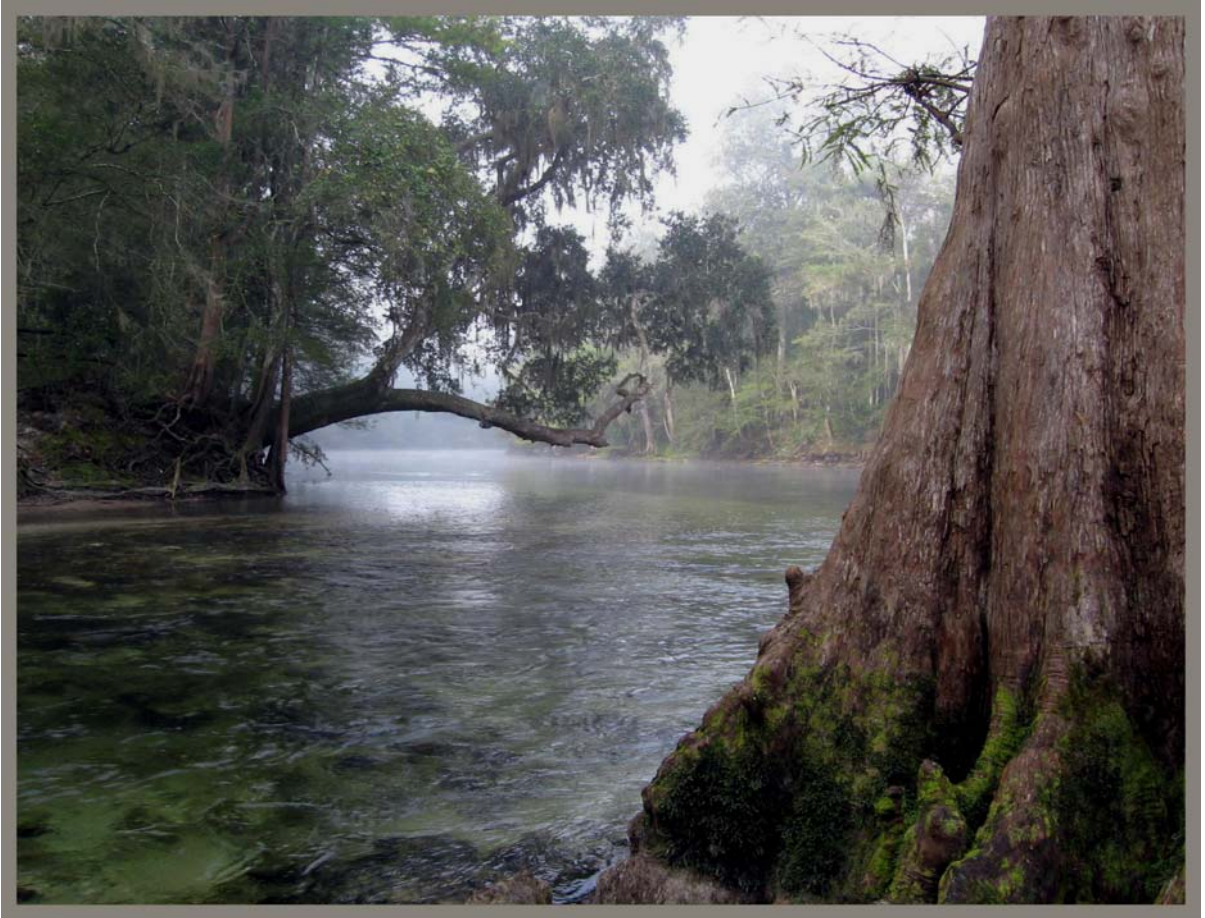


Alachua County, Florida



Single Audit Report

Fiscal Year Ended September 30, 2005

ALACHUA COUNTY, FLORIDA
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2005

Prepared by:
Finance and Accounting Department
Clerk to the Board of County Commissioners
J.K. "Buddy" Irby

**ALACHUA COUNTY, FLORIDA
SINGLE AUDIT REPORT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

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**ALACHUA COUNTY, FLORIDA
SINGLE AUDIT REPORT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

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INDEPENDENT AUDITORS' REPORT

ALACHUA COUNTY, FLORIDA

SEPTEMBER 30, 2005



INDEPENDENT AUDITORS' REPORT

Honorable Board of County Commissioners
and Constitutional Officers
Alachua County, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Alachua County, Florida, as of and for the year ended September 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Alachua County, Florida. 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, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Alachua County, Florida at September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the major special revenue funds 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 Alachua County, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Board of County Commissioners
and Constitutional Officers
Alachua County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Management's discussion and analysis on pages 5 through 18 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. 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.

November 21, 2005
Gainesville, Florida

Purvis, Gray and Company

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis presents an overview of the County's financial activities for the fiscal year ended September 30, 2005. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Additional information is available in the transmittal letter, which precedes Management's Discussion and Analysis.

Financial Highlights

Government-wide Statements

- Alachua County's assets exceeded its liabilities at September 30, 2005 by \$474.9 million (*net assets*). Of this amount, \$17.6 million may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets (\$474.9 million) are comprised of the following:
 - 1) \$409.5 million of capital assets, net of related debt, includes property and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase of construction of those capital assets,
 - 2) \$47.8 million of net assets are restricted by constraints imposed from outside of the County such as debt covenants, grantors, laws, or regulations,
 - 3) \$16.3 million of unrestricted governmental net assets and
 - 4) \$1.2 million of unrestricted business net assets represent the portion available to maintain the County's continuing obligations to citizens and creditors.
- The County's total net assets increased \$19.4 million over the previous year with a increase of \$19.7 million from governmental activities and a decrease of \$.3 million from business activities.

Fund Statements

- At September 30, 2005, the County's governmental funds reported combined ending fund balances of \$73.7 million, an increase of \$17.3 million from the prior fiscal year.
- At September 30, 2005, unreserved fund balance for the General Fund was \$13.6 million or 15.9% of General Fund operating revenue. This is within the Government Finance Officer's Association Best Practices guidelines for fund balance levels.
- Governmental funds revenues increased \$23.1 million or 14% over the prior fiscal year. A discretionary sales surtax (CHOICES) of .25% went into effect January 1st 2005. This will continue through December 2011. This additional sales tax was \$7.4 million of the \$23.1 increase in revenues.
- The County's outstanding notes payable and bonded debt decreased by \$3.2 million. The key factor in this decrease was scheduled principal retirements of its current outstanding notes payable and bonded debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County'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 required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances in a manner similar to a private sector business and consist of the following two statements:

- The *statement of net assets* presents information on all of the County'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 County 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).

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include administration, community services, corrections, courts, culture and recreation, tourist development, emergency services, environmental services, growth management, law enforcement, solid waste collection, and transportation. The business-type activities of the County include solid waste system and codes enforcement.

The government-wide financial statements include not only the County itself (known as the primary government), but also the following legally separate component units: the Alachua County Housing Finance Authority and the John A. H. Murphree Law Library. Financial Information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 20-23 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All County funds can be divided into three categories: governmental funds, proprietary 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 County maintains twenty-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, Community Health Program Offering Innovative Care and Health Education Services (CHOICES), Municipal Service Taxing Unit (Unincorporated and Law Enforcement), Municipal Service Benefit Unit, Gas Tax Uses, Emergency Services, Sheriff, Other Capital Projects, Alachua County Forever Legacy Lands, and Transportation Trust which are considered to be major funds. Data from the other sixteen 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 County 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 24-39 of this report.

Proprietary Funds

The County maintains two different types of proprietary funds. *Enterprise funds* are used to report business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities relating to Solid Waste and Codes Enforcement. *Internal service funds* are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its Computer Replacement, Vehicle Replacement, Fleet Management, Telephone Service, Self-

Insurance and Health Insurance operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the government-wide financial statements as governmental activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Solid Waste System, as well as the only non-major enterprise fund, Codes Enforcement Fund. Internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary information section of this report.

The basic proprietary fund financial statements can be found on pages 40-42 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 County's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The basic fiduciary fund financial statement can be found on page 43 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 45-85 of this report.

Other Information

Combining statements referred to earlier, present a more detailed view of non-major funds used in governmental and enterprise funds. This section includes budget to actual schedules for non-major special revenue funds, the debt service fund, and all capital projects funds. Also included are statements for internal service and agency funds. Combining and individual fund schedules can be found on pages 87-110 of this report. Additional information about the County that may be of interest to the reader is found under the Statistical section on pages 135-159 of this report.

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 County, assets exceeded liabilities by \$474.9 million at the close of the fiscal year ended September 30, 2005.

At the end of fiscal year 2005, the County is able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate governmental and business-type activities.

Alachua County, Florida
Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2004	2005	2004	2005	2004	2005	
Current and other assets	\$83.3	\$102.3	\$11.9	\$12.2	\$95.2	\$114.5	20.3%
Capital assets	447.3	446.0	11.1	11.0	458.4	457.0	-0.3%
Total assets	530.6	548.3	23.0	23.2	553.6	571.5	3.2%
Current liabilities	26.7	27.2	1.0	1.1	27.7	28.3	2.0%
Long-term liabilities outstanding	61.0	58.5	9.5	9.8	70.5	68.4	-3.0%
Total liabilities	87.7	85.7	10.5	11.0	98.2	96.6	-1.6%
Net assets invested in capital assets, net of related debt	396.7	398.5	11.1	11.0	407.8	409.5	0.4%
Net assets - restricted	37.4	47.8	-	-	37.4	47.8	27.8%
Net assets - unrestricted	8.9	16.3	1.4	1.2	10.3	17.6	70.4%
Total net assets	\$443.0	\$462.6	\$12.5	\$12.3	\$455.5	\$474.9	4.3%

Total assets for the County have increased by 3.2%. This is due to the accumulation of revenue from the initial startup of the CHOICES program. Another element of the increase is infrastructure that was added and improved by the Florida Department of Transportation and added to the County's capital asset records. Current liabilities increased by 2.0% from the previous year. Long-term liabilities decreased by 3.0%, due to debt pay downs.

The largest portion of the County's net assets (\$409.5 million or 86.2%) reflects its investment in capital assets (e.g., land, infrastructure, buildings and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the County's net assets (\$47.8 million or 10.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$17.6 million or 3.7%) may be used to meet the government's ongoing obligations to citizens and creditors.

Restricted net assets in the governmental activities have increased by 27.8% from 2004 to 2005. These net assets represent restrictions from specific revenue sources and grants. Unrestricted net assets in the governmental type activities increased by \$7.4 million. Unrestricted net assets in the business type activities decreased by \$.2 million.

Alachua County, Florida
Changes in Net Assets
(in millions)

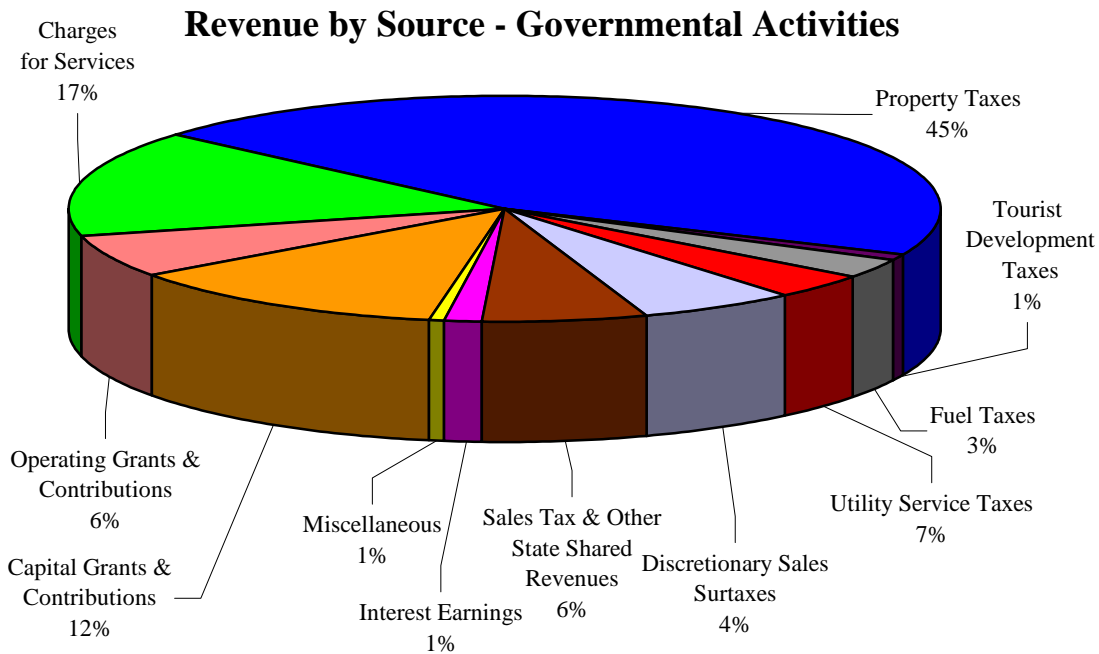
	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2004	2005	2004	2005	2004	2005	
Revenues:							
Program revenues:							
Charges for services	\$26.2	\$30.1	\$10.6	\$12.0	\$36.8	\$42.1	14.3%
Operating grants and contributions	12.0	12.0	-	-	12.0	12.0	0.0%
Capital grants and contributions	13.2	23.8	-	-	13.2	23.8	80.0%
General revenues:							
Property taxes	81.6	88.9	-	-	81.6	88.9	9.0%
Discretionary Sales Surtaxes	-	7.4	-	-	-	7.4	-
Other taxes	6.6	7.1	-	-	6.6	7.1	7.4%
Other	25.2	27.1	0.3	0.8	25.5	27.9	9.3%
Total revenues	164.8	196.4	10.9	12.8	175.7	209.2	19.1%
Expenses:							
Administration	27.5	31.0	-	-	27.5	31.0	12.6%
Community services	11.1	12.1	-	-	11.1	12.1	9.0%
Corrections	20.2	21.7	-	-	20.2	21.7	7.5%
Courts	19.4	17.7	-	-	19.4	17.7	-8.6%
Culture and recreation	1.8	1.6	-	-	1.8	1.6	-11.3%
Tourist development	1.5	1.6	-	-	1.5	1.6	7.5%
Emergency services	27.2	29.8	-	-	27.2	29.8	9.7%
Environmental services	2.3	2.3	-	-	2.3	2.3	-0.3%
Growth management	4.2	3.4	-	-	4.2	3.4	-18.3%
Law enforcement	25.9	26.8	-	-	25.9	26.8	3.4%
Solid waste collection	3.3	3.1	-	-	3.3	3.1	-6.1%
Transportation	22.3	22.7	-	-	22.3	22.7	1.8%
Interest on long-term debt	2.9	2.8	-	-	2.9	2.8	-4.3%
Solid waste disposal system	-	-	10.6	11.4	10.6	11.4	7.4%
Codes enforcement	-	-	1.6	1.7	1.6	1.7	5.8%
Total expenses	169.6	176.6	12.1	13.1	181.8	189.8	4.4%
Increase/(decrease) in net assets before transfers	(4.8)	19.8	(1.2)	(0.3)	(6.1)	19.5	
Transfers	(1.1)	(0.1)	1.1	0.1	-	-	
Increase/(decrease) in net assets	(5.9)	19.7	(0.1)	(0.2)	(6.1)	19.5	
Net Assets - Beginning, as originally reported	447.0	442.9	12.6	12.5	459.6	455.4	
Prior Period Adjustment	1.9	-	-	-	1.9	-	
Net Assets- Beginning, as adjusted	448.9	442.9	12.6	12.5	461.5	455.4	
Net Assets - Ending	\$443.0	\$462.6	\$12.5	\$12.3	\$455.4	\$474.9	

Governmental Activities

The County's total net assets increased \$19.4 million over the previous year with an increase of \$19.7 million resulting from governmental activities and decrease of \$.3 million resulting from business activities.

Major changes in revenues were caused by the following:

- Charges for Services revenues increased by 14.3%. This can be attributed to the changes that occurred with the Article V legislation (which provided for fee increases to pay the cost of court operations), which began on July 1, 2004.
- Capital Grants and Contributions increased by 80%. This can be attributed to donations to the County of 1) right-of-ways for SW 24th Avenue, 2) donations of subdivision roads at \$5.4 million, 3) the donation of road improvements to CR241 by the State Department of Transportation, in the amount of \$6.8 million.
- Pursuant to a successful sales tax referendum August 2004, the County began receiving .25% additional sales tax in January 2005, and will continue through December 2011. This discretionary sales surtax provides a broad range of health care services to indigent and medically poor Alachua County residents by creating a the CHOICES program. The County has collected \$7.4 million in discretionary sales surtax revenue to date.

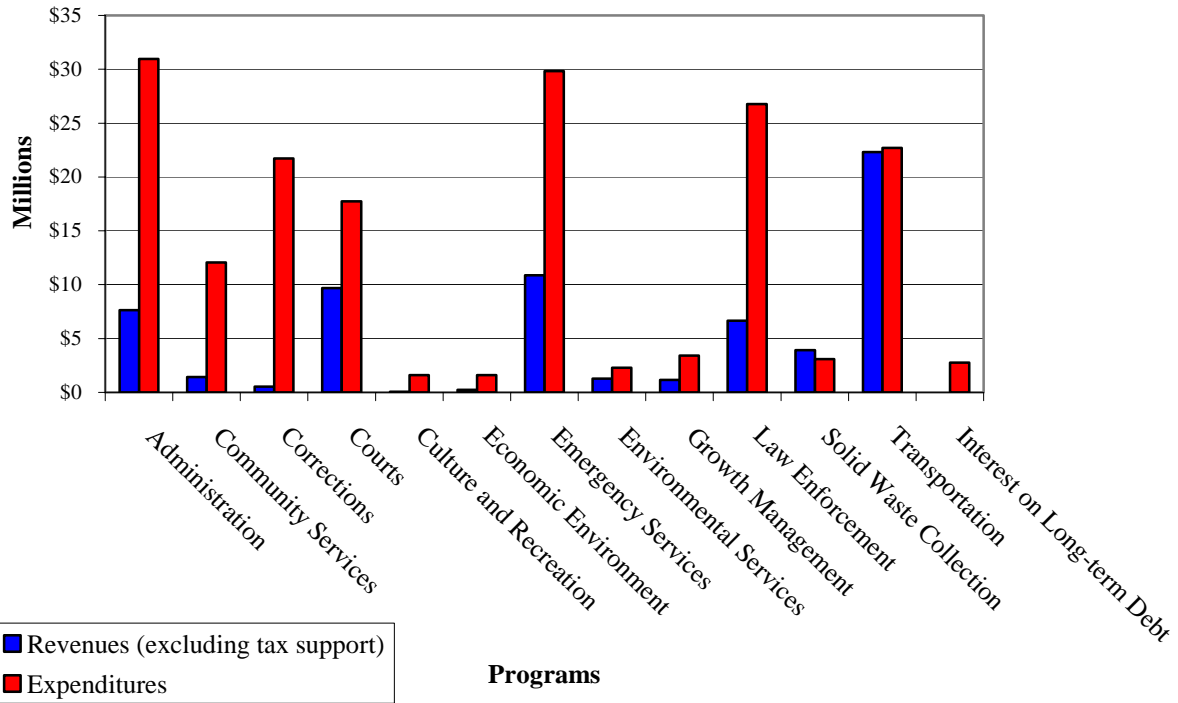


Major changes in expenses were caused by the following:

- Administration expenses increased 12.2% due to increased operating costs of County facilities such as the first full year of the new Criminal Courthouse.
- Culture and Recreation expenses decreased due to a planned decrease in program budget.

- Growth Management expenses decreased 17.8% due to a grant cycle decrease (Community Development Block Grant was not renewed in fiscal year 2005).

Expenses and Program Revenues - Governmental Activities

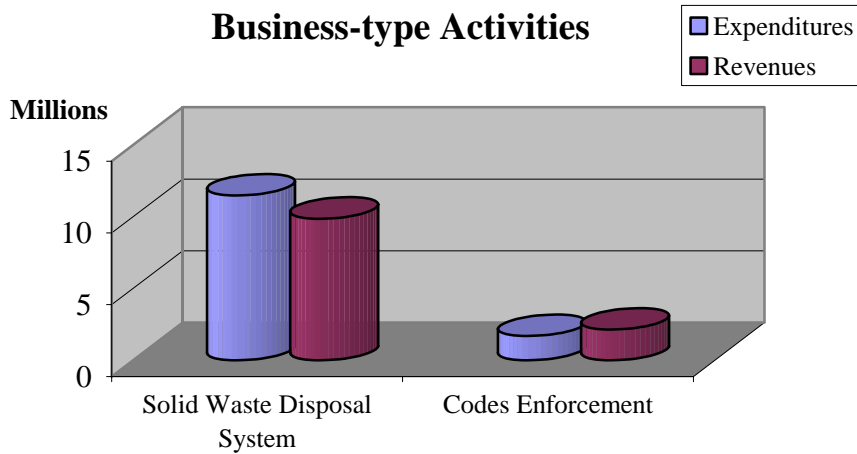


Business-type Activities

Business-type activities decreased the County’s net assets by \$.3 million.

- The Solid Waste transfer station went into operation in 1999. At that time, tipping fees were reduced from the previous rate for dumping at the landfill. Since then, management has adopted higher tipping fees on several occasions as the costs of current operations have increased. During fiscal year 2005, management continued to closely monitor each segment of operations to assess operational efficiency and to seek opportunities for enhancing existing operations. An in-depth study of each segment will be conducted during fiscal year 2006 to address specific business issues identified during 2005, as well as the challenges inherent in the marketplace.
- Code Enforcement furnishes services to the development community and citizens. Code Enforcement operating revenues exceeded operating expenditures by \$.5 million in fiscal year 2005. The fee structure allows this activity to be self-supporting.

Expenses and Program Revenues - Business-type Activities



Fund Financial Analysis

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The primary purpose of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the County'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, Florida Reserved and Unreserved Fund Balance

Total fund balance	\$73,666,872
Less reserved fund balance:	
Encumbrances	6,458,219
Inventories & prepaid items	588,419
Special revenue funds	1,470,861
Payments for debt service	1,699,725
Unreserved fund balance	\$63,449,648

As of the end of fiscal year 2005, the County's governmental funds reported combined ending fund balances of \$73.7 million, an increase of \$17.3 million in comparison with the prior year. Of the approximately \$74 million total fund balance, *unreserved fund balance* is \$63.4 million.

Major Funds

The General Fund, CHOICES, Municipal Service Taxing Unit (separated into Unincorporated Services and Sheriff - Law Enforcement), Municipal Service Benefit Unit, Gas Tax Uses, Emergency Services, Sheriff, Other Capital Projects, Alachua County Forever Legacy Lands, and Transportation Trust are reported as major funds.

The General Fund is the chief operating fund of the County. The General Fund had an increase in fund balance of \$3.2 million. The total fund balance was \$14.1 million of which \$13.6 million was unreserved. The cash balance at the end of the year was \$11.0 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund revenues. Unreserved fund balance represents 15.9% of total General Fund operating revenue, while total fund balance represents 16.5% of that same amount. The Government Finance Officers Association, Best Practices guidelines calls for an unreserved fund balance level of 5%-15% of General Fund operating revenues.

CHOICES is a new fund that was created in fiscal year 2005 to provide health care services for the adult working uninsured. The total fund balance of this fund is \$7.3 million. Fund balance represents 98% of the Choices revenue. This represents the initial startup funding for the program. The first clients were enrolled in October of 2005.

The Municipal Service Taxing Unit (MSTU) – Unincorporated Services has a total fund balance of \$1.5 million. The increase in fund balance during the year was \$.2 million. The Municipal Service Taxing Unit – Sheriff - Law Enforcement has a total fund balance of \$1.5 million. The increase in fund balance during the year was \$.5 million. Fund balance represents 11.2% of the MTSU - Unincorporated Services operating revenue and 11.9% of the MSTU - Sheriff Law Enforcement operating revenue.

The Municipal Service Benefit Unit continues to qualify as a major fund this year due to FEMA expenses and reimbursements for the storms that occurred in August and September of 2004. The Municipal Service Benefit Unit has a total fund balance of \$4.0 million. The increase in fund balance during the year was \$.5 million.

Gas Tax Uses had a decrease in fund balance during the fiscal year of \$6.6 million, due to a transfer of \$9.0 million into the new Transportation Trust capital project fund. Fund balance represents 23.7% of operating revenues.

Emergency Services had an increase in fund balance during the fiscal year of \$.8 million, and the remaining fund balance was \$3.7 million.

The Sheriff is funded by the Board of County Commissioners. The Sheriff's expenditures for the year were \$52.7 million. Since the Sheriff is a budget officer, he is required to return all excess fund balance to the Board, except for fund balance that represents inventory that the Sheriff had on hand at the end of the fiscal year.

The Other Capital Projects fund has a total fund balance of \$10.0 million. The net increase in fund balance during the fiscal year in the Other Capital Projects fund was \$2.9 million.

Alachua County Forever Legacy Lands fund has an ending fund balance of \$8.6 million. This amount represents unspent bond proceeds. One major purchase was completed this fiscal year, and several other acquisitions efforts are underway in conjunction with other State programs.

The Transportation Trust fund is a new major fund for this fiscal year. This fund was established by a transfer from the Gas Tax Uses fund, in the amount of \$9.0 million. It is a capital project fund that will be used to improve County roads.

Proprietary Funds

The County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The Solid Waste System fund is reported as a major fund.

The Solid Waste System fund is used to account for the operation of the County's off-site collection centers, transfer station and the monitoring and remediation activities of the County's closed landfills. The Solid Waste System operates like a business, where the rates established by the County generally generate sufficient funds to pay the costs of current operations and provide for long-term asset acquisitions. As required by the State Department of Environmental Protection, the County has set aside \$4.9 million for long term care of the closed landfills. Total assets as of September 30 were \$21.9 million, total liabilities were \$10.6 million and net assets were \$11.3 million. There was a decrease in net assets of \$.8 million for the year.

General Fund Budgetary Highlights

The differences between the General Fund's original budgeted and final amended fund balances was an increase of \$.9 million dollars and was caused by the below listed amendments:

Fund balance:

- \$878,692 - Increase in estimated fund balance

Revenues:

- \$35,500 – To budget unanticipated revenue for Charges for Services primarily for a position for five regional counties in the Eighth Judicial Circuit

Expenditures:

- \$552,358 - Increase in General Government – to pay for assessment of jail culture, increased utility costs, and educational advertising
- \$596,806 - Increase in Public Safety - to cover unanticipated inmate medical costs and hurricane related expenditures
- \$78,887 - Increase in Physical Environment to provide monies for various Environmental Protection studies and lab costs
- \$238,089 – Increase in Transportation expenditures related to street lights on SR 26
- \$35,375 - Increase in Human Services for expenditures related to the homeless, poverty reduction and indigent burials
- \$27,217 – Increase in Culture and Recreation to fund Teen Zone Program at Kanapaha Middle School and Gainesville Chamber Orchestra expenditures
- \$555,503 – Increase in Court Cost expenditures to cover funding for the Juvenile Detention Center, Legal Aid and Innovative Court programs
- (\$1,789,093) – Decrease in reserve for contingency – total of transfers from General Fund for above unanticipated needs.
- \$51,500 – Increase in transfers in for the sale of the Waits house proceeds
- (\$670,550) - Increase in transfers out to Sheriff for fuel, medical costs, and overtime; to Fire Rescue for EMS Grant and to the Supervisor of Elections for grant matching.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2005 totals \$457.0 million (net of accumulated depreciation) and includes land, buildings, improvements other than buildings, leasehold improvements, equipment, infrastructure, and construction in progress. The County experienced an overall decrease in investment in capital assets over the prior fiscal year of approximately .3%.

Major capital asset events during the current fiscal year included the following:

- Engineering, design and right-of-way acquisitions continue on SW 24th Ave and 62nd Blvd, with approximately \$3.4 million spent to date on the project, and land worth over \$300,000 donated for the project.
- A signal at NW 83rd Street and North Road was completed with a total cost of \$161,000.
- Road resurfacing projects are in place for construction to begin early in fiscal year 2006, with approximately \$18,000 total spent to date in planning:
 - NW/NE 53rd Avenue from US 441 to SR 24 – estimated cost of \$2.1 million
 - SW 20th Ave/SW 24th Ave from SW 75th St to SW 43rd St – estimated cost of \$1.1 million
- Alachua County Forever - Legacy Lands – numerous acquisition efforts are underway in conjunction with other State programs. Purchases completed this year or early fiscal year 2006 include:
 - Austin Carey Flatwoods (Newnan's Lake addition) – Rayonier parcel – purchased 1,708 acres for \$1.95 million
 - Lake Santa Fe – Ramsden Tract – 189 acres – cost \$895,000
 - Lake Santa Fe – Crosley Tract – 203 acres – cost \$907,000

Alachua County, Florida
Capital Assets
(net of depreciation, in millions)

	Governmental		Business-type		Total		Total Percent Change
	Activities		Activities				
	2004	2005	2004	2005	2004	2005	
Land	\$177.5	\$180.6	\$3.0	\$3.3	\$180.5	\$183.9	1.9%
Art	0.1	0.1	-	-	0.1	0.1	0.0%
Infrastructure	177.8	172.9	-	-	177.8	172.9	-2.8%
Buildings	72.5	70.3	2.2	2.2	74.7	72.5	-2.9%
Improvements other than Building	2.2	1.9	4.7	4.4	6.9	6.3	-8.7%
Equipment	14.8	15.1	1.2	1.1	16.0	16.2	1.3%
Construction in Progress	2.4	5.1	-	-	2.4	5.1	112.5%
Total	\$447.3	\$446.0	\$11.1	\$11.0	\$458.4	\$457.0	-0.3%

As shown in the above table, construction in progress has increased significantly. This is due to “purchases in progress” from the Legacy Lands program and the construction in progress of SW 24th Avenue. Additional information on the County’s capital assets can be found in Note VI on pages 71-72 of this report.

Long-term Debt

At the end of fiscal year 2005, the County had total bonded debt outstanding of \$56.4 million. The County’s debt represents bonds secured by ad valorem taxes (i.e. General obligation bonds) and specified revenue sources (i.e., revenue bonds).

Alachua County, Florida
Outstanding Debt

General Obligation and Revenue Bonds

	2004	2005
General Obligation Bonds	\$ 12,785,000	\$ 11,540,000
Revenue Bonds	46,405,000	44,905,000
Total	\$ 59,190,000	\$ 56,445,000

Notes Payable

	2004	2005
Pooled Commercial Paper Program	\$ 430,000	-

The County’s outstanding bonded debt decreased \$2.7 million during fiscal year 2005. This decrease was due to scheduled principal retirements of bonded debt payable.

The Pooled Commercial Paper note was retired.

Additional information on the County's debt can be found in Note VIII on pages 75-78 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County at September 30, 2005 was 2.6%. This represents an increase of .4% from the prior year, but is still the lowest in the state.
- The taxable value of commercial and residential property increased 9% and 16%, respectively, in the 2005 fiscal year.
- Building permit activity increased approximately 21.5% in fiscal year 2005 due to continued hurricane repairs, a new Florida building code and a rush to get permits prior to implementation of Impact fees.
- Population increased approximately 1.9% from the prior year to an estimated 240,764 at September 30, 2005.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$13.6 million. The County has appropriated \$6.1 million of this amount for spending and reserve accounts in the 2006 fiscal year budget. The ad valorem tax rate for the General Fund was not increased for the 2006 fiscal year budget and is 8.9887 Mills.

Requests for Information

This financial report is designed to present users with a general overview of the County's finances and to demonstrate the County'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>.



ALACHUA COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
Assets:				
Current Assets:				
Equity in pooled cash & equivalents	\$ 66,720,499	\$ 6,506,570	\$ 73,227,069	\$ 279,327
Other cash and equivalents	7,517,641	-	7,517,641	-
Investments	9,537,074	-	9,537,074	-
Receivables (net)	1,294,426	714,340	2,008,766	9,436
Due from other governments	14,587,223	37,156	14,624,379	2,072
Internal balances	(16,655)	16,655	0	-
Inventories	756,114	-	756,114	-
Prepaid items	456,609	-	456,609	-
Total current non-restricted assets	100,852,931	7,274,721	108,127,652	290,835
Current Restricted Assets:				
Sinking fund cash & equivalents	923,029	-	923,029	-
Total current restricted assets	923,029	0	923,029	0
Total current assets (restricted & non-restricted)	101,775,960	7,274,721	109,050,681	290,835
Noncurrent Assets:				
Deferred charges	529,244	-	529,244	-
Noncurrent restricted assets:				
Restricted cash and cash equivalent	-	2,396,118	2,396,118	-
Restricted investments	-	2,505,396	2,505,396	-
Total Non-current restricted assets	0	4,901,514	4,901,514	0
Capital Assets:				
Land	180,575,287	3,266,279	183,841,566	-
Artwork	91,390	-	91,390	-
Infrastructure	428,649,436	-	428,649,436	-
Buildings	99,317,237	2,751,331	102,068,568	-
Improvements other than buildings	5,375,241	13,142,379	18,517,620	-
Equipment	46,730,857	2,713,304	49,444,161	-
Construction in progress	5,119,753	-	5,119,753	-
Less accumulated depreciation	(319,879,567)	(10,827,434)	(330,707,001)	-
Total capital assets	445,979,634	11,045,859	457,025,493	0
Total noncurrent assets (restricted & non-restricted)	446,508,878	15,947,373	462,456,251	0
Total Assets	\$ 548,284,838	\$ 23,222,094	\$ 571,506,932	\$ 290,835

The accompanying notes are an integral part of the financial statements.

**ALACHUA COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005**

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
Liabilities:				
Current Liabilities (payable from current assets):				
Accounts payable	\$ 7,727,210	\$ 733,126	\$ 8,460,336	\$ 4,759
Accrued interest payable	447,195	-	447,195	-
Estimated liability for self insurance losses	5,270,026	-	5,270,026	-
Contracts payable	624,176	63,830	688,006	-
Due to other governments	4,252,302	9,853	4,262,155	600
Deposits	86,442	77,779	164,221	-
Deferred revenue	313,806	-	313,806	-
Accrued compensated absences	5,575,892	220,344	5,796,236	-
Bonds and notes payable	2,855,000	-	2,855,000	-
Total current liabilities (payable from current assets)	27,152,049	1,104,932	28,256,981	5,359
Noncurrent Liabilities:				
Accrued compensated absences	5,861,001	298,164	6,159,165	40
Bonds and notes payable (net of amortization on discounts premiums)	52,673,980	-	52,673,980	-
Total noncurrent liabilities (payable from noncurrent assets)	58,534,981	298,164	58,833,145	40
Noncurrent Liabilities (payable from restricted assets):				
Accrued Landfill closure cost	-	9,547,631	9,547,631	-
Total noncurrent liabilities (payable from restricted assets)	-	9,547,631	9,547,631	-
Total noncurrent liabilities	58,534,981	9,845,795	68,380,776	40
Total Liabilities	85,687,030	10,950,727	96,637,757	5,399
Net Assets:				
Invested in capital assets, net of related debt	398,477,391	11,045,859	409,523,250	-
Restricted for:				
Restricted for debt service	923,029	-	923,029	-
Restricted for CHOICES	7,348,210	-	7,348,210	-
Restricted for road and bridge maintenance	2,657,324	-	2,657,324	-
Restricted for road construction	8,938,687	-	8,938,687	-
Restricted for Alachua County Forever Land program	8,591,072	-	8,591,072	-
Restricted for emergency service projects and grants	3,667,533	-	3,667,533	-
Restricted for grants and other purposes	15,664,679	-	15,664,679	-
Unrestricted	16,329,883	1,225,508	17,555,391	285,436
Total Net Assets	\$ 462,597,808	\$ 12,271,367	\$ 474,869,175	\$ 285,436

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

Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Administration	\$ 30,963,224	\$ 6,117,992	\$ 1,142,557	\$ 388,676
Community services	12,055,208	339,801	888,168	191,082
Corrections	21,710,160	544,105	-	-
Courts	17,733,587	9,006,553	666,112	-
Culture and recreation	1,596,226	53,084	-	14,000
Tourist development	1,613,170	-	-	250,000
Emergency services	29,831,108	7,114,845	3,507,110	255,853
Environmental services	2,292,391	374,585	651,186	246,500
Growth management	3,429,737	289,297	865,293	-
Law enforcement	26,770,195	1,813,070	4,256,671	592,992
Solid waste collection	3,098,051	3,916,148	10,378	-
Transportation	22,695,531	483,174	-	21,818,936
Interest on long-term debt	2,775,576	-	-	-
Total governmental activities	176,564,164	30,052,654	11,987,475	23,758,039
Business-type activities:				
Solid waste disposal system	11,481,362	9,860,401	-	-
Codes enforcement	1,692,798	2,139,247	-	-
Total business-type activities	13,174,160	11,999,648	0	0
Total primary government	\$ 189,738,324	\$ 42,052,302	\$ 11,987,475	\$ 23,758,039
Component Units:				
Murphree Law Library	\$ 72,985	\$ 53,234	-	-
Alachua County Housing Finance Authority	4,261	-	-	-
Total component units	\$ 77,246	\$ 53,234	\$0	\$0

General revenues:	
Property taxes	
Tourist development taxes	
Fuel taxes	
Discretionary sales surtaxes (CHOICES)	
Utility service taxes	
Sales tax & other state shared revenue-unrestricted	
Interest earnings	
Miscellaneous	
Total general revenues	
Changes in net assets before transfers	
Transfers	
Changes in net assets	
Net assets - beginning	
Net assets - ending	

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component
Governmental	Business-type	Total	Units
Activities	Activities		
\$ (23,313,999)	\$ -	\$ (23,313,999)	
(10,636,157)	-	(10,636,157)	
(21,166,055)	-	(21,166,055)	
(8,060,922)	-	(8,060,922)	
(1,529,142)	-	(1,529,142)	
(1,363,170)	-	(1,363,170)	
(18,953,300)	-	(18,953,300)	
(1,020,120)	-	(1,020,120)	
(2,275,147)	-	(2,275,147)	
(20,107,462)	-	(20,107,462)	
828,475	-	828,475	
(393,421)	-	(393,421)	
(2,775,576)	-	(2,775,576)	
(110,765,996)	0	(110,765,996)	
-	(1,620,961)	(1,620,961)	
-	446,449	446,449	
0	(1,174,512)	(1,174,512)	
(110,765,996)	(1,174,512)	(111,940,508)	
			\$ (19,751)
			(4,261)
			(24,012)
88,945,780	-	88,945,780	-
1,766,014	-	1,766,014	-
5,323,355	-	5,323,355	-
7,428,765	-	7,428,765	-
11,198,575	264,466	11,463,041	-
12,126,429	-	12,126,429	-
2,741,254	301,807	3,043,061	3,008
1,044,785	185,863	1,230,648	38,426
130,574,957	752,136	131,327,093	41,434
19,808,961	(422,376)	19,386,585	17,422
(112,929)	112,929	-	-
19,696,032	(309,447)	19,386,585	17,422
442,901,776	12,580,814	455,482,590	268,014
\$ 462,597,808	\$ 12,271,367	\$ 474,869,175	\$ 285,436

ALACHUA COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005

	GENERAL	CHOICES	MSTU UNINCORPORATED SERVICES	MSTU SHERIFF-LAW ENFORCEMENT
ASSETS				
Equity in pooled cash and equivalents	\$ 10,968,378	\$ 5,608,014	\$ 828,108	\$ 1,488,825
Other cash and equivalents	-	-	-	-
Sinking fund cash and equivalents	-	-	-	-
Investments	-	-	-	-
Accounts receivable	274,787	4,036	110,051	110,334
Allowance for estimated uncollectables	(10,578)	-	-	-
Assessment receivable	-	-	-	-
Due from other funds	5,334,068	-	27,860	59,286
Due from other governments	1,069,753	1,755,708	871,751	843,124
Inventories	25,806	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 17,662,214</u>	<u>\$ 7,367,758</u>	<u>\$ 1,837,770</u>	<u>\$ 2,501,569</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,122,776	\$ 19,548	\$ 221,749	\$ 174,500
Contracts payable	319,526	-	-	-
Due to individuals	15,063	-	-	-
Due to other funds	957,124	-	128	870,102
Due to other governments	55,828	-	97,884	-
Deposits	78,550	-	4,000	-
Deferred revenue	1,858	-	-	-
Total liabilities	<u>3,550,725</u>	<u>19,548</u>	<u>323,761</u>	<u>1,044,602</u>
Fund balances reserved for:				
Encumbrances	483,362	14,379	67,902	-
Debt service	-	-	-	-
Inventory and prepaid items	25,806	-	-	-
Records Modernization	-	-	-	-
Unreserved-undesignated, reported in:				
General fund	13,602,321	-	-	-
Special revenue funds	-	7,333,831	1,446,107	1,456,967
Debt service funds	-	-	-	-
Capital project funds	-	-	-	-
Total fund balances	<u>14,111,489</u>	<u>7,348,210</u>	<u>1,514,009</u>	<u>1,456,967</u>
Total liabilities and fund balances	<u>\$ 17,662,214</u>	<u>\$ 7,367,758</u>	<u>\$ 1,837,770</u>	<u>\$ 2,501,569</u>

The accompanying notes are an integral part of the financial statements

MSBU REFUSE COLLECTION	GAS TAX USES	EMERGENCY SERVICES	SHERIFF	OTHER CAPITAL PROJECTS	ALACHUA COUNTY FOREVER LEGACY LANDS
\$ 2,567,990	\$ 1,868,244	\$ 4,440,853	\$ -	\$ 9,536,015	\$ 340,297
-	-	-	1,620,720	-	-
-	-	-	-	-	-
-	-	-	-	-	8,291,205
2,199	713	2,664,251	-	3,380	245
-	-	(2,170,067)	-	-	-
-	-	-	-	206,119	-
16,409	-	267,546	738,055	14,284	-
3,363,580	2,705,510	429,383	3,068	440,934	-
-	161,441	209,983	141,189	-	-
-	-	-	50,000	-	-
<u>\$ 5,950,178</u>	<u>\$ 4,735,908</u>	<u>\$ 5,841,949</u>	<u>\$ 2,553,032</u>	<u>\$ 10,200,732</u>	<u>\$ 8,631,747</u>
\$ 19,468	\$ 241,997	\$ 694,492	\$ 1,910,005	\$ 136,302	\$ 38,000
39,438	84,764	-	-	17,689	2,675
-	-	-	-	-	-
47	-	941,210	420,829	-	-
1,923,069	971,114	418,155	31,009	-	-
-	-	-	-	-	-
-	780,709	120,559	-	-	-
<u>1,982,022</u>	<u>2,078,584</u>	<u>2,174,416</u>	<u>2,361,843</u>	<u>153,991</u>	<u>40,675</u>
-	184,756	75,478	-	2,164,962	170,924
-	-	-	-	-	-
-	161,441	209,983	191,189	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,968,156	2,311,127	3,382,072	-	-	-
-	-	-	-	-	-
-	-	-	-	7,881,779	8,420,148
<u>3,968,156</u>	<u>2,657,324</u>	<u>3,667,533</u>	<u>191,189</u>	<u>10,046,741</u>	<u>8,591,072</u>
<u>\$ 5,950,178</u>	<u>\$ 4,735,908</u>	<u>\$ 5,841,949</u>	<u>\$ 2,553,032</u>	<u>\$ 10,200,732</u>	<u>\$ 8,631,747</u>

	TRANSPORTATION TRUST	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Equity in pooled cash and equivalents	\$ 8,938,687	\$ 6,508,428	\$ 53,093,839
Other cash and equivalents	-	5,696,921	7,317,641
Sinking fund cash and equivalents	-	1,699,725	1,699,725
Investments	-	1,245,869	9,537,074
Accounts receivable	-	88,958	3,258,954
Allowance for estimated uncollectables	-	-	(2,180,645)
Assessment receivable	-	-	206,119
Due from other funds	-	991,266	7,448,774
Due from other governments	-	3,099,148	14,581,959
Inventories	-	-	538,419
Prepaid Items	-	-	50,000
Total assets	<u>\$ 8,938,687</u>	<u>\$ 19,330,315</u>	<u>\$ 95,551,859</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 1,439,844	\$ 7,018,681
Contracts payable	-	160,084	624,176
Due to individuals	-	388,995	404,058
Due to other funds	-	4,317,322	7,506,762
Due to other governments	-	755,243	4,252,302
Deposits	-	3,892	86,442
Deferred revenue	-	1,089,440	1,992,566
Total liabilities	<u>-</u>	<u>8,154,820</u>	<u>21,884,987</u>
Fund balances reserved for:			
Encumbrances	2,125,508	1,170,948	6,458,219
Debt service	-	1,699,725	1,699,725
Inventory and prepaid items	-	-	588,419
Records Modernization	-	1,470,861	1,470,861
Unreserved-undesignated, reported in:			
General fund	-	-	13,602,321
Special revenue funds	-	5,892,549	25,790,809
Debt service funds	-	941,412	941,412
Capital project funds	6,813,179	-	23,115,106
Total fund balances	<u>8,938,687</u>	<u>11,175,495</u>	<u>73,666,872</u>
Total liabilities and fund balances	<u>\$ 8,938,687</u>	<u>\$ 19,330,315</u>	<u>\$ 95,551,859</u>

The accompanying notes are an integral part of the financial statements

Alachua County, Florida
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 (page 26) \$ 73,666,872

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 fund statements. 443,340,789

Long-term liabilities \$66,796,290 less deferred charges \$529,244 are not due and payable in the current period and, therefore, are not reported in fund statements. (66,267,046)

Accrued general long-term debt interest expenses are not financial uses and, therefore, are not reported in the fund statements. (447,195)

Gas and Sales Tax receivables are not financial resources in the current period and, therefore, are reported as deferred revenues. 1,776,176

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, computer replacement, fleet services, and telephone services to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net assets. 10,121,603

Prepaid Items originally expensed in full, reclassified as an asset. 406,609

Net assets of governmental activities (page 21) \$ 462,597,808

*See Note II.A. for details

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

	GENERAL	CHOICES	MSTU UNINCORPORATED SERVICES	MSTU SHERIFF LAW ENFORCEMENT
REVENUES				
Taxes	\$ 73,989,149	\$ 7,428,765	\$ 11,903,292	\$ 12,200,577
Licenses and permits	356,423	-	280,773	-
Intergovernmental	5,524,827	-	1,114,279	-
Charges for services	2,962,608	-	134,785	-
Fines and forfeitures	25,979	-	-	-
Investment income	196,128	59,523	69,308	71,585
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	2,236,434	-	421	-
Total revenues	<u>85,291,548</u>	<u>7,488,288</u>	<u>13,502,858</u>	<u>12,272,162</u>
EXPENDITURES				
Current:				
General government	19,155,818	-	2,702,889	98,404
Public safety	3,926,133	-	301,124	-
Physical environment	1,392,940	-	336,604	-
Transportation	-	-	406,014	-
Economic environment	-	-	-	-
Human services	7,765,774	140,078	-	-
Culture and recreation	954,585	-	401,500	-
Court cost	4,237,721	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>37,432,971</u>	<u>140,078</u>	<u>4,148,131</u>	<u>98,404</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47,858,577</u>	<u>7,348,210</u>	<u>9,354,727</u>	<u>12,173,758</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	8,847,624	-	560,477	529,146
Transfers out	(53,532,530)	-	(9,727,540)	(12,174,350)
Proceeds from the sale of capital assets	29,178	-	-	-
Excess fees distributed to State	-	-	-	-
Total other financing sources and uses	<u>(44,655,728)</u>	<u>-</u>	<u>(9,167,063)</u>	<u>(11,645,204)</u>
Net change in fund balances	3,202,849	7,348,210	187,664	528,554
Fund balances - beginning	<u>10,908,640</u>	<u>-</u>	<u>1,326,345</u>	<u>928,413</u>
Fund balances - ending	<u>\$ 14,111,489</u>	<u>\$ 7,348,210</u>	<u>\$ 1,514,009</u>	<u>\$ 1,456,967</u>

The accompanying notes are an integral part of the financial statements.

MSBU REFUSE COLLECTION	GAS TAX USES	EMERGENCY SERVICES	SHERIFF	OTHER CAPITAL PROJECTS	ALACHUA COUNTY FOREVER LEGACY LANDS
\$ -	\$ 5,279,855	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,046,705	5,325,061	3,481,412	-	603,009	246,500
151,071	593,905	6,672,236	-	923,305	-
-	-	651,195	-	-	-
85,116	225	38,790	-	144,816	265,073
3,765,078	-	-	-	120,768	-
-	-	-	-	322,600	-
21,919	19,642	9,672	-	1,973	-
<u>6,069,889</u>	<u>11,218,688</u>	<u>10,853,305</u>	<u>-</u>	<u>2,116,471</u>	<u>511,573</u>
-	-	-	-	-	-
2,273,277	1,077,364	19,615,979	50,384,613	-	-
3,341,174	171,500	-	-	-	-
-	7,708,568	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,331,593	-	-
-	-	63,116	-	-	-
-	-	3,844	-	-	-
-	-	-	-	3,733,563	2,371,313
<u>5,614,451</u>	<u>8,957,432</u>	<u>19,682,939</u>	<u>52,716,206</u>	<u>3,733,563</u>	<u>2,371,313</u>
<u>455,438</u>	<u>2,261,256</u>	<u>(8,829,634)</u>	<u>(52,716,206)</u>	<u>(1,617,092)</u>	<u>(1,859,740)</u>
16,409	1,000,000	16,294,967	53,014,039	4,484,548	-
-	(10,033,414)	(6,693,355)	(343,658)	(51,500)	-
2,100	186,800	-	95,825	51,500	-
-	-	-	-	-	-
<u>18,509</u>	<u>(8,846,614)</u>	<u>9,601,612</u>	<u>52,766,206</u>	<u>4,484,548</u>	<u>-</u>
473,947	(6,585,358)	771,978	50,000	2,867,456	(1,859,740)
<u>3,494,209</u>	<u>9,242,682</u>	<u>2,895,555</u>	<u>141,189</u>	<u>7,179,285</u>	<u>10,450,812</u>
<u>\$ 3,968,156</u>	<u>\$ 2,657,324</u>	<u>\$ 3,667,533</u>	<u>\$ 191,189</u>	<u>\$ 10,046,741</u>	<u>\$ 8,591,072</u>

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

	TRANSPORTATION TRUST	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ -	\$ 3,817,352	\$ 114,618,990
Licenses and permits	-	208,120	845,316
Intergovernmental	-	15,633,748	33,975,541
Charges for services	-	14,702,342	26,140,252
Fines and forfeitures	-	1,870,075	2,547,249
Investment income	-	1,788,538	2,719,102
Special assessments	-	48,479	3,934,325
Private donations	-	17,756	340,356
Miscellaneous	-	405,720	2,695,781
Total revenues	<u>-</u>	<u>38,492,130</u>	<u>187,816,912</u>
EXPENDITURES			
Current:			
General government	-	13,379,898	35,337,009
Public safety	-	3,451,758	81,030,248
Physical environment	-	924,190	6,166,408
Transportation	-	-	8,114,582
Economic environment	-	2,505,268	2,505,268
Human services	-	1,288,402	9,194,254
Culture and recreation	-	-	1,356,085
Court cost	-	7,107,460	13,676,774
Debt service			
Principal	-	3,179,326	3,242,442
Interest and fiscal charges	-	2,793,426	2,797,270
Capital outlay	36,313	-	6,141,189
Total expenditures	<u>36,313</u>	<u>34,629,728</u>	<u>169,561,529</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,313)</u>	<u>3,862,402</u>	<u>18,255,383</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	8,975,000	8,879,576	102,601,786
Transfers out	-	(10,688,491)	(103,244,838)
Proceeds from the sale of capital assets	-	-	365,403
Excess fees distributed to State	-	(710,487)	(710,487)
Total other financing sources and uses	<u>8,975,000</u>	<u>(2,519,402)</u>	<u>(988,136)</u>
Net change in fund balances	8,938,687	1,343,000	17,267,247
Fund balances - beginning	<u>-</u>	<u>9,832,495</u>	<u>56,399,625</u>
Fund balances - ending	<u>\$ 8,938,687</u>	<u>\$ 11,175,495</u>	<u>\$ 73,666,872</u>

The accompanying notes are an integral part of the financial statements.

Alachua County
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 (page 30) \$ 17,267,247

Amounts reported for governmental activities in the statement of activities are different because:

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 \$22,340,275 exceeded capital outlay (\$8,540,066) in the current period. (13,800,209)

Donations/contributions of capital assets increase net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources. 13,348,605

Governmental funds report sale of general fixed assets as financial resources, the loss on disposal of general fixed assets are not reflected in the fund statement. (1,039,929)

Repayments of bond and note principal (\$3,175,000 less \$50,336 discount and premium expenses less \$36,239 deferred charges) and capital lease principal (\$68,740) are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 3,157,165

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. (765,988)

Internal service funds are used by management to charge the costs of insurance, computer replacement, fleet services, and telephone services to individual funds. \$1,124,004 of total net operating gain and total of non-operating revenues \$530,123 of internal service funds are reported with governmental activities. 1,654,127

Certain items reported in the Statement of Activities are not considered current financial resources and therefore are not reported as revenue in the governmental funds. 42,354

Prepaid Items originally expensed in full, reclassified as an asset. (167,340)

Changes in net assets of governmental activities (page 23) \$ 19,696,032

*See Note II.B. for details

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

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET -
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 73,061,850	\$ 73,061,850	\$ 73,989,149	\$ 927,299
Licenses and permits	349,633	349,633	356,423	6,790
Intergovernmental	4,447,213	4,447,213	5,524,827	1,077,614
Charges for services	3,081,239	3,116,739	2,962,608	(154,131)
Fines and forfeitures	108,045	108,045	25,979	(82,066)
Investment income	681,000	681,000	196,128	(484,872)
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	2,411,545	2,411,545	2,236,434	(175,111)
Total revenue	<u>84,140,525</u>	<u>84,176,025</u>	<u>85,291,548</u>	<u>1,115,523</u>
EXPENDITURES				
Current:				
General government	20,293,844	20,846,202	19,155,818	1,690,384
Public safety	3,811,086	4,407,892	3,926,133	481,759
Physical environment	1,526,723	1,605,610	1,392,940	212,670
Transportation	-	238,089	-	238,089
Economic environment	-	-	-	-
Human services	8,021,768	8,057,143	7,765,774	291,369
Culture and recreation	1,045,584	1,072,801	954,585	118,216
Court cost	4,093,412	4,648,915	4,237,721	411,194
Reserve for contingency	4,319,038	2,529,945	-	2,529,945
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>43,111,455</u>	<u>43,406,597</u>	<u>37,432,971</u>	<u>5,973,626</u>
Excess of revenues over expenditures	<u>41,029,070</u>	<u>40,769,428</u>	<u>47,858,577</u>	<u>7,089,149</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,581,026	5,632,526	8,847,624	3,215,098
Transfers out	(52,959,169)	(53,629,719)	(53,532,530)	97,189
Proceeds from the sale of fixed assets	10,000	10,000	29,178	19,178
Total other financing sources and uses	<u>(47,368,143)</u>	<u>(47,987,193)</u>	<u>(44,655,728)</u>	<u>3,331,465</u>
Net change in fund balances	(6,339,073)	(7,217,765)	3,202,849	10,420,614
Fund balances - beginning	<u>6,339,073</u>	<u>7,217,765</u>	<u>10,908,640</u>	<u>3,690,875</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,111,489</u>	<u>\$ 14,111,489</u>

The accompanying notes are an integral part of the financial statements.

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

	BUDGETED AMOUNTS			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 6,980,045	\$ 6,980,045	\$ 7,428,765	\$ 448,720
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	59,523	59,523
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>6,980,045</u>	<u>6,980,045</u>	<u>7,488,288</u>	<u>508,243</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	6,980,045	5,235,035	140,078	5,094,957
Culture and recreation	-	-	-	-
Court cost	-	-	-	-
Reserve for contingency	-	1,745,010	-	1,745,010
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>6,980,045</u>	<u>6,980,045</u>	<u>140,078</u>	<u>6,839,967</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>7,348,210</u>	<u>7,348,210</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from the sale of fixed assets	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	7,348,210	7,348,210
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,348,210</u>	<u>\$ 7,348,210</u>

The accompanying notes are an integral part of the financial statements.

ALACHUA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MSTU - UNINCORPORATED SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 11,538,417	\$ 11,538,417	\$ 11,903,292	\$ 364,875
Licenses and permits	185,000	185,000	280,773	95,773
Intergovernmental	1,016,500	1,116,500	1,114,279	(2,221)
Charges for services	109,800	109,800	134,785	24,985
Fines and forfeitures	-	-	-	-
Investment income	2,000	2,000	69,308	67,308
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	-	-	421	421
Total revenues	<u>12,851,717</u>	<u>12,951,717</u>	<u>13,502,858</u>	<u>551,141</u>
EXPENDITURES				
Current:				
General government	2,722,451	2,845,284	2,702,889	142,395
Public safety	353,040	353,040	301,124	51,916
Physical environment	358,307	358,307	336,604	21,703
Transportation	450,617	463,175	406,014	57,161
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	401,500	401,500	401,500	-
Court cost	-	-	-	-
Reserve for contingency	449,810	449,810	-	449,810
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>4,735,725</u>	<u>4,871,116</u>	<u>4,148,131</u>	<u>722,985</u>
Excess of revenues over expenditures	<u>8,115,992</u>	<u>8,080,601</u>	<u>9,354,727</u>	<u>1,274,126</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	561,037	561,037	560,477	(560)
Transfers out	(9,665,310)	(9,727,540)	(9,727,540)	-
Proceeds from the sale of fixed assets	-	-	-	-
Total other financing sources and uses	<u>(9,104,273)</u>	<u>(9,166,503)</u>	<u>(9,167,063)</u>	<u>(560)</u>
Net change in fund balances	(988,281)	(1,085,902)	187,664	1,273,566
Fund balances - beginning	<u>988,281</u>	<u>1,085,902</u>	<u>1,326,345</u>	<u>240,443</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,514,009</u>	<u>\$ 1,514,009</u>

The accompanying notes are an integral part of the financial statements.

ALACHUA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MSTU - SHERIFF LAW ENFORCEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 11,817,094	\$ 11,817,094	\$ 12,200,577	\$ 383,483
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	2,000	2,000	71,585	69,585
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>11,819,094</u>	<u>11,819,094</u>	<u>12,272,162</u>	<u>453,068</u>
EXPENDITURES				
Current:				
General government	143,640	143,640	98,404	45,236
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Court cost	-	-	-	-
Reserve for contingency	713,668	643,668	-	643,668
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>857,308</u>	<u>787,308</u>	<u>98,404</u>	<u>688,904</u>
Excess of revenues over expenditures	<u>10,961,786</u>	<u>11,031,786</u>	<u>12,173,758</u>	<u>1,141,972</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	675,580	675,580	529,146	(146,434)
Transfers out	(12,104,350)	(12,174,350)	(12,174,350)	-
Proceeds from the sale of fixed assets	-	-	-	-
Total other financing sources and uses	<u>(11,428,770)</u>	<u>(11,498,770)</u>	<u>(11,645,204)</u>	<u>(146,434)</u>
Net change in fund balances	(466,984)	(466,984)	528,554	995,538
Fund balances - beginning	<u>466,984</u>	<u>466,984</u>	<u>928,413</u>	<u>461,429</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,456,967</u>	<u>\$ 1,456,967</u>

The accompanying notes are an integral part of the financial statements.

ALACHUA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MSBU - REFUSE COLLECTION (148)
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	BUDGETED AMOUNTS			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	2,046,705	2,046,705
Charges for services	72,360	72,360	151,071	78,711
Fines and forfeitures	-	-	-	-
Investment income	82,280	82,280	85,116	2,836
Special assessments	3,468,271	3,468,271	3,765,078	296,807
Private donations	-	-	-	-
Miscellaneous	-	-	21,919	21,919
Total revenues	<u>3,622,911</u>	<u>3,622,911</u>	<u>6,069,889</u>	<u>2,446,978</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	2,277,200	2,273,277	3,923
Physical environment	3,566,762	3,726,762	3,341,174	385,588
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Court cost	-	-	-	-
Reserve for contingency	224,761	224,761	-	224,761
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>3,791,523</u>	<u>6,228,723</u>	<u>5,614,451</u>	<u>614,272</u>
Excess (deficiency) of revenues over (under)expenditures	<u>(168,612)</u>	<u>(2,605,812)</u>	<u>455,438</u>	<u>3,061,250</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	12,000	12,000	16,409	4,409
Transfers out	(30,000)	(30,000)	-	30,000
Proceeds from the sale of capital assets	-	-	2,100	2,100
Total other financing sources and uses	<u>(18,000)</u>	<u>(18,000)</u>	<u>18,509</u>	<u>36,509</u>
Net change in fund balances	(186,612)	(2,623,812)	473,947	3,097,759
Fund balance - beginning	<u>186,612</u>	<u>2,623,812</u>	<u>3,494,209</u>	<u>870,397</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,968,156</u>	<u>\$ 3,968,156</u>

The accompanying notes are an integral part of the financial statements.

ALACHUA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GAS TAX USES (149)
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 4,357,175	\$ 5,100,000	\$ 5,279,855	\$ 179,855
Licenses and permits	-	-	-	-
Intergovernmental	3,900,000	4,100,000	5,325,061	1,225,061
Charges for services	148,401	293,411	593,905	300,494
Fines and forfeitures	-	-	-	-
Investment income	-	-	225	225
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	-	-	19,642	19,642
Total revenues	<u>8,405,576</u>	<u>9,493,411</u>	<u>11,218,688</u>	<u>1,725,277</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	1,134,000	1,077,364	56,636
Physical environment	137,600	205,900	171,500	34,400
Transportation	8,619,574	8,915,347	7,708,568	1,206,779
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Court cost	-	-	-	-
Reserve for contingency	350,058	50,058	-	50,058
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>9,107,232</u>	<u>10,305,305</u>	<u>8,957,432</u>	<u>1,347,873</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(701,656)</u>	<u>(811,894)</u>	<u>2,261,256</u>	<u>3,073,150</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers out	-	(10,033,414)	(10,033,414)	-
Proceeds from the sale of fixed assets	90,000	185,000	186,800	1,800
Total other financing sources and uses	<u>1,090,000</u>	<u>(8,848,414)</u>	<u>(8,846,614)</u>	<u>1,800</u>
Net change in fund balances	388,344	(9,660,308)	(6,585,358)	3,074,950
Fund balances - beginning	<u>(388,344)</u>	<u>9,660,308</u>	<u>9,242,682</u>	<u>(417,626)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,657,324</u>	<u>\$ 2,657,324</u>

The accompanying notes are an integral part of the financial statements.

ALACHUA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
EMERGENCY SERVICES (814)
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	3,364,883	3,755,530	3,481,412	(274,118)
Charges for services	6,318,815	6,318,815	6,672,236	353,421
Fines and forfeitures	500,000	500,000	651,195	151,195
Investment income	25,002	25,002	38,790	13,788
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	12,600	12,600	9,672	(2,928)
Total revenues	<u>\$ 10,221,300</u>	<u>\$ 10,611,947</u>	<u>\$ 10,853,305</u>	<u>241,358</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	20,599,299	21,362,536	19,615,979	1,746,557
Physical environment	1,900	1,900	-	1,900
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Court cost	-	-	-	-
Reserve for contingency	737,852	737,852	-	737,852
Debt service				
Principal	56,274	56,274	63,116	(6,842)
Interest	10,686	10,686	3,844	6,842
Capital outlay	-	-	-	-
Total expenditures	<u>21,406,011</u>	<u>22,169,248</u>	<u>19,682,939</u>	<u>2,486,309</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,184,711)</u>	<u>(11,557,301)</u>	<u>(8,829,634)</u>	<u>2,727,667</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	15,856,191	16,025,774	16,294,967	(269,193)
Transfers out	(6,700,155)	(6,715,155)	(6,693,355)	21,800
Proceeds from the sale of fixed assets	-	-	-	-
Total other financing sources and uses	<u>9,156,036</u>	<u>9,310,619</u>	<u>9,601,612</u>	<u>(247,393)</u>
Net change in fund balances	(2,028,675)	(2,246,682)	771,978	3,018,660
Fund balances - beginning	<u>2,028,675</u>	<u>2,246,682</u>	<u>2,895,555</u>	<u>648,873</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,667,533</u>	<u>\$ 3,667,533</u>

The accompanying notes are an integral part of the financial statements.

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

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	50,278,340	50,685,770	50,384,613	301,157
Physical environment	-	-	-	-
Transportation	-	-	-	-
Tourist development	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Court cost	2,331,593	2,331,593	2,331,593	-
Reserve for contingency	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	52,609,933	53,017,363	52,716,206	301,157
Excess (deficiency) of revenues over (under) expenditures	(52,609,933)	(53,017,363)	(52,716,206)	301,157
OTHER FINANCING SOURCES (USES)				
Transfers in	52,609,933	53,014,039	53,014,039	-
Transfers out	-	(92,501)	(343,658)	(251,157)
Proceeds from the sale of capital assets	-	95,825	95,825	-
Total other financing sources and uses	52,609,933	53,017,363	52,766,206	(251,157)
Net change in fund balances	-	-	50,000	50,000
Fund balances - beginning	-	-	141,189	141,189
Fund balances - ending	\$ -	\$ -	\$ 191,189	\$ 191,189

The accompanying notes are an integral part of the financial statements.

ALACHUA COUNTY, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2005

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	400 SOLID WASTE SYSTEM	NONMAJOR PROPRIETARY FUND	TOTAL	
		410 CODES ENFORCEMENT		
ASSETS				
Current assets:				
Equity in pooled cash and equivalents	\$ 5,199,642	\$ 1,306,928	\$ 6,506,570	\$ 12,849,964
Cash with claims administrator	-	-	-	200,000
Accounts receivable	707,910	6,430	714,340	9,998
Due from other funds	16,710	-	16,710	41,333
Due from other governments	36,446	710	37,156	5,264
Inventories	-	-	-	217,695
Total current assets	<u>5,960,708</u>	<u>1,314,068</u>	<u>7,274,776</u>	<u>13,324,254</u>
Noncurrent assets:				
Restricted assets:				
Equity in pooled cash and equivalents	2,396,118	-	2,396,118	-
Investments	<u>2,505,396</u>	<u>-</u>	<u>2,505,396</u>	<u>-</u>
Total restricted assets	<u>4,901,514</u>	<u>-</u>	<u>4,901,514</u>	<u>-</u>
Capital assets:				
Land	3,266,279	-	3,266,279	-
Buildings	2,751,331	-	2,751,331	-
Improvements other than buildings	13,142,379	-	13,142,379	1,224
Equipment	2,695,535	17,769	2,713,304	8,641,616
Less accumulated depreciation	<u>(10,815,341)</u>	<u>(12,093)</u>	<u>(10,827,434)</u>	<u>(6,003,995)</u>
Total capital assets (net of depreciation)	<u>11,040,183</u>	<u>5,676</u>	<u>11,045,859</u>	<u>2,638,845</u>
Total noncurrent assets	<u>15,941,697</u>	<u>5,676</u>	<u>15,947,373</u>	<u>2,638,845</u>
Total assets	<u>21,902,405</u>	<u>1,319,744</u>	<u>23,222,149</u>	<u>15,963,099</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	674,534	58,345	732,879	304,471
Contracts payable	63,431	399	63,830	-
Deferred revenue	-	-	-	97,416
Due to individuals	247	-	247	-
Due to other funds	55	-	55	-
Due to other governments	385	9,468	9,853	-
Deposits	77,779	-	77,779	-
Accrued compensated absences of one year or less	134,633	85,711	220,344	156,504
Estimated liability for self insured losses	-	-	-	5,270,026
Total current liabilities	<u>951,064</u>	<u>153,923</u>	<u>1,104,987</u>	<u>5,828,417</u>
Noncurrent liabilities:				
Accrued compensated absences of more than one year	149,512	148,652	298,164	13,079
Noncurrent liabilities (payable from restricted assets):				
Accrued landfill closure cost	<u>9,547,631</u>	<u>-</u>	<u>9,547,631</u>	<u>-</u>
Total noncurrent liabilities	<u>9,697,143</u>	<u>148,652</u>	<u>9,845,795</u>	<u>13,079</u>
Total liabilities	<u>10,648,207</u>	<u>302,575</u>	<u>10,950,782</u>	<u>5,841,496</u>
NET ASSETS				
Invested in capital assets, net of related debt	11,040,183	5,676	11,045,859	2,638,845
Unrestricted	<u>214,015</u>	<u>1,011,493</u>	<u>1,225,508</u>	<u>-</u>
Total net assets	<u>\$ 11,254,198</u>	<u>\$ 1,017,169</u>	<u>\$ 12,271,367</u>	<u>\$ 10,121,603</u>

The accompanying notes are an integral part of the financial statements.

ALACHUA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	400 SOLID WASTE SYSTEM	NONMAJOR PROPRIETARY FUND 410 CODES ENFORCEMENT	TOTAL	
Operating revenues:				
Charges for services	\$ 6,895,397	\$ 13,770	\$ 6,909,167	\$ 18,804,193
Fines and forfeitures	-	80,281	80,281	-
Licenses and permits	-	2,045,196	2,045,196	-
Special assessments	2,965,004	-	2,965,004	-
Miscellaneous revenue	186,821	21,537	208,358	532,537
Total operating revenues	10,047,222	2,160,784	12,208,006	19,336,730
Operating expenses:				
Personal services	2,305,996	1,350,588	3,656,584	1,428,313
Depreciation	665,838	3,273	669,111	1,052,825
Indirect costs	555,633	61,639	617,272	408,657
Supplies and materials	441,550	51,604	493,154	2,007,712
Other services and charges	7,512,344	225,695	7,738,039	12,490,115
Claims and losses	-	-	-	835,829
Total operating expenses	11,481,361	1,692,799	13,174,160	18,223,451
Operating income (loss)	(1,434,139)	467,985	(966,154)	1,113,279
Nonoperating revenues (expenses):				
Intergovernmental revenue	-	-	-	3,842
Taxes	264,466	-	264,466	-
Net gain (loss) on disposal of fixed assets	(22,495)	-	(22,495)	(15,269)
Investment Income	301,807	-	301,807	22,152
Total nonoperating revenues (expenses)	543,778	-	543,778	10,725
Income before transfers	(890,361)	467,985	(422,376)	1,124,004
Transfers:				
Transfers in	112,929	-	112,929	531,023
Transfers out	-	-	-	(900)
Total transfers	112,929	-	112,929	530,123
Change in net assets	(777,432)	467,985	(309,447)	1,654,127
Total net assets - beginning	12,031,630	549,184	12,580,814	8,467,476
Total net assets - ending	\$ 11,254,198	\$ 1,017,169	\$ 12,271,367	\$ 10,121,603

The accompanying notes are an integral part of the financial statements.

ALACHUA COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	400 SOLID WASTE SYSTEM	NONMAJOR PROPRIETARY FUND	TOTAL	
		410 CODES ENFORCEMENT		
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for services	\$ 6,956,419	\$ 2,138,830	\$ 9,095,249	\$ 18,886,087
Cash received from special assessments	2,965,004	-	2,965,004	-
Miscellaneous cash receipts	186,821	21,537	208,358	532,537
Cash paid to outside parties	(7,843,047)	(335,166)	(8,178,213)	(16,024,531)
Cash paid to employees	(2,286,893)	(1,324,501)	(3,611,394)	(1,479,339)
Net cash provided by operating activities	<u>(21,696)</u>	<u>500,700</u>	<u>479,004</u>	<u>1,914,754</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	112,929	-	112,929	531,023
Transfers out	-	-	-	(900)
Taxes	264,466	-	264,466	-
Due from other funds	(280,042)	-	(280,042)	(1,598)
Due from other governments	1,014	150	1,164	13,563
Intergovernmental revenue	-	-	-	3,842
Net cash provided (used) by noncapital & related financing activities	<u>98,367</u>	<u>150</u>	<u>98,517</u>	<u>545,930</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Payments for capital assets	(593,219)	-	(593,219)	(1,249,576)
Proceeds from sale of capital assets	2,010	-	2,010	1,590
Net cash provided (used) by capital & related financing activities	<u>(591,209)</u>	<u>-</u>	<u>(591,209)</u>	<u>(1,247,986)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	301,807	-	301,807	22,152
Proceeds (purchase) of investment	(67,579)	-	(67,579)	-
Net cash provided by investing activities	<u>234,228</u>	<u>-</u>	<u>234,228</u>	<u>22,152</u>
Net increase (decrease) in cash and cash equivalents	(280,310)	500,850	220,540	1,234,850
Cash and cash equivalents, October 1, 2004	7,876,070	806,078	8,682,148	11,815,114
Cash and cash equivalents, September 30, 2005	<u>\$ 7,595,760</u>	<u>\$ 1,306,928</u>	<u>\$ 8,902,688</u>	<u>\$ 13,049,964</u>
Cash and cash equivalents classified as:				
Equity in pooled cash and equivalents	\$ 5,199,642	\$ 1,306,928	\$ 6,506,570	\$ 12,849,964
Cash with claims administrator	-	-	-	200,000
Restricted cash and equivalents	2,396,118	-	2,396,118	-
Total	<u>\$ 7,595,760</u>	<u>\$ 1,306,928</u>	<u>\$ 8,902,688</u>	<u>\$ 13,049,964</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (1,434,139)	\$ 467,985	\$ (966,154)	\$ 1,113,279
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	665,838	3,273	669,111	1,052,825
Increase in estimated landfill closure cost	302,778	-	302,778	-
(Decrease) in estimated liability for self insured losses	-	-	-	(270,827)
(Increase) decrease in accounts receivable	8,823	(417)	8,406	(10,522)
Increase in user deposits	52,199	-	52,199	-
Increase (decrease) in accrued compensated absences	19,103	26,087	45,190	(51,026)
Increase in deferred revenue	-	-	-	92,416
Decrease in inventories	-	-	-	3,446
Increase (decrease) in accounts payable	363,702	3,772	367,474	(14,837)
Total adjustments	<u>1,412,443</u>	<u>32,715</u>	<u>1,445,158.00</u>	<u>801,475</u>
Net cash provided by operating activities	<u>\$ (21,696)</u>	<u>\$ 500,700</u>	<u>\$ 479,004</u>	<u>\$ 1,914,754</u>

The accompanying notes are an integral part of the financial statements.

ALACHUA COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2005

	<u>AGENCY FUNDS</u>
ASSETS	
Equity in pooled cash and equivalents	\$ 246,876
Other cash and equivalents	7,011,443
Investments	1,565,608
Accounts receivable	6,970
Due from individuals	2,744
Due from other governments	58,749
	<u>8,892,390</u>
LIABILITIES	
Accounts payable	11,785
Due to individuals	4,825,686
Due to other governments	1,084,530
Deposits held in escrow	270,592
Deposits - installment taxes	2,699,797
	<u>8,892,390</u>
TOTAL NET ASSETS	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.



ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

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ALACHUA COUNTY, FLORIDA
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SEPTEMBER 30, 2005

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ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Alachua County is a political subdivision of the State of Florida and is governed by a five-member elected Board of County Commissioners (“Board”) that derives its authority from the County Charter and Florida Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers: the Sheriff, Supervisor of Elections, Property Appraiser, Clerk of the Circuit Court, and Tax Collector. The Constitutional Officers, except for the Supervisor of Elections, maintain separate accounting records and budgets.

The Board funds the operations of both the Sheriff and the Supervisor of Elections. The Board of County Commissioners, the Library District, the St. Johns River Water Management District and the Suwannee River Water Management District fund the operations of the Property Appraiser. The Clerk’s duties as Clerk to the Board and Clerk of the County Court are funded from fees and charges authorized under Chapter 2004-265 Laws of Florida and the Board of County Commissioners. The Tax Collector’s operations are not funded by the Board, but by fees collected by the Officer.

The accompanying financial statements present the County (primary government), and the Component Units for which the County is considered to be financially accountable. Also included are other entities for which the nature and significance of their relationship with the County are such that exclusion could cause the County’s basic financial statements to be misleading or incomplete.

Discretely Presented Component Units

The government-wide financial statements include the financial data of the County’s Component Units. They are included because if excluded the County’s financial statements would be misleading. Two Component Units are discretely presented in the government-wide financial statements to emphasize their legal separation from the County. The following Component Units are included in the statements:

1. John A. H. Murphree Law Library

The John A. H. Murphree Law Library (Chapter 57-1118, Laws of Florida) is a discretely presented component unit that benefits the Courts, County Officials, and the public at large. The Board of Trustees for the Law Library consists of one County Commissioner and several other local law community individuals. The Board of Trustees has full power and authority to establish, operate and maintain the Law Library. The Board of County Commissioners is authorized to appropriate other available funds for the use of the Law Library. Financial information for the Law Library is presented in this comprehensive annual financial report as one of the two Component Units.

2. Alachua County Housing Finance Authority

The Alachua County Housing Finance Authority (Chapter 159, Florida Statutes) is a discretely presented component unit that provides financing for low-income housing. The Authority is required to obtain Board approval for all its fiscal activities. The Authority is governed by a separate board and does not provide services exclusively to the County. Financial information for the Authority is presented in this comprehensive annual financial report as one of the two Component Units.

The fiscal year end for all discretely presented component units is September 30.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Related Organizations

The Alachua County Library District (Chapter 98-502 as amended by 03-375, Laws of Florida) provides library system services and facilities for all citizens of Alachua County, Florida. The Alachua County Health Facilities Authority (Chapter 154.200, Florida Statutes) assists in financing health care facilities. The Alachua County Housing Authority (Section 421.27, Florida Statutes) assists in providing safe and sanitary dwelling accommodations to persons of low income. Alachua County is not able to impose its will on these organizations, and there is no financial benefit/burden relationship between these organizations and the County. Therefore, these organizations are not component units and are not included in the accompanying financial statements.

As of September 30, 2005, Alachua County had not participated in any joint ventures with any other governmental entities.

B. Government-wide and Fund Financial Statements

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements (the Statement of Net Assets and the Statement of Activities) provide financial information on County government as a whole, except for fiduciary activities.

These statements include separate columns for the government and business-type activities of the primary government and its component units. The effect of interfund activity has been eliminated 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities shows the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly related to a specific function or segment. *Program revenues* include a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and b) grants and contributions that are restricted to meeting specific requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Government-wide and Fund Financial Statements - Continued

2. Fund Financial Statements

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenue, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the County's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements show information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. The fiduciary statement includes financial information for the agency funds. The agency funds of the County primarily represent assets held by the County in a custodial capacity for other individuals or governments.

GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

Governmental Major Funds

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

CHOICES – Pursuant to the August 2004 sales tax referendum, the County will receive .25% sales tax from January 2005 through December 2011. This discretionary sales surtax will provide a broad range of health care services to the adult working uninsured Alachua County residents.

Municipal Services Taxing Unit (MSTU) – This fund was established September 9, 1976 by Alachua County ordinances 76-85 and 86, and in accordance with Florida Statute 125.01(1)(q) to account for expanded Sheriff services, improved fire protection services, Animal Control services, Codes Enforcement activities and Solid Waste enforcement and administration. Funding is primarily provided from ad valorem taxes and revenues generated by various charges and fees for services provided by the departments. In FY03 the MSTU fund was split in order to segregate law enforcement services and other services. Sheriff Law Enforcement services are accounted for in *MSTU Sheriff Law Enforcement*, and other unincorporated services are accounted for in *MSTU Unincorporated Services*.

Municipal Services Benefit Unit – Refuse Collection – This fund was established effective October 1, 1984 by Ordinance 84-7 and amended by Ordinance 97-4, which was passed on May 13, 1997. This fund accounts for all revenues and expenditures related to refuse/garbage collection within the mandatory designated County collection areas in accordance with Florida Statute 403.706(1).

Gas Tax Uses – This fund was established by the Alachua County Board of County Commissioners Resolution 00-85 in accordance with Florida Statute 336.025 to account for fuel tax revenues which are collected from the Local Option Gas Tax, Seventh Cent County Gas Tax and Intragovernmental services charges disbursed to Alachua County to be expended in activities related to its transportation system. These activities include road and bridge maintenance, the Transportation Improvement Program, support for bus services for the disadvantaged, and fulfillment of related debt service requirements.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Government-wide and Fund Financial Statements - Continued

Emergency Services – This fund, mainly supported by General Fund and MSTU transfers is a combination of various grants and designated revenues that are used for the specific purpose of fire rescue, emergency management, E-911 and disaster relief.

Sheriff – The Sheriff is an elected official of Alachua County and is responsible for the administration and operation of the Alachua County Sheriff's Office and the Alachua County Sheriff's Department of the Jail.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or improvements (other than those financed by the proprietary fund types).

Alachua County Forever Legacy Lands – This fund is used to account for Alachua County Forever Bond Proceeds and subsequent property acquisitions of environmentally sensitive lands. The voters of Alachua County approved a bond referendum on November 7, 2000 and the Board of County Commissioners approved ordinances 00-13 and 01-23 to establish the Land Conservation Board and ordinances 00-100, 01-126, 01-137 and 01-137 detailing the land acquisition process.

Transportation Trust Fund – This fund is used to account for improvements to county roads using money transferred from the Gas Tax Uses fund. The fund was established March 8, 2005 by resolution 05-20.

Proprietary Major Fund

Solid Waste System (400) – To account for revenues and expenditures associated with refuse/garbage disposal, recyclable reclaiming, post closure of landfills, collection activities outside the mandated designated Alachua County collection area, and any related debt service as outlined in Chapter 75 of the Alachua County Code of Ordinances.

Proprietary Non-major Fund

Codes Enforcement (410) – This fund was established on October 1, 1998 to account for revenues and expenditures associated with licenses, permits, fines and fees for services of the Department of Growth Management, Office of Codes Enforcement.

Other Fund Types

Internal Service Funds – Internal service funds account for services provided primarily to other departments of the County on a cost-reimbursement basis including Computer Replacement, Self-insurance, Fleet Management, Telephone Service, Vehicle Replacement and Health Insurance.

Agency Funds - Agency funds are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals; examples are cash bonds, traffic fines, support payments and ad valorem taxes.

Non-current Governmental Assets/Liabilities

GASB Statement 34 requires non-current governmental assets, such as land and buildings, non-current governmental liabilities such as general obligation bonds, and revenue bonds and capital leases, to be reported in the governmental activities column in the government-wide Statement of Net Assets.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement presentation

1. Government-wide Financial Statements

The government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements, are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 – Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government’s citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as “an other financing source”. Amounts paid to reduce the County’s long-term indebtedness are reported as a reduction of related liability, rather than as expenditures.

The effect of interfund activity has been eliminated from the government-wide financial statements. The County chooses to eliminate indirect costs between governmental activities to avoid a “doubling up” effect.

2. Governmental Fund Financial Statements

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County 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 incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the County.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or funds liabilities.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

C. Measurement Focus, Basis of Accounting, and Financial Statement presentation - Continued

2. Governmental Fund Financial Statements - Continued

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

3. Proprietary Fund Financial Statements

The County's enterprise funds and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting and the economic resources measurement focus. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as "an other financing source". Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

The County applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The County has elected not to follow private sector FASB statements and Interpretations, issued after November 30, 1989.

4. Fiduciary Fund Financial Statements

Fiduciary funds consist of Trust funds and Agency funds. All Trust funds use the economic resources measurement focus and accrual basis of accounting. The County did not have any Trust funds for fiscal year 2005. Agency funds are unlike all other types of funds and report only assets and liabilities. So, agency funds do not have a measurement focus, but do use an accrual basis of accounting to recognize receivables and payables.

D. Assets, Liabilities and Net Assets

1. Cash and Equivalents

Cash and equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less. This includes cash in banks, repurchase agreements with financial institutions, petty cash, cash with claims administrators and balances in the State Board of Administration Investment Pool.

2. Investments

Investments for the County are reported at fair value, in accordance with GASB Statement No. 31.

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets - Continued

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

4. Inventories and Prepaid Items

Inventories, consisting primarily of expendable items (materials and supplies), are determined by physical count at the County's fiscal year-end and valued at cost on the basis of the "first-in first-out" method of accounting. Inventory shown in the Governmental Funds consists of fuel, medical supplies, vehicle parts and road materials. Inventory is recorded as an expenditure when consumed (consumption method) rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Restricted Assets

Certain funds of the County are classified as restricted 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. It is the practice of the County to utilize restricted net assets before unrestricted net assets.

Certain Solid Waste System Enterprise Fund assets are required to be segregated from other current assets. These assets are legally restricted for specific purposes, such as landfill post closure care. See Note I.D.8.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, traffic signals, stormwater drainage and similar items), are reported in the applicable governmental or business-type activities columns 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, but Alachua County elects to report items as capital with a value of \$750 and a life of one year or more.

Roads, bridges, traffic signals, and storm water basins constructed prior to October 1, 2000 are reported at estimated historical cost. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The Board holds legal title to the capital assets used in the operations of the Board of County Commissioners, Property Appraiser, Tax Collector, Clerk of the Circuit and County Courts, and Supervisor of Elections and is accountable for them under Florida law. The Sheriff is accountable for maintaining capital asset records for equipment used in his operations, under Florida Law.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, and Net Assets - Continued

The County’s capital assets are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Buildings/improvements	10 - 50
Equipment	2 - 20
Infrastructure	20 - 50

7. Capitalization of Interest

GASB 37 requires capitalization of bond issue interest costs during the construction period for Proprietary activities. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the County did not have any capitalized interest.

8. Landfill Closure Costs

The County has adopted a policy, based on U.S. Environmental Protection Agency rules and in accordance with Florida Law, to set aside funds for the post closure care costs of the County’s closed landfills.

The County has no landfills that are currently accepting waste. Within the Solid Waste System Enterprise Fund, deposits are made to the fund's other cash and equivalents account for the purpose of complying with the escrow requirements of Rule 17-701.630, Florida Administrative Code. This rule requires the County to annually deposit funds in an interest-bearing escrow account for the purpose of funding the estimated landfill post closure cost. This amount is represented as “Restricted Assets” on the Statement of Net Assets. Per the above rule, an audited report is filed each year with the Florida Department of Environmental Protection.

The liability on the face of the statements is equal to the total estimated cost of post closure care. The estimates are reviewed and adjusted each year for changes due to inflation, technology, and applicable laws and regulations.

9. Deferred Revenue

Deferred revenues reported in government-wide financial statements are unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year that they are earned, in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues that are measurable but not available.

10. Accrued Compensated Absences

The County accrues accumulated unpaid vacation and sick leave when earned by the employee. The amount estimated to be used in the following fiscal year is the current amount. The amount estimated to be used in subsequent fiscal years is the non-current amount. The current and non-current amounts for government funds are maintained separately and represent a reconciling item between the fund and the government-wide presentations.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, and Net Assets - Continued

11. Obligation for Bond Arbitrage Rebate

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the “revenue reduction” approach in accounting for rebatable arbitrage, which treats excess earnings as a reduction of revenue. For fiscal year 2005, there is no arbitrage rebate obligation.

12. Unamortized Bond Costs and Bond Discounts/Premiums

In the government-wide statements bond issuance costs and legal fees associated with the issuance of Governmental Fund bonds are amortized over the life of the bonds using the straight-line method of accounting and are reported as deferred charges. Bond discounts and premiums associated with the issuance of Governmental Bonds are amortized according to the straight-line method. For financial reporting, unamortized bond discounts and premiums are netted against the applicable long-term 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.

13. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that amount of the applicable appropriation, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures; therefore, the encumbrances are reported as reservations of fund balances at year-end and reappropriated the following year.

14. Reserves/Designations of Fund Balances and Net Assets

In the fund financial statements, reserves and designations of fund balance represent portions of fund balances that cannot be appropriated for expenditures or which have been legally segregated for specific future uses. A portion of Capital Projects fund balance, including the Alachua County Forever Legacy Lands fund balances, and Debt Service fund balance is reserved because of bond covenants or other capital grant requirements.

Net assets of the Self Insurance Fund are reserved for anticipated future catastrophic losses pursuant to County ordinance and Governmental Accounting Standards Board Statement No.10.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

“Total fund balances” of the County’s governmental funds of \$73,666,872 differs from “net assets” of governmental activities of \$462,597,808, reported in the Statement of Net Assets. This difference primarily results from the long-term economic focus of the Statement of Net Assets versus the current financial resources focus of the governmental fund balance sheet.

Capital-Related Items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the County as a whole.

Cost of capital assets	\$ 757,216,361
Accumulated depreciation	(313,875,572)
Total capital assets added	<u>\$ 443,340,789</u>

Long-term Debt Transactions

Deferred Charges of \$529,244 represent bond issue costs and legal fees associated with the issuance of bonds. These charges are amortized over the life of the bonds.

1995 Public Improvement Revenue Refunding	\$ 222,584
1999 Public Improvement Revenue Bonds	197,642
2003 Alachua County Forever General Obligation Bonds	109,018
Total deferred charges added	<u>\$ 529,244</u>

Long-term liabilities applicable to the County’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets. Balances at September 30, 2005 were:

Bonds payable – 1995 Public Improvement Revenue Refunding	\$ 30,200,000
Less: Discount	(752,881)
Bonds payable – 1999 Public Improvement Revenue Bonds	14,705,000
Less: Discount	(210,141)
Bonds payable – 2003 Alachua County Forever General Obligation Bonds	11,540,000
Plus: Premium	47,002
Compensated absences	11,267,310
Total long-term liabilities added	<u>\$ 66,796,290</u>

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - Continued

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets - Continued

Accrued Interest

Accrued liabilities in the Statement of Net Assets differ from the amount reported in governmental funds due to accrued interest on bonds and capital leases outstanding.

Interest Payable – 1995 Public Improvement Revenue Refunding	\$ 258,797
Interest Payable – 1999 Public Improvement Revenue Bonds	126,288
Interest Payable – 2003 Alachua County Forever General Obligation Bonds	<u>62,110</u>
Total accrued interest added	<u>\$ 447,195</u>

Deferred Revenues

Deferred revenues in the Statement of Net Assets differ from the amount reported in governmental funds due to taxes receivables. Governmental fund financial statements report unearned revenues or revenues which are measurable but not available as deferred revenues. However, deferred revenues in governmental funds are subject to full accrual on government-wide financial statements.

Deferred revenues reduced	<u>\$ 1,776,176</u>
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Internal Service Funds

Management uses internal service funds to charge the costs of fleet management, computer replacement, vehicle replacement, telephone service, and self-insurance activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets because they primarily serve governmental activities of the County.

Internal service funds	<u>\$ 10,121,603</u>
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Elimination of Interfund Receivables/Payables

Interfund receivables and payables in the amount of \$7,490,052 between governmental funds must be eliminated from the Statement of Net Assets.

Prepaid Items

Payments to vendors reflecting costs applicable to future accounting periods were not recorded as prepaid items in the fund financial statements and should be recorded as such in the government-wide statements.

Prepaid items	<u>\$ 406,609</u>
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ALACHUA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets - Continued

ASSETS	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions
Equity in pooled cash & equivalents	\$ 53,093,839	\$ -	\$ -
Other cash and equivalents	7,317,641	-	-
Sinking fund cash & equivalents	1,699,725	-	-
Investments	9,537,074	-	-
Receivables (net)	1,284,428	-	-
Due from other funds	7,448,774	-	-
Due from other governments	14,581,959	-	-
Inventories	538,419	-	-
Prepaid items	50,000	-	-
Deferred charges	-	-	529,244
Capital assets - net	-	443,340,789	-
Total assets	<u>\$ 95,551,859</u>	<u>\$ 443,340,789</u>	<u>\$ 529,244</u>

LIABILITIES & FUND BALANCES

Liabilities:

Accounts payable	\$ 7,422,739	\$ -	\$ -
Contracts payable	624,176	-	-
Accrued interest payable	-	-	-
Estimated liability for self insurance loss	-	-	-
Due to other funds	7,506,762	-	-
Due to other governments	4,252,302	-	-
Due to component units	-	-	-
Deposits	86,442	-	-
Deposits held in escrow	-	-	-
Deferred revenue	1,992,566	-	-
Accrued compensated absences	-	-	11,267,310
Capital leases	-	-	-
Bonds and notes payable (net)	-	-	55,528,980
Total liabilities	<u>21,884,987</u>	<u>0</u>	<u>\$66,796,290</u>
Fund balances/net assets	73,666,872	443,340,789	(66,267,046)
Total liabilities and fund balances/net assets	<u>\$ 95,551,859</u>	<u>\$ 443,340,789</u>	<u>\$ 529,244</u>

Interest Payable	Deferred Revenues	Internal Service Funds	Reclassifications & Eliminations	Statement of Net Assets
\$ -	\$ -	\$ 12,849,964	\$ 776,696	\$ 66,720,499
-	-	200,000	-	7,517,641
-	-	-	(776,696)	923,029
-	-	-	-	9,537,074
-	-	9,998	-	1,294,426
-	-	41,333	(7,490,052)	55
-	-	5,264	-	14,587,223
-	-	217,695	-	756,114
-	-	-	406,609	456,609
-	-	-	-	529,244
-	-	2,638,845	-	445,979,634
\$ -	\$ -	\$ 15,963,099	\$ (7,083,443)	\$ 548,301,548

\$ -	\$ -	\$ 304,471	\$ -	\$ 7,727,210
-	-	-	-	624,176
447,195	-	-	-	447,195
-	-	5,270,026	-	5,270,026
-	-	-	(7,490,052)	16,710
-	-	-	-	4,252,302
-	-	-	-	0
-	-	-	-	86,442
-	-	-	-	0
-	(1,776,176)	97,416	-	313,806
-	-	169,583	-	11,436,893
-	-	-	-	0
-	-	-	-	55,528,980
\$447,195	(\$1,776,176)	\$5,841,496	(7,490,052)	85,703,740
(447,195)	1,776,176	10,121,603	406,609	462,597,808
\$ -	\$ -	\$ 15,963,099	\$ (7,083,443)	\$ 548,301,548

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS AND THE STATEMENT OF ACTIVITIES

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for governmental funds of \$17,267,247 differs from the “change in net assets” for governmental activities of \$19,696,032, reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds operating statement. The effect of the differences is illustrated below.

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of the financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ 8,540,066
Depreciation expense	<u>(22,340,275)</u>
Difference	<u><u>\$(13,800,209)</u></u>

In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale can increase or decrease financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of capital assets sold.

Sale of fixed assets:	
Gain	\$ 365,403
Loss	<u>(1,039,929)</u>
Total change	<u><u>\$(674,526)</u></u>

Donations of capital assets are not included as revenues in governmental funds. However, for Government-wide reporting, these assets are recognized as revenue on the Statement of Activities.

Capital asset donations	<u>\$ 13,348,605</u>
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Repayments of bond principal and capital lease principal are reported as an expenditure in the governmental funds and thus have the effect of reducing fund balance because current financial resources have been used. However, the principal payments reduce the liabilities in the Statement of Net Assets and do not result in an expense in the Statement of Activities.

Bond principal payments made	\$ (2,745,000)
Deferred charges	36,239
Discounts amortized	56,336
Premiums amortized	(6,000)
Note principal payments made	(430,000)
Capital lease principal payments made	<u>(68,740)</u>
Total	<u><u>\$(3,157,165)</u></u>

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS AND THE STATEMENT OF ACTIVITIES - Continued

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities - Continued

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net change in compensated absences	\$ 784,619
Net accrued interest payable	<u>(18,631)</u>
Net Adjustment	<u>\$ 765,988</u>

Internal Service Funds Operating Gain

The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets and the operating gain is entirely allocated to governmental activities in the Statement of Activities because they primarily serve governmental activities of the County. In fiscal year 2005, internal service funds incurred a total operating gain of \$1,124,004.

Internal service funds allocated program expenses	\$ 441,702
Program revenues	660,150
Internal service funds non-operating revenues	22,152
Net transfers	<u>530,123</u>
Net change in assets	<u>\$ 1,654,127</u>

Accrued Tax Revenues

Some tax revenues are not recognized in the current period because the resources are not available and therefore these revenues are not reported in the fund.

Accrued tax revenues	<u>\$ 42,354</u>
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Reclassification and Eliminations

Transfers in and transfers out in the amount of \$103,245,738 between governmental activities should be eliminated. Transfers to the component unit have been reclassified as expenditures to the County rather than transfers. Indirect costs charged between governmental funds have been eliminated as well as Public Works department intergovernmental activities. Prepaid items that were previously expensed have been reclassified as governmental assets. These revenues and expenditures must be eliminated to avoid double counting.

ALACHUA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities - Continued

REVENUES	Total Governmental Funds	Capital Outlay Expenditures	Long-term Debt Transactions
Taxes	\$ 114,618,990	\$ -	\$ -
Licenses and permits	845,316	-	-
Intergovernmental	33,975,541	-	-
Charges for services	26,140,252	-	-
Fines and forfeitures	2,547,249	-	-
Investment income	2,719,102	-	-
Special assessments	3,934,325	-	-
Private donations	340,356	13,348,605	-
Miscellaneous	2,695,781	(674,526)	-
Total revenues	<u>187,816,912</u>	<u>12,674,079</u>	<u>0</u>
 EXPENDITURES			
Administration	37,946,907	(90,341)	(3,101,965)
Community services	11,806,872	296,293	-
Corrections	20,714,825	930,524	-
Courts	16,183,562	716,186	-
Culture and recreation	1,352,255	261,407	-
Economic environment	1,599,229	9,711	-
Emergency services	29,511,894	551,908	(63,117)
Environmental services	4,680,556	(2,369,362)	7,917
Growth management	3,429,984	18,935	-
Law enforcement	26,743,542	(129,213)	-
Solid waste collection	3,351,409	(2,806)	-
Transportation	9,446,287	13,606,967	-
Interest on long-term debt	2,794,207	-	-
Total expenditures	<u>169,561,529</u>	<u>13,800,209</u>	<u>(3,157,165)</u>
Excess of revenues over (under) expenditures	<u>18,255,383</u>	<u>(1,126,130)</u>	<u>3,157,165</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	102,601,786	-	-
Transfers out	(103,244,838)	-	-
Excess Fees Distributed to the State	(710,487)	-	-
Proceeds from the sale of fixed assets	365,403	(365,403)	-
Total other financing sources (uses)	<u>(988,136)</u>	<u>(365,403)</u>	<u>0</u>
 Net change in fund balances	 <u>17,267,247</u>	 <u>(1,491,533)</u>	 <u>3,157,165</u>
 Fund balances at beginning of year	 <u>56,399,625</u>	 <u>444,832,322</u>	 <u>(58,156,901)</u>
 Fund balances at end of year	 <u>\$ 73,666,872</u>	 <u>\$ 443,340,789</u>	 <u>\$ (54,999,736)</u>

Compensated Absences	Accrued Interest Expenses	Deferred Revenues	Internal Service Funds	Reclassifications and Eliminations	Statement of Activities
\$ -	\$ -	\$ 43,500	\$ -	\$ -	\$ 114,662,490
-	-	-	-	-	845,316
-	-	207,440	-	-	34,182,981
-	-	(208,586)	262,902	(3,468,804)	22,725,764
-	-	-	-	-	2,547,249
-	-	-	22,152	-	2,741,254
-	-	-	-	-	3,934,325
-	-	-	-	-	13,688,961
-	-	-	397,248	(1,373,718)	1,044,785
0	0	42,354	682,302	(4,842,522)	196,373,125
190,052	-	-	401,946	(4,383,375)	30,963,224
11,157	-	-	(58,138)	(976)	12,055,208
72,776	-	-	(7,965)	-	21,710,160
115,211	-	-	(81,085)	799,713	17,733,587
7,402	-	-	(24,838)	-	1,596,226
4,890	-	-	(660)	-	1,613,170
131,512	-	-	(329,711)	28,622	29,831,108
12,438	-	-	(31,645)	(7,513)	2,292,391
24,439	-	-	(43,621)	-	3,429,737
224,943	-	-	31,155	(100,232)	26,770,195
(570)	-	-	(131,449)	(118,533)	3,098,051
(9,631)	-	-	(165,691)	(182,401)	22,695,531
-	(18,631)	-	-	-	2,775,576
784,619	(18,631)	0	(441,702)	(3,964,695)	176,564,164
(784,619)	18,631	42,354	1,124,004	(877,827)	19,808,961
-	-	-	531,023	(103,245,738)	(112,929)
-	-	-	(900)	103,245,738	0
-	-	-	-	710,487	0
-	-	-	-	-	0
0	0	0	530,123	710,487	(112,929)
(784,619)	18,631	42,354	1,654,127	(167,340)	19,696,032
(10,482,691)	(465,826)	1,733,822	8,467,476	573,949	442,901,776
\$ (11,267,310)	\$ (447,195)	\$ 1,776,176	\$ 10,121,603	\$ 406,609	\$ 462,597,808

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The County uses the following procedures in establishing the budgetary data reflected in the financial statements.

- (1) The County adopts its budget in accordance with Chapters 129 and 200 of the Florida Statutes, the County Charter, and County Policy.
 - (a) The County and County Manager follow an internal hearing process to set the proposed tentative budget and millage.
 - (b) Public hearings are then held to adopt both a tentative budget and millage, and a final budget and millage, in accordance with Chapters 129 and 200, Florida Statutes.
- (2) The County, as a practice, adopts budgets for all of its funds except for the \$6.77 million Road Refunding Bonds - 1992, that is managed by the State of Florida on behalf of the County.
- (3) Level of Control - Expenditures may not exceed appropriations and are controlled in the following manner:
 - (a) The budget is controlled according to Chapter 129, Florida Statutes, at the total fund level.
 - (b) The County has adopted more stringent policies that control expenditures on the major category (Personal Services, Operating, Capital Outlay, Debt Service, and Non-Operating) level within funds.
 - (c) The County, additionally, has adopted a Budget Amendment Policy that allows the County Manager to transfer budget amounts within departments and funds.
 - (d) The Board must authorize all budget changes between funds.
- (4) Budgets for the governmental and proprietary fund types are adopted on a basis consistent with generally accepted accounting principles.
- (5) Appropriations for the County lapse at the close of a fiscal year. Encumbered appropriations are re-appropriated in the ensuing year's budget.
- (6) A budget was adopted for the Clerk's Fine and Forfeiture special revenue fund and approved by the Florida Clerk of Courts Operations Corporation and the Board.
- (7) Formal budgetary integration is used as a management control device for all funds of the County, except for a certain Debt Service Fund as explained in Note III. (2). to the financial statements.

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

(8) The following is a comparison of the appropriations to total expenses for the proprietary funds for the fiscal year ended September 30, 2005:

	<u>Appropriations</u>	<u>Total Expenses</u>	<u>Variance with Final Budget Positive/(Negative)</u>
Enterprise Funds			
Solid Waste System	\$ 13,270,997	\$ 11,481,361	\$ 1,789,636
Codes Enforcement	2,005,552	1,692,799	312,754
Internal Service Funds			
Computer Replacement	503,450	205,728	297,722
Self Insurance	3,436,543	2,083,578	1,352,965
Fleet Management	3,218,064	2,937,999	280,065
Telephone Service	1,256,536	1,121,624	134,912
Vehicle Replacement	1,915,880	725,888	1,189,992
Health Insurance	12,918,000	11,149,534	1,768,466

NOTE IV - CASH AND INVESTMENTS

A. Cash and Equivalents

The County and the Component Units maintain pooled cash and equivalents accounts for all funds, except for monies that are legally restricted to separate administration. This gives the County and the Component Units the ability to invest large amounts of cash for short periods of time and maximize earning potential.

“Equity in Pooled Cash and Equivalents” is the amount owned by each fund. “Other Cash and Equivalents” is cash held in a separate bank account. Cash and cash equivalents are those resources that can be liquidated without delay or penalty. This includes cash in banks, petty cash, cash with a claims administrator, and balances in State Board of Administration accounts. “Sinking Fund Cash and Equivalents” is cash for debt service payments.

At September 30, 2005, the County’s and the Component Unit’s deposits are entirely insured by federal deposit insurance or collateralized pursuant to Chapter 280, Florida Statutes. Monies that are placed on deposit with financial institutions in the form of demand deposit accounts, time deposit accounts, and certificates of deposit, are defined as public deposits.

All of the County and Component Unit’s public deposits are held in qualified public depositories pursuant to Chapter 280 Florida Statute, “Florida Security for Public Deposits Act”. Under the Act, all qualified 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 financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositories are covered by applicable deposit insurance, sale of securities pledged as collateral, and if necessary, assessments against other qualified public depositories of the same type as the depository in default.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE IV - CASH AND INVESTMENTS - Continued

A. Cash and Equivalents - Continued

The total interest earned and recorded for the County and Component Units was \$3,043,061 and \$3,008 respectively.

B. Investments

The County's and the Component Units' investment practices are governed by Florida Statutes Section 218.415, County Ordinance 95-8, and various legal covenants related to outstanding bond issues.

Investments authorized by Florida Statute, Section 218.415 include the Local Government Surplus Funds Trust Fund Investment Pool or any governmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01; Securities and Exchange Commission registered money market funds with the highest credit quality rating; savings accounts and certificates of deposit in qualified public depositories; and direct obligations of the U.S. Treasury and Federal agencies and instrumentalities.

Other investments authorized by County Ordinance 95-8 include:

- 1) Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by United States agencies, provided such obligations are backed by the full faith and credit of the United States government.
- 2) Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by United States government agencies (federal instrumentalities) that are non-full faith and credit agencies, limited to the following:
 - Federal Farm Credit Bank (FFCB),
 - Federal Home Local Bank (FHLB) or its district banks,
 - Federal National Mortgage Association (FNMA),
 - Federal Home Loan Mortgage Corporation (Freddie-Macs),
 - Student Loan Marketing Association (Sallie-Maes).
- 3) Repurchase agreements comprised only of direct obligations of the United States Government or bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by United States government agencies that are non-full faith and credit agencies, limited as above.
- 4) State and/or local government taxable and tax-exempt debt, general obligation and/or revenue bonds rated at least "Aa" by Moody's and "AA" by Standard & Poor's for long-term debt, and rated at least "MIG-2" by Moody's and "SP-2" by Standard & Poor's for short-term debt.
- 5) Fixed income mutual funds comprised only of those investment instruments otherwise authorized by the Ordinance.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE IV - CASH AND INVESTMENTS - Continued

B. Investments - Continued

6) Florida Local Government Investment Trust.

The County and the Component Units currently invest in Certificates of Deposit, the Florida State Board of Administration Investment Pool, Instruments of the U.S. Treasury, Repurchase Agreements, and Public Funds Interest on Checking. Neither the County nor the Component Units include Reverse Repurchase Agreements in their portfolios.

The County and the Component Units use only financial institutions qualified as public depositories. For financial statement purposes investments are defined as resources that cannot be easily or immediately liquidated. The County's and the Component Units' investments consist of the State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool (SBA).

The State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool (SBA) is not a registrant with the Securities and Exchange Commission (SEC); however, the SBA has adopted operating procedures consistent with the requirements for a 2a-7 like fund and the fair value of the position in the pool is equal to the value of the pool shares.

The SBA Local Government Surplus Funds Trust Fund Investment Pool is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the Fund. The powers and duties of the SBA are also defined in Florida Statute 218.40. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration.

Credit Risk. The County'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.

As of September 30, 2005, the County had the following debt securities:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasuries	\$9,910,020	.57

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE IV - CASH AND INVESTMENTS - Continued

B. Investments - Continued

CASH AND INVESTMENTS AT 9/30/05	
Investment in State Board of Administration Investment Pool	\$78,369,061
Investment in US Treasury Notes	9,910,020
Cash in Banks (Including CD and Public Funds Interest on Checking)	16,930,500
TOTAL CASH AND INVESTMENTS	<u><u>\$105,209,581</u></u>

SUMMARY:	Primary Government	Component Unit	Total
Equity in pooled cash & equivalents	\$ 72,697,249	\$ 279,327	\$ 72,976,576
Cash with claims administrator	200,000	-	200,000
Other cash and equivalents	14,329,084	-	14,329,084
Sinking fund cash and equivalents	1,699,725	-	1,699,725
Investments	11,102,682	-	11,102,682
Restricted cash and investments	4,901,514	-	4,901,514
TOTAL CASH AND INVESTMENTS	<u><u>\$ 104,930,254</u></u>	<u><u>\$ 279,327</u></u>	<u><u>\$ 105,209,581</u></u>

C. Restricted Cash and Investments

The following chart illustrates cash and investments restricted by bond covenants or used to fund post-closure of the landfill.

	1995 Public Improvement Bonds	Public Improvement Revenue Bond 1999	Alachua County Forever G.O. Bond 2003	Solid Waste System
Sinking Fund	\$ 467,131	\$ 181,288	\$ 274,610	-
Post-Closure	-	-		\$ 4,901,514

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE V - PROPERTY TAX

A. Real Property Taxes were certified on October 29, 2004. Property taxes receivable were reported in the General and Municipal Services Taxing Unit funds as Due From Constitutional Officer (Tax Collector). Chapter 197, Florida Statutes, governs property tax collections.

B. The Property Tax Calendar and pertinent assessment/lien information is as follows:

1. *January 1* – All taxes become a first lien, superior to all other liens.
2. *July 1* - The Property Appraiser completes assessment and certifies the taxable value to the County.
3. *August 5* - The County certifies to the Property Appraiser the amount of taxes intended to be levied for both operations and debt service.
4. *September (1-30)* - The County holds its final budget hearings and adopts the tax levy for the ensuing fiscal year.
5. *November 1* - Taxes become due and payable before March 31.
6. *April 1* - All unpaid taxes become delinquent.
7. *June 1* – The Tax Collector sells tax certificates on all delinquent real estate parcels.
8. *June (1st-30th)* - The Tax Collector disburses proceeds of the tax certificate sale to the taxing authorities.
9. Prior to April 30th of the tax year following delinquency, warrants are ratified on unpaid Tangible Personal Property taxes.

C. Real Property Delinquent Tax Process

1. *April 1* - Unpaid taxes become delinquent.
2. *April 1 - May 31* - A list of delinquent parcels is advertised in a local newspaper. The owner can pay the tax due plus an interest charge of 3%, plus advertising fees if applicable.
3. *June 1* - If the owner has not paid, the Tax Collector sells a tax certificate on the parcel(s). Tax Certificates are sold for the amount of tax due on the property plus the advertising costs, interest due, and a 5% commission to the Tax Collector (= the "Face Amount"). When the certificate is redeemed, the Tax Certificate holder then receives the face amount plus additional interest. Proceeds of the tax certificate sale are distributed to taxing authorities by the end of June.

D. Other Information Regarding Sale of Tax Certificates

1. Alachua County will hold any unsold certificates (for later sale if possible).
2. Property owners redeem certificates by paying the Tax Collector the tax certificate amount plus interest and fees; the Tax Collector then pays the certificate holder.
3. After two years, holders of unredeemed certificates may apply for a tax deed. In order to obtain a tax deed the property is offered at public auction with the minimum bid being the amount of the outstanding taxes and certificates on the property, plus additional fees. Any excess over this amount is applied against any other liens and then given to the property owner upon application.
4. The tax certificate expires on any unsold property after 7 years.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE V - PROPERTY TAX - Continued

E. Tangible Personal Property Delinquent Tax Process

1. Prior to April 30th of the tax year following delinquency the Tax Collector will file a lawsuit. The Clerk of the Court will notify taxpayers by certified mail.
2. If the property owner does not pay, a Circuit Judge will ratify tax warrants allowing property to be seized and sold for taxes.

F. Property Tax Payment and Distribution

1. Discounts for early payment of property tax are allowed in the following manner:
 - 4% for November Payments
 - 3% for December Payments
 - 2% for January Payments
 - 1% for February Payments
2. The Tax Collector is required to distribute tax proceeds to taxing authorities promptly in order to provide cash for operations. Fiscal year 2005 distributions were made as follows:
 - November - 5 distributions
 - December - 3 distributions
 - All other months - 1 distribution each month

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE VI - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital not being depreciated:				
Land	\$ 18,134,419	\$ 1,951,423	\$ (4,177)	\$ 20,081,665
Right of Way	146,383,125	1,102,174	-	147,485,299
Storm water Basins	13,008,323	-	-	13,008,323
Artwork	91,390	-	-	91,390
Construction/Purchase in progress	2,423,484	2,851,959	(155,690)	5,119,753
Total not being depreciated	<u>180,040,741</u>	<u>5,905,556</u>	<u>(159,867)</u>	<u>185,786,430</u>
Capital Assets being depreciated:				
Buildings	99,312,009	5,228	-	99,317,237
Equipment	45,385,432	5,927,503	(4,582,078)	46,730,857
Improvements other than building	5,366,164	9,077	-	5,375,241
Infrastructure	421,430,240	12,903,841	(5,684,645)	428,649,436
Total being depreciated	<u>571,493,845</u>	<u>18,845,649</u>	<u>(10,266,723)</u>	<u>580,072,771</u>
Less accumulated depreciation for:				
Buildings	(26,814,565)	(2,152,251)	-	(28,966,816)
Equipment	(30,561,300)	(5,027,971)	3,910,961	(31,678,310)
Improvements other than building	(3,210,589)	(305,850)	-	(3,516,439)
Infrastructure	(243,656,857)	(15,907,027)	3,845,882	(255,718,002)
Total accumulated depreciation	<u>(304,243,311)</u>	<u>(23,393,099)</u>	<u>7,756,843</u>	<u>(319,879,567)</u>
Total being depreciated, net	<u>267,250,534</u>	<u>(4,547,450)</u>	<u>(2,509,880)</u>	<u>260,193,204</u>
Governmental activities capital assets, net	<u>\$ 447,291,275</u>	<u>\$ 1,358,106</u>	<u>\$ (2,669,747)</u>	<u>\$ 445,979,634</u>
Business-type activities:				
Capital not being depreciated:				
Land	\$ 3,004,485	\$ 261,794	\$ -	\$ 3,266,279
Under construction	38,320	-	(38,320)	-
Total not being depreciated	<u>3,042,805</u>	<u>261,794</u>	<u>(38,320)</u>	<u>3,266,279</u>
Capital assets being depreciated:				
Buildings	2,712,656	39,275	(600)	2,751,331
Equipment	2,635,413	320,722	(242,831)	2,713,304
Improvements other than building	13,132,030	10,349	-	13,142,379
Total being depreciated	<u>18,480,099</u>	<u>370,346</u>	<u>(243,431)</u>	<u>18,607,014</u>
Less accumulated depreciation for:				
Buildings	(483,341)	(91,117)	-	(574,458)
Equipment	(1,457,491)	(348,239)	218,325	(1,587,405)
Improvements other than building	(8,435,817)	(229,754)	-	(8,665,571)
Total accumulated depreciation	<u>(10,376,649)</u>	<u>(669,110)</u>	<u>218,325</u>	<u>(10,827,434)</u>
Total being depreciated, net	<u>8,103,450</u>	<u>(298,764)</u>	<u>(25,106)</u>	<u>7,787,279</u>
Business-type activities capital assets, net	<u>\$ 11,146,255</u>	<u>\$ (36,970)</u>	<u>\$ (63,426)</u>	<u>\$ 11,045,859</u>

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE VI - CAPITAL ASSETS – Continued

B. Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Administration	\$ 763,133
Community services	349,709
Corrections	930,524
Courts	926,952
Culture & recreation	261,407
Tourist development	9,711
Emergency services	794,980
Environmental services	33,641
Growth management	29,941
Law enforcement	1,806,256
Solid waste disposal	18,824
Transportation	16,415,196
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.	<u>1,052,825</u>
Total depreciation expense - governmental activities	<u><u>\$ 23,393,099</u></u>

Business-type activities:

Codes enforcement	\$ 3,272
Solid waste disposal	<u>665,838</u>
Total depreciation expense - business-type activities	<u><u>\$ 669,110</u></u>

C. Capital Lease Property consist of the following items

Equipment	\$ 186,978
Less: Accumulated depreciation	<u>(183,737)</u>
Total being depreciated, net	<u><u>\$ 3,241</u></u>

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

NOTE VII - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Balances as of September 30, 2005, consisted of the following:

DUE TO OTHER FUNDS	AMOUNT	DUE FROM OTHER FUNDS
GENERAL FUND		
General Fund	\$ 255,151	Sheriff
General Fund	701,973	Other Governmental Funds
SUBTOTAL	<u>957,124</u>	
MSTU - UNINCORPORATED SERVICES		
MSTU Unincorporated Services	128	Other Governmental Funds
SUBTOTAL	<u>128</u>	
MSTU - SHERIFF LAW ENFORCEMENT		
MSTU Sheriff Law Enforcement	800,000	General Fund
MSTU Sheriff Law Enforcement	70,000	Sheriff
MSTU Sheriff Law Enforcement	102	Other Governmental Funds
SUBTOTAL	<u>870,102</u>	
MSBU - REFUSE COLLECTION		
MSBU - Refuse Collection	47	Other Governmental Funds
SUBTOTAL	<u>47</u>	
EMERGENCY SERVICES		
Emergency Services	941,210	General Fund
SUBTOTAL	<u>941,210</u>	
SHERIFF		
Sheriff	97,019	General Fund
Sheriff	30,140	MSTU Sheriff Law Enforcement
Sheriff	267,546	Emergency Services
Sheriff	26,124	Internal Services Funds
SUBTOTAL	<u>420,829</u>	
OTHER GOVERNMENTAL FUNDS		
Other Governmental Funds	3,495,839	General Fund
Other Governmental Funds	27,860	MSTU Unincorporated Services
Other Governmental Funds	29,146	MSTU Sheriff Law Enforcement
Other Governmental Funds	16,409	MSBU - Refuse Collection
Other Governmental Funds	412,904	Sheriff
Other Governmental Funds	14,284	Other Capital Projects
Other Governmental Funds	288,961	Other Governmental Funds
Other Governmental Funds	15,209	Internal Services Funds
Other Governmental Funds	16,710	Enterprise Funds
SUBTOTAL	<u>4,317,322</u>	
SUBTOTAL GOVERNMENTAL FUNDS	<u>7,506,762</u>	
ENTERPRISE FUNDS		
Enterprise Funds	55	Other Governmental Funds
SUBTOTAL ENTERPRISE FUNDS	<u>55</u>	
TOTAL ALL FUNDS	<u>\$ 7,506,817</u>	

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

NOTE VII - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS –Continued

A. Interfund Balances as of September 30, 2005 – continued

The General Fund has amounts due to and from Constitutional Officers, which represent the return of excess due at the end of the fiscal year from either budget officers or fee officers. Debt Service funds first receive taxes according to bond covenant provisions and the remaining amount is due to either the General Fund or the Gas Tax Uses Fund. All remaining balances result from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

B. Interfund Transfers for the year ended September 30, 2005, consisted of the following:

TRANSFER OUT	AMOUNT	FUND RECEIVING TRANSFER
GENERAL FUND		
General Fund	\$ 1,000,000	Gas Tax Uses
General Fund	5,376,660	Emergency Services
General Fund	3,338,450	Other Capital Projects
General Fund	35,829,526	Sheriff
General Fund	7,586,452	Other Governmental Funds
General Fund	100,000	Enterprise Funds
General Fund	301,442	Internal Service Funds
SUBTOTAL	<u>53,532,530</u>	
MSTU - UNINCORPORATED SERVICES		
MSTU Unincorporated Services	9,605,140	Emergency Services
MSTU Unincorporated Services	73,400	Other Capital Projects
MSTU Unincorporated Services	49,000	Internal Service Funds
SUBTOTAL	<u>9,727,540</u>	
MSTU - SHERIFF LAW ENFORCEMENT		
MSTU Sheriff Law Enforcement	1,042,603	Emergency Services
MSTU Sheriff Law Enforcement	11,131,747	Sheriff
SUBTOTAL	<u>12,174,350</u>	
GAS TAX USES		
Gas Tax Uses	8,975,000	Transportation Trust
Gas Tax Uses	1,058,414	Other Capital Projects
SUBTOTAL	<u>10,033,414</u>	
EMERGENCY SERVICES		
Emergency Services	138,291	General Fund
Emergency Services	32,617	MSTU Unincorporated Services
Emergency Services	6,052,766	Sheriff
Emergency Services	298,000	Other Governmental Funds
Emergency Services	171,681	Internal Service Funds
SUBTOTAL	<u>6,693,355</u>	
SHERIFF		
Sheriff	251,157	Emergency Services
Sheriff	92,501	Other Governmental Funds
SUBTOTAL	<u>343,658</u>	
CAPITAL PROJECTS FUNDS		
Other Capital Projects	51,500	General Fund
SUBTOTAL	<u>51,500</u>	

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

NOTE VII - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – Continued

B. Interfund Transfers for the year ended September 30, 2005 - Continued

TRANSFER OUT	AMOUNT	FUND RECEIVING TRANSFER
<i>OTHER GOVERNMENTAL FUNDS</i>		
Other Governmental Funds	\$ 8,657,833	General Fund
Other Governmental Funds	527,860	MSTU Unincorporated Services
Other Governmental Funds	529,146	MSTU Sheriff Law Enforcement
Other Governmental Funds	16,409	MSBU Refuse Collection
Other Governmental Funds	19,407	Emergency Services
Other Governmental Funds	902,623	Other Governmental Funds
Other Governmental Funds	14,284	Other Capital Projects
Other Governmental Funds	12,929	Enterprise Funds
Other Governmental Funds	8,000	Internal Service Funds
SUBTOTAL	<u>10,688,491</u>	
SUBTOTAL GOVERNMENTAL FUNDS	<u>103,244,838</u>	
<i>INTERNAL SERVICE FUNDS</i>		
Self Insurance Fund	900	Computer Replacement Fund
SUBTOTAL INTERNAL SERVICE FUNDS	<u>900</u>	
TOTAL ALL FUNDS	<u>\$ 103,245,738</u>	

The County's routine transfers include transfers to (a) budget Constitutional Officers, (b) match for Special Revenue grant requirements, (c) other funds based on budgetary requirements and (d) funds that are required by statute or budgetary authority to expend revenues from another fund that by statute or budgetary authority must collect revenues.

NOTE VIII - LONG-TERM OBLIGATIONS

A. Long-term Obligations (Excluding Accrued Compensated Absences) at September 30, 2005 are composed of the following:

PRIMARY GOVERNMENT

General Obligation Bond:

\$14,000,000 2003 Alachua County Forever Serial Bonds, due in annual installments of \$1,215,000 to \$1,645,000 through 2013, interest from 2.5% to 3.8%.

Revenue Source – Property Tax Levy. \$ 11,540,000

Revenue Bonds:

\$39,740,000 1995 Public Improvement Revenue Refunding Bonds, due in annual installments of \$555,000 to \$2,710,000 through 2021, interest from 3.6% to 5.125%.

Revenue Source - a pledge of the County's share of the Half Cent Sales Tax. 30,200,000

\$16,295,000, 1999 Public Improvement Revenue bonds, due in annual installments of \$130,000 to \$1,035,000 through 2029, interest from 3.5% to 5.0%.

Revenue Source – a pledge of the County's share of the Half Cent Sales Tax. 14,705,000

Total Revenue Bonds Payable 44,905,000

TOTAL BONDS PAYABLE 56,445,000

TOTAL LONG TERM OBLIGATIONS \$ 56,445,000

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE VIII - LONG-TERM OBLIGATIONS - Continued

B. Debt Service Requirements to Maturity on the County's bonds at 9/30/05, are as follows:

PRIMARY GOVERNMENT				
FISCAL YEAR	GENERAL LONG-TERM OBLIGATIONS			TOTAL
	PRINCIPAL	INTEREST		
2006	\$ 2,855,000	\$2,683,198	\$	5,538,198
2007	2,975,000	2,574,278		5,549,278
2008	3,095,000	2,455,525		5,550,525
2009	3,245,000	2,327,500		5,572,500
2010	3,380,000	2,192,475		5,572,475
2011 - 2015	15,970,000	8,653,311		24,623,311
2016 - 2020	14,565,000	5,047,744		19,612,744
2021 - 2025	6,525,000	1,767,175		8,292,175
2026 - 2029	3,835,000	516,338		4,351,338
	\$ 56,445,000	\$ 28,217,544	\$	84,662,544
Less:				
Unamortized Bond Discount	(963,023)	-		(963,023)
Plus:				
Unamortized Bond Premium	47,003	-		47,003
TOTAL	\$ 55,528,980	\$ 28,217,544	\$	\$ 83,746,524

C. Changes in Long-term Obligations for the year ended 9/30/05 are summarized as follows:

	BALANCE Oct 1, 2004	INCREASES	DECREASES	BALANCE Sept 30, 2005	DUE WITHIN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES:</u>					
Bonds Payable:					
General Obligation Bonds	\$ 12,785,000	\$ -	\$1,245,000	\$11,540,000	\$ 1,275,000
Revenue Bonds Payable	46,405,000	-	1,500,000	44,905,000	1,580,000
Less Deferred Amounts:					
Unamortized Discounts	(1,019,360)	-	(56,337)	(963,023)	-
Unamortized Premiums	53,004	-	6,001	47,003	-
Total Bonds Payable	58,223,644	-	2,694,664	55,528,980	2,855,000
Capital Lease	68,740	-	68,740	-	-
Note Payable	430,000	-	430,000	-	-
Accrued Compensated Absences	10,703,300	6,309,185	5,575,892	11,436,893	5,575,892
TOTAL GENERAL LONG-TERM OBLIGATIONS:	69,425,684	6,309,185	8,769,296	66,965,873	8,430,892
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Accrued Compensated Absences	473,318	265,534	220,344	518,508	220,344
TOTAL LONG-TERM OBLIGATIONS	\$ 69,899,002	\$6,574,719	\$8,989,640	\$ 67,484,381	\$ 8,651,236

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE VIII - LONG-TERM OBLIGATIONS – Continued

C. Changes in Long-term Obligations – Continued

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. At year-end, \$169,582 of internal service funds compensated absences is included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

D. Defeased Debt

The County presently has outstanding the following serial bonds, which are defeased:

ISSUE	REFUNDED BY	PRINCIPAL BALANCE AS OF 9/30/05	CASH & INVESTMENT BALANCE WITH ESCROW AGENT AS OF 9/30/05(A)
1976 Special Obligation Revenue Bonds	1984 Sales Tax Revenue Bonds	\$ 210,000	
1976 Capital Improvement Serial Bonds	1984 Sales Tax Revenue Bonds	305,000	
1976 Public Improvement Revenue Bonds	1984 Sales Tax Revenue Bonds	135,000	
	SUBTOTAL	650,000	\$ 625,777
1976 Courthouse Complex Completion Revenue Bonds (Public Facilities Auth.)	1984 Sales Tax Revenue Bonds	95,000	
1977 Courthouse Complex Refunding Bonds (Public Facilities Authority)	1984 Sales Tax Revenue Bonds	0	
	SUBTOTAL	95,000	92,778
	TOTAL	\$ 745,000	\$ 718,555

(A) Source: Escrow Agents' Records

The amounts in escrow are sufficient to retire all outstanding bonds and interest. Since these bonds are defeased in substance, they are not included in the financial statements.

E. Line of Credit - The \$12,000,000 Pooled Commercial Paper Note line of credit from the Florida Association of Counties was approved to fund capital projects within the County. As of September 30, 2005, there is no outstanding amount from the line of credit.

F. Special Assessment Debt - The County has no special assessment debt.

G. Demand Bonds - The County has no demand bonds.

H. Conduit Debt Obligations - From time to time, the County has issued Health Facility Revenue Bonds, Industrial Development Revenue Bonds and Housing Finance Authority Multi-family Housing Bonds to provide financial assistance to private-sector entities for the acquisition and construction of health care, industrial facilities, and multi-family housing deemed to be in the public interest. These bonds are secured by the financed property and are payable solely from the payments received on the

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

NOTE VIII - LONG-TERM OBLIGATIONS – Continued

H. Conduit Debt Obligations - Continued

underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

There is no obligation on the part of the County, the State, or any political subdivision for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2005, there were four series of Health Facility Revenue Bonds outstanding, with an aggregate principal amount payable of \$214,930,000, four series of Industrial Development Bonds outstanding, with an aggregate principal amount payable of \$35,240,000 and six series of Housing Finance Authority Multi-family Housing Bonds, with an aggregate principal amount payable of \$28,082,555.

NOTE IX - EMPLOYEE BENEFITS

A. Pension Plan

Plan Description - The County contributes to the Florida Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, Division of Retirement. The System provides retirement, disability, or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, 2639 North Monroe Street, Tallahassee, Florida 32399, or by calling (850) 488-5706.

Funding Policy - The System is employee noncontributory. The County is required to contribute at an actuarially determined rate. The rates as of September 30, 2005, are as follows:

Rates	Class of Membership
7.83%	<u>Regular</u> – Members who do not qualify for other classes
18.53%	<u>Special Risk</u> - Members employed as law enforcements officers, firefighters, or correctional officers and who meet the criteria set to qualify for this class.
9.92%	<u>Special Risk Administrative</u> – Special risk members who transferred or reassigned to non-special risk and meet the criteria.
7.83%	<u>Rehired Retirees</u>
15.23%	<u>Elected Officials</u> – Certain elected county officials.
10.45%	<u>Senior Management Service</u> – Members of senior management who do not elect the optional annuity management program.
10.43%	<u>IFAS/Optional Retirement</u> –Members of the State University System.
9.33%	<u>Deferred Retirement Option (DROP)</u> – Members who meet the criteria are allowed to defer the receipt of benefits, allowing them to accumulate and earn interest within the FRS Trust Fund, while members continue their employment.

The contribution requirements of plan members and the County is established and may be amended by the Florida Legislature. The County’s contributions to the System for the years ending September 30, 2005, 2004, and 2003 were \$9,087,354, \$8,509,674, and \$7,153,022 respectively, and were equal to the required contributions for each year.

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

NOTE IX - EMPLOYEE BENEFITS – Continued

A. Pension Plan - Continued

City of Gainesville Pension Plan

As of September 30, 2005, eleven (11) employees of the Sheriff’s office were members of the City of Gainesville’s Employees’ Plan. These employees were previously employees of the City of Gainesville who elected to remain in the City of Gainesville’s pension plan upon their employment with the Sheriff’s office.

Plan Description – The Employees’ Plan is a contributory defined benefit pension plan that covers all permanent employees of the City, except certain personnel who elected to participate in the Defined Contribution Plan and, who were grandfathered into that plan, and police officers and firefighters who participate in the Consolidated Plan. The Employees’ plan provides retirement, disability, and death benefits to plan members and beneficiaries. The City Commission adopted this plan and all amendments through a City ordinance. The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the Employees’ Plan. That report may be obtained by writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 32602, or by calling (352) 334-5054.

Funding Policy – The contribution requirements of plan members and the City are established and may be amended by ordinance approved by the City Commission. Plan members are required to contribute 5.0% of their annual covered salary. The City is required to contribute an actuarially determined percentage of covered payroll, currently 2.82% for retirement benefits.

The Sheriff’s contribution to the City Employees’ Plan for the years ended September 30, 2005, 2004 and 2003, were \$14,301, \$15,427 and \$31,042 respectively, equal to the required contributions for each year.

The Sheriff’s employee contributions to the City Employees’ Plan for the years ended September 30, 2005, 2004 and 2003, were \$25,127, \$27,032 and \$31,126 respectively, equal to the required contributions for each year.

B. Accrued Compensated Absences

County employees are entitled to accrue sick and vacation time in accordance with the County's personnel regulations or a collective bargaining agreement. Maximum accruals are shown on the following chart.

	Vacation Accrual Maximum	Vacation Termination Pay Maximum	Sick Leave Accrual Maximum
Board of County Commissioners			
40 hours/week employees	280 hours	280 hours	No Maximum
56 hours/week employees	392 hours	392 hours	No Maximum
Clerk of the Circuit Court	280 hours	240 hours	1040
Property Appraiser	280 hours	240 hours	No Maximum
Tax Collector	No Maximum	No Maximum	No Maximum
Supervisor of Elections	280 hours	280 hours	No Maximum
Sheriff	240 hours	240 hours	No Maximum

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

NOTE IX - EMPLOYEE BENEFITS – Continued

B. Accrued Compensated Absences - Continued

Terminating employees with 10 years of service will be paid for half of unused sick time.

The County records a liability for compensated absences (\$11,955,401) on the Statement of Net Assets. In the Government-wide presentation, compensated absences are accrued in the period they are earned. For the adjusted liabilities at the end of the year, a determination was made for current and non-current amounts. Accrued compensated absences are not recorded for any accruals over the maximum.

C. Deferred Compensation Plan

The County offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The County complied with the requirements of subsection (g) of IRC Section 457 and, accordingly, all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

Deferred compensation amounts withheld from participating employee's pay are not taxable as current income until withdrawn from the plan. Annual contributions by a participant may not exceed the lesser of \$14,000 or 50% of gross annual compensation. There is an "age 50 catch-up" provision that allows an additional \$4,000 contribution from the year the employee reaches age 50 until the employee terminates employment.

D. Post Employment Benefits Other Than Pension Benefits

It has been the County's practice to provide post employment life insurance benefits to its retired employees. The following information on post employment benefits is as required by GASB Statement 12:

- (1) Benefits Provided:
 - Life Insurance for Retirees
 - Under Age 65 \$15,000
 - Over Age 65 \$ 5,000
- (2) Funding is on a pay as you go basis.
- (3) Cost for 2004/05 was \$79,411
- (4) There were 265 retirees receiving Life Insurance Benefits.

E. Component Units Employment

The Component Units' employees have the same benefits as the Board of County Commissioner employees.

NOTE X - RISK MANAGEMENT AND CONVENTIONALLY INSURED CLAIMS & LOSSES

A. Risk Management Claims and Losses

The County has established a risk management program to cover claims against the Board and Constitutional Officers for the following types of risk:

- General Liability
- Workers Compensation (self insured up to limit of \$300,000)
- Public Liability
- EMS Professional Liability
- Lawyers Professional Liability

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE X - RISK MANAGEMENT AND CONVENTIONALLY INSURED CLAIMS & LOSSES - Continued

A. Risk Management Claims and Losses – Continued

The risk management program is accounted for as an internal service fund, in accordance with the requirements of GASB 10. There have been no significant reductions in insurance coverage from prior years. In instances where insurance has been purchased, no settlements have exceeded coverage for each of the past three fiscal years.

The estimated liability for self-insured losses is based on reported claims, historical loss data, industry statistics for claims incurred but not reported, and a valuation performed by an independent actuary as of August 31, 2005 projecting to September 30, 2005, and the prior year as of August 31, 2004 projecting to September 30, 2004:

	<u>FY 2005</u>	<u>FY 2004</u>
Reported & known claims	\$1,334,131	\$1,018,457
Incurred but not reported claims and case development reserve	<u>3,935,895</u>	<u>4,522,396</u>
Total estimated liability for Self-Insured losses	<u>\$5,270,026</u>	<u>\$5,540,853</u>

The changes in the funds estimated liability for self-insured losses at current dollar value are as follows:

	<u>FY 2005</u>	<u>FY 2004</u>
Beginning of fiscal year liability	\$ 5,540,853	\$ 5,319,097
Current year claims & changes in estimates	770,276	(1,247,094)
Claim payments & adjustments of estimated paid	<u>(1,041,103)</u>	<u>1,468,850</u>
Balance at fiscal year end	<u>\$ 5,270,026</u>	<u>\$ 5,540,853</u>

For fiscal year 2005 the margin for the risk of adverse deviation was accrued at a 75% confidence level. Fiscal year 2004 changes include the correction of an error for a prior year payment, which results in claim payments being a positive number rather than a negative one. For fiscal year 2005 ending net assets are \$1,977,817 all of which is reserved for possible future losses. Florida Statutes provide for local government tort immunity and a claims bill process. Our actuarial estimates do not include a provision for liabilities arising from claims bills except to the extent such claims are included in the loss history of Alachua County.

B. Conventionally Insured Claims and Losses

The County retains conventional insurance coverage on all other types of insurable risks. These costs are also accounted for in the Self-Insurance Fund.

C. Sheriff's Risk Management

For tangible personal property, the Sheriff participates in the risk management program established by the Board to cover claims against the Board and Constitutional Officers. For other than tangible property, the Sheriff carries insurance through the Florida Sheriff's Association. There was no significant reduction in insurance coverage from prior years. For the past three years, there have been no insurance settlements significantly in excess of insurance coverage.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE XI - INDIRECT COST

The County's indirect costs consist of allowable administrative costs allocated to the Enterprise Fund, Internal Service Fund, various Federal and State Grants, and Special Revenue Funds. The County's indirect cost plan is developed annually based on the prior year's actual expenditures. Some adjustments are required due to specific Federal grant allowances or other legal limitations. For the fiscal year ended September 30, 2005, the following was charged:

INDIRECT COST CHARGED	FUND	PROJECT NAME
Governmental Funds		
\$ 2,288	Emergency services	DCA Emergency Management Base
3,300	Community services	Retired & Senior Volunteer Program
4,700	Community services	Foster Grandparents
11,369	Drug & law enforcement	HRS Metamorphosis
18,803	Environmental	FDEP Petroleum Cleanup Contract
19,489	Environmental	FDEP Tank Inspection
683,650	MSTU-Unincorporated Svcs	MSTU-Unincorporated Services
76,878	MSBU	Refuse Collection
107,288	Tourism	Tourist Development
37,296	Environmental	Hazardous Materials Code
965,061		
Enterprise Funds		
180,372	Solid Waste	Solid Waste System
43,977	Solid Waste	Waste Management
157,874	Solid Waste	Collection Centers
173,410	Solid Waste	Waste Management Assessment
61,639	Codes Enforcement	Codes Enforcement
617,272		
Internal Service Funds		
183,578	Self Insurance	Self Insurance Fund
125,490	Fleet Management	Fleet Management Fund
99,589	Telephone Services	Telephone Services
408,657		
\$ 1,990,990	Total Indirect Cost	

Indirect costs between governmental activities have been eliminated in the government-wide financial statements presentation.

NOTE XII - OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES

A. Excess of Expenditures over Appropriations

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

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

NOTE XII - OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES – Continued

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.

Additionally, Debt Service contains debt service transactions for the \$7.77 million Road Refund bonds, 1992, which is managed by the State of Florida, and consequently is not budgeted within Alachua County's adopted budget. (See Note III (2).)

NOTE XIII - COMMITMENTS AND CONTINGENCIES

A. Commitments

(1) Non-capitalized leases –

(a) The County is leasing equipment, office space and electronic data processing equipment under leases that are cancelable under certain circumstances. These leases are accounted for as operating leases.

(b) Rental costs for the year ended September 30, 2005, under cancelable leases are summarized as follows:

General Fund	\$	436,778
Special Revenue Funds		325,660
Capital Project Funds		3,095
Enterprise Fund		36,838
Internal Service Funds		2,023
TOTAL	\$	804,394

(c) The Tax Collector is leasing various equipment under renewable annual operating leases. During the year ended September 30, 2005, the lease payments on all operating leases were \$20,533. The Tax Collector also has a five-year renewable lease agreement for a Tag Office on Archer Road, which expires on September 30, 2006. In addition, the Tax Collector renewed a one-year lease for an administrative office located on Main Street, which expires May 14, 2006. During the year ended September 30, 2005, lease payments for office space totaled \$100,219.

Future minimum lease payments for noncancellable operating leases for the Tax Collector as of September 30, 2005, are as follows:

Fiscal Year	Amount
2006	\$ 91,055
2007	3,264
2008	816
Total	\$ 95,135

(d) The Sheriff is leasing equipment and office space under leases, which are cancelable under certain circumstances. During the fiscal year ended September 30, 2005, the lease payments on all operating leases amounted to approximately \$135,386.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE XIII - COMMITMENTS AND CONTINGENCIES

A. Commitments - continued

- (2) The landfill commitments are discussed in Note I.D.8.
- (3) Other significant outstanding contracts at September 30, 2005, are as follows:
 - a) \$228,208 – Jones, Edmonds & Associates – landfill compliance monitoring
 - b) \$109,197 – Columbia Timber Co–Consulting & timber lands management services–Balu Forest
 - c) \$579,035 – HNTB, Inc – Engineering services for design of SW 24th Ave/62nd Blvd
 - d) \$122,834 – Causseaux & Ellington Inc – Engineering services for SW 75th St & Tower Rd
 - e) \$140,000 – Wheeled Coach Industries – Purchase ambulance
 - f) \$100,000 - North Fla Botanical Society Inc – Construction of children’s garden at Kanapaha
 - g) \$160,000 – Town of Micanopy – Single family housing program for low income persons
 - h) \$160,000 – City of Alachua - Single family housing program for low income persons
 - i) \$200,000 – Alachua County Housing Authority - Single family housing program for low income persons
 - j) \$132,000 – Neighborhood Housing - Single family housing program for low income persons
 - k) \$158,540 – Travis Body & Trailer Sales – Purchase five waste collection trailers
 - l) \$306,590 – GM Building Services – Jail dayroom modification
 - m) \$255,894 – Gainesville Soccer Alliance – Construction of soccer facilities – Jonesville Park
 - n) \$2,020,531 – VE Whitehurst – Mill and resurface NW/NE 53rd Ave from US 441 to SR24
 - o) \$104,976 – Redd Team Mfg Inc – Manufacture two pedestrian bridges for NW 53rd Ave
 - p) \$289,514 - SJ Johnson Co – HVAC replacement – Wilson building
 - q) \$153,500 – RM Johnson Co – Purchase of scrap metal bailer

B. Contingencies

- (1) Risk Management contingencies are discussed in Note X.
- (2) Grant Funding

The County participates in a number of federally and state assisted programs that are subject to program compliance audits. For the year ended September 30, 2005, the County's financial statements are subject to single audits as required by OMB Circular A-133 and the Florida Single Audit Act. It is the opinion of management that no material liabilities will result from such audits.

- (3) Pending Litigation

The County is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of County management, based on the advice of legal counsel, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the financial position of the County.

- a) Post employment benefits are discussed in Note IX.D.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE XIII - COMMITMENTS AND CONTINGENCIES

B. Contingencies - continued

b) Solid Waste System

The County owns four closed landfills including the Southwest Landfill. If contamination levels were to increase in these landfills, the County could be liable for remediation actions. The remediation costs could range between \$0 and \$2.6 million depending on the severity of contamination detected and the number of landfill site(s) contaminated. In the worst-case scenario, remediation costs would not be incurred until 2006.

NOTE XIV - RELATED PARTY TRANSACTIONS

The Alachua County Housing Authority is a related organization of Alachua County. Alachua County has contracted with the Alachua County Housing Authority to administer and distribute funds for housing rehabilitation and temporary relocation from the Community Development Block Grant and the State Housing Initiative Partnership Program.

The Alachua County Library District is a related organization of Alachua County. The County Attorney provides legal services and the Clerk of the Court provides accounting and treasury services to the Library District. Three of the Alachua County Board of County Commissioners serve on the Library Governing Board.

NOTE XV - SUBSEQUENT EVENTS

Beginning October 1, 2005, the County moved to self-funding of Health Insurance and also began paying a monthly retiree health insurance benefit of \$3 per year worked. It is hoped that the County will be able to better control health costs by self-insuring.



INDEPENDENT AUDITORS' REPORT ON SCHEDULES
OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

Honorable Board of County Commissioners
and Constitutional Officers
Alachua County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Alachua County, Florida, as of and for the year ended September 30, 2005, which collectively comprise Alachua County, Florida's basic financial statements and have issued our report thereon November 21, 2005. These financial statements are the responsibility of Alachua County, Florida's management. 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Alachua County, Florida's basic financial statements. The accompanying schedule of expenditures of federal awards, which is required by the U.S. Office of Management and Budget, Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the accompanying schedule of state financial assistance, which is required by the Florida Single Audit Act, are presented for purposes of additional analysis and are not a required part of the financial statements. The information in those schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

November 21, 2005
Gainesville, Florida

Purvis, Gray and Company

Certified Public Accountants

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

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005
ALACHUA COUNTY, FLORIDA**

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	PROGRAM TOTAL	AMOUNT PROVIDED TO SUBRECIPIENTS
<u>U.S DEPARTMENT OF AGRICULTURE</u>				
<u>FORESTRY SERVICE</u>				
<i>Passed through Florida Division of Forestry:</i>				
Legacy Lands ID# N/A	10.676	\$ 246,500	\$ 246,500	\$ -
<u>U.S DEPARTMENT OF COMMERCE</u>				
<i>Direct Program:</i>				
Coastal Impact Assistance Program ID# NA17OZ2080	11.419	9,998	9,998	-
<u>U.S. DEPT OF HOUSING & URBAN DEVELOPMENT</u>				
<i>Direct Programs:</i>				
HUD Economic Development Grant ID# B-02-SP-FL-0128	14.246	79,957		79,957
HUD EDI Newnans Lake ID#B-02-SP-FL-0127	14.246	-	79,957	-
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Direct Programs:</i>				
Equitable Sharing	16.000	25,478		-
Equitable Sharing	16.000	158,204	183,682	-
<i>Passed through Florida Office of the Attorney General</i>				
VOCA Grant ID#V4064	16.575	137,440		-
Victims of Crime Act (VOCA) ID# V4050	16.575	111,475	248,915	-
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed through Florida Department of Law Enforcement: Byrne Formula Grant Program</i>				
Project Administration 13 ID# 05-CJ-K3-03-11-01-187	16.579	23,698		-
Juvenile Int Supervision Detail II ID# 05-CJ-K3-03-11-01-189	16.579	30,000		-
Street Level Drugs I ID# 05-CJ-K3-03-11-01-190	16.579	10,000		-
Operation S.T.U.D.E.N.T. IV ID# 05-CJ-K3-03-11-01-188	16.579	65,000	128,698	-

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005
ALACHUA COUNTY, FLORIDA**

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	PROGRAM TOTAL	AMOUNT PROVIDED TO SUBRECIPIENTS
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Direct Programs:</i>				
Local Law Enforcement Block Grant ID# 2004-LB-BX-1162	16.592	12,242		-
Local Law Enforcement Block Grant ID# 2003-LB-BX-0031	16.592	168,511	180,753	-
Weed and Seed Grant ID # 2001-WS-QX-0031	16.595	140,040		-
Weed and Seed Grant ID # 2004-WS-Q4-0200	16.595	5,813	145,853	-
<i>Passed through Florida Department of Law Enforcement:</i>				
Project Safe Neighborhood ID# 04-CJ-7L-03-11-23-002	16.609	39,884		-
Project Safe Neighborhood ID# 05-CJ-7L-03-11-23-006	16.609	70,677	110,561	-
<i>Direct Programs:</i>				
COPS Technology Grant ID#2004CKWX0064	16.710	79,575	79,575	-
<u>GENERAL SERVICES ADMINISTRATION</u>				
<i>Passed through Florida Department of State Division of Elections</i>				
Voter Education ID# N/A	39.011	16,968	16,968	-
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
<i>Passed through Florida Department of Environmental Protection:</i>				
Ambient Monitoring Network ID# GW231 ID# GO155	66.419	18,787	18,787	-
<i>Passed through National Association of Counties:</i>				
Poe Springs Riparian Restoration ID#N/A	66.461	11,296	11,296	-
<i>Passed through Florida Department of Environmental Protection:</i>				
US EPA Cabot Koppers Grant ID# V-97468702-3	66.802	5,870 <1	5,870	-
<u>U.S. ELECTION ASSISTANCE COMMISSION (EAC)</u>				
<i>Passed through Florida Department of State Division of Elections</i>				
Voting Systems Assistance Grant ID# N/A	90.401	308,959	308,959	-

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005
ALACHUA COUNTY, FLORIDA**

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	PROGRAM TOTAL	AMOUNT PROVIDED TO SUBRECIPIENTS
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed through the Florida Department of Children and Families</i>				
Juvenile Dependency Mediation Program ID# PNP414	93.556	34,200	34,200	-
Temporary Assistance for Needy Families ID# CD403	93.558	12,000		-
Temporary Assistance for Needy Families ID# CD403	93.558	4,000	16,000	-
<i>Passed through the Florida Department of Revenue</i>				
Child Support Enforcement Title 4D ID# N/A	93.563	238,063	238,063	-
<i>Passed through the Florida Department of Children and Families</i>				
Metamorphosis FY04/05 ID# CD403	93.959	239,881 <2		-
Metamorphosis FY05/06 ID# CD403	93.959	83,085 <3	322,966	-
<u>CORPORATION FOR NATIONAL SERVICE</u>				
<i>Direct Programs:</i>				
Retired and Senior Volunteer Program ID# 04SRSFL001	94.002	59,252	59,252	-
Foster Grandparent Program ID# 04SFSFL001	94.011	388,799	388,799	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed through Florida Department of Community Affairs:</i>				
Terroism Grant ID#05DS-2N-03-11-01-390	97.004	-		-
Homeland Security Grant Program ID#05DS-2N-03-11-01-070	97.004	66,044		-
Communication Equipment Grant ID#05-DS-2N-03-01-01-389	97.004	-		-
Citizens Corp Grant ID#05-CC-2U-03-11-01-253	97.004	21,898		-
800Mhz/Video Grant ID#05-DS-2N-03-01-329	97.004	278,299		-
TakPak System ID#05-DS-2N-03-11-23-026	97.004	15,906		-
<i>Passed through Florida Department of Financial Services:</i>				
Florida Domestic Preparedness Strategy ID#05-DS-2N-13-00-16-317	97.004	-		-

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005
ALACHUA COUNTY, FLORIDA**

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	PROGRAM TOTAL	AMOUNT PROVIDED TO SUBRECIPIENTS
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed through Florida Department of Law Enforcement:</i>				
Regional Domestic Terroism Task Force ID#05-DS-L2-03-11-23-026	97.004	397,859	780,006	-
<i>Passed through the Department of Community Affairs:</i>				
State of Emergency Relief Fund 05-PA-G%-03-11-01-747 05-PA-E--03-11-01-038 05-PA-C%-03-11-01-535 Mutual Aid Disaster Relief Emergency Management Base FY05 ID# 05BG-04-03-11-01-174	97.036 97.042	3,011,261 28,769	3,011,261 28,769	- -
		\$6,655,688	\$6,655,688	\$79,957

Notes:

- <1 Includes allowable indirect cost of \$1,740 for the program
- <2 Includes state CFDA match of \$96,786 and program income of \$13,039
- <3 Includes program income of \$7,471 for the program

Basis of Presentation

The accompanying Schedule of Federal Financial Assistance includes the Federal award activity of the Alachua County Board of County Commissioners and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, which is required by the U.S. Office of Management and Budget.

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

STATE GRANTOR/ PROGRAM TITLE	STATE CSFA NUMBER	STATE EXPENDITURES	PROGRAM TOTAL	AMOUNT PROVIDED TO SUBRECIPIENTS
<u>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>				
Hazardous Waste Coop Collection ID#S0166 - Lafayette	37.007	\$ 13,684		\$ -
ID# S0168 - Dixie		18,714		
ID#S0167 - Gilchrist		19,819		
ID# S0165 - Columbia		19,967	\$72,184	
Waste Tire FY04 ID# WT401	37.015	<u>10,235</u>	10,235	-
FRDAP Jonesville Park ID# F0129	37.017	-	-	-
Superact State Cleanup Cat 1-Mgmt Svcs ID # GC527	37.024	8,273		
Cat 1-Mgmt Svcs Task #4 ID # GC620	37.024	<u>301,456</u>	309,729	-
Cat 1-Mgmt Svcs Task #5 ID # GC620	37.024			
Poe Springs Restoration S#0202	37.052	16,695	16,695	-
<u>FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS</u>				
Emergency Management Base FY05 ID# 05BG-04-03-11-01-174	52.008	102,959	102,959	-
Hazardous Materials FY03 ID# 05-CP-11-03-11-01-173	52.023	4,426	4,426	-
ID# 06-CP-11-03-11-01-049 Disaster Relief Funding Agreement 05-PA-G%-03-11-01-747 05-PA-E=-03-11-01-038 05-PA-C%-03-11-01-535 Mutual Aid Agreement	52600308	175,432	175,432	-
<u>FLORIDA HOUSING FINANCE AGENCY</u>				
SHIP ID # None	52.901	933,237	933,237	705,576
<u>FLORIDA DEPARTMENT OF TRANSPORTATION</u>				
County Incentive Grant Program ID# 211365-2-54-01	55.008	589,009	589,009	-

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

STATE GRANTOR/ PROGRAM TITLE	STATE CSFA NUMBER	STATE EXPENDITURES	PROGRAM TOTAL	AMOUNT PROVIDED TO SUBRECIPIENTS
<u>FLORIDA DEPARTMENT OF HEALTH</u>				
Electronic EMS Reporting ID#M5085	64.003	23,826	23,826	-
EMS Trust FY05 ID#C4001	64.005	98,527	98,527	-
<u>FLORIDA OFFICE OF THE GOVERNOR</u>				
Violent Crime and Drug Control Council	71.005	628		-
Violent Crime and Drug Control Council	71.005	8,347	8,975	-
<u>FISH AND WILDLIFE CONSERVATION COMMISSION</u>				
FBIP Water Use Master Plan ID#04140	77.006	-	-	-
<u>FLORIDA DEPARTMENT OF JUVENILE JUSTICE</u>				
Juvenile Drug Treatment Program ID# X1194	80.011	52,121		\$52,121
Juvenile Drug Treatment Program ID # X1194	80.011	16,803	68,924	\$16,803
TOTAL STATE FINANCIAL ASSISTANCE		\$2,414,158	\$2,414,158	\$774,500

Basis of Presentation:

The accompanying Schedule of State Financial Assistance includes the State award activity of the Alachua County Board of County Commissioners 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***

Honorable Board of County Commissioners
and Constitutional Officers
Alachua County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Alachua County, Florida, as of and for the year ended September 30, 2005, which collectively comprise Alachua County, Florida'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 Alachua County, Florida'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 Alachua County, Florida'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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Honorable Board of County Commissioners
and Constitutional Officers
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 Alachua County, Florida's management and applicable federal and state agencies 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 FEDERAL AWARDS
PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECTS, AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Board of County Commissioners
and Constitutional Officers
Alachua County, Florida

Compliance

We have audited the compliance of Alachua County, Florida, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB), Circular A-133 Compliance Supplement, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal awards programs and state financial assistance projects for the year ended September 30, 2005. Alachua County, Florida's major federal awards programs and state financial assistance projects are 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 each of its major federal awards programs and state financial assistance projects is the responsibility of Alachua County, Florida's management. Our responsibility is to express an opinion on Alachua County, Florida's compliance based on our audit.

We conducted our audit of compliance 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133, 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 federal awards program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about Alachua County, Florida'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 of Alachua County, Florida's compliance with those requirements.

In our opinion, Alachua County, Florida, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal awards programs and state financial assistance projects for the year ended September 30, 2005.

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Honorable Board of County Commissioners
and Constitutional Officers
Alachua County, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AWARDS
PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECTS, AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
(Concluded)**

Internal Control Over Compliance

The management of Alachua County, Florida, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal awards programs and state financial assistance projects. In planning and performing our audit, we considered the Alachua County, Florida's internal control over compliance with requirements that could have a direct and material effect on a major federal awards program or state financial assistance project in order 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 OMB Circular A-133 and 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 federal award program or 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 Alachua County, Florida's management, and applicable federal and state agencies, 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 - FEDERAL AWARDS
PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
ALACHUA COUNTY, FLORIDA**

1. Summary of Audit Results

I. Type of Audit Report Issued on Financial Statements

Unqualified Opinion

II. Reportable Conditions in Internal Control

The audit disclosed no reportable conditions in internal control.

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 Federal Awards Programs and State Financial Assistance Projects

Audit disclosed no instances of reportable conditions in internal control over federal and state major programs or reportable conditions which were material weaknesses in internal control over federal and state major programs.

V. Type of Audit Report Issued on Compliance with Requirements Applicable to Major Federal Awards Programs and State Financial Assistance Projects

Unqualified Opinion

VI. Audit Findings Relative to Section .510(a) of OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*

The audit disclosed no findings required to be reported under Section .510(a) of OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

VII. The Programs/Projects Tested as Major Programs/Projects Include the Following:

<u>Federal Programs</u>	<u>Federal CFDA No.</u>
Terrorism Grant	97.004
Homeland Security Grant Program	97.004
Communication Equipment Grant	97.004
800Mhz/Video Grant	97.004
Citizens Corp Grant	97.004
TakPak System	97.004
Florida Domestic Preparedness Grant	97.004

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

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

VII. **The Programs/Projects Tested as Major Programs/Projects Include the Following:
(Concluded)**

Federal Programs (Concluded)	Federal CFDA No.
Regional Domestic Terrorism Task Force	97.004
Foster Grandparent Program	94.011
Voting Systems Assistance Grant	90.401
Metamorphosis Program	93.959
State Project	State CSFA No.
State Housing Initiatives Partnership	52.901
Supertract State Cleanup Category 1 – Management Services	37.024
County Incentive Grant Program	55.008

VIII. The threshold for distinguishing Type A and Type B programs/projects was \$300,000 for major federal awards programs and \$300,000 for major state financial assistance projects.

IX. The Auditee was determined to be a low-risk auditee pursuant to OMB Circular A-133. 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 Federal Awards Required to be Reported Under Section .510(a) of OMB Circular A-133**

The audit disclosed no findings which are required to be reported under Section .510(a) of OMB Circular A-133.

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

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS IN
ACCORDANCE WITH OMB CIRCULAR A-133
ALACHUA COUNTY, FLORIDA**

1. **Status of Prior Audit Findings**

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

**CORRECTIVE ACTION PLAN IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL
ALACHUA COUNTY, FLORIDA**

1. **Corrective Action Planned for Current Year Audit Findings**

There are no current year audit findings included in the current year's schedule of findings and questioned costs.

MANAGEMENT LETTER

Honorable Board of County Commissioners
and Constitutional Officers
Alachua County, Florida

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

We have issued our independent auditors' report on compliance and on internal control over financial reporting, independent auditor's report on compliance and internal control over compliance applicable to each major federal awards program and state financial assistance project, and schedule of findings and questioned costs based on an audit of financial statements performed in accordance with *Government Auditing Standards*; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General* dated December 29, 2004. Disclosures in those reports, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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. No such items were noted in the preceding annual financial 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. The preceding annual financial audit report did not contain recommendations.

The *Rules of the Auditor General* [Section 10.554(1)(g)2.] require that we determine whether Alachua County, Florida 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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Honorable Board of County Commissioners
and Constitutional Officers
Alachua County, Florida

MANAGEMENT LETTER
(Concluded)

The *Rules of the Auditor General* [Sections 10.554(1)(g)3. and 4.] 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 items.

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 Alachua County, Florida is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

Also, as required by the *Rules of the Auditor General*, we applied financial condition assessment procedures pursuant to Rule 10.556(8). The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

As required by the *Rules of the Auditor General* [Section 10.554(1)(g)6.(b)], we determined that the financial report for Alachua County, Florida for the fiscal year ended September 30, 2004, 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.

This report is intended solely for the information and use of Alachua County, Florida, and 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



Alachua County Board of County Commissioners

Lee Pinkoson, *Chair*
Paula M. Delaney, *Vice Chair*
Mike Byerly
Cynthia Moore Chestnut
Rodney J. Long

Administration
Randall H. Reid
County Manager

February 14, 2006

Honorable William Monroe
Auditor General, State of Florida
P O Box 1735
Tallahassee, FL 32302

Dear Mr. Monroe:

This letter is in response to the Independent Auditor's management letter for the Board of County Commissioners of Alachua County, 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,

A handwritten signature in blue ink, appearing to read "Lee Pinkoson", is written over a horizontal line.

Lee Pinkoson, Chair
Alachua County Commission

A handwritten signature in blue ink, appearing to read "J.K. 'Buddy' Irby", is written over a horizontal line.

J.K. "Buddy" Irby, Clerk
Alachua County Clerk of the Court

SJC/dmw

xc: File

Cover Artwork

Artist – Linda Schoellhorn

Special thanks to staff Linda Schoellhorn for supplying the cover artwork, a photograph taken one misty morning at Poe Springs as it enters the Santa Fe River. Thanks also to Eran Schoellhorn for his assistance in photo editing.