Leon County will continue to exceed that of the state.

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



Leon County Average Annual Growth Rate from 1990 - 2000 = 2.5%

Statewide Average Annual Growth Rate from 1990 - 2000 = 2%

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 \$15 million in funding to the State of Florida Department of Transportation, for road improvements in Leon County.

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 'R. Inzer', with a stylized flourish at the end.

Robert B. Inzer
Clerk of the Circuit Court
Leon County, Florida