

**SINGLE AUDIT REPORT**

**ALACHUA COUNTY, FLORIDA  
LIBRARY DISTRICT**

**SEPTEMBER 30, 2005**



**ALACHUA COUNTY, FLORIDA  
LIBRARY DISTRICT  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

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**ALACHUA COUNTY, FLORIDA  
LIBRARY DISTRICT  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

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Issued by the Comptroller General of the United States; the *Rules of the Auditor  
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**INDEPENDENT AUDITORS' REPORT  
FOR  
SINGLE AUDIT REPORT  
ALACHUA COUNTY, FLORIDA  
LIBRARY DISTRICT  
SEPTEMBER 30, 2005**



**INDEPENDENT AUDITORS' REPORT**

The Governing Board  
Alachua County Library District  
Alachua County, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alachua County Library District, as of and for the year ended September 30, 2005, which collectively comprise the Alachua County Library District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Alachua County Library District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Alachua County Library District at September 30, 2005, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2005, on our consideration of the Alachua County Library District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing and not provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**Certified Public Accountants**

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Governing Board  
Alachua County Library District  
Alachua County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

Management's discussion and analysis on pages 5 through 13 and the pension information on page 46 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alachua County Library District's basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General*, State of Florida, and is also not a required part of the basic financial statements. The pension information presented on pages 46 through 47 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The schedule of state financial assistance has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

November 21, 2005  
Gainesville, Florida

*Purvis, Gray and Company*



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Alachua County Library District's Management Discussion and Analysis presents an overview of the Library District's financial activities for the fiscal year ended September 30, 2005. The Library District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

### *Financial Highlights*

#### **Government-wide Statements**

- Alachua County Library District's assets exceeded its liabilities at September 30, 2005 by \$10,669,958 (*net assets*). Of this amount, \$7,268,640 may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets of \$10,669,958 are comprised of the following:
  - 1) Capital assets, net of related debt, of \$769,692 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of those capital assets.
  - 2) Net assets of \$2,631,626 are restricted by constraints imposed from outside of the Library District such as debt covenants and capital restrictions of past millage receipts.
  - 3) \$7,268,640 of governmental net assets represents the portion available to maintain the Library District's continuing obligations to citizens and creditors.
- The Library District's total net assets increased \$1,820,240 over the previous year.

#### **Fund Statements**

- At September 30, 2005, the Library District's governmental funds reported combined ending fund balances of \$10,619,776 an increase of \$1,447,890 in comparison with the prior fiscal year.
- At September 30, 2005, unreserved fund balance for the General Fund was \$3,099,105 or 24% of General Fund operating revenue. Considering that there are essentially no revenue collections for the first one and one half months of the new fiscal year to offset expenditures, this amount is considered very healthy.
- Governmental funds revenues increased \$1,430,493 or 10.4% over the prior fiscal year due mostly to increased property tax revenues and increase in investment fair market value.

## ***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the Library District's basic financial statements. The Library District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## **Government-Wide Financial Statements**

The *Government-wide Financial Statements*, which consist of the following two statements, are designed to provide readers with a broad overview of the Library District's finances, in a manner similar to a private sector business.

- The *Statement of Net Assets* presents information on all of the Library District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Library District is strengthening or weakening.
- The *Statement of Activities* presents information showing how the government's net assets changed during fiscal year 2005. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

The government-wide financial statements can be found on pages **16-17** of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Library District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All Library District funds can be divided into two categories: governmental funds and fiduciary funds.

### ***Governmental Funds***

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Library District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Brady Trust, Debt Service, and Capital Projects, which are considered to be major funds. Data from the other three governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the supplementary information section of this report.

The Library District adopts an annual budget for its general, special revenue, debt service and capital projects funds. A budgetary comparison statement has been provided for these funds to demonstrate budgetary compliance.

The basic governmental fund statements can be found on pages **18-27** of this report.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Library District's own programs. The accounting used for fiduciary funds is similar to business-type accounting.

The basic fiduciary fund financial statements can be found on pages **28-29** of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages **31-45** of this report.

### **Other Information**

Combining statements referred to earlier, present a more detailed view of non-major funds. This section includes budget to actual schedules for non-major special revenue funds, debt service and capital project funds. Combining and individual fund schedules can be found on pages **47-54** of this report. Required pension fund information is shown

on page 46. Information concerning Capital Assets used in the operation of governmental funds can be found in the notes on page 40 and additional information about the Library District, which may be of interest to the reader, is found under the Statistical section on pages 56-77. Continuing disclosures required by SEC Rule 15c2-12 can be found on pages 79-83.

***Government-wide Financial Analysis***

Net assets may serve over time as a useful indicator of a government’s financial position. In the case of the Library District, assets exceeded liabilities by \$10,669,958 at the close of the fiscal year ended September 30, 2005.

**Alachua County Library District  
Net Assets**

	<b>Governmental Activities</b>		<b>Total Percent</b>
	<b><u>2004</u></b>	<b><u>2005</u></b>	<b>Change</b>
Current and other assets	\$ 9,829,808	\$ 11,389,233	15.9%
Capital assets	11,892,788	11,569,692	-2.7%
Total assets	<u>21,722,596</u>	<u>22,958,925</u>	5.7%
Long-term liabilities outstanding	10,942,382	10,296,952	-5.9%
Other liabilities	1,930,496	1,992,015	3.2%
Total liabilities	<u>12,872,878</u>	<u>12,288,967</u>	-4.5%
Net assets:			
Invested in capital assets, net of related debt	427,788	769,692	79.9%
Restricted	3,239,138	2,631,626	-18.8%
Unrestricted	5,182,792	7,268,640	40.2%
Total net assets	<u>\$ 8,849,718</u>	<u>\$ 10,669,958</u>	20.6%

At the end of fiscal year 2005, the Library District is able to report positive balances in all three categories of net assets.

The smallest portion of the Library District’s net assets \$769,692 reflects its investment in capital assets (e.g., land, buildings, improvements and equipment, less any related depreciation expense), less any related outstanding debt used to acquire those assets. The Library District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Library District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt is provided from other sources (ad valorem taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Library District's net assets (\$2,631,626 or 24.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$7,268,640 or 68.1%) may be used to meet the government's ongoing obligations to citizens and creditors.

Restricted net assets in the Library District decreased \$607,512 from 2004 to 2005. This was due to the spend-out of restricted tax revenue sources for capital projects, and a planned reduction of reserves available for debt service payments.

Unrestricted net assets increased \$2,085,848, primarily due to an increase in the tax base, and a very small increase in expenses.

**Alachua County Library District  
Changes in Net Assets**

	<b>Governmental Activities</b>		<b>Total Percent Change</b>
	<u>2004</u>	<u>2005</u>	
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 35,139	\$ 35,341	0.6%
Operating grants and contributions	680,677	702,258	3.2%
General revenues:			
Property taxes	12,592,946	13,761,327	9.3%
Other	466,661	709,223	52.0%
Total revenues	<u>13,775,423</u>	<u>15,208,149</u>	10.4%
<b>Expenses:</b>			
Culture and recreation - Library Services	<u>12,634,916</u>	<u>13,387,909</u>	6.0%
Total expenses	12,634,916	13,387,909	6.0%
Increase in net assets	<u>1,140,507</u>	<u>1,820,240</u>	
Net assets - beginning	<u>7,709,211</u>	<u>8,849,718</u>	
Net assets - ending	<u>\$ 8,849,718</u>	<u>\$ 10,669,958</u>	

## Governmental Activities

### General Revenues –

Property Tax revenues increased due to an increase in the tax base, increases in property values, and new construction. Interest rates have continued to steadily rise, accounting for a 52% increase in “other” revenues.

### Net Assets –

The Library District’s total net assets increased \$1,820,240 over the previous year. The reasons for these changes are the same as enumerated in the discussion of the statement of net assets on the proceeding page.

## *Fund Financial Analysis*

As noted earlier, the Library District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## Governmental Funds

The primary purpose of the Library District’s *governmental funds* are to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the Library District’s financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

### **Alachua County Library District Reserved and Unreserved Fund Balance**

Total fund balance	\$ 10,619,776
Less reserved fund balance:	
Encumbrances	32,462
Debt service	331,245
Capital projects	<u>2,300,381</u>
Unreserved fund balance	<u><u>\$ 7,955,688</u></u>

As of the end of fiscal year 2005, the Library District’s governmental funds reported combined ending fund balances of \$10,619,776 an increase of \$1,447,890 in comparison with the prior year. Of the approximately \$10.6 million total fund balance, *Unreserved fund balance* is \$7,955,688 and is available for spending at the Library District’s discretion.

## **Major Funds**

The General, Brady Trust, Debt Service, and Capital Projects are reported as major funds.

The General Fund is the chief operating fund of the Library District. The General Fund had an increase in fund balance of \$995,361. The total fund balance was \$3,099,105. The cash balance at the end of the year was \$3,587,896. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund revenues. Fund balance represents 24.2% of total General Fund operating revenue. The Government Finance Officers Association, Best Practices Guidelines calls for an unreserved fund balance level of 5%-15% of General Fund operating revenues.

The Brady Trust has a total fund balance of \$1,244,444. This fund is a donation invested in stocks and bonds, managed by A.G.Edwards. The Library District Governing Board has made a decision to only spend the interest proceeds on books, and retain the principal. Fund balance increased \$94,646, due to favorable market conditions.

Debt Service has a total fund balance of \$331,245. This fund is primarily used for making principal and interest payment on long-term debt. Fund balance had a planned increase of \$71,718.

Capital Projects has a total fund balance of \$5,749,678. Of this amount \$2,300,381 is reserved specifically for Capital Projects, due to a 15-year millage restriction that ended in 2001. An additional amount of \$30,310 is reserved for encumbrances. The unreserved fund balance for Capital Projects is \$3,418,987, and is available for spending at the Library District's discretion. However, the current Library Governing Board has chosen to earmark it for Capital Projects. The net increase in fund balance during the fiscal year in Capital Projects was \$350,143.

### ***General Fund Budgetary Highlights***

There were no differences between the General Fund's original budget and final amended budget. Actual revenues varied from final budgeted revenues negatively by \$153,930, while actual expenditures varied from final budgeted expenditures, positively by \$1,367,150. The net difference of actual compared to final budget was a positive difference of \$1,213,220.

### ***Capital Asset and Debt Administration***

#### **Capital Assets**

The Library District's investment in capital assets as of September 30, 2005 totals \$11,569,692 (net of accumulated depreciation) and includes land, artwork, buildings, improvements other than buildings, and equipment. The Library District experienced an overall decrease in investment in capital assets over the prior fiscal year of approximately 2.7% due primarily to depreciation of assets and sale of obsolete assets. Further

information about the Library District's capital assets can be found in Note 4 on page 40 of this report.

**Alachua County Library District  
Capital Assets  
(net of depreciation)**

	<b>Governmental Activities</b>	
	<b><u>2004</u></b>	<b><u>2005</u></b>
Land	\$ 1,075,385	\$ 1,075,385
Buildings	10,502,295	10,192,368
Improvements other than buildings	12,649	9,832
Equipment	302,459	292,107
Total	<b>\$ 11,892,788</b>	<b>\$ 11,569,692</b>

**Long-term Debt**

At the end of fiscal year 2005, the Library District had total bonded debt outstanding of \$10,800,000. The Library District's debt represents bonds secured solely by general obligation bonds.

**Alachua County Library District  
Outstanding Debt**

	<b><u>2004</u></b>	<b><u>2005</u></b>
General Obligation Bonds	<b>\$ 11,465,000</b>	<b>\$ 10,800,000</b>

The Library District's outstanding bonded debt, decreased by \$665,000 during fiscal year 2005. This decrease was due to scheduled principal retirements of bonded debt payable.

Additional information on the Library District's debt can be found in Note 6 on page 44 of this report.



### ***Economic Factors and Next Year's Budgets and Rates***

- The taxable value of commercial and residential property increased 9% and 16%, respectively, in the 2005 fiscal year.
- Population increased approximately 1.9% from the prior year to 240,764 at September 30, 2005.

During the current fiscal year, unreserved fund balance in the General Fund increased by \$995,361 to \$3,099,105. The Library District has appropriated \$600,000 of this amount for spending in the 2006 fiscal year budget. The ad valorem tax rate for the general fund was decreased for the 2006 fiscal year budget and is 1.4475 Mills.

### ***Requests for Information***

This financial report is designed to present users with a general overview of the Library District's finances and to demonstrate the Library District's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Alachua County Clerk of Court, Finance and Accounting, P.O. Box 939, Gainesville, Florida 32602. Additional financial information can be found on our web site <http://www.clerk-alachua-fl.org>.



**BASIC  
FINANCIAL  
STATEMENTS**



**ALACHUA COUNTY LIBRARY DISTRICT  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2005**

**Assets**

Current assets:

Cash and investments	\$ 11,165,169
Accounts receivable, net	25,489
Due from other governments	100,090
<b>Total current assets</b>	<b>11,290,748</b>

Noncurrent assets:

Unamortized bond issue costs	98,485
Capital assets:	
Land	1,075,385
Buildings	15,664,774
Equipment	2,351,504
Other improvements	314,402
Less accumulated depreciation	(7,836,373)
<b>Total noncurrent assets</b>	<b>11,668,177</b>
<b>Total assets</b>	<b>\$ 22,958,925</b>

**Liabilities**

Current liabilities:

Accounts payable	\$664,291
Accrued interest payable	84,687
Due to other governments	6,681
Bonds payable	690,000
Accrued compensated absences	546,356
<b>Total current liabilities</b>	<b>1,992,015</b>

Noncurrent liabilities:

Bonds payable	10,241,287
Accrued compensated absences	55,665
<b>Total noncurrent liabilities</b>	<b>10,296,952</b>
<b>Total liabilities</b>	<b>12,288,967</b>

**Net assets**

Invested in capital assets, net of related debt	769,692
Restricted for:	
Restricted for debt service	331,245
Restricted for capital projects	2,300,381
Unrestricted	7,268,640
<b>Total net assets</b>	<b>\$ 10,669,958</b>

See accompanying notes.

**ALACHUA COUNTY LIBRARY DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

<b>Program expenses</b>	
Culture and recreation - Library Services	\$ 12,856,235
Interest	531,674
<b>(Total program expenses)</b>	<u>(13,387,909)</u>
<b>Program revenues</b>	
Culture and recreation:	
Charges for services	35,341
Operating grants and contributions	702,258
<b>Total program revenues</b>	<u>737,599</u>
<b>(Net program expenses)</b>	<u>(12,650,310)</u>
<b>General revenues</b>	
Property taxes	13,761,327
Investment earnings	513,515
Miscellaneous	195,708
<b>Total general revenues</b>	<u>14,470,550</u>
<b>Increase in net assets</b>	1,820,240
<b>Net assets, beginning of year</b>	<u>8,849,718</u>
<b>Net assets, end of year</b>	<u><u>\$ 10,669,958</u></u>

See accompanying notes.

**ALACHUA COUNTY LIBRARY DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2005**

	<b>General</b>	<b>Brady Trust Special Revenue Fund</b>
<b>Assets</b>		
Equity in pooled cash and investments	\$ 3,574,316	\$ 326
Other cash and investments	13,580	1,244,118
Receivables	25,336	-
Due from other governments	90,555	-
<b>Total assets</b>	<b>\$ 3,703,787</b>	<b>\$ 1,244,444</b>
 <b>Liabilities and fund balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 598,016	\$ -
Due to other governments	6,666	-
<b>Total liabilities</b>	<b>604,682</b>	<b>-</b>
 <b>Fund balances</b>		
Reserved for capital projects	-	-
Reserved for debt service	-	-
Reserved for encumbrances	-	-
Unreserved, reported in:		
General Fund	3,099,105	-
Special revenue funds	-	403,558
Special revenue funds - designated	-	840,886
Capital project fund	-	-
<b>Total fund balances</b>	<b>3,099,105</b>	<b>1,244,444</b>
 <b>Total liabilities and fund balances</b>	<b>\$ 3,703,787</b>	<b>\$ 1,244,444</b>

See accompanying notes.

<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 321,812	\$ 5,815,866	\$ 195,151	\$ 9,907,471
-	-	-	1,257,698
-	-	153	25,489
9,446	89	-	100,090
<u>\$ 331,258</u>	<u>\$ 5,815,955</u>	<u>\$ 195,304</u>	<u>\$ 11,290,748</u>
\$ -	\$ 66,275	\$ -	\$ 664,291
13	2	-	6,681
<u>13</u>	<u>66,277</u>	<u>-</u>	<u>670,972</u>
-	2,300,381	-	2,300,381
331,245	-	-	331,245
-	30,310	2,152	32,462
-	-	-	3,099,105
-	-	193,152	596,710
-	-	-	840,886
-	3,418,987	-	3,418,987
<u>331,245</u>	<u>5,749,678</u>	<u>195,304</u>	<u>10,619,776</u>
<u>\$ 331,258</u>	<u>\$ 5,815,955</u>	<u>\$ 195,304</u>	<u>\$ 11,290,748</u>





**Alachua County Library District  
Reconciliation of the Balance Sheet  
to the Statement of Net Assets Governmental Funds  
For the Year Ended September 30, 2005**

Fund Balances – Total Governmental Funds	\$10,619,776
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	11,569,692
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in funds.	(11,434,823)
Accrued general long-term debt interest expenses are not financial uses and, therefore, are not reported in the fund.	<u>(84,687)</u>
Net assets of governmental activities	<u>\$10,669,958</u>

**ALACHUA COUNTY LIBRARY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<b>General</b>	<b>Brady Trust Special Revenue Fund</b>
<b>Revenues</b>		
Property taxes	\$ 12,458,358	\$ -
Intergovernmental	-	-
Charges for services	35,341	-
Investment income	179,483	144,061
Miscellaneous	138,347	585
<b>Total revenues</b>	12,811,529	144,646
<b>Expenditures</b>		
Current: Culture and recreation		
Personal services	7,423,386	-
Operating expenditures	3,541,501	-
Capital outlay	-	-
Debt service	-	-
<b>Total expenditures</b>	10,964,887	-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	1,846,642	144,646
<b>Other financing sources (uses)</b>		
Transfers in	-	-
Transfers out	(852,031)	(50,000)
Proceeds from sale of capital assets	750	-
<b>Total other financing sources (uses)</b>	(851,281)	(50,000)
<b>Net change in fund balances</b>	995,361	94,646
<b>Fund balances - beginning</b>	2,103,744	1,149,798
<b>Fund balances - ending</b>	\$ 3,099,105	\$ 1,244,444

See accompanying notes.

<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,301,476	\$ 1,493	\$ -	\$ 13,761,327
-	-	702,258	702,258
-	-	-	35,341
23,546	166,425	-	513,515
2,013	6,935	44,588	192,468
<u>1,327,035</u>	<u>174,853</u>	<u>746,846</u>	<u>15,204,909</u>
-	-	-	7,423,386
53,561	-	860,824	4,455,886
-	679,231	-	679,231
1,201,756	-	-	1,201,756
<u>1,255,317</u>	<u>679,231</u>	<u>860,824</u>	<u>13,760,259</u>
<u>71,718</u>	<u>(504,378)</u>	<u>(113,978)</u>	<u>1,444,650</u>
-	852,031	50,000	902,031
-	-	-	(902,031)
-	2,490	-	3,240
<u>-</u>	<u>854,521</u>	<u>50,000</u>	<u>3,240</u>
71,718	350,143	(63,978)	1,447,890
<u>259,527</u>	<u>5,399,535</u>	<u>259,282</u>	<u>9,171,886</u>
<u>\$ 331,245</u>	<u>\$ 5,749,678</u>	<u>\$ 195,304</u>	<u>\$ 10,619,776</u>

See accompanying notes.



**Alachua County Library District**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2005**

Net change in fund balances – Total Governmental Funds	\$1,447,890
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation \$494,271 exceeded capital outlay (\$171,174) in the current period.</p>	(323,097)
<p>Repayments of bond principal ((\$665,000) less \$11,095 premium expense plus \$8,322 deferred charges) are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	667,773
<p>Some expenditures reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds (compensated absences \$22,963 and accrued interest expense \$4,711).</p>	27,674
	\$1,820,240
Changes in net assets of governmental activities	\$1,820,240

**ALACHUA COUNTY LIBRARY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<b>General Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 12,830,459	\$ 12,830,459	\$ 12,458,358	\$ (372,101)
Charges for services	45,000	45,000	35,341	(9,659)
Investment income	70,000	70,000	179,483	109,483
Miscellaneous	20,000	20,000	138,347	118,347
<b>Total revenues</b>	<u>12,965,459</u>	<u>12,965,459</u>	<u>12,811,529</u>	<u>(153,930)</u>
<b>Expenditures</b>				
Current: Culture and recreation				
Personal services	7,954,516	7,954,516	7,423,386	531,130
Operating expenditures	4,377,521	4,377,521	3,541,501	836,020
<b>Total expenditures</b>	<u>12,332,037</u>	<u>12,332,037</u>	<u>10,964,887</u>	<u>1,367,150</u>
<b>Excess of revenues over expenditures</b>	633,422	633,422	1,846,642	1,213,220
<b>Other financing sources (uses)</b>				
Transfers out	(852,031)	(852,031)	(852,031)	-
Proceeds from sale of capital assets	-	-	750	750
<b>Total other financing sources (uses)</b>	<u>(852,031)</u>	<u>(852,031)</u>	<u>(851,281)</u>	<u>750</u>
<b>Net change in fund balance</b>	(218,609)	(218,609)	995,361	1,213,970
<b>Fund balances - beginning</b>	<u>218,609</u>	<u>218,609</u>	<u>2,103,744</u>	<u>1,885,135</u>
<b>Fund balances - ending</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,099,105</u></u>	<u><u>\$ 3,099,105</u></u>

See accompanying notes.

**ALACHUA COUNTY LIBRARY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<b>Brady Trust Special Revenue Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment income	\$ 100,000	\$ 100,000	\$ 144,061	\$ 44,061
Miscellaneous	-	-	585	585
<b>Total revenues</b>	<u>100,000</u>	<u>100,000</u>	<u>144,646</u>	<u>44,646</u>
<b>Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues over     expenditures</b>	100,000	100,000	144,646	44,646
<b>Other financing sources (uses)</b>				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	50,000	50,000	94,646	44,646
<b>Fund balances - beginning</b>	<u>(50,000)</u>	<u>(50,000)</u>	<u>1,149,798</u>	<u>1,199,798</u>
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,244,444</u>	<u>\$ 1,244,444</u>

See accompanying notes.



**ALACHUA COUNTY LIBRARY DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS - EMPLOYEE RETIREMENT PLAN  
SEPTEMBER 30, 2005**

**Assets**

Cash and cash investments	\$ 685,963
Government obligations	1,777,277
Corporate stocks	4,952,691
Corporate bonds	1,689,587
Interest and dividends receivable	<u>44,947</u>

**Total assets** \$ 9,150,465

**Net assets**

Held in trust for pension benefits	<u><u>\$ 9,150,465</u></u>
------------------------------------	----------------------------

See accompanying notes.

**ALACHUA COUNTY LIBRARY DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

**Additions**

Contributions:

Employer	\$ 698,905
Members	419,254
Total contributions	1,118,159

Investment earnings:

Net appreciation in fair value of investments	95,238
Interest and dividends	250,657
Total investment income	345,895

(Less investment expense)	(98,871)
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Net investment income	247,024
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<b>Total additions</b>	<b>1,365,183</b>
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**Deductions**

Benefit payments	151,172
Refunds of nonvested contributions	10,253

<b>(Total deductions)</b>	<b>(161,425)</b>
---------------------------	------------------

<b>Net increase</b>	1,203,758
---------------------	-----------

**Net assets held in trust for pension  
benefits - beginning**

7,946,707
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**Net assets held in trust for pension  
benefits - ending**

\$ 9,150,465
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See accompanying notes.



**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

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**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**Note 1 - Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Alachua County Library District is an independent special taxing district created for the purpose of providing library system services and facilities for all citizens of Alachua County, Florida.

The Alachua County Library District was established, effective April 1, 1986, by Chapter 85-376 Laws of Florida (the Act) and currently operates under the authority of Chapter 98-502, Laws of Florida. It is governed by a six-member governing (Board of Governors) board, composed of three members of the Board of County Commissioners of Alachua County, Florida, two members of the Gainesville City Commission and one member of the Alachua County School Board.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Alachua County Library District. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. All activities of the Alachua County Library District are considered to be governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of the Alachua County Library District are offset by program revenues. *Program revenues* include charges to customers and grants and contributions. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)**

incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Property taxes and all other revenue items are considered to be measurable and available only when cash is received within 30 days of the end the current fiscal period by the Alachua County Library District.

The Alachua County Library District reports the following major governmental funds:

- The **General Fund** is the Alachua County Library District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Brady Trust Special Revenue Fund** accounts for the activities in the Marna Venable Brady Trust.
- The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- The **Capital Projects Fund** accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the government reports the following fiduciary fund:

- The **Pension Trust Fund** accounts for the activities of the Alachua County Library Pension Plan, which accumulates resources for pension benefit payments to qualified employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB).

**D. Budgets and Budgetary Accounting**

Revenue and expenditures in governmental funds are controlled by a formal integrated budgetary accounting system in accordance with Florida Statutes. An annual budget is adopted by the Alachua County Library District's Board of Governors for all governmental fund types.

The Alachua County Library District's annual budgets are monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations, except for amounts corresponding to outstanding encumbrances, lapse at year-end.

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**D. Budgets and Budgetary Accounting (Concluded)**

Original and amended budgets, as well as budget to actual comparisons are provided in the financial statements for all governmental funds. The amended budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget during the year by the Alachua County Library District's Board of Governors. Budgets are prepared on the modified accrual (GAAP) basis of accounting.

**E. Assets, Liabilities and Net Assets**

■ **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general, special revenue and capital projects funds. Encumbrances outstanding (if any) at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

■ **Investments**

Investments are reported at fair value in accordance with GASB Statement No. 31.

■ **Restricted Net Assets**

Certain funds of the Library District are classified as restricted net assets on the statement of net assets because a restriction is either imposed by law through constitutional provisions or enabling legislation, or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, applicable laws and regulations limit their use. The Library District has a current millage restriction for Debt Service and past 15-year millage restriction for Capital Projects that ended in 2001. It is the practice of the Library District to utilize restricted net assets before unrestricted net assets.

■ **Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by Florida Statute 274.02 to include items of a nonconsumable nature with a value of at least \$1,000 and a life of one year or more. The Library District Governing Board has elected to include items with a value of at least \$750 and a life of one year or more. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities and Net Assets (Continued)**

▪ **Capital Assets (Concluded)**

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	15
Vehicles	7
Equipment	2-15

▪ **Accrued Compensated Absences**

The Alachua County Library District's employees are entitled to accrue an unlimited number of hours of paid time off leave (PTO). Upon termination, employees can be paid up to 240 hours of PTO. Participants of the pension plan with at least five years of service convert unused PTO in excess of 240 hours to credited service time. Nonparticipants of the pension plan with at least five years of service are paid for one-half of unused PTO in excess of 240 hours. All PTO is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

▪ **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

▪ **Reserves and Designations of Fund Balances**

In the fund financial statements, reserves of fund balance represent portions of fund balances that cannot be appropriated for expenditures or which have been legally segregated for specific future uses. Debt Service and Capital Outlay have millage restrictions, as discussed in the Restricted Assets section of this note. Designations indicate management's tentative spending plans.

In the Brady Trust Special Revenue Fund, the Alachua County Library District's Board of Governors has designated the amount of the original contribution plus an amount representing



**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**E. Assets, Liabilities and Net Assets (Continued)**

▪ **Reserves and Designations of Fund Balances**

inflation to remain intact indefinitely, with all remaining net assets available for transfer to the gifts and donation fund to be used for library books. In the Brady Trust Special Revenue Fund, designated fund balances increased by \$38,204 to \$840,886 representing a 4.69% increase in the consumer price index.

**F. Risk Management**

The Alachua County Library District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors or omissions; injuries to employees and the public, or damage to property of others. The Alachua County Library District has established a risk management program through the purchase of insurance to cover potential losses related to such risks. No settlements have exceeded coverage for each of the past three fiscal years.

**Note 2 - Property Taxes**

The Legislative Act (the Act), which created the Alachua County Library District, allowed for the levy of ad valorem taxes. The millages allowed under the Act and the millages levied during fiscal year ended September 30, 2005, are as follows:

	<u>Allowable Millage</u>	<u>Millage Levied</u>
Millages Allocated to:		
General Operations	1.5 Mills	1.5 Mills
Voted Debt Service	Unlimited*	.1566 Mills

\* Determined based upon debt issued and the capital improvement millage must be reduced by an equal amount.

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed in October and are payable upon receipt with discounts at the rate of 4% if paid in November, decreasing by 1% per month with no discount available if paid in the month of March. Taxes become delinquent on April 1 of the year following the year of assessment and state law provides for enforcement of collection of ad valorem property taxes by seizure of the property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes. The procedures result in the collection of essentially all taxes prior to June 30 in the year following the year of assessment.

**Note 3 - Cash and Investments**

The Alachua County Library District, for accounting and investment purposes, maintains a cash and investment pool for all Alachua County Library District funds, except for those monies which are legally restricted to separate administration or administered by other agencies. This gives the Alachua County Library District the ability to invest large amounts of idle cash for

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**Note 3 - Cash and Investments (Continued)**

short periods of time and maximize earning potential. Each fund's portion of the pool is displayed on the governmental funds balance sheet as "equity in pooled cash and investments."

■ **Cash Deposits**

At September 30, 2005, the carrying amount of the Alachua County Library District's deposits was \$269,479. Deposits in banks and thrift institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Alachua County Library District are placed with qualified financial institutions and are classified as category one credit risk, which means they are insured or collateralized.

■ **Investments**

The Alachua County Library District's investment practices are governed by Resolution 95-2, which provides for the investment of surplus public funds in the following instruments, none of which shall be in the form of derivatives.

- The Florida Local Government Surplus Funds Trust Fund
- Negotiable direct obligations, or obligations which are unconditionally guaranteed by the United States Government
- Interest-bearing time deposits or savings accounts in certain financial institutions provided that any such deposits are secured by collateral as may be prescribed by law
- Obligations of the Federal Farm Credit Banks, Federal Home Loan Mortgage Corporation, or Federal Home Loan Bank or its district banks, including Federal Home Loan Mortgage Corporation participation certificates, or obligations guaranteed by the Government National Mortgage Association.
- Securities of or other interests in, any registered open-end or closed-end management type investment company or investment trust provided the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**Note 3 - Cash and Investments (Continued)**

The following schedule details the cash and investments as shown in the financial statements.

**Cash and Investments at September 30, 2005**

**Government-wide**

State Board of Administration Investment Pool (2a7-like)		\$ 9,651,573
Investments with A.G. Edward – Brady Trust		
Cash equivalents	\$ 22,885	
Corporate stocks	967,208	
Corporate bonds	254,025	1,244,118
Cash in banks (Including CD and Public Interest on Checking)		<u>269,479</u>
<b>Total cash and investments – Government-wide</b>		<b>\$ 11,165,170</b>

**Pension Fund**

Pension investments – State Street Bank – Trustee		<u>\$ 9,105,518</u>
---	--	---------------------

**Total cash and investments** \$20,270,688

Investments of the pension trust fund and Brady Trust Special Revenue Fund may be made in stocks, bonds or other appropriate investments as governed by bond resolution, general law or action of the Board.

The following is a breakdown of the Brady Trust Special Revenue Fund Investment at September 30, 2005:

Cash equivalents		\$ 22,885
Corporate stocks		967,208
Corporate bonds		<u>254,025</u>
<b>Total</b>		<b><u><u>\$1,244,118</u></u></b>

The following is a breakdown of the Pension Trust Fund Investment at September 30, 2005:

Cash equivalents		\$ 685,963
Corporate stocks		4,952,691
Corporate and government bonds		<u>3,466,864</u>
<b>Total</b>		<b><u><u>\$9,105,518</u></u></b>

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**Note 3 - Cash and Investments (Concluded)**

*Credit Risk.* It is the Library Pension Trust Fund policy to limit its investments in corporate debt issues that meet or exceed a credit rating of BBB from Standard and Poor's and/or a Baa rating from Moody's. As of September 30, 2005, the Library's pension investment in corporate bonds were rated by Standard and Poor's as follows:

<b>Rating</b>	<b>Amount</b>
AAA	\$ 120,335
AA-	257,543
A+	391,810
A	467,512
A-	189,218
BBB+	129,815
BBB	133,354
Total	<u>\$ 1,689,587</u>

The Library District's investment in the State Board of Administration Local Government Investment Pool is not rated by a nationally recognized statistical rating agency as of the date of these financial statements.

*Custodial Credit Risk-Investments.* The investment in the Brady Trust Special Revenue Fund carries a *custodial credit risk*. This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

As of September 30, 2005, the Library pension trust fund and the Brady Trust Special Revenue Fund had the following debt securities:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Years)</b>
U.S. Treasuries – Pension Trust	\$ 1,777,277	.33
Corporate bonds – Brady Trust	254,025	.40
Corporate bonds – Pension Trust	1,689,587	.26
Total fair value	<u>\$ 3,720,889</u>	
Portfolio weighted average maturity		.33

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**Note 4 - Capital Assets**

Capital asset activity for the year ended September 30, 2005, was as follows:

	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance</b>
<b>Governmental Activities:</b>				
Capital not being depreciated:				
Land	\$ 1,075,385	\$ -	\$ -	\$ 1,075,385
Total not being depreciated	1,075,385	-	-	1,075,385
Capital Assets being depreciated:				
Buildings	15,651,774	13,000	-	15,664,774
Equipment	2,288,572	160,573	(97,641)	2,351,504
Improvements other than building	314,402	-	-	314,402
Total being depreciated	18,254,749	173,573	(97,641)	18,330,680
Less accumulated depreciation for:				
Buildings	(5,149,479)	(322,927)		(5,472,406)
Equipment	(1,986,113)	(168,527)	95,243	(2,059,397)
Improvements other than building	(301,753)	(2,817)		(304,570)
Total accumulated depreciation	(7,437,345)	(494,271)	95,243	(7,836,373)
Total being depreciated, net	10,817,404	(320,698)	(2,398)	10,494,307
<b>Governmental activities capital assets, net</b>	<b>\$ 11,892,788</b>	<b>\$(320,698)</b>	<b>\$( 2,398)</b>	<b>\$ 11,569,692</b>

Depreciation expense for the year ended September 30, 2005 was \$494,271.

**Note 5 - Employee Benefits**

■ **Pension Plan**

**A. Plan Description**

The Alachua County Library District Pension Board of Trustees is the Administrator for the Alachua County Library Pension Plan. This is a contributory defined benefit single-employer pension plan with an effective date of October 1, 1986. The plan covers substantially all employees; some managerial employees (6) belong to the ICMA Deferred Compensation Plan. For managers who elected to move from the deferred compensation plan (3) as of October 1, 1996, credited service shall begin as of that date for benefit accrual purposes. The Alachua County Library District accounts for the plan as a pension trust fund. The plan is also governed by certain provisions of Chapter 112, Florida Statutes.

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**Note 5 - Employee Benefits (Continued)**

■ **Pension Plan (Continued)**

At October 1, 2004, the plan membership consisted of:	
Retirees and beneficiaries currently receiving benefits	11
Vested terminated employees	22
Active employees	<u>199</u>
<b>Total</b>	<u>232</u>

The pension plan provides retirement benefits, as well as death benefits. All benefits vest after five years of credited service (by plan amendment effective October 1, 1996).

Employees who retire with either twenty years of credited service or reach age 65 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% of their final average times credited service. Employees with fifteen years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For managers who elected to move from the deferred compensation plan as of October 1, 1996, no more than ten years of past service with the Library will be considered as credited service for investing purposes. For purposes of calculation of the accrued benefit, the transferring employee shall accrue credited service under this plan only after October 1, 1996.

On June 9, 2005, the Library District Pension Board amended the pension plan to provide for an optional election into the plan for certain current exempt employees. If an exempt employee elects to transfer into the plan, their election is effective October 1, 2005. A total of four employees opted to transfer into the plan, of which one elected to purchase prior service credits. This employee was required to have his payment deposited into the plan by September 30, 2005. The employee paid \$206,487 into the plan to purchase prior service credits. This one-time payment increased normal employee contributions for the current year from \$212,767 to a total of \$419,254.

**B. Summary of Significant Accounting Policies**

➤ **Basis of Accounting**

The pension trust fund is presented using the accrual basis of accounting. Employer and employee contributions are recognized as revenue in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

➤ **Method Used to Value Investments**

Investments are initially recorded on the trade date and are valued at fair value. Investment policies are determined by the Pension Board of Trustees. Net appreciation or (depreciation) in the fair value of investments represents both realized and unrealized gains and losses.

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**Note 5 - Employee Benefits (Continued)**

**B. Summary of Significant Accounting Policies (Continued)**

➤ **Refunds**

If an employee leaves covered employment or dies before five years of credited service, accumulated employee contributions without interest are refunded to the employee or designated beneficiary.

➤ **Administrative Expenses**

Costs paid from investment earnings of the pension plan include trustee fees, actuarial services and bank charges. Other administrative costs such as accounting, office space and audit costs are provided by the Alachua County Library District at no cost to the pension plan.

**C. Funding Policy**

The Alachua County Library District Board of Governors established the pension plan and has the authority for amending any plan/benefit provisions.

The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarially accrued liability are determined using the entry age normal actuarial cost method.

The total (employer & employee) required contribution rate expressed as a percentage of current year payroll is 17.21%. This contribution rate was determined as part of the October 1, 2004 actuarial valuation. Covered employees were required to contribute 4% of their salary to their pension plan. The Library District is required to contribute the difference, which is 13.21% of covered payroll. The total 17.21% contribution rate expressed as a percentage of payroll consisted of 11.78% for normal costs, 4.73% for amortization of the unfunded actuarial liability over a 30 year period using level percent of payroll, and .70% for interest on amounts from actuarial valuation date to expected payment dates.

**D. Investment Concentrations**

As of September 30, 2005, all investments (100%) were held by State Street Bank, Custodian for the Alachua County Library District.

**E. Determination of Net Pension Obligation (Asset)**

The Library District makes employer contributions as a percentage of actual current covered payroll. Thus, as long as the percentage contributed equals the percentage required by the most recent actuarial valuation, the dollar amount of the annual required contribution (ARC) is equal to the actual dollar amount of employer contributions. The Library District made contributions at the actuarial determined rate of 13.21% of current covered payroll for the period ending September 30, 2005. Therefore, annual pension cost is equal to the ARC and the District does not have a net pension obligation.

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**Note 5 - Employee Benefits (Concluded)**

**E. Determination of Net Pension Obligation (Asset) (Continued)**

The Library's annual pension cost and net pension obligation (asset) for the current year were as follows:

Annual required contribution (13.21% of covered payroll)	\$ 698,905
Actual contributions made	<u>(698,905)</u>
Net pension obligation (asset) end of year	<u><u>\$ 0</u></u>

**Three-Year Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/05	\$698,905	100.0	\$0
9/30/04	603,804	100.0	0
9/30/03	568,365	100.0	0

**F. Actuarial Assumptions**

Below is a list of actuarial assumptions used as part of the valuation report dated October 1, 2004.

Valuation date	10/01/04
Actuarial cost method	Entry age normal
Amortization method	Level percent - 30 Years - Closed
Equivalent single amortization period	26 years
Asset valuation method	Four year smoothed market
<b>Actuarial Assumptions:</b>	
Investment rate of return	8.5%
Projected salary increases	6% (Comprised of 3% from inflation & 3% other)
Payroll growth	6.5% per year
Post-retirement benefit increases	Annual COLA based upon CPI with 2.2% maximum
Expenses	Prior year net expenses plus 15%

▪ **Deferred Compensation Plan**

The Alachua County Library District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The Alachua County Library District has complied with the requirements of subsection (g) of Internal Revenue Code Section 456 and, accordingly, all assets and income of the plans are held in trust for the exclusive benefit of the participants and their beneficiaries.



**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**Note 6 - Long-Term Obligations**

The Alachua County Library District has the following long-term obligations outstanding as of September 30, 2005:

\$13,295,000 Alachua County Library District Refunding Bonds, Series 2001 due in annual installments of \$585,000 to \$1,140,000 through 2017, Interest from 4.25% to 5.00% and secured by property taxes (Refunded Series 1991 General Obligation Bond)	\$10,800,000
Plus unamortized premium	131,287
Net carrying amount	10,931,287
Accrued compensated absences	602,021
<b>Total long-term obligations</b>	<b>\$11,533,308</b>

Long-Term liability activity for the year ended September 30, 2005, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>(Decreases)</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
General obligation bonds	\$11,465,000	\$ 0	(\$665,000)	\$10,800,000	\$690,000
Unamortized premium	142,382	0	(11,095)	131,287	0
Compensated absences	624,984	523,393	(546,356)	602,021	546,356
Total long-term obligations	\$12,232,366	\$523,393	(\$1,222,451)	\$11,533,308	\$1,236,356

Compensated absences are generally liquidated by the general fund.

Annual debt service requirements to maturity for general obligations bonds are as follows:

Year	Principal	Interest
2006	\$ 690,000	\$ 508,123
2007	725,000	478,798
2008	755,000	447,985
2009	790,000	410,235
2010	830,000	370,735
2011-2015	4,780,000	1,219,895
2016-2017	2,230,000	162,900
Total	10,800,000	3,598,671
Plus: Unamortized bond premium	131,287	0
Total	\$10,931,287	\$3,598,671

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**Note 7 - Interfund Transfers**

Interfund transfers for the year ended September 30, 2005, were as follows:

<u>Transfer Out</u>	<u>Amount</u>	<u>Transfer In</u>	<u>Purpose</u>
General Fund	\$ 852,031	Capital projects fund	Fund capital projects
Brady Trust Special Revenue Fund	50,000	Gifts and donations fund	Budgeted spendable trust funds
<b>Total interfund transfers</b>	<b>\$ 902,031</b>		

**Note 8 – Related Party Transactions**

The Library District has an interlocal agreement with Alachua County Board of County Commissioners. The Library District paid Alachua County Board of County Commissioners \$380,808 for services in fiscal year 2005. These services included Accounting, Auditing, Treasury, Miscellaneous Administrative Services, Information and Telecommunications Services, and the County Attorney services.

**Note 9 - Other Disclosures**

**A. Excess of Expenditures Over Appropriations**

There were no funds with an excess of expenditures over appropriations.

**B. Excess of Expenditures Over Revenue in the Budget Column**

Certain funds show an excess of expenditures over revenue in the budget column of the statement of revenue, expenditures and changes in fund balances, budget and actual. This excess is due to the use of fund balance (which is not reported in the budget or variance column) during the fiscal year.

**C. Excess of Expenditures Over Revenue in the Actual Column**

Certain funds show an excess of expenditures over revenue in the actual column of the statement of revenue, expenditures and changes in fund balances. This excess is due to the use of fund balance brought forward from the prior fiscal year.

**ALACHUA COUNTY LIBRARY DISTRICT  
REQUIRED SUPPLEMENTAL INFORMATION  
SEPTEMBER 30, 2005**

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Total Annual Payroll at Valuation Date (c)</b>	<b>UAAL as % of Covered Payroll (b-a)/c</b>
10/01/04	\$7,512,159	\$12,648,547	\$5,136,388	59.4%	\$5,237,851	98.1%
10/01/03	6,966,779	10,600,230	3,633,451	65.7%	4,730,893	76.8%
10/01/02*	6,479,693	9,445,509	2,965,816	68.6%	4,643,532	63.9%
10/01/01**	6,315,599	8,235,573	1,919,974	76.7%	4,174,964	46.0%
10/01/00	6,131,260	5,882,819	(248,441)	104.2%	3,795,763	(6.5)%
10/01/99*	5,646,419	4,958,325	(688,094)	113.9%	3,492,555	(19.7)%
10/01/98	4,619,234	4,647,229	27,995	99.4%	3,088,912	.9%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Valuation Date</b>	<b>End of Plan Year to Which Valuation Applies</b>	<b>Actual Covered Payroll for Current Period</b>	<b>Required Employer Contribution</b>		<b>Actual Employer Contributions</b>	<b>Percentage Contributed</b>
			<b>Amount</b>	<b>% Payroll</b>		
10/01/04	09/30/05	\$5,290,727	\$698,905	13.21%	\$698,905	100%
10/01/03	09/30/04	5,044,311	603,804	11.97%	603,804	100%
10/01/02	09/30/03	4,929,445	568,365	11.53%	568,365	100%
10/01/01**	09/30/02	4,230,806	446,350	10.55%	446,350	100%
10/01/00	09/30/01	3,850,907	271,874	7.06%	271,874	100%
10/01/99*	09/30/00	3,704,863	188,948	5.10%	188,948	100%
10/01/98	09/30/99	3,194,305	278,224	8.71%	278,224	100%

\* Change in actuarial assumptions/methods.

\*\* Plan amendment.

**SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
ALACHUA COUNTY LIBRARY DISTRICT**

<b>STATE GRANTOR/ PROGRAM TITLE</b>	<b>STATE CSFA NUMBER</b>	<b>STATE EXPENDITURES</b>	<b>PROGRAM TOTAL</b>	<b>AMOUNT PROVIDED TO SUBRECIPIENTS</b>
<u>DIVISION OF LIBRARY INFORMATION SERVICES</u>				
State Aid to Libraries ID# 05-ST-01	45.030	\$ 702,258	\$ 702,258	\$ -
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 702,258</u>	<u>\$ 702,258</u>	<u>\$ -</u>

**Basis of Presentation:**

The accompanying Schedule of State Financial Assistance includes the State award activity of the Alachua County Library District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, *Rules of the Auditor General*, of the State of Florida

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Governing Board  
Alachua County Library District  
Alachua County, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alachua County Library District as of and for the year ended September 30, 2005, which collectively comprise the Alachua County Library District's basic financial statements and have issued our report thereon dated November 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Alachua County Library District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Alachua County Library District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Certified Public Accountants**

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The Governing Board  
Alachua County Library District  
Alachua County, Florida

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Concluded)**

This report is intended solely for the information and use of the Alachua County Library District, management, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

November 21, 2005  
Gainesville, Florida

*Purvis, Gray and Company*



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR STATE  
FINANCIAL ASSISTANCE PROJECT AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

The Governing Board  
Alachua County Library District  
Alachua County, Florida

**Compliance**

We have audited the compliance of the Alachua County Library District with the types of compliance requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major state financial assistance projects for the year ended September 30, 2005. The Alachua County Library District's major state financial assistance project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major state financial assistance projects are the responsibility of the Alachua County Library District's management. Our responsibility is to express an opinion on the Alachua County Library District's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*. Those standards and Chapter 10.550, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the Alachua County Library District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Alachua County Library District, Florida's compliance with those requirements.

In our opinion, the Alachua County Library District complied, in all material respects, with the requirements referred to above that are applicable to its major state financial assistance projects for the year ended September 30, 2005.

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The Governing Board  
Alachua County Library District  
Alachua County, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR STATE  
FINANCIAL ASSISTANCE PROJECT AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL  
(Concluded)**

**Internal Control Over Compliance**

The management of the Alachua County Library District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state financial assistance projects. In planning and performing our audit, we considered the Alachua County Library District's internal control over compliance with requirements that could have a direct and material effect on a major state financial assistance project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major state financial assistance project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Alachua County Library District, management, and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

November 21, 2005  
Gainesville, Florida

*Purvis, Gray and Company*



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
ALACHUA COUNTY LIBRARY DISTRICT**

**1. Summary of Audit Results**

**I. Type of Audit Report Issued on Financial Statements**

Unqualified Opinion

**II. Reportable Conditions and/or Material Weaknesses in Internal Control**

Audit disclosed no reportable conditions or material weaknesses.

**III. Noncompliance Material to Auditee Financial Statements**

Audit disclosed no material instances of noncompliance.

**IV. Reportable Conditions and/or Material Weaknesses in Internal Control Over Major State Financial Assistance Projects**

Audit disclosed no instances of reportable conditions in internal control over major projects or reportable conditions which were material weaknesses in internal control over major projects.

**V. Type of Audit Report Issued on Compliance with Requirements Applicable to Major State Financial Assistance Projects**

Unqualified Opinion

**VI. Audit Findings Relative to Chapter 10.550, *Rules of the Auditor General***

The audit disclosed no findings required to be reported under Chapter 10.550, *Rules of the Auditor General*.

**VII. The Projects Tested as Major Projects Included the Following:**

State Projects  
Division of Library Information Services  
State Aid to Libraries

State CSFA No.  
45.030

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
ALACHUA COUNTY LIBRARY DISTRICT, FLORIDA  
(Concluded)**

1. **Summary of Audit Results (Concluded)**

VIII. **Dollar Threshold Used to Distinguish Between Type A and Type B Projects**

\$300,000

IX. **Auditee Qualification as Low-Risk Auditee**

This does not apply to state financial assistance projects.

2. **Findings Related to the Financial Statements Required to be Reported Under GAGAS**

The audit disclosed no findings which are required to be reported under GAGAS.

3. **Findings and Questioned Costs for Major State Financial Assistance Projects Under Chapter 10.550, Rules of the Auditor General**

None

4. **Status of Prior Year Audit Findings and Questioned Costs**

There were no prior year audit findings included in the schedule of findings and questioned costs.

**MANAGEMENT LETTER**

The Governing Board  
Alachua County Library District  
Alachua County, Florida

We have audited the financial statements of the Alachua County Library District as of and for the fiscal year ended September 30, 2005, and have issued our report thereon dated November 21, 2005.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have also issued our independent auditors' report on compliance and on internal control over financial reporting. That report which is dated November 21, 2005, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the state of Florida and require that certain items be addressed in this letter.

The *Rules of the Auditor General* [Section 10.554(1)(g)1.(a)] require that we comment as to whether or not inaccuracies, shortages, defalcations, fraud and violations of laws, rules and regulations reported in the preceding annual financial audit report have been corrected. There were no such items disclosed in the preceding audit report.

The *Rules of the Auditor General* [Section 10.554(1)(g)1.(b)] require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations made in the preceding audit report.

The *Rules of the Auditor General* [Section 10.554(1)(g)2.] require that we determine whether the Alachua County Library District complied with Section 218.415, Florida Statutes, regarding investment of public funds. Our audit disclosed no matters requiring comment as outlined in Section 218.415, Florida Statutes.

**Certified Public Accountants**

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The Governing Board  
Alachua County Library District  
Alachua County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

The *Rules of the Auditor General* [Sections 10.554(1)(g)3. and 4.(a), (b), and (c)] require disclosure in the management letter of the following matters if not already addressed in the auditors' report on compliance and internal control: recommendations to improve financial management, accounting procedures, and internal controls; violations of laws, rules, and regulations which may or may not materially affect the financial statements; illegal or improper expenditures that may or may not materially affect the financial statements; improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); failures to properly record financial transactions; and other inaccuracies, shortages, and defalcations and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no such matters.

As required by the *Rules of the Auditor General* [Section 10.554(1)(g)6.(a)], the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the Alachua County Library District is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the *Rules of the Auditor General* [Section 10.554(1)(g)6.(b)], we determined that the financial information for the Alachua County Library District for the fiscal year ended September 30, 2005, filed with the Department of Banking and Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2005.

As required by the *Rules of the Auditor General* [Section 10.554(1)(g)6.(c)], we applied financial condition assessment procedures to the Alachua County Library District as of September 30, 2005, in accordance with *Rules of the Auditor General* 10.556(8).

This management letter is intended solely for the information and use of the Alachua County Library District, management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

November 21, 2005  
Gainesville, Florida

*Purvis, Gray and Company*



Administration  
352-334-3910 FAX 334-3918

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**ALACHUA COUNTY LIBRARY DISTRICT**

Headquarters - 401 East University Ave.  
Gainesville, FL 32601-5453

February 9, 2006

Honorable William O. Monroe  
Auditor General, State of Florida  
P.O. Box 1735  
Tallahassee, FL 32399-1450

Dear Mr. Monroe:

This is in response to the Independent Auditor's Management Letter for the Alachua County Library District, for the year ended September 30, 2005. We are happy to report that for the fourteenth year the Auditors found no reportable conditions.

Thank you for your attention.

Sincerely,

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Craig Lowe, Chair  
Library District Governing Board

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J.K. "Buddy" Irby, Clerk  
Alachua County Circuit Court



SJC/dmw

xc: file