

**SANTA ROSA COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

**SANTA ROSA COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS
FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

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**SANTA ROSA COUNTY, FLORIDA
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SEPTEMBER 30, 2001**

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INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners
Honorable Mary M. Johnson, Clerk and Accountant to the
Board of County Commissioners
Santa Rosa County, Florida

We have audited the accompanying special purpose financial statements, as listed in the table of contents, of the Board of County Commissioners of Santa Rosa County, Florida (hereinafter referred to as "Board"), as of and for the year ended September 30, 2001. These special purpose financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

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

The valuations for general fixed assets were not properly documented. The Board has not established records showing the actual or estimated historical cost of these assets. It was not feasible to apply alternative auditing procedures to determine the fairness of values reported.

The accompanying financial statements were prepared for the purpose of complying with state reporting requirements as described in Note A and are intended to present the financial position and results of operations of only that portion of the financial reporting entity of Santa Rosa County, Florida that is attributable to the transactions of the Board of County Commissioners of Santa Rosa County, Florida.

In our opinion, except for the effects of adjustments, if any, that might have been disclosed had the valuations for general fixed assets been documented as described in the third paragraph of this report, the special purpose financial statements referred to above, present fairly, in all material

respects, the financial position of the Board of County Commissioners of Santa Rosa County, Florida, as of September 30, 2001, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2002 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the special purpose financial statements taken as a whole. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the special purpose financial statements of the Board. Such information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the special purpose financial statements taken as a whole.

O'Sullivan Creel, LLP

January 25, 2002

**Santa Rosa County, Florida Board of County Commissioners
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
September 30, 2001**

	Governmental Fund Types				Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Agency	General Fixed Assets		General Long-Term Debt
ASSETS AND OTHER DEBITS										
Cash and cash equivalents	\$ 599,802	\$ 2,237,983	\$ 38,448	\$ 54,776	\$ 574,160	\$ 70,198	\$ 71,300	\$ --	\$ --	\$ 3,646,667
Investments	6,882,429	23,515,817	52	5,815,775	7,361,351	2,567,465	--	--	--	46,142,889
Restricted assets										
Investments	--	--	--	--	1,580,500	--	--	--	--	1,580,500
Receivables, net of uncollectibles										
Accounts	249,005	336,033	--	78,128	383,643	--	18,180	--	--	1,064,989
Interest	--	--	--	--	33,200	--	--	--	--	33,200
Leases - current	--	--	--	--	11,250	--	--	--	--	11,250
Notes - long term	--	--	--	--	1,524,411	--	--	--	--	1,524,411
Leases - long-term	--	--	--	--	66,592	--	--	--	--	66,592
Due from other governments	1,994,922	3,400,117	--	356,443	287,396	3,887	--	--	--	6,042,765
Due from other funds	288,493	--	--	--	--	--	--	--	--	288,493
Inventory	18,677	373,203	--	--	--	--	--	--	--	391,880
Deferred charges	--	--	--	--	133,918	--	--	--	--	133,918
Fixed assets, net of accumulated depreciation	--	--	--	--	9,947,268	--	--	83,614,879	--	93,562,147
Amount to be provided for compensated absences	--	--	--	--	--	--	--	--	2,454,732	2,454,732
Amount to be provided for retirement of general long-term obligations	--	--	--	--	--	--	--	--	7,943,653	7,943,653
Amount available in debt service fund	--	--	--	--	--	--	--	--	--	--
Total assets	\$ 10,033,328	\$ 29,863,153	\$ 38,500	\$ 6,305,122	\$ 21,903,689	\$ 2,641,550	\$ 89,480	\$ 83,614,879	\$ 10,398,385	\$ 164,888,086

Continued...

Santa Rosa County, Florida Board of County Commissioners
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS -- (Continued)
September 30, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Debt	
LIABILITIES AND OTHER CREDITS										
Accounts payable	\$ 763,573	\$ 596,019	\$ --	\$ 349,381	\$ 172,806	\$ 96,420	\$ 81,980	\$ --	\$ --	\$ 2,060,179
Claims payable	--	--	--	--	--	2,120,607	--	--	--	2,120,607
Accrued compensation	294,541	169,259	--	--	35,621	2,900	--	--	--	502,321
Payable from restricted assets										
Revenue bonds - current	--	--	--	--	667,500	--	--	--	--	667,500
Accrued interest	--	--	--	--	36,159	--	--	--	--	36,159
Deposits	102,026	--	--	--	31,084	--	--	--	--	133,110
Current portion of landfill closure costs	--	--	--	--	168,816	--	--	--	--	168,816
Deferred revenue	67,500	--	--	--	66,592	--	--	--	--	134,092
Due to other funds	--	167,993	38,500	74,500	--	--	7,500	--	--	288,493
Due to other governments	8,057	10	--	--	21,061	--	--	--	--	29,128
Compensated absences	--	--	--	--	274,948	--	--	--	2,454,732	2,729,680
Notes payable	--	--	--	--	--	--	--	--	3,735,171	3,735,171
Special assessment notes	--	--	--	--	--	--	--	--	805,982	805,982
Landfill closure costs	--	--	--	--	6,318,538	--	--	--	--	6,318,538
Revenue bonds payable	--	--	--	--	3,983,639	--	--	--	3,402,500	7,386,139
Total liabilities	<u>1,235,697</u>	<u>933,281</u>	<u>38,500</u>	<u>423,881</u>	<u>11,776,764</u>	<u>2,219,927</u>	<u>89,480</u>	<u>--</u>	<u>10,398,385</u>	<u>27,115,915</u>
FUND EQUITY										
Contributed capital	--	--	--	--	9,478,096	--	--	--	--	9,478,096
Investment in general fixed assets	--	--	--	--	--	--	--	83,614,879	--	83,614,879
Retained earnings (accumulated deficit)										
Reserved	--	--	--	--	31,615	--	--	--	--	31,615
Unreserved	--	--	--	--	617,214	421,623	--	--	--	1,038,837
Fund balances										
Reserved	893,357	6,721,317	--	2,398,856	--	--	--	--	--	10,013,530
Unreserved	7,904,274	22,208,555	--	3,482,385	--	--	--	--	--	33,595,214
Total retained earnings/ fund balances	<u>8,797,631</u>	<u>28,929,872</u>	<u>--</u>	<u>5,881,241</u>	<u>648,829</u>	<u>421,623</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>44,679,196</u>
Total fund equity	<u>8,797,631</u>	<u>28,929,872</u>	<u>--</u>	<u>5,881,241</u>	<u>10,126,925</u>	<u>421,623</u>	<u>--</u>	<u>83,614,879</u>	<u>--</u>	<u>137,772,171</u>
Total liabilities and fund equity	<u>\$ 10,033,328</u>	<u>\$ 29,863,153</u>	<u>\$ 38,500</u>	<u>\$ 6,305,122</u>	<u>\$ 21,903,689</u>	<u>\$ 2,641,550</u>	<u>\$ 89,480</u>	<u>\$ 83,614,879</u>	<u>\$ 10,398,385</u>	<u>\$ 164,888,086</u>

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

Santa Rosa County, Florida Board of County Commissioners
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
Year ended September 30, 2001

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum only)
Revenues					
Taxes	\$ 9,590,211	\$ 25,667,889	\$ --	\$ --	\$ 35,258,100
Licenses and permits	1,445,043	--	--	--	1,445,043
Intergovernmental	10,024,129	3,811,935	--	200,000	14,036,064
Charges for services	595,835	4,606,660	--	--	5,202,495
Fines and forfeits	174,500	1,411,142	--	--	1,585,642
Miscellaneous	892,373	3,546,483	27,457	423,857	4,890,170
Total revenues	22,722,091	39,044,109	27,457	623,857	62,417,514
Expenditures					
Current					
General government	12,161,204	3,248,841	--	--	15,410,045
Public safety	3,526,701	19,932,577	--	--	23,459,278
Physical environment	679,048	73,106	--	--	752,154
Transportation	--	9,196,676	--	--	9,196,676
Economic environment	115,918	1,615,224	--	--	1,731,142
Human services	3,645,365	47,870	--	--	3,693,235
Culture and recreation	1,300,743	--	--	--	1,300,743
Capital outlay	--	--	--	4,581,487	4,581,487
Debt service	--	5,750	1,783,646	--	1,789,396
Total expenditures	21,428,979	34,120,044	1,783,646	4,581,487	61,914,156
Excess (deficiency) of revenues over expenditures	1,293,112	4,924,065	(1,756,189)	(3,957,630)	503,358
Other financing sources (uses)					
Operating transfers in	606,773	264,604	1,909,649	2,228,676	5,009,702
Operating transfers out	(2,232,982)	(2,322,666)	(299,383)	(153,972)	(5,009,003)
Other uses	(3,350,410)	--	--	--	(3,350,410)
Debt proceeds	3,273,346	719,773	--	552,027	4,545,146
Total other financing sources (uses)	(1,703,273)	(1,338,289)	1,610,266	2,626,731	1,195,435
Excess (deficiency) of revenues and other sources over expenditures and other uses	(410,161)	3,585,776	(145,923)	(1,330,899)	1,698,793
Fund balances, beginning of year	9,222,079	25,342,761	145,923	7,212,140	41,922,903
Change in reserve for inventory	(14,287)	1,335	--	--	(12,952)
Fund balances, end of year	\$ 8,797,631	\$ 28,929,872	\$ --	\$ 5,881,241	\$ 43,608,744

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

Santa Rosa County, Florida Board of County Commissioners
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
Year ended September 30, 2001

	General Fund			Special Revenue Funds			Debt Service Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues									
Taxes	\$ 9,235,300	\$ 9,590,211	\$ 354,911	\$ 24,592,400	\$ 25,667,889	\$ 1,075,489	\$ --	\$ --	\$ --
Licenses and permits	1,320,500	1,445,043	124,543	--	--	--	--	--	--
Intergovernmental	8,598,172	10,024,129	1,425,957	3,831,731	3,811,935	(19,796)	--	--	--
Charges for services	203,640	595,835	392,195	2,981,535	4,606,660	1,625,125	--	--	--
Fines and forfeits	156,750	174,500	17,750	1,482,000	1,411,142	(70,858)	--	--	--
Miscellaneous	488,100	892,373	404,273	3,038,142	3,546,483	508,341	27,457	27,457	--
Total revenues	20,002,462	22,722,091	2,719,629	35,925,808	39,044,109	3,118,301	27,457	27,457	--
Expenditures									
Current									
General government	13,227,319	12,161,204	1,066,115	3,023,716	3,248,841	(225,125)	--	--	--
Public safety	3,955,123	3,526,701	428,422	20,111,993	19,932,577	179,416	--	--	--
Physical environment	742,225	679,048	63,177	221,155	73,106	148,049	--	--	--
Transportation	--	--	--	11,141,949	9,196,676	1,945,273	--	--	--
Economic environment	120,305	115,918	4,387	1,691,500	1,615,224	76,276	--	--	--
Human services	3,338,156	3,645,365	(307,209)	130,436	47,870	82,566	--	--	--
Culture and recreation	1,440,210	1,300,743	139,467	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--	--	--
Debt service	--	--	--	5,375	5,750	(375)	1,783,646	1,783,646	--
Total expenditures	22,823,338	21,428,979	1,394,359	36,326,124	34,120,044	2,206,080	1,783,646	1,783,646	--
Excess (deficiency) of revenues over expenditures	(2,820,876)	1,293,112	4,113,988	(400,316)	4,924,065	5,324,381	(1,756,189)	(1,756,189)	--
Other financing sources (uses)									
Operating transfers in	606,773	606,773	--	304,604	264,604	(40,000)	1,909,649	1,909,649	--
Operating transfers out	(2,232,983)	(2,232,982)	1	(2,362,666)	(2,322,666)	40,000	(299,383)	(299,383)	--
Other uses	(4,080,018)	(3,350,410)	729,608	(12,078,263)	--	12,078,263	--	--	--
Debt proceeds	3,273,346	3,273,346	--	691,973	719,773	27,800	--	--	--
Total other financing sources (uses)	(2,432,882)	(1,703,273)	729,609	(13,444,352)	(1,338,289)	12,106,063	1,610,266	1,610,266	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	(5,253,758)	(410,161)	4,843,597	(13,844,668)	3,585,776	17,430,444	(145,923)	(145,923)	--
Fund balances, beginning of year	5,253,758	9,222,079	3,968,321	14,297,151	25,342,761	11,045,610	145,923	145,923	--
Change in reserve for inventory	--	(14,287)	(14,287)	--	1,335	1,335	--	--	--
Fund balances, end of year	\$ --	\$ 8,797,631	\$ 8,797,631	\$ 452,483	\$ 28,929,872	\$ 28,477,389	\$ --	\$ --	\$ --

Continued...

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

Santa Rosa County, Florida Board of County Commissioners
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -- (Continued)
ALL GOVERNMENTAL FUND TYPES
Year ended September 30, 2001

	Capital Projects Fund			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$ --	\$ --	\$ --	33,827,700	\$ 35,258,100	\$ 1,430,400
Licenses and permits	--	--	--	1,320,500	1,445,043	124,543
Intergovernmental	300,000	200,000	(100,000)	12,729,903	14,036,064	1,306,161
Charges for services	--	--	--	3,185,175	5,202,495	2,017,320
Fines and forfeits	--	--	--	1,638,750	1,585,642	(53,108)
Miscellaneous	327,500	423,857	96,357	3,881,199	4,890,170	1,008,971
Total revenues	627,500	623,857	(3,643)	56,583,227	62,417,514	5,834,287
Expenditures						
Current						
General government	--	--	--	16,251,035	15,410,045	840,990
Public safety	--	--	--	24,067,116	23,459,278	607,838
Physical environment	--	--	--	963,380	752,154	211,226
Transportation	--	--	--	11,141,949	9,196,676	1,945,273
Economic environment	--	--	--	1,811,805	1,731,142	80,663
Human services	--	--	--	3,468,592	3,693,235	(224,643)
Culture and recreation	--	--	--	1,440,210	1,300,743	139,467
Capital outlay	6,986,185	4,581,487	2,404,698	6,986,185	4,581,487	2,404,698
Debt service	--	--	--	1,789,021	1,789,396	(375)
Total expenditures	6,986,185	4,581,487	2,404,698	67,919,293	61,914,156	6,005,137
Excess (deficiency) of revenues over expenditures	(6,358,685)	(3,957,630)	2,401,055	(11,336,066)	503,358	11,839,424
Other financing sources (uses)						
Operating transfers in	2,228,676	2,228,676	--	5,049,702	5,009,702	(40,000)
Operating transfers out	(153,972)	(153,972)	--	(5,049,004)	(5,009,003)	40,001
Other uses	(2,254,629)	--	2,254,629	(18,412,910)	(3,350,410)	15,062,500
Note proceeds	551,027	552,027	1,000	4,516,346	4,545,146	28,800
Total other financing sources (uses)	371,102	2,626,731	2,255,629	(13,895,866)	1,195,435	15,091,301
Excess (deficiency) of revenues and other sources over expenditures and other uses	(5,987,583)	(1,330,899)	4,656,684	(25,231,932)	1,698,793	26,930,725
Fund balances, beginning of year	5,987,583	7,212,140	1,224,557	25,684,415	41,922,903	16,238,488
Change in reserve for inventory	--	--	--	--	(12,952)	(12,952)
Fund balances, end of year	\$ --	\$ 5,881,241	\$ 5,881,241	\$ 452,483	\$ 43,608,744	\$ 43,156,261

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

Santa Rosa County, Florida Board of County Commissioners
COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPES
Year ended September 30, 2001

	Enterprise Funds	Internal Service Funds
Operating revenues		
Licenses and permits	\$ 1,050	\$ --
Charges for services	3,326,173	161,932
Leases	1,187,883	--
Premiums received	--	1,277,085
Insurance proceeds	--	606,792
Miscellaneous	169,858	--
Total operating revenues	4,684,964	2,045,809
Operating expenses		
Personal services	975,588	23,407
Contract services	727,904	38,886
Supplies	138,783	2,655
Repairs and maintenance	281,226	30,064
Utilities	155,950	--
Depreciation	892,531	10,742
Travel and per diem	9,262	--
Insurance	19,350	260,596
Communications	23,586	201,006
Advertising	--	--
Fuel and oil	83,437	--
Rentals	13,669	--
Landfill closure and maintenance	(268,285)	--
Claims	--	1,127,395
State assessment	--	71,479
Miscellaneous	4,533	6,050
Total operating expenses	3,057,534	1,772,280
Operating income (loss)	1,627,430	273,529
Non-operating revenues (expenses)		
Sale of land	237,324	--
Interest income	549,171	95,407
Interest expense	(246,321)	--
State grants	214,167	--
Aid to private organizations	(30,000)	--
Amortization & other bond costs	(46,355)	--
Total non-operating revenues (expenses)	677,986	95,407
Income (loss) before operating transfers	2,305,416	368,936
Operating transfers in (out)	(49,762)	49,063
Net income (loss)	2,255,654	417,999
Retained earnings (accumulated deficit), beginning of year	(1,606,825)	(122,041)
Residual equity transfer out	--	125,665
Retained earnings (accumulated deficit), end of year	\$ 648,829	\$ 421,623

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

Santa Rosa County, Florida Board of County Commissioners
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
Year ended September 30, 2001

	Enterprise	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 1,627,430	\$ 273,529
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	892,531	10,742
Gain on disposal of assets	76,160	25,063
Change in assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(162,910)	16,007
Leases receivable	(14,452)	--
Due from other governments	--	3,320
(Decrease) increase in:		
Accounts payable	(14,918)	41,623
Accrued compensation	3,447	(1,608)
Annual and sick leave	10,335	(843)
Landfill closure costs payable	(268,285)	--
Claims payable	--	16,242
Deferred revenue	4,031	--
Deposits	1,195	--
Due to other governments	21,057	--
	2,175,621	384,075
Net cash provided (used) by operating activities	2,175,621	384,075
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in (out)	(49,762)	49,063
State grants	214,167	--
Aid to private organizations	(30,000)	--
	134,405	49,063
Net cash provided by noncapital financing activities	134,405	49,063
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition & construction of capital assets	(780,850)	--
Proceeds from sale of land	250,000	--
Proceeds from note receivable	34,731	--
Interest paid	(260,481)	--
Payments on bonds and leases	(637,474)	--
	(1,394,074)	--
Net cash used by capital and related financing activities	(1,394,074)	--
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale (purchase) of investments - State Investment Pool	(1,594,825)	(577,661)
Interest income	549,171	95,407
	(1,045,654)	(482,254)
Net cash provided (used) by investing activities	(1,045,654)	(482,254)
NET INCREASE (DECREASE) IN CASH	(129,702)	(49,116)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	703,862	119,314
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 574,160	\$ 70,198

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

**SANTA ROSA COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

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**SANTA ROSA COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

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Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied consistently in the preparation of the financial statements follows:

1. Reporting Entity

The Governmental Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity", established standards for defining the financial reporting entity. In developing these standards, the GASB assumed that all governmental organizations are responsible to elected officials at the federal, state, or local level. Financial reporting by a state or local government should report the elected officials' accountability for those organizations. As concluded by the GASB, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Board of County Commissioners of Santa Rosa County is the principal legislative and governing body of the County, as provided by the Florida Constitution, Article 8, Section 1(e), and Chapter 125, Florida Statutes. The Board consists of five Commissioners elected by the voters of the County for terms of four years each.

The Board of County Commissioners is considered part of Santa Rosa County, Florida's primary government for purposes of GASB No. 14. These special purpose financial statements of the Board of County Commissioners are issued separately to comply with Section 10.557(3), Rules of the Auditor General for Local Governmental Entity Audits, pursuant to Section 11.45(8), Florida Statutes and do not include the Property Appraiser, Tax Collector, Clerk of the Circuit Court, Sheriff, Supervisor of Elections (collectively known as County officers), or other independent authorities and boards. The Board's financial statements do not purport to reflect the financial position or the results of operations of Santa Rosa County taken as a whole.

Dependent Special Districts

Blackwater Soil & Water Conservation District - The activities of the Blackwater Soil & Water Conservation District are included in these financial statements as a department of the Board of County Commissioners within the General Fund.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

1. Reporting Entity -- (Continued)

Pace Property Finance Authority - The Pace Property Finance Authority (Authority) was created in 1990 by County Resolution No. 90-12 pursuant to Chapter 617 of the Florida Statutes. In accordance with Florida Statutes Section 189.403, the Authority qualifies as a dependent special district. Additionally, based on the criteria of GASB Statement No. 14 outlined above, the Authority is a component unit of Santa Rosa County. However, the Authority meets the criteria for inclusion in more than one reporting entity - Pace Water System as well as Santa Rosa County. GASB Statement No. 14 indicates that in these cases, judgment must be exercised by management of the reporting entities as to which reporting entity the organization should be included. The Authority has the same elected governing body as the Pace Water System. Additionally, both the Authority and Pace Water System own portions of a single water/sewer system; thus, their fixed assets are part of an interconnected system. Finally, the Authority's debt was issued solely to finance the Pace water/sewer system improvements. Based on these facts, management has decided to include the Authority in the combined financial statements of Pace Water System rather than as a component unit of Santa Rosa County.

Santa Rosa County Health Facilities Authority - The Santa Rosa County Health Facilities Authority (Authority) was created in 1982 by County Ordinance No. 82-02 pursuant to Section 154, Florida Statutes. In accordance with Florida Statutes Section 189.403, the Authority qualifies as a dependent special district. Additionally, based on the criteria of GASB Statement No. 14 outlined above, the Authority is a component unit of Santa Rosa County. The Board of County Commissioners (Board) appoints the five (5) members of the Authority. Additionally, the Board may abolish the Authority at any time by ordinance or resolution as long as all bonded indebtedness incurred by the Authority has been paid. The Authority exists solely to assist health facilities within Santa Rosa County with the acquisition, construction, financing, and refinancing of projects. The Authority issued approximately \$15.8 million in bonds in 1983, lending the proceeds of the bonds to Gulf Breeze Hospital. These bonds were subsequently defeased in 1988 when the Authority issued approximately \$17.3 million in new bonds. The 1988 bonds were defeased in 1993 when the Authority issued approximately \$18.6 million in new bonds. The debt outstanding is a limited obligation of the Authority and not a general obligation of the Authority or Santa Rosa County. The Authority is not obligated to pay the principal and interest on the bonds except from the revenues of the Authority pursuant to its loan agreement with Gulf Breeze Hospital. The Authority has no financial activity and the bonds issued under the Authority's name are recorded in the books of the hospital.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

1. Reporting Entity -- (Continued)

Santa Rosa County Housing Finance Authority - The Santa Rosa County Housing Finance Authority (Authority) was created in 1984 by County Resolution No. 84-18 pursuant to Chapter 78-89, Laws of Florida codified as Chapter 159, Part IV, Section 159.601 through 159.623. In accordance with Florida Statutes Section 189.403, the Authority qualifies as a dependent special district. Additionally, based on the criteria of GASB Statement No. 14 outlined above, the Authority is a component unit of Santa Rosa County. The Santa Rosa County Board of County Commissioners, through various resolutions and interlocal agreements with the Escambia County Housing Finance Authority (ECHFA), has authorized ECHFA to allow qualified residents of Santa Rosa County to apply for and obtain preferential mortgages from proceeds generated by bonds issued by ECHFA. Accordingly, there is no financial activity related to the Santa Rosa County Housing Finance Authority to be reflected in these financial statements.

2. Fund Accounting

The accounts of the Board of County Commissioners are organized on the basis of funds and account groups, 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, revenues 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.

The funds types and account groups used by the Board of County Commissioners are as follows:

Governmental Funds

These funds utilize a modified accrual basis of accounting. The measurement focus is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources rather than upon net income determination). The governmental funds utilized are:

General Fund is used to account for all financial resources not required to be accounted for in another fund.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

2. Fund Accounting -- (Continued)

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund accounts for the accumulation of resources for, and the payment of, principal, interest and related costs of general long-term debt.

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds

The two types of proprietary funds are enterprise funds and internal service funds.

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments or agencies of the Board or to other governmental units on a cost-reimbursement basis.

Fiduciary Funds

The two types of fiduciary funds are trust and agency funds.

Trust and Agency Funds are used to account for assets held by the Board in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

2. Fund Accounting -- (Continued)

Account Groups

Account groups are used to establish accountability for the Board's general fixed assets and long-term debt. These self-balancing account groups are not funds and do not reflect available financial resources and related liabilities.

General Fixed Assets Account Group - accounts for all fixed assets of the Board, except those accounted for in the proprietary funds.

General Long-Term Debt Account Group - accounts for all long-term obligations of the Board, except those accounted for in the proprietary funds.

3. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets. Pursuant to the election option made available by GASB Statement No. 20, pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund types.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

4. Basis of Accounting

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

The revenues susceptible to accrual are charges for services, licenses, interest revenue, and excess fees of constitutional officers. Sales taxes and other taxes collected and held by an intermediary at year-end on behalf of the Board are also recognized as revenue.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Board reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Board before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In the subsequent period when both revenue recognition criteria are met, or when the Board has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

5. Budgets and Budgetary Accounting

Florida Statutes Chapters 129 and 200 govern the preparation, adoption, and administration of the County's annual budget. The budget must be balanced, i.e., the estimated revenues plus beginning fund balance brought forward must equal appropriations and be prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Board may, at any time within a fiscal year, amend a budget for that year as follows:

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

4. Budgets and Budgetary Accounting -- (Continued)

Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by motion recorded in the minutes, provided that the total of the appropriations of the fund not be changed. The Board may establish procedures by which the budget officer may authorize certain interdepartmental budget amendments, provided that the total appropriation of the department is not changed. All annual appropriations lapse at fiscal year-end.

6. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Appropriations lapse at the end of the year and any outstanding encumbrances are canceled and reissued in the subsequent year.

7. Cash and Cash Equivalents

For purposes of the statements of cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

8. Investments

Investments in bank certificates of deposit, U.S. Treasury bills, government backed securities and the Florida Local Government Investment Trust Fund are recorded at fair value. Investments in the Local Government Surplus Funds Trust Fund are recorded at the Board's equity position in the fund's share price.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

9. Inventory

Inventory consists of gas, oil, automotive parts, road signs, culverts, and various other items used by the road department and insecticides used by mosquito control operations. Inventory is valued at cost (first in, first out). The cost is recorded as an expenditure at the time the inventory is purchased.

Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

10. Accounting for Fixed Assets

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. No depreciation is provided for general fixed assets.

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20 - 50 years
Water Distribution	20 years
Improvements	10 - 20 years
Equipment	3 - 10 years

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Infrastructure (roads, bridges, curbs, etc.) is not recorded because such items are of value only to the Board.

The Board does not capitalize interest expense on borrowings used to finance construction of general fixed assets or fixed assets of proprietary fund types, as the capitalizable interest, after netting of interest earnings, is normally insignificant.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

11. Compensated Absences

In governmental fund types, the Board accrues the current portion of the liability for accumulated unpaid sick leave, annual leave or compensatory time that will be paid within the next fiscal year in the appropriate governmental funds. Amounts due in subsequent years are included in the General Long-Term Debt account group. Proprietary fund types accrue benefits in the period they are earned.

12. Property Taxes

Real and personal property valuations are determined each year as of January 1 by the Property Appraiser's office. Florida Statutes require that all property be assessed at 100% of just value.

All property taxes become due and payable on November 1 and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively. The Tax Collector advertises as required by statute and sells tax certificates for unpaid taxes on real property. Certificates not sold are considered "County Held Certificates." Persons owning land upon which a tax certificate has been sold may redeem the land by paying the face amount of the tax certificate, plus interest and other costs.

13. Landfill Closure Costs

Under the terms of current state and federal regulations the Board is required to place a final cover on closed landfill areas and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure. The Board recognizes these costs of closure and post-closure maintenance over the active life of each landfill area, based on landfill capacity used during the period.

14. Allowance for Uncollectible Amounts

Historically, differences between receivables and amounts collected have been insignificant. Accordingly, no provision has been made for uncollectible amounts.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

15. Total Columns on Combined Statements

Total columns are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America.

16. New Accounting Pronouncement

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*. This statement is effective for the County for the year ending September 30, 2003. Statement No. 34 will affect the presentation of the County's annual financial report. The Statement also requires the County to utilize the economic resources measurement focus as well as the accrual basis of accounting. On June 28, 2001, the GASB issued standards simultaneously with the new financial reporting model. Statement No. 37 was designed to enhance the usefulness of the government's financial statements; and Statement No. 38 will provide users with new information and eliminate some obsolete disclosures. The County has not yet determined the effects these new statements will have on its financial statements.

NOTE B - CASH AND INVESTMENTS

At September 30, 2001, the bank held deposits of \$1,077,366 (before outstanding checks and deposits in transit) consisting of amounts held in checking, savings, money market or time deposit accounts. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida.

The Board's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Pursuant to Florida Statutes Section 218.415, the Board adopted an investment policy which outlines the Board's investment responsibilities, objectives, and policies. The Board's investment policy authorizes the Board to invest in the following:

- a. Local Government Surplus Funds Trust Fund (SBA) (State Pool);
- b. Florida Local Government Investment Trust (FLGIT) (State Investment Trust);
- c. Qualified money market mutual funds;

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE B - CASH AND INVESTMENTS -- (Continued)

- d. U.S. Treasury bills, notes and bonds;
- e. Obligations guaranteed by the U.S. Government as to principal and interest such as obligations of the Government National Mortgage Association (GNMA);
- f. Non-callable Government Agency securities:
 - (i) Federal Farm Credit Bank (FFCB),
 - (ii) Federal Home Loan Mortgage Corporation (FHLMC),
 - (iii) Federal Home Loan Bank (FHLB),
 - (iv) Federal National Mortgage Association (FNMA).

This classification of government agency securities does not include any mortgage debt of any government agency;

- g. Time deposits and savings accounts in banks or savings and loan associations doing business in Florida;
- h. Tax-exempt obligations of the State of Florida and its various local governments;
- i. Repurchase agreements for investments authorized in categories d, e, or f above.

At year-end, the overnight repurchase agreement (classified as a cash equivalent) in the amount of \$3,131,000 was 102% collateralized by government agency securities, and approximated market value.

Investments at September 30, 2001, are required to be categorized in accordance with GASB Statement No. 3 to indicate the level of credit risk assumed by the Board. The County had no investments at year-end that should be categorized. Investments in the Local Government Surplus Funds Trust Fund and the Florida Local Government Investment Trust are not categorized since the investments are not evidenced by securities that exist in physical or book entry form.

The Local Government Surplus Funds Trust Fund is similar to a mutual fund in that funds are available on a same day basis. As of September 30, 2001, the Local Government Surplus Funds Trust Fund had total investments of approximately \$18.2 billion. The portfolio's average maturity was 15 days. The County allocates interest earned on investments held in the Local Government Surplus Funds Trust Fund based on individual funds' principal balances. The Local Government Surplus Funds Trust Fund is a "2a-7" like pool and is subject to regulatory oversight as specified in Chapter 19-7 of the Florida Administrative Code.

The Florida Local Government Investment Trust is similar to a mutual fund in that funds are available on a same day basis. As of September 30, 2001, the Florida Local Government

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE B - CASH AND INVESTMENTS -- (Continued)

Investment Trust had total investments of approximately \$351 million. The portfolio's average maturity was 2.32 years. The County allocates interest earned on investments held in the Local Government Surplus Funds Trust Fund based on individual funds' principal balances.

Schedule of Cash and Investments at September 30, 2001

	Carrying Amount
<u>Non-Categorized Investments</u>	
Florida Local Government Investment Trust Fund	\$ 10,735,835
Local Government Surplus Funds Trust Fund	36,987,554
Total Investments	47,723,389
<u>Cash</u>	
Cash in Bank	3,645,543
Petty Cash	1,124
Total Cash	3,646,667
Total Cash and Investments	\$ 51,370,056
<u>Combined Balance Sheet Detail</u>	
Cash and Cash Equivalents	\$ 3,646,667
Investments	46,142,889
Restricted Assets	
Investments	1,580,500
Total Cash and Investments	\$ 51,370,056

Restricted cash and investments consist of funds set aside for the payment of debt and funds set aside to ensure assets producing the pledged revenues are repaired and replaced as needed. These assets are restricted since their use is limited by the applicable bond indentures. Other restricted assets consist of funds restricted to the payment of future landfill closure costs.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE B - CASH AND INVESTMENTS -- (Continued)

Restricted cash and investments by category and by fund are as follows:

	Enterprise Funds		
	Navarre <u>Beach Fund</u>	Landfill <u>Fund</u>	Total <u>Enterprise</u>
Sinking fund	\$ 94,583	\$ 28,976	\$ 123,559
Bond reserve account	276,608	--	276,608
Debt service	187,496	--	187,496
Landfill escrow	--	958,166	958,166
Renewal and replacement	34,671	--	34,671
	<u>\$ 593,358</u>	<u>\$ 987,142</u>	<u>\$ 1,580,500</u>

NOTE C - NONCASH INVESTING, FINANCING AND CAPITAL ACTIVITIES

See Note S for information regarding the advance refunding of long-term debt. There were no other noncash investing, financing and capital activities during the year ended September 30, 2001.

NOTE D - DUE FROM OTHER GOVERNMENTAL UNITS

At September 30, 2001, amounts due from other governmental units were as follows:

Excess fees - Elected officials	\$ 3,126,992
State of Florida - Taxes	793,577
State of Florida - Grants	1,766,529
City of Pensacola	67,334
Worker's Compensation	3,888
Other	284,445
Total	<u>\$ 6,042,765</u>

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE E - FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Land	\$ 7,034,805	\$ 408,234	\$ (376,067)	\$ 7,066,973
Buildings	51,006,636	2,754,718	--	53,761,354
Improvements other than buildings	4,884,280	726,107	--	5,610,387
Furniture, fixtures and equipment	14,660,005	2,503,673	--	17,163,678
Construction in progress	--	<u>173,942</u>	<u>(161,455)</u>	<u>12,487</u>
Total	<u>\$77,585,726</u>	<u>\$ 6,566,675</u>	<u>\$ (537,522)</u>	<u>\$ 83,614,879</u>

At September 30, 2001, proprietary fund type property, plant, equipment, and other amortizable long-term assets consisted of the following:

	<u>Enterprise</u> <u>Funds</u>	<u>Internal Service</u> <u>Fund</u>
Land	\$ 1,474,644	\$ --
Buildings	1,366,471	--
Improvements other than buildings	13,372,355	--
Furniture, fixtures and equipment	2,848,565	--
Construction in progress	<u>65,980</u>	<u>--</u>
	19,128,015	--
Less accumulated depreciation	<u>(9,180,747)</u>	<u>--</u>
Total	<u>\$ 9,947,268</u>	<u>\$ --</u>
Depreciation expense	<u>\$ 892,531</u>	<u>\$ 10,742</u>

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE F - LONG-TERM DEBT

1. Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year.

	Balance October 1, <u>2000</u>	<u>Additions</u>	<u>Reductions</u>	Balance September 30, <u>2001</u>
General long-term debt				
Compensated absences	\$ 2,269,117	\$ 185,615	\$ --	\$ 2,454,732
Revenue bonds	3,387,500	3,267,500	3,252,500	3,402,500
Notes payable	3,767,614	1,140,000	1,172,443	3,735,171
Special assessment notes	805,540	131,800	131,358	805,982
Proprietary debt				
Compensated absences	265,456	10,339	847	274,948
Landfill closure costs	6,755,639	--	268,285	6,487,354
Revenue bonds	<u>5,301,250</u>	<u>3,430,000</u>	<u>3,920,000</u>	<u>4,811,250</u>
Total	<u>\$22,552,116</u>	<u>\$ 8,165,254</u>	<u>\$ 8,745,433</u>	<u>\$21,971,937</u>

Unamortized bond discounts totaling \$13,480 and deferred losses on refunding of bonds totaling \$146,631 are netted against the liability in the proprietary funds. Deferred bond issue costs were \$133,918 at year-end.

2. Descriptions of Bonds and Notes

Bonds and notes payable at September 30, 2001, are comprised of the following:

General government - notes payable

\$1,250,000 note payable to City of Gulf Breeze, Florida
Local Government Loan Program - due in 20 annual principal
payments ranging from \$30,000 in 1989 to \$115,000 in 2008 -
interest due semi-annually at fixed rates of 7.1% and
7.75% through 1998 and 7.75% thereafter. \$ 720,000

\$155,000 Third Cent Tourist Development Tax Revenue Tax
Anticipation Note - due in 120 monthly payments of \$1,633 -
interest due monthly at a fixed rate of 4.9%. The note is
secured by Third Cent Tourist Development Tax Revenues. 92,333

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE F - LONG-TERM DEBT

2. Descriptions of Bonds and Notes

<p>\$39,920 note payable to bank with a fixed rate of 6.75% for the Santa Rosa Clean Community System, Inc. (SRCCS) - due in annual payments of \$5,000 with final payment due 2006. The note is secured by a lien on the SRCCS property. Although this note is between the SRCCS and the bank, the obligation is recorded in the General Long-term Debt Account Group of Santa Rosa County as the County committed to funding this note at \$5,000 per year for fifteen years.</p>	24,986
<p>\$1,414,000 note payable to bank for construction of a recreation facility in District 5 - due in 33 quarterly payments of \$50,000 including interest at 3.86%, beginning May 15, 1999. The note is secured by 8% of franchise fees from the Escambia River Electric Cooperative and Gulf Power.</p>	918,286
<p>\$1,140,000 note payable to bank for construction of a recreation facility in District 2 and refinancing of the 1998 note. The note is due in 28 quarterly payments of \$50,000, including interest at 4.53% beginning May 15, 2001. The note is secured by 8% of franchise fees from the Escambia River Electric Cooperative and Gulf Power.</p>	1,069,567
<p>\$1,250,000 note payable to bank for construction of a recreation facility in District 4 - due in 30 quarterly payments ranging from \$34,600 - \$49,600 plus interest at 4.93%, beginning November 15, 2000. The note is secured by 8% of franchise fees from the Escambia River Electric Cooperative and Gulf Power.</p>	909,999
<p>\$382,000 special assessment note payable to bank for capital improvements at Navarre Beach and Woodlore Subdivisions - due in monthly payments of \$3,914 including interest at 5.7% for 60 months, at which time the remaining principal balance shall be due. Annual assessments are made against property owners in amounts sufficient to retire the maturing principal and interest. As of September 30, 2001,</p>	

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE F - LONG-TERM DEBT -- (Continued)

2. Descriptions of Bonds and Notes -- (Continued)

substantially all assessments were collected. The Board covenants to pay sufficient funds to cure any deficiencies in pledged revenues available for payment of the note. 124,062

\$250,000 special assessment note payable to bank for the construction of certain improvements to the Navarre Beach Fire Station and the purchase of certain fire equipment. Principal is due in 10 annual payments of \$25,000 with interest payable quarterly in arrears at 5.98%. Annual assessments are made against property owners in amounts sufficient to retire the maturing principal and interest. All assessments were collected by year-end. 100,000

\$200,000 special assessment note payable to bank for construction of the Stanford Road water and sewer collection system. The principal is due in 10 annual payments from \$13,560 to \$48,746 beginning March 15, 1997, and interest is payable in arrears in quarterly payments at an annual rate of 5.28%. Annual assessments are made against property owners in amounts sufficient to retire the maturing principal and interest. 124,652

\$310,000 special assessment note payable to bank for the construction of the Wes Vic water and sewer collection system. The principal is due in 10 annual payments of \$31,000 beginning February 1, 1998, with interest due quarterly in arrears at 5.5%. Annual assessments are made against property owners sufficient to retire the maturing principal and interest. 186,000

\$92,000 special assessment note payable to bank for road paving improvements in the Central Parkway East MSBU. The principal is due in 9 annual payments beginning October 15, 2000, ranging from \$8,285 to \$12,401 with interest due quarterly in arrears at 5.17%. Annual assessments are made against property owners sufficient to retire the maturing principal and interest. 83,715

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE F - LONG-TERM DEBT -- (Continued)

2. Descriptions of Bonds and Notes -- (Continued)

\$72,000 special assessment note payable to bank for the construction of the Ski Watch Estates Subdivision MSBU water and sewer collection system. The note is due in 96 monthly payments of \$1,021 including principal and interest at 7.99%. Annual assessments are made against property owners sufficient to retire the maturing principal and interest. 58,322

\$59,000 special assessment note payable to bank for the acquisition and installation of a traffic signal on Highway 98. The note is due in 20 quarterly payments of \$3,378 including principal and interest at 5.23% beginning September 15, 2001. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest. 56,431

\$72,800 special assessment note payable to bank for the construction of a residential sewage system along Del Mar Drive. The note is due in 36 quarterly payments of \$2,600 including principal and interest at 5.71% beginning October 18, 2001. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest. 72,800

General government - bonds payable

\$8,625,000 Capital Improvement Revenue Refunding Bonds, Series 1991 - 6% serial bonds due in 2002. Bonds are allocated 50% to the general long-term debt account group and 50% to the Landfill Fund. 135,000

\$6,535,000 Capital Improvement Revenue Refunding Bonds, Series 2001 - 4.5% - 4.875% serial bonds due in 15 annual installments of \$55,000 to \$610,000 from 2002 through 2016. Bonds are allocated 50% to the general long-term debt account group and 50% to the Landfill Fund. 3,267,500

Total general government bonds and notes payable \$ 7,943,653

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE F - LONG-TERM DEBT -- (Continued)

2. Descriptions of Bonds and Notes -- (Continued)

Proprietary fund type - bonds payable

Enterprise Fund - Landfill

\$6,535,000 Capital Improvement Revenue Refunding Bonds, Series 2001 - 4.5% - 4.875% serial bonds due in 15 annual installments of \$55,000 to \$610,000 from 2002 through 2016. Bonds are allocated 50% to the general long-term debt account group and 50% to the Landfill Fund. \$ 3,267,500

\$8,625,000 Capital Improvement Revenue Refunding Bonds, Series 1991 - 6% serial bonds due in 2002. Bonds are allocated 50% to the general long-term debt account group and 50% to the Landfill Fund. 135,000

Enterprise Fund - Navarre Beach

\$3,050,000 Water and Sewer Refunding Revenue Bonds, Series 1998 - 4.39% to 4.41% serial bonds due in quarterly installments of \$126,250 through May 2003, and \$26,250 thereafter through May 2008. 1,408,750

Total proprietary fund type bonds payable \$ 4,811,250

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE F - LONG-TERM DEBT -- (Continued)

3. Debt Service Requirements

The annual requirements to amortize all bonds and notes outstanding at September 30, 2001 including interest payments of \$3,862,564 are as follows:

Year Ending September 30,	Bonds		Notes		Total
	General Government	Proprietary	General Government	Special Assessments	
2002	\$ 316,957	\$ 875,644	\$ 748,139	\$ 190,910	\$ 2,131,650
2003	317,619	754,116	747,594	187,655	2,006,984
2004	317,960	443,277	746,669	184,130	1,692,036
2005	320,490	441,123	745,359	134,170	1,641,142
2006	317,510	433,512	743,668	128,974	1,623,664
2007 and After	<u>3,187,087</u>	<u>3,378,953</u>	<u>828,403</u>	<u>127,548</u>	<u>7,521,991</u>
	<u>\$ 4,777,623</u>	<u>\$ 6,326,625</u>	<u>\$ 4,559,832</u>	<u>\$ 953,387</u>	<u>\$ 16,617,467</u>

4. Defeased Debt Outstanding

In prior years the Board defeased certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the Board's financial statements. At September 30, 2001, approximately \$9 million of bonds are considered defeased.

NOTE G - CONDUIT DEBT OBLIGATIONS

From time to time Santa Rosa County has issued Industrial Development Revenue Bonds under the provisions of Chapter 159, Part II, Florida Statutes, to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the County, the State nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE G - CONDUIT DEBT OBLIGATIONS -- (Continued)

Governmental Accounting Standards Board Interpretation No. 2 requires disclosure of the aggregate principal amount of conduit debt outstanding. If the aggregate amount outstanding is not determinable or reasonably estimable the original issue amount should be disclosed. The County has not completed determination of these amounts.

NOTE H - OPERATING LEASES

The County has entered into various lease agreements for office space. These leases are either on a month to month basis or for periods of one year. Rental expense for office space for the year ended September 30, 2001, was \$66,000.

NOTE I - DEFERRED REVENUE

The Board has lease receivables outstanding on undeveloped properties. Amounts totaling \$15,828 were recorded as deferred revenue at year-end. Deferred revenues from advanced billings on Navarre Beach Leases totaled \$50,764. Additionally, \$67,500 relating to a voting system improvement grant was recorded as deferred revenue in the general fund.

NOTE J - INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivables and payables at September 30, 2001, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	District 4	\$ 74,500
General	MSBU	167,993
General	Debt Service	38,500
General	Flex Benefits	<u>7,500</u>
		<u>\$ 288,493</u>

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE K - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on its landfills when the County stops accepting waste and to perform certain maintenance and monitoring functions at sites for thirty years after closure. Although closure and postclosure care costs are paid only near or after the date that a landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$6.5 million reported as landfill closure and postclosure care liability (current and noncurrent) at September 30, 2001, represents the cumulative amount reported to date based on the following percentage usage of the estimated capacity of each of the County's landfills:

Central Class I Landfill	38%
Central Class III Landfill	Closed 10/98
Holley Landfill	Closed 06/94
Northwest Landfill	Closed 02/91

The remaining estimated cost of closure and postclosure care for the Central Class III, Holley and Northwest landfills have been recognized in prior years with any changes in estimates being recorded in the current year. The County will recognize the remaining estimated cost of closure and postclosure care for the Central Class I landfill in the amount of \$4.2 million as its remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2001. The estimated remaining life of the Central Class I Landfill is 21 years. Cost of closure and life estimates are based on the areas currently in use, and not on potential areas of expansion. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. At September 30, 2001, the County held investments of \$1,152,529 to cover the escrow requirement of \$958,166. These investments are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these restricted investments and from charges to future landfill users or future tax revenue.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE L - COMMITMENTS AND CONTINGENCIES

1. Retirement Plan

Participation - Employees of the Board participate in the Florida Retirement System (FRS), a cost-sharing multiple-employer retirement system, established by Chapter 121, Florida Statutes. Participation is compulsory for full-time and part-time employees working in regularly established positions. Elected officials may elect not to participate in the system. Eligible employees may elect to participate in the Deferred Retirement Option Program (DROP), deferring receipt of retirement benefits while continuing employment with a Florida Retirement System employer.

Contributions - Chapter 121 requires the employer to pay all contributions (employee noncontributory) based upon state-wide rates established by the State of Florida. During 2001, the Board contributed an average of 8.69% of each qualified regular employee's gross salary, 16.53% of the elected official's salary, 19.83% of each special risk employee's salary, and 12.54% for each DROP participant. The contributions, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for each year and totaled \$926,248, \$934,566 and \$1,287,513 for the years ended September 30, 2001, 2000, and 1999, respectively.

Benefit Provisions - The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS provides for vesting of benefits after 10 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 10 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 10 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings. For DROP participants, the deferred monthly benefit plus interest compounded monthly, accrues for the specified period of the DROP participation. Upon retirement, the participant receives the total accumulated DROP benefits and begins to receive current benefits at the previously determined rate.

Financial Report of the Plan - The FRS issues a stand-alone financial report. A copy can be obtained by contacting the State of Florida, Division of Retirement, Tallahassee, Florida.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE L - COMMITMENTS AND CONTINGENCIES -- (Continued)

2. Litigation

The Board is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Board's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Board.

3. Federal and State Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time although the Board expects such amounts, if any, to be immaterial.

NOTE M - RESERVES

The following is a list of reserves used by the Board:

Reserved for Inventory - The General fund and Road and Bridge fund have \$18,677 and \$373,203 respectively, reserved for inventory to indicate that inventory does not represent available spendable resources even though it is a component of assets.

Reserved for Communications - The General fund has \$613,481 reserved for the enhancement of Emergency Medical Services and law enforcement communications.

Reserved for Animal Services Education - The General fund has \$27,220 reserved for use in educating the public on spaying and neutering.

Reserved for Debt Service - The General fund has \$105,910 reserved for debt service resources legally restricted to the payment of long-term debt principal and interest amounts maturing in future years.

Reserved for Forfeited Property - The Fine and Forfeiture fund has \$90,521 reserved for assets to be used for appropriation to the Sheriff primarily to defray costs of protracted or complex investigations, to provide technical equipment, or to provide matching funds to obtain federal grants.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE M - RESERVES -- (Continued)

Reserved for Boating Improvements - The General fund has \$108,069 of monies received from the Marine Resources Conservation Trust Fund reserved for recreational channel marking, public launching facilities and other boating-related activities.

Reserved for Tourist Development - The Local Option Tourist Tax fund has \$426,831 reserved for tourist development activities.

Reserved for Gas and Oil Preservation - The Gas and Oil fund has \$5,830,762 reserved to indicate that assets of the gas and oil preservation fund are restricted and do not represent available, spendable resources, except in emergency situations.

Reserved for Construction - The Capital Project funds have \$2,398,856 reserved for construction commitments.

Reserved for Bond Indenture - The Navarre Beach fund has \$31,615 reserved for renewal and replacement of the water and sewer system.

Reserved for Long-Term Intergovernmental Receivable - The General Fund has reserved \$20,000 to indicate this receivable is not an available spendable resource.

NOTE N - PROPERTY TAXES - REVENUE RECOGNITION

Property taxes levied on property valuations as of January 1, 2001, and expected to be collected during the period November 2001 through March 2002 are as follows:

General Fund	\$ 9,534,260
Road and Bridge Fund	\$ 1,714,000
Fine and Forfeiture Fund	\$ 17,430,330

These taxes, although measurable, are not recognized as revenue at September 30, 2001, since they are not considered to be collectible within the current period or soon enough thereafter to be used to pay current period liabilities.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE O - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Board maintains four enterprise funds consisting of water, sewer and lease operations of Navarre Beach, solid waste disposal operations of the Landfill Fund, hanger facilities at Peter Prince Field and the Industrial Park. Segment information for the year ended September 30, 2001, is as follows:

	<u>Navare Beach</u>	<u>Landfill</u>	<u>Peter Prince Landfill</u>	<u>Industrial Park</u>
Operating revenues	\$2,653,591	\$1,862,309	\$ 164,899	\$ 4,165
Depreciation and amortization expense	402,275	365,068	171,543	--
Operating income (loss)	1,127,092	658,091	(83,175)	(74,578)
Interest income	263,477	133,698	9,800	142,196
Interest expense	73,403	172,918	--	--
Intergovernmental revenues - Grants	--	48,567	165,600	--
Operating transfers in	--	--	--	17,615
Operating transfers out	67,377	--	--	--
Net income	1,220,230	640,642	92,225	322,557
Property, plant and equipment:				
Additions	9,921	448,269	322,661	--
Deletions	76,765	104,399	--	12,676
Net working capital	5,452,731	1,809,880	147,992	1,010,909
Total assets	9,314,416	7,010,579	2,543,472	3,035,222
Bonds and other long term liabilities	1,469,736	9,774,889	--	--
Retained earnings (accumulated deficit)	5,292,866	(5,962,166)	18,619	1,299,510
Contributed capital	2,361,764	2,867,648	2,521,866	1,726,818
Total equity (deficit)	7,654,630	(3,094,518)	2,540,485	3,026,328

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE P - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1986, the County established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment

The County is covered by outside insurance for the following exposures:

- Portable Communication Equipment
- Boats
- Employee Fidelity
- General Liability, \$100,000 deductible
- Public Officials' Liability, \$100,000 deductible

Conventional insurance remains in effect for buildings, contents and Sheriff's general, automobile and professional liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Board and other County elected officials participate in the program and make payments to the Self-Insurance Fund based on historical estimates by management of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. The claims liability of \$2,120,607 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims 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 the amount of the loss can be reasonably estimated.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE P - RISK MANAGEMENT -- (Continued)

Liabilities for incurred losses to be settled by fixed or reasonably determined payments over a long period of time are reported at their present value using an expected future investment yield assumption of 5%. These liabilities are reported at their present value of \$370,262 at September 30, 2001. Changes in the Fund's claims liability amount in fiscal years 2000 and 2001 were as follows:

	<u>Beginning-of- Fiscal-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
1999 - 2000	\$ 2,437,471	\$ 846,852	\$ 1,179,958	\$ 2,104,365
2000 - 2001	\$ 2,104,365	\$ 1,127,395	\$ 1,111,153	\$ 2,120,607

The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public officials' liability coverage, excluding the Sheriff. The County pays an annual premium as a participant of the pooled liability program. During 1994, the first year of participation, the County paid an extraordinary loss fund payment of \$249,886. The liability coverage is not designed to be assessable; however, should the pool fail to meet its obligations, the County may be required to contribute additional funds or cover its own obligations. No accrual for future assessments has been recorded in the balance sheet as such assessments do not appear probable based on past experience of the pool, and experience of the pool subsequent to the County's fiscal year-end through the date of these financial statements. In the event the County elected to terminate its participation in the pool, the extraordinary loss fund payment would be refunded to the County, given adequate funding of the pool.

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE Q - COMPLIANCE AND ACCOUNTABILITY

Accumulated Deficits

Landfill Fund - The deficit in this fund results from the cumulative effect of the following:

Adoption of GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", which requires recognition of costs of closure and postclosure maintenance over the active life of each landfill area, based on landfill capacity used during the period.

Depreciation charged against operations.

Loss on bond refunding of \$443,769 in 1992.

Transfer of working capital to other funds.

Debt covenants require that rates be adjusted periodically to insure sufficient revenues are generated to meet operational and debt service needs.

NOTE R - POST RETIREMENT HEALTH CARE BENEFITS

In 1994, the Board established a Health Insurance Subsidy program for current and future retirees. Eligibility is limited to any person who retires with ten years of creditable service (eight years for elected service) and is qualified under the Florida Retirement System (FRS). The subsidy is calculated by multiplying the total years of FRS creditable service by \$2 with a maximum of thirty years. No one receives less than \$16 per month nor more than \$60 per month. This subsidy is recognized by the Board on a pay-as-you-go basis. The Board recognized \$41,510 in health insurance subsidies for retirees during the fiscal year ended September 30, 2001. The Board cannot feasibly determine the number of persons eligible to receive this benefit. There are currently sixty retirees participating in the program.

NOTE S - BOND REFUNDING

On December 29, 2000, the Board issued \$6,535,000 in Capital Improvement Revenue Refunding Bonds, Series 2000 with an average interest rate of 4.4% to finance the cost of refunding a portion of the Board's Capital Improvement Refunding Revenue Bonds, Series 1991

Santa Rosa County, Florida Board of County Commissioners
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

NOTE S - BOND REFUNDING -- (Continued)

with an average interest rate of 5.9%. The portion of the 1991 bonds refunded from proceeds of the 2000 bonds totaled \$6,245,000 and included the 1991 bonds maturing in the years 2003 through 2016. The remaining 1991 Bonds totaling \$530,000 that mature in 2001 and 2002 remain outstanding until their scheduled maturity dates. The net proceeds of \$6,370,013 (after payment of underwriting fees, insurance, and other issuance costs) plus an additional \$167,730 of sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1991 bonds. As a result, \$6,245,000 of the 1991 bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group and from the Landfill Fund's (enterprise fund) liabilities. The original bonds were allocated 50% each to general governmental uses and to enterprise fund use.

In the enterprise fund, the advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$154,458. This difference, reported in the accompanying financial statements as a deduction from the enterprise fund bonds payable, is being charged to operations through the year 2016 using the effective interest method. The Board completed the advance refunding to reduce its total debt service payments by approximately \$81,000 and realized a difference between the present values of the old and new debt service payments of approximately \$145,000.

NOTE T - DISCONTINUED FUND

The Board discontinued use of the Central Communications internal service fund during the year. At the date the fund ceased operations, all residual assets, liabilities and equity were transferred to the general fund.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Road and Bridge Fund - accounts for various tax assessments and other revenues designated to be used for the maintenance of the county's roads and bridges.

Fine and Forfeiture Fund - accounts for income from fines and forfeitures and various other assessments used for law enforcement purposes.

Gas and Oil Preservation Fund - accounts for assets accumulated from prior years attributable to non-recurring gas and oil tax revenues.

State Matching Program Fund - accounts for state and local funding used for mosquito and other arthropod control.

Enhanced 911 Telephone System Fund - accounts for funds used to maintain the 911 telephone system.

Drug Enforcement Grant Fund - accounts for federal grant funds passed through the state under the Anti-Drug Abuse Act of 1988. These funds are used to provide additional personnel, equipment, facilities, training, and supplies for apprehension, prosecution and adjudication of persons who violate state and local laws relating to controlled substances.

State Housing Initiative Partnership Fund - accounts for state funds received to provide housing assistance to low and middle income families.

Local Option Tourist Tax Fund - accounts for tax revenues to be used for tourist development activities.

Highway 87 Sewer Project - accounts for federal grant funds passed through the state as a Community Development Block Grant for specified construction projects.

Electricity Franchise Fee - accounts for revenues restricted through debt covenants.

Municipal Service Benefits Units (MSBUs) - accounts for special assessments levied against property owners for capital improvements or services rendered for benefit of the affected areas.

Disaster Fund - accounts for funds received to provide disaster relief after hurricanes and other disasters.

**Santa Rosa County, Florida Board of County Commissioners
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
September 30, 2001**

	Road and Bridge	Fine and Forfeiture	Gas and Oil Preservation	State Matching Program	Enhanced 911 Telephone System	State Housing Initiative Partnership
ASSETS						
Cash and cash equivalents	\$ 301,270	\$ 272,903	\$ 2,881	\$ 10,310	\$ 40,612	\$ 528,471
Investments	4,879,223	1,042,000	5,827,881	109,179	229,997	1,096,758
Accounts receivable, net of uncollectibles	--	1,439	--	--	32,657	5,000
Due from other governments	444,232	2,704,282	--	7,426	5,238	68,154
Due from other funds	--	--	--	--	--	--
Inventory	373,203	--	--	--	--	--
Total assets	\$ 5,997,928	\$ 4,020,624	\$ 5,830,762	\$ 126,915	\$ 308,504	\$ 1,698,383
LIABILITIES						
Accounts payable	\$ 299,049	\$ 212,612	\$ --	\$ 1,305	\$ 19,200	\$ 51,978
Accrued compensation	135,926	30,449	--	--	2,884	--
Due to other funds	--	--	--	--	--	--
Due to other governments	--	10	--	--	--	--
Total liabilities	434,975	243,071	--	1,305	22,084	51,978
FUND EQUITY						
Fund balances						
Reserved for forfeited property	--	90,521	--	--	--	--
Reserved for gas and oil preservation	--	--	5,830,762	--	--	--
Reserved for inventory	373,203	--	--	--	--	--
Reserved for tourist development	--	--	--	--	--	--
Unreserved	5,189,750	3,687,032	--	125,610	286,420	1,646,405
Total fund balances	5,562,953	3,777,553	5,830,762	125,610	286,420	1,646,405
Total liabilities and fund equity	\$ 5,997,928	\$ 4,020,624	\$ 5,830,762	\$ 126,915	\$ 308,504	\$ 1,698,383

Continued ...

Santa Rosa County, Florida Board of County Commissioners
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS -- (Continued)
September 30, 2001

	Local Option Tourist Tax	Highway 87 Sewer Project	Electricity Franchise Fee	MSBUs	Disaster Fund	Totals
ASSETS						
Cash and cash equivalents	\$ 264,819	\$ 3,228	\$ 353,457	\$ 354,430	\$ 105,602	\$ 2,237,983
Investments	164,154	--	9,542,878	265,624	358,123	23,515,817
Accounts receivable, net of uncollectibles	3,964	--	284,256	8,717	--	336,033
Due from other governments	--	--	--	170,785	--	3,400,117
Due from other funds	--	--	--	--	--	--
Inventory	--	--	--	--	--	373,203
Total assets	\$ 432,937	\$ 3,228	\$ 10,180,591	\$ 799,556	\$ 463,725	\$ 29,863,153
LIABILITIES						
Accounts payable	\$ 6,106	\$ --	\$ --	\$ 5,769	\$ --	\$ 596,019
Accrued compensation	--	--	--	--	--	169,259
Due to other funds	--	--	--	167,993	--	167,993
Due to other governments	--	--	--	--	--	10
Total liabilities	6,106	--	--	173,762	--	933,281
FUND EQUITY						
Fund balances						
Reserved for forfeited property	--	--	--	--	--	90,521
Reserved for gas and oil preservation	--	--	--	--	--	5,830,762
Reserved for inventory	--	--	--	--	--	373,203
Reserved for tourist development	426,831	--	--	--	--	426,831
Unreserved	--	3,228	10,180,591	625,794	463,725	22,208,555
Total fund balances	426,831	3,228	10,180,591	625,794	463,725	28,929,872
Total liabilities and fund equity	\$ 432,937	\$ 3,228	\$ 10,180,591	\$ 799,556	\$ 463,725	\$ 29,863,153

**Santa Rosa County, Florida Board of County Commissioners
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 Year ended September 30, 2001**

	Road and Bridge	Fine and Forfeiture	Gas and Oil Preservation	State Matching Program	Enhanced 911 Telephone System	State Housing Initiative Partnership
Revenues						
Taxes	\$ 5,880,263	\$ 16,234,283	\$ --	\$ --	\$ --	\$ --
Intergovernmental	2,622,121	83,679	--	29,704	--	1,068,766
Charges for services	--	4,142,362	--	--	464,298	--
Fines and forfeits	--	1,411,142	--	--	--	--
Miscellaneous	707,028	320,294	629,882	7,379	10,950	57,803
Total revenues	9,209,412	22,191,760	629,882	37,083	475,248	1,126,569
Expenditures						
Current						
General government	--	3,248,841	--	--	--	--
Public safety	--	18,467,069	--	--	392,294	--
Physical environment	--	--	--	--	--	--
Transportation	8,956,646	--	--	--	--	--
Economic environment	--	--	--	--	--	1,163,801
Human services	--	--	--	47,870	--	--
Culture and recreation	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--
Debt service	--	--	--	--	--	--
Total expenditures	8,956,646	21,715,910	--	47,870	392,294	1,163,801
Excess (deficiency) of revenues over expenditures	252,766	475,850	629,882	(10,787)	82,954	(37,232)
Other financing sources (uses)						
Operating transfers in	--	--	--	--	--	--
Operating transfers out	(67,500)	--	(285,000)	--	--	--
Other uses	--	--	--	--	--	--
Debt proceeds	--	--	--	--	--	--
Total other financing sources (uses)	(67,500)	--	(285,000)	--	--	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	185,266	475,850	344,882	(10,787)	82,954	(37,232)
Fund balance, beginning of year	5,376,352	3,301,703	5,485,880	136,397	203,466	1,683,637
Change in reserve for inventory	1,335	--	--	--	--	--
Fund balance, end of year	\$ 5,562,953	\$ 3,777,553	\$ 5,830,762	\$ 125,610	\$ 286,420	\$ 1,646,405

Continued ...

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS -- (Continued)
Year ended September 30, 2001

	Local Option Tourist Tax	Highway 87 Sewer Project	Electricity Franchise Fee	MSBUs	Disaster Fund	Totals
Revenues						
Taxes	\$ 526,768	\$ --	\$ 3,026,566	\$ 9	\$ --	\$ 25,667,889
Intergovernmental	--	--	--	--	7,665	3,811,935
Charges for services	--	--	--	--	--	4,606,660
Fines and forfeits	--	--	--	--	--	1,411,142
Miscellaneous	14,255	196	416,384	1,375,703	6,609	3,546,483
Total revenues	541,023	196	3,442,950	1,375,712	14,274	39,044,109
Expenditures						
Current						
General government	--	--	--	--	--	3,248,841
Public safety	--	--	--	1,073,214	--	19,932,577
Physical environment	--	--	--	73,106	--	73,106
Transportation	--	--	--	240,030	--	9,196,676
Economic environment	451,423	--	--	--	--	1,615,224
Human services	--	--	--	--	--	47,870
Culture and recreation	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--
Debt service	--	--	--	5,750	--	5,750
Total expenditures	451,423	--	--	1,392,100	--	34,120,044
Excess (deficiency) of revenues over expenditures	89,600	196	3,442,950	(16,388)	14,274	4,924,065
Other financing sources (uses)						
Operating transfers in	--	--	--	264,604	--	264,604
Operating transfers out	(19,638)	--	(1,753,578)	(196,950)	--	(2,322,666)
Other uses	--	--	--	--	--	--
Debt proceeds	--	--	587,973	131,800	--	719,773
Total other financing sources (uses)	(19,638)	--	(1,165,605)	199,454	--	(1,338,289)
Excess (deficiency) of revenues and other sources over expenditures and other uses	69,962	196	2,277,345	183,066	14,274	3,585,776
Fund balance, beginning of year	356,869	3,032	7,903,246	442,728	449,451	25,342,761
Change in reserve for inventory	--	--	--	--	--	1,335
Fund balance, end of year	\$ 426,831	\$ 3,228	\$ 10,180,591	\$ 625,794	\$ 463,725	\$ 28,929,872

**Santa Rosa County, Florida Board of County Commissioners
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL SPECIAL REVENUE FUNDS
 Year ended September 30, 2001**

	Road and Bridge Fund			Fine and Forfeiture Fund			Gas and Oil Preservation Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues									
Taxes	\$ 5,870,800	\$ 5,880,263	\$ 9,463	\$ 15,893,850	\$ 16,234,283	\$ 340,433	\$ --	\$ --	\$ --
Intergovernmental	2,485,200	2,622,121	136,921	--	83,679	83,679	--	--	--
Charges for services	--	--	--	2,601,535	4,142,362	1,540,827	--	--	--
Fines and forfeits	--	--	--	1,482,000	1,411,142	(70,858)	--	--	--
Miscellaneous	1,146,050	707,028	(439,022)	290,377	320,294	29,917	285,000	629,882	344,882
Total revenues	9,502,050	9,209,412	(292,638)	20,267,762	22,191,760	1,923,998	285,000	629,882	344,882
Expenditures									
Current									
General government	--	--	--	3,023,716	3,248,841	(225,125)	--	--	--
Public safety	--	--	--	18,462,829	18,467,069	(4,240)	--	--	--
Physical environment	--	--	--	--	--	--	--	--	--
Transportation	10,795,016	8,956,646	1,838,370	--	--	--	--	--	--
Economic environment	--	--	--	--	--	--	--	--	--
Human services	--	--	--	--	--	--	--	--	--
Debt service	--	--	--	--	--	--	--	--	--
Total expenditures	10,795,016	8,956,646	1,838,370	21,486,545	21,715,910	(229,365)	--	--	--
Excess (deficiency) of revenues over expenditures	(1,292,966)	252,766	1,545,732	(1,218,783)	475,850	1,694,633	285,000	629,882	344,882
Other financing sources (uses)									
Operating transfers in	--	--	--	--	--	--	--	--	--
Operating transfers out	(67,500)	(67,500)	--	(40,000)	--	40,000	(285,000)	(285,000)	--
Other uses	(2,290,328)	--	2,290,328	(534,747)	--	534,747	--	--	--
Debt proceeds	--	--	--	--	--	--	--	--	--
Total other financing sources (uses)	(2,357,828)	(67,500)	2,290,328	(574,747)	--	574,747	(285,000)	(285,000)	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	(3,650,794)	185,266	3,836,060	(1,793,530)	475,850	2,269,380	--	344,882	344,882
Fund balance, beginning of year	3,650,794	5,376,352	1,725,558	1,793,530	3,301,703	1,508,173	--	5,485,880	5,485,880
Change in reserve for inventory	--	1,335	1,335	--	--	--	--	--	--
Fund balance, end of year	\$ --	\$ 5,562,953	\$ 5,562,953	\$ --	\$ 3,777,553	\$ 3,777,553	\$ --	\$ 5,830,762	\$ 5,830,762

Continued...

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -- (Continued)
ALL SPECIAL REVENUE FUNDS
Year ended September 30, 2001

	State Matching Program			Enhanced 911 Telephone System			Drug Enforcement Grant		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues									
Intergovernmental	\$ 27,890	\$ 29,704	\$ 1,814	\$ --	\$ --	\$ --	\$ 115,000	\$ --	\$ (115,000)
Charges for services	--	--	--	380,000	464,298	84,298	--	--	--
Fines and forfeits	--	--	--	--	--	--	--	--	--
Miscellaneous	--	7,379	7,379	--	10,950	10,950	--	--	--
Total revenues	27,890	37,083	9,193	380,000	475,248	95,248	115,000	--	(115,000)
Expenditures									
Current									
General government	--	--	--	--	--	--	--	--	--
Public safety	--	--	--	420,950	392,294	28,656	155,000	--	155,000
Physical environment	--	--	--	--	--	--	--	--	--
Transportation	--	--	--	--	--	--	--	--	--
Economic environment	--	--	--	--	--	--	--	--	--
Human services	130,436	47,870	82,566	--	--	--	--	--	--
Debt service	--	--	--	--	--	--	--	--	--
Total expenditures	130,436	47,870	82,566	420,950	392,294	28,656	155,000	--	155,000
Excess (deficiency) of revenues over expenditures	(102,546)	(10,787)	91,759	(40,950)	82,954	123,904	(40,000)	--	40,000
Other financing sources (uses)									
Operating transfers in	--	--	--	--	--	--	40,000	--	(40,000)
Operating transfers out	--	--	--	--	--	--	--	--	--
Other uses	--	--	--	--	--	--	--	--	--
Debt proceeds	--	--	--	--	--	--	--	--	--
Total other financing sources (uses)	--	--	--	--	--	--	40,000	--	(40,000)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(102,546)	(10,787)	91,759	(40,950)	82,954	123,904	--	--	--
Fund balance, beginning of year	102,546	136,397	33,851	40,950	203,466	162,516	--	--	--
Change in reserve for inventory	--	--	--	--	--	--	--	--	--
Fund balance, end of year	\$ --	\$ 125,610	\$ 125,610	\$ --	\$ 286,420	\$ 286,420	\$ --	\$ --	\$ --

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -- (Continued)
ALL SPECIAL REVENUE FUNDS
Year ended September 30, 2001

	State Housing Initiative Partnership			Local Option Tourist Tax			Highway 87		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues									
Taxes	\$ --	\$ --	\$ --	\$ 327,750	\$ 526,768	\$ 199,018	\$ --	\$ --	\$ --
Intergovernmental	1,203,641	1,068,766	(134,875)	--	--	--	--	--	--
Charges for services	--	--	--	--	--	--	--	--	--
Fines and forfeits	--	--	--	--	--	--	--	--	--
Miscellaneous	--	57,803	57,803	--	14,255	14,255	--	196	196
Total revenues	1,203,641	1,126,569	(77,072)	327,750	541,023	213,273	--	196	196
Expenditures									
Current									
General government	--	--	--	--	--	--	--	--	--
Public safety	--	--	--	--	--	--	--	--	--
Physical environment	--	--	--	--	--	--	--	--	--
Transportation	--	--	--	--	--	--	--	--	--
Economic environment	1,236,143	1,163,801	72,342	455,357	451,423	3,934	--	--	--
Human services	--	--	--	--	--	--	--	--	--
Debt service	--	--	--	--	--	--	--	--	--
Total expenditures	1,236,143	1,163,801	72,342	455,357	451,423	3,934	--	--	--
Excess (deficiency) of revenues over expenditures	(32,502)	(37,232)	(4,730)	(127,607)	89,600	217,207	--	196	196
Other financing sources (uses)									
Operating transfers in	--	--	--	--	--	--	--	--	--
Operating transfers out	--	--	--	(19,638)	(19,638)	--	--	--	--
Other uses	--	--	--	--	--	--	--	--	--
Debt proceeds	--	--	--	--	--	--	--	--	--
Total other financing sources (uses)	--	--	--	(19,638)	(19,638)	--	--	--	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	(32,502)	(37,232)	(4,730)	(147,245)	69,962	217,207	--	196	196
Fund balance, beginning of year	32,502	1,683,637	1,651,135	147,245	356,869	209,624	3,032	3,032	--
Change in reserve for inventory	--	--	--	--	--	--	--	--	--
Fund balance, end of year	\$ --	\$ 1,646,405	\$ 1,646,405	\$ --	\$ 426,831	\$ 426,831	\$ 3,032	\$ 3,228	\$ 196

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -- (Continued)
ALL SPECIAL REVENUE FUNDS
Year ended September 30, 2001

	Electricity Franchise Fee			MSBUs		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$ 2,500,000	\$ 3,026,566	\$ 526,566	\$ --	\$ 9	\$ 9
Intergovernmental	--	--	--	--	--	--
Charges for services	--	--	--	--	--	--
Fines and forfeits	--	--	--	--	--	--
Miscellaneous	--	416,384	416,384	1,316,715	1,375,703	58,988
Total revenues	2,500,000	3,442,950	942,950	1,316,715	1,375,712	58,997
Expenditures						
Current						
General government	--	--	--	--	--	--
Public safety	--	--	--	1,073,214	1,073,214	--
Physical environment	--	--	--	221,155	73,106	148,049
Transportation	--	--	--	346,933	240,030	106,903
Economic environment	--	--	--	--	--	--
Human services	--	--	--	--	--	--
Debt service	--	--	--	5,375	5,750	(375)
Total expenditures	--	--	--	1,646,677	1,392,100	254,577
Excess (deficiency) of revenues over expenditures	2,500,000	3,442,950	942,950	(329,962)	(16,388)	313,574
Other financing sources (uses)						
Operating transfers in	--	--	--	264,604	264,604	--
Operating transfers out	(1,753,578)	(1,753,578)	--	(196,950)	(196,950)	--
Other uses	(9,237,641)	--	9,237,641	(15,547)	--	15,547
Debt proceeds	587,973	587,973	--	104,000	131,800	27,800
Total other financing sources (uses)	(10,403,246)	(1,165,605)	9,237,641	156,107	199,454	43,347
Excess (deficiency) of revenues and other sources over expenditures and other uses	(7,903,246)	2,277,345	10,180,591	(173,855)	183,066	356,921
Fund balance, beginning of year	7,903,246	7,903,246	--	173,855	442,728	268,873
Change in reserve for inventory	--	--	--	--	--	--
Fund balance, end of year	\$ --	\$ 10,180,591	\$ 10,180,591	\$ --	\$ 625,794	\$ 625,794

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -- (Continued)
ALL SPECIAL REVENUE FUNDS
Year ended September 30, 2001

	Disaster Fund			Totals		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$ --	\$ --	\$ --	\$ 24,592,400	\$ 25,667,889	\$ 1,075,489
Intergovernmental	--	7,665	7,665	3,831,731	3,811,935	(19,796)
Charges for services	--	--	--	2,981,535	4,606,660	1,625,125
Fines and forfeits	--	--	--	1,482,000	1,411,142	(70,858)
Miscellaneous	--	6,609	6,609	3,038,142	3,546,483	508,341
Total revenues	--	14,274	14,274	35,925,808	39,044,109	3,118,301
Expenditures						
Current						
General government	--	--	--	3,023,716	3,248,841	(225,125)
Public safety	--	--	--	20,111,993	19,932,577	179,416
Physical environment	--	--	--	221,155	73,106	148,049
Transportation	--	--	--	11,141,949	9,196,676	1,945,273
Economic environment	--	--	--	1,691,500	1,615,224	76,276
Human services	--	--	--	130,436	47,870	82,566
Debt service	--	--	--	5,375	5,750	(375)
Total expenditures	--	--	--	36,326,124	34,120,044	2,206,080
Excess (deficiency) of revenues over expenditures	--	14,274	14,274	(400,316)	4,924,065	5,324,381
Other financing sources (uses)						
Operating transfers in	--	--	--	304,604	264,604	(40,000)
Operating transfers out	--	--	--	(2,362,666)	(2,322,666)	40,000
Other uses	--	--	--	(12,078,263)	--	12,078,263
Debt proceeds	--	--	--	691,973	719,773	27,800
Total other financing sources (uses)	--	--	--	(13,444,352)	(1,338,289)	12,106,063
Excess (deficiency) of revenues and other sources over expenditures and other uses	--	14,274	14,274	(13,844,668)	3,585,776	17,430,444
Fund balance, beginning of year	449,451	449,451	--	14,297,151	25,342,761	11,045,610
Change in reserve for inventory	--	--	--	--	1,335	1,335
Fund balance, end of year	\$ 449,451	\$ 463,725	\$ 14,274	\$ 452,483	\$ 28,929,872	\$ 28,477,389

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

District One Capital Projects Fund - accounts for the construction of sports and recreation facilities in District One.

District Two Capital Projects Fund - accounts for the construction of sports and recreation facilities in District Two.

District Three Capital Projects Fund - accounts for the construction of sports and recreation facilities in District Three.

District Four Capital Projects Fund - accounts for the construction of sports and recreation facilities in District Four.

District Five Capital Projects Fund - accounts for the construction of sports and recreation facilities in District Five.

All Other Fund - accounts for the purchase or construction of other capital facilities which are not financed by proprietary funds or trust funds.

**Santa Rosa County, Florida Board of County Commissioners
COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
September 30, 2001**

ASSETS	District 1 Project	District 2 Project	District 3 Project
Cash and cash equivalents	\$ 12,260	\$ 2,577	\$ 4,695
Investments	431,390	1,058,949	418,765
Accounts receivable	--	--	128
Due from other governments	156,443	--	--
Due from other funds	--	--	--
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 600,093</u>	<u>\$ 1,061,526</u>	<u>\$ 423,588</u>
LIABILITIES			
Accounts payable	\$ --	\$ 605	\$ 353
Due to other funds	--	--	--
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>--</u>	<u>605</u>	<u>353</u>
FUND EQUITY			
Fund balances			
Reserved for construction projects	600,093	1,060,921	423,235
Unreserved	--	--	--
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>600,093</u>	<u>1,060,921</u>	<u>423,235</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ 600,093</u>	<u>\$ 1,061,526</u>	<u>\$ 423,588</u>

Continued ...

Santa Rosa County, Florida Board of County Commissioners
COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS -- (Continued)
September 30, 2001

ASSETS	District 4 Project	District 5 Project	All other	Totals
Cash and cash equivalents	\$ 15,586	\$ 8,236	\$ 11,422	\$ 54,776
Investments	5,016	165,071	3,736,584	5,815,775
Accounts receivable	--	--	78,000	78,128
Due from other governments	200,000	--	--	356,443
Due from other funds	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 220,602</u>	<u>\$ 173,307</u>	<u>\$ 3,826,006</u>	<u>\$ 6,305,122</u>
LIABILITIES				
Accounts payable	\$ 4,673	\$ 129	\$ 343,621	\$ 349,381
Due to other funds	74,500	--	--	74,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>79,173</u>	<u>129</u>	<u>343,621</u>	<u>423,881</u>
FUND EQUITY				
Fund balances				
Reserved for construction projects	141,429	173,178	--	2,398,856
Unreserved	--	--	3,482,385	3,482,385
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>141,429</u>	<u>173,178</u>	<u>3,482,385</u>	<u>5,881,241</u>
Total liabilities and fund equity	<u>\$ 220,602</u>	<u>\$ 173,307</u>	<u>\$ 3,826,006</u>	<u>\$ 6,305,122</u>

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
Year ended September 30, 2001

	District 1 Project	District 2 Project	District 3 Project
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Intergovernmental	\$ --	\$ --	\$ --
Miscellaneous	21,147	42,129	18,146
	<u> </u>	<u> </u>	<u> </u>
Total revenues	21,147	42,129	18,146
	<u> </u>	<u> </u>	<u> </u>
Expenditures			
Capital outlay	3,536	169,315	134,200
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	3,536	169,315	134,200
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues over expenditures	17,611	(127,186)	(116,054)
	<u> </u>	<u> </u>	<u> </u>
Other financing sources (uses)			
Operating transfers in	226,598	75,491	260,148
Operating transfers out	(60,211)	(33,550)	(60,211)
Other uses	--	--	--
Debt proceeds	--	552,027	--
	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	166,387	593,968	199,937
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	183,998	466,782	83,883
	<u> </u>	<u> </u>	<u> </u>
Fund balance, beginning of year	416,095	594,139	339,352
	<u> </u>	<u> </u>	<u> </u>
Fund balance, end of year	\$ 600,093	\$ 1,060,921	\$ 423,235
	<u> </u>	<u> </u>	<u> </u>

Continued ...

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS -- (Continued)
Year ended September 30, 2001

	District 4 Project	District 5 Project	All other	Totals
Revenues				
Intergovernmental	\$ 200,000	\$ --	\$ --	\$ 200,000
Miscellaneous	26,367	23,874	292,194	423,857
Total revenues	226,367	23,874	292,194	623,857
Expenditures				
Capital outlay	715,842	110,502	3,448,092	4,581,487
Total expenditures	715,842	110,502	3,448,092	4,581,487
Excess (deficiency) of revenues over expenditures	(489,475)	(86,628)	(3,155,898)	(3,957,630)
Other financing sources (uses)				
Operating transfers in	27,508	26,598	1,612,333	2,228,676
Operating transfers out	--	--	--	(153,972)
Other uses	--	--	--	--
Debt proceeds	--	--	--	552,027
Total other financing sources (uses)	27,508	26,598	1,612,333	2,626,731
Excess (deficiency) of revenues and other sources over expenditures and other uses	(461,967)	(60,030)	(1,543,565)	(1,330,899)
Fund balance, beginning of year	603,396	233,208	5,025,950	7,212,140
Fund balance, end of year	<u>\$ 141,429</u>	<u>\$ 173,178</u>	<u>\$ 3,482,385</u>	<u>\$ 5,881,241</u>

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
Year ended September 30, 2001

	District 1 Project			District 2 Project		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ (100,000)
Miscellaneous	--	21,147	21,147	--	42,129	42,129
Total revenues	--	21,147	21,147	100,000	42,129	(57,871)
Expenditures						
Capital outlay	10,000	3,536	6,464	256,704	169,315	87,389
Total expenditures	10,000	3,536	6,464	256,704	169,315	87,389
Excess (deficiency) of revenues over expenditures	(10,000)	17,611	27,611	(156,704)	(127,186)	29,518
Other financing sources (uses)						
Operating transfers in	226,598	226,598	--	75,491	75,491	--
Operating transfers out	(60,211)	(60,211)	--	(33,550)	(33,550)	--
Other uses	(572,482)	--	572,482	(1,030,563)	--	1,030,563
Debt proceeds	--	--	--	551,027	552,027	1,000
Total other financing sources (uses)	(406,095)	166,387	572,482	(437,595)	593,968	1,031,563
Excess (deficiency) of revenues and other sources over expenditures and other uses	(416,095)	183,998	600,093	(594,299)	466,782	1,061,081
Fund balance, beginning of year	416,095	416,095	--	594,299	594,139	(160)
Fund balance, end of year	\$ --	\$ 600,093	\$ 600,093	\$ --	\$ 1,060,921	\$ 1,060,921

Continued ...

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS -- (Continued)
Year ended September 30, 2001

	District 3 Project			District 4 Project			District 5 Project		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues									
Intergovernmental	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -
Miscellaneous	--	18,146	18,146	--	26,367	26,367	12,000	23,874	11,874
Total revenues	--	18,146	18,146	200,000	226,367	26,367	12,000	23,874	11,874
Expenditures									
Capital outlay	126,549	134,200	(7,651)	785,429	715,842	69,587	111,598	110,502	1,096
Total expenditures	126,549	134,200	(7,651)	785,429	715,842	69,587	111,598	110,502	1,096
Excess (deficiency) of revenues over expenditures	(126,549)	(116,054)	10,495	(585,429)	(489,475)	95,954	(99,598)	(86,628)	12,970
Other financing sources (uses)									
Operating transfers in	260,148	260,148	--	27,508	27,508	--	26,598	26,598	--
Operating transfers out	(60,211)	(60,211)	--	--	--	--	--	--	--
Other uses	(412,740)	--	412,740	(76,956)	--	76,956	(161,888)	--	161,888
Debt proceeds	--	--	--	--	--	--	--	--	--
Total other financing sources (uses)	(212,803)	199,937	412,740	(49,448)	27,508	76,956	(135,290)	26,598	161,888
Excess (deficiency) of revenues and other sources over expenditures and other uses	(339,352)	83,883	423,235	(634,877)	(461,967)	172,910	(234,888)	(60,030)	174,858
Fund balance, beginning of year	339,352	339,352	--	634,877	603,396	(31,481)	234,888	233,208	(1,680)
Fund balance, end of year	\$ --	\$ 423,235	\$ 423,235	\$ --	\$ 141,429	\$ 141,429	\$ --	\$ 173,178	\$ 173,178

Continued ...

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS -- (Continued)
Year Ended September 30, 2001

	All other			Totals		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ 300,000	\$ 200,000	\$ (100,000)
Miscellaneous	315,500	292,194	(23,306)	327,500	423,857	96,357
Total revenues	<u>315,500</u>	<u>292,194</u>	<u>(23,306)</u>	<u>627,500</u>	<u>623,857</u>	<u>(3,643)</u>
Expenditures						
Capital outlay	5,695,905	3,448,092	2,247,813	6,986,185	4,581,487	2,404,698
Total expenditures	<u>5,695,905</u>	<u>3,448,092</u>	<u>2,247,813</u>	<u>6,986,185</u>	<u>4,581,487</u>	<u>2,404,698</u>
Excess (deficiency) of revenues over expenditures	<u>(5,380,405)</u>	<u>(3,155,898)</u>	<u>2,224,507</u>	<u>(6,358,685)</u>	<u>(3,957,630)</u>	<u>2,401,055</u>
Other financing sources (uses)						
Operating transfers in	1,612,333	1,612,333	--	2,228,676	2,228,676	--
Operating transfers out	--	--	--	(153,972)	(153,972)	--
Other uses	--	--	--	(2,254,629)	--	2,254,629
Debt proceeds	--	--	--	551,027	552,027	1,000
Total other financing sources (uses)	<u>1,612,333</u>	<u>1,612,333</u>	<u>--</u>	<u>371,102</u>	<u>2,626,731</u>	<u>2,255,629</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(3,768,072)</u>	<u>(1,543,565)</u>	<u>2,224,507</u>	<u>(5,987,583)</u>	<u>(1,330,899)</u>	<u>4,656,684</u>
Fund balance, beginning of year	<u>3,768,072</u>	<u>5,025,950</u>	<u>1,257,878</u>	<u>5,987,583</u>	<u>7,212,140</u>	<u>1,224,557</u>
Fund balance, end of year	<u>\$ --</u>	<u>\$ 3,482,385</u>	<u>\$ 3,482,385</u>	<u>\$ --</u>	<u>\$ 5,881,241</u>	<u>\$ 5,881,241</u>

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the Board has decided that periodic determination of net income is appropriate for accountability purposes.

Navarre Beach Fund - established to plan, develop and operate the water and sewer system of Navarre Beach and to administer the county-leased land on Santa Rosa Island.

Landfill Fund - established to account for operation of the solid waste disposal facilities of the county.

Peter Prince Field Fund - established to account for activities related to the rental of hangers at Peter Prince Field.

Industrial Park Fund - established to segregate and identify revenues and expenses associated with development of the Industrial Park.

Santa Rosa County, Florida Board of County Commissioners
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
September 30, 2001

	Navarre Beach	Landfill	Peter Prince Field	Industrial Park	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 152,052	\$ 61,801	\$ 60,143	\$ 300,164	\$ 574,160
Investments	4,925,611	1,673,985	75,657	686,098	7,361,351
Accounts receivable	184,999	183,124	15,179	341	383,643
Interest	--	--	--	33,200	33,200
Leases - current	11,250	--	--	--	11,250
Due from other governments	287,396	--	--	--	287,396
Total current assets	5,561,308	1,918,910	150,979	1,019,803	8,651,000
Restricted assets					
Investments	593,358	987,142	--	--	1,580,500
Leases - long-term	66,592	--	--	--	66,592
Notes receivable	--	--	--	1,524,411	1,524,411
Deferred charges	65,000	68,918	--	--	133,918
Fixed assets					
Land	--	973,310	10,326	491,008	1,474,644
Buildings	123,820	328,160	914,491	--	1,366,471
Improvements	6,681,524	4,563,766	2,127,065	--	13,372,355
Machinery and equipment	319,897	2,528,668	--	--	2,848,565
Construction in progress	--	65,980	--	--	65,980
Accumulated depreciation and amortization	(4,097,083)	(4,424,275)	(659,389)	--	(9,180,747)
Total fixed assets (net of accumulated depreciation)	3,028,158	4,035,609	2,392,493	491,008	9,947,268
Total assets	\$ 9,314,416	\$ 7,010,579	\$ 2,543,472	\$ 3,035,222	\$ 21,903,689
LIABILITIES					
Current liabilities					
Accounts payable	\$ 78,678	\$ 82,330	\$ 2,925	\$ 8,873	\$ 172,806
Accrued compensation	8,921	26,700	--	--	35,621
Due to other governments	20,978	--	62	21	21,061
Total current liabilities	108,577	109,030	2,987	8,894	229,488
Current liabilities payable from restricted assets					
Revenue bonds - current	505,000	162,500	--	--	667,500
Accrued interest	10,416	25,743	--	--	36,159
Deposits	4,465	26,619	--	--	31,084
Current portion of landfill closure costs	--	168,816	--	--	168,816
Total current liabilities payable from restricted assets	519,881	383,678	--	--	903,559
Noncurrent liabilities					
Deferred revenue	66,592	--	--	--	66,592
Compensated absences	60,986	213,962	--	--	274,948
Long term portion of landfill closure costs	--	6,318,538	--	--	6,318,538
Revenue bonds payable - net of discount	903,750	3,079,889	--	--	3,983,639
Total noncurrent liabilities	1,031,328	9,612,389	--	--	10,643,717
Total liabilities	1,659,786	10,105,097	2,987	8,894	11,776,764
FUND EQUITY					
Contributed capital	2,361,764	2,867,648	2,521,866	1,726,818	9,478,096
Retained earnings (accumulated deficit)					
Reserved	31,615	--	--	--	31,615
Unreserved	5,261,251	(5,962,166)	18,619	1,299,510	617,214
Total retained earnings	5,292,866	(5,962,166)	18,619	1,299,510	648,829
Total fund equity (accumulated deficit)	7,654,630	(3,094,518)	2,540,485	3,026,328	10,126,925
Total liabilities and fund equity	\$ 9,314,416	\$ 7,010,579	\$ 2,543,472	\$ 3,035,222	\$ 21,903,689

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
Year ended September 30, 2001

	Navarre Beach	Landfill	Peter Prince Field	Industrial Park	Total
Operating revenues					
Licenses and permits	\$ --	\$ 1,050	\$ --	\$ --	\$ 1,050
Charges for services	1,623,921	1,702,252	--	--	3,326,173
Leases	1,021,144	--	162,579	4,160	1,187,883
Miscellaneous	8,526	159,007	2,320	5	169,858
Total operating revenues	<u>2,653,591</u>	<u>1,862,309</u>	<u>164,899</u>	<u>4,165</u>	<u>4,684,964</u>
Operating expenses					
Personal services	288,553	687,035	--	--	975,588
Contract services	437,529	156,711	65,387	68,277	727,904
Supplies	115,746	23,037	--	--	138,783
Repairs and maintenance	149,305	122,510	4,511	4,900	281,226
Utilities	121,279	22,472	6,633	5,566	155,950
Depreciation	372,716	348,272	171,543	--	892,531
Travel and per diem	728	8,534	--	--	9,262
Insurance	5,000	14,350	--	--	19,350
Communications	15,191	8,395	--	--	23,586
Advertising	--	--	--	--	--
Fuel and oil	4,311	79,126	--	--	83,437
Rentals	13,541	128	--	--	13,669
Landfill closure and maintenance	--	(268,285)	--	--	(268,285)
Miscellaneous	2,600	1,933	--	--	4,533
Total operating expenses	<u>1,526,499</u>	<u>1,204,218</u>	<u>248,074</u>	<u>78,743</u>	<u>3,057,534</u>
Operating income (loss)	<u>1,127,092</u>	<u>658,091</u>	<u>(83,175)</u>	<u>(74,578)</u>	<u>1,627,430</u>
Non-operating revenues (expenses)					
Sale of land	--	--	--	237,324	237,324
Interest income	263,477	133,698	9,800	142,196	549,171
Interest expense	(73,403)	(172,918)	--	--	(246,321)
State grants	--	48,567	165,600	--	214,167
Aid to private organizations	--	(30,000)	--	--	(30,000)
Amortization & other bond costs	(29,559)	(16,796)	--	--	(46,355)
Total non-operating revenues (expenses)	<u>160,515</u>	<u>(37,449)</u>	<u>175,400</u>	<u>379,520</u>	<u>677,986</u>
Income before operating transfers	1,287,607	620,642	92,225	304,942	2,305,416
Operating transfers in (out)	<u>(67,377)</u>	<u>--</u>	<u>--</u>	<u>17,615</u>	<u>(49,762)</u>
Net income	1,220,230	620,642	92,225	322,557	2,255,654
Accumulated retained earnings (deficit), beginning of year	<u>4,072,636</u>	<u>(6,582,808)</u>	<u>(73,606)</u>	<u>976,953</u>	<u>(1,606,825)</u>
Accumulated retained earnings (deficit), end of year	<u>\$ 5,292,866</u>	<u>\$ (5,962,166)</u>	<u>\$ 18,619</u>	<u>\$1,299,510</u>	<u>\$ 648,829</u>

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year ended September 30, 2001

	Navarre Beach Fund	Landfill Fund	Peter Prince Field	Industrial Park	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,127,092	\$ 658,091	\$ (83,175)	\$ (74,578)	\$ 1,627,430
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	372,716	348,272	171,543	--	892,531
(Gain) loss on disposal of assets	76,160	--	--	--	76,160
Change in assets and liabilities					
(Increase) decrease in:					
Accounts receivable	(64,317)	(92,951)	(5,301)	(341)	(162,910)
Leases receivable	(14,452)	--	--	--	(14,452)
(Decrease) increase in:					
Accounts payable	(70,974)	55,526	1,415	(885)	(14,918)
Accrued compensation	(319)	3,766	--	--	3,447
Annual and sick leave	(4)	10,339	--	--	10,335
Landfill closure costs payable	--	(268,285)	--	--	(268,285)
Deferred revenue	4,031	--	--	--	4,031
Deposits	4,465	(3,270)	--	--	1,195
Due to other governments	20,978	--	58	21	21,057
Net cash provided (used) by operating activities	1,455,376	711,488	84,540	(75,783)	2,175,621
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State grants	--	48,567	165,600	--	214,167
Aid to private organizations	--	(30,000)	--	--	(30,000)
Operating transfers (out) in	(67,377)	--	--	17,615	(49,762)
Net cash provided (used) by noncapital financing activities	(67,377)	18,567	165,600	17,615	134,405
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition & construction of capital assets	(9,921)	(448,269)	(322,660)	--	(780,850)
Proceeds from sale of land	--	--	--	250,000	250,000
Proceeds from note receivable	--	--	--	34,731	34,731
Interest paid	(77,132)	(183,349)	--	--	(260,481)
Principal paid on bonds	(505,000)	(132,474)	--	--	(637,474)
Net cash provided (used) by capital and related financing activities	(592,053)	(764,092)	(322,660)	284,731	(1,394,074)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net sale (purchase) of investments - State Investment Pool	(1,227,693)	(283,926)	16,465	(99,671)	(1,594,825)
Interest income	263,477	133,698	9,800	142,196	549,171
Net cash provided (used) by investing activities	(964,216)	(150,228)	26,265	42,525	(1,045,654)
NET INCREASE (DECREASE) IN CASH	(168,270)	(184,265)	(46,255)	269,088	(129,702)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	320,322	246,066	106,398	31,076	703,862
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 152,052</u>	<u>\$ 61,801</u>	<u>\$ 60,143</u>	<u>\$ 300,164</u>	<u>\$ 574,160</u>

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Board and to other government units, on a cost reimbursement basis.

Self-Insurance Fund - established to account for monies provided to cover current costs and future reserve requirements for the County's self-insurance programs.

Central Communications Fund - established to account for provision of telephone services to various departments of the Board and offices of certain other county elected officials. This fund was discontinued in 2001.

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
Year ended September 30, 2001

	Self- Insurance Fund	Central Communications Fund	Total
Operating revenues			
Charges for services	\$ --	\$ 161,932	\$ 161,932
Premiums received	1,277,085	--	1,277,085
Insurance proceeds	606,792	--	606,792
Total operating revenues	1,883,877	161,932	2,045,809
Operating expenses			
Personal services	--	23,407	23,407
Contract services	38,886	--	38,886
Supplies	2,602	53	2,655
Repairs and maintenance	--	30,064	30,064
Depreciation	--	10,742	10,742
Communications	971	200,035	201,006
Claims	1,127,395	--	1,127,395
State assessment	71,479	--	71,479
Insurance and bond premiums	260,596	--	260,596
Miscellaneous	5,922	128	6,050
Total operating expenses	1,507,851	264,429	1,772,280
Operating income (loss)	376,026	(102,497)	273,529
Non-operating revenues (expenses)			
Interest income	94,589	818	95,407
Total non-operating revenues (expenses)	94,589	818	95,407
Income (loss) before operating transfers	470,615	(101,679)	368,936
Operating transfers in	--	49,063	49,063
Net income (loss)	470,615	(52,616)	417,999
Accumulated retained earnings (deficit), beginning of year	(48,992)	(73,049)	(122,041)
Residual Equity Transfer	--	125,665	125,665
Accumulated retained earnings, end of year	\$ 421,623	\$ --	\$ 421,623

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended September 30, 2001

	Self Insurance Fund	Central Communications Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 376,026	\$ (102,497)	\$ 273,529
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	--	10,742	10,742
Book value of assets transferred	--	25,063	25,063
Change in assets and liabilities			
(Increase) decrease in:			
Accounts receivable	1,445	14,562	16,007
Due from other governments	3,320	--	3,320
Increase (decrease) in:			
Accounts payable	67,102	(25,479)	41,623
Accrued compensation	(737)	(871)	(1,608)
Annual and sick leave	--	(843)	(843)
Claims payable	16,242	--	16,242
Net cash provided (used) by operating activities	463,398	(79,323)	384,075
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in	--	49,063	49,063
Net cash provided (used) by noncapital financing activities	--	49,063	49,063
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (purchase) sale of investments - State Investment Pool	(583,187)	5,526	(577,661)
Interest income	94,589	818	95,407
Net cash provided (used) by investing activities	(488,598)	6,344	(482,254)
NET INCREASE (DECREASE) IN CASH	(25,200)	(23,916)	(49,116)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	95,398	23,916	119,314
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 70,198	\$ --	\$ 70,198

TRUST AND AGENCY FUNDS

Trust funds are used to account for assets held by the Board in a trustee capacity. Agency funds are used to account for assets held by the Board as an agent for individuals, private organizations, other governments and/or other funds.

Insurance Clearance Fund - established to account for funds deducted from the Board's and other constitutional officers' employees' pay and disbursements on their behalf.

Flex Benefit Fund - to account for the funds deducted from the Board's and other constitutional officers' employees' pay and disbursements related to the Board's cafeteria plan.

Santa Rosa County, Florida Board of County Commissioners
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year ended September 30, 2001

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
INSURANCE CLEARANCE				
Assets				
Cash	\$ 309,742	\$ 3,610,376	\$ 3,859,587	\$ 60,531
Accounts receivable	20,489	230,753	233,214	18,028
Total assets	<u>\$ 330,231</u>	<u>\$ 3,841,129</u>	<u>\$ 4,092,801</u>	<u>\$ 78,559</u>
Liabilities				
Accounts payable	\$ 314,385	\$ 3,214,134	\$ 3,449,960	\$ 78,559
Due to other funds	15,846	315,916	331,762	--
Total liabilities	<u>\$ 330,231</u>	<u>\$ 3,530,050</u>	<u>\$ 3,781,722</u>	<u>\$ 78,559</u>
FLEX BENEFIT				
Assets				
Cash	\$ 8,173	\$ 48,135	\$ 45,539	\$ 10,769
Accounts receivable	--	244	92	152
Total assets	<u>\$ 8,173</u>	<u>\$ 48,379</u>	<u>\$ 45,631</u>	<u>\$ 10,921</u>
Liabilities				
Accounts payable	\$ 3,173	\$ 45,787	\$ 45,539	\$ 3,421
Due to other funds	5,000	2,500	--	7,500
Total liabilities	<u>\$ 8,173</u>	<u>\$ 48,287</u>	<u>\$ 45,539</u>	<u>\$ 10,921</u>
TOTAL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 317,915	\$ 3,658,511	\$ 3,905,126	\$ 71,300
Accounts receivable	20,489	230,997	233,306	18,180
Total assets	<u>\$ 338,404</u>	<u>\$ 3,889,508</u>	<u>\$ 4,138,432</u>	<u>\$ 89,480</u>
Liabilities				
Accounts payable	\$ 317,558	\$ 3,259,921	\$ 3,495,499	\$ 81,980
Due to other funds	20,846	318,416	331,762	7,500
Total liabilities	<u>\$ 338,404</u>	<u>\$ 3,578,337</u>	<u>\$ 3,827,261</u>	<u>\$ 89,480</u>



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

Honorable Board of County Commissioners
Honorable Mary M. Johnson, Clerk and Accountant to the
Board of County Commissioners
Santa Rosa County, Florida

We have audited the special purpose financial statements of the Board of County Commissioners of Santa Rosa County, Florida, (Board), as of and for the year ended September 30, 2001, and have issued our report thereon dated January 25, 2002, which was qualified for a lack of valuations for general fixed assets. 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.

Compliance

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

Internal Control Over Financial Reporting

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



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

O'Sullivan Creel, LLP

January 25, 2002



MANAGEMENT LETTER

Honorable County Commissioners

Debbie Dawsey, Chairperson

W.A. Lee, Vice Chairperson

Robert Hillard

Byrd Mapoles

W.D. Salter

Honorable Mary M. Johnson, Clerk and Accountant to the

Board of County Commissioners

Santa Rosa County, Florida

We have audited the financial statements of the Santa Rosa County, Florida, Board of County Commissioners, (hereinafter referred to as "Board"), as of and for the fiscal year ended September 30, 2001, and have issued our report thereon dated January 25, 2002 which was qualified for a lack of valuations for general fixed assets.

We have issued our Independent Auditor's Report On Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards* dated January 25, 2002. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Except as discussed in the first paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

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

The Rules of the Auditor General (Section 10.554 (1) (g) 1.b.) require that we comment as to whether or not recommendations made in the preceding annual

financial audit report have been implemented to our satisfaction. The recommendations made in the preceding annual financial audit report have been implemented to our satisfaction, except as described in Attachment A under the heading "Status of Prior Year Recommendations".

As required by the Rules of the Auditor General (Section 10.554 (1) (g) 2.), we determined that the Board is in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.

The Rules of Auditor General (Sections 10.554 (1) (g) 3. and 4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's report on internal control structure and on compliance with laws and regulations: recommendations to improve financial management, accounting procedures, and internal controls; violations of laws, rules, regulations, and contractual provisions that have occurred or were likely to have occurred and were discovered within the scope of the audit; improper or illegal expenditures discovered within the scope of the audit which may or may not materially affect the financial statements; improper or inadequate accounting procedures; failures to properly record financial transactions; and other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that came to the attention of, the auditor. We are submitting for your consideration the recommendation described in Attachment A.

This management letter is intended for the information of the Board and management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

O'Sullivan Creel, LLP

January 25, 2002

CURRENT YEAR RECOMMENDATIONS

COMPLIANCE COMMENTS – REPEATED FROM PRIOR YEAR

95-2 - TANGIBLE PERSONAL PROPERTY RECORDS

Finding - The Rules of the Auditor General Chapter 10.400 require each governmental unit to maintain an adequate record of its property. The Board is responsible for maintaining the records of fixed assets of the Board and certain other elected officials. There has been no reconciliation of the fixed assets listing to the general ledger balance.

Recommendation - We understand the Clerk has assigned responsibility to a specific person for reconciling and maintaining the County's property records and has taken steps to comply with the Rules of the Auditor General. However, we noted this process is not yet complete since there is still a material difference between the property records and the general ledger.

INTERNAL CONTROL COMMENTS - CURRENT YEAR FINDINGS

2001-1 – REIMBURSEMENT OF TRAVEL EXPENSES

Finding – Florida Statute 112.061 governs the payment of per diem and travel expenses of public officers, employees and authorized persons. During our testing of travel expenses two instances of noncompliance were noted. On two occasions during the year, a county employee received both a mileage allowance and payment of rental car fees for the same trip. The employee received the mileage allowance as a travel advance and then subsequently rented a car to make the trip. Fees for the rental car were charged on the County's credit card and included on a monthly bill paid by the County.

Recommendation - We recommend the Board establish procedures for reconciliation and final settlement of differences between travel advances and actual expenditures.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH BOND COVENANTS**

Honorable Board of County Commissioners
Honorable Mary M. Johnson, Clerk and Accountant to the
Board of County Commissioners
Santa Rosa County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America, the special purpose financial statements of the Board of County Commissioners of Santa Rosa County, Florida (hereinafter referred to as "Board"), as of and for the year ended September 30, 2001, and have issued our report thereon, dated January 25, 2002, which was qualified for lack of valuations for general fixed assets.

In connection with our audit, nothing came to our attention that caused us to believe that the Board failed to comply with the terms, covenants, provisions, or conditions contained in the Water and Sewer Refunding Revenue Bonds, Series 1998 debt agreement, dated April 22, 1998, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Board, management, and holders of the above noted bonds and should not be used for any other purpose.

O'Sullivan Creel, LLP

January 25, 2002

