

**REVIEW OF ALACHUA COUNTY'S ALLOCATION OF
REVENUES AND EXPENDITURES TO COUNTYWIDE
AND UNINCORPORATED FUNDING SOURCES**

FEBRUARY 2000



**CITY AUDITOR'S OFFICE
CITY OF GAINESVILLE, FLORIDA**

The City of Gainesville maintains a Recreation and Parks program in the incorporated area of Gainesville. Based on data maintained by the City's Recreation and Parks Department on the residency of participants of the City programs and facilities, we believe the City of Gainesville is providing recreation and parks services on a countywide basis. For FY00, the net costs of the City and County recreation and parks programs total approximately \$3 million each.

We understand that the City and County have had preliminary discussions regarding consolidating all or some of the recreation and parks services provided to the residents of Alachua County. Based on our review, we believe this to be an area of service delivery that would benefit operationally and financially with a consolidated approach. We recommend that the County and City work together to discuss options for consolidating services provided by their respective recreation and parks programs.

- State of Georgia Strategic Delivery Act


The State of Georgia Strategic Delivery Act requires counties to negotiate with cities and authorities regarding tax and utility rate equity, zoning, comprehensive planning and other issues of mutual interest. The counties and cities are required to submit a written negotiated agreement between the parties in order to qualify for State grants, loans and permits. We recently spoke with a representative from the State of Georgia Department of Community Affairs (DCA) who indicated that the law appears to be effective in resolving disputes involving tax equity. DCA indicated that 152 of Georgia's 159 counties have complied by submitting written agreements negotiated with cities and authorities. The remaining counties are expected to submit their agreements by the end of February 2000. The DCA representative indicated that governmental entities in Georgia vehemently opposed the law when it was enacted, but it appears that once agreements are negotiated and submitted to DCA, entities are very satisfied with the results. While Alachua County and the City of Gainesville obviously are not under the same mandate placed on the counties and cities of Georgia, we believe the process established within Georgia may serve this community well in overcoming service delivery issues. We recommend that the County and City review successful agreements established between similar size Georgia counties and cities in order to gain insight into possible avenues for resolving existing areas of dispute, including those set forth in this report.

*City of
Gainesville*

Inter-Office Communication

February 23, 2000

TO: Audit and Finance Committee
Mayor Paula M. DeLaney, Chair
Mayor-Commissioner Pro Tem Bruce L. Delaney, Member

FROM: Alan D. Ash, City Auditor 

SUBJECT: Review of Alachua County's Allocation of Revenues and Expenditures to Countywide and Unincorporated Funding Sources

RECOMMENDATION

The Audit and Finance Committee recommend the City Commission:

1. accept the City Auditor's report; and
2. request the Alachua County Commission review and provide a written response to the recommendations made in the report.

DISCUSSION

In accordance with the Fiscal Year 2000 Annual Audit Plan approved by the City Commission, we have completed a Review of Alachua County's Allocation of Revenues and Expenditures to Countywide and Unincorporated Funding Sources. The attached report summarizes improvements made by Alachua County since our previous report in this area and recommendations for further improvement in the equitable distribution of costs of County services to the citizens of the incorporated and unincorporated areas.

We request the Committee recommend the City Commission accept the City Auditor's report and request the Alachua County Commission review and provide a written response to the recommendations made in the report.

We would like to thank Alachua County Manager Randall Reid, Sheriff Stephen M. Oelrich, Clerk of Circuit/County Courts and Clerk to Board of County Commissioners J.K. "Buddy" Irby, and their staff for the courteous and cooperative treatment afforded us during our review.

their budgeting process to better reflect the allocations of revenues and expenditures on a countywide basis and those related to the unincorporated area, better reflecting the appropriate division of countywide and unincorporated revenue sources and countywide and unincorporated expenditures. This recommendation appears to be supported by section 129.01(2)(b) of the Florida Statutes regarding county budget systems which states:

Both the receipts and appropriation divisions shall reflect the appropriate division of expenditures between countywide expenditures and noncountywide expenditures and the division of county revenues derived from or on behalf of the county as a whole and county revenues derived from or on behalf of a municipal services taxing unit, special district included within the county budget, unincorporated area, service area, or program area, or otherwise not received for or on behalf of the county as a whole.

- Comprehensive Planning Costs

One of the areas noted as a difference between the funding sources and benefits provided was related to the County comprehensive planning costs. We understand that the City and County have had preliminary discussions regarding consolidating all or some of the comprehensive planning services provided to the residents of Alachua County. While we have not studied the benefits or difficulties regarding consolidating these services, we believe this to be another area of service delivery that should be considered for consolidation. We recommend that the County and City work together to discuss the options for consolidating services provided by their respective comprehensive planning staffs.

- Intergovernmental Radio Communications (IRCP) Fund Expenditures

Another area noted as a difference between the funding sources and benefits provided was related to the County's planned expenditure of approximately \$2 million of IRCP Fund balance for the purchase of County 800 mhz radio equipment. These funds were generated countywide and the County plans to spend some of this fund balance on radio equipment which will primarily benefit the unincorporated area. We recommend the County work together with the cities of Alachua County whose policing activities helped to establish this fund balance and agree on an equitable use of these funds.

- Recreation Department Services

During our review, we noted that Alachua County funds all Park Development and Maintenance costs within the Public Works Department with countywide revenue sources. The County budgets contractual costs for YMCA recreational programs provided in rural communities of the County within the MSTU Fund. Some of the Park Development and Maintenance costs, especially those associated with smaller County parks, primarily benefit the unincorporated area. However, based on the types of parks maintained, we believe most of the County's Park Development and Maintenance costs provide benefits on a countywide basis. As a result, no portion of County Park Development and Maintenance costs were included within the calculated net impact of differences between allocated County sources and uses of funds.

5. Central (Indirect) Services Allocation based on Allocated Direct Costs

Based on our allocation of direct costs noted above, we totaled the direct costs of County services (see Table 3) and then allocated the total central services budgets, after adjusting for Internal Service Fund charges, to countywide and unincorporated categories based on the percentage split of direct services costs.

The results of this allocation methodology result in an additional allocation of approximately \$1.2 million of central services costs to unincorporated services.

Summary of Five Expenditure Areas

The total of the five areas noted for which unincorporated services are funded with budgeted countywide revenues is approximately \$8 million. This is offset in large part by the approximate \$7.5 million in unincorporated revenues which are placed in the County's General Fund in FY00 which were noted on page 7 of this report.

Net Impact of Difference Between Allocated County Sources and Uses of Funds

The net difference between the allocated sources and uses of funds is reflected in Table 4 below.

Table 4

Sources and Uses of Funds	Adjusted Approved FY00 Budget	Countywide	Unincorporated
Adjusted Grand Total Budgeted Sources	\$ 170,077,318	\$ 128,751,579	\$ 41,325,739
Adjusted Grand Total Budgeted Uses	170,077,318	128,206,429	41,870,889
Difference Between Adjusted Budgeted Sources and Uses	\$ -	\$ 545,150	\$ (545,150)

The net difference indicates that the County Approved Budget for FY00 reflects approximately \$545,150 of countywide revenues being expended for unincorporated services, based on our analysis and allocation methodology.

Conclusions and Recommendations

- Division of Countywide and Unincorporated Revenues and Expenditures

The calculated net differences noted above are relatively small when compared to the County's total adjusted FY00 budget of approximately \$170 million. However, they are based on approximately \$8 million in budgeted unincorporated expenditures funded with countywide revenues and approximately \$7.5 million in budgeted unincorporated revenues budgeted within the County's General Fund. We believe Alachua County should modify

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3. Comprehensive Planning Costs

Alachua County's Growth Management Department provides services such as codes enforcement, building inspections, zoning, comprehensive planning and development services. Most of these service costs are appropriately charged to the County's MSTU Fund or other unincorporated funds since they provide services only within the unincorporated areas of the County. However, the County charges the comprehensive planning costs of this department (approximately \$1 million in FY00) to the General Fund. In discussions with

County staff, they indicated that in their opinion comprehensive planning is a service that benefits the entire county, and is therefore appropriately funded through the General Fund.

We discussed the possible county-wide benefits of the County's comprehensive planning with the City's Comprehensive Planning Chief. His opinion is that while some elements of the County's comprehensive planning process do provide county-wide benefits, most elements primarily benefit the unincorporated area. This position is supported by Florida Statutes Section 163.3171(2) related to Local Government Comprehensive Planning and Land Development Regulation which states, "A county shall exercise authority under this act for the total **unincorporated area** (emphasis added) under its jurisdiction" and by Section 163.3171(1) which states "A municipality shall exercise authority under this act for the total area under its jurisdiction."

In our opinion, the County should evaluate the benefits of the separate elements of their comprehensive planning process and make adjustments necessary to ensure that related costs are equitably allocated to the MSTU and General Funds. For purposes of our analysis, we allocated the County's comprehensive planning costs to the unincorporated area.

4. Projected 800 Mhz Radio Equipment Costs

Alachua County's FY00 Approved Budget reflects approximately \$2.5 million of "Reserves for Future Capital Outlay" in the Fire Rescue Department through the Intergovernmental Radio Communications Program (IRCP) Fund. The funds within this reserve have been generated over several years through a payment of \$12.50 on every moving violation collected countywide. The County intends to utilize approximately \$1.95 million of this reserve in FY00 to purchase 800 Mhz radio equipment for the Sheriff and Fire Rescue operations. We allocated the County's projected public safety radio equipment costs to countywide and unincorporated categories based on 50% of the Fire Rescue radio costs (for Fire Protection) and 85% of the non-jail Sheriff radio costs (based on the Sheriff allocation methodology described above) providing benefits to the unincorporated area.

The results of this allocation methodology result in approximately \$1.2 million of 800 Mhz radio equipment costs paid from countywide revenue sources which benefit the unincorporated area of the County.

EXECUTIVE SUMMARY

We then allocated administrative and support costs within the Sheriff's budget countywide and to the unincorporated area based on the calculated percentages of direct countywide and unincorporated services discussed above. The results of this allocation methodology result in approximately \$3.1 million of Sheriff costs paid from the General Fund which benefit the unincorporated area of the County.

2. Public Works Road Maintenance and Transportation Improvement Plan Costs

Alachua County receives three countywide gas taxes from the State of Florida: the Constitutional Fuel Tax, the County Fuel Tax and a Ninth Cent Fuel Tax. The County also receives approximately 52% of the Local Option Fuel Tax through interlocal agreement with the incorporated areas. With these funds and an additional General Fund transfer, the Public Works Department maintains and improves the County's road system. Approximately 5% of the miles of the County road system are within incorporated areas and the remaining 95% is within the unincorporated area. The County does not attempt to allocate these revenues or expenditures to countywide or unincorporated categories.

The County's Transportation Needs Plan indicates that there are five functional classifications of roads in Alachua County: Minor Urban Arterial, Major Collector, Minor Collector, Local and Subdivision. These five classifications are listed from the busiest and most traveled roads serving a large percentage of the population to the least traveled roads serving a small percentage of the population. Through discussions with the City's Public Works Director, we allocated County road maintenance and improvement costs based on the functional classification of the roads maintained and improved. The Public Works Director indicated that the two highest classifications (Minor Urban Arterial and Major Collector) clearly provide countywide benefits. However, the three lower classifications (Minor Collector, Local and Subdivision) by definition serve a small geographical area and all fall within the unincorporated area.

To allocate these costs, we identified the projects within the County's Transportation Improvement Plan by functional classification and allocated the project costs accordingly. Most of the capital improvement expenditures, approximately 79%, occur on the two higher functional road classifications. As a result, 79% of the Transportation Improvement Program appearing in the County's FY00 Budget were reflected as countywide, with the remaining 19% allocated to the unincorporated area. For road maintenance costs, we determined the percentage of County road miles within the two higher functional road classifications to be approximately 24% with the three lower classifications totaling 76%. We then applied these percentages to the total County road maintenance budget for FY00.

This allocation methodology results in approximately \$1.5 million of Transportation Improvement and Road Maintenance costs paid from countywide revenue sources which benefit the unincorporated area of the County.

The City Auditor's Office has completed a review evaluating the reasonableness of Alachua County's allocation of revenues and expenditures to countywide and unincorporated funding sources. As part of our review, we updated the issues raised in our 1994 report regarding Alachua County's distribution of expenditures to the MSTU and General Funds. In general, we found that Alachua County has made some adjustments to remediate the issues raised in our previous report regarding Central Service, County Attorney, Information Services and Fire-Rescue/EMS costs. Adjustments have not been made in the County's allocation of Comprehensive Planning, Parks Maintenance and Sheriff costs.

As we began our current review, we chose to broaden the focus of our previous review which involved evaluating expenditures within the County's MSTU and General Funds. We based this decision on our preliminary review of County funds, our understanding of the focus of the County and City Commissions in this area and through discussions with City and County management. As a result, every revenue or other source of County funds and every expenditure or other use of County funds was reviewed and discussed with County OMB staff in order to attempt to equitably allocate each source into countywide or unincorporated categories.

While we were able to reach general consensus with County OMB staff regarding our allocations of sources into countywide and unincorporated categories, there were several areas of general disagreement or uncertainty regarding our allocation methods for the County's uses of funds. The areas of discussion included the following five departmental expenditures: Sheriff Costs, Public Works Road Maintenance and Transportation Improvement Plan Costs, Comprehensive Planning Costs, Projected 800 Mhz Radio Equipment Costs, and Central Services Allocation based on allocated direct costs. The total of the five areas noted for which unincorporated services are funded with budgeted countywide revenues is approximately \$8 million. This is offset in large part by approximately \$7.5 million in unincorporated revenues which are budgeted in the County's General Fund in FY00. The net difference indicates that the County Approved Budget for FY00 reflects approximately \$545,150 of countywide revenues being expended for unincorporated services, based on our analysis and allocation methodology.

Based on the results of our review, we recommend Alachua County:

- Modify their budgeting process to better reflect the allocations of revenues and expenditures on a countywide basis and those related to the unincorporated area.
- Work together with the City of Gainesville to discuss options for consolidating services provided by their respective comprehensive planning staffs.
- Work together with the cities of Alachua County whose policing activities helped to establish the current \$2 million fund balance in the County's Intergovernmental Radio Communications Program (IRCP) Fund and agree on an equitable use of these funds.
- Work together with the City of Gainesville to discuss options for consolidating services provided by their respective recreation and parks programs; and
- Work together with the City of Gainesville to review the State of Georgia Strategic Delivery Act and successful agreements established between similar size Georgia counties and cities in order to gain insight into possible avenues for resolving existing areas of dispute, including those set forth in this report.

Scope and Methodology

The primary objective of our review was to evaluate the reasonableness of Alachua County's allocation of expenditures to countywide and unincorporated funding sources and to provide a report to the City Commission on the results of our review.

Our review was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States. We reviewed Alachua County's Approved Fiscal Year 1999 and 2000 Budgets, Fiscal Year 1998 and 1999 Comprehensive Annual Financial Reports and the 1999 Full Cost Allocation Plan. We met with Sheriff Steve Oelrich, Clerk of the Court Buddy Irby, Deputy County Manager Richelle Sucara and members of their staff to better understand County funding sources and service costs. We also met with City Manager Wayne Bowers and members of his staff familiar with County services. We worked closely with County Office of Management and Budget (OMB) staff to analyze and categorize all County sources and uses of funds into countywide and unincorporated categories. The scope of our review was generally for Fiscal Year 2000. The results of our review were documented and discussed with City Manager Wayne Bowers, County Manager Randall Reid and County OMB Director Richard Mills.

Background

Approximately 55% of the Alachua County population resides within incorporated areas and 45% within the unincorporated area of the county. Alachua County government assesses an 8.75 millage rate for ad valorem property tax on a countywide basis and a 3.4949 millage rate for property tax in the unincorporated area (the MSTU millage). Incorporated governments within the county assess property taxes on residents of their respective jurisdictions for the provision of municipal services.

Alachua County government is responsible for providing certain services such as the jail, courts, property tax collection and assessment on a countywide basis while other services such as code enforcement and fire protection are provided within the unincorporated area. Through the use of separate funds and other fund accounting processes, Alachua County allocates some service costs to countywide funding sources and others to unincorporated funding sources. Two of the many funds the county uses to account for countywide and unincorporated revenues and expenditures are the General Fund and the Municipal Services Taxing Unit (MSTU) Fund.

On November 15, 1994, the City Auditor issued a report recommending changes in Alachua County's distribution of expenditures to the MSTU and General Funds. The report was accepted by the City Commission and transmitted to the County Commission for their response. Generally, the County's response was that all expenditures were properly allocated. This issue was raised again in the City Auditor's 1997 Review of Landfill Tipping Fees with no response from the County Commission.

On September 22, 1999, the Gainesville City Commission directed the City Auditor to update the November 1994 review in order to determine the current status of County allocations. The City

Enforcement and CDBG Funds), in funds which receive both countywide and unincorporated revenue sources (e.g. the Fire Rescue Operations and Gas Tax Uses Funds) and in the County's General Fund.

While we were able to reach general consensus with County OMB staff regarding our allocations of sources into countywide and unincorporated categories, there were several areas of general disagreement or uncertainty regarding our allocation methods for the County's uses of funds. The areas of discussion included the following five departmental expenditures.

1. Sheriff Costs

The costs of the Sheriff are funded primarily through transfers from the County's General and MSTU Funds. Generally, all costs of the Sheriff's road patrol, approximately \$9 million, are paid by the MSTU Fund and the remainder of the Sheriff's budget, approximately \$30 million, is paid with General Fund revenues.

We met with Alachua County Sheriff Steve Oelrich and his staff to discuss Sheriff cost allocations and the level of benefit provided within the incorporated and unincorporated areas. Generally, the Sheriff indicated that all of his services are of countywide benefit. We also obtained detailed allocations for the Sheriff's FY00 budget and information on dispatch activity, itemized by jurisdiction, for Sheriff services in 1999. Through analysis of the dispatch activity, we determined that approximately 7% of the Sheriff's patrol activity occurred within the City of Gainesville. Because some of the smaller cities in Alachua County contract with the Sheriff for higher than the base level of patrol services and because the City of Gainesville has a fully functioning Police Department, we assumed that the dispatch activity within the City of Gainesville defined the base level of Sheriff patrol service within Alachua County.

Since the City of Gainesville makes up 47% of the population of Alachua County, a base level of countywide Sheriff patrol service of 15% provides Gainesville residents with the 7% dispatch activity received in 1999. In other words, a calculated 15% countywide base level of service multiplied by 47% of the population provides 7% of the dispatched calls for service within the City of Gainesville. With this information, we allocated Sheriff road patrol costs 15% countywide and 85% to the unincorporated area, except for Aircraft Operations, which are jointly conducted countywide with GPD.

Costs of the jail, warrants, civil process and court security/bailiff are clearly countywide services and were allocated accordingly. For the County's consolidated communications center, we allocated 74% of the costs to the unincorporated area and 24% countywide based on 85% of the patrol calls and 50% of the Fire/EMS calls benefiting the unincorporated area. Based on discussions with GPD regarding the level of benefit provided from Sheriff activities within the City of Gainesville, we chose to allocate all Criminal Investigations costs to the unincorporated area, except for the Special Investigations Unit, which operates on a countywide or regional basis.

FY00 Uses of Funds

Table 3 below provides an itemized listing of the County's FY00 Budgeted Uses of Funds reflecting the adjusted total of \$170,077,318. As with revenues, every expenditure or other use of funds on this table was reviewed and discussed with County OMB staff in order to equitably categorize each use into the countywide or unincorporated column. The net result shown at the bottom of Table 3 indicates that approximately \$128,206,429 or 75.4% of the County's FY00 uses of funds are provided on a countywide basis and approximately \$41,870,889 or 24.6% of the County's FY00 uses of funds are attributed to the unincorporated area.

Table 3

Uses of Funds	Approved Budget	Less Transfers In From Other Funds	Adjusted	Countywide	Unincorporated
Departmental Expenditures					
Administrative Services - Capital Projects	11,498,556	168,000	11,330,556	11,330,556	
Community Services	9,416,022	126,052	9,289,970	8,959,790	330,180
Court Services	3,989,520	165,081	3,824,439	3,824,439	
Environmental Protection	3,888,899		3,888,899	3,627,797	261,102
Fire Rescue Services	28,397,579	10,895,013	17,502,566	9,111,119	8,391,447
Growth Management	8,416,769	50,000	8,366,769	3,110,576	5,256,193
Public Works	40,674,082	4,190,247	36,483,835	25,386,022	11,097,813
Special Expense	4,250,863		4,250,863	3,258,263	992,600
Non-Departmental	16,106,892	7,980,475	8,126,417	7,207,072	919,345
Clerk (exc. Clerk to the Board)	3,825,698		2,410,382	2,410,382	
Property Appraiser	3,447,831		3,447,831	3,215,066	232,765
Sheriff	39,792,301		39,792,301	27,602,610	12,189,691
Supervisor of Elections	2,095,382	1,047,691	1,047,691	1,047,691	
Court Administrator	5,854,950	98,330	5,756,620	5,756,620	
Public Defender	257,411		257,411	257,411	
State Attorney	207,608		207,608	207,608	
Total Uses of Funds by Department	182,120,363	24,720,889	155,984,158	116,313,022	39,671,136
Adjust for Internal Transfers Out	(24,720,889)		N/A	N/A	N/A
Adjusted Grand Total Budgeted Uses (excluding indirect services)	157,399,474		155,984,158	116,313,022	39,671,136
Percentage of Uses Countywide/Uninc.				74.6%	25.4%
Indirect Services Provided					
County Commission (inc. Clerk to the Board)	454,543		1,869,859	1,394,302	475,557
County Attorney	928,279		928,279	692,192	236,087
County Manager	1,334,559		1,334,559	995,143	339,416
Administrative Services	9,960,463		9,960,463	8,195,205	1,765,258
Total Allocated Indirect Services	12,677,844		14,093,160	11,276,841	2,816,319
Adjusted by Payments for Indirect Services				616,566	(616,566)
Adjusted Allocated Indirect Services	12,677,844		14,093,160	11,893,407	2,199,753
Adjusted Grand Total Budgeted Uses	170,077,318		170,077,318	128,206,429	41,870,889
Percentage of Total Budgeted Uses				75.4%	24.6%

For comparison, the County's FY00 MSTU Budget Uses total less than \$21 million. The difference of approximately \$21 million is budgeted in other unincorporated funds (e.g. the Code

Auditor included this review in the Annual Audit Plan for Fiscal Year 2000 adopted by the City Commission as Resolution 990692 on November 8, 1999.

Legal Background

In 1968, Article VIII, Section 1 (h), of the Florida Constitution was amended to read:

Property situate within municipalities shall not be subject to taxation for services rendered by the county exclusively for the benefit of the property or residents in unincorporated areas.

At the same time, revisions were made to Article VII, Section 9 (b) of the Constitution authorizing counties to levy an additional 10 mils of property taxes to provide services within unincorporated areas. This additional 10 mils is known as the Municipal Services Taxing Unit (MSTU) millage. It appears that the MSTU millage was established to allow counties new revenue sources for providing services within unincorporated areas so that residents of incorporated areas would not have to pay for these services. Florida Statutes Section 125.01(7) also addresses the issue of "double taxation" by requiring:

No county revenues, except those derived specifically from or on behalf of a municipal service taxing unit, special district, unincorporated area, service area, or program area, shall be used to fund any service or project provided by the county when **no real and substantial benefit** (emphasis added) accrues to the property or residents within a municipality or municipalities.

Disputes soon arose between cities and counties regarding the implementation of unincorporated area taxation and equitable delivery of services. Some of these disputes resulted in negotiated settlements between the disputing parties. In 1979, Gainesville's current City Manager participated in successful negotiations for a beneficial settlement in favor of the City of Jacksonville Beach in a dispute with the City of Jacksonville concerning double taxation.

In legal cases, the courts have generally been liberal in their interpretation of what constitutes real and substantial benefit, often siding with counties. The courts have indicated that service costs do not have to be fairly apportioned among categories of residents, only that they must provide benefits to city residents that are not illusory, ephemeral, etc. Case law has put cities in the difficult position of proving that questioned county services provide no real and substantial benefit to city residents. In 1984, the Town of Palm Beach lost most of the points in what is considered the landmark case regarding double taxation. In that case, the courts ruled in favor of Palm Beach County regarding Sheriff road patrol and county road expenditures and in favor of the Town of Palm Beach regarding neighborhood park costs.

Review of Conclusions and Recommendations from City Auditor's 1994 Report and Update of Current Status

In 1994, the City Auditor reviewed Alachua County's distribution of expenditures to the MSTU and General Funds. The areas addressed in our report included:

Central Services Costs

We identified approximately \$836,000 of central services costs attributable to services provided for the unincorporated area and recommended that the County charge these costs to the MSTU Fund rather than the General Fund. The County first charged a portion of central services costs to the MSTU Fund in FY 1999. In that year, the County charged \$257,956, approximately 1/3 of the identified costs, to the MSTU Fund. For FY 2000, the County budgeted \$450,000 for central services costs, approximately 2/3 of the total costs allocated for unincorporated services to the MSTU Fund. County OMB staff indicated this is a three year phase in process for charging all allocated unincorporated costs to the MSTU or other appropriate unincorporated funds.

County Attorney Costs

We recommended that the County properly allocate and charge costs of the County Attorney's Office to the MSTU and General Funds based on the level of service provided. The County is currently allocating the costs of the County Attorney's Office as a central service. As a result, 2/3 of the County Attorney costs attributed to unincorporated services are budgeted in the FY 2000 MSTU Fund budget.

Information Services Costs

We recommended that the County properly charge the full costs of the Information Services Internal Service Fund to the departments receiving the services. The County no longer operates the Information Services Department as an internal service fund, the costs of this department are currently allocated as a central service. As a result, 2/3 of the Information Services Department costs attributed to unincorporated services are budgeted in the FY 2000 MSTU Fund budget.

Comprehensive Planning Costs

In 1994, we reported that comprehensive planning costs of the County's Growth Management Department were charged to the General Fund. We recommended that the County evaluate the benefits of the separate elements of their comprehensive planning process and make adjustments necessary to ensure that costs are equitably allocated to the MSTU and General Funds. For FY 2000, the County continues to budget all comprehensive planning costs (approximately \$1 million) in the General Fund.

Parks Maintenance Costs

In 1994, we reported that Alachua County budgeted \$623,500 in the General Fund for costs of designing, developing and maintaining the County's parks and open space property. We recommended that the County should maintain records to allow a more equitable distribution of these costs to the MSTU and General Funds. For FY 2000, the County continues to budget all parks maintenance costs (approximately \$800,000) in the General Fund.

Table 2

Sources of Funds	Approved Budget	Countywide	Unincorporated
Charges for Services (continued)			
Water-Sewer Other Income	22,500	22,500	
Conservation and Resource Mgmt. Fees	143,750	141,250	2,500
Human Services	324,700	324,700	
Library Revenues	295,516	295,516	
Court Related Revenues	2,855,505	2,855,505	
Other Charges for Services	54,550	54,550	
Fines and Forfeits			
Donation Fund	3,200	3,200	
Court Fines	638,400		638,400
Police Education	27,000	27,000	
IRCP Fines	450,000	450,000	
Violation of Local Ordinance	18,200		18,200
Bond Estreature	50,000	50,000	
Miscellaneous Revenue			
Interest Earnings	1,516,883	1,244,188	272,695
Rents & Royalties	33,324	33,324	
Special Assessments	5,304,438	1,427,198	3,877,240
Disposal of Fixed Assets	206,000	144,200	61,800
Indirect Cost Revenues	1,411,972	1,411,972	
Telephone Service Fund Revenues	282,000	282,000	
Other Miscellaneous Revenue	230,990	222,115	8,875
Total Revenues	129,071,032	92,061,776	37,009,256
Less 5% Required by Law	(6,071,688)	(4,468,890)	(1,602,798)
Use of Fund Balance	44,633,574	39,177,593	5,455,981
Transfers In (not a real source of revenue)	24,720,889	(326,000)	326,000
Transfers In Constitutional Officers (estimated previous year budget savings)	2,444,400	2,307,100	137,300
Grand Total Budgeted Sources	194,798,207	128,751,579	41,325,739
Adjust for Internal Transfers In	(24,720,889)	-	-
Adjusted Grand Total Budgeted Sources	170,077,318	128,751,579	41,325,739
Percentage of Total Budgeted Sources		75.7%	24.3%

Table 2

Sources of Funds	Approved Budget	Countywide	Unincorporated
Revenues			
Ad Valorem Taxes	59,542,303	49,586,301	9,956,002
Other Ad Valorem Taxes	124,597	124,597	
Other Taxes			
Tourist Development Tax	1,288,800	1,288,800	
Ninth Cent Voted Fuel Tax	1,157,895	1,157,895	
Local Option Fuel Tax	3,322,500	867,473	2,455,027
Franchise Fees	560,000		560,000
Public (Utility) Service Taxes	7,880,000		7,880,000
Licenses and Permits			
Codes Enforcement	1,280,500		1,280,500
MSTU	160,000		160,000
Boating Improvement Program	35,000	35,000	
Intergovernmental Revenue			
Code Enforcement Fund	14,000		14,000
Federal Grants	1,717,817	1,039,817	678,000
State Grants	3,216,888	2,278,632	938,256
County Revenue Sharing	4,050,000	2,700,000	1,350,000
Insurance License Tax	40,000	40,000	
Mobile Home License Tax	70,000		70,000
Alcoholic Beverage License Tax	65,000		65,000
Racing Tax (Pari-mutuel Tax)	446,500	446,500	
Local Govt. 1/2 Cents Sales Tax	8,756,609	3,989,980	4,766,629
Firefighter Supplemental Compensation	5,700	2,500	3,200
Constitutional Fuel Taxes	1,751,000	1,751,000	
County Fuel Tax	1,068,632	1,068,632	
Other Transportation State Revenues	38,200	38,200	
County Article V Trust	75,180	75,180	
Interlocal Agreements - COG	171,200	171,200	
GPD Advocate Counselor	14,672	14,672	
Grants Other Local Units	800,000		800,000
Charges for Services			
General Government	5,337,691	5,337,691	
Public Safety	80,000	80,000	
Police Services	1,220,320	520,063	700,257
Fire Protection Services	193,200		193,200
Room & Board - Prisoners	210,000	210,000	
Federal Prisoners	300,000	300,000	
911 - Local Option Fee	780,000	780,000	
Protective Inspection Fees	109,000		109,000
Ambulance Fees	3,725,500	3,725,500	
Other Public Safety Fees	61,300		61,300
Solid Waste System Fees	5,532,100	5,442,925	89,175

Sheriff Costs

We reported that the County allocated Sheriff costs to the General and MSTU Funds by charging all patrol costs and 1/2 of Combined Dispatch center costs to the MSTU Fund. We recommended that the County equitably allocate all costs of the Sheriff's services to the General and MSTU Funds on the basis of the proportion of services received by the unincorporated areas and the incorporated areas. For FY 2000, all Sheriff patrol costs (approximately \$9 million) are funded from the MSTU Fund. Most of the other costs of the Sheriff's budget are funded from the County's General Fund (approximately \$30 million).

Fire Rescue/EMS Costs

We reported in 1994 that Alachua County provides Fire Services and Emergency Medical Service (EMS) through its Fire-Rescue Department, which is funded in part by the EMS Enterprise Fund, the MSTU Fund and the General Fund. Fire-Rescue Administration expenditures were charged to the General Fund. We recommended the County allocate Fire Rescue Administration costs equitably to the General and MSTU Funds. We also recommended the County implement appropriate accounting systems to ensure that labor costs of employees working out of class are equitably distributed to the MSTU and EMS Funds. Based on the results of our current review, it appears that Alachua County has adequately implemented each of these recommendations.

Summary of Current Status

In general, Alachua County has made some adjustments to remediate the issues raised in our previous report regarding Central Service, County Attorney, Information Services and Fire-Rescue/EMS costs. Adjustments have not been made in the County's allocation of Comprehensive Planning, Parks Maintenance and Sheriff costs.

Review of Alachua County's Approved Fiscal Year 2000 Budgeted Sources and Uses of FundsMethodology

As we began our current review, we chose to broaden the focus of our previous analysis which involved evaluating expenditures within the County's MSTU and General Funds. We based this decision on our preliminary review of County funds, our understanding of the focus of the County and City Commissions in this area and through discussions with City and County management.

Alachua County operates more than 100 separate funds. Some funds, like the MSTU, Code Enforcement and CDBG Funds are focused on providing services within the unincorporated area. Other funds, like the Drug Court Enhancement, Metamorphosis, Tourist Development and Supervisor of Elections Funds are countywide in nature. Some funds, like the Fire Rescue Operations and Gas Tax Uses Funds, combine countywide and unincorporated revenues and expenditures in one fund.

Through analysis of the County's FY 2000 budget and with assistance from the County's OMB Office, we analyzed revenue sources and expenditures within all of the County's funds. Our goal was to allocate every source and use of funds into one of two categories, unincorporated or countywide. This methodology provides a "bottom line" total of unincorporated services funded with countywide sources of funds or countywide services funded with unincorporated sources of funds.

County Approved Fiscal Year 2000 Budget

Table 1 below summarizes Alachua County's FY00 Approved Budget. Sources and uses of funds total \$194,798,207.

Table 1

Sources of Funds	Approved Budget
Use of Fund Balance	\$ 44,633,574
Revenue	
Ad Valorem Taxes	59,666,900
Other Taxes	14,209,195
Licenses and Permits	1,475,500
Intergovernmental Revenue	22,301,398
Charges for Services	21,245,632
Fines and Forfeits	1,186,800
Miscellaneous Revenue	8,985,607
Total Revenue	129,071,032
Transfers-In	24,720,889
Transfers-In Constitutional Officers	2,444,400
Less 5% Required by Law	(6,071,688)
Total Sources of Funds	\$ 194,798,207

Uses of Funds	Approved Budget
Operating Budget	
Personnel Services	\$ 33,621,457
Operating Expenses	50,482,486
Capital Equipment	3,291,030
Total Operating Budget	87,394,973
Capital Projects	24,918,685
Grants & Aids	2,773,952
Debt Service	4,583,949
Transfers to Other Funds	23,673,198
Transfers to Constitutional Officers	48,013,039
Other Uses	(5,693,182)
Reserves	9,133,593
Total Uses of Funds	\$ 194,798,207

The first step in our analysis was to adjust for the \$24,720,889 "Transfers-In" shown in the sources of funds section of Table 1. These transfers are between County funds. For example, transfers from the General Fund to the Fire Rescue Services Fund appear as a use of funds in each Fund. Adjusting for them in both the sources and uses portion of the budget removes a large element of "double counting" present in any fund based budget process. County OMB staff agreed with this adjustment methodology. Adjusting the total sources and uses of funds of \$194,798,207 with the \$24,720,889 of fund transfers results in total adjusted sources and uses of \$170,077,318. The individual line items making up these totals were analyzed in detail and categorized as countywide or unincorporated.

FY00 Sources of Funds

Table 2 on the following two pages provides an itemized listing of the County's FY00 Budgeted Sources of Funds reflecting the adjusted total of \$170,077,318. Every revenue or other source of funds on this table was reviewed and discussed with County OMB staff in order to equitably categorize each source into the countywide or unincorporated column. The net result at the end of Table 2 indicates that approximately \$128,751,579 or 75.7% of the County's FY00 sources of funds are generated on a countywide basis and approximately \$41,325,739 or 24.3% of the County's FY00 sources of funds are attributed to the unincorporated area.

In comparison, the County's FY00 MSTU Budget Sources total less than \$21 million. The difference of approximately \$20 million is budgeted in other unincorporated funds, in funds which receive both countywide and unincorporated revenue sources and in the County's General Fund. For example, the County's FY00 Budget reflects \$8,756,609 under Intergovernmental Revenue from the Local Government 1/2 Cent Sales Tax. The County budgeted this revenue in a debt service fund and transfers funds remaining, after required debt service payments, to the General Fund.

The State of Florida's 1999 Local Government Financial Information Handbook provides a formula for splitting the County's distribution into unincorporated and incorporated area revenues. The incorporated portion is required to be spent countywide, while the unincorporated portion may be spent in the unincorporated area or countywide. After required debt service payments, Alachua County has historically placed this revenue source in the General Fund, which typically provides countywide services. Based on the State formula, we allocated approximately \$4 million of this revenue countywide and \$4.8 million to the unincorporated category. While the County has not allocated any of this revenue to the MSTU Fund or some other fund which accounts for unincorporated services, this could be done. For purposes of our analysis, we allocated the unincorporated share of this revenue to the unincorporated category.

There were several other revenue sources which the County places in the General Fund which our analysis reallocated to the unincorporated category. These revenues, including the \$4.8 million amount for 1/2 Cent Sales Tax, total approximately \$7.5 million of revenue in the General Fund which are attributed to the unincorporated area. This is important to note because every dollar of unincorporated revenues budgeted within the General Fund offsets expenditures of General Fund dollars for unincorporated services.