

ALACHUA COUNTY, FLORIDA



Single Audit Report

Fiscal Year Ended September 30, 2011

Cover picture courtesy of
Alachua County Visitors and Convention Bureau

ALACHUA COUNTY, FLORIDA
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

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

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ALACHUA COUNTY, FLORIDA
SINGLE AUDIT REPORT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011
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INDEPENDENT AUDITORS' REPORT
FOR
COMPREHENSIVE ANNUAL FINANCIAL REPORT
ALACHUA COUNTY, FLORIDA

September 30, 2011

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Independent Auditors' Report

The 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, each major fund, and the aggregate discretely presented component unit and remaining fund information of Alachua County, Florida (the "County"), as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions 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 opinions.

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, each major fund, and the aggregate discretely presented component unit and remaining fund information of the County as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

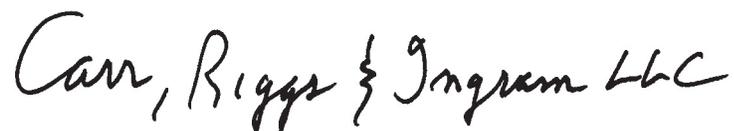
In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control 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 considered in assessing the results of our audit.

The Honorable Board of County Commissioners and
Constitutional Officers
Alachua County, Florida
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As discussed in Note 16. to the financial statements, the County restated certain beginning balances due to the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Management's Discussion and Analysis and the required supplementary information listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Federal and State Financial Assistance, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

March 13, 2012
Gainesville, Florida

**MANAGEMENT'S
DISCUSSION & ANALYSIS
(MD&A)**

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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, 2011. 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, 2011 by \$590.1 million (net assets). Of this amount, \$24.8 million represents unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets of \$590.1 million are comprised of the following:
 - 1) \$447.5 million of capital assets, net of related debt, includes property and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of those capital assets,
 - 2) \$117.9 million of net assets are restricted by constraints imposed from outside of the County such as debt covenants, grantors, laws, or regulations,
 - 3) \$15.6 million of unrestricted governmental net assets and \$9.2 million of unrestricted business-type net assets represent the portion available to maintain the County's continuing obligations to citizens and creditors.
- The County's total net assets increased \$12.0 million over the previous year with a increase of \$10.7 from governmental activities and an increase of \$1.3 million from business activities.

Fund Statements

- At September 30, 2011, the County's governmental funds reported combined ending unassigned fund balances of \$11.1 million and total fund balances of \$151.1 million. Total fund balances had an increase of \$.6 million from the prior fiscal year.
- At September 30, 2011, unassigned fund balance for the General Fund was \$11.1 million or 9.1% of General Fund operating revenue. Assigned fund balance includes \$6.1 million subsequent year's reserve for contingency and \$2.9 million for subsequent year's one time expenditures. General Fund balance increased by \$5.9 million from the prior fiscal year.
- Governmental funds revenues decreased overall by \$7.6 million or 3.2% from the prior fiscal year. The overall change in governmental funds revenues can primarily be attributed to the following: \$4.4 million decrease in Debt Service taxes collected for the Wild Spaces & Public Places which sunset in December 2010; \$1.2 million decrease in Misc Revenue due to one-time credit refund in FY10 & reduction in indirect cost revenues from FY10 to FY11; and a \$1.3 million decrease in investment income due to the state of the economy and overall financial markets.
- After making regularly scheduled debt service payments for the year, the County had a net decrease in bonded debt of \$6.5 million over the prior fiscal year; notes payable had a net increase of \$2.1 million, paying off older issues and establishing a new \$9.5 million loan for road and infrastructure improvements secured by the County's 5 cent local option gas tax.

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 and Supplemental 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 2011. 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 and 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 the 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; these component units do not issue separate financial statements.

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-eight 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 County-wide General Fund, Community Health Program Offering Innovative Care and Health Education Services (CHOICES), Municipal Service Taxing Unit (Unincorporated, Law Enforcement and Fire Protection), Gas Tax Uses, Debt Service, Other Capital Projects, Transportation Trust and Wild Spaces & Public Places which are considered to be major funds. Data from the other eighteen 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 Supplemental Information section of this report; the breakdown of the County-wide General Fund by Board of County Commissioners and Constitutional Officer is also presented in this section.

The County adopts an annual budget for its general, special revenue, debt service and capital projects funds. Budgetary comparison schedules have been provided for these funds to demonstrate budgetary compliance; major funds budgetary comparison (excluding Debt Service and Capital Project funds) is in the Required Supplementary Information starting on page 89 and for non-major, Debt Service and Capital Project funds in the Supplemental Information section starting on page 105.

The basic governmental fund statements can be found on pages 26-32 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 34-36 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 statements can be found on pages 37-38 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 39-87 of this report, with the index to the notes on the first page of that section.

Other Information

Supplemental information in the form of combining statements referred to earlier, present a more detailed view of non-major funds used in governmental and enterprise funds. The sub-funds of the General Fund are presented first, followed by the 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 as well as component unit information. Combining and individual fund schedules can be found on pages 97-130 of this report. Additional information about the County that may be of interest to the reader is found under the Statistical section on pages 153-181 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 \$590.1 million at the close of the fiscal year ended September 30, 2011 (see table next page).

At the end of fiscal year 2011, 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.

Current and other assets increased by 1.3% over the prior year due to issuance of new debt, \$9.5 million for acquisition and construction of certain transportation projects in and for Alachua County. Capital assets, net of related debt, increased by 1.2% due to the acquisition of land and improvement of parks utilizing resources from the voter approved Wild Spaces & Public Places infrastructure sales tax.

Alachua County, Florida
Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total		Percent Change
	2010	2011	2010	2011	2010	2011	
Current and other assets	\$202.1	\$203.6	\$17.1	\$18.4	\$219.2	\$222.0	1.3%
Capital assets	515.2	519.0	10.1	9.5	525.3	528.5	0.6%
Total assets	717.2	722.6	27.2	28.0	744.5	750.6	0.8%
Current liabilities	59.3	38.7	1.7	1.3	61.0	40.0	-34.4%
Long-term liabilities outstanding	97.6	112.9	7.8	7.6	105.4	120.4	14.3%
Total liabilities	156.9	151.6	9.5	8.9	166.4	160.5	-3.5%
Net assets invested in capital assets, net of related debt	432.1	437.9	10.1	9.5	442.2	447.5	1.2%
Net assets - restricted	105.9	117.5	0.5	0.4	106.4	117.9	10.8%
Net assets - unrestricted	22.2	15.6	7.2	9.2	29.4	24.8	-15.9%
Total net assets	\$560.3	\$571.0	\$17.8	\$19.1	\$578.1	\$590.1	2.1%

(Note: Due to rounding, the totals shown may not be the addition of numbers presented in this table, but are the true net assets rounded totals.)

Current liabilities and long-term liabilities in total decreased from the previous year by 3.5% primarily due to \$7.6 principal payment for Wild Spaces & Public Places note payable.

Total net assets at year end is \$590.1 million. The largest portion of the County's net assets (\$447.5 million or 75.8%) 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 (\$117.9 million or 20%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$24.8 million or 4.2%) may be used to meet the government's ongoing obligations to citizens and creditors.

Restricted net assets in the governmental activities and business-type activities had a net increase of \$11.5 million or 10.8% from 2010 to 2011. These net assets represent restrictions from specific revenue sources and grants. Main components of the net increase include:

- Net decrease of \$4.3 million in restricted assets for Wild Spaces & Public Places
- Spend down (decrease) of \$1.1 million in restricted assets for CHOICES program
- Increase of \$1.4 million in restricted assets for cash reserves required for bond insurance downgrades per bond covenants
- Increase of \$7.4 million in restricted assets for road construction due to issuance debt
- Increase of \$2.7 million in restricted assets for grants and sales tax bond proceeds
- Increase of \$1.1 in restricted assets for Tourist Development taxes
- Increase of \$.6 in restricted assets for Alachua County Forever
- Increase of \$3.7 million in restricted asset for enabling legislation

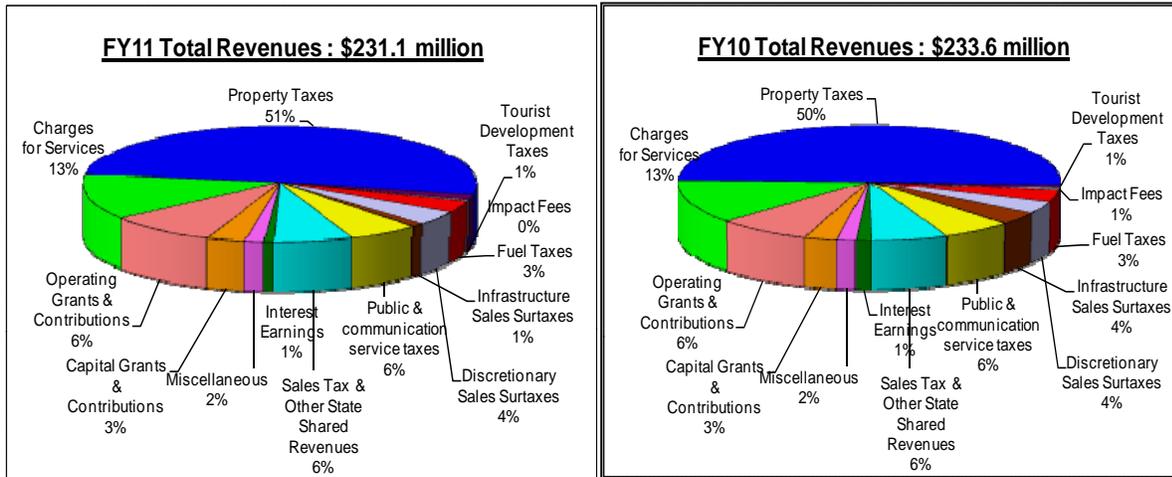
Unrestricted net assets in the governmental type activities decreased by \$4.6 million, primarily due to a property tax remaining relatively flat, a reduction in investment earnings, and a slight increase in expenditures over prior year.

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

	Governmental Activities		Business-type Activities		Total		Percent Change
	2010	2011	2010	2011	2010	2011	
Revenues:							
Program revenues:							
Charges for services	\$28.4	\$29.0	\$13.9	\$13.1	\$42.3	\$42.1	-0.4%
Operating grants and contributions	18.3	20.6	-	-	18.3	20.6	12.6%
Capital grants and contributions	6.3	7.3	-	-	6.3	7.3	15.7%
General revenues:							
Property taxes	117.4	117.5	-	-	117.4	117.5	0.1%
Discretionary sales surtaxes	7.8	9.0	-	-	7.8	9.0	15.5%
Infrastructure sales surtaxes	8.1	2.2	-	-	8.1	2.2	-73.1%
Other taxes	23.6	24.1	-	-	23.6	24.1	1.8%
Other	23.6	21.4	0.7	0.4	24.3	21.8	-10.5%
Total revenues	<u>233.6</u>	<u>231.1</u>	<u>14.6</u>	<u>13.6</u>	<u>248.2</u>	<u>244.7</u>	-1.4%
Expenses:							
Administration	42.2	41.2	-	-	42.2	41.2	-2.4%
Community services	19.6	23.0	-	-	19.6	23.0	17.7%
Corrections	27.8	27.9	-	-	27.8	27.9	0.3%
Courts	22.2	20.5	-	-	22.2	20.5	-7.7%
Culture and recreation	2.6	3.6	-	-	2.6	3.6	38.9%
Tourist development	2.3	2.1	-	-	2.3	2.1	-6.6%
Emergency services	30.1	29.8	-	-	30.1	29.8	-1.0%
Environmental services	2.8	2.7	-	-	2.8	2.7	-2.6%
Growth management	4.5	4.9	-	-	4.5	4.9	9.5%
Law enforcement	32.6	33.2	-	-	32.6	33.2	1.9%
Solid waste collection	4.7	4.6	-	-	4.7	4.6	-1.9%
Transportation	23.4	22.4	-	-	23.4	22.4	-4.0%
Interest on long-term debt	4.2	4.2	-	-	4.2	4.2	-0.1%
Solid waste disposal system	-	-	11.4	11.3	11.4	11.3	-1.4%
Codes enforcement	-	-	1.1	1.1	1.1	1.1	2.5%
Total expenses	<u>218.9</u>	<u>220.3</u>	<u>12.5</u>	<u>12.4</u>	<u>231.4</u>	<u>232.6</u>	0.5%
Increase (decrease) in net assets before transfers	14.7	10.8	2.1	1.2	16.8	12.0	
Transfers	(0.1)	(0.1)	0.1	0.1	-	-	
Increase (decrease) in net assets	<u>14.6</u>	<u>10.7</u>	<u>2.2</u>	<u>1.3</u>	<u>16.8</u>	<u>12.0</u>	
Net assets - beginning as previously reported	542.0	560.3	15.6	17.8	557.7	578.1	
Change in accounting principle	3.7	-	-	-	3.7	-	
Net assets-beginning-as restated	<u>545.7</u>	<u>560.3</u>	<u>15.6</u>	<u>17.8</u>	<u>561.4</u>	<u>578.1</u>	
Net Assets - Ending	<u>\$ 560.3</u>	<u>\$ 571.0</u>	<u>\$ 17.8</u>	<u>\$ 19.1</u>	<u>\$ 578.1</u>	<u>\$ 590.1</u>	2.1%

(Note: Due to rounding, the totals shown may not be the addition of numbers presented in this table, but are the true net assets rounded totals.)

The following charts show a graphical comparison of governmental revenues by source.

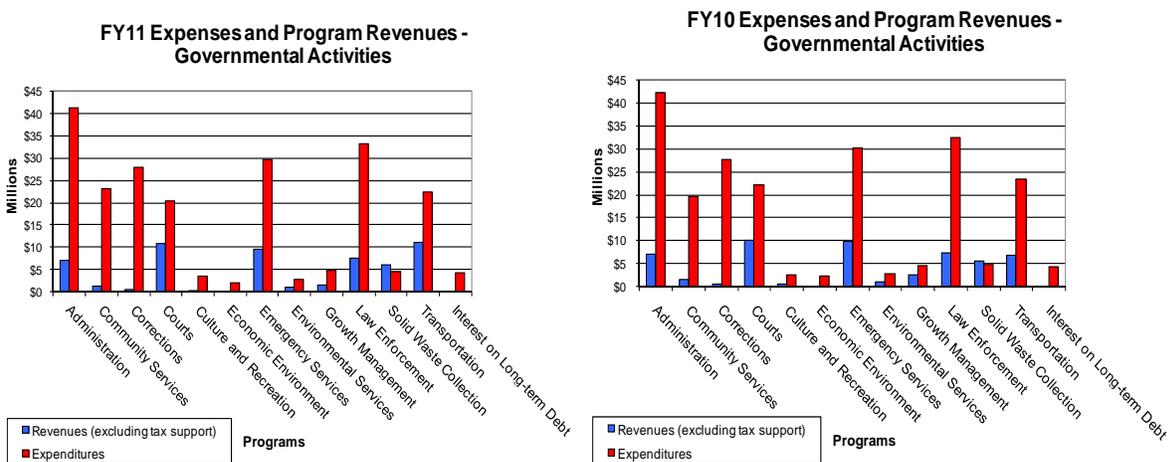


Governmental Activities

The County's total net assets increased \$12.0 million over the previous year with a increase of \$10.7 from governmental activities and an increase of \$1.3 million from business activities.

Major changes in revenues were caused by the following:

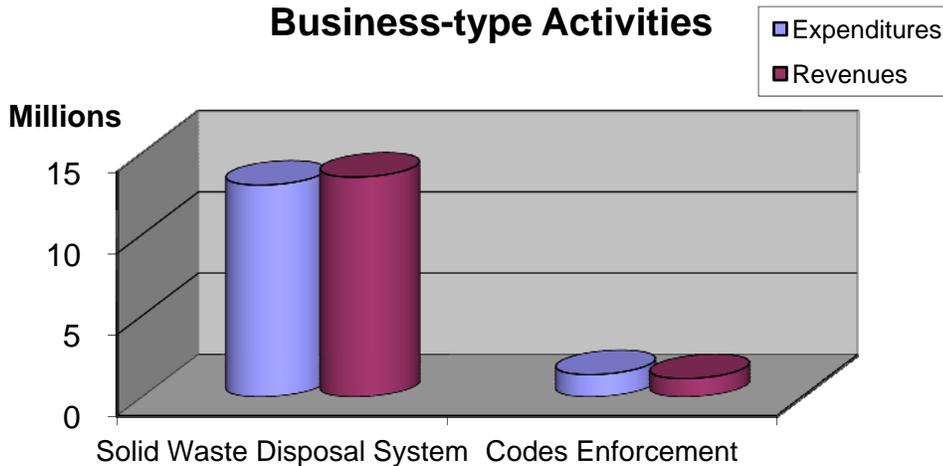
- Charges for Services decreased by .4% due to the effect of the economy causing across the board declines in licenses and permits, fines and forfeitures and all other areas that charge for services.
- Capital Grants and Contributions increased overall by 15.7%. During fiscal year 2011, received \$2.8 million dollar grant for SW 62nd Blvd intersection and turn lane improvements. Capital asset donations decreased by \$.2 million over the prior fiscal year. Due to current economic environment, construction of new subdivisions has slowed, therefore, the donations of right-of-ways and infrastructure has correspondingly decreased.
- Discretionary sales surtaxes for CHOICES increased by 15.5% due to increase in sales tax collections. Pursuant to the successful Community Health Offering Innovative Care and Education Services Program (CHOICES) indigent sales tax referendum in August 2004, the County began receiving one-quarter percent additional sales tax in January 2005. The sales tax is approved through December 2011. During fiscal year 2011, the indigent sales surtax generated \$9 million in revenue.
- Investment earnings decreased by \$1.3 million due current economic market conditions and long-term low federal funds rate.
- Pursuant to the successful Wild Spaces & Public Places infrastructure sales tax referendum in November 2008, the County began receiving one-half percent additional sales tax in January 2009. The sales tax was approved through December 2010. This infrastructure sales surtax extends the Alachua County Forever program to acquire and improve environmentally significant lands and to create, improve, and maintain park and recreational facilities within the county. Due to the sunset of the infrastructure sales tax during FY2011, the sales tax generated only \$2.2 million in revenue.



Major changes in expenses were caused by the following:

- Transportation expenses decreased 4% or \$1 million due reduction in stormwater management expenses and MTP0/RTS/CTS contractual services.
- Community services expenses increased by \$3.5 million or 17.7%, because of increased enrollment in the CHOICES program and an expansion of covered services to include ambulatory (outpatient care) in January 2009.
- Growth management increased by 9.5% or \$.4 million due to recorded loss on Neighborhood Stabilization Program houses turned over to the Alachua County Housing Authority. This is a HUD program established for stabilizing communities that have suffered foreclosure and abandonment of property.
- Court costs decreased by 7.7% and is a reflection of mandated budget cuts required for the County-Wide General Fund. These reductions were achieved by restructuring of existing contracts and elimination of personnel within court service department. In addition, the Clerk, Court Administration, and State Attorney also decreased expenditures due to state mandated budget reductions.
- Culture and recreation increased by 38.9% because of increase in maintenance and depreciation costs on prior fiscal year park improvements.

Expenses and Program Revenues - Business-type Activities



Business-type Activities

Business-type activities increased the County's net assets by \$1.3 million.

- The Solid Waste Transfer Station went into operation in 1999. During fiscal year 2010, Emerald Waste Services declined entry into a commercial franchise agreement, which resulted in the diversion of approximately 25% of the County's anticipated waste stream and has had a significant financial impact on the operations of this fund. In response to this development, County Staff is in the process of converting the current collection and disposal system to that of a full service resource recovery operation to reduce fees and institute flow control guarantees. It is hoped that these changes will ensure the financial viability of the solid waste system.
- Codes Enforcement furnishes services to the development community and citizens. Codes Enforcement operating expenditures exceeded operating revenues by \$0.1 million in fiscal year 2011. Revenues increased for licenses and permits but many of these permits involved alteration, remodeling or repair and were not for new construction starts. Total permits issued in fiscal year 2011 were 4,487 versus 4,511 permits issued in fiscal year 2010.

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, unassigned 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
Designations of Fund Balance

Total fund balance	\$ 151,101,298
Fund balance designation:	
Nonspendable	819,617
Restricted	117,504,308
Assigned	<u>21,702,726</u>
Unassigned fund balance	<u><u>\$ 11,074,647</u></u>

As of the end of fiscal year 2011, the County’s governmental funds reported combined unassigned ending fund balances of \$11.1 million, an increase of almost \$3 million from the prior year. Of the \$151.1 million total fund balance, unassigned fund balance is \$11.1 million.

Major Funds

The General Fund, CHOICES, Municipal Service Taxing Unit (separated into Unincorporated Services, Law Enforcement and Fire Protection), Gas Tax Uses, Debt Service, Other Capital Projects, Transportation Trust and Wild Spaces & Public Places are reported as major funds.

The General Fund is the chief operating fund of the County and consists of six sub-fund categories: BOCC Countywide General Fund, Clerk of Court General Fund, Property Appraiser General Fund, Sheriff General Fund, Supervisor of Elections General Fund, and Tax Collector General Fund. The General Fund had an increase in fund balance of \$5.9 million. The total fund balance was \$20.7 million of which \$11.1 million was unassigned. The cash & investment balance at the end of the year was \$15.5 million. As a measure of the General Fund’s liquidity, it may be useful to compare unassigned fund balance to total fund operating revenues. The unassigned fund balance represents 9.1% of total actual FY11 General Fund operating revenue and 9.9% of projected FY12 operating revenues. The General Fund’s spendable unrestricted fund balance (the sum of committed, assigned, & unassigned fund balance) totaled \$20.1 million and met the minimum fund balance recommendation of the Government Finance Officers Association which defines a minimum unrestricted fund balance of no less than two months of regular General Fund operating revenues or operating expenditures.

The CHOICES Program was approved by the voters on August 31, 2004. The program is funded by a ¼ cent sales tax which was approved through December 2011. As of September 30, 2011, the total fund balance for CHOICES was \$39.9 million. Investment income for the year of \$.3 million was received and \$10.6 million was spent for program costs. This discretionary sales tax ceased December 2011, and the County is considering different options allowed under the ordinance for use of the funds. At the end of the fiscal year, there were 3,950 clients enrolled in the program.

The Municipal Service Taxing Unit (MSTU) – Unincorporated Services Fund provides services to citizens in the unincorporated area of the County, including recreation, environmental services, and development related activities such as codes enforcement and planning. Slight decreases in revenues and expenditures, and an increase in transfers resulted in an overall increase in fund balance during the year of \$23 thousand. The fund has an ending fund balance of just over \$0.6 million. The ending fund balance represents 13% of the MTSU - Unincorporated Services operating revenue.

The MSTU - Law Enforcement Fund pays for the majority of the Sheriff's patrol in the unincorporated area of the County through transfers of \$16.4 million to the Sheriff. The decrease in fund balance during the year was \$.3 million resulting in an ending fund balance of \$1.1 million. The \$2.4 million borrowed in fiscal year 2009 from the General Fund is still outstanding. Fund balance represents 7.1% of the MSTU - Law Enforcement operating revenue.

The MSTU - Fire Protection Fund provides fire fighting and related services to citizens in the unincorporated area of the County. A slight increase in ad valorem revenues, a slight decrease in operating expenditures and a slight increase in net transfers resulted in an ending fund balance of \$3.2 million, an increase of \$1.6 million dollars from the prior year. The ending fund balance represents 24.8% of the MSTU – Fire Protection Services operating revenue.

The Gas Tax Uses Fund is the primary operating fund of the Public Works – Road & Bridge Department. The primary revenue source for this fund is fuel taxes as well as transfers in totaling \$3.2 million, including \$1.1 million from the General Fund to bolster lagging gas tax revenues, and \$1.5 million from Gas Tax Revenue Bonds. This year \$9.3 million was spent on maintenance of County roads. Revenues including transfers were less than expenditures by \$1.5 million resulting in an ending fund balance of \$1.1 million.

The Debt Service fund accounts for the resources accumulated and payments made for principal and interest on long-term obligations of debt of governmental funds. Commercial paper of \$14 million for capital projects and \$15 million bank loan for 2009 Wild Spaces & Public Places were both paid off, but new bank notes were made for \$15 million for Alachua Forever conservation lands. The fund has an ending balance of \$6.4 million, down \$4.1 million from fiscal year 2010.

The Other Capital Projects Fund accounts for impact fees, bond proceeds and other allocations for general facilities improvements. The first series of bonds for this fund, Series 2007A Public Improvement Revenue Bonds, were issued in January 2007 and continue to be used this year to finance jail, the Kanapaha Community Center and Animal Services renovations; expenditures on these projects were over \$8 million this year. The fund has a total ending fund balance of \$33.8 million, a decrease of \$1.3 million from the prior fiscal year.

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. Also, on April 19, 2005, the Board of County Commissioners authorized staff to proceed with the issuance of \$33 million in Gas Tax Bonds for transportation improvements. In 2006, the first series of Revenue Tax Bonds were issued for \$15.4 million. In 2008, the second series were issued for \$18.2 million. In 2011, the Board approved issuance of an additional \$9.5 million bank note, pledging the County's 5 cent local option gas tax. After transportation improvement expenditures of \$7.2 million this fiscal year, the 2011 ending fund balance was \$15.4 million.

The Wild Spaces & Public Places capital project fund originated as a result of voter referendum on Nov. 4, 2008 for a two year duration half cent sales tax. Alachua County Forever conservation lands will be purchased with 51% of the proceeds and the balance will be used to fund recreational improvements in the County. Spending this year included \$3.5 million dollars for conservation land, \$1.5 million was transferred to the City of Gainesville for the Senior Center on NW 34th Street, and \$.4 million for the Kanapaha Community Center.

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, recycling, 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 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 over \$4.3 million for long term care of the closed landfills. Total assets as of September 30, 2011 were \$27.4 million, of which over \$9.5 million are capital assets, net of depreciation. Total liabilities were \$8.7 million resulting in an increase of over \$1.2 million in ending net assets of \$18.7 million.

General Fund Budgetary Highlights

The difference between the General Fund's original and final budgeted operating revenues, excluding other financial sources was for an increase in unanticipated miscellaneous revenue from the Alachua County Health Department for their contribution to a lease agreement (\$40,000) and unanticipated miscellaneous revenue from the Clerk's Domestic Relations for a settlement (\$150,000).

The differences between the original and final General Fund budget for current operating expenditures was primarily the result of moving budget from the Reserve for Contingencies for the following:

- \$543,932 – Correctional Facility HVAC renovation
- \$130,400 – County SAN and disaster recovery equipment
- \$166,500 – Match for Criminal Justice, Mental Health & Substance Abuse Grant
- \$150,000 – additional budget for Facilities to manage Correctional Facility renovations
- \$21,553 – added back to reserves as part of the mid-year fund balance adjustment

Other major changes between the original and final General Fund budget for current operating expenditures included the following major changes:

- \$150,000 – the settlement amount for Domestic Relations was also added to the current year expenditure budget
- \$147,163 – budget carried forward for prior year incomplete purchase orders.

General Fund actual revenues overall were \$3.4 million more than the final amended budgeted revenues. \$1.7 million of this amount is due to more taxes being collected than budgeted; per Florida Statute 129.01, only 95 percent of anticipated receipts may be budgeted. Actual expenditures overall were \$9.3 million less than was budgeted; this was primarily due to a \$1.4 reduction in court cost expenditures related to payments due to the Department of Juvenile Justice, unused reserve for contingency balance of \$4.6 million and direction from the Board to reduce expenditures across the board where possible in anticipation of the continuing downturn of the economy.

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, 2011 totals \$528.5 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 %.

	Capital Assets (net of depreciation, in millions)						Percent Change
	Governmental Activities		Business-type Activities		Total		
	2010	2011	2010	2011	2010	2011	
Land	\$ 240.1	\$ 244.9	\$ 3.3	\$ 3.3	\$ 243.4	\$ 248.2	1.97%
Art	0.1	0.1	-	-	0.1	0.1	0.00%
Infrastructure	157.0	156.8	-	-	157.0	156.8	-0.13%
Buildings	79.5	77.6	1.7	1.7	81.2	79.3	-2.34%
Improvements other than buildings	8.2	7.6	3.7	3.5	11.9	11.1	-6.72%
Equipment	23.1	23.3	1.4	1.0	24.5	24.3	-0.82%
Construction in progress	7.2	8.6	-	0.1	7.2	8.7	20.83%
Total	\$ 515.2	\$ 519.0	\$ 10.1	\$ 9.5	\$ 525.4	\$ 528.5	0.59%

(Note: Due to rounding, the totals shown may not be the addition of numbers presented in this table, but are the true rounded totals.)

As shown in the above table, construction in progress increased due primarily to the number of road projects underway.

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

- Road resurfacing and widening projects completed 2011 using contractors:
 - SW 122nd St from Archer Rd to SW 24th Ave (4.3 miles for \$1.4 million)
- Graded Unimproved Road Projects completed in fiscal year 2011:
 - SE 65th Lane from MP 0.322 to SR 20 (1 mile for \$168,000)
 - NW 75th St from SR 235 to NW 222nd Ave (2.2 miles for \$42,000)
 - NW 227th Dr from NW CR 236 to Old Belamy Rd (3.47 miles for \$306,000)
 - SW 85th Lane from SW 75th to SW Williston Rd (1.84 miles for \$187,000)
 - SW 175th Ave from SW 170th St to SW US 410 (2.2 miles for \$181,000)
 - NW 142nd Ave from US 41 to NW 234th St (2.17 miles for \$108,000)
 - SW 121st Ave from SW 143rd St to SW 122nd St (1.38 miles for \$127,000)
- Planning, design and construction began or continued on the following major road resurfacing and widening projects this fiscal year for:
 - NW CR 231 from SR 121 to SR 235 (6 miles for \$2.5 million spent to date)
 - S CR 325 from CR 325 to US 301 (8 miles for \$3.7 spent to date)
 - SW 91st St from Newberry Rd to SW 8th Ave (1 mile for \$936,000 spent to date)
 - North Main St from N 8th Ave to N 23rd Ave (1.03 miles for \$828,000 spent to date)
 - NW CR 236 from US 441 to I-75 (4 miles for \$192,000 spent to date)
 - NW 16th Ave from NW 57th Terrace to NW 13th St (3.1 miles for \$236,000 spent to date)

- SW 62nd Blvd/intersection and turn lane improvements (\$4.8 million spent to date)
- County Parks
 - Kanapaha Park - Construction of new Community Center began early FY12 after completion of design and community meetings to agree on format of building. (\$261,000 spent to date)
 - Poe Springs Park – retaining wall improvements (\$23,900 spent to date)
- Animal Services Building renovation and upgrades (\$216,000 spent to date)
- Alachua County Forever-Legacy Lands–numerous acquisition efforts are underway in conjunction with other State programs. Overall \$3.6 million was spent on land related purchases this year including the following major acquisitions:
 - Lochloosa Connector– Crevasse CBI parcels with 79 acres for a total \$.3million and the Crevasse Ranch tract of 96 acres for a total of \$.4 million.
 - Barr Hammock – Delcala Land LLC tract with 88 acres for \$.3 million.
 - San Felasco – Rolling Meadows tract with 208 acres for a cost of \$2.3 million.
- Neighborhood Stabilization Program houses – The County received \$914,000 of federal funds in FY11 from a CDBG Neighborhood Stabilization Program (NSP) grant. The funds paid for the acquisition and rehabilitation of houses as well as for house maintenance and program administration. At year-end, the program had acquired twenty houses – nine for resale and eleven for rental; rehabilitation was complete on all but two houses; three of the houses were sold to qualified buyers; and six were transferred to Alachua County Housing Authority for rental to low-income tenants. Proceeds of the sales resulted in \$180,575 of program income of which 100% was used to pay FY11 costs of the NSP program.

Additional information on the County’s capital assets can be found in Note 7 on pages 68-69 of this report.

Long-term Debt

At the end of fiscal year 2011, the County had total bonded debt outstanding of \$78.3 million. The County’s debt represents bonds secured by specified revenue sources (i.e., Revenue Bonds).

Outstanding Debt

	<u>2010</u>	<u>2011</u>
General Obligation & Revenue Bonds		
General Obligation Bonds	\$ 1,515,000	\$ -
Revenue Bonds	83,335,000	78,345,000
Total	<u>\$ 84,850,000</u>	<u>\$ 78,345,000</u>
Notes Payable		
Pooled Commercial Paper	\$ 14,400,000	\$ -
2008 Capital Improvement bank loan	7,050,000	6,630,000
Wild Spaces & Public Places bank loan	7,560,000	-
2011 Local Option Gas Tax bank loan	-	9,500,000
2010 Alachua County Forever bank loan	-	15,000,000
Total	<u>\$ 29,010,000</u>	<u>\$ 31,130,000</u>

After making regularly scheduled debt service payments for the year, the County had a decrease in bonded debt of over \$6.5 million and an increase in notes payable of \$2.12 million from the prior fiscal year. No new bonds were issued this fiscal year.

Additional information on the County's debt can be found in Note 9 on pages 72-76 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County at September 30, 2011 was 8.1%. This represents a decrease of 2.4% from the prior year, and is still one of the lowest in the state.
- The taxable value of commercial and residential property both decreased 1.38% and 7.12%, respectively, in the 2011 fiscal year.
- There were 4,487 building permits issued in the County for fiscal year 2011, down .5% from the previous fiscal year total of 4,511.
- Population per the 2010 Census was 247,336, and the estimate at September 30, 2011 is 247,337, showing that the Alachua County population is basically unchanged from the prior fiscal year. Overall the State of Florida population increased by 132,696.

During the current fiscal year, unassigned fund balance in the General Fund increased to \$11.1 million with a total fund balance of \$20.7 million. The fiscal year 2011 ad valorem tax rate for the General Fund is 8.3763 mills and increased to 8.5956 mills in fiscal year 2012.

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 Courts, Finance and Accounting, 201 East University Avenue, Gainesville, Florida 32601. Additional financial information, including financial reports from prior fiscal years, can also be found on our website <http://www.alachuacounty.us/Depts/Clerk/Pages/FinancialReports.aspx>.

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**BASIC
FINANCIAL
STATEMENTS**

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**ALACHUA COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011**

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
Assets:				
Current Assets:				
Equity in pooled cash & investments	\$ 172,058,584	\$ 12,122,616	\$ 184,181,200	\$ 337,260
Cash with fiscal agent	141,421	-	141,421	-
Other cash and equivalents	9,061,023	-	9,061,023	-
Investments	1,014,205	-	1,014,205	-
Receivables (net)	2,062,403	572,379	2,634,782	408
Due from other governments	10,612,601	2,316	10,614,917	2,394
Internal balances	(1,440,792)	1,440,792	-	-
Inventories or assets held for sale	1,449,036	-	1,449,036	-
Prepaid items	1,032,214	-	1,032,214	-
Total current non-restricted assets	195,990,695	14,138,103	210,128,798	340,062
Current Restricted Assets:				
Sinking fund cash & cash reserves	6,246,289	-	6,246,289	-
Total current restricted assets	6,246,289	-	6,246,289	-
Total current assets (restricted & non-restricted)	202,236,984	14,138,103	216,375,087	340,062
Noncurrent Assets:				
Deferred charges	1,367,255	-	1,367,255	-
Noncurrent restricted assets:				
Restricted equity in pooled cash and investments	-	46,474	46,474	-
Restricted investments	-	4,239,098	4,239,098	-
Restricted interest receivable	-	13,169	13,169	-
Total non-current restricted assets	-	4,298,741	4,298,741	-
Capital Assets:				
Land	244,924,797	3,324,279	248,249,076	-
Artwork	91,390	-	91,390	-
Infrastructure	501,135,455	-	501,135,455	-
Buildings	120,677,030	2,784,876	123,461,906	-
Improvements other than buildings	13,469,956	13,386,660	26,856,616	-
Equipment and software	71,139,336	3,186,708	74,326,044	1,850
Construction in progress	8,605,075	75,338	8,680,413	-
Less accumulated depreciation	(441,028,388)	(13,224,705)	(454,253,093)	(771)
Total capital assets	519,014,651	9,533,156	528,547,807	1,079
Total noncurrent assets (restricted & non-restricted)	520,381,906	13,831,897	534,213,803	1,079
Total Assets	\$ 722,618,890	\$ 27,970,000	\$ 750,588,890	\$ 341,141

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	\$ 15,871,068	\$ 578,801	\$ 16,449,869	\$ 469
Accrued interest payable	1,373,759	-	1,373,759	-
Estimated liability for self insurance losses	2,018,248	-	2,018,248	-
Contracts payable	521,035	2,406	523,441	-
Due to other governments	2,700,770	23,975	2,724,745	4,804
Deposits	31,713	100,557	132,270	-
Unearned revenue	1,971,061	-	1,971,061	-
Accrued compensated absences	6,397,354	234,348	6,631,702	-
Accrued landfill closure cost	-	362,560	362,560	-
Bonds and notes payable	7,861,000	-	7,861,000	-
Total current liabilities (payable from current assets)	38,746,008	1,302,647	40,048,655	5,273
Noncurrent Liabilities:				
Accrued compensated absences	6,985,084	300,058	7,285,142	-
Estimated liability for self insurance losses	4,605,113	-	4,605,113	-
Bonds and notes payable (net of amortization on discounts & premiums)	101,281,961	-	101,281,961	-
Total noncurrent liabilities (payable from noncurrent assets)	112,872,158	300,058	113,172,216	-
Noncurrent Liabilities (payable from restricted assets):				
Accrued landfill closure cost	-	7,256,949	7,256,949	-
Total noncurrent liabilities (payable from restricted assets)	-	7,256,949	7,256,949	-
Total noncurrent liabilities	112,872,158	7,557,007	120,429,165	-
Total Liabilities	151,618,166	8,859,654	160,477,820	5,273
Net Assets:				
Invested in capital assets, net of related debt	437,944,404	9,533,156	447,477,560	1,079
Restricted for:				
Restricted for debt service	1,571,336	-	1,571,336	-
Restricted for cash reserve - bond covenants	4,835,410	-	4,835,410	-
Restricted for CHOICES	39,915,191	-	39,915,191	-
Restricted for Wild Spaces & Public Places	3,772,654	-	3,772,654	-
Restricted for tourist development	3,947,200	-	3,947,200	-
Restricted for road construction	20,272,452	-	20,272,452	-
Restricted for Alachua County Forever land program	3,793,792	-	3,793,792	-
Restricted for public improvement revenue projects	3,011,735	-	3,011,735	-
Restricted for jail energy conservation program	6,030,059	-	6,030,059	-
Restricted for impact fee - fire	193,213	-	193,213	-
Restricted for impact fee - parks	570,590	-	570,590	-
Restricted for impact fee - transportation	10,052,265	-	10,052,265	-
Restricted for enabling legislation	15,409,115	-	15,409,115	-
Restricted for grants and other purposes	4,129,296	-	4,129,296	-
Restricted for annual landfill closure costs	-	362,560	362,560	-
Unrestricted	15,552,012	9,214,630	24,766,642	334,789
Total Net Assets	\$ 571,000,724	\$ 19,110,346	\$ 590,111,070	\$ 335,868

**ALACHUA COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Administration	\$ 41,204,438	\$ 5,910,082	\$ 1,097,075	\$ -
Community services	23,048,945	454,711	883,957	21,902
Corrections	27,895,425	567,588	45,117	-
Courts	20,450,459	3,455,854	7,291,671	-
Culture and recreation	3,638,888	48,849	90,544	26,930
Tourist development	2,124,397	-	-	-
Emergency services	29,820,274	9,037,651	122,688	501,563
Environmental services	2,717,924	289,241	696,635	-
Growth management	4,891,114	107,790	1,559,074	-
Law enforcement	33,191,458	2,712,080	4,479,557	287,984
Solid waste collection	4,637,993	5,710,946	376,878	-
Transportation	22,418,366	687,473	3,970,638	6,466,347
Interest on long-term debt	4,232,808	-	-	-
Total governmental activities	220,272,489	28,982,265	20,613,834	7,304,726
Business-type activities:				
Solid waste disposal system	11,265,120	11,927,549	5,636	-
Codes enforcement	1,111,932	1,209,286	-	-
Total business-type activities	12,377,052	13,136,835	5,636	-
Total primary government	\$ 232,649,541	\$ 42,119,100	\$ 20,619,470	\$ 7,304,726
Component Units:				
Murphree Law Library	\$ 66,180	\$ 56,007	\$ 60	-
Alachua County Housing Finance Authority	175,406	-	-	-
Total component units	\$ 241,586	\$ 56,007	\$ 60	\$ -

General revenues:
Property taxes
Tourist development taxes
Impact fees
Fuel taxes
Discretionary sales surtaxes (CHOICES)
Infrastructure sales surtaxes (Wild Spaces & Public Places)
Local business taxes
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
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	
\$ (34,197,281)	\$ -	\$ (34,197,281)	
(21,688,375)	-	(21,688,375)	
(27,282,720)	-	(27,282,720)	
(9,702,934)	-	(9,702,934)	
(3,472,565)	-	(3,472,565)	
(2,124,397)	-	(2,124,397)	
(20,158,372)	-	(20,158,372)	
(1,732,048)	-	(1,732,048)	
(3,224,250)	-	(3,224,250)	
(25,711,837)	-	(25,711,837)	
1,449,831	-	1,449,831	
(11,293,908)	-	(11,293,908)	
(4,232,808)	-	(4,232,808)	
(163,371,664)	-	(163,371,664)	
-	668,065	668,065	
-	97,354	97,354	
-	765,419	765,419	
(163,371,664)	765,419	(162,606,245)	
			\$ (10,113)
			(175,406)
			(185,519)
117,549,866	-	117,549,866	-
3,291,756	-	3,291,756	-
972,819	-	972,819	-
7,202,158	-	7,202,158	-
9,032,006	-	9,032,006	-
2,169,359	-	2,169,359	-
262,001	-	262,001	-
13,313,430	-	13,313,430	-
15,078,817	-	15,078,817	-
1,780,501	139,184	1,919,685	11,720
3,532,286	299,415	3,831,701	44,688
174,184,999	438,599	174,623,598	56,408
10,813,335	1,204,018	12,017,353	(129,111)
(126,578)	126,578	-	-
10,686,757	1,330,596	12,017,353	(129,111)
560,313,967	17,779,750	578,093,717	464,979
\$ 571,000,724	\$ 19,110,346	\$ 590,111,070	\$ 335,868

ALACHUA COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	GENERAL	CHOICES	MSTU UNINCORPORATED SERVICES	MSTU LAW ENFORCEMENT
ASSETS				
Equity in pooled cash and investments	\$ 15,562,600	\$ 40,449,804	\$ 473,777	\$ 2,573,325
Cash with fiscal agent	-	141,421	-	-
Other cash and equivalents	5,290,628	-	100	-
Sinking fund cash and cash reserves	-	-	-	-
Investments	-	-	-	-
Accounts receivable	4,621,304	66,727	34,905	139,644
Allowance for estimated uncollectables	(3,636,490)	-	-	-
Assessment receivable	-	-	-	-
Due from other funds	5,595,126	-	43,521	181,431
Due from other governments	529,348	1,576,261	325,319	689,626
Inventories or assets held for resale	486,501	-	-	-
Prepaid Items	50,000	-	-	-
Total assets	<u>\$ 28,499,017</u>	<u>\$ 42,234,213</u>	<u>\$ 877,622</u>	<u>\$ 3,584,026</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,513,539	\$ 1,558,735	\$ 168,830	\$ -
Contracts payable	5,307	-	-	-
Due to collection agent	3,881	-	-	-
Due to individuals	-	-	6,193	24,771
Due to other funds	939,565	-	32	2,400,160
Due to other governments	1,126,224	41,666	78,179	51,800
Deposits	19,428	-	-	-
Deferred revenue	229,925	718,621	-	-
Total liabilities	<u>7,837,869</u>	<u>2,319,022</u>	<u>253,234</u>	<u>2,476,731</u>
Fund balances:				
Non-spendable	536,501	-	-	-
Restricted	-	39,915,191	-	-
Assigned	9,050,000	-	624,388	1,107,295
Unassigned	11,074,647	-	-	-
Total fund balances	<u>20,661,148</u>	<u>39,915,191</u>	<u>624,388</u>	<u>1,107,295</u>
Total liabilities and fund balances	<u>\$ 28,499,017</u>	<u>\$ 42,234,213</u>	<u>\$ 877,622</u>	<u>\$ 3,584,026</u>

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

<u>MSTU FIRE PROTECTION</u>	<u>GAS TAX USES</u>	<u>DEBT SERVICE</u>	<u>OTHER CAPITAL PROJECTS</u>	<u>TRANSPORTATION TRUST</u>
\$ 2,497,082	\$ 1,069,626	\$ 4,420,374	\$ 34,575,647	\$ 16,866,821
-	-	-	-	-
-	1,000	-	-	-
-	-	6,246,289	-	-
-	-	-	-	-
114,055	183	12,171	33,965	21,281
-	-	-	-	-
-	-	-	409,713	-
134,768	55,403	23,221	10,848	445,000
709,206	732,142	2,862,527	1,420,211	-
-	234,454	-	-	-
-	-	-	2,000	-
<u>\$ 3,455,111</u>	<u>\$ 2,092,808</u>	<u>\$ 13,564,582</u>	<u>\$ 36,452,384</u>	<u>\$ 17,333,102</u>
\$ 191,573	\$ 280,429	\$ 1,206	\$ 1,515,737	\$ 1,722,462
-	281	-	288,227	223,592
-	-	-	-	-
18,578	-	-	16,590	-
129	33	5,693,222	467,320	-
28,620	400,741	-	-	-
-	2,400	-	-	-
-	309,126	1,463,408	383,024	-
<u>238,900</u>	<u>993,010</u>	<u>7,157,836</u>	<u>2,670,898</u>	<u>1,946,054</u>
-	234,454	-	2,000	-
-	-	6,406,746	28,114,065	15,387,048
3,216,211	865,344	-	5,665,421	-
-	-	-	-	-
<u>3,216,211</u>	<u>1,099,798</u>	<u>6,406,746</u>	<u>33,781,486</u>	<u>15,387,048</u>
<u>\$ 3,455,111</u>	<u>\$ 2,092,808</u>	<u>\$ 13,564,582</u>	<u>\$ 36,452,384</u>	<u>\$ 17,333,102</u>

ALACHUA COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

PAGE 2 OF 2

	<u>WILD SPACES & PUBLIC PLACES</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Equity in pooled cash and investments	\$ 5,303,829	\$ 23,026,059	\$ 146,818,944
Cash with fiscal agent	-	-	141,421
Other cash and equivalents	-	3,769,295	9,061,023
Sinking fund cash and cash reserves	-	-	6,246,289
Investments	-	1,014,205	1,014,205
Accounts receivable	6,291	111,980	5,162,506
Allowance for estimated uncollectables	-	-	(3,636,490)
Assessment receivable	-	-	409,713
Due from other funds	-	460,850	6,950,168
Due from other governments	-	1,758,591	10,603,231
Inventories or assets held for resale	-	524,881	1,245,836
Prepaid Items	-	46,662	98,662
Total assets	<u>\$ 5,310,120</u>	<u>\$ 30,712,523</u>	<u>\$ 184,115,508</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,537,466	\$ 1,032,166	\$ 13,522,143
Contracts payable	-	3,628	521,035
Due to collection agent	-	107	3,988
Due to individuals	-	240,630	306,762
Due to other funds	-	2,943,852	12,444,313
Due to other governments	-	973,540	2,700,770
Deposits	-	9,885	31,713
Deferred revenue	-	379,382	3,483,486
Total liabilities	<u>1,537,466</u>	<u>5,583,190</u>	<u>33,014,210</u>
Fund balances:			
Non-spendable	-	46,662	819,617
Restricted	3,772,654	23,908,604	117,504,308
Assigned	-	1,174,067	21,702,726
Unassigned	-	-	11,074,647
Total fund balances	<u>3,772,654</u>	<u>25,129,333</u>	<u>151,101,298</u>
Total liabilities and fund balances	<u>\$ 5,310,120</u>	<u>\$ 30,712,523</u>	<u>\$ 184,115,508</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 of Governmental Funds
September 30, 2011

Fund balances – total governmental funds (page 28) \$151,101,298

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 financial statements.

Total governmental activities capital assets	\$519,014,651	
Remove Internal Service capital assets	(5,759,981)	
Total adjustment governmental activities	\$513,254,670	513,254,670

Long-term liabilities are not due and payable in the current period and therefore are not reported in fund financial statements:

Governmental activities	(\$129,148,760)	
Less amounts reported in Internal Service funds:		
Self-insured losses	6,623,361	
Accrued compensated absences	271,316	(122,254,083)

Accrued long-term debt interest payable is not current and therefore is not reported in the fund statements. (1,373,759)

Gas Tax, Sales Tax, and Discretionary Sales Tax receivables are not financial resources in the current period and therefore are reported as deferred revenues. 3,099,538

Deferred charges are reported in the statement of net assets but not in the fund financial statements 1,367,255

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. 24,876,807

Prepaid Items originally expensed in full, reclassified as an asset. 928,998

Net Assets of governmental activities (page 23) \$571,000,724

*See Note 2.A. for details

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

ALACHUA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	GENERAL	CHOICES	MSTU UNINCORPORATED SERVICES	MSTU LAW ENFORCEMENT
REVENUES				
Taxes	\$ 97,635,388	\$ 8,955,873	\$ 3,656,931	\$ 15,328,438
Permits and fees	-	-	87,973	29
Intergovernmental	5,011,482	-	925,094	-
Charges for services	15,228,050	-	91,399	-
Fines and forfeitures	15,179	-	-	-
Investment income	550,818	349,614	9,391	34,915
Special assessments and impact fees	-	-	-	-
Private donations	-	150,000	-	-
Miscellaneous	2,596,209	31,541	24,287	84,635
Total revenues	<u>121,037,126</u>	<u>9,487,028</u>	<u>4,795,075</u>	<u>15,448,017</u>
EXPENDITURES				
Current:				
General government	32,022,789	-	1,044,870	174,270
Public safety	79,226,899	-	491,253	195,726
Physical environment	1,754,560	-	523,987	-
Transportation	-	-	830,726	-
Economic environment	1,172,990	-	959,437	-
Human services	10,412,818	10,576,175	-	-
Culture and recreation	434,837	-	1,066,681	-
Court cost	8,609,770	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Excess fees distributed to State	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>133,634,663</u>	<u>10,576,175</u>	<u>4,916,954</u>	<u>369,996</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,597,537)</u>	<u>(1,089,147)</u>	<u>(121,879)</u>	<u>15,078,021</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	26,205,391	-	407,318	971,416
Transfers out	(7,749,433)	-	(262,000)	(16,400,134)
Issuance of debt	-	-	-	-
Sale of capital assets	60,173	-	-	-
Total other financing sources and (uses)	<u>18,516,131</u>	<u>-</u>	<u>145,318</u>	<u>(15,428,718)</u>
Net change in fund balances	5,918,594	(1,089,147)	23,439	(350,697)
Fund balances - beginning, as restated	14,742,554	41,004,338	600,949	1,457,992
Fund balances - ending	<u>\$ 20,661,148</u>	<u>\$ 39,915,191</u>	<u>\$ 624,388</u>	<u>\$ 1,107,295</u>

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

MSTU FIRE PROTECTION	GAS TAX USES	DEBT SERVICE	OTHER CAPITAL PROJECTS	TRANSPORTATION TRUST
\$ 11,598,035	\$ 3,422,512	\$ 7,862,371	\$ 1,503,995	\$ -
2,386	-	-	488,762	-
17,018	128,384	13,600,676	2,828,046	-
1,187,525	952,481	-	73,827	125,210
-	-	-	-	-
29,756	195	108,471	261,336	116,363
-	-	-	1,006,508	-
-	-	-	26,930	-
96,234	12,390	-	-	(638)
<u>12,930,954</u>	<u>4,515,962</u>	<u>21,571,518</u>	<u>6,189,404</u>	<u>240,935</u>
132,790	-	69,131	-	-
11,653,368	-	-	-	-
-	123,200	-	-	-
-	9,140,489	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	28,885,000	-	-
-	-	4,290,784	-	-
-	-	-	-	-
-	-	-	7,998,943	7,218,909
<u>11,786,158</u>	<u>9,263,689</u>	<u>33,244,915</u>	<u>7,998,943</u>	<u>7,218,909</u>
<u>1,144,796</u>	<u>(4,747,727)</u>	<u>(11,673,397)</u>	<u>(1,809,539)</u>	<u>(6,977,974)</u>
729,241	3,208,313	2,361,654	3,592,638	-
(246,823)	-	(9,228,563)	(3,089,054)	-
-	-	14,481,750	-	9,460,000
2,448	709	-	-	-
<u>484,866</u>	<u>3,209,022</u>	<u>7,614,841</u>	<u>503,584</u>	<u>9,460,000</u>
1,629,662	(1,538,705)	(4,058,556)	(1,305,955)	2,482,026
1,586,549	2,638,503	10,465,302	35,087,441	12,905,022
<u>\$ 3,216,211</u>	<u>\$ 1,099,798</u>	<u>\$ 6,406,746</u>	<u>\$ 33,781,486</u>	<u>\$ 15,387,048</u>

ALACHUA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	WILD SPACES & PUBLIC PLACES	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ 63,188	\$ 3,291,756	\$ 153,318,487
Permits and fees	-	202,067	781,217
Intergovernmental	-	16,492,239	39,002,939
Charges for services	-	3,589,521	21,248,013
Fines and forfeitures	-	1,855,664	1,870,843
Investment income	55,730	169,058	1,685,647
Special assessments and impact fees	-	5,708,828	6,715,336
Private donations	-	33,451	210,381
Miscellaneous	2,762	874,530	3,721,950
Total revenues	<u>121,680</u>	<u>32,217,114</u>	<u>228,554,813</u>
EXPENDITURES			
Current:			
General government	-	10,641	33,454,491
Public safety	-	7,755,080	99,322,326
Physical environment	-	5,854,219	8,255,966
Transportation	-	44,216	10,015,431
Economic environment	-	3,860,300	5,992,727
Human services	-	2,406,268	23,395,261
Culture and recreation	-	157,101	1,658,619
Court cost	-	7,184,398	15,794,168
Debt service:			
Principal	-	-	28,885,000
Interest and fiscal charges	-	-	4,290,784
Excess fees distributed to State	-	212,789	212,789
Capital outlay	5,269,302	676,944	21,164,098
Total expenditures	<u>5,269,302</u>	<u>28,161,956</u>	<u>252,441,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,147,622)</u>	<u>4,055,158</u>	<u>(23,886,847)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	805,757	6,112,175	44,393,903
Transfers out	-	(7,544,474)	(44,520,481)
Issuance of debt	-	558,250	24,500,000
Sale of capital assets	-	8,949	72,279
Total other financing sources and (uses)	<u>805,757</u>	<u>(865,100)</u>	<u>24,445,701</u>
Net change in fund balances	(4,341,865)	3,190,058	558,854
Fund balances - beginning, as restated	8,114,519	21,939,275	150,542,444
Fund balances - ending	<u>\$ 3,772,654</u>	<u>\$ 25,129,333</u>	<u>\$ 151,101,298</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, 2011

Net change in fund balances – total governmental funds (page 32) \$558,854

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 \$24,029,046 exceeded depreciation (\$21,694,266) in the current period.

Total governmental activities capital outlay expenditures	\$24,883,522	
Remove Internal Service capital outlay expenditures	(854,476)	
Total capital outlay expenditures excluding Internal Service	<u>\$24,029,046</u>	
Total governmental activities depreciation	(\$23,197,006)	
Remove Internal Service depreciation	1,502,740	
Total depreciation excluding Internal Service	<u>(\$21,694,266)</u>	2,334,780

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. 3,384,526

Governmental funds report sale of capital assets as financial resources; the loss on disposal of capital assets are not reflected in the fund statement.

Total capital outlay loss per Capital Asset Schedule	(\$1,145,206)	
Remove gain Internal Service	(64,479)	
Total capital outlay loss excluding Internal Service	<u>(\$1,209,685)</u>	(1,209,685)

Issuance of debt provide current financial resources to governmental funds, but debt increases long-term liabilities in the Statement of Net Assets (24,500,000)

Repayments of bond and note principal (\$28,885,000 less \$2,926 discount and \$60,106 deferred loss, plus premium of \$54,782) are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 28,876,750

Deferred charges are recorded and amortized in the government-wide statements but not in the fund statements. (43,181)

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 the governmental funds. (210,678)

Internal service funds are used by management to charge the costs of insurance, computer replacement, fleet services, and telephone services to individual funds. \$2,442,277 of total net operating gain for internal service funds is reported with governmental activities. 2,442,277

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. (754,378)

Prepaid items originally expensed in full, reclassified as an asset. (192,508)

Changes in net assets of governmental activities (page 25) \$10,686,757

*See Note 2.B. for details

The accompanying notes are an integral part of the financial statements

ALACHUA COUNTY, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	400 SOLID WASTE SYSTEM	NONMAJOR PROPRIETARY FUND 410 CODES ENFORCEMENT	TOTAL	
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 11,566,078	\$ 556,538	\$ 12,122,616	\$ 25,239,640
Accounts receivable	568,132	4,247	572,379	126,674
Due from other funds	1,441,235	-	1,441,235	4,053,353
Due from other governments	1,507	809	2,316	9,370
Inventories	-	-	-	203,200
Prepaid items	-	-	-	4,554
Total current assets	<u>13,576,952</u>	<u>561,594</u>	<u>14,138,546</u>	<u>29,636,791</u>
Noncurrent assets:				
Restricted assets:				
Equity in pooled cash and investments	46,474	-	46,474	-
Investments	4,239,098	-	4,239,098	-
Interest receivable	13,169	-	13,169	-
Total restricted assets	<u>4,298,741</u>	<u>-</u>	<u>4,298,741</u>	<u>-</u>
Capital assets:				
Land	3,324,279	-	3,324,279	-
Buildings	2,784,876	-	2,784,876	48,803
Improvements other than buildings	13,386,660	-	13,386,660	3,720
Equipment and software	3,054,333	132,375	3,186,708	15,663,420
Construction in progress	75,338	-	75,338	-
Less accumulated depreciation	<u>(13,092,520)</u>	<u>(132,185)</u>	<u>(13,224,705)</u>	<u>(9,955,962)</u>
Total capital assets (net of depreciation)	<u>9,532,966</u>	<u>190</u>	<u>9,533,156</u>	<u>5,759,981</u>
Total noncurrent assets	<u>13,831,707</u>	<u>190</u>	<u>13,831,897</u>	<u>5,759,981</u>
Total assets	<u>27,408,659</u>	<u>561,784</u>	<u>27,970,443</u>	<u>35,396,772</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	561,713	17,088	578,801	2,038,175
Contracts payable	2,406	-	2,406	-
Unearned revenue	-	-	-	1,587,113
Due to other funds	399	44	443	-
Due to other governments	14,936	9,039	23,975	-
Deposits	100,557	-	100,557	-
Accrued compensated absences of one year or less	175,521	58,827	234,348	116,333
Accrued landfill post closure cost	362,560	-	362,560	-
Estimated liability for self insured losses	-	-	-	2,018,248
Total current liabilities	<u>1,218,092</u>	<u>84,998</u>	<u>1,303,090</u>	<u>5,759,869</u>
Noncurrent liabilities:				
Accrued compensated absences of more than one year	210,971	89,087	300,058	154,983
Estimated liability for self insured losses	-	-	-	4,605,113
Noncurrent liabilities payable from restricted assets:				
Accrued landfill post closure cost	<u>7,256,949</u>	<u>-</u>	<u>7,256,949</u>	<u>-</u>
Total noncurrent liabilities	<u>7,467,920</u>	<u>89,087</u>	<u>7,557,007</u>	<u>4,760,096</u>
Total liabilities	<u>8,686,012</u>	<u>174,085</u>	<u>8,860,097</u>	<u>10,519,965</u>
NET ASSETS				
Invested in capital assets	9,532,966	190	9,533,156	5,759,981
Restricted for annual landfill post closure cost	362,560	-	362,560	-
Unrestricted	<u>8,827,121</u>	<u>387,509</u>	<u>9,214,630</u>	<u>19,116,826</u>
Total net assets	<u>\$ 18,722,647</u>	<u>\$ 387,699</u>	<u>\$ 19,110,346</u>	<u>\$ 24,876,807</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, 2011

	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	\$ 7,666,787	\$ 7,083	\$ 7,673,870	\$ 27,763,732
Fines and forfeitures	-	18,361	18,361	-
Permits, licenses and franchise fees	296,658	1,183,842	1,480,500	-
Special assessments and impact fees	3,964,104	-	3,964,104	-
Miscellaneous revenue	290,489	17,896	308,385	1,114,818
Total operating revenues	<u>12,218,038</u>	<u>1,227,182</u>	<u>13,445,220</u>	<u>28,878,550</u>
Operating expenses:				
Personal services	2,620,494	797,360	3,417,854	1,738,175
Depreciation	697,715	9,588	707,303	1,502,740
Indirect costs	507,861	106,666	614,527	301,339
Supplies and materials	495,113	24,155	519,268	2,524,700
Other services and charges	6,943,937	174,163	7,118,100	3,004,133
Claims and losses	-	-	-	17,524,519
Total operating expenses	<u>11,265,120</u>	<u>1,111,932</u>	<u>12,377,052</u>	<u>26,595,606</u>
Operating income	<u>952,918</u>	<u>115,250</u>	<u>1,068,168</u>	<u>2,282,944</u>
Nonoperating revenues:				
Operating grants	5,636	-	5,636	-
Net gain (loss) on disposal of capital assets	(8,970)	-	(8,970)	64,479
Investment Income	139,184	-	139,184	94,854
Total nonoperating revenues (expenses)	<u>135,850</u>	<u>-</u>	<u>135,850</u>	<u>159,333</u>
Income before transfers	<u>1,088,768</u>	<u>115,250</u>	<u>1,204,018</u>	<u>2,442,277</u>
Transfers:				
Transfers in	<u>126,578</u>	<u>-</u>	<u>126,578</u>	<u>-</u>
Total transfers	<u>126,578</u>	<u>-</u>	<u>126,578</u>	<u>-</u>
Change in net assets	1,215,346	115,250	1,330,596	2,442,277
Total net assets - beginning	<u>17,507,301</u>	<u>272,449</u>	<u>17,779,750</u>	<u>22,434,530</u>
Total net assets - ending	<u>\$ 18,722,647</u>	<u>\$ 387,699</u>	<u>\$ 19,110,346</u>	<u>\$ 24,876,807</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, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	400 SOLID WASTE SYSTEM	NONMAJOR PROPRIETARY FUND	TOTAL	
		410 CODES ENFORCEMENT		
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for services	\$ 8,193,788	\$ 1,210,140	\$ 9,403,928	\$ 28,026,624
Cash received from special assessments & franchise fees	3,964,104	-	3,964,104	-
Miscellaneous cash receipts	290,489	17,896	308,385	1,114,818
Cash paid to outside parties	(8,508,889)	(328,429)	(8,837,318)	(25,562,647)
Cash paid to employees	(2,637,576)	(792,438)	(3,430,014)	(1,735,369)
Net cash provided (used) by operating activities	<u>1,301,916</u>	<u>107,169</u>	<u>1,409,085</u>	<u>1,843,426</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants	5,636	-	5,636	-
Due from other funds	(25,754)	-	(25,754)	(1,356,508)
Due from other governments	49,087	(785)	48,302	19,304
Transfers in (out)	126,578	-	126,578	-
Net cash provided (used) by noncapital financing activities	<u>155,547</u>	<u>(785)</u>	<u>154,762</u>	<u>(1,337,204)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Payments for capital assets	(147,361)	-	(147,361)	(854,476)
Proceeds from sale of capital assets	-	-	-	76,570
Net cash (used) by capital & related financing activities	<u>(147,361)</u>	<u>-</u>	<u>(147,361)</u>	<u>(777,906)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	139,184	-	139,184	94,854
(Purchase) of investment	(2,697,184)	-	(2,697,184)	(4,553)
Net cash provided (used) by investing activities	<u>(2,558,000)</u>	<u>-</u>	<u>(2,558,000)</u>	<u>90,301</u>
Net increase (decrease) in cash and cash equivalents	(1,247,898)	106,384	(1,141,514)	(181,383)
Cash and cash equivalents, October 1, 2010	<u>12,860,450</u>	<u>450,154</u>	<u>13,310,604</u>	<u>25,421,023</u>
Cash and cash equivalents, September 30, 2011	<u>\$ 11,612,552</u>	<u>\$ 556,538</u>	<u>\$ 12,169,090</u>	<u>\$ 25,239,640</u>
Cash and cash equivalents classified as:				
Equity in pooled cash and investments	\$ 11,566,078	\$ 556,538	\$ 12,122,616	\$ 25,239,640
Restricted equity in pooled cash and investments	46,474	-	46,474	-
Total	<u>\$ 11,612,552</u>	<u>\$ 556,538</u>	<u>\$ 12,169,090</u>	<u>\$ 25,239,640</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 952,918	\$ 115,250	\$ 1,068,168	\$ 2,282,944
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	697,715	9,588	707,303	1,502,740
(Decrease) in estimated landfill post closure cost	(380,276)	-	(380,276)	-
(Decrease) in estimated liability for self insured losses	-	-	-	(979,436)
(Increase) decrease in accounts receivable	227,593	854	228,447	180,704
Increase in user deposits	2,750	-	2,750	-
Increase in accrued compensated absences	(17,082)	4,922	(12,160)	2,806
Increase in unearned revenue	-	-	-	82,188
Decrease in inventories	-	-	-	(8,555)
Increase (decrease) in accounts payable	(181,702)	(23,445)	(205,147)	(1,219,965)
Total adjustments	<u>348,998</u>	<u>(8,081)</u>	<u>340,917</u>	<u>(439,518)</u>
Net cash provided (used) by operating activities	<u>\$ 1,301,916</u>	<u>\$ 107,169</u>	<u>\$ 1,409,085</u>	<u>\$ 1,843,426</u>

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

ALACHUA COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	AGENCY FUNDS	OTHER POST- EMPLOYMENT BENEFITS TRUST FUND
ASSETS		
Equity in pooled cash and investments	\$ 112,611	\$ -
Other cash and equivalents	7,012,415	-
Investments		-
SBA Fund B	153,299	-
FMPTF Bond fund	-	799,856
Due from individuals	22,894	-
Due from other governments	259,638	155,429
Total assets	7,560,857	955,285
LIABILITIES		
Assets held for others	1,601,091	-
Due to other governments	1,276,360	-
Deposits held in escrow	127,979	
Deposits - installment taxes	4,555,427	-
Total liabilities	7,560,857	-
NET ASSETS		
Net Assets Held in Trust for OPEB	-	955,285
TOTAL NET ASSETS	\$ -	\$ 955,285

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

ALACHUA COUNTY, FLORIDA
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 OTHER POSTEMPLOYMENT BENEFITS TRUST FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>OPEB TRUST FUND</u>
Additions	
Contributions:	
Employer	\$ 155,429
Members	-
Total contributions	<u>155,429</u>
Investment earnings:	
Net appreciation in fair value of investments	5,546
Interest and dividends	-
Total investment income	<u>5,546</u>
Less investment expense	<u>-</u>
Net investment income	<u>5,546</u>
Total additions	<u>160,975</u>
Deductions	
Benefit payments	-
Refunds of nonvested contributions	-
Administrative expenses	-
Total deductions	<u>-</u>
Net increase	160,975
Net assets held in trust for other postemployment benefits - beginning	<u>794,310</u>
Net assets held in trust for other postemployment benefits - ending	<u><u>\$ 955,285</u></u>

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 1 – 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 2009-61 and 2009-204 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.

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, established by Special Act (57-1118) during the 1957 Florida Legislative session, 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. There are no separately issued financial statements.

2. Alachua County Housing Finance Authority

The Alachua County Housing Finance Authority (Chapter 159.601, 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. There are no separately issued financial statements.

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 154.201, 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, 2011, 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.

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 comprise 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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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.

The Governmental Accounting Standards Board Statement (GASB) 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or 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 supplemental information 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 not accounted for and reported in another fund. The County-wide General Fund is subdivided into the following 6 categories: Board of County Commissioners, Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector.

The Community Health Offering Innovative Care and Educational Services Program (CHOICES) – Pursuant to the August 2004 sales tax referendum, the County will received .25% sales tax from January 2005 through December 2011. This discretionary sales surtax provides a broad range of health care services to the adult working uninsured Alachua County residents. The Board of County Commissioners has changed the initial requirements for use of the funds allowing 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 fiscal year 2003 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. In fiscal year 2007 the MSTU Unincorporated Services was split further to separate MSTU Fire Protection Services.

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.

Debt Service Fund – This fund accounts for the resources accumulated to make payments for principal and interest on long-term obligation debt of governmental funds. Revenues from ad valorem taxes, sales and gas taxes are committed by the Board of County Commissioners to pay the County's long term obligations.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for financial resources (a) that are restricted or legally limited to specific capital expenditures or (b) that the government has publicly expressed its intention to use for the acquisition or construction of major capital facilities and renovations (other than those financed by the proprietary fund types).

Transportation Trust Fund – This capital project fund is used to account for improvements to county roads using money transferred from the Gas Tax Uses fund and from the Transportation Improvement Revenue Bonds, Series 2006 and 2008. The fund was established March 8, 2005 by resolution 05-20.

Wild Spaces & Public Places Fund – This capital project fund is the result of the Nov. 4, 2008 voted one-half cent sales surtax for a two year period, and Ordinance 08-17 adopted by the County on August 12,

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

2008. The monies from the surtax are used to purchase conservation lands and enhance parks and recreation facilities in the County and all the cities in the County.

Enterprise Major Fund

Solid Waste System – This fund accounts for revenues and expenses associated with refuse/garbage disposal, recyclable reclaiming, care of closed of landfills, and collection activities outside the mandated designated Alachua County collection area.

Enterprise Non-major Fund

Codes Enforcement – This fund was established on October 1, 1998 to account for revenues and expenses 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 and include the Computer Replacement, Self-insurance, Fleet Management, Telephone Service, Vehicle Replacement and Health Insurance funds.

Trust and Agency Funds – Trust and 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, other post-employment benefits trust 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.

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 when 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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 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.

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 would be recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness would be reported as a reduction of the related liabilities, rather than as an expense. Currently, the proprietary funds carry no debt.

The County applies all GASB pronouncements as well as all Financial Accounting Standards Board Statements (FASB) and Interpretations, Accounting Principles Board (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 has one trust fund – the Other Post-employment Benefits (OPEB) fund. 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.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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, balances in the State Board of Administration Investment Pool, money market funds, certificates of deposit and US Treasury securities.

2. Investments

Investments for the County are reported at fair value, in accordance with GASB Statement 31.

3. Receivables and Payables

Activities 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 designation in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

4. Inventories, Prepaid Items and Assets Held for Resale

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. Inventories and prepaid items are reported as nonspendable fund balance in governmental funds. Assets held for resale include homes rehabilitated through the Neighborhood Stabilization Program whose proceeds upon sale are used to purchase additional homes.

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 1.D.8.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, right of ways, 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 non-consumable nature with a value of at least \$1,000 and a life of more than one year. Software costing over \$20,000 with a life greater than one year is also capitalized.

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

capitalized as projects are constructed.

The Board holds legal title to the capital assets used in the operations of the Board of County Commissioners, Property Appraiser, Tax Collector, Clerk of the Circuit and County Courts, and Supervisor of Elections and is accountable for them under Florida law. Under Florida Law, the Sheriff is accountable for maintaining capital asset records for equipment used in her 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/Software	2 - 20
Infrastructure	10 - 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 Post Closure Care 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 resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

9. Deferred Revenue and Unearned Revenue

If assets have been received by the County for services to be rendered in future periods, asset balances have been offset by an unearned revenue liability account in the government-wide financial statements. Deferred revenue liabilities are reported in the governmental fund financial statements to offset receivables and deposits that do not meet the availability criterion under the modified accrual basis of accounting.

10. Accrued Compensated Absences

The County accrues accumulated unpaid vacation and sick leave when earned by employees. 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.

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.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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; encumbrances are reported as restricted, committed or assigned fund balances at year-end, depending on the level of constraint and are reappropriated the following year.

14. Classifications of Fund Balances and Net Assets

Beginning October 1, 2010, the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which classifies fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The fund balance classifications are described below:

- *Nonspendable Fund Balance* - The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Items included in this classification are not expected to be converted to cash.
- *Restricted Fund Balance* - The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balances* are those that can only be used for specific purposes pursuant to constraints by formal action of the County's highest level of decision-making authority, which is an ordinance. The County has no committed fund balances.
- *Assigned Fund Balances* are amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent may be expressed by formal action of the Bocc, other than ordinances, or a body or official to which the BOCC has delegated authority to assign amounts for specific purposes.
- *Unassigned Fund Balance* - Unassigned fund balance is the residual classification for the General Fund, the only fund that can report a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The County's policy is to expend resources in the following order of priority: restricted, committed, assigned, and unassigned. It is the County's policy that unassigned fund balance of the General Fund, at fiscal year end, not be less than 10% of the following year's projected operating revenue. In any

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

fiscal year where the County is unable to maintain the minimum unassigned fund balance, the County shall reestablish the minimum amount over a 3 year period. During the reestablishment period, the County shall not appropriate any amounts of unassigned fund balance for the purpose of balancing the budget until the 10% minimum is reached.

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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The County uses the following procedures in establishing the budgetary data reflected in the Required Supplementary Information and Supplemental Information sections of this financial statement.

- (1) The County adopts its budget in accordance with Chapters 129 and 200 of the Florida Statutes, the County Charter, and County Policy. The County and County Manager follow an internal hearing process to set the proposed tentative budget and millage. 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) Level of Control - Expenditures may not exceed appropriations and are controlled in the following manner: The budget is controlled according to Chapter 129, Florida Statutes, at the total fund level. 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. The County, additionally, has adopted a Budget Amendment Policy that allows the County Manager to transfer budget amounts within departments and funds. The Board must authorize all budget changes between funds.
- (3) Budgets for the governmental and proprietary fund types are adopted on a basis consistent with generally accepted accounting principles.
- (4) Appropriations for the County lapse at the close of a fiscal year. Encumbered appropriations are re-appropriated in the ensuing year's budget.
- (5) Budget for the Clerk's Fine and Forfeiture special revenue fund is approved by the Florida Clerk of Courts Operations Corporation and the Board. The Florida Department of Revenue approves the Property Appraiser's and the Tax Collector's respective budgets.
- (6) Formal budgetary integration is used as a management control device for all funds of the County.

The following is a comparison of the appropriations to total expenses for the proprietary funds for the fiscal year ended September 30, 2011:

		<u>Appropriations</u>	<u>Total Expenses</u>	<u>Variance with Final budget Positive/(Negative)</u>
Enterprise funds	Solid Waste System	\$ 14,825,379	\$ 11,265,120	\$ 3,560,259
	Codes Enforcement	1,284,942	1,111,932	173,010
Internal Service funds	Computer Replacement	605,868	583,322	22,546
	Self Insurance	3,675,216	1,066,099	2,609,117
	Fleet Management	4,410,430	3,749,844	660,586
	Telephone Service	1,112,421	822,177	290,244
	Vehicle Replacement	2,330,580	1,192,830	1,137,750
	Health Insurance	19,532,700	19,181,334	351,366

ALACHUA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

NOTE 3 - FUND BALANCE CLASSIFICATION AND RESTRICTED NET ASSETS
A. GOVERNMENTAL FUND BALANCE CLASSIFICATION

	GENERAL	CHOICES	MSTU UNINCORPORATED SERVICES	MSTU LAW ENFORCEMENT	MSTU FIRE PROTECTION
Non-spendable					
Inventory	\$ 486,501	\$ -	\$ -	\$ -	\$ -
Prepaid items	50,000	-	-	-	-
Total non-spendable	536,501	-	-	-	-
Restricted for:					
Bond covenants-cash reserves	-	-	-	-	-
Debt service	-	-	-	-	-
CHOICES referendum	-	39,915,191	-	-	-
Wild Space Public Places referendum	-	-	-	-	-
Tourist development	-	-	-	-	-
Road construction	-	-	-	-	-
Jail energy conservation project	-	-	-	-	-
Public improvement revenue bond projects	-	-	-	-	-
Alachua County Forever	-	-	-	-	-
Impact fee - Fire	-	-	-	-	-
Impact fee - Parks	-	-	-	-	-
Impact fee - Transportation	-	-	-	-	-
State & Federal grants & other purposes	-	-	-	-	-
Enabling legislation*	-	-	-	-	-
Total restricted	-	39,915,191	-	-	-
Assigned for:					
Subsequent year's reserve for contingency	6,119,084	-	-	-	-
Subsequent year's one time expenditures	2,930,916	-	-	-	-
Capital maintenance & preservation	-	-	-	-	-
Capital projects	-	-	-	-	-
Courts	-	-	-	-	-
Culture & recreation	-	-	624,388	-	-
Economic environment	-	-	-	-	-
Human Services	-	-	-	-	-
Physical environment	-	-	-	-	-
Public safety	-	-	-	1,107,295	3,216,211
Transportation	-	-	-	-	-
Total assigned	9,050,000	-	624,388	1,107,295	3,216,211
Unassigned	11,074,647	-	-	-	-
Total fund balances	\$ 20,661,148	\$ 39,915,191	\$ 624,388	\$ 1,107,295	\$ 3,216,211

*Enabling legislation - see detail on page 52

GAS TAX USES	DEBT SERVICE	OTHER CAPITAL PROJECTS	TRANSPORTATION TRUST	WILD SPACES & PUBLIC PLACES	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 234,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 720,955
-	-	2,000	-	-	46,662	98,662
234,454	-	2,000	-	-	46,662	819,617
-	4,835,410	-	-	-	-	4,835,410
-	1,571,336	-	-	-	-	1,571,336
-	-	-	-	-	-	39,915,191
-	-	-	-	3,772,654	-	3,772,654
-	-	-	-	-	3,947,200	3,947,200
-	-	4,885,404	15,387,048	-	-	20,272,452
-	-	6,030,059	-	-	-	6,030,059
-	-	3,011,735	-	-	-	3,011,735
-	-	-	-	-	3,793,793	3,793,793
-	-	193,213	-	-	-	193,213
-	-	570,590	-	-	-	570,590
-	-	10,052,264	-	-	-	10,052,264
-	-	1,308,443	-	-	2,820,853	4,129,296
-	-	2,062,357	-	-	13,346,758	15,409,115
-	6,406,746	28,114,065	15,387,048	3,772,654	23,908,604	117,504,308
-	-	-	-	-	-	6,119,084
-	-	-	-	-	-	2,930,916
-	-	-	-	-	447,770	447,770
-	-	5,432,252	-	-	-	5,432,252
-	-	-	-	-	163,141	163,141
-	-	-	-	-	66,811	691,199
-	-	122,642	-	-	-	122,642
-	-	-	-	-	59,623	59,623
-	-	-	-	-	93,744	93,744
-	-	-	-	-	188,615	4,512,121
865,344	-	110,527	-	-	154,363	1,130,234
865,344	-	5,665,421	-	-	1,174,067	21,702,726
-	-	-	-	-	-	11,074,647
\$ 1,099,798	\$ 6,406,746	\$ 33,781,486	\$ 15,387,048	\$ 3,772,654	\$ 25,129,333	\$ 151,101,298

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

B. NET ASSETS RESTRICTED BY ENABLING LEGISLATION

<u>Program</u>	<u>Amount</u>
Administration	\$ 452,587
Culture & recreation	125,593
Corrections	699,860
Courts	4,102,358
Community services	97,415
Environmental services	145,282
Emergency services	1,821,856
Law enforcement	1,034,134
Solid waste collection	6,930,030
Total	<u>\$ 15,409,115</u>

NOTE 4 – 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 \$151,101,298 differ from net assets of governmental activities of \$571,000,724 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 is reported as an expenditure 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	\$ 944,327,096
Accumulated depreciation	<u>(431,072,426)</u>
Total capital assets	<u>\$ 513,254,670</u>

Deferred Charges and Long-term Debt Transactions

Deferred Charges of \$1,367,255 represent bond issue costs and legal fees associated with the issuance of bonds. These charges are amortized over the life of the bonds.

2006 Alachua County Gas Tax Revenue Bonds	\$ 212,433
2007 (A)(B) Public Improvement Revenue Refunding Bond	725,817
2008 Alachua County Gas Tax Revenue Bonds	326,942
Capital Improvement-Jail Energy Conservation Note Payable	28,239
2010 Note Payable Alachua County Forever	38,151
2011 5 Cent Local Option Gas Tax Note Payable	35,673
Total deferred charges	<u>\$ 1,367,255</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, 2011 were:

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Bond payable - 2006 Alachua County Gas Tax Revenue Bonds	\$ 11,190,000
Less: Discount	(29,008)
Bond payable - 2007 (A)(B) Public Improvement Revenue Refunding Bond	52,050,000
Plus: Premium	617,689
Less: Deferred loss on Refunding Public Improvement Revenue Bond (B)	(1,076,886)
Bond payable - 2008 Alachua County Gas Tax Revenue Bonds	15,105,000
Plus: Premium	156,166
Note payable - Capital Improvement - Jail Energy Conservation	6,630,000
Note payable - Alachua County Forever Series 2010	15,000,000
Note payable - 5 Cent Local Option Gas Tax Series 2011	9,500,000
Compensated absences	13,111,122
Total long-term liabilities	<u>\$ 122,254,083</u>

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 - 2006 Alachua County Gas Tax Revenue Bonds	\$ 149,803
Interest payable - 2007 (A)(B) Public Improvement Revenue Refunding Bond	738,257
Interest payable - 2008 Alachua County Gas Tax Revenue Bonds	205,135
Interest payable - Capital Improvement - Jail Energy Conservation	92,397
Interest payable - Alachua County Forever Series 2010	118,500
Interest payable - 5 Cent Local Option Gas Tax Series 2011	69,667
Total accrued interest	<u>\$ 1,373,759</u>

Unearned and Deferred 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 deferred revenues or revenues which are measurable but not available as deferred revenues. However, deferred revenues in governmental funds are subject to full accrual on government-wide financial statements.

Deferred revenues	<u>\$3,099,538</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>\$ 24,876,807</u>
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Elimination of Interfund Receivables/Payables

Interfund receivables and payables between governmental funds must be eliminated from the Statement of Net Assets.

Interfund receivables/payables	<u>\$12,444,313</u>
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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>\$ 928,998</u>
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ALACHUA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 & investments	\$ 146,818,944	\$ -	\$ -
Cash with fiscal agent	141,421	-	-
Other cash and equivalents	9,061,023	-	-
Sinking fund cash & cash reserves	6,246,289	-	-
Investments	1,014,205	-	-
Receivables (net)	1,935,729	-	-
Due from other funds	6,950,168	-	-
Due from other governments	10,603,231	-	-
Inventories or assets held for resale	1,245,836	-	-
Prepaid items	98,662	-	-
Deferred charges	-	-	1,367,255
Capital assets - net	-	513,254,670	-
Total assets	\$ 184,115,508	\$ 513,254,670	\$ 1,367,255
LIABILITIES & FUND BALANCES			
Liabilities:			
Accounts payable	\$ 13,832,893	\$ -	\$ -
Contracts payable	521,035	-	-
Accrued interest payable	-	-	-
Estimated liability for self insurance loss	-	-	-
Due to other funds	12,444,313	-	-
Due to other governments	2,700,770	-	-
Deposits	31,713	-	-
Unearned revenue	3,483,486	-	-
Accrued compensated absences	-	-	13,111,122
Bonds and notes payable (net)	-	-	109,142,961
Total liabilities	33,014,210	-	122,254,083
Fund balances/net assets	151,101,298	513,254,670	(120,886,828)
Total liabilities and fund balances/net assets	\$ 184,115,508	\$ 513,254,670	\$ 1,367,255

Interest Payable	Unearned Revenues	Internal Service Funds	Reclassifications & Eliminations	Statement of Net Assets
\$ -	\$ -	\$ 25,239,640	\$ -	\$ 172,058,584
-	-	-	-	141,421
-	-	-	-	9,061,023
-	-	-	-	6,246,289
-	-	-	-	1,014,205
-	-	126,674	-	2,062,403
-	-	4,053,353	(12,444,313)	(1,440,792)
-	-	9,370	-	10,612,601
-	-	203,200	-	1,449,036
-	-	4,554	928,998	1,032,214
-	-	-	-	1,367,255
-	-	5,759,981	-	519,014,651
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,396,772</u>	<u>\$ (11,515,315)</u>	<u>\$ 722,618,890</u>
\$ -	\$ -	\$ 2,038,175	\$ -	\$ 15,871,068
-	-	-	-	521,035
1,373,759	-	-	-	1,373,759
-	-	6,623,361	-	6,623,361
-	-	-	(12,444,313)	0
-	-	-	-	2,700,770
-	-	-	-	31,713
-	(3,099,538)	1,587,113	-	1,971,061
-	-	271,316	-	13,382,438
-	-	-	-	109,142,961
1,373,759	(3,099,538)	10,519,965	(12,444,313)	151,618,166
(1,373,759)	3,099,538	24,876,807	928,998	571,000,724
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,396,772</u>	<u>\$ (11,515,315)</u>	<u>\$ 722,618,890</u>

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

The net change in fund balances for governmental funds of \$558,854 differs from the change in net assets for governmental activities of \$10,686,757 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	\$ 24,029,046
Depreciation expense	<u>(21,694,266)</u>
Difference	<u>\$ 2,334,780</u>

In the Statement of Activities, only the gain on the disposal of capital assets is reported. However, in the governmental funds, the proceeds from a 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 disposed.

Disposal of capital assets:	
Loss	<u>\$ (1,209,685)</u>
Total change	<u>\$ (1,209,685)</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>\$ 3,384,526</u>
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Deferred charges are recorded and amortized in the government-wide statements but not in the fund statements.

Deferred charges	<u>\$ 43,181</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.

Issuance of debt	<u>\$ 24,500,000</u>
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ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Repayments of bond principal and capital lease principal are reported as expenditures 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	\$ (28,885,000)
Deferred loss on refunding	60,106
Discounts amortized	2,926
Premium amortized	(54,782)
Total	<u>\$ (28,876,750)</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	\$ (110,169)
Net accrued interest payable	(100,509)
Net adjustment	<u>\$ (210,678)</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 2011, internal service funds incurred a total operating gain of \$2,442,277.

Internal service funds allocated program expenses	\$ (329,286)
Program revenues	2,612,230
Internal service funds non-operating revenues	159,333
Net change in assets	<u>\$ 2,442,277</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>\$ (754,378)</u>
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Reclassification and Eliminations

Transfers in and transfers out in the amount of \$44,520,481 between governmental activities should be eliminated. 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.

Net change in prepaid items	<u>\$ (192,508)</u>
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**ALACHUA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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

	Total Governmental Funds	Capital Outlay Transactions	Long-term Debt Transactions
REVENUES			
Taxes	\$ 153,318,487	\$ -	\$ -
Licenses and permits	781,217	-	-
Intergovernmental	39,002,939	-	-
Charges for services	21,248,013	-	-
Fines and forfeitures	1,870,843	-	-
Investment income	1,685,647	-	-
Special assessments and impact fees	6,715,336	-	-
Private donations	210,381	3,384,526	-
Miscellaneous	3,721,950	72,279	-
Total revenues	<u>228,554,813</u>	<u>3,456,805</u>	<u>-</u>
EXPENDITURES			
Administration	67,835,244	75,807	(28,456,704)
Community services	23,071,393	210,069	18,825
Corrections	28,541,340	62,960	(417,614)
Courts	20,286,576	298,686	-
Culture and recreation	3,382,741	383,498	5,550
Economic environment	2,186,970	18,314	-
Emergency services	31,645,771	(556,215)	-
Environmental services	6,474,278	(3,528,714)	(22,914)
Growth management	4,739,009	428,345	-
Law enforcement	33,058,577	(186,623)	-
Solid waste collection	4,999,087	(13,339)	-
Transportation	22,027,895	1,682,117	39,288
Interest on long-term debt	4,192,779	-	-
Total expenditures	<u>252,441,660</u>	<u>(1,125,095)</u>	<u>(28,833,569)</u>
Excess of revenues over (under) expenditures	<u>(23,886,847)</u>	<u>4,581,900</u>	<u>28,833,569</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	44,393,903	-	-
Transfers out	(44,520,481)	-	-
Issuance of Refunding Bond	-	-	-
Premium on Refunding Bond	-	-	-
Issuance of debt	24,500,000	-	(24,500,000)
Premium on issuance of debt	-	-	-
Sale of capital assets	72,279	(72,279)	-
Total other financing sources (uses)	<u>24,445,701</u>	<u>(72,279)</u>	<u>(24,500,000)</u>
Net change in fund balances	558,854	4,509,621	4,333,569
Fund balances-beginning	<u>150,542,444</u>	<u>508,745,049</u>	<u>(112,109,275)</u>
Fund balances at end of year	<u>\$ 151,101,298</u>	<u>\$ 513,254,670</u>	<u>\$ (107,775,706)</u>

Compensated Absences	Accrued Interest Expenses	Unearned Revenues	Internal Service Funds	Reclassifications and Eliminations	Statement of Activities
\$ -	\$ -	\$ (497,911)	\$ -	\$ -	\$ 152,820,576
-	-	-	-	-	781,217
-	-	(17,182)	-	-	38,985,757
-	-	(622,309)	1,485,870	(1,490,197)	20,621,377
-	-	-	-	-	1,870,843
-	-	-	94,854	-	1,780,501
-	-	383,024	-	-	7,098,360
-	-	-	-	-	3,594,907
-	-	-	1,190,839	(1,452,782)	3,532,286
-	-	(754,378)	2,771,563	(2,942,979)	231,085,824
(36,981)	-	-	2,249,505	(462,433)	41,204,438
(3,771)	-	-	(149,094)	(98,477)	23,048,945
14,080	-	-	(305,341)	-	27,895,425
(25,138)	-	-	(1,363)	(108,302)	20,450,459
(7,163)	-	-	(75,441)	(50,297)	3,638,888
(6,493)	-	-	(1,660)	(72,734)	2,124,397
152,445	-	-	(818,062)	(603,665)	29,820,274
9,780	-	-	(63,414)	(151,092)	2,717,924
(7,696)	-	-	(52,504)	(216,040)	4,891,114
43,520	-	-	75,298	200,686	33,191,458
3,957	-	-	(154,443)	(197,269)	4,637,993
(26,371)	-	-	(374,195)	(930,368)	22,418,366
-	100,509	-	-	(60,480)	4,232,808
110,169	100,509	-	329,286	(2,750,471)	220,272,489
(110,169)	(100,509)	(754,378)	2,442,277	(192,508)	10,813,335
-	-	-	-	(44,393,903)	-
-	-	-	-	44,393,903	(126,578)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(126,578)
(110,169)	(100,509)	(754,378)	2,442,277	(192,508)	10,686,757
(13,000,953)	(1,273,250)	3,853,916	22,434,530	1,121,506	560,313,967
<u>\$ (13,111,122)</u>	<u>\$ (1,373,759)</u>	<u>\$ 3,099,538</u>	<u>\$ 24,876,807</u>	<u>\$ 928,998</u>	<u>\$ 571,000,724</u>

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 5 - CASH AND INVESTMENTS

The County, for accounting and investment purposes, maintains an internal investment pool that includes all the County's cash deposits and investments, except for those monies which are legally restricted to separate administration or are administered by other agencies. This gives the County the ability to invest large amounts of idle cash for short periods of time and maximize earning potential. Each fund's portion of the investment pool is displayed on the governmental funds balance sheet as "equity in pooled cash and investments."

Deposits and investments as of September 30, 2011 are classified in the accompanying financial statements as follows:

Statement of Net Assets

Primary Government

Equity in pooled cash and investments	\$ 184,181,200
Cash with fiscal agent	141,421
Other cash and investments	9,061,023
Sinking fund cash and equivalents	6,246,289
Other investments	1,014,205
Restricted cash and investments:	
Equity in pooled cash & investments	46,474
Investments	4,239,098

Component Units

Equity in pooled cash and investments	337,260
---------------------------------------	---------

Statement of fiduciary net assets:

Equity in pooled cash and investments	112,611
Other cash and equivalents	7,012,415
Investments	953,155
Total cash and investments	<u>\$ 213,345,151</u>

Deposits and investments as of September 30, 2011 consist of the following:

Primary Government

Deposits with financial institutions	\$ 37,331,838
Investments	166,894,291

Component Units

Investments	337,260
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Fiduciary Assets

Deposits with financial institutions	7,828,607
Investments	953,155
	<u>\$ 213,345,151</u>

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

A. Cash Deposits

Deposits in banks and thrift institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, F. S., no public depositor shall be liable for any loss thereof. All of the County's operating and Component Units cash deposits are placed with qualified financial institutions and are fully insured or collateralized.

B. Investments

The County has formally adopted investment policies for Operating Funds and Component Units as described below.

Operating Funds and Component Units Investment Policy

The County adopted the Operating Fund Investment Policy with Ordinance 95-8, which provides for the investment of surplus operating public funds in the following instruments, none of which shall be in the form of derivatives. The following types of investments are allowed by the policy:

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Investment Holdings

As of September 30, 2011, the County had the following investments:

Investments	(Years)	Fair Value
Primary Government		
Regions MMF	0.001	\$ 609,379
PFM Fund Government Series	0.15	22,570,142
Florida Trust Day to Day Fund	0.14	15,013,587
Florida PRIME (2a7-like)	0.22	21,552,841
SBA Fund B	4.89	2,713,623
Federal Agency Note (PFM)	0.06	75,185,031
Federal Agency Bond (PFM)	0.04	4,893,531
US Treasury Bond/Note (PFM)	0.04	22,408,092
Municipal Bonds (PFM)	0.04	1,948,065
Subtotal Primary Government		<u>166,894,291</u>
Component Unit		
Florida PRIME (2a7-like)	0.22	<u>337,260</u>
Fiduciary		
FMPTF Bond Fund	6.74	799,856
SBA Fund B	4.82	<u>153,299</u>
Total Fiduciary		<u>953,155</u>
Total Holdings		<u><u>\$ 168,184,706</u></u>

Brief Description of each Investment Type (Primary Government)

Fidelity Treasury (Only) Money Market Fund - An open-end pool that seeks as high a level of current income as is consistent with the security of principal and liquidity. The Fund seeks to preserve and maintain a stable net asset value of \$1.00 per share. The Fund maintains a weighted average maturity of 60 days or less. This Fund is held in the trust department at Regions Bank and is also used as a sweep account for individual security transactions bought and sold by PFM Asset Management.

PFM Funds-Government Series - The PFM Funds - Government Series (the "GS Fund") is a diversified, open-end pool registered under the Investment Company Act of 1940, as amended. The GS Fund's primary objective is to seek as high a rate of current income as is consistent with maintaining liquidity and stability of principal and to maintain a stable net asset value of \$1.00 per share. The GS Fund seeks to maintain a dollar weighted average portfolio maturity of 60 days or less and invests exclusively in obligations of the United States Government, its agencies and instrumentalities, repurchase agreements secured by U.S. Government Obligations and money market mutual funds that invest exclusively in U.S. Government Obligations and such repurchase agreements.

State Board of Administration's Local Government Investment Pool (Florida Prime Fund and SBA Fund B - The State of Florida's Local Government Investment Pools are administered by the Florida State Board of Administration (SBA), which provides regulatory oversight. The powers and duties of the SBA are defined in Florida Statute 218.409. In addition, Chapter 19-7 of the Florida Administrative Code identifies the rules and regulations governing the administration of the State Pools. These rules provide guidance and establish the general operating procedures for the administration of the pools. The SBA

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

provides regulatory oversight for the Florida PRIME Fund and the SBA Fund B. As a pool participant, the County owns a share of the respective pools, not the underlying securities.

The Florida PRIME Fund is an external investment pool that has adopted operating procedures consistent with the Securities and Exchange Commission's investment requirements for a "2a7-like" fund and the fair value of the position in the pool is equal to the value of the pool shares.

SBA Fund B - In May 2008, the Governor of Florida signed Senate Bill 2422 into law, which legally created the Fund B Surplus Funds Trust Fund (formerly Fund B Pool). Pursuant to F.S. 218.421(1)(a), the purpose of the Fund B Surplus Funds Trust Fund is to maximize the payout of principal on invested surplus funds of units of local government formerly in Fund B Pool through a prudent work out of the trust fund with the ultimate goal of self-liquidating the trust fund through maturity and payout of the investments.

Additional information on the Florida PRIME Fund and SBA Fund B may be obtained from the State Board of Administration (www.sbafla.com).

Federal Agency & US Treasury Securities - The County contracts with PFM Asset Management LLC, Independent Investment Advisor, to manage a portion of the operating portfolio. PFM is authorized to invest in US Treasury and Federal Agency securities and notes on behalf of the County. At year end, PFM directly managed \$104,434,719 (fair market value) as noted in the table on page 65.

Florida Trust Day to Day Fund – This is a money market product created in January 2009 as part of the Florida Local Government Investment Trust developed through the joint efforts of the Florida Association of Court Clerks and Comptrollers and the Florida Association of Counties. The fund is AAAM rated by Standard and Poor's and is governed by the Florida Local Government Investment Trust board and advisory committee. The fund seeks to preserve and maintain a stable net asset value of \$1.00 per share and maintains a weighted average maturity of 50 days or less. Additional information on this fund may be obtained from the Florida Trust website at www.floridatrustonline.com.

Description of Component Unit Investment Holdings

The John A. H. Murphree Law Library and Alachua County Housing Finance Authority, the County's discretely presented component units, invest in the County's internal investment pool. Their investment balances at September 30, 2011 are \$76,544 and \$260,716 respectively. As participants in the investment pool the components units are subject to the same investment policy used for the County's operating funds.

Description of Fiduciary Asset Investment Holdings

The Other Post Benefit Plan (OPEB) invests with the Florida League of Cities Florida Municipal Investment Trust (FMPTF) 0-2 Year High Quality Bond Fund. This fund consists of short bond fixed income portfolio. The fair market value at September 30, 2011 is \$799,856. The Clerk of Court Registry fund investments are held in SBA Fund B as described above. The fair market value at September 30, 2011 is \$153,299.

Custodial Credit Risk – Deposits – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and they are uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

The County's operating investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2011, all County and Component Units bank deposits were in qualified public depositories and collateralized by the Bureau of Collateral Securities, Division of the Treasury, State Department of Insurance.

Custodial Credit Risk – Investments – Investment securities are exposed to custodial credit risk if they are uninsured and are not registered in the name of the government and are held by either the counterparty or by the counterparty's trust department or agent but not in the government's name.

The County's operating investment policy requires execution of a third-party custodial safekeeping agreement for all purchased securities, and requires that securities be held in the County's name. As of September 30, 2011, all securities are held in Region Bank's trust department in the County's name.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's operating investment policies have a provision that the investment (excluding 2a7-like pools) be rated by a nationally recognized rating agency at the time of purchase in either of its two highest rating categories (within which there may be sub-categories or gradations indicating relative standing). This policy applies to the County's operating investments and investments of the component units.

Presented below is the rating as of year-end for each major investment type and classification:

Investments	Rating	Fair Value
Primary Government		
Regions MMF	AA+	\$ 609,379
PFM Fund Government Series	AAAm	22,570,142
Florida Trust Day to Day Fund	AAAm	15,013,587
Florida PRIME (2a-7-like)	AA+	21,552,841
SBA Fund B	Unrated	2,713,623
Federal Agency Discount Note (PFM)	AA+	75,185,031
Federal Agency Bond Note (PFM)	AA+	4,893,531
US Treasury Bond/Note (PFM)	AA+	22,408,092
Municipal Bonds (PFM)	AA+	1,948,065
Total Primary Government		166,894,291
Component Unit		
Florida PRIME (2a-7-like)	AA+	337,260
Fiduciary		
FMPTF Bond Fund	AA	799,856
SBA Fund B	Unrated	153,299
Total Fiduciary		953,155
Total Holdings		\$ 168,184,706

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Interest Rate Risk - Investments Section 218.415(6), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The County has a formal investment policy for operating and component units' current operating surplus funds that limits investment maturities to two years as a means of managing its exposure to fair value losses from increasing interest rates. Investment of non-operating funds, including bond reserves can have maturities that do not exceed ten years. Below is a detailed *debt* investment schedule organized by investment type, amount, and segmented time distribution:

Investment	Fair Value	0-3 Months	3 Months-	
			1 Year	> 1 Year
Federal Agency Bonds (PFM)	\$ 4,893,531	-	\$ -	\$ 4,893,531
Federal Agency Notes (PFM)	75,185,031	-	3,039,325	72,145,706
US Treasuries (PFM)	22,408,092	-	4,382,964	18,025,128
Municipal Bonds (PFM)	1,948,065	-	-	1,948,065
Total	<u>\$104,434,719</u>	-	<u>\$ 7,422,289</u>	<u>\$97,012,430</u>

Callable Investments - The County has \$3,092,463 in Federal Instrumentalities that have embedded options consisting of the option at the discretion of the issuer to call their obligation or pay a stated increase in the interest rate. These securities have various call dates, and mature September 2013.

Concentration of Credit Risk - The County's adopted investment policy requires that assets held are diversified to control the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which these instruments are bought or sold. The County places no limit on the amount the County may invest in any one issuer. Diversification strategies within the established guidelines are reviewed and revised periodically as necessary by the appropriate management staff. The County held investments of greater than 5% in the following investment categories:

Category	Percentage of Total Cash & Investments
Federal National Mortgage Assn.	15.04%
Federal Home Loan Mortgage Corp.	15.40%
US Treasuries	1.50%
PFM Fund Government Series	1.58%
SunTrust Muni-Now	11.80%
Florida PRIME (2a7- like)	9.63%

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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, including the funding of cash reserve requirements as a result of bond issuer downgrades:

	<u>Cash</u> <u>Reserve</u>	<u>Sinking Fund</u>	<u>Landfill Post</u> <u>Closure</u>
2006 Gas Tax Revenue Bond (1)	\$ 1,384,450	\$ 230,735	\$ -
2007 Public Improvement Revenue Bond-Series A & B (2)	2,579,075	889,962	-
2008 Gas Tax Revenue Bond (3)	871,885	290,182	-
Solid Waste System	-	-	4,285,572
Total Restricted Cash and Investments	<u>\$ 4,835,410</u>	<u>\$ 1,410,879</u>	<u>\$ 4,285,572</u>

- (1) Bond Surety, AMBAC, was downgraded from Baa1 to Caa2 requiring additional sinking fund requirements.
(2) Bond Surety, Financial Security Assurance, was downgraded from AAA to Aa3 requiring additional sinking fund requirements.
(3) Bond Surety, Assured Guaranty, was downgraded from AAA to Aa2 requiring additional sinking fund requirements.

NOTE 6 - PROPERTY TAX

A. Real Property Taxes were certified on June 22, 2011. Property taxes receivable were reported in the General fund, Municipal Services Taxing Unit funds, MSBU Refuse Collection, Debt Service fund, Tourist Development sub-fund, Sugarfoot Preservation special assessment sub-fund, West End special assessment sub-fund, NE 132nd Avenue special sub-fund and the Solid Waste fund as Due From other funds (Constitutional Officer-Tax Collector). Chapter 197, Florida Statutes, governs property tax collections.

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

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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.

E. Tangible Personal Property Delinquent Tax Process

1. Prior to April 30 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 2011 distributions were made as follows:
 - November and December - 2 distributions each month
 - All other months – 1 distribution each month

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 7 - CAPITAL ASSETS

A. Capital asset activity for the year ended September 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Primary Government					
Capital assets not being depreciated:					
Land	\$ 70,679,288	\$ 3,601,815	\$ (148,000)	\$ 13,200	\$ 74,146,303
Right of Way	156,614,856	4,000	-	807,409	157,426,265
Stormwater Basins	12,823,906	496,339	-	31,984	13,352,229
Artwork	91,390	-	-	-	91,390
Construction/Purchase in progress	7,242,090	2,485,258	-	(1,122,273)	8,605,075
Total not being depreciated	247,451,530	6,587,412	(148,000)	(269,680)	253,621,262
Capital assets being depreciated:					
Buildings	119,825,889	896,986	(889,277)	843,432	120,677,030
Equipment & purchased software	68,510,356	5,940,818	(3,492,582)	(7,272)	70,951,320
Software - internally developed	112,473	75,543	-	-	188,016
Improvements other than Building	13,236,530	59,288	-	174,138	13,469,956
Infrastructure	487,226,954	11,323,475	(1,240)	2,586,266	501,135,455
Total being depreciated	688,912,202	18,296,110	(4,383,099)	3,596,564	706,421,777
Less accumulated depreciation for:					
Buildings	(40,370,498)	(2,746,791)	50,270	-	(43,067,019)
Equipment & purchased software	(45,530,649)	(5,602,412)	3,335,623	-	(47,797,438)
Software - internally developed	(11,245)	(22,495)	-	-	(33,740)
Improvements other than Building	(5,083,944)	(726,259)	-	(18,541)	(5,828,744)
Infrastructure	(330,202,010)	(14,099,049)	-	(388)	(344,301,447)
Total accumulated depreciation	(421,198,346)	(23,197,006)	3,385,893	(18,929)	(441,028,388)
Total being depreciated, net	267,713,856	(4,900,896)	(997,206)	3,577,635	265,393,389
Governmental activities capital assets, net	\$ 515,165,386	\$ 1,686,516	\$ (1,145,206)	\$ 3,307,955	\$ 519,014,651
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 3,324,279	\$ -	\$ -	\$ -	\$ 3,324,279
Construction in process	-	72,638	-	2,700	75,338
Total not being depreciated	3,324,279	72,638	-	2,700	3,399,617
Capital assets being depreciated:					
Buildings	2,787,576	-	-	(2,700)	2,784,876
Equipment & purchased software	3,402,972	60,768	(277,032)	-	3,186,708
Improvements other than Building	13,372,706	13,954	-	-	13,386,660
Total being depreciated	19,563,254	74,722	(277,032)	(2,700)	19,358,244
Less accumulated depreciation for:					
Buildings	(1,040,490)	(92,718)	-	-	(1,133,208)
Equipment & purchased software	(2,041,896)	(414,823)	268,064	-	(2,188,655)
Improvements other than Building	(9,703,080)	(199,762)	-	-	(9,902,842)
Total accumulated depreciation	(12,785,466)	(707,303)	268,064	-	(13,224,705)
Total being depreciated, net	6,777,788	(632,581)	(8,968)	(2,700)	6,133,539
Total business-type capital assets, net	\$ 10,102,067	\$ (559,943)	\$ (8,968)	\$ -	\$ 9,533,156
Component Unit - Law Library					
Equipment	\$ 1,850	\$ -	\$ -	\$ -	\$ 1,850
Less accumulated depreciation:	(401)	(370)	-	-	(771)
Component Unit, capital assets, net	\$ 1,449	\$ (370)	\$ -	\$ -	\$ 1,079

* Adjustments includes changes between asset types when construction is completed, donations and reclassifications. Note that for FY10 software that was purchased in prior years was listed separately, but is now included with equipment.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

Primary Government

Governmental Activities:

Administration	\$ 759,855
Community service	501,414
Corrections	1,153,181
Courts	1,026,947
Culture & recreation	684,933
Tourist development	18,314
Emergency services	943,869
Environmental services	51,394
Growth management	72,392
Law enforcement	2,039,422
Solid waste disposal	18,968
Transportation (includes County infrastructure)	14,423,577

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets. 1,502,740

Total depreciation expense-governmental activities \$ 23,197,006

Business-type activities:

Codes enforcement	\$ 9,588
Solid waste disposal	697,715
Total depreciation expense-business-type activities	<u><u>\$ 707,303</u></u>

Component Unit - Law Library

Courts	<u><u>\$ 370</u></u>
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**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Balances as of September 30, 2011, consisted of the following:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental funds:		
General Fund	\$ 5,595,126	\$ 939,565
MSTU Unincorporated Services	43,521	32
MSTU Law Enforcement	181,431	2,400,160
MSTU Fire Protection	134,768	129
Gas Tax Uses	55,403	33
Debt service	23,221	5,693,222
Other Capital Projects	10,848	467,320
Transportation Trust	445,000	-
Other Governmental Funds	460,850	2,943,852
Subtotal Governmental funds	<u>6,950,168</u>	<u>12,444,313</u>
Proprietary funds:		
Solid Waste System	1,441,235	399
Codes Enforcement	-	44
Internal Service funds	4,053,353	-
Total	<u><u>\$ 12,444,756</u></u>	<u><u>\$ 12,444,756</u></u>

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.

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

B. Interfund Transfers for the year ended September 30, 2011, consisted of the following:

	Transfers from Other Funds	Transfers to Other Funds
	<u> </u>	<u> </u>
Governmental Funds:		
General Fund	\$ 26,205,391	\$ 7,749,433
MSTU Unincorporated Services	407,318	262,000
MSTU Law Enforcement	971,416	16,400,134
MSTU Fire Protection	729,241	246,823
Gas Tax Uses	3,208,313	-
Debt Service	2,361,654	9,228,563
Other Capital Projects	3,592,638	3,089,054
Wild Spaces & Public Places	805,757	-
Other Governmental Funds	6,112,175	7,544,474
Subtotal-Governmental Fund	<u>44,393,903</u>	<u>44,520,481</u>
Proprietary Funds:		
Business-type Activities:		
Solid Waste System	126,578	-
Totals	<u><u>\$ 44,520,481</u></u>	<u><u>\$ 44,520,481</u></u>

The County's routine transfers include transfers to: Special Revenue grant match requirements, other funds based on budgetary requirements and funds that are required by statute or budgetary authority to expend revenues from another fund that by statute or budgetary authority must collect revenues.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 9 - LONG-TERM OBLIGATIONS

A. Long-term Obligations (excluding accrued compensated absences and estimated self-insured losses) at September 30, 2011 are composed of the following:

PRIMARY GOVERNMENT

Revenue Bonds:

\$21,170,000 Series A Public Improvement Revenue and \$42,455,000 Series 2007 B Public Improvement Revenue Refunding Bonds, due in annual installments of \$920,000 to \$4,580,000 through 2029, interest from 4.00% to 4.25%.

Revenue Source - a pledge of the County's portion of the Half Cent Sales Tax. \$ 52,050,000

\$15,400,000 2006 Transportation Improvement revenue bonds, due in annual installments of \$900,000 to \$1,325,000 through 2021, interest from 3.50% to 4.50%.

Revenue Source - a pledge of the County's 5th, 6th, 7th and 9th cent voted Gas Tax. 11,190,000

\$18,245,000 2008 Transportation Improvement revenue bonds, due in annual installments of \$1,085,000 to \$1,665,000 through 2022, interest from 3.750% to 4.500%.

Revenue Source - a pledge of the County's 5th, 6th, 7th and 9th cent voted Gas Tax. 15,105,000

TOTAL BONDS PAYABLE 78,345,000

Notes Payable:

\$7,700,000 2008 Capital Improvement bank loan, due in annual installments of \$420,000 to \$684,000 through 2023, interest of 4.090%.

Revenue Source - a pledge of the County's Non-Ad Valorem revenues 6,630,000

\$9,500,000 2011 Local Option Gas Tax bank loan, due in annual installments of \$724,000 to \$1,337,000 through 2019, interest of 2.200%.

Revenue Source - a pledge of the County's 5 Cent Local Option Gas Tax 9,500,000

\$15,000,000 2010 Alachua County Forever bank loan, due in annual installments of \$1,515,000 to \$1,825,000 through 2020, interest of 2.370%.

Revenue Source - a pledge of the County's Non-Ad Valorem revenues 15,000,000

TOTAL NOTES PAYABLE 31,130,000

TOTAL LONG-TERM OBLIGATIONS \$ 109,475,000

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

B. Debt Service Requirements to Maturity on the County's debt at September 30, 2011 are as follows:

Fiscal Year	Revenue Bonds		Notes Payable		Total
	Principal	Interest	Principal	Interest	Principal and Interest
2012	\$ 5,185,000	\$ 3,279,586	\$ 2,676,000	\$ 932,222	\$ 12,072,808
2013	5,380,000	3,078,739	3,179,000	756,576	12,394,315
2014	5,600,000	2,861,639	3,259,000	674,839	12,395,478
2015	5,860,000	2,633,889	3,345,000	590,902	12,429,791
2016	6,060,000	2,389,489	3,432,000	505,177	12,386,666
2017-2021	34,500,000	7,839,027	13,898,000	1,204,336	57,441,363
2022-2026	12,890,000	2,170,553	1,341,000	83,973	16,485,526
2027-2029	2,870,000	247,138	-	-	3,117,138
	<u>78,345,000</u>	<u>24,500,060</u>	<u>31,130,000</u>	<u>4,748,025</u>	<u>138,723,085</u>
Less:					
Unamortized					
Bond Discount	(29,008)	-	-	-	(29,008)
Deferred Loss					
on Refunding	(1,076,886)	-	-	-	(1,076,886)
Plus:					
Unamortized					
Bond Premium	773,855	-	-	-	773,855
TOTAL	<u>\$ 78,012,961</u>	<u>\$ 24,500,060</u>	<u>\$ 31,130,000</u>	<u>\$ 4,748,025</u>	<u>\$ 138,391,046</u>

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

C. Changes in Long-term Obligations for the year ended Sept. 30, 2011 are as summarized as follows:

	<u>Balance</u> <u>October 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Sept 30, 2011</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental activities:</u>					
General obligation bonds	\$ 1,515,000	\$ -	\$ (1,515,000)	\$ -	\$ -
Revenue bonds payable	83,335,000		(4,990,000)	78,345,000	5,185,000
Less: deferred amounts:					
Unamortized discounts	(31,934)	-	2,926	(29,008)	-
Unamortized premiums	828,637	-	(54,782)	773,855	-
Deferred loss on refunding	(1,136,992)	-	60,106	(1,076,886)	-
Subtotal-bonds	84,509,711	-	(6,496,750)	78,012,961	5,185,000
Notes payable	29,010,000	24,500,000	(22,380,000)	31,130,000	2,676,000
Estimated liability-self insured losses	7,602,797	17,524,519	(18,503,955)	6,623,361	2,018,248
Accrued compensated absences	13,269,463	6,122,680	(6,009,705)	13,382,438	6,397,354
Total governmental obligations	<u>134,391,971</u>	<u>48,147,199</u>	<u>(53,390,410)</u>	<u>129,148,760</u>	<u>16,276,602</u>
<u>Business-type activities:</u>					
Accrued compensated absences	546,566	222,188	(234,348)	534,406	234,348
Accrued landfill closure cost	7,999,785	22,426	(402,702)	7,619,509	362,560
Total business-type activities	<u>8,546,351</u>	<u>244,614</u>	<u>(637,050)</u>	<u>8,153,915</u>	<u>596,908</u>
Total long-term obligations	<u>\$ 142,938,322</u>	<u>\$48,391,813</u>	<u>\$ (54,027,460)</u>	<u>\$ 137,302,675</u>	<u>\$ 16,873,510</u>

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, \$271,316 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.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

D. Summary of Revenue Bonds Payable – the following is a summary of government bond resolutions pertaining to debt reflected in the September 30, 2011 financial statements:

Name	\$15,400,000 Gas Tax Revenue Bonds, Series 2006	\$18,245,000 Gas Tax Revenue Bonds, Series 2008	\$63,625,000 Public Improvement Revenue Bonds, Series 2007A & B
Purpose	To provide funds for the costs and acquisition and construction of certain road improvements within the County; purchase the 2006 Surety Bond, and pay certain costs of issuance.	To provide funds to finance the costs of acquisition and construction of certain road improvements within the County, purchase of the 2008 Surety Bond, and costs of issuance.	Series 2007A - To provide funds for the acquisition and construction of a new fire station, new jail dormitory, new recreation and park improvements; purchase the 2007 Surety Bond, and costs of issuance. Series 2007B - To refund portions of the County's Public Improvement Revenue Bonds, Series 1995 and its Public Improvement Revenue Bonds, Series 1999; purchase of the 2007 Surety Bond, and costs of issuance.
Dated	April 12, 2006	April 10, 2008	February 6, 2007
Final maturity	August 1, 2021	August 1, 2022	August 1, 2029
Principal payment date	August 1st	August 1st	August 1st
Interest payment dates	August 1st and February 1st	August 1st and February 1st	August 1st and February 1st
Interest rates	3.375% to 4.50%	3.75% to 4.50%	4.00% to 4.25%
Outstanding Principal at 9/30/11	\$11,190,000	\$15,105,000	\$52,050,000
Reserve requirement	\$1,384,450	\$871,885	\$2,579,075
Pledged revenue source	Constitutional Gas Tax, County Gas Tax, and Ninth Cent Gas Tax.	Constitutional Gas Tax, County Gas Tax, and Ninth Cent Gas Tax.	Local Government Half-Cent Sales Tax.
Total debt svc payment	\$1,380,910	\$1,741,094	\$5,339,970
% of required Debt Svc to total pledged revenue source		62.04%	54.77%

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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, 2011, there were seven series of Health Facility Revenue Bonds outstanding, with an aggregate principal amount payable of \$227,668,182, one series of Industrial Development Bonds outstanding, with an aggregate principal amount payable of \$14,000,000 and nine series of Housing Finance Authority Multi-family Housing Bonds, with an aggregate principal amount payable of \$39,240,644.

G. Landfill Post Closure Care Obligation – The County’s Southwest Landfill’s liability for fiscal year 2011 is \$5,849,500, a decrease of \$231,663 from the prior fiscal year. For other County landfills closed prior to 1985 and not subject to State law requirements, the County records a liability of \$1,770,009, a decrease of \$148,613 from last fiscal year. See Note 1.D.8. for more information.

NOTE 10 - EMPLOYEE BENEFITS

A. Pension Plan

Florida Retirement System - Defined Benefit and Defined Contribution Pension Plan

Plan Description - The County contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer retirement plan administered by the State of Florida, Department of Management Services, Division of Retirement. FRS offers members both a defined benefit plan (Pension Plan) and/or a defined contribution plan (Investment Plan) to provide retirement, disability, or death benefits for 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 State of Florida issues financial statements and required supplementary information for the FRS. That report may be obtained by writing to the State of Florida Division of Retirement, P. O. Box 9000, Tallahassee, Florida 32315-9000, by accessing the FRS website or by calling (850) 488-5540.

Funding Policy – The FRS was employee noncontributory through June 30, 2011, but beginning July 1, 2011 is funded partially by a contribution of 3% from employees and governmental employers are required to contribute the balance at an actuarially statewide determined rate. The rates for the management portion of the contribution as of September 30, 2011, are as follows: regular employees – 4.91%; special risk employees – 14.10%; elected officials – 11.14%; senior management service – 6.27%; deferred retirement option (DROP) – 4.42%.

The contribution requirements of plan members and the County are established and may be amended by the Florida Legislature. The County’s contributions to the FRS for the years ending September 30, 2011, 2010, and 2009 were \$10,110,050, \$11,452,146, and \$11,108,287, respectively, and were equal to the required contributions for each year.

Funded Status – The FRS Annual Report July 1, 2009 – June 30, 2010 available as previously mentioned, stated that the FRS pension plan was 86.59% funded at July 1, 2010 since the actuarial value of assets was \$120.93 billion compared to the actuarial accrued liability of \$139.65 billion.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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City of Gainesville Pension Plan

As of September 30, 2011, two (2) 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 single-employer 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, or the Deferred Compensation 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 Gainesville 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 5.48% for retirement benefits.

The Sheriff's contribution to the City Employees' Plan for the years ended September 30, 2011, 2010 and 2009, were \$4,979, \$13,419, and \$11,197, 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, 2011, 2010 and 2009, were \$4,563, \$11,819, and \$16,003, respectively, equal to the required contributions for each year.

B. Other Post-Employment Benefits Plan

Plan Description – In 2008, the County adopted resolution 08-104 which established the Alachua County Other Post Employment Benefit Trust (OPEB Trust), a qualifying trust, and began funding its OPEB Plan obligation. The County administers the cost-sharing single-employer defined benefit plan for post-employment benefits other than pension benefits (OPEB Plan). The OPEB Plan provides post employment life insurance benefits and a health insurance subsidy for retirees and eligible dependents of the Clerk of Court, Supervisor of Elections, Property Appraiser, Sheriff, Tax Collector, Library District, and County. The Alachua County Board of County Commissioners can amend the benefit provisions. A separate stand-alone financial statement for the OPEB Plan is not prepared.

The life insurance benefit is provided at no charge to retirees. The life insurance benefit is \$10,000 for all retirees under the age of 65 and \$5,000 for retirees age 65 and older.

The health insurance subsidy is provided to retirees with at least 6 years of service who retire and begin receiving benefits from the Florida Retirement System (FRS) or the Library District Pension Plan (LDPP). Retirees must maintain health care coverage after employment to be eligible for the subsidy. The amount of the monthly subsidy is based on the number of years of total service with the County, Constitutional Officer, or Library District and is equal to three dollars a month for each year of service. The minimum monthly subsidy is \$18 and the maximum monthly subsidy is \$90 for employees that retire with 30 or more years of service.

Additionally, in accordance with Florida Statutes 112.0801, employees who retire and immediately begin receiving benefits from FRS or LDPP have the option of paying premiums to continue in the County's

ALACHUA COUNTY, FLORIDA
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self-funded Health Insurance Plan at the same group rate as active employees. The retiree pays 100% of the blended group rate premium therefore receiving an implicit subsidy.

At October 1, 2010, the date of the latest actuarial valuation, plan participation consisted of:

Active employees (fully eligible)	103
Active employees (not fully eligible)	1,798
Retirees receiving benefits	<u>513</u>
Total OPEB participants	<u><u>2,414</u></u>

Funding Policy – The contribution requirements of plan members and the participating employers are established and may be amended by the Alachua County Board of County Commissioners. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits when earned and determined annually by the County’s Actuary. Pay-as-you-go financing paid by the employers and plan members is accounted for in the County’s Self-funded Health Insurance Fund and employers’ contributions to the OPEB Trust to prefund benefits are accounted for in the County’s OPEB Trust Fund. For the year ended September 30, 2011, the County paid a total of \$1,296,000 for the OPEB Plan, including pay-as-you go financing of \$1,140,571 and a transfer of assets of \$155,429 to the OPEB Trust. It is the County’s intent to base future OPEB Trust contributions on the actuarially determined annual required contribution (ARC) less pay-as-you-go financing; however, no future Trust contributions are legally or contractually required. Retiree plan members receiving benefits contributed \$1,269,517 to pay-as-you-go financing through their required contribution of \$395.02 per month for retiree-only coverage, \$944.04 per month for retiree and spouse coverage and \$1,330.90 per month for family coverage.

Annual OPEB Cost and Net OPEB Obligation – The annual cost (expense) of the County’s OPEB Plan is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The following table shows the components of the County’s annual OPEB Plan cost for the year, the amount actually contributed by the employer, and the changes in the net OPEB Plan obligation.

Annual required contribution	\$ 1,296,000
Interest on net OPEB obligation	-
Adjustment to ARC	<u>-</u>
Annual OPEB cost (expense)	<u>1,296,000</u>
OPEB plan payments:	
Pay-as-you-go financing	1,140,571
Contribution of assets to OPEB Trust	<u>155,429</u>
Subtotal OPEB payments	<u>1,296,000</u>
Increase in net OPEB obligation	-
Net OPEB obligation-beginning of year	<u>-</u>
Net OPEB obligation-end of year	<u><u>\$ -</u></u>

ALACHUA COUNTY, FLORIDA
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Funding Status and Funding Progress – The OPEB payments made for the 2011 fiscal year were 100% of the annual OPEB cost. As of the actuarial valuation report dated October 1, 2010, the funded status was as follows:

Actuarial accrued liability (AAL)	\$ 16,223,000
Actuarial value of plan assets	(794,000)
Unfunded actuarial accrued liability (UAAL)	<u>\$ 15,429,000</u>
Funded ratio (actuarial value of plan assets/AAL)	-4.89%
Covered payroll at valuation date	\$ 93,471,451
UAAL as a percentage of covered payroll	16.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employers and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial methods are:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of projected payroll
Amortization period (open)	30 years
Asset valuation method	Fair Value

The actuarial assumptions are:

Investment rate of return	8.0%
Projected annual salaries increase	3.5%
Inflation Rate	2.5%
Mortality	RP-2000 Table, gender-specific basis
Healthcare cost trend rate	11.0% initial year reduced 0.5% each year until reaching ultimate trend rate of 5.0%

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

C. 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	280 hours	280 hours	No Maximum

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 \$13,916,844 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.

D. 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 \$16,500 or 50% of gross annual compensation. There is an "age 50 catch-up" provision that allows an additional \$5,500 contribution from the year the employee reaches age 50 until the employee terminates employment.

E. Component Units Employment

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 11 - 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 (self insured up to a limit of \$200,000)
- Workers Compensation (self insured up to limit of \$250,000)
- Automobile Liability (self insured up to limit of \$200,000)
- Public Officials Liability (self insured up to limit of \$100,000)
- EMS Professional Liability
- Lawyers Professional Liability
- Employment Practices Liability (self insured up to limit of \$100,000)

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 July 31, 2011 projecting to September 30, 2011, and the prior year as of July 31, 2010 projecting to September 30, 2010:

Fiscal Year	Claims Liability, Beginning of Fiscal Year	Current Year Claims & Changes in Estimates	Claim Payments	Claims Liability, End of Fiscal Year
2010	\$ 6,372,914	\$ 1,162,908	\$ (792,871)	\$ 6,742,951
2011	6,742,951	581,468	(1,565,307)	5,759,112

For fiscal year 2011 the margin for the risk of adverse deviation was accrued at a 75% confidence level. For fiscal year 2011 ending unrestricted net assets are \$5,529,234 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. The County's Actuary determined a portion of the claims liability that would be expected to be paid within one year and the accompanying financial statements reflect that by showing a current and a long-term liability.

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
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C. Employee Group Health Insurance

The County provides group health insurance for its employees, their eligible dependents and eligible retirees. 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 covered unit of \$225,000 with an individual lifetime reimbursement maximum of \$4,775,000. All claims are paid through the group health insurance plan. Claims in excess of the \$225,000 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 and to fund the retiree other post employee benefit. The employee group health insurance plan net assets were \$5,153,998 at September 30, 2011.

The claims liability reported in the fund at September 30, 2011 for the employee group health insurance plan was \$864,249. 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 statements and that the amount of the loss can be reasonably estimated. These claims liability amounts are all considered to be due within one year and are classified as current liabilities in the accompanying financial statements. During fiscal year 2011, 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
2010	\$ 806,010	\$ 15,942,414	\$ (15,888,578)	\$ 859,846
2011	859,846	16,943,051	(16,938,648)	864,249

D. Sheriff's Risk Management

For health insurance, the Sheriff participates in the risk management program established by the Board to cover claims against the Board and Constitutional Officers. The Sheriff also participates in the Florida Sheriffs' self-insurance pool for risk related to workers' compensation, auto and general liability insurance. For the past three years, there have been no insurance settlements significantly in excess of insurance coverage.

ALACHUA COUNTY, FLORIDA
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NOTE 12 - INDIRECT COSTS

The County's indirect costs consist of allowable administrative costs allocated to the Enterprise Funds, Internal Service Funds, 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, 2011, the following was charged:

INDIRECT COST		
CHARGED	FUND	PROJECT NAME
	Governmental Funds	
\$ 96,984	CHOICES	CHOICES
317,469	MSTU-Unincorporated services	MSTU-Unincorporated services
495,930	MSTU-Fire protection services	MSTU-Fire protection services
3,448	Emergency services	EMPA State Grant
64,498	MSBU	Refuse Collection
63,052	Drug & law enforcement	HRS Metamorphosis
17,779	Environmental	Hazardous Materials Code
7,593	Environmental	FDEP Tank Inspection
11,000	Environmental	FDEP Petroleum Cleanup
72,734	Tourism	Tourist Development
<u>1,150,487</u>	Subtotal-Governmental Funds	
	Enterprise Funds	
266,167	Solid Waste	Solid Waste System
66,153	Solid Waste	Collection Centers
90,637	Solid Waste	Hazardous Waste Management
84,904	Solid Waste	Waste Management Assessment
3,787	Solid Waste	Landfill post closure care
106,666	Codes Enforcement	Codes Enforcement
<u>618,314</u>	Subtotal Enterprise Funds	
	Internal Service Funds	
89,673	Self Insurance	Self Insurance Fund
174,814	Fleet Management	Fleet Management Fund
36,852	Telephone Services	Telephone Services
<u>301,339</u>	Subtotal Internal Service Funds	
<u>\$ 2,070,140</u>	Total Indirect Cost	

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

**ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 13 - OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES

A. Excess of Expenditures over Appropriations

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

B. Excess of Expenditures Over Revenue in the Budget Column

Certain funds show an excess of expenditures over revenue in the budget column of the Statement of Revenue, Expenditures and Changes in Fund Balances, Budget and Actual. This excess is due to the use of fund balance (which is not reported in the budget or variance column) during the fiscal year.

NOTE 14 - 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, 2011, under cancelable leases are summarized as follows:

<u>Fund Charged</u>	<u>Amount</u>
General Fund	\$ 683,824
Special Revenue Funds	234,156
Capital Projects	-
Enterprise Fund	29,110
Internal Service Funds	4,836
Total	<u>\$ 951,926</u>

(c) During this fiscal year, the Property Appraiser entered into a licensing agreement for appraisal software with a third party in the amount of \$600,000 over six years. The agreement is cancellable by either party with 30 days' notice. The accompanying financial statements include the first installment of \$50,000. Scheduled future payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$ 100,000
2013	100,000
2014	100,000
2015	100,000
2016	100,000
2017	50,000
Total	<u>\$ 550,000</u>

(d) The Tax Collector is leasing various equipment under renewable annual operating leases. During the year ended September 30, 2011, the lease payments on all operating leases were \$18,294. In addition, the Tax Collector is leasing various data transport services for network and voice connectivity to their remote locations. During the year ended September 30, 2011, the lease payments on all data transport service leases were \$16,908. The Tax Collector also has a ten-year renewable lease agreement for a Tag Office on Archer Road, which expires on April 13, 2017. During the year ended September 30, 2011, lease payments for office space totaled \$161,744.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Future minimum lease payments for noncancellable operating leases for the Tax Collector as of September 30, 2011, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$ 188,993
2013	185,400
2014	179,425
2015	180,870
Total	<u>\$ 734,688</u>

(e) The Sheriff is leasing equipment and office space under leases, which are cancelable under certain circumstances. During the fiscal year ended September 30, 2011, the lease payments on all operating leases amounted to approximately \$355,948.

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

Operating Leases for fiscal year 2011:

SP Recycling leases a building for \$99,164 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 increase of 3% will be applied to the rent. The cost of the leased building is \$1,196,656, with an accumulated depreciation of \$392,394, resulting in a carrying value of \$804,262.

Lease Amount

\$ 99,164

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 \$11,864, in monthly installments due at the first of each month. Sub-Lease is not being renewed for the new fiscal year.

11,864

Phil-Nick's Restaurant leases a space in the commercial building at 37 N Main Street, consisting of approximately 2,187 square feet, paying rental payments in the amount of \$1,405 monthly, plus applicable taxes. Payment is due no later than the first of each month. The cost of the leased space is \$266,768, with \$137,504 accumulated depreciation resulting in a \$129,264 carrying value.

16,862

The licensee leased the land at 15 SW 2nd Street, for \$100 monthly, plus applicable taxes. Payment is due no later than the first of each month. The cost of the land is \$5,596.

1,200

Florida Department of Health, sub-leases warehouse space within a building located at 6520 NW 18th Drive, paying rental payments in the amount of \$3,000 monthly.

36,000

TOTAL OPERATING LEASES

\$ 165,090

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

Fiscal Year Ending September 30	Lease Receivable
2012	\$ 156,201
2013	123,265
2014	126,421
2015	18,062
2016	18,062
TOTAL	\$ 442,011

(4) The landfill post closure care commitments are discussed in Note 1.D.8.

(5) Other significant outstanding contracts at September 30, 2011, are as follows:

<u>Amount</u>	<u>Vendor Name</u>	<u>Description</u>
\$ 133,278	School Board of Alachua County	Teen Zone grant for schools
162,480	City of Newberry	Flood control project with CDBG Disaster Funds
153,974	MV Contract Transportation Inc	Funding of ALCO Connector bus route
127,363	Meridian Behavioral Healthcare Inc	CJMH and Substance Abuse Reinvestment Grant
187,500	Meridian Behavioral Healthcare Inc	No Wrong Door Grant
311,000	Mandese White Construction Inc	Construction of kitchen renovation at Jail
1,214,227	MM Parrish Construction Co	Construction of Kanapaha Park Community Center
1,472,215	V.E. Whitehurst & Sons Inc	Construction of CR325 resurfacing
552,755	HNTB Inc	SW 61 St & SW 24th Ave intersection improvements
230,000	Affiliated Engineers Inc	Engineering for Civil Courthouse HVAC renovation
112,929	HDR Engineering Inc	Engineering for SW 20th Ave bridge & turn lane
532,295	Mandese White Construction Inc	Animal Services building renovation
139,000	Nelson & Company	Animal Services air conditioner replacement
2,059,484	DAB Constructors Inc	Construction of intersection improvements SW 20th Ave
261,840	JEA Construction Engineering Services	Engineering services of SW 20th Ave improvements
146,279	HDR Engineering Inc	Engineering for SW 62nd Ave resurfacing
965,129	DAB Constructors Inc	Construction of NW/SW 91st St resurfacing
752,506	APAC Southeast Inc	Construction of Main St resurfacing
5,534,349	Peter Brown Construction Inc	Construction of Jail Roof
158,217	Kenworth of Central Florida	Purchase of tandem axle truck
142,985	Mauldin International Trucks Inc	Purchase of ambulance
302,456	Half-Mark Fire Appartus Inc	Purchase of fire truck
354,742	ETR LLC	Purchase of 2 ambulances
101,607	Ring Power Corp	Purchase of heavy equipment
123,475	Kenworth of Central Florida	Purchase of heavy equipment

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

B. Contingencies

(1) Risk Management contingencies are discussed in Note 11.

(2) Grant Funding

The County participates in a number of federally and state assisted programs that are subject to program compliance audits. For the year ended September 30, 2011, 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.

(4) Post employment benefits are discussed in Note 10.B.

(5) 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 after 2012.

NOTE 15 - 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, the Neighborhood Stabilization Program 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 16 – RESTATEMENT

Effective October 1, 2010, the County restated beginning balances in certain reporting units in order to implement the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The effects of this restatement are summarized below.

	<u>General Fund</u>	<u>Sheriff</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Balance, September 30, 2010, as previously reported	\$ 14,477,106	\$ 183,228	\$ 22,021,495	\$ 36,681,829
Restatements	<u>265,448</u>	<u>(183,228)</u>	<u>(82,220)</u>	<u>-</u>
Balance, October 1, 2010, as restated	<u><u>\$ 14,742,554</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,939,275</u></u>	<u><u>\$ 36,681,829</u></u>

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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ALACHUA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - COUNTY-WIDE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 95,974,052	\$ 95,974,052	\$ 97,635,388	\$ 1,661,336
Intergovernmental	4,534,216	4,534,216	5,011,482	477,266
Charges for services	13,974,581	13,974,581	15,228,050	1,253,469
Fines and forfeitures	13,533	13,533	15,179	1,646
Investment income	712,000	712,000	550,818	(161,182)
Miscellaneous	2,208,040	2,398,040	2,596,209	198,169
Total revenue	<u>117,416,422</u>	<u>117,606,422</u>	<u>121,037,126</u>	<u>3,430,704</u>
EXPENDITURES				
Current:				
General government	33,147,865	33,549,634	32,022,789	1,526,845
Public safety	80,167,035	80,453,816	79,226,899	1,226,917
Physical environment	1,981,973	1,985,235	1,754,560	230,675
Economic environment	1,281,002	1,223,044	1,172,990	50,054
Human services	10,627,860	10,603,343	10,412,818	190,525
Culture and recreation	493,364	493,364	434,837	58,527
Court cost	9,889,300	9,983,340	8,609,770	1,373,570
Reserve for contingency	5,619,003	4,649,724	-	4,649,724
Total expenditures	<u>143,207,402</u>	<u>142,941,500</u>	<u>133,634,663</u>	<u>9,306,837</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,790,980)</u>	<u>(25,335,078)</u>	<u>(12,597,537)</u>	<u>12,737,541</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	26,205,757	25,931,693	26,205,391	273,698
Transfers out	(6,809,790)	(7,700,673)	(7,749,433)	(48,760)
Sale of capital assets	19,469	71,971	60,173	(11,798)
Total other financing sources and (uses)	<u>19,415,436</u>	<u>18,302,991</u>	<u>18,516,131</u>	<u>213,140</u>
Net change in fund balances	(6,375,544)	(7,032,087)	5,918,594	12,950,681
Fund balances - beginning	<u>6,375,544</u>	<u>7,032,087</u>	<u>14,742,554</u>	<u>7,710,467</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,661,148</u>	<u>\$ 20,661,148</u>

ALACHUA COUNTY, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 CHOICES
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 8,480,925	\$ 8,480,925	\$ 8,955,873	\$ 474,948
Investment income	-	-	349,614	349,614
Private donations	-	-	150,000	150,000
Miscellaneous	-	-	31,541	31,541
Total revenue	<u>8,480,925</u>	<u>8,480,925</u>	<u>9,487,028</u>	<u>1,006,103</u>
EXPENDITURES				
Current:				
Human services	8,480,925	11,880,925	10,576,175	1,304,750
Reserve for contingency	-	37,307,474	-	37,307,474
Total expenditures	<u>8,480,925</u>	<u>49,188,399</u>	<u>10,576,175</u>	<u>38,612,224</u>
Excess (deficiency) of revenues over (under) expenditures	-	(40,707,474)	(1,089,147)	39,618,327
Fund balances - beginning	-	40,707,474	41,004,338	296,864
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,915,191</u>	<u>\$ 39,915,191</u>

ALACHUA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MSTU - UNINCORPORATED SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 3,750,867	\$ 3,750,867	\$ 3,656,931	\$ (93,936)
Permits and fees	141,342	141,342	87,973	(53,369)
Intergovernmental	1,016,500	1,016,500	925,094	(91,406)
Charges for services	71,150	71,150	91,399	20,249
Investment income	77,000	77,000	9,391	(67,609)
Miscellaneous	-	-	24,287	24,287
Total revenues	<u>5,056,859</u>	<u>5,056,859</u>	<u>4,795,075</u>	<u>(261,784)</u>
EXPENDITURES				
Current:				
General government	1,192,679	1,192,679	1,044,870	147,809
Public safety	509,155	509,155	491,253	17,902
Physical environment	546,665	609,283	523,987	85,296
Transportation	943,400	975,454	830,726	144,728
Economic environment	1,015,492	1,020,457	959,437	61,020
Culture and recreation	1,226,345	1,226,345	1,066,681	159,664
Reserve for contingency	434,686	402,632	-	402,632
Total expenditures	<u>5,868,422</u>	<u>5,936,005</u>	<u>4,916,954</u>	<u>1,019,051</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(811,563)</u>	<u>(879,146)</u>	<u>(121,879)</u>	<u>757,267</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	424,320	424,320	407,318	(17,002)
Transfers out	-	(262,000)	(262,000)	-
Total other financing sources and (uses)	<u>424,320</u>	<u>162,320</u>	<u>145,318</u>	<u>(17,002)</u>
Net change in fund balances	(387,243)	(716,826)	23,439	740,265
Fund balances - beginning	<u>387,243</u>	<u>716,826</u>	<u>600,949</u>	<u>(115,877)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 624,388</u>	<u>\$ 624,388</u>

ALACHUA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MSTU - LAW ENFORCEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 15,629,249	\$ 15,629,249	\$ 15,328,438	\$ (300,811)
Permits and fees	-	-	29	29
Investment income	27,000	27,000	34,915	7,915
Miscellaneous	-	-	84,635	84,635
Total revenues	<u>15,656,249</u>	<u>15,656,249</u>	<u>15,448,017</u>	<u>(208,232)</u>
EXPENDITURES				
Current: General government	195,130	195,130	174,270	20,860
Public safety	255,608	210,694	195,726	14,968
Reserve for contingency	876,334	876,334	-	876,334
Total expenditures	<u>1,327,072</u>	<u>1,282,158</u>	<u>369,996</u>	<u>912,162</u>
Excess of revenues over expenditures	<u>14,329,177</u>	<u>14,374,091</u>	<u>15,078,021</u>	<u>703,930</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,046,043	1,046,043	971,416	(74,627)
Transfers out	<u>(16,355,220)</u>	<u>(16,400,134)</u>	<u>(16,400,134)</u>	-
Total other financing sources and (uses)	<u>(15,309,177)</u>	<u>(15,354,091)</u>	<u>(15,428,718)</u>	<u>(74,627)</u>
Net change in fund balances	(980,000)	(980,000)	(350,697)	629,303
Fund balances - beginning	<u>980,000</u>	<u>980,000</u>	<u>1,457,992</u>	<u>477,992</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,107,295</u>	<u>\$ 1,107,295</u>

ALACHUA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MSTU - FIRE PROTECTION
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 11,694,281	\$ 11,694,281	\$ 11,598,035	\$ (96,246)
Permits and fees	-	-	2,386	2,386
Intergovernmental	15,100	15,100	17,018	1,918
Charges for services	964,682	964,682	1,187,525	222,843
Investment income	70,000	70,000	29,756	(40,244)
Miscellaneous	-	-	96,234	96,234
Total revenues	<u>12,744,063</u>	<u>12,744,063</u>	<u>12,930,954</u>	<u>186,891</u>
EXPENDITURES				
Current: General government	138,651	138,651	132,790	5,861
Public safety	12,747,218	12,775,720	11,653,368	1,122,352
Reserve for contingency	1,017,622	1,017,622	-	1,017,622
Total expenditures	<u>13,903,491</u>	<u>13,931,993</u>	<u>11,786,158</u>	<u>2,145,835</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,159,428)</u>	<u>(1,187,930)</u>	<u>1,144,796</u>	<u>2,332,726</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	710,555	710,555	729,241	18,686
Transfers out	(261,127)	(261,127)	(246,823)	14,304
Sale of capital assets	-	-	2,448	2,448
Total other financing sources and (uses)	<u>449,428</u>	<u>449,428</u>	<u>484,866</u>	<u>35,438</u>
Net change in fund balances	(710,000)	(738,502)	1,629,662	2,368,164
Fund balance - beginning	<u>710,000</u>	<u>738,502</u>	<u>1,586,549</u>	<u>848,047</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,216,211</u>	<u>\$ 3,216,211</u>

ALACHUA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GAS TAX USES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 4,034,015	\$ 4,034,015	\$ 3,422,512	\$ (611,503)
Intergovernmental	60,000	60,000	128,384	68,384
Charges for services	1,018,250	1,018,250	952,481	(65,769)
Investment income	-	-	195	195
Miscellaneous	15,000	15,000	12,390	(2,610)
Total revenues	<u>5,127,265</u>	<u>5,127,265</u>	<u>4,515,962</u>	<u>(611,303)</u>
EXPENDITURES				
Current:				
Physical environment	137,600	137,600	123,200	14,400
Transportation	9,721,886	10,469,369	9,140,489	1,328,880
Reserve for contingency	981,147	1,013,201	-	1,013,201
Total expenditures	<u>10,840,633</u>	<u>11,620,170</u>	<u>9,263,689</u>	<u>2,356,481</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,713,368)</u>	<u>(6,492,905)</u>	<u>(4,747,727)</u>	<u>1,745,178</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,208,313	3,208,313	3,208,313	-
Sale of capital assets	-	-	709	709
Total other financing sources and (uses)	<u>3,208,313</u>	<u>3,208,313</u>	<u>3,209,022</u>	<u>709</u>
Net change in fund balances	(2,505,055)	(3,284,592)	(1,538,705)	1,745,887
Fund balances - beginning	<u>2,505,055</u>	<u>3,284,592</u>	<u>2,638,503</u>	<u>(646,089)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,099,798</u>	<u>\$ 1,099,798</u>

ALACHUA COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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

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

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

The County-wide General Fund is comprised of the following six sub-funds: Board of County Commissioners, Clerk of Court, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector. In order to comply with generally accepted accounting principles, both the budgeted and actual intra-fund activity between these sub-funds has been consolidated in order to eliminate inflated amounts in the aggregated financial statements of the County-wide General Fund. Detail by sub-fund showing eliminations can be found in the Supplemental Information section starting on page 98.

**ALACHUA COUNTY BOARD OF COUNTY COMMISSIONERS
 REQUIRED SUPPLEMENTAL INFORMATION
 OTHER POST EMPLOYMENT BENEFITS (OPEB)
 SEPTEMBER 30, 2011**

See Note 10..B. starting on page 77 for detailed information on the County's OPEB Plan

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)- Unit Cost (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Total Annual Payroll at Valuation Date (C)	UAAL as % of Covered Payroll (B-A)/C
10/1/2010	\$ 794,000	\$ 16,223,000	\$ 15,429,000	4.9%	\$93,471,451	16.5%
10/1/2009	600,000	14,208,000	13,608,000	4.2%	98,391,002	13.8%
10/1/2008	441,000	13,832,000	13,391,000	3.2%	93,336,205	14.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date	End of Plan Year to which Valuation Applies	Actual Covered Payroll for Current Period (A)	Required Employer Contribution Amount (B)	Required Employer Contribution % Payroll (B/A)	Actual Employer Contributions	Percentage Contributed
10/1/2010	9/30/2011	\$ 94,326,431	\$ 1,296,000	1.37%	\$ 1,296,000	100%
10/1/2009	9/30/2010	93,392,506	1,348,000	1.44%	1,348,000	100%
10/1/2008	9/30/2009	99,384,850	1,300,000	1.31%	1,300,000	100%

**ADDITIONAL ELEMENTS OF REPORTS 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**

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ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA No.	Contract/Grant Number	Expenditures	Transfer to Subrecipients
<u>US Dept of Housing and Urban Development</u>				
<i>Passed Through FL Dept of Community Affairs:</i>				
CDBG - Disaster Recovery	14.228	10DB-D4-03-11-01-K 01	\$ 158,458	\$ 158,458
CDBG - Neighborhood Stabilization Program	14.228	10DB-4X-03-11-01-F01	914,041	<1>
Community Development Block Grant	14.228	09DB-4N-03-11-01-H19	302,413	
		14.228 Total	<u>1,374,912</u>	
<i>Direct Program:</i>				
HUD - EDI Special Projects	14.251	B-05-SP-FL-0423	8,702	
<u>US Dept of the Interior</u>				
<i>Direct Program:</i>				
National Map Program	ARRA-15.817	G10AC00104	100,000	
<u>Department of Justice</u>				
<i>Direct Program:</i>				
Solving Cold Cases with DNA Analysis	16.560	2010-DN-BX-K021	19,087	
<i>Passed Through Florida Office of Attorney General:</i>				
VOCA - Crime Victim Assistance	16.575	V10106	144,130	
	16.575	V10244	98,854	
		16.575 Total	<u>242,984</u>	
<i>Direct Programs:</i>				
Criminal Justice Diversion Resource Coordinator	16.580	2008-DD-BX-0664	80,398	
Invest FCADV Grant	ARRA-16.588	2009-WF-AX-0041	13,472	
<i>Passed Through Florida Dept of Children and Families:</i>				
Invest-Domestic Violence Deputy	ARRA-16.588	LN953	14,196	
		ARRA-16.588 Total	<u>27,668</u>	
<i>Direct Program:</i>				
State Criminal Alien Assistance (SCAAP) Program	16.606	N/A	45,117	
Bulletproof Vest Grant	16.607	N/A	2,167	

ALACHUA COUNTY, FLORIDA
SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA No.	Contract/Grant Number	Expenditures	Transfer to Subrecipients
<i>Passed Through Florida Dept of Law Enforcement:</i>				
Anti-Gang	16.609	2011-PSNN-ALAC-1A2-005	\$ 5,110	\$ -
PSN Anti-Firearms & Violence Project	16.609	2010-PSNN-ALAC-1-A2-003	7,398	
		16.609 Total	12,508	
<i>Direct Program:</i>				
Child Sexual Predator Task Force Project	16.710	2011-CS-WX-0007	3,208	
FY2009 Justice Assistance Grant Program	16.738	2009-DJ-BX-1325	29,742	
COMSTAT Tactical Unit	16.738	2010-DJ-BX-1596	41,456	
<i>Passed Through Florida Dept of Law Enforcement:</i>				
Problem Oriented Policing (POP) FY11	16.738	2011-JAGC-ALAC-4-B2-136	57,987	
Forensic (DIMS) Technology	16.738	2011-JAGC-ALAC-5-B2-204	47,521	
		16.738 Total	176,706	
Anti-Drug Initiative (ADI) Program	ARRA-16.803	2010-ARRC-ALAC-6-W7-225	12,040	12,040
Drug Treatment for Pretrial Defendants and Probationers	ARRA-16.803	2010-ARRC-ALAC-10-W7-311	42,265	
Enhanced Tower/Communications Project	ARRA-16.803	2010-ARRC-ALAC-5-W7-318	117,432	
Regional Drug Enforcement Strike Force "Pill Mill" Grant	ARRA-16.803	2011-ARRC-ALAC-1-W7-354	3,710	
		ARRA-16.803 Total	175,447	
<i>Direct Program:</i>				
FY09 Recovery Act JAG Grant	ARRA-16.804	2009-SB-B9-0683	439,093	
		Program cluster 16.738, 16.803, 16.804 Total	791,246	
No Wrong Door Grant	16.753	2009-D1-BX-0288	58,946	
No Wrong Door Grant II	16.753	2010-DD-BX-0719	230,907	230,907
		16.753 Total	289,853	
<i>Passed Through City of Gainesville:</i>				
Internet Crimes Against Children	ARRA-16.800	2009-SN-B9-K015	38,106	
<i>Direct Program:</i>				
Equitable Sharing	16.XXX	N/A	54,438	
<u>US Dept of Labor</u>				
<i>Direct Program:</i>				
Homeless Veterans Reintegration Project	17.805	SD-22153-11-60-5-12	9,614	

ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA No.	Contract/Grant Number	Expenditures	Transfer to Subrecipients
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US Dept of Transportation

Passed Through Florida Dept of Transportation:

SAFETEA-LU -- Highway Planning and Construction	20.205	LAP No. AOQ36 Federal Project No. S124002R Financial Project IDs: 211365-3-28-01 211365-3-38-01 211365-5-58-01, 02, 03, & 04 211365-5-68-01, & 02	\$ 2,788,012	\$ -
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US Environmental Protection Agency

Passed Through Florida Dept of Environmental Protection:

Groundwater Monitoring	66.419	G0252	1,251	
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Direct Program:

USEPA Resource Conservation Challenge (RCC) Grant	66.611	PI-95472111	19,220	
Environmental Education Grant	66.951	NE-95468110-0	10,430	

US Dept of Education

Direct Program:

Teen Zone Grant Middle School After School Prog	84.215K	U215K100233	86,044	
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US Election Assistance Commission

Passed Through Florida Division of Elections:

HAVA 07/08	90.401	N/A	8,735	
Voting Systems Assistance 04/05	90.401	N/A	364	
		90.401 Total	<u>9,099</u>	

US Dept of Health and Human Services

Passed Through Florida Dept of Children and Families:

Metamorphosis FY10/11	93.558	CD903	5,758	
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Passed Through Florida Dept of Revenue:

Child Support Enforcement	93.563	CD301	261,183	
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ALACHUA COUNTY, FLORIDA
SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA No.	Contract/Grant Number	Expenditures	Transfer to Subrecipients
<i>Passed Through Partnership for Strong Families:</i>				
Juvenile Dependency Mediation Program	93.566	PNP814	\$ 18,050	\$ -
<i>Passed Through Florida Division of Elections:</i>				
HHS VOTE Program Grant	93.617	MOA-HHS-DOS-SOE	7,370	
<i>Passed Through Florida Dept of Children and Families:</i>				
Metamorphosis FY10/11	93.959	CD903	188,647	
<u>Corporation for National and Community Service</u>				
<i>Direct Program:</i>				
RSVP - Retired Senior Volunteer Program	94.002	10SRSFL001	50,782	
Foster Grandparent Program	94.011	10SFSFL007	396,827	
<u>US Dept of Homeland Security</u>				
<i>Passed Through Florida Division of Emergency Management:</i>				
FEMA Hazard Mitigation Wind Retrofit	97.039	10HM-88-03-11-01-014	94,231	
EMPG Fed Grant 7/10-6/11	97.042	11-FG-7W-03-11-01-020	43,953	
EMPG Fed Grant 7/11-6/12	97.042	12-FG-R3-03-11-01-068	4,194	
		97.042 Total	48,147	
FY09 SHSGP Issues 2,5,14 & 16	97.063	11-DS-29-03-11-01-252	160,544	
2009 Citizens Corps	97.067	10-CC-43-03-11-01-368	6,012	
2009 Community Emergency Response Team (CERT)	97.067	10-CC-43-03-11-01-386	9,333	
EDICS-SHSGP	97.067	11-DS-52-03-11-01-015	1,114	
FY09 SHSGP WMD Grant	97.067	10-DS-39-03-11-01-390	9,975	
FY10 DHS Issues 3 & 8	97.067	11-DS-9Z-03-11-01-350	68,832	
		97.067 Total	95,266	
<i>Passed Through Florida Dept of Financial Services:</i>				
FY10 SHSGP MARC UNIT	97.073	010-DS-39-13-00-16-414	8,578	
<u>Office of the President - National Drug Control</u>				
<i>Passed Through St Johns County Sheriff:</i>				
North Florida HIDTA (CADET)	95.001	N/A	96,593	
TOTAL FEDERAL AWARDS			\$ 7,446,040	\$ 401,405

ALACHUA COUNTY, FLORIDA
SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA No.	Contract/Grant Number	Expenditures	Transfer to Subrecipients
<u>Florida Dept of Environmental Protection</u>				
<i>Direct Program:</i>				
Cooperative Waste Collection Centers	37.007	S0500 - Dixie County	\$ 16,000	\$ -
	37.007	S0501 - Gilchrist County	19,069	
	37.007	S0502 - Lafayette County	12,811	
	37.007	S0503 - Baker County	13,545	
	37.007	S0504 - Union County	13,212	
	37.007	S0505 - Nassau County	20,000	
	37.007	S506 - Bradford County	16,000	
	37.007	S0499 - Columbia Coounty	21,000	
		37.007 Total	<u>131,637</u>	
Small Quantity Generator (SQG) Program	37.013	S0359, Amendment 4	6,949	
Petroleum Cleanup Contract	37.024	S0477 - Task #2	148,847	
	37.024	S0477 - Task #3	54,702	
		37.024 Total	<u>203,549</u>	
<u>Florida Dept of Legal Affairs and Attorney General</u>				
<i>Passed Through Florida Council Against Sexual Violence:</i>				
Florida Council Against Sexual Violence	41.010	10OAG17	13,676	
	41.010	11OAG17	270	
		41.010 Total	<u>13,946</u>	
<u>Florida Dept of Community Affairs</u>				
<i>Direct Program:</i>				
Emergency Management Preparedness and Assistance (EMPA) Grant	52.008	11-BG-05-03-11-01-120	76,960	
	52.008	12-BG-05-03-11-01-001	20,826	
		52.008 Total	<u>97,786</u>	
Hazardous Materials Analysis Update	52.023	LS024	7,082	
<u>Florida Housing Finance Corporation</u>				
<i>Direct Program:</i>				
SHIP - State Housing Initiatives Partnership Program	52.901	SHIP 07/08	82,196	
	52.901	SHIP 08/09	36,571	
		52.901 Total	<u>118,767</u>	

ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA No.	Contract/Grant Number	Expenditures	Transfer to Subrecipients
<u>Florida Dept of Children and Families</u>				
<i>Direct Program:</i>				
Metamorphosis FY10/11	60.033	CD903	\$ 90,556	\$ -
Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant	60.115	LHZ09	345,002	345,002
	60.115	LHZ33	127,913	127,913
		60.115 Total	472,915	472,915
<u>Florida Dept of Health</u>				
<i>Direct Program:</i>				
EMS County Grant Program - EMS Trust Fund	64.005	C0001	2,524	
	64.005	C9001	2,105	
		64.005 Total	4,629	
<i>Passed Through Florida Council Against Sexual Violence:</i>				
Rape Crisis Program Trust Fund	64.061	10RCP17	34,546	
	64.061	11RCP17	5,922	
		64.061 Total	40,468	
<u>Florida Dept of Management Services</u>				
<i>Direct Program:</i>				
E911 State Grant Program	72.002	S2-09-03-21	341,529	
TOTAL STATE FINANCIAL ASSISTANCE			\$ 1,529,813	\$ 472,915

Notes:

<1>Excludes \$193,416 of program expenditures of award reported in the prior year.

Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards 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.

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.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

The 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, each major fund, and the aggregate discretely presented component unit and remaining fund information of Alachua County, Florida (the "County") as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 13, 2012. Our report on the financial statements included a paragraph explaining that the County restated certain beginning balances due to the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

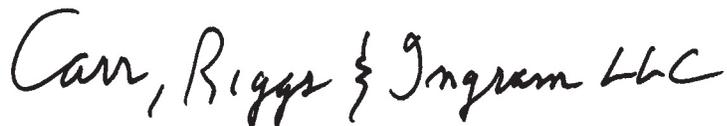
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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*.

This report is intended solely for the information and use of the Board of County Commissioners and Constitutional Officers, management, and oversight agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

March 13, 2012
Gainesville, Florida

**Report on Compliance With Requirements That Could Have a
Direct and Material Effect on Each Major Program and Project
and on Internal Control Over Compliance**

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

Compliance

We have audited the compliance of Alachua County, Florida (the "County") 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 State Projects Compliance Supplement that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2011. The County's major federal programs and major state 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 programs and major state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County'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 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 program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and each of its major state projects for the year ended September 30, 2011.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or major state 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of County Commissioners and Constitutional Officers, management, and oversight agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Car, Riggs & Ingram LLC

March 13, 2012
Gainesville, Florida

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2011
Alachua County, Florida**

Part I – Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements.
2. No significant deficiencies in internal control over financial reporting were reported during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. The audit did not report significant deficiencies in internal control over the major federal programs or state projects.
5. The auditors' report on compliance for the major federal programs and state projects expresses an unqualified opinion.
6. The audit did not disclose any findings relative to the major federal programs or state projects.
7. The programs/projects tested as major are as follows:

<u>Federal Programs</u>	<u>CFDA Number</u>
Highway Planning and Construction (Federal Aid Highway Program)	20.205
Edward Byrne Memorial Justice Assistance Grant Program Cluster (ARRA)	16.738/803/804
<u>State Projects</u>	<u>CSFA Number</u>
Public Safety, Mental Health & Substance Abuse - Local Matching Grant	60.115
E911 State Grant Program	72.002

8. A threshold of \$300,000 was used to define Type A federal programs and state projects.
9. The County qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

Part II – Financial Statement Findings Section

None

Part III – Findings and Questioned Costs – Federal Programs

None

Part IV – Findings and Questioned Costs – State Projects

None

Management Letter

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

We have audited the financial statements of Alachua County, Florida (the "County") as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 13, 2012. We have also issued a report on internal control over financial reporting and on compliance and other matters, and a report on internal control and compliance relating to the County's financial assistance. Those reports should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. 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.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The County has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the County has not met one or more 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, as of the end of the fiscal year, pursuant to Rule 10.556(7). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by

management. The application of such procedures did not reveal evidence of “deteriorating financial condition” as that term is defined in Rule 10.554.

Annual Financial Report

As required by the Rules of the Auditor General, we determined that the County's annual financial report for the fiscal year ended September 30, 2011, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2011.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal noncompliance with the provisions of Section 218.415, Florida Statutes.

Other Matters

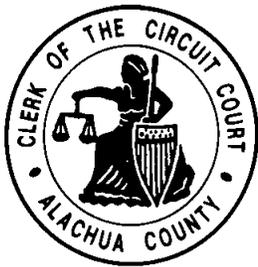
Our audit did not reveal any other matters that we are required to include in this management letter.

This management letter is intended solely for the information and use of the Board of County Commissioners and Constitutional Officers, management, and oversight agencies, and is not intended to be and should not be used by anyone other than these specified parties.

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

Carr, Riggs & Ingram LLC

March 13, 2012
Gainesville, Florida



CLERK OF THE CIRCUIT COURT

Finance and Accounting
201 East University Avenue
Gainesville, Florida 32601

J.K. IRBY
CLERK

TELEPHONE
(352) 374-3605

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The following is a summary of the September 30, 2010 audit findings and the current status of each finding.

There were no audit findings relating to Federal or State financial assistance awards.



Alachua County Board of County Commissioners

Paula M. DeLaney, *Chair*
Mike Byerly, *Vice Chair*
Susan Baird
Lee Pinkoson
Winston J. Bradley

Administration
Richard Drummond
County Manager

March 27, 2012

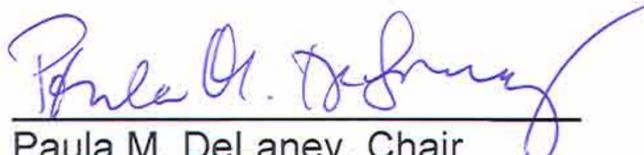
Honorable David W. Martin, CPA
Auditor General, State of Florida
P O Box 1735
Tallahassee, FL 32399-1450

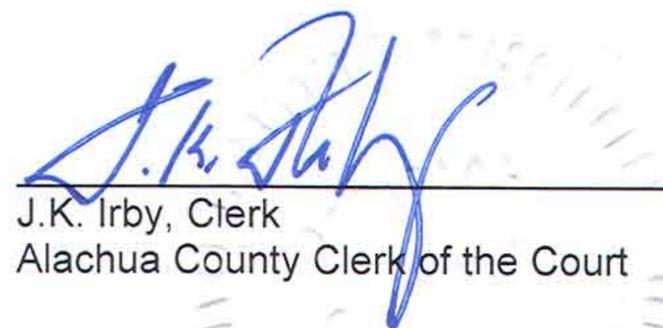
Dear Mr. Martin:

This letter is in response to the Independent Auditors' management letter to the Board of County Commissioners of Alachua County, for the year ended September 30, 2011. We are happy to report that for the twentieth year in a row the Auditors found no significant deficiencies.

Thank you for your attention.

Sincerely,


Paula M. DeLaney, Chair
Alachua County Commission


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

lks

cc: Board of County Commissioners
Richard Drummond, County Manager
Dave Wagner, County Attorney