

Alachua County, Florida



Single Audit Report

Fiscal Year Ended September 30, 2006

ALACHUA COUNTY, FLORIDA

SINGLE AUDIT REPORT
AND
INDEPENDENT AUDITORS' REPORTS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2006

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, 2006**

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**ALACHUA COUNTY, FLORIDA
SINGLE AUDIT REPORT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

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**INDEPENDENT AUDITORS' REPORT
FOR
COMPREHENSIVE ANNUAL FINANCIAL REPORT
ALACHUA COUNTY, FLORIDA
SEPTEMBER 30, 2006**

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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, 2006, 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, 2006, 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 January 3, 2007, 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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Honorable Board of County Commissioners
and Constitutional Officers
Alachua County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Management's discussion and analysis on pages 5 through 19 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.

January 3, 2007
Gainesville, Florida

Purvis, Gray and Company, LLP

**MANAGEMENT'S
DISCUSSION
& ANALYSIS**

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, 2006. 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, 2006 by \$506.9 million (*net assets*). Of this amount, \$18.6 million may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets (\$506.9 million) are comprised of the following:
 - 1) \$420.1 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) \$68.2 million of net assets are restricted by constraints imposed from outside of the County such as debt covenants, grantors, laws, or regulations,
 - 3) \$17.1 million of unrestricted governmental net assets and
 - 4) \$1.5 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 \$32.0 million over the previous year with an increase of \$31.5 million from governmental activities and \$.5 million from business activities.

Fund Statements

- At September 30, 2006, the County's governmental funds reported combined ending fund balances of \$100.5 million, an increase of \$27.8 million from the prior fiscal year.
- At September 30, 2006, unreserved fund balance for the General Fund was \$16.8 million or 17.7% 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 \$30.5 million or 16.3% 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 \$4.4 million of the \$30.5 increase in revenues.
- The County's outstanding notes payable and bonded debt increased by \$25.9 million. The increase was due to the issuance of \$15.4 Transportation Improvement Revenue bonds and the issuance of \$13.3 million in commercial paper to fund Legacy Land purchases in the short term.

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 2006. 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 22-25 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 26-41 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 42-44 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 45 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 47-88 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 89-113 of this report. Additional information about the County that may be of interest to the reader is found under the Statistical section on pages 139-165 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 \$506.9 million at the close of the fiscal year ended September 30, 2006.

At the end of fiscal year 2006, 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		Percent Change
	2005	2006	2005	2006	2005	2006	
Current and other assets	\$102.3	\$137.6	\$12.2	\$12.7	\$114.5	\$150.3	31.3%
Capital assets	446.0	475.6	11.0	11.0	457.0	486.5	6.5%
Total assets	<u>548.3</u>	<u>613.2</u>	<u>23.2</u>	<u>23.6</u>	<u>571.5</u>	<u>636.8</u>	11.4%
Current liabilities	27.2	35.1	1.1	1.2	28.3	36.3	28.4%
Long-term liabilities outstanding	58.5	83.9	9.8	9.7	68.4	93.6	36.8%
Total liabilities	<u>85.7</u>	<u>119.1</u>	<u>10.9</u>	<u>10.9</u>	<u>96.6</u>	<u>129.9</u>	34.5%
Net assets invested in capital assets, net of related debt	398.5	409.1	11.0	11.0	409.5	420.1	2.6%
Net assets - restricted	47.8	67.9	-	0.3	47.8	68.2	42.7%
Net assets - unrestricted	16.3	17.1	1.2	1.5	17.6	18.6	5.7%
Total net assets	<u>\$462.6</u>	<u>\$494.1</u>	<u>\$12.3</u>	<u>\$12.8</u>	<u>\$474.9</u>	<u>\$506.9</u>	6.7%

Total assets for the County have increased by 11.4%. This is due to the increase in the tax base resulting in higher tax revenues, the accumulation of revenue from the initial startup of the CHOICES program and assessment of impact fees for parks, transportation and fire services. Another element of the increase is infrastructure that was added to the County's capital asset records. Both current liabilities and long-term liabilities increased from the previous year by 28.4% and 36.8% respectively, due to the issuance of new debt.

The largest portion of the County's net assets (\$420.1 million or 82.9%) 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 (\$68.2 million or 13.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$18.6 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 42.7% from 2005 to 2006. These net assets represent restrictions from specific revenue sources and grants. Unrestricted net

assets in the governmental type activities increased by \$.8 million. Unrestricted net assets in the business type activities increased by \$.3 million.

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

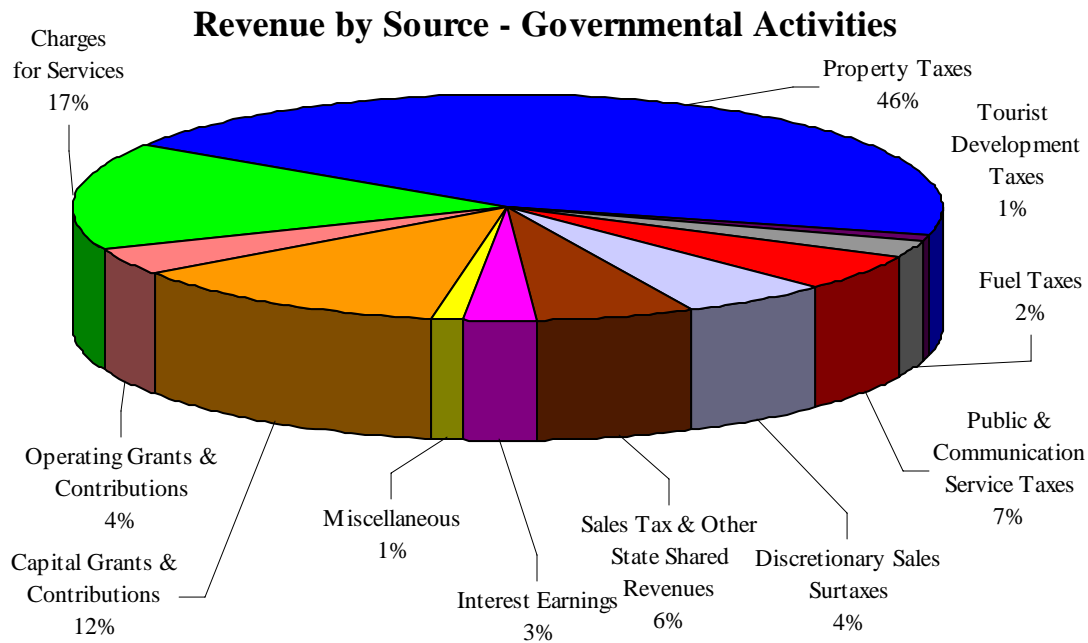
	Governmental Activities		Business-type Activities		Total		Percent Change
	2005	2006	2005	2006	2005	2006	
Revenues:							
Program revenues:							
Charges for services	\$30.1	\$34.5	\$12.0	\$13.0	\$42.1	\$47.5	12.8%
Operating grants and contributions	12.0	8.8	-	-	12.0	8.8	-26.9%
Capital grants and contributions	23.8	27.4	-	-	23.8	27.4	15.0%
General revenues:							
Property taxes	88.9	99.9	-	-	88.9	99.9	12.3%
Discretionary Sales Surtaxes	7.4	11.6	-	-	7.4	11.6	57.0%
Other taxes	7.1	7.5	-	-	7.1	7.5	5.1%
Other	27.1	34.3	0.8	1.3	27.9	35.5	27.4%
Total revenues	<u>196.4</u>	<u>223.8</u>	<u>12.8</u>	<u>14.3</u>	<u>209.2</u>	<u>238.1</u>	13.8%
Expenses:							
Administration	31.0	36.9	-	-	31.0	36.9	19.0%
Community services	12.1	14.0	-	-	12.1	14.0	9.0%
Corrections	21.7	23.6	-	-	21.7	23.6	8.8%
Courts	17.7	20.5	-	-	17.7	20.5	15.8%
Culture and recreation	1.6	1.8	-	-	1.6	1.8	9.4%
Tourist development	1.6	1.6	-	-	1.6	1.6	1.8%
Emergency services	29.8	29.1	-	-	29.8	29.1	-2.2%
Environmental services	2.3	2.6	-	-	2.3	2.6	11.1%
Growth management	3.4	3.6	-	-	3.4	3.6	5.1%
Law enforcement	26.8	28.2	-	-	26.8	28.2	5.1%
Solid waste collection	3.1	3.6	-	-	3.1	3.6	16.2%
Transportation	22.7	23.4	-	-	22.7	23.4	3.0%
Interest on long-term debt	2.8	3.1	-	-	2.8	3.1	12.0%
Solid waste disposal system	-	-	11.4	12.0	11.4	12.0	5.3%
Codes enforcement	-	-	1.7	1.9	1.7	1.9	9.1%
Total expenses	<u>176.6</u>	<u>191.9</u>	<u>12.1</u>	<u>13.9</u>	<u>189.8</u>	<u>205.8</u>	8.4%
Increase/(decrease) in net assets before transfers	19.8	31.9	(0.3)	0.4	19.5	32.3	
Transfers	(0.1)	(0.2)	0.1	0.2	-	-	
Increase/(decrease) in net assets	<u>19.7</u>	<u>31.7</u>	<u>(0.2)</u>	<u>0.6</u>	<u>19.5</u>	<u>32.3</u>	
Net assets-beginning -as previously reported	442.9	462.6	12.5	12.3	455.4	474.9	
Change in Accounting Principal	-	(0.2)	-	(0.0)	-	(0.2)	
Net assets-beginning -as restated	<u>442.9</u>	<u>462.4</u>	<u>12.5</u>	<u>12.3</u>	<u>455.4</u>	<u>474.7</u>	
Net Assets - Ending	<u>\$ 462.6</u>	<u>\$ 494.1</u>	<u>\$ 12.3</u>	<u>\$ 12.8</u>	<u>\$ 474.9</u>	<u>\$ 506.9</u>	6.7%

Governmental Activities

The County's total net assets increased \$32.0 million over the previous year with \$31.5 million resulting from governmental activities and \$.5 million resulting from business activities.

Major changes in revenues were caused by the following:

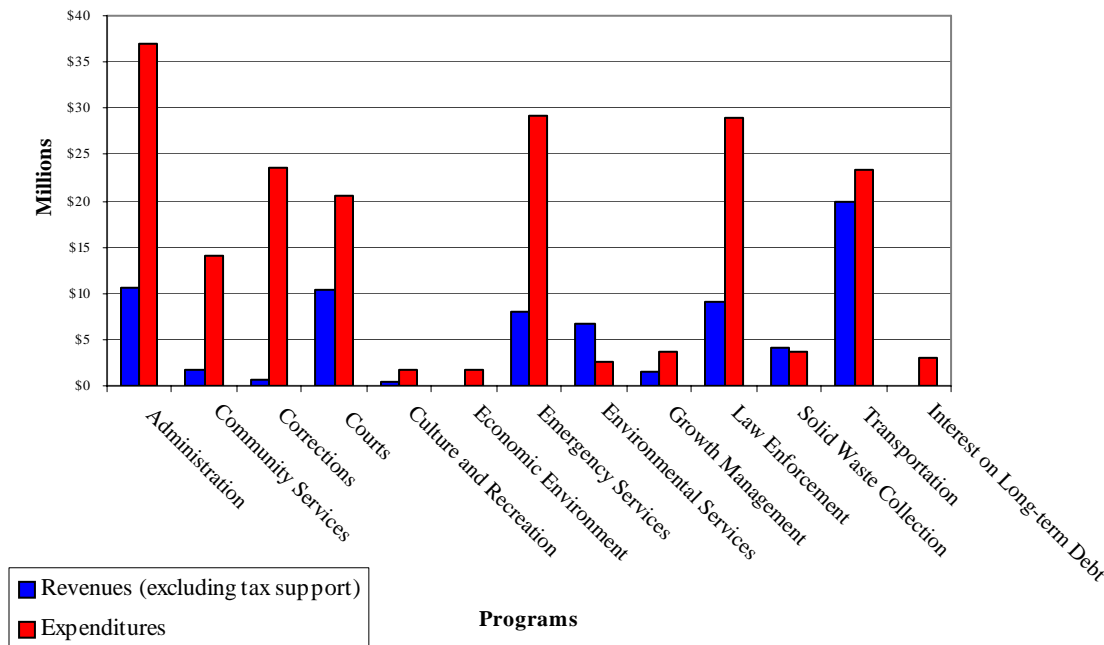
- Charges for Services increased by 12.8% due to a number of factors: This was the first full year of collection of impact fees for roads, parks and fire services. Though impact fees were approved in FY2005, collection did not effectively begin until this fiscal year. Revenues for this year were approximately \$1.8 million. There was an increase in the caseload for civil court and traffic resulting in a \$.5 million increase in fees collected. The Tax Collector's fees went up by \$.4 million due to the increase in taxes collected. Fines and forfeitures for the Sheriff went up \$.4 million due to increased collection from federal forfeitures through the Multi-Agency Drug Task Force and the Federal Law Enforcement Trust fund.
- Capital Grants and Contributions increased by 13.1%. Capital asset donations included donation of the soccer fields at Jonesville Park, costing \$78,000 and subdivision roads at \$10.8 million. Current costs of roads being donated are based on Florida Department of Transportation costs, which increased by an inflation factor of 12.5% from last year.
- Property tax revenue increased by \$11 million due to an increase in the tax base.
- 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 working uninsured Alachua County residents by creating the CHOICES program. The County has collected \$19.0 million in discretionary sales surtax revenue to date.



Major changes in expenses were caused by the following:

- Administration expenses increased 19.0% due to several factors. Utility costs increased by \$1.4 million; expenditures for information services technology increased by \$.6 million; there was a large payment of \$1.0 million for prior years prison inmate medical costs; the primary and general elections in 2006 cost \$.6 million more than last year.
- Community services expenses increased by 16% due to the startup of the CHOICES program, and number of renovations in the Animal Services and Agricultural Extension buildings.
- Court costs increased by 15.8% due to a substantial increase in the number of cases for civil court and traffic.
- Emergency services expenses decreased due to the lack of FEMA related expenditures because there were no hurricanes.
- Environmental services expenses increased 11.1% due to increased costs in maintaining recently acquired Legacy Lands.
- Solid Waste Collection costs went up by 16.2%, due to additional residents being served in the Municipal Services Benefit Unit.
- Interest on long-term debt went up 12.0% due to the issuance of new debt.

Expenses and Program Revenues - Governmental Activities

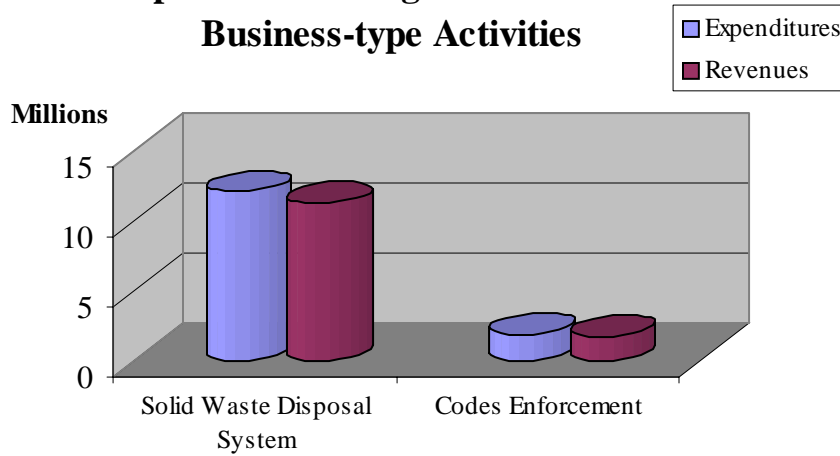


Business-type Activities

Business-type activities increased the County’s net assets by \$.5 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 2006, 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 was started during fiscal year 2006, which will be completed fiscal year 2007 to improve the business plan of the operation.
- Codes Enforcement furnishes services to the development community and citizens. Codes Enforcement operating revenues exceeded operating expenditures by \$.1 million in fiscal year 2006. 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	\$100,486,618
Less reserved fund balance:	
Encumbrances	6,402,023
Inventories & prepaid items	691,331
Special revenue funds	1,042,322
Payments for debt service	3,549,139
Unreserved fund balance	\$88,801,803

As of the end of fiscal year 2006, the County’s governmental funds reported combined ending fund balances of \$100.5 million, an increase of \$27.8 million in comparison with the prior year. Of the approximately \$100 million total fund balance, *unreserved fund balance* is \$88.8 million.

Major Funds

The General Fund, CHOICES, Municipal Service Taxing Unit (separated into Unincorporated Services and 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 \$3.3 million. The total fund balance was \$17.5 million of which \$16.8 million was unreserved. The cash balance at the end of the year was \$11.9 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 17.7% of total General Fund operating revenue, while total fund balance represents 18.3% 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. The fund balance increased primarily because of the unanticipated increase from the Clerk's return of excess revenues, which was over \$4 million dollars.

CHOICES was created in fiscal year 2005 to provide health care services for the adult working uninsured. As of September 30, 2006, the total fund balance of this fund is \$18.0 million. Fund balance represents 145.8% of the CHOICES FY 2006 revenue. Since this is a new program, enrollees are slowly becoming aware of the services offered. By the end of the fiscal year, there were 536 clients enrolled in the program; expenditures will increase once the target client base begins to utilize the services offered.

The Municipal Service Taxing Unit (MSTU) – Unincorporated Services has a total fund balance of \$1.6 million. The increase in fund balance during the year was \$.1 million. The Municipal Service Taxing Unit - Law Enforcement has a total fund balance of \$1.6 million. The increase in fund balance during the year was \$.2 million. Fund balance represents 11.2% of the MTSU - Unincorporated Services operating revenue and 12.0% of the MSTU - Law Enforcement operating revenue.

The Municipal Service Benefit Unit continues to qualify as a major fund this year. The Municipal Service Benefit Unit has a total fund balance of \$4.6 million. The increase in fund balance during the year was \$.7 million is attributable to an increase in the customer base.

Gas Tax Uses had an increase in fund balance during the fiscal year of \$.7 million to a total fund balance of \$3.3 million. Fund balance represents 29.3% of operating revenues.

Emergency Services had a decrease in fund balance during the fiscal year of \$.6 million, and the remaining fund balance was \$3.0 million. An excess of \$.9 million was transferred back to the General Fund to control fund balance.

The Sheriff is funded by the Board of County Commissioners. The Sheriff's expenditures for the year were \$57.8 million, an increase of 9.6% over the prior fiscal year. 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 Sheriff's expenditures were greater due to increased inmate medical costs, the hiring of additional patrol staff and the lease purchase of a record management system.

The Other Capital Projects fund has a total fund balance of \$12.1 million. The net increase in fund balance during the fiscal year in the Other Capital Projects fund was \$2.0 million. The County has numerous capital projects under way, but are limited by the work force available.

Alachua County Forever Legacy Lands fund has an ending fund balance of \$2.7 million. This amount represents unspent bond proceeds, commercial paper and revenues from grants. Several major purchases were completed this fiscal year with a total of over 8,000 acres total having been purchased to date.

The Transportation Trust fund was established in fiscal year 2005 by a transfer from the Gas Tax Uses fund, in the amount of \$9.0 million. Gas tax revenue bonds for \$15 million were issued this year resulting in an ending fund balance of \$21.4 million. This fiscal year \$5.4 million was spent to improve County roads and more projects are in process.

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, 2006 were \$22.3 million, of which \$10.9 million are capital assets. Total liabilities were \$10.5 million and net assets were \$11.8 million. There was an increase in net assets of \$.6 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 \$3.3 million dollars and was caused by the below listed amendments:

Fund balance:

- \$3,252,873 - Increase in estimated fund balance to adjust to the prior year actual ending fund balance.

Expenditures:

- Overall budgeted expenditures increased by approximately \$3.1 million, due primarily to an increase in fund balance from the prior year financial statements.
- A major restructuring and correction of activity codes led to changes between programs and functions, while not increasing budgeted expenditures overall.
- The reserve for contingency was decreased by utility costs (\$1.2 million), Project to End Homelessness (\$200,000), prior year inmate medical costs (\$1.0 million), unanticipated costs for Medicaid, Medical Examiner and Tax Collector (\$1.3 million), new records management system for the Sheriff (\$197,573), Juvenile Detention Center – additional billing from the State (\$319,897), additional funds for “Monitor” – Court Services

integrated case management system (\$250,000), temporary rental space for the Supervisor of Elections (\$140,000) and other smaller needs.

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, 2006 totals \$486.5 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 increase in investment in capital assets over the prior fiscal year of approximately 6.4%.

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 \$5.1 million spent to date on the project. Eminent domain proceedings are in process to purchase the necessary land needed to complete the project.
- Road resurfacing projects will be completed 2006 or early fiscal year 2007:
 - CR 236 - cost to date of \$1.7 million
 - SW 20th Ave/SW 24th Ave from SW 75th St to SW 43rd St – cost \$1.3 million.
 - NW/NE 53rd Avenue from US 441 to SR24 – cost \$1.5 million
- Jonesville Park – completion of initial soccer fields for a cost of \$381,000 including contributions from the Gainesville Soccer Alliance in the amount of approximately \$78,000.
- Alachua County Forever - Legacy Lands – numerous acquisition efforts are underway in conjunction with other State programs. Purchases completed this year or early fiscal year 2007 include:
 - Barr Hammock - Ledwith Lake Rayonier – 2,309 acres – cost \$10.3 million
 - Santa Fe River – AP&E – 166 acres – cost \$1.3 million
 - Lake Santa Fe – Crosley & Ramsden tracts – 203 acres – total cost \$1.9 million
 - Paines Prairie additions – Sweetwater & Henderson tracts – 140 acres – total cost \$8.1 million
 - Lochloosa Creek Flatwoods – Phifer Flatwoods – 2,026 acres - \$3.0 million cost.
 - Watermelon Pond – various parcels – 40 acres - \$.3 million cost.
 - Mill Creek – Halbrog & Steedley tracts – 32 acres - \$.3 million cost.

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

	Governmental Business-type				Total		Percent Change
	Activities		Activities				
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	
Land	\$180.6	\$208.5	\$3.3	\$3.3	\$183.9	\$211.8	15.2%
Art	0.1	0.1	-	-	0.1	0.1	0.0%
Infrastructure	172.9	167.7	-	-	172.9	167.7	-3.0%
Buildings	70.3	68.4	2.2	2.1	72.5	70.5	-2.8%
Improvements other than Buildings	1.9	2.1	4.4	4.3	6.3	6.4	1.6%
Equipment	15.1	17.2	1.1	1.3	16.2	18.5	14.2%
Construction in Progress	5.1	11.5	-	-	5.1	11.5	125.5%
Total	<u>\$446.6</u>	<u>\$475.5</u>	<u>\$11.0</u>	<u>\$11.0</u>	<u>\$457.0</u>	<u>\$486.5</u>	6.5%

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 and resurfacing of other roads. Additional information on the County’s capital assets can be found in Note VI on pages 73-74 of this report.

Long-term Debt

At the end of fiscal year 2006, the County had total bonded debt outstanding of \$69.0 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

	<u>2005</u>	<u>2006</u>
General Obligation Bonds	\$ 11,540,000	\$ 10,265,000
Revenue Bonds	44,905,000	58,725,000
Total	<u>\$ 56,445,000</u>	<u>\$ 68,990,000</u>

Notes Payable

	<u>2005</u>	<u>2006</u>
Pooled Commercial Paper Program	\$ -	\$ 13,300,000

The County’s outstanding bonded debt increased \$12.5 million during fiscal year 2006. This increase was due to the issuance of Transportation Improvement Revenue bonds.

Pooled Commercial Paper note was issued to purchase additional Legacy Lands; since land costs are rising rapidly, it was felt that it would be better to purchase now rather than wait for anticipated proceeds to materialize.

Additional information on the County's debt can be found in Note VIII on pages 77-79 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County at September 30, 2006 was 2.4%. This represents a decrease of .2% from the prior year, and is still the lowest in the state.
- The taxable value of commercial and residential property increased 16.6% and 18.8%, respectively, in the 2006 fiscal year.
- Population increased approximately 1.25% from the prior year to an estimated 243,779 at September 30, 2006.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$16.8 million. The ad valorem tax rate for the General Fund was decreased for the 2007 fiscal year budget and is 8.8887 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>.

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**BASIC
FINANCIAL
STATEMENTS**

**ALACHUA COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006**

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
Assets:				
Current Assets:				
Equity in pooled cash & equivalents	\$ 90,334,226	\$ 6,459,891	\$ 96,794,117	\$ 327,065
Cash with claims administrator	251,842	-	251,842	-
Other cash and equivalents	11,708,060	-	11,708,060	-
Investments	18,266,374	-	18,266,374	-
Receivables (net)	1,630,305	1,167,645	2,797,950	63
Due from other governments	12,025,822	38,209	12,064,031	2,436
Internal balances	(89,958)	89,958	0	-
Inventories	744,143	-	744,143	-
Prepaid items	792,163	-	792,163	-
Total current non-restricted assets	135,662,977	7,755,703	143,418,680	329,564
Current Restricted Assets:				
Sinking fund cash & equivalents	1,155,501	-	1,155,501	-
Total current restricted assets	1,155,501	0	1,155,501	0
Total current assets (restricted & non-restricted)	136,818,478	7,755,703	144,574,181	329,564
Noncurrent Assets:				
Deferred charges	812,547	-	812,547	-
Noncurrent restricted assets:				
Restricted cash and cash equivalent	-	2,288,894	2,288,894	-
Restricted investments	-	2,626,501	2,626,501	-
Total Non-current restricted assets	0	4,915,395	4,915,395	0
Capital Assets:				
Land	208,547,432	3,266,279	211,813,711	-
Artwork	91,390	-	91,390	-
Infrastructure	439,135,327	-	439,135,327	-
Buildings	99,492,261	2,751,331	102,243,592	-
Improvements other than buildings	5,944,904	13,142,379	19,087,283	-
Equipment	51,028,972	2,792,072	53,821,044	-
Construction in progress	11,490,445	-	11,490,445	-
Less accumulated depreciation	(340,154,259)	(10,998,486)	(351,152,745)	-
Total capital assets	475,576,472	10,953,575	486,530,047	0
Total noncurrent assets (restricted & non-restricted)	476,389,019	15,868,970	492,257,989	0
Total Assets	\$ 613,207,497	\$ 23,624,673	\$ 636,832,170	\$ 329,564

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

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
Liabilities:				
Current Liabilities (payable from current assets):				
Accounts payable	\$ 11,090,483	\$ 808,183	\$ 11,898,666	\$ 5,771
Accrued interest payable	528,834	-	528,834	-
Estimated liability for self insurance losses	6,816,903	-	6,816,903	-
Contracts payable	1,568,407	50,690	1,619,097	-
Due to other governments	5,122,818	16,691	5,139,509	-
Deposits	32,964	76,579	109,543	-
Unearned revenue	183,114	-	183,114	-
Accrued compensated absences	6,024,824	253,709	6,278,533	-
Bonds and notes payable	3,760,000	-	3,760,000	-
Total current liabilities (payable from current assets)	35,128,347	1,205,852	36,334,199	5,771
Noncurrent Liabilities:				
Accrued compensated absences	6,325,516	325,683	6,651,199	4
Bonds and notes payable (net of amortization on discounts premiums)	77,620,683	-	77,620,683	-
Total noncurrent liabilities (payable from noncurrent assets)	83,946,199	325,683	84,271,882	4
Noncurrent Liabilities (payable from restricted assets):				
Accrued Landfill closure cost	-	9,330,691	9,330,691	-
Total noncurrent liabilities (payable from restricted assets)	-	9,330,691	9,330,691	-
Total noncurrent liabilities	83,946,199	9,656,374	93,602,573	4
Total Liabilities	119,074,546	10,862,226	129,936,772	5,775
Net Assets:				
Invested in capital assets, net of related debt	409,133,900	10,953,575	420,087,475	-
Restricted for:				
Restricted for debt service	1,155,501	-	1,155,501	-
Restricted for CHOICES	18,035,528	-	18,035,528	-
Restricted for road and bridge maintenance	3,311,584	-	3,311,584	-
Restricted for road construction	21,435,785	-	21,435,785	-
Restricted for Alachua County Forever Land program	2,746,354	-	2,746,354	-
Restricted for emergency service projects and grants	3,032,552	-	3,032,552	-
Restricted for grants and other purposes	18,219,872	-	18,219,872	-
Restricted for annual landfill closure costs	-	261,077	261,077	-
Unrestricted	17,061,875	1,547,795	18,609,670	323,789
Total Net Assets	\$ 494,132,951	\$ 12,762,447	\$ 506,895,398	\$ 323,789

**ALACHUA COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Administration	\$ 36,898,394	\$ 7,275,825	\$ 830,471	\$ 2,550,936
Community services	13,964,098	404,192	980,952	328,837
Corrections	23,619,110	599,840	-	-
Courts	20,498,124	9,756,265	682,628	-
Culture and recreation	1,751,067	217,581	3,232	203,793
Tourist development	1,629,274	-	-	-
Emergency services	29,137,065	7,428,859	561,758	-
Environmental services	2,554,639	378,017	665,032	5,669,379
Growth management	3,573,283	240,157	1,167,441	-
Law enforcement	28,172,662	2,380,939	3,863,010	444,106
Solid waste collection	3,601,815	4,091,313	17,671	-
Transportation	23,377,931	1,690,178	-	18,168,077
Interest on long-term debt	3,134,907	-	-	-
Total governmental activities	191,912,369	34,463,166	8,772,195	27,365,128
Business-type activities:				
Solid waste disposal system	12,105,580	11,275,052	-	406
Codes enforcement	1,853,941	1,735,085	-	-
Total business-type activities	13,959,521	13,010,137	0	406
Total primary government	\$ 205,871,890	\$ 47,473,303	\$ 8,772,195	\$ 27,365,534
Component Units:				
Murphree Law Library	\$ 72,235	\$ 75,292	-	-
Alachua County Housing Finance Authority	8,227	-	-	-
Total component units	\$ 80,462	\$ 75,292	\$0	\$0

General revenues:

Property taxes
Tourist development taxes
Fuel taxes
Discretionary sales surtaxes (CHOICES)
Public & communication 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 - as previously reported

Change in Accounting Principal (see Note XII, page 85)

Net assets - beginning - as restated

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		Units
Activities	Activities	Total	
\$ (26,241,162)	\$ -	\$ (26,241,162)	
(12,250,117)	-	(12,250,117)	
(23,019,270)	-	(23,019,270)	
(10,059,231)	-	(10,059,231)	
(1,326,461)	-	(1,326,461)	
(1,629,274)	-	(1,629,274)	
(21,146,448)	-	(21,146,448)	
4,157,789	-	4,157,789	
(2,165,685)	-	(2,165,685)	
(21,484,607)	-	(21,484,607)	
507,169	-	507,169	
(3,519,676)	-	(3,519,676)	
(3,134,907)	-	(3,134,907)	
(121,311,880)	0	(121,311,880)	
-	(830,122)	(830,122)	
-	(118,856)	(118,856)	
0	(948,978)	(948,978)	
(121,311,880)	(948,978)	(122,260,858)	
			\$ 3,057
			(8,227)
			(5,170)
99,861,172	-	99,861,172	-
2,062,443	-	2,062,443	-
5,399,099	-	5,399,099	-
11,617,830	-	11,617,830	-
12,230,722	422,502	12,653,224	-
13,364,536	-	13,364,536	-
6,501,431	505,297	7,006,728	5,363
2,180,539	338,244	2,518,783	38,160
153,217,772	1,266,043	154,483,815	43,523
31,905,892	317,065	32,222,957	38,353
(175,114)	175,114	-	-
31,730,778	492,179	32,222,957	38,353
462,597,808	12,271,367	474,869,175	285,436
(195,635)	(1,099)	(196,734)	-
462,402,173	12,270,268	474,672,441	285,436
\$ 494,132,951	\$ 12,762,447	\$ 506,895,398	\$ 323,789

ALACHUA COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006

	GENERAL	CHOICES	MSTU UNINCORPORATED SERVICES	MSTU LAW ENFORCEMENT
ASSETS				
Equity in pooled cash and equivalents	\$ 11,884,009	\$ 16,996,627	\$ 1,131,220	\$ 1,404,222
Cash with claims administrator	-	50,000	-	-
Other cash and equivalents	-	-	-	-
Sinking fund cash and equivalents	-	-	-	-
Investments	-	-	-	-
Accounts receivable	280,708	7,618	117,443	117,529
Allowance for estimated uncollectables	-	-	-	-
Assessment receivable	-	-	-	-
Due from other funds	8,995,570	-	33,738	105,062
Due from other governments	908,404	1,901,436	719,398	821,623
Due from individuals	-	-	-	-
Inventories	31,444	-	-	-
Prepaid Items	-	-	-	-
Total assets	<u>\$ 22,100,135</u>	<u>\$ 18,955,681</u>	<u>\$ 2,001,799</u>	<u>\$ 2,448,436</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,971,242	\$ 48,049	\$ 282,691	\$ -
Contracts payable	518,927	39,401	28,916	-
Due to Collection Agent	-	-	-	-
Due to individuals	500	-	-	-
Due to other funds	984,486	-	507	800,525
Due to other governments	139,653	11,050	65,479	-
Deposits	25,389	-	4,000	-
Unearned revenue	2,782	821,653	-	-
Total liabilities	<u>4,642,979</u>	<u>920,153</u>	<u>381,593</u>	<u>800,525</u>
Fund balances reserved for:				
Encumbrances	594,643	139,868	59,212	-
Debt service	-	-	-	-
Records modernization	-	-	-	-
Inventory & prepaid items	31,444	-	-	-
Unreserved-undesignated, reported in:				
General fund	16,831,069	-	-	-
Special revenue funds	-	17,895,660	1,560,994	1,647,911
Debt service funds	-	-	-	-
Capital project funds	-	-	-	-
Total fund balances	<u>17,457,156</u>	<u>18,035,528</u>	<u>1,620,206</u>	<u>1,647,911</u>
Total liabilities and fund balances	<u>\$ 22,100,135</u>	<u>\$ 18,955,681</u>	<u>\$ 2,001,799</u>	<u>\$ 2,448,436</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
\$ 4,880,173	\$ 2,947,074	\$ 3,528,903	\$ -	\$ 12,578,107	\$ 604,478
-	-	-	-	-	-
-	-	-	2,536,841	-	-
-	-	-	-	-	-
-	-	-	-	-	2,170,142
4,464	3,072	3,260,314	2,392	3,003	276
-	-	(2,539,300)	-	-	-
-	-	-	-	174,593	-
18,692	490,404	365,576	198,209	43,594	-
1,878,915	1,344,271	314,025	4,293	397,150	-
-	-	-	-	-	-
-	187,141	229,464	137,274	-	-
-	-	-	50,000	-	-
<u>\$ 6,782,244</u>	<u>\$ 4,971,962</u>	<u>\$ 5,158,982</u>	<u>\$ 2,929,009</u>	<u>\$ 13,196,447</u>	<u>\$ 2,774,896</u>
\$ 20,058	\$ 220,236	\$ 747,160	\$ 2,039,307	\$ 425,297	\$ 3,489
207,652	100,855	9,311	-	186,081	25,053
-	-	708	-	-	-
-	-	-	-	75,132	-
31	-	598,156	663,928	450,944	-
1,923,069	1,059,317	560,243	38,500	-	-
-	-	-	-	-	-
-	279,970	210,852	-	-	-
<u>2,150,810</u>	<u>1,660,378</u>	<u>2,126,430</u>	<u>2,741,735</u>	<u>1,137,454</u>	<u>28,542</u>
-	172,411	192,159	-	2,606,861	136,331
-	-	-	-	-	-
-	-	-	-	-	-
-	187,141	229,464	187,274	-	-
-	-	-	-	-	-
4,631,434	2,952,032	2,610,929	-	-	-
-	-	-	-	-	-
-	-	-	-	9,452,132	2,610,023
<u>4,631,434</u>	<u>3,311,584</u>	<u>3,032,552</u>	<u>187,274</u>	<u>12,058,993</u>	<u>2,746,354</u>
<u>\$ 6,782,244</u>	<u>\$ 4,971,962</u>	<u>\$ 5,158,982</u>	<u>\$ 2,929,009</u>	<u>\$ 13,196,447</u>	<u>\$ 2,774,896</u>

	TRANSPORTATION TRUST	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Equity in pooled cash and equivalents	\$ 6,805,303	\$ 8,972,361	\$ 71,732,477
Cash with claims administrator	-	19,130	69,130
Other cash and equivalents	-	9,171,219	11,708,060
Sinking fund cash and equivalents	-	3,549,139	3,549,139
Investments	14,767,386	1,328,846	18,266,374
Accounts receivable	70	99,681	3,896,570
Allowance for estimated uncollectables	-	-	(2,539,300)
Assessment receivable	-	-	174,593
Due from other funds	225,943	1,188,936	11,665,724
Due from other governments	-	3,733,641	12,023,156
Due from individuals	-	418	418
Inventories	-	-	585,323
Prepaid Items	-	56,008	106,008
Total assets	<u>\$ 21,798,702</u>	<u>\$ 28,119,379</u>	<u>\$ 131,237,672</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,378	\$ 1,872,727	\$ 8,632,634
Contracts payable	360,439	91,772	1,568,407
Due to Collection Agent	-	-	708
Due to individuals	-	711,607	787,239
Due to other funds	-	8,305,110	11,803,687
Due to other governments	100	1,323,887	5,121,298
Deposits	-	3,575	32,964
Unearned revenue	-	1,488,860	2,804,117
Total liabilities	<u>362,917</u>	<u>13,797,538</u>	<u>30,751,054</u>
Fund balances reserved for:			
Encumbrances	1,212,700	1,287,838	6,402,023
Debt service	-	3,549,139	3,549,139
Records modernization	-	1,042,322	1,042,322
Inventory & prepaid items	-	56,008	691,331
Unreserved-undesignated, reported in:			
General fund	-	-	16,831,069
Special revenue funds	-	7,802,887	39,101,847
Debt service funds	-	583,647	583,647
Capital project funds	20,223,085	-	32,285,240
Total fund balances	<u>21,435,785</u>	<u>14,321,841</u>	<u>100,486,618</u>
Total liabilities and fund balances	<u>\$ 21,798,702</u>	<u>\$ 28,119,379</u>	<u>\$ 131,237,672</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
September 30, 2006

	GOVERNMENTAL FUNDS	COMPONENT UNITS
Fund balances – total governmental funds (page 28) and component units (page 135)	\$ 100,486,618	\$323,793
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.	471,602,776	-
Long-term liabilities \$93,546,304 less deferred charges \$812,547 are not due and payable in the current period and therefore are not reported in fund statements.	(92,733,757)	(4)
Accrued general long-term debt interest expenses are not financial uses and therefore are not reported in the fund statements.	(528,834)	-
Gas Tax, Sales Tax, and Discretionary Sales Tax receivables are not financial resources in the current period and therefore are reported as unearned revenues.	2,639,723	-
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.	11,980,270	-
Prepaid Items originally expensed in full, reclassified as an asset.	686,155	-
Net Assets of governmental activities and component units (page 23)	\$ 494,132,951	\$ 323,789

*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, 2006

	GENERAL	CHOICES	MSTU UNINCORPORATED SERVICES	MSTU LAW ENFORCEMENT
REVENUES				
Taxes	\$ 83,075,189	\$ 11,786,088	\$ 13,186,948	\$ 13,521,473
Licenses and permits	354,848	-	264,982	-
Intergovernmental	5,580,174	-	730,692	-
Charges for services	3,315,261	-	101,470	-
Fines and forfeitures	69,791	-	-	-
Investment income	376,004	580,773	146,850	184,460
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	2,330,680	-	-	-
Total revenues	<u>95,101,947</u>	<u>12,366,861</u>	<u>14,430,942</u>	<u>13,705,933</u>
EXPENDITURES				
Current:				
General government	18,236,790	-	1,776,779	154,222
Public safety	6,147,372	-	476,179	-
Physical environment	1,549,655	-	410,320	-
Transportation	-	-	498,563	-
Economic environment	1,265,668	-	796,275	-
Human services	10,451,321	689,632	-	-
Culture and recreation	1,165,250	-	401,500	-
Court cost	6,445,737	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Excess fees distributed to State	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>45,261,793</u>	<u>689,632</u>	<u>4,359,616</u>	<u>154,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>49,840,154</u>	<u>11,677,229</u>	<u>10,071,326</u>	<u>13,551,711</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	13,445,720	-	829,858	785,288
Transfers out	(59,958,790)	-	(10,794,987)	(14,146,055)
Debt proceeds	-	-	-	-
Discount on debt proceeds	-	-	-	-
Proceeds from the sale of capital assets	18,583	-	-	-
Total other financing sources and uses	<u>(46,494,487)</u>	<u>-</u>	<u>(9,965,129)</u>	<u>(13,360,767)</u>
Net change in fund balances	<u>3,345,667</u>	<u>11,677,229</u>	<u>106,197</u>	<u>190,944</u>
Fund balances - beginning - as previously reported	14,111,489	7,348,210	1,514,009	1,456,967
Prior period adjustment (see Note XII. C. pg. 85)	-	(989,911)	-	-
Fund balances - beginning - as restated	<u>14,111,489</u>	<u>6,358,299</u>	<u>1,514,009</u>	<u>1,456,967</u>
Fund balances - ending	<u>\$ 17,457,156</u>	<u>\$ 18,035,528</u>	<u>\$ 1,620,206</u>	<u>\$ 1,647,911</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
\$ -	\$ 4,628,515	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	1,818,860	3,991,981	-	893,749	5,668,379
149,139	280,537	6,498,753	-	1,022,699	-
-	-	657,623	-	-	550
256,401	515	84,159	-	286,237	295,137
3,942,174	-	-	-	1,769,238	-
-	-	-	-	72,600	1,000
78,258	71,416	4,523	-	4,650	23,194
4,425,972	6,799,843	11,237,039	-	4,049,173	5,988,260
-	-	-	-	-	-
-	-	22,045,376	55,267,143	-	-
3,784,986	177,411	-	-	-	-
-	7,985,399	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,534,772	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	6,365,272	25,071,377
3,784,986	8,162,810	22,045,376	57,801,915	6,365,272	25,071,377
640,986	(1,362,967)	(10,808,337)	(57,801,915)	(2,316,099)	(19,083,117)
18,692	4,485,300	17,618,415	58,103,949	4,328,351	6,600
-	(2,530,367)	(7,445,059)	(381,373)	-	-
-	-	-	-	-	13,231,799
-	-	-	-	-	-
3,600	62,294	-	75,424	-	-
22,292	2,017,227	10,173,356	57,798,000	4,328,351	13,238,399
663,278	654,260	(634,981)	(3,915)	2,012,252	(5,844,718)
3,968,156	2,657,324	3,667,533	191,189	10,046,741	8,591,072
-	-	-	-	-	-
3,968,156	2,657,324	3,667,533	191,189	10,046,741	8,591,072
\$ 4,631,434	\$ 3,311,584	\$ 3,032,552	\$ 187,274	\$ 12,058,993	\$ 2,746,354

ALACHUA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	TRANSPORTATION TRUST	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ -	\$ 5,202,064	\$ 131,400,277
Licenses and permits	-	217,819	837,649
Intergovernmental	-	21,861,131	40,544,966
Charges for services	-	15,794,677	27,162,536
Fines and forfeitures	-	2,390,025	3,117,989
Investment income	371,913	3,765,748	6,348,197
Special assessments	-	48,573	5,759,985
Private donations	-	185,155	258,755
Miscellaneous	-	407,752	2,920,473
Total revenues	<u>371,913</u>	<u>49,872,944</u>	<u>218,350,827</u>
EXPENDITURES			
Current: General government	-	13,988,780	34,156,571
Public safety	-	6,338,932	90,275,002
Physical environment	-	976,663	6,899,035
Transportation	-	-	8,483,962
Economic environment	-	2,539,636	4,601,579
Human services	-	1,395,328	12,536,281
Culture and recreation	-	9,132	1,575,882
Court cost	-	7,699,508	16,680,017
Debt service			
Principal	-	2,855,000	2,855,000
Interest and fiscal charges	-	3,433,200	3,433,200
Excess fees distributed to State	-	842,744	842,744
Capital outlay	5,405,182	-	36,841,831
Total expenditures	<u>5,405,182</u>	<u>40,078,923</u>	<u>219,181,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,033,269)</u>	<u>9,794,021</u>	<u>(830,277)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,530,367	10,354,753	112,507,293
Transfers out	-	(17,425,776)	(112,682,407)
Debt Proceeds	15,000,000	468,201	28,700,000
Discount on debt proceeds	-	(44,853)	(44,853)
Proceeds from the sale of capital assets	-	-	159,901
Total other financing sources and uses	<u>17,530,367</u>	<u>(6,647,675)</u>	<u>28,639,934</u>
Net change in fund balances	<u>12,497,098</u>	<u>3,146,346</u>	<u>27,809,657</u>
Fund balances - beginning - as previously reported	8,938,687	11,175,495	73,666,872
Prior period adjustment (see Note XII. C. pg. 85)	-	-	(989,911)
Fund balances - beginning - as restated	<u>8,938,687</u>	<u>11,175,495</u>	<u>72,676,961</u>
Fund balances - ending	<u>\$ 21,435,785</u>	<u>\$ 14,321,841</u>	<u>\$ 100,486,618</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, 2006

	GOVERNMENTAL FUNDS	COMPONENT UNITS
Net change in fund balances – total governmental funds (page 32) total component units (page 136)	\$ 27,809,657	\$ 38,317
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 capital outlay expenditures of \$39,812,201 exceeded depreciation (\$22,529,563) in the current period.	17,282,638	-
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.	11,227,641	-
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.	(123,526)	-
Debt proceeds (\$28,700,000 less \$44,853 discount on long-term debt) provide current financial resources to governmental funds, but debt increases long-term liabilities in the Statement of Net Assets	(28,655,147)	-
Repayments of bond and note principal (\$2,855,000 less \$57,556 discount and premium expenses \$6,000 plus \$283,303 deferred charges) are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	3,086,747	-
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.	(979,950)	36
Internal service funds are used by management to charge the costs of insurance, computer replacement, fleet services, and telephone services to individual funds. \$1,929,536 of total net operating gain for internal service funds is reported with governmental activities.	1,929,536	-
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.	(126,364)	-
Prepaid Items originally expensed in full, reclassified as an asset.	279,546	-
Changes in net assets of governmental activities and component units (page 25)	\$ 31,730,778	\$ 38,353

*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, 2006

	BUDGETED AMOUNTS			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 82,218,787	\$ 82,218,787	\$ 83,075,189	\$ 856,402
Licenses and permits	290,998	290,998	354,848	63,850
Intergovernmental	5,091,565	5,091,565	5,580,174	488,609
Charges for services	3,264,725	3,286,748	3,315,261	28,513
Fines and forfeitures	25,713	25,713	69,791	44,078
Investment income	31,000	31,000	376,004	345,004
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	2,143,349	2,143,349	2,330,680	187,331
Total revenue	<u>93,066,137</u>	<u>93,088,160</u>	<u>95,101,947</u>	<u>2,013,787</u>
EXPENDITURES				
Current:				
General government	21,391,789	19,019,141	18,236,790	782,351
Public safety	4,247,689	6,712,776	6,147,372	565,404
Physical environment	1,688,312	1,777,183	1,549,655	227,528
Transportation	-	-	-	-
Economic environment	174,969	1,567,098	1,265,668	301,430
Human services	8,580,908	11,571,208	10,451,321	1,119,887
Culture and recreation	1,266,529	1,305,715	1,165,250	140,465
Court cost	6,054,466	6,949,745	6,445,737	504,008
Reserve for contingency	4,140,020	1,743,935	-	1,743,935
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>47,544,682</u>	<u>50,646,801</u>	<u>45,261,793</u>	<u>5,385,008</u>
Excess of revenues over expenditures	<u>45,521,455</u>	<u>42,441,359</u>	<u>49,840,154</u>	<u>7,398,795</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	8,101,526	8,961,526	13,445,720	4,484,194
Transfers out	(59,144,081)	(60,176,858)	(59,958,790)	218,068
Proceeds from the sale of fixed assets	16,926	16,926	18,583	1,657
Total other financing sources and uses	<u>(51,025,629)</u>	<u>(51,198,406)</u>	<u>(46,494,487)</u>	<u>4,703,919</u>
Net change in fund balances	(5,504,174)	(8,757,047)	3,345,667	12,102,714
Fund balances - beginning	<u>5,504,174</u>	<u>8,757,047</u>	<u>14,111,489</u>	<u>5,354,442</u>
Fund balances ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,457,156</u>	<u>\$ 17,457,156</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
CHOICES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	BUDGETED AMOUNTS			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 6,980,045	\$ 6,980,045	\$ 11,786,088	\$ 4,806,043
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	580,773	580,773
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>6,980,045</u>	<u>6,980,045</u>	<u>12,366,861</u>	<u>5,386,816</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	6,980,045	6,994,424	689,632	6,304,792
Culture and recreation	-	-	-	-
Court cost	-	-	-	-
Reserve for contingency	-	7,333,831	-	7,333,831
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>6,980,045</u>	<u>14,328,255</u>	<u>689,632</u>	<u>13,638,623</u>
Excess of revenues over expenditures	<u>-</u>	<u>(7,348,210)</u>	<u>11,677,229</u>	<u>19,025,439</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	<u>-</u>	<u>(7,348,210)</u>	<u>11,677,229</u>	<u>19,025,439</u>
Fund balances - beginning - as previously reported	-	7,348,210	7,348,210	-
Prior period adjustment (see Note XII. C. pg. 85)	-	-	(989,911)	(989,911)
Fund balances - beginning - as restated	<u>-</u>	<u>-</u>	<u>6,358,299</u>	<u>(989,911)</u>
Fund balances ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,035,528</u>	<u>\$ 18,035,528</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, 2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 13,129,819	\$ 13,129,819	\$ 13,186,948	\$ 57,129
Licenses and permits	223,000	223,000	264,982	41,982
Intergovernmental	1,016,500	1,016,500	730,692	(285,808)
Charges for services	129,250	129,250	101,470	(27,780)
Fines and forfeitures	-	-	-	-
Investment income	25,838	25,838	146,850	121,012
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>14,524,407</u>	<u>14,524,407</u>	<u>14,430,942</u>	<u>(93,465)</u>
EXPENDITURES				
Current:				
General government	2,873,919	2,058,268	1,776,779	281,489
Public safety	514,528	575,563	476,179	99,384
Physical environment	440,999	440,999	410,320	30,679
Transportation	483,369	701,064	498,563	202,501
Economic environment	-	920,993	796,275	124,718
Human services	216,000	-	-	-
Culture and recreation	401,500	401,500	401,500	-
Court cost	-	-	-	-
Reserve for contingency	624,841	524,671	-	524,671
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>5,555,156</u>	<u>5,623,058</u>	<u>4,359,616</u>	<u>1,263,442</u>
Excess of revenues over expenditures	<u>8,969,251</u>	<u>8,901,349</u>	<u>10,071,326</u>	<u>1,169,977</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	818,420	818,420	829,858	11,438
Transfers out	(10,767,671)	(10,813,671)	(10,794,987)	18,684
Proceeds from the sale of fixed assets	-	-	-	-
Total other financing sources and uses	<u>(9,949,251)</u>	<u>(9,995,251)</u>	<u>(9,965,129)</u>	<u>30,122</u>
Net change in fund balances	(980,000)	(1,093,902)	106,197	1,200,099
Fund balances - beginning	<u>980,000</u>	<u>1,093,902</u>	<u>1,514,009</u>	<u>420,107</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,620,206</u>	<u>\$ 1,620,206</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 - LAW ENFORCEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	BUDGETED AMOUNTS			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 13,452,127	\$ 13,452,127	\$ 13,521,473	\$ 69,346
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	25,838	25,838	184,460	158,622
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>13,477,965</u>	<u>13,477,965</u>	<u>13,705,933</u>	<u>227,968</u>
EXPENDITURES				
Current:				
General government	228,109	228,109	154,222	73,887
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Court cost	-	-	-	-
Reserve for contingency	966,871	966,871	-	966,871
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>1,194,980</u>	<u>1,194,980</u>	<u>154,222</u>	<u>1,040,758</u>
Excess of revenues over expenditures	<u>12,282,985</u>	<u>12,282,985</u>	<u>13,551,711</u>	<u>1,268,726</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	779,580	779,580	785,288	5,708
Transfers out	(13,645,051)	(14,146,055)	(14,146,055)	-
Proceeds from the sale of fixed assets	-	-	-	-
Total other financing sources and uses	<u>(12,865,471)</u>	<u>(13,366,475)</u>	<u>(13,360,767)</u>	<u>5,708</u>
Net change in fund balances	(582,486)	(1,083,490)	190,944	1,274,434
Fund balances - beginning	<u>582,486</u>	<u>1,083,490</u>	<u>1,456,967</u>	<u>373,477</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,647,911</u>	<u>\$ 1,647,911</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
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	91,000	91,000	149,139	58,139
Fines and forfeitures	-	-	-	-
Investment income	85,200	85,200	256,401	171,201
Special assessments	4,034,603	4,034,603	3,942,174	(92,429)
Private donations	-	-	-	-
Miscellaneous	-	-	78,258	78,258
Total revenues	<u>4,210,803</u>	<u>4,210,803</u>	<u>4,425,972</u>	<u>215,169</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	3,530,227	3,830,227	3,784,986	45,241
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Court cost	-	-	-	-
Reserve for contingency	692,576	2,282,839	-	2,282,839
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>4,222,803</u>	<u>6,113,066</u>	<u>3,784,986</u>	<u>2,328,080</u>
Excess (deficiency) of revenues over (under)expenditures	<u>(12,000)</u>	<u>(1,902,263)</u>	<u>640,986</u>	<u>2,543,249</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	12,000	12,000	18,692	6,692
Transfers out	-	-	-	-
Proceeds from the sale of capital assets	-	-	3,600	3,600
Total other financing sources and uses	<u>12,000</u>	<u>12,000</u>	<u>22,292</u>	<u>10,292</u>
Net change in fund balances	-	(1,890,263)	663,278	2,553,541
Fund balance - beginning	-	1,890,263	3,968,156	2,077,893
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,631,434</u>	<u>\$ 4,631,434</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
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 5,050,002	\$ 4,096,682	\$ 4,628,515	\$ 531,833
Licenses and permits	-	-	-	-
Intergovernmental	4,200,001	1,056,326	1,818,860	762,534
Charges for services	53,500	53,500	280,537	227,037
Fines and forfeitures	-	-	-	-
Investment income	-	-	515	515
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	1,000	1,000	71,416	70,416
Total revenues	<u>9,304,503</u>	<u>5,207,508</u>	<u>6,799,843</u>	<u>1,592,335</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	137,600	177,500	177,411	89
Transportation	8,624,088	9,503,243	7,985,399	1,517,844
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Court cost	-	-	-	-
Reserve for contingency	942,815	1,034,887	-	1,034,887
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>9,704,503</u>	<u>10,715,630</u>	<u>8,162,810</u>	<u>2,552,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(400,000)</u>	<u>(5,508,122)</u>	<u>(1,362,967)</u>	<u>4,145,155</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000,000	5,627,362	4,485,300	(1,142,062)
Transfers out	(3,000,000)	(2,530,367)	(2,530,367)	-
Proceeds from the sale of fixed assets	100,000	100,000	62,294	(37,706)
Total other financing sources and uses	<u>(900,000)</u>	<u>3,196,995</u>	<u>2,017,227</u>	<u>(1,179,768)</u>
Net change in fund balances	(1,300,000)	(2,311,127)	654,260	2,965,387
Fund balances - beginning	<u>1,300,000</u>	<u>2,311,127</u>	<u>2,657,324</u>	<u>346,197</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,311,584</u>	<u>\$ 3,311,584</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
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	3,525,858	3,393,237	3,991,981	598,744
Charges for services	6,720,523	6,720,523	6,498,753	(221,770)
Fines and forfeitures	582,000	582,000	657,623	75,623
Investment income	23,000	23,000	84,159	61,159
Special assessments	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	13,000	13,000	4,523	(8,477)
Total revenues	<u>\$ 10,864,381</u>	<u>\$ 10,731,760</u>	<u>\$ 11,237,039</u>	<u>505,279</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	22,481,525	23,405,059	22,045,376	1,359,683
Physical environment	1,900	1,900	-	1,900
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Court cost	-	-	-	-
Reserve for contingency	800,412	800,412	-	800,412
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>23,283,837</u>	<u>24,207,371</u>	<u>22,045,376</u>	<u>2,161,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,419,456)</u>	<u>(13,475,611)</u>	<u>(10,808,337)</u>	<u>2,667,274</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	17,338,911	17,538,911	17,618,415	79,504
Transfers out	(6,700,026)	(7,560,026)	(7,445,059)	114,967
Proceeds from the sale of fixed assets	-	-	-	-
Total other financing sources and uses	<u>10,638,885</u>	<u>9,978,885</u>	<u>10,173,356</u>	<u>194,471</u>
Net change in fund balances	(1,780,571)	(3,496,726)	(634,981)	2,861,745
Fund balances - beginning	<u>1,780,571</u>	<u>3,496,726</u>	<u>3,667,533</u>	<u>170,807</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,032,552</u>	<u>\$ 3,032,552</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, 2006

	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	55,467,541	55,595,062	55,267,143	327,919
Physical environment	-	-	-	-
Transportation	-	-	-	-
Tourist development	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Court cost	2,580,264	2,534,772	2,534,772	-
Reserve for contingency	-	-	-	#VALUE!
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	58,047,805	58,129,834	57,801,915	#VALUE!
Excess (deficiency) of revenues over (under) expenditures	(58,047,805)	(58,129,834)	(57,801,915)	327,919
OTHER FINANCING SOURCES (USES)				
Transfers in	58,103,949	58,103,949	58,103,949	-
Transfers out	(56,144)	(49,539)	(381,373)	(331,834)
Proceeds from the sale of capital assets	-	75,424	75,424	-
Total other financing sources and uses	58,047,805	58,129,834	57,798,000	(331,834)
Net change in fund balances	-	-	(3,915)	(3,915)
Fund balances - beginning	-	-	191,189	191,189
Fund balances - ending	\$ -	\$ -	\$ 187,274	\$ 187,274

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

ALACHUA COUNTY, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2006

	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	\$ 5,237,807	\$ 1,222,084	\$ 6,459,891	\$ 16,208,111
Cash with claims administrator	-	-	-	182,712
Accounts receivable	1,155,057	12,588	1,167,645	98,024
Due from other funds	90,114	-	90,114	48,005
Due from other governments	37,647	562	38,209	2,666
Inventories	-	-	-	158,820
Total current assets	<u>6,520,625</u>	<u>1,235,234</u>	<u>7,755,859</u>	<u>16,698,338</u>
Noncurrent assets:				
Restricted assets:				
Equity in pooled cash and equivalents	2,288,894	-	2,288,894	-
Investments	2,626,501	-	2,626,501	-
Total restricted assets	<u>4,915,395</u>	<u>-</u>	<u>4,915,395</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	2,738,150	53,922	2,792,072	10,518,467
Less accumulated depreciation	(10,985,206)	(13,280)	(10,998,486)	(6,545,995)
Total capital assets (net of depreciation)	<u>10,912,933</u>	<u>40,642</u>	<u>10,953,575</u>	<u>3,973,696</u>
Total noncurrent assets	<u>15,828,328</u>	<u>40,642</u>	<u>15,868,970</u>	<u>3,973,696</u>
Total assets	<u>22,348,953</u>	<u>1,275,876</u>	<u>23,624,829</u>	<u>20,672,034</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	713,880	94,003	807,883	1,669,902
Contracts payable	50,690	-	50,690	-
Unearned revenue	-	-	-	18,720
Due to individuals	265	35	300	-
Due to other funds	156	-	156	-
Due to other governments	9,202	7,489	16,691	1,520
Deposits	76,579	-	76,579	-
Accrued compensated absences of one year or less	142,489	111,220	253,709	83,943
Estimated liability for self insured losses	-	-	-	6,816,903
Total current liabilities	<u>993,261</u>	<u>212,747</u>	<u>1,206,008</u>	<u>8,590,988</u>
Noncurrent liabilities:				
Accrued compensated absences of more than one year	185,092	140,591	325,683	100,776
Noncurrent liabilities (payable from restricted assets):				
Accrued landfill closure cost	9,330,691	-	9,330,691	-
Total noncurrent liabilities	<u>9,515,783</u>	<u>140,591</u>	<u>9,656,374</u>	<u>100,776</u>
Total liabilities	<u>10,509,044</u>	<u>353,338</u>	<u>10,862,382</u>	<u>8,691,764</u>
NET ASSETS				
Invested in capital assets	10,912,933	40,642	10,953,575	3,973,696
Restricted for annual landfill closure cost	261,077	-	261,077	-
Unrestricted	665,899	881,896	1,547,795	8,006,574
Total net assets	<u>\$ 11,839,909</u>	<u>\$ 922,538</u>	<u>\$ 12,762,447</u>	<u>\$ 11,980,270</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, 2006

	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	\$ 8,086,697	\$ 9,480	\$ 8,096,177	\$ 22,542,081
Fines and forfeitures	-	39,657	39,657	-
Licenses and permits	-	1,685,948	1,685,948	-
Special assessments	3,188,355	-	3,188,355	-
Miscellaneous revenue	242,716	24,225	266,941	798,837
Total operating revenues	<u>11,517,768</u>	<u>1,759,310</u>	<u>13,277,078</u>	<u>23,340,918</u>
Operating expenses:				
Personal services	2,509,488	1,484,120	3,993,608	1,439,428
Depreciation	623,888	4,480	628,368	1,014,478
Indirect costs	555,640	68,836	624,476	409,564
Supplies and materials	495,168	64,293	559,461	2,165,803
Other services and charges	7,921,396	232,212	8,153,608	2,332,644
Claims and losses	-	-	-	14,198,794
Total operating expenses	<u>12,105,580</u>	<u>1,853,941</u>	<u>13,959,521</u>	<u>21,560,711</u>
Operating income (loss)	<u>(587,812)</u>	<u>(94,631)</u>	<u>(682,443)</u>	<u>1,780,207</u>
Nonoperating revenues (expenses):				
Intergovernmental revenue	406	-	406	-
Taxes	422,502	-	422,502	-
Net gain (loss) on disposal of capital assets	71,303	-	71,303	(3,905)
Investment Income	505,297	-	505,297	153,234
Total nonoperating revenues (expenses)	<u>999,508</u>	<u>-</u>	<u>999,508</u>	<u>149,329</u>
Income before transfers	<u>411,696</u>	<u>(94,631)</u>	<u>317,065</u>	<u>1,929,536</u>
Transfers:				
Transfers in	175,114	-	175,114	-
Total transfers	<u>175,114</u>	<u>-</u>	<u>175,114</u>	<u>-</u>
Change in net assets	<u>586,810</u>	<u>(94,631)</u>	<u>492,179</u>	<u>1,929,536</u>
Total net assets - beginning - as previously reported	11,254,198	1,017,169	12,271,367	10,121,603
Change in Accounting Principal (see Note XII, page 85)	(1,099)	-	(1,099)	(70,869)
Total net assets - beginning - as restated	<u>11,253,099</u>	<u>1,017,169</u>	<u>12,270,268</u>	<u>10,050,734</u>
Total net assets - ending	<u>\$ 11,839,909</u>	<u>\$ 922,538</u>	<u>\$ 12,762,447</u>	<u>\$ 11,980,270</u>

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, 2006

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	400 SOLID WASTE SYSTEM	NONMAJOR PROPRIETARY FUND	ENTERPRISE FUNDS	
		410 CODES ENFORCEMENT	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for services	\$ 7,638,351	\$ 1,689,271	\$ 9,327,622	\$ 22,380,357
Cash received from special assessments & fines and forfeitures	3,188,355	39,657	3,228,012	-
Miscellaneous cash receipts	242,754	24,224	266,978	798,837
Cash paid to outside parties	(9,286,585)	(332,097)	(9,618,682)	(16,139,102)
Cash paid to employees	(2,466,052)	(1,466,673)	(3,932,725)	(1,424,292)
Net cash provided by operating activities	(683,177)	(45,618)	(728,795)	5,615,800
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	175,114	-	175,114	-
Due from other funds	59,540	-	59,540	(6,672)
Due from other governments	(1,201)	149	(1,052)	2,598
Taxes	422,502	-	422,502	-
Intergovernmental revenue	406	-	-	-
Net cash provided (used) by noncapital & related financing activities	656,361	149	656,510	(4,074)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Payments for capital assets	(534,208)	(39,375)	(573,583)	(2,449,077)
Proceeds from sale of capital assets	107,775	-	107,775	24,975
Net cash provided (used) by capital & related financing activities	(426,433)	(39,375)	(465,808)	(2,424,102)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	505,295	-	505,295	153,235
Proceeds (purchase) of investment	(121,105)	-	(121,105)	-
Net cash provided by investing activities	384,190	-	384,190	153,235
Net increase (decrease) in cash and cash equivalents	(69,059)	(84,844)	(153,903)	3,340,859
Cash and cash equivalents, October 1, 2005	7,595,760	1,306,928	8,902,688	13,049,964
Cash and cash equivalents, September 30, 2006	<u>\$ 7,526,701</u>	<u>\$ 1,222,084</u>	<u>\$ 8,748,785</u>	<u>\$ 16,390,823</u>
Cash and cash equivalents classified as:				
Equity in pooled cash and equivalents	\$ 5,237,807	\$ 1,222,084	\$ 6,459,891	\$ 16,208,111
Cash with claims administrator	2,288,894	-	2,288,894	182,712
Restricted cash and equivalents	-	-	-	-
Total	<u>\$ 7,526,701</u>	<u>\$ 1,222,084</u>	<u>\$ 8,748,785</u>	<u>\$ 16,390,823</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (587,812)	\$ (94,631)	\$ (682,443)	\$ 1,780,207
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	623,888	4,479	628,367	1,014,478
(Decrease) in estimated landfill closure cost	(216,940)	-	(216,940)	-
Increase in estimated liability for self insured losses	-	-	-	1,546,877
(Increase) in accounts receivable	(447,146)	(6,157)	(453,303)	(180,444)
(Decrease) in user deposits	(1,200)	-	(1,200)	-
Increase in accrued compensated absences	43,436	17,447	60,883	15,136
Increase in unearned revenue	-	-	-	18,720
(Increase) in inventories	-	-	-	(504)
Increase (decrease) in accounts payable	(97,403)	33,244	(64,159)	1,421,330
Total adjustments	(95,365)	49,013	(46,352.00)	3,835,593
Net cash provided (used) by operating activities	<u>\$ (683,177)</u>	<u>\$ (45,618)</u>	<u>\$ (728,795)</u>	<u>\$ 5,615,800</u>

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

ALACHUA COUNTY, FLORIDA
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2006

	AGENCY FUNDS
ASSETS	
Equity in pooled cash and equivalents	\$ 677,835
Other cash and equivalents	7,540,331
Investments	4,352,821
Accounts receivable	7,806
Due from individuals	15,792
Due from other governments	158,111
	<hr/>
Total assets	12,752,696
LIABILITIES	
Accounts payable	9,542
Due to individuals	7,396,562
Due to other governments	1,436,614
Deposits held in escrow	703,157
Deposits - installment taxes	3,206,821
	<hr/>
Total liabilities	12,752,696
	<hr/>
TOTAL NET ASSETS	\$ -

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

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ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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 funded 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, 2006

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, 2006, 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, 2006

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. The Board of County Commissioners has changed the requirements of the funds, which allows more residents to qualify.

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. The Sheriff's Law Enforcement services are accounted for in *MSTU 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, 2006

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, Legacy Land purchases and major transportation expenditures).

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 and from Gas Tax Revenue Bonds, Series 2006. 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, closure of landfills, and collection activities outside the mandated designated Alachua County collection area.

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 the County receives cash.

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, 2006

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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. Operating expenses include those costs associated with the principal activities of the funds; currently there are no non-operating expenses in the County's proprietary funds

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 include 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 2006. 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.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets - Continued

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”.

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, veterinary and 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. A portion of net assets is restricted for current annual closure costs. 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, storm water drainage and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Alachua County defines capital assets to include items of a nonconsumable nature with a value of at least \$1,000 and a life of one year or more. Beginning October 1, 2005 of this fiscal year, the capital threshold changed from \$750 to \$1,000 and assets costing \$736,704 with a net book value of \$196,734 were removed from governmental and proprietary fund assets.

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.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Assets, Liabilities, and Net Assets – Continued

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. Under Florida Law, the Sheriff is accountable for maintaining capital asset records for equipment used in his operations.

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

<u>ASSETS</u>	<u>YEARS</u>
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 sets 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. Unearned Revenue

The unearned revenues will be recognized as revenue in the fiscal year that they are earned, in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent 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 2006, 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 and the Health 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, 2006

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 \$100,486,618 differs from net assets of governmental activities of \$494,132,951 reported in the Statement of Net Assets. This difference 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	\$ 805,211,038
Accumulated depreciation	(333,608,262)
Total capital assets added	<u>\$ 471,602,776</u>

Long-term Debt Transactions

Deferred Charges of \$812,547 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	\$ 208,526
1999 Public Improvement Revenue Bonds	189,378
2003 Alachua County Forever General Obligation Bonds	95,101
2006 Alachua County Gas Tax Revenue Bonds	319,542
Total deferred charges added	<u>\$ 812,547</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, 2006 were:

Bonds payable – 1995 Public Improvement Revenue Refunding	\$ 28,950,000
Less: Discount	(705,331)
Bonds payable – 1999 Public Improvement Revenue Bonds	14,375,000
Less: Discount	(201,355)
Bonds payable – 2003 Alachua County Forever General Obligation Bonds	10,265,000
Plus: Premium	41,003
Bond Payable – 2006 Alachua County Gas Tax Revenue Bonds	15,400,000
Less: Discount	(43,634)
Pooled Commercial Paper Program	13,300,000
Compensated absences	12,165,621
Total long-term liabilities added	<u>\$ 93,546,304</u>

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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	\$ 248,380
Interest Payable – 1999 Public Improvement Revenue Bonds	123,868
Interest Payable – 2003 Alachua County Forever General Obligation Bonds	56,798
Interest Payable – 2006 Alachua County Gas Tax Revenue Bonds	99,788
Total accrued interest added	<u>\$ 528,834</u>

Unearned Revenues

Unearned 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 unearned revenues. However, unearned revenues in governmental funds are subject to full accrual on government-wide financial statements.

Unearned revenues reduced	<u>\$ 2,639,723</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, group health insurance 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>\$ 11,980,270</u>
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Elimination of Interfund Receivables/Payables

Interfund receivables and payables in the amount of \$11,713,573 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>\$ 686,155</u>
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ALACHUA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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	\$ 71,732,477	\$ -	\$ -
Cash with claims administrator	69,130	-	-
Other cash and equivalents	11,708,060	-	-
Sinking fund cash & equivalents	3,549,139	-	-
Investments	18,266,374	-	-
Receivables (net)	1,532,281	-	-
Due from other funds	11,665,724	-	-
Due from other governments	12,023,156	-	-
Inventories	585,323	-	-
Prepaid items	106,008	-	-
Deferred charges	-	-	812,547
Capital assets - net	-	471,602,776	-
Total assets	<u>\$ 131,237,672</u>	<u>\$ 471,602,776</u>	<u>\$ 812,547</u>

LIABILITIES & FUND BALANCES

Liabilities:

Accounts payable	\$ 9,420,581	\$ -	\$ -
Contracts payable	1,568,407	-	-
Accrued interest payable	-	-	-
Estimated liability for self insurance loss	-	-	-
Due to other funds	11,803,687	-	-
Due to other governments	5,121,298	-	-
Due to component units	-	-	-
Deposits	32,964	-	-
Deposits held in escrow	-	-	-
Unearned revenue	2,804,117	-	-
Accrued compensated absences	-	-	12,165,621
Capital leases	-	-	-
Bonds and notes payable (net)	-	-	81,380,683
Total liabilities	<u>30,751,054</u>	<u>0</u>	<u>\$93,546,304</u>

Fund balances/net assets 100,486,618 471,602,776 (92,733,757)

Total liabilities and fund balances/net assets \$ 131,237,672 \$ 471,602,776 \$ 812,547

Interest Payable	Unearned Revenues	Internal Service Funds	Reclassifications & Eliminations	Statement of Net Assets
\$ -	\$ -	\$ 16,208,111	\$ 2,393,638	\$ 90,334,226
-	-	182,712	-	251,842
-	-	-	-	11,708,060
-	-	-	(2,393,638)	1,155,501
-	-	-	-	18,266,374
-	-	98,024	-	1,630,305
-	-	48,005	(11,713,573)	156
-	-	2,666	-	12,025,822
-	-	158,820	-	744,143
-	-	-	686,155	792,163
-	-	-	-	812,547
-	-	3,973,696	-	475,576,472
\$ -	\$ -	\$ 20,672,034	\$ (11,027,418)	\$ 613,297,611

\$ -	\$ -	\$ 1,669,902	\$ -	\$ 11,090,483
-	-	-	-	1,568,407
528,834	-	-	-	528,834
-	-	6,816,903	-	6,816,903
-	-	-	(11,713,573)	90,114
-	-	1,520	-	5,122,818
-	-	-	-	-
-	-	-	-	32,964
-	-	-	-	-
-	(2,639,723)	18,720	-	183,114
-	-	184,719	-	12,350,340
-	-	-	-	-
-	-	-	-	81,380,683
\$528,834	(\$2,639,723)	\$8,691,764	(11,713,573)	119,164,660
(528,834)	2,639,723	11,980,270	686,155	494,132,951
\$ -	\$ -	\$ 20,672,034	\$ (11,027,418)	\$ 613,297,611

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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 \$27,809,657 differs from the change in net assets for governmental activities of \$31,730,778 reported in the Statement of Activities. The difference arises 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	\$ 39,812,201
Depreciation expense	<u>(22,529,563)</u>
Difference	<u>\$ 17,282,638</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	\$ 159,901
Loss	<u>(123,526)</u>
Total change	<u>\$ 36,375</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>\$ 11,227,641</u>
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Long-term Debt Transactions

In the Statement of Activities, debt and capital lease proceeds increase long-term liabilities. However, in the governmental funds, debt and capital lease proceeds are treated as other financing sources since they provide current financial resources to governmental funds.

Debt Proceeds	\$ 28,700,000
Discount on long-term debt	<u>(44,853)</u>
Total deferred charges added	<u>\$ 28,655,147</u>

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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

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	\$ (2,855,000)
Deferred charges	(283,303)
Discounts amortized	57,556
Premiums amortized	(6,000)
Total	<u>\$ (3,086,747)</u>

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	\$ 893,311
Net accrued interest payable	81,639
Net adjustment	<u>\$ 979,950</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 2006, internal service funds incurred a total operating gain of \$1,929,536.

Internal service funds allocated program expenses	\$ 16,681
Program revenues	1,759,621
Internal service funds non-operating revenues	153,234
Net change in assets	<u>\$ 1,929,536</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>\$ (126,364)</u>
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Reclassification and Eliminations

Transfers in and transfers out in the amount of \$112,682,407 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, 2006

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

	Total		
REVENUES	Governmental Funds	Capital Outlay Expenditures	Long-term Debt Transactions
Taxes	\$ 131,400,277	\$ -	\$ -
Licenses and permits	837,649	-	-
Intergovernmental	40,544,966	-	-
Charges for services	27,162,536	-	-
Fines and forfeitures	3,117,989	-	-
Investment income	6,348,197	-	-
Special assessments	5,759,985	-	-
Private donations	258,755	11,227,641	-
Miscellaneous	2,920,473	36,375	-
Total revenues	<u>218,350,827</u>	<u>11,264,016</u>	<u>0</u>
 EXPENDITURES			
Administration	43,358,835	(185,171)	(2,776,341)
Community services	14,011,303	(15,689)	-
Corrections	23,311,611	335,840	-
Courts	20,610,912	16,279	-
Culture and recreation	1,855,579	(72,846)	-
Economic environment	1,768,934	(141,702)	-
Emergency services	29,092,050	316,358	-
Environmental services	27,695,858	(25,143,948)	7,917
Growth management	3,776,658	(135,719)	-
Law enforcement	31,790,002	(1,020,698)	-
Solid waste collection	3,809,534	12,996	-
Transportation	15,046,560	8,751,662	(318,323)
Interest on long-term debt	3,053,268	-	-
Total expenditures	<u>219,181,104</u>	<u>(17,282,638)</u>	<u>(3,086,747)</u>
Excess of revenues over (under) expenditures	<u>(830,277)</u>	<u>28,546,654</u>	<u>3,086,747</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	112,507,293	-	-
Transfers out	(112,682,407)	-	-
Debt Proceeds	28,700,000	-	(28,700,000)
Discount on Long-Term Debt	(44,853)	-	44,853
Proceeds from the sale of fixed assets	159,901	(159,901)	-
Total other financing sources (uses)	<u>28,639,934</u>	<u>(159,901)</u>	<u>(28,655,147)</u>
Net change in fund balances	<u>27,809,657</u>	<u>28,386,753</u>	<u>(25,568,400)</u>
Fund balances - beginning - as previously reported	73,666,872	443,340,789	(54,999,736)
Prior period adjustment (see Note XII.C., page 85)	(989,911)	-	-
Change in Accounting Principal (see Note XII.D., page 85)	-	(124,766)	-
Fund balances - beginning - as restated	<u>72,676,961</u>	<u>443,216,023</u>	<u>(54,999,736)</u>
Fund balances at end of year	<u>\$ 100,486,618</u>	<u>\$ 471,602,776</u>	<u>\$ (80,568,136)</u>

Compensated Absences	Accrued Interest Expenses	Unearned Revenues	Internal Service Funds	Reclassifications and Eliminations	Statement of Activities
\$ -	\$ -	\$ (229,011)	\$ -	\$ -	\$ 131,171,266
-	-	-	-	-	837,649
-	-	(62,799)	-	(2,466,704)	38,015,463
-	-	165,446	1,135,672	(3,716,111)	24,747,543
-	-	-	-	-	3,117,989
-	-	-	153,234	-	6,501,431
-	-	-	-	-	5,759,985
-	-	-	-	-	11,486,396
-	-	-	623,949	(1,400,258)	2,180,539
0	0	(126,364)	1,912,855	(7,583,073)	223,818,261
168,908	-	-	1,305,984	(4,973,821)	36,898,394
51,911	-	-	(82,454)	(973)	13,964,098
84,403	-	-	(112,744)	-	23,619,110
61,286	-	-	(182,634)	(7,719)	20,498,124
3,504	-	-	(18,173)	(16,997)	1,751,067
5,477	-	-	(3,435)	-	1,629,274
173,211	-	-	(472,080)	27,526	29,137,065
34,402	-	-	(38,248)	(1,342)	2,554,639
(8,941)	-	-	(58,715)	-	3,573,283
260,880	-	-	(136,637)	(2,720,885)	28,172,662
4,993	-	-	(91,935)	(133,773)	3,601,815
58,277	-	-	(125,610)	(34,635)	23,377,931
-	81,639	-	-	-	3,134,907
898,311	81,639	0	(16,681)	(7,862,619)	191,912,369
(898,311)	(81,639)	(126,364)	1,929,536	279,546	31,905,892
-	-	-	-	(112,682,407)	(175,114)
-	-	-	-	112,682,407	0
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
0	0	0	0	0	(175,114)
(898,311)	(81,639)	(126,364)	1,929,536	279,546	31,730,778
(11,267,310)	(447,195)	1,776,176	10,121,603	406,609	462,597,808
-	-	989,911	-	-	0
-	-	-	(70,869)	-	(195,635)
(11,267,310)	(447,195)	2,766,087	10,050,734	406,609	462,402,173
\$ (12,165,621)	\$ (528,834)	\$ 2,639,723	\$ 11,980,270	\$ 686,155	\$ 494,132,951

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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, 2006

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, 2006:

	<u>Appropriations</u>	<u>Total Expenses</u>	<u>Variance with Final Budget Positive/(Negative)</u>
Enterprise Funds			
Solid Waste System	\$ 24,188,131	\$ 12,105,580	\$ 11,367,077
Codes Enforcement	2,210,170	1,853,941	356,229
Internal Service Funds			
Computer Replacement	460,000	161,349	298,651
Self Insurance	4,859,463	3,128,694	1,730,769
Fleet Management	4,027,826	3,220,837	806,989
Telephone Service	1,537,498	1,004,341	533,157
Vehicle Replacement	2,457,421	753,899	1,703,522
Health Insurance	14,096,275	13,291,591	804,684

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, 2006, 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, 2006

NOTE IV - CASH AND INVESTMENTS - Continued

A. Cash and Equivalents - Continued

The total interest earned and recorded for the County and Component Units was \$7,006,728 and \$5,363 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, 2006

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.

Investments with a fair value of \$120,038,921 at September 30, 2006 are in the State Board of Administration investment pool with an average maturity of 32 days. 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, 2006, the County had the following debt securities: \$4,981,090 of US Treasury Notes with a weighted average maturity of 0.39 years.

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

NOTE IV - CASH AND INVESTMENTS - Continued

B. Investments - Continued

CASH AND INVESTMENTS AT SEPTEMBER 30, 2006

Investment in State Board of Administration Investment Pool	\$120,038,921
Investment in US Treasury Notes	4,981,090
Cash in Banks (including CD and Public funds Interest on Checking)	<u>20,969,330</u>
TOTAL CASH AND INVESTMENTS	<u><u>\$145,989,341</u></u>

SUMMARY:	Primary Government	Component Unit	Total
Equity in pooled cash and equivalents	\$95,078,314	\$327,065	\$95,405,379
Cash with claims administrator	251,842		251,842
Other cash and equivalents	19,248,391		19,248,391
Sinking fund cash and equivalents	3,549,139		3,549,139
Investments	22,619,195		22,619,195
Restricted cash and investments	<u>4,915,395</u>		<u>4,915,395</u>
TOTAL CASH AND INVESTMENTS	<u><u>\$145,662,276</u></u>	<u><u>\$327,065</u></u>	<u><u>\$145,989,341</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.

	Sinking Fund	Landfill Post Closure
1995 Public Improvement Bond	\$ 467,547	\$ -
1999 Public Improvement Revenue Bond	181,368	-
2003 Alachua County Forever G.O.	275,965	-
2006 Public Improvement Revenue Bond	230,621	-
Solid Waste System	<u>-</u>	<u>4,915,395</u>
Total Restricted Cash and Investments	<u><u>\$ 1,155,501</u></u>	<u><u>\$ 4,915,395</u></u>

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE V - PROPERTY TAX

A. Real Property Taxes were certified on December 15, 2005. 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, 2006

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 2006 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, 2006

NOTE VI - CAPITAL ASSETS

A. **Capital asset activity** for the year ended September 30, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital not being depreciated:				
Land	\$ 20,081,665	\$ 25,262,400	\$ (450)	\$ 45,343,615
Right of way	147,485,299	2,710,195	-	150,195,494
Stormwater basins	13,008,323	-	-	13,008,323
Artwork	91,390	-	-	91,390
Construction/Purchase in progress	5,119,753	6,668,586	(297,894)	11,490,445
Total not being depreciated	<u>185,786,430</u>	<u>34,641,181</u>	<u>(298,344)</u>	<u>220,129,267</u>
Capital assets being depreciated:				
Buildings	99,317,237	175,025	-	99,492,261
Equipment	46,730,857	10,415,818	(6,117,703)	51,028,972
Improvements other than building	5,375,241	569,663	-	5,944,904
Infrastructure	428,649,436	10,485,890	-	439,135,327
Total being depreciated	<u>580,072,771</u>	<u>21,646,396</u>	<u>(6,117,703)</u>	<u>595,601,464</u>
Less accumulated depreciation for:				
Buildings	(28,966,816)	(2,155,715)	610	(31,121,921)
Equipment	(31,678,310)	(5,397,315)	3,268,739	(33,806,886)
Improvements other than building	(3,516,439)	(278,759)	-	(3,795,198)
Infrastructure	(255,718,002)	(15,712,252)	-	(271,430,254)
Total accumulated depreciation	<u>(319,879,567)</u>	<u>(23,544,041)</u>	<u>3,269,349</u>	<u>(340,154,259)</u>
Total being depreciated, net	<u>260,193,204</u>	<u>(1,897,645)</u>	<u>(2,848,354)</u>	<u>255,447,205</u>
Governmental activities capital assets, net	<u><u>\$ 445,979,634</u></u>	<u><u>\$ 32,743,536</u></u>	<u><u>\$ (3,146,698)</u></u>	<u><u>\$ 475,576,472</u></u>
Business-type activities:				
Capital not being depreciated:				
Land	\$ 3,266,279	\$ -	\$ -	\$ 3,266,279
Total not being depreciated	<u>3,266,279</u>	<u>-</u>	<u>-</u>	<u>3,266,279</u>
Capital Assets being depreciated:				
Buildings	2,751,331	-	-	2,751,331
Equipment	2,713,304	573,656	(494,887)	2,792,073
Improvements other than Building	13,142,379	-	-	13,142,379
Total being depreciated	<u>18,607,014</u>	<u>573,656</u>	<u>(494,887)</u>	<u>18,685,783</u>
Less accumulated depreciation for:				
Buildings	(574,458)	(91,373)	-	(665,831)
Equipment	(1,587,405)	(316,470)	457,316	(1,446,559)
Improvements other than Building	(8,665,571)	(220,525)	-	(8,886,096)
Total accumulated depreciation	<u>(10,827,434)</u>	<u>(628,368)</u>	<u>457,316</u>	<u>(10,998,486)</u>
Total being depreciated, net	<u>7,779,580</u>	<u>(54,712)</u>	<u>(37,571)</u>	<u>7,687,297</u>
Business-type activities capital assets, net	<u><u>\$ 11,045,859</u></u>	<u><u>\$ (54,712)</u></u>	<u><u>\$ (37,571)</u></u>	<u><u>\$ 10,953,575</u></u>

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE VI - CAPITAL ASSETS – Continued

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

Governmental Activities:

Administration	\$ 797,311
Community services	405,591
Corrections	1,065,893
Courts	677,637
Culture & recreation	239,132
Tourist development	8,439
Emergency services	962,630
Environmental services	38,707
Growth management	29,905
Law enforcement	2,058,567
Solid waste disposal	12,996
Transportation	16,232,755
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.	<u>1,014,478</u>
Total depreciation expense - governmental activities	<u>\$ 23,544,041</u>

Business-type activities:

Codes enforcement	\$ 4,480
Solid waste disposal	<u>623,888</u>
Total depreciation expense - business-type activities	<u>\$ 628,368</u>

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

NOTE VII - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Balances as of September 30, 2006, consisted of the following:

<u>DUE TO OTHER FUNDS</u>	<u>AMOUNT</u>	<u>DUE FROM OTHER FUNDS</u>
<u>GOVERNMENTAL FUNDS</u>		
General Fund	\$ 11,250	Sheriff
General Fund	973,236	Other Governmental Funds
SUBTOTAL	<u>984,486</u>	
MSTU Unincorporated Services	<u>507</u>	Other Governmental Funds
MSTU Law Enforcement	800,000	General Fund
MSTU Law Enforcement	525	Other Governmental Funds
SUBTOTAL	<u>800,525</u>	
MSBU - Refuse Collection	<u>31</u>	Other Governmental Funds
Emergency Services	<u>598,156</u>	General Fund
Sheriff	206,353	General Fund
Sheriff	65,999	MSTU - Law Enforcement
Sheriff	365,576	Emergency Services
Sheriff	26,000	Internal Service
SUBTOTAL	<u>663,928</u>	
Other Capital Projects	225,000	General Fund
Other Capital Projects	225,944	Transportation Trust Fund
SUBTOTAL	<u>450,944</u>	
Other Governmental Funds	7,166,061	General Fund
Other Governmental Funds	33,738	MSTU Unincorporated Services
Other Governmental Funds	39,063	MSTU Law Enforcement
Other Governmental Funds	18,692	MSBU Refuse Collection
Other Governmental Funds	490,404	Gas Tax Uses
Other Governmental Funds	186,959	Sheriff
Other Governmental Funds	43,593	Other Capital Projects
Other Governmental Funds	214,481	Other Governmental Funds
Other Governmental Funds	22,005	Internal Service Funds
Other Governmental Funds	90,114	Solid Waste System
SUBTOTAL	<u>8,305,110</u>	
SUBTOTAL - GOVERNMENTAL FUNDS	<u>11,803,687</u>	
<u>ENTERPRISE FUNDS</u>		
Solid Waste System	<u>156</u>	Other Governmental Funds
SUBTOTAL - ENTERPRISE FUNDS	<u>156</u>	
TOTAL ALL FUNDS	<u>\$ 11,803,843</u>	

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

NOTE VII - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS –Continued

A. Interfund Balances as of September 30, 2006 – 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, 2006, consisted of the following:

TRANSFER OUT	AMOUNT	FUND RECEIVING TRANSFER
GENERAL FUND		
General Fund	\$ 2,000,000	Gas Tax Uses
General Fund	5,734,689	Emergency Services
General Fund	9,013,641	Other Governmental Funds
General Fund	3,879,683	Other Capital Projects
General Fund	39,170,777	Sheriff
General Fund	160,000	Solid Waste
SUBTOTAL	<u>59,958,790</u>	
SPECIAL REVENUE FUNDS		
MSTU - UNINCORPORATED SERVICES		
MSTU Unincorporated Services	10,394,987	Emergency Services
MSTU Unincorporated Services	400,000	Other Capital Projects
SUBTOTAL	<u>10,794,987</u>	
MSTU - LAW ENFORCEMENT		
MSTU Law Enforcement	1,156,905	Emergency Services
MSTU Law Enforcement	461,004	Other Governmental Funds
MSTU Law Enforcement	12,528,146	Sheriff
SUBTOTAL	<u>14,146,055</u>	
GAS TAX USES		
	<u>2,530,367</u>	Transportation Trust Fund
EMERGENCY SERVICES		
Emergency Services	1,000,033	General Fund
Emergency Services	40,000	MSTU Unincorporated Services
Emergency Services	6,405,026	Sheriff
SUBTOTAL	<u>7,445,059</u>	
SHERIFF		
Sheriff	331,834	Emergency Services
Sheriff	49,539	Other Governmental Funds
SUBTOTAL	<u>381,373</u>	

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE VII - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – Continued

B. Interfund Transfers for the year ended September 30, 2006 - Continued

TRANSFER OUT	AMOUNT	FUND RECEIVING TRANSFER
OTHER GOVERNMENTAL FUNDS		
Other Governmental Funds	\$ 6,600	Alachua County Forever Legacy Lands
Other Governmental Funds	2,485,300	Gas Tax Uses
Other Governmental Funds	12,445,687	General Fund
Other Governmental Funds	18,692	MSBU
Other Governmental Funds	785,288	MSTU Law Enforcement
Other Governmental Funds	789,858	MSTU Unincorporated Services
Other Governmental Funds	48,668	Other Capital Projects
Other Governmental Funds	830,569	Other Governmental Funds
Other Governmental Funds	15,114	Solid Waste
SUBTOTAL	<u>17,425,776</u>	
TOTAL ALL FUNDS	<u>\$ 112,682,407</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, 2006 are composed of the following:

PRIMARY GOVERNMENT

\$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. \$ 10,265,000

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. 28,950,000

\$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. 14,375,000

\$15,400,000 2006 Transportation Improvement Revenue bonds, due in annual installments of \$785,000 to \$1,325,000 through 2021, interest from 3.25% to 4.125%.

Revenue Source – a pledge of the County's 5th, 6th 7th and 9th cent voted Gas Tax. 15,400,000

Total Revenue Bonds Payable 58,725,000

TOTAL BONDS PAYABLE 68,990,000

TOTAL LONG TERM OBLIGATIONS \$ 68,990,000

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE VIII - LONG-TERM OBLIGATIONS - Continued

B. Debt Service Requirements to Maturity on the County's bonds at Sept. 30, 2006 are as follows:

PRIMARY GOVERNMENT				
General Long-Term Obligations				
Fiscal Year	Principal	Interest	Total	
2007	\$ 3,760,000	\$ 3,173,007	\$ 6,933,007	
2008	3,905,000	3,028,741	6,933,741	
2009	4,090,000	2,866,292	6,956,292	
2010	4,250,000	2,702,747	6,952,747	
2011-2015	20,830,000	10,806,555	31,636,555	
2016-2020	20,470,000	5,720,925	26,190,925	
2021-2025	7,850,000	1,821,832	9,671,832	
2026-2029	3,835,000	516,338	4,351,338	
	68,990,000	30,636,437	99,626,437	
Less:				
Unamortized bond discount	(950,320)	-	(950,320)	
Plus:				
Unamortized bond premium	41,003	-	41,003	
TOTAL	\$ 68,080,683	\$ 30,636,437	\$ 98,717,120	

C. Changes in Long-term Obligations for the year ended Sept. 30, 2006 are summarized as follows:

	Balance			Balance	Due Within
	Oct 1, 2005	Increases	Decreases	Sept 30, 2006	One Year
<u>Governmental Activities:</u>					
Bonds Payable:					
General Obligation Bonds	\$11,540,000	\$ -	\$1,275,000	\$10,265,000	\$1,315,000
Revenue Bonds Payable	44,905,000	15,400,000	1,580,000	58,725,000	2,445,000
Deferred Amounts:					
Unamortized Discounts	(963,023)	44,853	57,556	(950,320)	-
Unamortized Premiums	47,003	-	6,000	41,003	-
Total Bonds Payable	55,528,980	15,444,853	2,918,556	68,080,683	3,760,000
Note Payable	-	13,300,000	-	13,300,000	-
Accrued Compensated Absences	11,436,893	6,938,271	6,024,824	12,350,340	6,024,824
Total General Long-term Obligations	66,965,873	35,683,124	8,943,380	93,731,023	9,784,824
<u>Business-type Activities:</u>					
Accrued Compensated Absences	518,508	314,593	253,709	579,392	253,709
Total Long-term Obligations	\$ 67,484,381	\$ 35,997,717	\$ 9,197,089	\$ 94,310,415	\$ 10,038,533

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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, \$184,719 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. Line of Credit - The \$13,300,000 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, 2006, the full amount of the line of credit is outstanding.

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

F. 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 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, 2006, there were four series of Health Facility Revenue Bonds outstanding, with an aggregate principal amount payable of \$204,890,000, four series of Industrial Development Bonds outstanding, with an aggregate principal amount payable of \$34,750,000 and seven series of Housing Finance Authority Multi-family Housing Bonds, with an aggregate principal amount payable of \$28,730,202.

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 State of Florida Division of Retirement, Department of Management Services, P. O. Box 9000, Tallahassee, Florida 32315-9000, 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, 2006, are as follows: regular employees – 9.85%; special risk employees – 20.92%; rehired retirees – 9.85%; elected officials – 16.53%; senior management service – 13.12%; deferred retirement option (DROP) – 10.91%.

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, 2006, 2005, and 2004 were \$10,408,768, \$9,087,354 and, \$8,509,674 respectively, and were equal to the required contributions for each year.

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

NOTE IX - EMPLOYEE BENEFITS – Continued

A. Pension Plan - Continued

City of Gainesville Pension Plan

As of September 30, 2006, seven (7) 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, 2006, 2005 and 2004, were \$11,768, \$14,301 and \$15,427 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, 2006, 2005 and 2004, were \$20,856, \$25,127 and \$27,032 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, 2006

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 of \$12,929,732 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 \$15,000 or 50% of gross annual compensation. There is an "age 50 catch-up" provision that allows an additional \$5,000 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 2005/06 was \$88,892
- (4) There were 293 retirees receiving Life Insurance Benefits.

E. Component Units Employment

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE X - RISK MANAGEMENT AND CONVENTIONALLY INSURED CLAIMS & LOSSES

The County is self-insured for risk management and employee group health insurance in two internal service funds maintained by the Board of County Commissioners. The following two sections and the disclosures required by GASB Statement 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues are provided below.

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 \$200,000)
- Automobile Liability
- Public Liability
- EMS Professional Liability
- Lawyers Professional Liability

The County has authorized a commercial third party administrator to administer the County's automobile, general liability and workers' compensation claims. 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, 2006 projecting to September 30, 2006, and the prior year as of August 31, 2005 projecting to September 30, 2005:

Fiscal Year	Claims Liability, Beginning of Fiscal Year	Current Year Claims & Changes in Estimates	Claim Payments	Claims Liability, End of Fiscal Year
2005	\$ 5,540,853	\$ 770,276	\$ (1,041,103)	\$ 5,270,026
2006	5,270,026	1,004,166	(392,289)	5,881,903

For fiscal year 2006 the margin for the risk of adverse deviation was accrued at a 75% confidence level. For fiscal year 2006 ending net assets are \$2,356,548 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.

All funds of the County including the Constitutional Officers of the County participate in the Risk Management Self-Insurance Fund. Payments to the Self-Insurance Fund are assessed based on actuarial estimates needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

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.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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

C. Employee Group Health Insurance

The County provides group health insurance for its employees and their eligible dependents. On October 1, 2005, the county established an employee group health self-insurance plan to account for and finance its uninsured risks of loss. The County entered into an administrative services agreement with a commercial insurance carrier to provide administrative support for this plan. Under this plan, the County purchases stop-loss insurance with the individual deductible per cover unit of \$200,000 with an individual lifetime reimbursement maximum of \$4,800,000. In addition, the County purchases annual aggregate reimbursement coverage in the amount of \$5,000,000 per policy period. All claims are paid through the group health insurance plan. Claims in excess of the \$200,000 individual deductible are reimbursed by the County's excess insurance carrier.

All County employees may participate in the employee group health insurance including all Constitutional Officer employees and Component Unit employees of the Murphree Law Library. In addition, the Alachua County Library District employees may participate in the plan. Payments to the employee group health insurance plan are assessed based on actuarial estimates of the amounts needed to pay current year claims and to establish a "reserve" (i.e. net assets or equity) for catastrophic losses. The employee group health insurance plan equity was \$939,248 at September 30, 2006.

The claims liability reported in the fund at September 30, 2006 for the employee group health insurance plan was \$935,000. This amount was the actuarially determined claims liability based on the requirements of GASB Statement 10, which specifies that a liability for claims should be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial and the amount of the loss can be reasonably estimated. Since this was the first year of the plan, there was no claims liability at the beginning of the fiscal year. During fiscal year 2006, changes recorded to the claims liability for the employee group health insurance plan were as follows:

Fiscal Year	Claims Liability, Beginning of Fiscal Year	Current Year Claims & Changes in Estimates	Claim Payments	Claims Liability, End of Fiscal Year	
2006	\$	- \$	14,186,591 \$	(13,251,591) \$	935,000

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, 2006

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, 2006, the following was charged:

INDIRECT COST CHARGED	FUND	PROJECT NAME
Governmental Funds		
\$ 5,800	Emergency services	DCA Emergency Management Base
33,948	CHOICES	CHOICES
683,650	MSTU-Unincorporated services	MSTU-Unincorporated services
76,878	MSBU	Refuse collection
11,830	Drug & law enforcement	HRS Metamorphosis
19,489	Environmental	FDEP Tank Inspection
37,296	Environmental	Hazardous Materials Code
18,803	Environmental	FDEP Petroleum Cleanup
3,300	Community services	Retired & Senior Volunteer Program
4,700	Community services	Foster Grandparents
95,000	Tourism	Tourist Development
990,694		
Enterprise Funds		
180,376	Solid Waste	Solid Waste System
43,976	Solid Waste	Waste Management
157,876	Solid Waste	Collection Centers
173,412	Solid Waste	Waste Management Assessment
68,836	Codes Enforcement	Codes Enforcement
624,476		
Internal Service Funds		
183,580	Self Insurance	Self Insurance Fund
125,492	Fleet Management	Fleet Management Fund
100,492	Telephone Services	Telephone Services
409,564		
\$ 2,024,734	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, 2006**

**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).)

C. Prior Period Adjustment

A prior period adjustment was made to the CHOICES fund in the amount of (\$989,911). This adjustment was entered due to an overstatement of tax revenue in the fund level financial statements for fiscal 2005. There was no change overall to ending fund balance for fiscal year 2006.

D. Change in Accounting Principal

The capital threshold was changed from \$750 to \$1,000 effective October 1, 2005 resulting in adjustments of \$124,766 and \$71,968 respectively to governmental and proprietary net assets.

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, 2006, under cancelable leases are summarized as follows:

General Fund	\$	555,412
Special Revenue Funds		242,942
Capital Project Funds		6,700
Enterprise Fund		32,847
Internal Service Funds		3,083
TOTAL	\$	840,984

(c) The Tax Collector is leasing various equipment under renewable annual operating leases. During the year ended September 30, 2006, the lease payments on all operating leases were \$25,224. The Tax Collector also has a five-year renewable lease agreement for a Tag Office on Archer Road, which expires on April 30, 2007. In addition, the Tax Collector renewed a one-year lease for an administrative office located on Main Street, which expires April 30, 2007. During the year ended September 30, 2006, lease payments for office space totaled \$101,813.

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

NOTE XIII - COMMITMENTS AND CONTINGENCIES

A. Commitments – continued

Future minimum lease payments for noncancellable operating leases for the Tax Collector as of September 30, 2006, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2007	\$ 74,572
2008	9,732
2009	1,164
Total	<u>\$ 85,468</u>

(d) The Sheriff is leasing equipment and office space under leases, which are cancelable under certain circumstances. During the fiscal year ended September 30, 2006, the lease payments on all operating leases amounted to approximately \$146,793.

(2) Operating Leases – The County leases property to private companies under renewable annual operating leases:

Operating Leases for fiscal year 2006:	<u>Lease Amount FY2006</u>
SP Recycling leases a building for \$78,000 annually, in monthly installments, due the first day of each month. A late fee of \$50 per day will be assessed against the lessee, if the payment is not received by the fifth day of each month. For subsequent years, an annual cost of living increase of 3% will be applied to the rent. The cost of the leased building is \$1,132,087, with an accumulated depreciation of \$192,026, resulting in a carrying value of \$940,061.	<u>\$ 73,574</u>
St. John's River Water Management, sub-leases an office space within a building located at 201 SE 2nd Avenue, for an annual amount of \$10,810.80, in monthly installments due at the first of each month.	<u>\$ 10,811</u>
Phil-Nick's Restaurant leases a space in the commercial building at 37 N Main Street, consisting of approximately 2,186 square feet, paying monthly rental payments in the amount of \$9 per square foot plus applicable taxes. In addition, the Lessee shall pay \$173.89 per month for refuse and waste disposal. Payment is due no later than the first of each month. The cost of the leased space is \$228,663, with \$141,408 accumulated depreciation resulting in a \$87,255 carrying value.	<u>\$ 19,674</u>
The licensee leases the land at 15 SW 2nd Street, for \$50 monthly, plus applicable taxes. Payment is due no later than the first of each month. The cost of the land is \$5,596.	<u>\$ 600</u>
TOTAL OPERATING LEASES	<u>\$ 104,659</u>

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE XIII - COMMITMENTS AND CONTINGENCIES

A. Commitments - continued

The following is a schedule by years of future minimum rental payments required under operating leases that have remaining noncancellable lease terms in excess of one year:

<u>Fiscal Year Ending September 30</u>	<u>Lease Receivable</u>
2007	\$ 31,246
2008	7,333
2009	7,333
2010	638
2011	638
TOTAL	<u>\$ 47,186</u>

- (3) The landfill commitments are discussed in Note I.D.8.
- (4) Other significant outstanding contracts at September 30, 2006, are as follows:
- a) \$579,035 – HNTB, Inc – Engineering services for design of SW 24th Ave/SW 62nd Blvd
 - b) \$100,540 – Alachua County Housing Authority – Single family housing program for low income persons
 - c) \$404,723 – John Hipp Construction – Resurface SW 20/24th Ave from SW 75th St to SW 43rd St
 - d) \$118,000 – Purvis Gray & Company – Fiscal year 2006 Audit
 - e) \$99,400 – Motorola Americas – Community inquiry tracking system
 - f) \$118,148 - MCA Administrators – Administration for medical self insurance plan
 - g) \$665,021 – John Hipp Construction – Reconstruction of NW CR 236 from I-75 to NW CR 241
 - h) \$99,010 – CH2M Hill Inc – Architectural & engineering services for Jonesville Fire Station
 - i) \$105,000 – University of Florida – County waterways master plan
 - j) \$167,453 – John Hipp Construction – Resurface SW 24th Ave from SW 75th St to SW 43rd St
 - k) \$188,879 – GMC Construction – Community Support Services building addition
 - l) \$123,000 – Town of Micanopy – SHIP single family housing program for low income persons
 - m) \$171,615 – Neighborhood Housing - SHIP single family housing program for low income persons
 - n) \$200,000 – City of Hawthorne - SHIP single family housing program for low income persons
 - o) \$138,428 – Wheeled Coach Industries – Medium duty ambulance
 - p) \$395,000 – Loryx Systems – Information system for Court Services

B. Contingencies

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE XIII - COMMITMENTS AND CONTINGENCIES

B. Contingencies - continued

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, 2006, 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.

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 \$3 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 2007.

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

On November 14, 2006, the Board of County Commissioners approved the purchase of a 128-acre parcel of land located at the southeast corner of Waldo Road and Northeast 69th Avenue for \$2 million. This land will be used for a new Fairgrounds and a new Industrial Park to promote development on the east side of Gainesville.

At the December 12, 2006 Board meeting, final approval was given for a phased issuance of \$79 million in Public Improvement Revenue bonds. This money will be used to address a number of capital needs in the County including Jail and Judicial buildings, Jonesville Fire Station and Recreation/Aquatic Center as well as other park needs, and multiple infrastructure projects.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED
STATES; THE PROVISIONS OF OFFICE OF MANAGEMENT AND
BUDGET (OMB) CIRCULAR A-133; AND THE *RULES OF THE
AUDITOR GENERAL* OF THE STATE OF FLORIDA**

**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, 2006, which collectively comprise Alachua County, Florida's basic financial statements and have issued our report thereon dated January 3, 2007. 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.

January 3, 2007
Gainesville, Florida

Purvis, Gray and Company, LLP

Certified Public Accountants

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

ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	PROGRAM TOTAL	AMOUNT PROVIDED TO SUBRECIPIENTS
<u>U.S. DEPT OF HOUSING & URBAN DEVELOPMENT</u>				
<i>Passed through Florida Department of Community Affairs:</i>				
Community Development Block Grant ID#06DB-3K-03-11-01-H02	14.228	\$50,303	\$50,303	
<i>Direct Programs:</i>				
HUD Economic Development Grant ID# B-02-SP-FL-0128	14.246	23,919		\$23,919
HUD EDI Newnans Lake ID#B-02-SP-FL-0127	14.246	<u>0</u>	23,919	
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Direct Programs:</i>				
Equitable Sharing	16.000	28,951		
Equitable Sharing	16.000	<u>33,613</u>	62,564	
<i>Passed through Florida Office of the Attorney General</i>				
VOCA Grant ID#V5258	16.575	134,714		
Victims of Crime Act (VOCA) ID# V5023	16.575	<u>105,163</u>	239,877	
<i>Passed through Florida Department of Law Enforcement: Byrne Formula Grant Program</i>				
Criminal History Record Improvement - LiveScan ID# 06-CJ-J3-03-11-01-292	16.579	28,823	28,823	
<i>Direct Programs:</i>				
Local Law Enforcement Block Grant ID# 2004-LB-BX-1162	16.592	59,146	59,146	
Weed and Seed Grant ID # 2004-WS-Q4-0200	16.595	112,117	112,117	
<i>Passed through Florida Department of Law Enforcement:</i>				
Project Safe Neighborhood ID# 04-CJ-7L-03-11-23-002	16.609	51,275		
Project Safe Neighborhood ID# 05-CJ-7L-03-11-23-006	16.609	<u>42,069</u>	93,344	

ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

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>				
COPS Technology Grant ID#2004CKWX0064	16.710	\$44,109	\$44,109	
Focus Unit JAG Grant ID# 2005-DJ-BX-0807	16.738	90,973		
Focus Unit JAG Grant ID#2006-DJ-BX-0905	16.738	52,651		
<i>Passed through Florida Department of Law Enforcement: Byrne Formula Grant Program</i>				
Juvenile Intensive Supervision Detail ID# 06-JAGC-ALAC-6-M8-110	16.738	34,008		
Project Administration ID# 06-JAGC-ALAC-7-M8-103	16.738	21,039		
Street Level Drugs I ID# 06-JAGC-ALAC-5-M8-146	16.738	<u>28,766</u>	227,437	
<u>GENERAL SERVICES ADMINISTRATION</u>				
<i>Passed through Florida Department of State Division of Elections</i>				
Voter Education ID# N/A	39.011	8,889		
Voter Education FY06 ID# N/A	39.011	<u>0</u>	8,889	
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
<i>Passed through Florida Department of Environmental Protection:</i>				
Ambient Monitoring Network ID# GO155	66.419	9,201	9,201	
US EPA Cabot Koppers Grant ID# V-97468702-4	66.802	9,406	9,406	
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Teen Zone Middle School After School Program ID# U215K050713	84.215K	0	0	
<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	0		
Pollworker Assistance ID# N/A	90.401	<u>0</u>	0	

ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

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# PNP514	93.556	\$40,000	\$40,000	
Temporary Assistance for Needy Families ID# CD503	93.558	12,000		
Temporary Assistance for Needy Families ID# CD603	93.558	<u>4,000</u>	16,000	
<i>Passed through the Florida Department of Revenue</i>				
Child Support Enforcement Title 4D ID# N/A	93.563	264,378	264,378	
<i>Passed through Florida Department of State Division of Elections</i>				
US HSS Grant ID# N/A	93.617	6,472	6,472	
<i>Passed through the Florida Department of Children and Families</i>				
Metamorphosis FY05/06 ID# CD503	93.959	235,887 <1		
Metamorphosis FY06/07 ID# CD603	93.959	<u>71,978 <2</u>	307,865	
<u>CORPORATION FOR NATIONAL SERVICE</u>				
<i>Direct Programs:</i>				
Retired and Senior Volunteer Program ID# 04SRSFL001	94.002	60,052	60,052	
Foster Grandparent Program ID# 04SFSFL001	94.011	391,607	391,607	
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed through Florida Department of Community Affairs:</i>				
Homeland Security Grant Program ID#05DS-2N-03-11-01-070	97.004	45,688		
Communication Equipment Grant ID#05-DS-2N-03-01-01-389	97.004	190,741		
Citizens Corp Grant ID#05-CC-2U-03-11-01-253	97.004	2,106		
800Mhz/Video Grant ID#05-DS-2N-03-01-329	97.004	13,597		
<i>Passed through Florida Department of Financial Services:</i>				
Florida Domestic Preparedness Strategy ID#05-DS-2N-13-00-16-317	97.004	24,391		

ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

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 Terrorism Task Force ID#05-CJ-L2-03-11-23-026	97.004	\$27,951		
Regional Domestic Terrorism Task Force ID# 2006-LETP-ALAC-1-N1-009	97.004	149,737		
Regional Domestic Terrorism Task Force Part 11 ID# 2006-SHSP-ALAC-1-N9-017	97.004	3,278		
Alachua County State Homeland Security ID# 2006-SHSP-ALAC-2-N9-004	97.004	<u>64,356</u>	521,845	
<i>Passed through the Department of Community Affairs:</i>				
Mutual Aid Disaster Relief Hurricane Dennis & Katrina	97.036	23,081		
Mutual Aid Disaster Relief Hurricane Dennis & Katrina	97.036	<u>5,132</u>	28,213	
Emergency Management Base FY06 ID# 06BG-04-03-11-01-005	97.042	28,767	28,767	
Helicopter Video Downlink Equipment ID# 06-DS-3W-03-11-03-313	97.067	436,915		
2006 Homeland Security Grant ID# 06-DS-3W-12-00-01	97.067	<u>26,781</u>	463,696	
		<u>\$3,098,030</u>	<u>\$3,098,030</u>	<u>\$23,919</u>

Notes:

- <1 Includes program income of \$9,045 for the program
- <2 Includes program income of \$4,769 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.

**ALACHUA COUNTY, FLORIDA
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

STATE GRANTOR/ PROGRAM TITLE	STATE CSFA NUMBER	STATE EXPENDITURES	PROGRAM TOTAL	AMOUNT PROVIDED TO SUBRECIPIENTS
<u>FLORIDA OFFICE OF THE GOVERNOR</u>				
Otted Infinite Energy SW 24th Ave ID# 05-00169/Tracking ID# 04/0501A	31.002	\$250,944	\$250,944	
<u>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>				
Hazardous Waste Coop Collection ID#S0245 - Lafayette	37.007	13,488		
ID# S0244 - Dixie		17,139		
ID#S0246 - Gilchrist		20,778		
ID# S0243 - Columbia		<u>19,742</u>	71,147	
FRDAP Jonesville Park ID# F02129	37.017	126,000		-
FRDAP SE 35th Street Park ID# F07199	37.017	<u>-</u>	126,000	
Superact State Cleanup Cat 1-Mgmt Svcs ID # GC527	37.024	4,378		
Cat 1-Mgmt Svcs Task #5 ID # GC620	37.024	<u>336,691</u>	341,069	-
Cat 1-Mgmt Svcs Task #6 ID # GC620	37.024			
Innovative Electronics Recovery FY2006 ID# IG06-04	37.050	17,519	17,519	
<u>FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS</u>				
Legacy Lands ID# 05-024-FF5	52.002	5,668,379	5,668,379	
Emergency Management Base FY06 ID# 06BG-04-03-11-01-055	52.008	102,905	102,905	-

**ALACHUA COUNTY, FLORIDA
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

STATE GRANTOR/ PROGRAM TITLE	STATE CSFA NUMBER	STATE EXPENDITURES	PROGRAM TOTAL	AMOUNT PROVIDED TO SUBRECIPIENTS
<u>FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS</u>				
Hazardous Materials FY03 ID# 06CP-11-03-11-01-049	52.023	\$10,396	\$10,396	-
<u>FLORIDA HOUSING FINANCE AGENCY</u>				
SHIP ID # None	52.901	832,134	832,134	\$502,116
<u>FLORIDA DEPARTMENT OF TRANSPORTATION</u>				
County Incentive Grant Program ID# 211365-2-54-01	55.008	499,945	499,945	-
<u>FLORIDA DEPARTMENT OF HEALTH</u>				
Electronic EMS Reporting ID#M5085	64.003	50,662	50,662	-
EMS Trust FY06 ID#C5001	64.005	48,613	48,613	-
<u>FLORIDA OFFICE OF THE GOVERNOR</u>				
Violent Crime and Drug Control Council	71.005	27	27	-
<u>FISH AND WILDLIFE CONSERVATION COMMISSION</u>				
FBIP Water Use Master Plan ID#04140	77.006	-	-	-

**ALACHUA COUNTY, FLORIDA
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

STATE GRANTOR/ PROGRAM TITLE	STATE CSFA NUMBER	STATE EXPENDITURES	PROGRAM TOTAL	AMOUNT PROVIDED TO SUBRECIPIENTS
<u>FLORIDA DEPARTMENT OF JUVENILE JUSTICE</u>				
Juvenile Drug Treatment Program ID# X1194	80.011	\$17,421		\$17,421
Juvenile Drug Treatment Program ID # X1194	80.011	<u>50,778</u>	68,199	50,778
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$8,087,939</u>	<u>\$8,087,939</u>	<u>\$570,315</u>

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 AND OTHER MATTERS
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, 2006, which collectively comprise Alachua County, Florida's basic financial statements and have issued our report thereon dated January 3, 2007. 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 or other matters 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 AND OTHER MATTERS
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.

January 3, 2007
Gainesville, Florida

Purvis, Gray and Company, LLP

**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, 2006. 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, 2006.

Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505
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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 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.

January 3, 2007
Gainesville, Florida

Purvis, Gray and Company, LLP

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS
PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
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:**

Federal Programs	Federal CFDA No.
Helicopter Video Downlink Equipment Grant	97.067
Foster Grandparent Program	94.011

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS
 PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006
 ALACHUA COUNTY, FLORIDA
 (Concluded)**

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

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

State Project	State CSFA No.
Florida Forever Act Grant - Legacy Lands	52.002

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,
RULES OF THE AUDITOR GENERAL
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, 2006, and have issued our report thereon dated January 3, 2007.

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 January 3, 2007. 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)(h)1.] require that we address in the management letter, if not already addressed in the auditors' reports on compliance and internal controls, whether or not recommendations made in preceding annual financial audit reports have been followed. No such items were noted in the preceding annual financial audit report.

The *Rules of the Auditor General* [Section 10.554(1)(h)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.

The *Rules of the Auditor General* [Section 10.554(1)(h)3.] require disclosure in the management letter any findings or recommendations to improve financial management, accounting procedures and internal controls. Our audit disclosed no matters required to be disclosed by the *Rules of the Auditor General* [Section 10.554(1)(h)3.].

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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)(h)4.] require disclosure in the management letter of the following matters if not already addressed in the auditors' report on compliance and internal control: 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)(h)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 does not meet the conditions of a 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(7). The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554(1)(h)6.(c).

As required by the *Rules of the Auditor General* [Section 10.554(1)(h)6.(b)], we determined that the annual financial report for Alachua County, Florida for the fiscal year ended September 30, 2006, was filed with the Department of Banking and Finance pursuant to Section 218.32, Florida Statutes and is in agreement with the annual financial audit report for the fiscal year ended September 30, 2006.

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.

January 3, 2007
Gainesville, Florida

Purvis, Gray and Company, LLP



Alachua County Board of County Commissioners

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

Administration
Randall H. Reid
County Manager

February 27, 2007

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, 2006. We are happy to report that for the fifteenth year the Auditors found no reportable conditions.

Thank you for your attention.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paula M. DeLaney", written over a horizontal line.

Paula DeLaney, Chair
Alachua County Commission

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

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

dmw

xc: File