



Single Audit Report Alachua County, Florida

For the Fiscal Year Ended September 30, 2016

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ALACHUA COUNTY, FLORIDA
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2016

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

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ALACHUA COUNTY, FLORIDA
SINGLE AUDIT REPORT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016
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**INDEPENDENT AUDITOR'S REPORT
FOR
COMPREHENSIVE ANNUAL FINANCIAL REPORT
ALACHUA COUNTY, FLORIDA**

September 30, 2016

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Alachua County, Florida (the "County"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the County, as of September 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Schedule of Federal and State Financial Assistance

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of federal and state financial assistance, as required by Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Car, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 26, 2017

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis presents an overview of the County's financial activities for the fiscal year ended September 30, 2016. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Additional information is available in the Transmittal Letter, which precedes Management's Discussion and Analysis.

Financial Highlights

Government-wide Statements

- Alachua County's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources at September 30, 2016 by \$493.5 million (net position). The county provides a defined benefit pension plan for its employees. The county implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers providing a defined benefit pension plan to report a net pension liability. As a result, the county reported a (\$37.2) million unrestricted net position deficit.
- Total net position of \$493.5 million is comprised of the following:
 - 1) Net investment in capital assets of \$465.2 includes property and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of those capital assets.
 - 2) \$65.5 million of net position are restricted by constraints imposed from outside of the County such as debt covenants, grantors, laws, or regulations.
 - 3) (\$49) million of unrestricted deficit governmental net position and \$11.8 million of unrestricted business-type net position.
- The County's total net position decreased \$5.7 million over the previous year with a decrease of \$6.2 from governmental activities and an increase of \$.5 million from business activities. This decrease in total net position is primarily due to implementation of GASB 68 and the increase in the net pension liability.

Fund Statements

- At September 30, 2016, the County's governmental funds reported combined ending unassigned fund balances of \$16.5 million and total fund balances of \$108.5 million. Total fund balances had a decrease of \$9.6 million from the prior fiscal year.
- At September 30, 2016, unassigned fund balance for the General Fund was \$16.5 million or 12.75% of General Fund operating revenue. Assigned fund balance includes \$4 million subsequent year's reserve for contingency and \$6.5 million for FY17 appropriated fund balance. General Fund balance increased by \$1.5 million from the prior fiscal year.
- Governmental funds revenues increased overall by \$4.73 million or 2.12% from the prior fiscal year. The overall change in governmental funds revenues can primarily be attributed to the following: \$4.6 million increase in ad-valorem taxes as a result of an increase in the tax base and \$.7 million increase in special assessment revenue.
- Along with making regularly scheduled debt service payments for the year, the County also refunded the series 2006 and 2008 gas tax revenue bonds. This resulted in a net decrease in bonded debt of \$44.4 million over the prior fiscal year and notes payable had a net increase of \$33.6 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's Basic Financial Statements. The County's Basic Financial Statements consist of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains other Required Supplementary Information and Supplemental Information in addition to the Basic Financial Statements themselves.

Government-Wide Financial Statements

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

- The Statement of Net Position presents information on all of the County's assets and liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is strengthening or weakening.
- The Statement of Activities presents information showing how the government's net position changed during fiscal year 2016. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned and unused vacation leave).

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

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

The government-wide financial statements can be found on pages 22-25 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All

County funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains twenty-seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the County-wide General Fund, Community Health Program Offering Innovative Care and Health Education Services (CHOICES), Municipal Service Taxing Unit (Unincorporated, Law Enforcement and Fire Protection), Gas Tax Uses, Emergency Services, Debt Service and Transportation Trust which are considered to be major funds. Data from the other eighteen governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Supplemental Information section of this report; the breakdown of the County-wide General Fund by Board of County Commissioners and Constitutional Officer is also presented in this section.

The County adopts an annual budget for its general, special revenue, debt service and capital projects funds. Budgetary comparison schedules have been provided for these funds to demonstrate budgetary compliance; major funds budgetary comparison (excluding Debt Service and Capital Project funds) is in the Required Supplementary Information starting on page 87 and for non-major, Debt Service and Capital Project funds in the Supplementary Information section starting on page 107.

The basic governmental fund statements can be found on pages 26-32 of this report.

Proprietary Funds

The County maintains two different types of proprietary funds. Enterprise funds are used to report business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities relating to Solid Waste and Codes Enforcement. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its Computer Replacement, Vehicle Replacement, Fleet Management, Telephone Service, Self-Insurance Liability and Health Insurance operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the government-wide financial statements as governmental activities.

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

The basic proprietary fund financial statements can be found on pages 35-37 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The basic fiduciary fund financial statements can be found on pages 38-39 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-86 of this report, with the index to the notes on the first page of that section.

Other Information

Supplemental information in the form of combining statements referred to earlier, present a more detailed view of non-major funds used in governmental and enterprise funds. The sub-funds of the General Fund are presented first, followed by the budget to actual schedules for non-major special revenue funds, the debt service fund and all capital projects funds. Also included are statements for internal service and agency funds as well as component unit information. Combining and individual fund schedules can be found on pages 99-135 of this report. Additional information about the County that may be of interest to the reader is found under the Statistical section on pages 159-189 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$493.5 million at the close of the fiscal year ended September 30, 2016 (see table next page).

At the end of fiscal year 2016, the County is able to report positive balances in two categories of net position, for the government as a whole, and all three categories for its separate business-type activities.

Current and other assets decreased by 1.0% over the prior year due to refunding of long-term debt. Existing bond proceeds were used to refund the issue. Net investment in capital assets, less any outstanding debt used to acquire those assets, increased by 1.0% due to the completion of several road resurfacing projects, the improvement of parks, and completion of public defender building.

Alachua County, Florida
Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total		Percent Change
	2015	2016	2015	2016	2015	2016	
Current and other assets	\$166.2	\$154.7	\$19.6	\$20.0	\$185.8	\$174.7	-6.0%
Capital assets	516.9	521.0	9.5	9.6	526.3	530.6	0.8%
Total assets	<u>683.1</u>	<u>675.7</u>	<u>29.0</u>	<u>29.6</u>	<u>712.1</u>	<u>705.3</u>	-1.0%
Deferred Outflows	\$38.0	\$84.1	\$0.71	\$1.6	\$38.7	\$85.7	121.6%
Current liabilities	42.6	40.4	1.8	2.0	44.5	42.4	-4.7%
Long-term liabilities outstanding	163.5	220.2	6.3	7.4	169.8	227.6	34.1%
Total liabilities	<u>206.1</u>	<u>260.6</u>	<u>8.1</u>	<u>9.3</u>	<u>214.2</u>	<u>269.9</u>	26.0%
Deferred Inflows	\$36.74	\$27.0	\$0.72	\$0.5	\$37.46	\$27.5	-26.6%
Net investment in capital assets	451.1	455.6	9.5	9.6	460.6	465.2	1.0%
Net position - restricted	82.9	65.5	1.4	-	84.3	65.5	-22.3%
Net position - unrestricted (deficit)	(55.8)	(49.0)	10.1	11.8	(45.7)	(37.2)	-18.6%
Total net position	<u>\$478.3</u>	<u>\$472.1</u>	<u>\$20.9</u>	<u>\$21.4</u>	<u>\$499.2</u>	<u>\$493.5</u>	-1.1%

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

Current liabilities and long-term liabilities in total increased from the previous year by 26% due to increase in the net pension liability.

Total net position at year end is \$493.5 million. The largest portion of the County's net position (\$465.2 million or 94.3%) reflects its investment in capital assets (e.g., land, infrastructure, buildings and equipment) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the County's net position (\$65.5 million or 13.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position deficit (\$37.2 million or -7.5%). The \$37.2 million unrestricted deficit in net position reflects the shortfall the county would face in the event it would have to liquidate all of its non-capital liabilities, including insurance claims payable, compensated absences, and other post-employment benefits, at September 30, 2016. A deficit in unrestricted net position should not be considered, solely, as evidence of economic financial difficulties.

Restricted net position in the governmental activities and business-type activities had a net decrease of \$18.8 million or 22.3% from 2015 to 2016. This portion of net position represents restrictions from specific revenue sources and grants. Main components of the net decrease include:

- Net decrease of \$8.7 million in restricted assets for debt due to refunding of the remaining bond issues
- Net decrease of \$.7 million in restricted assets for tourist development

- Decrease of \$2.5 million in restricted assets for road construction reduction bond proceeds
- Decrease of \$5.9 million in public improvement revenue projects
- Decrease of \$1.0 in restricted asses for enabling legislation

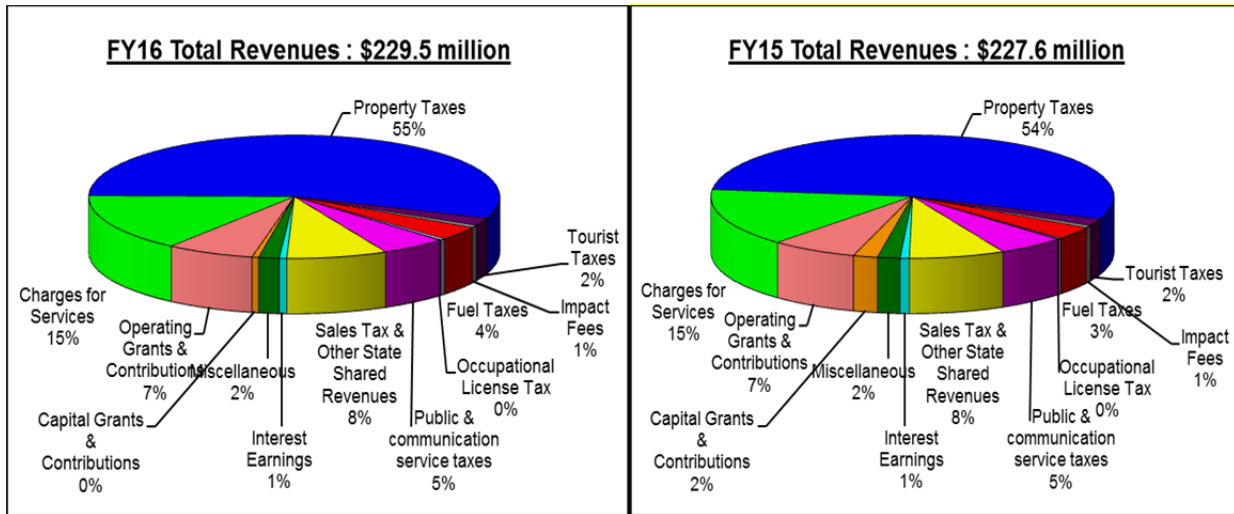
Unrestricted net position in the governmental type activities decreased by \$6.8 million, due to the refunding of remaining bond issues and release of bond covenant restrictions.

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

	Governmental Activities		Business-type Activities		Total		Percent Change
	2015	2016	2015	2016	2015	2016	
Revenues:							
Program revenues:							
Charges for services	\$34.5	\$34.6	\$14.4	\$14.6	\$48.9	\$49.2	0.6%
Operating grants and contributions	15.7	15.8	-	-	15.7	15.8	0.5%
Capital grants and contributions	4.4	1.2	-	-	4.4	1.2	-73.2%
General revenues:							
Property taxes	123.4	127.3	-	-	123.4	127.3	3.2%
Other taxes	24.5	25.1	-	-	24.5	25.1	2.4%
Other	25.1	25.6	1.5	2.2	26.7	27.9	4.6%
Total revenues	<u>227.6</u>	<u>229.5</u>	<u>15.9</u>	<u>16.8</u>	<u>243.6</u>	<u>246.4</u>	<u>1.2%</u>
Expenses:							
Administration	45.0	46.7	-	-	45.0	46.7	3.8%
Community services	14.3	15.7	-	-	14.3	15.7	9.4%
Corrections	31.3	34.2	-	-	31.3	34.2	9.1%
Courts	19.7	24.3	-	-	19.7	24.3	23.8%
Culture and recreation	2.2	2.8	-	-	2.2	2.8	26.8%
Tourist development	3.0	4.5	-	-	3.0	4.5	49.2%
Emergency services	32.6	37.8	-	-	32.6	37.8	16.1%
Environmental services	3.1	3.6	-	-	3.1	3.6	15.9%
Growth management	4.1	4.4	-	-	4.1	4.4	9.0%
Law enforcement	32.2	36.4	-	-	32.2	36.4	13.0%
Solid waste collection	5.0	5.2	-	-	5.0	5.2	4.8%
Transportation	17.8	18.6	-	-	17.8	18.6	4.8%
Interest on long-term debt	3.1	1.4	-	-	3.1	1.4	-55.9%
Solid waste disposal system	-	-	14.3	15.0	14.3	15.0	5.0%
Codes enforcement	-	-	1.1	1.2	1.1	1.2	11.9%
Total expenses	<u>213.4</u>	<u>235.7</u>	<u>15.4</u>	<u>16.2</u>	<u>228.8</u>	<u>252.0</u>	<u>10.1%</u>
Increase (decrease) in net position before transfers	14.2	(6.2)	0.6	0.5	14.8	(5.7)	
Transfers	(0.1)	0.0	0.1	(0.0)	-	-	
Increase (decrease) in net position	<u>14.1</u>	<u>(6.2)</u>	<u>0.7</u>	<u>0.5</u>	<u>14.8</u>	<u>(5.7)</u>	
Net Position - Beginning as previously reported	553.7	478.3	22.2	20.9	575.9	499.2	
Change in accounting principle	(89.5)	-	(1.9)	-	(91.4)	-	
Net Position-beginning-as restated	<u>464.2</u>	<u>478.3</u>	<u>20.3</u>	<u>20.9</u>	<u>484.4</u>	<u>499.2</u>	
Net Position - Ending	<u>\$ 478.3</u>	<u>\$ 472.1</u>	<u>\$ 20.9</u>	<u>\$ 21.4</u>	<u>\$ 499.2</u>	<u>\$ 493.5</u>	<u>-1.1%</u>

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

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



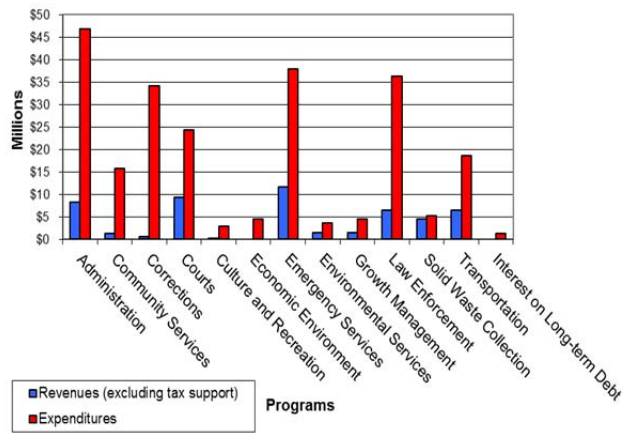
Governmental Activities

The County’s total net position decreased \$5.7 million over the previous year with a decrease of \$6.2 from governmental activities and a increase of \$.5 million from business activities.

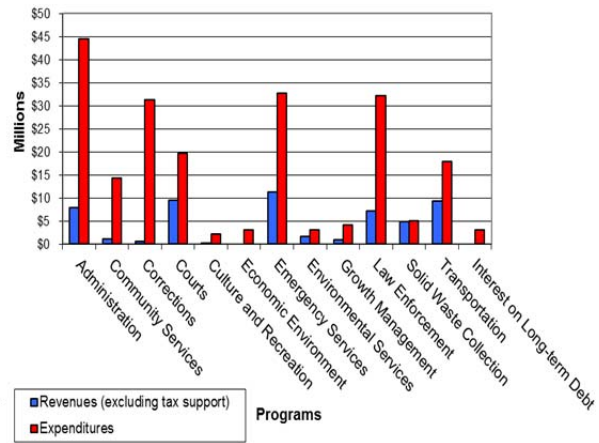
Major changes in revenues were caused by the following:

- Capital Grants and Contributions decreased overall by 73.2%. During the prior year FY2015, the County received \$1.1 million dollar federal grant for the 8th Avenue bike lane and sidewalk project. This federal grant was for the construction of a bike lane/sidewalk on SW8th Avenue and SW 122nd Street. In addition, also received federal Community Development Block grant funds for stabilizing communities that have suffered foreclosure and abandonment of property.
- Property tax revenue increased by \$3.9 million. Property tax revenue increased due to growth in new construction.
- Other revenues increase by \$1.2 million or by 4.6%. This increase is comprised of a \$.6 million increase in sales tax and other state shared revenue, a \$.1 million increase in impact fees, and a \$.5 million increase in multi-modal mitigation fees.

FY16 Expenses and Program Revenues - Governmental Activities



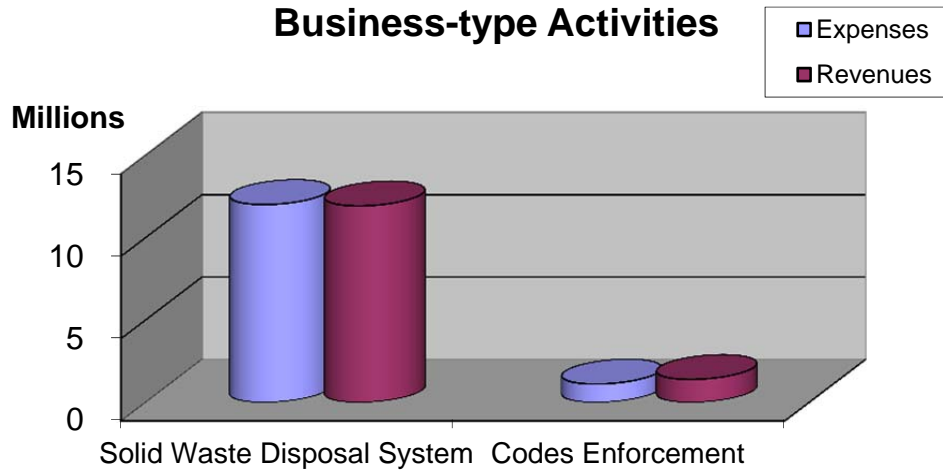
FY15 Expenses and Program Revenues - Governmental Activities



Major changes in expenses were caused by the following:

- Court expenses increased by 23.8% or \$4.6 million. The primary component of the increase inmate medical expenses within court services division.
- Culture and recreation expenses increased by \$.6 million or 26.8%, because of an increase in fairground management expenses over prior year and slight increase in the depreciation for culture and recreation program.
- Tourist development expenses increased by \$1.5 million or 49.2%, due to increase in aid provided to other governmental agencies to promote tourism within Alachua County and aid provided to Cade Museum project.
- Emergency services expenses increased by 16.1% or \$5.2 million. Expenses increased over prior year for the expansion and delivery of emergency services within Alachua County.
- Environmental services increased by 15.9% or \$.5 million. During FY2016, the expenses increased due to the expansion of existing natural resource protection programs within the county.
- Interest expense decreased by 55.9% or \$1.7 million. During FY2016, the 2007 Public Improvement Revenue bond and Gas Tax Revenue bonds were refunded, as a result the interest expense decreased.

Expenses and Program Revenues - Business-type Activities



Business-type Activities

Business-type activities net position remained the same from previous year.

- The Solid Waste Transfer Station went into operation in 1999. The 27,520 square foot Transfer Station is operated by approximately 22 employees and has eight tractor-trailers, two grapples, and a front-end loader. Approximately 500-600 tons per day of household and commercial waste is hauled to the Transfer Station and ultimately routed to the New River Solid Waste Facility in Raiford, Florida. For the year, operating revenues fell short of operating expenses by \$163,361. After accounting for non-operating revenues and transfers-in, the Transfer Station had a change in net position for the year of negative \$46,485. The primary reason for the negative change in net position is due to the County taking over the operations of the Material Recovery Facility at the Leveda Brown Environmental Park.
- Codes Enforcement furnishes services to the development community and citizens. Codes Enforcement operating revenues exceeded operating expenses by \$0.6 million in fiscal year 2016. Revenues increase slightly for licenses and permits, with the majority being in residential remodel and re-roofing. Total permits issued in fiscal year 2016 were 6,592 versus 5,797 permits issued in fiscal year 2015.

Fund Financial Analysis

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

Governmental Funds

The primary purpose of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources, available for spending, at the end of the fiscal year.

Alachua County, Florida
Designations of Fund Balance

Total fund balance	\$ 108,463,225
Fund balance designation:	
Nonspendable	623,885
Restricted	65,525,743
Assigned	25,858,646
Unassigned fund balance	\$ 16,454,951

As of the end of fiscal year 2016, the County’s governmental funds reported combined unassigned ending fund balances of \$16 million, an increase of \$2 million from the prior year. The increase in unassigned fund balance from the prior year is primarily due to a reduction in assigned fund balance for subsequent year’s reserve for contingency.

Major Funds

The General Fund, CHOICES, Municipal Service Taxing Unit (separated into Unincorporated Services, Law Enforcement and Fire Protection), Gas Tax Uses, Emergency Services, Debt Service, and Transportation Trust are reported as major funds.

The General Fund is the chief operating fund of the County and consists of six sub-fund categories: BOCC Countywide General Fund, Clerk of Court General Fund, Property Appraiser General Fund, Sheriff General Fund, Supervisor of Elections General Fund, and Tax Collector General Fund. The General Fund had a increase in fund balance of \$1.5 million. The total fund balance was \$27.4 million of which \$16 million was unassigned. The cash & investment balance at the end of the year was \$23.4 million. As a measure of the General Fund’s liquidity, it may be useful to compare unassigned fund balance to total fund operating revenues. The unassigned fund balance represents 12.75% of total actual FY16 General Fund operating revenue and 11.44% of projected FY17 operating revenues. The General Fund’s spendable unrestricted fund balance (the sum of committed, assigned, & unassigned fund balance) totaled \$27 million and met the minimum fund balance recommendation of the Government Finance Officers Association which defines a minimum unrestricted fund balance of no less than two months of regular General Fund operating revenues or operating expenditures.

The CHOICES Program was approved by the voters on August 31, 2004. The program is funded by a ¼ cent sales tax which was approved through December 2011. As of September 30, 2016, the total fund balance for CHOICES was \$8.6 million. During the year CHOICES had \$0.1 million in investment and miscellaneous income. \$0.8 million was spent for program costs resulting in a net change in fund balance of (\$0.7) million.

The Municipal Service Taxing Unit (MSTU) – Unincorporated Services Fund provides services to citizens in the unincorporated area of the County, including recreation, environmental services, transportation and development related activities such as codes enforcement and planning. Slight increase in overall expenditures resulted in an overall decrease in fund balance during the year of \$0.2 million. The fund has an ending fund balance of \$1 million. The ending fund balance represents 16.26% of the MTSU - Unincorporated Services operating revenue.

The MSTU - Law Enforcement Fund pays for the majority of the Sheriff’s patrol in the unincorporated area of the County through transfers of \$18.2 million to the Sheriff. The increase in fund balance during

the year was \$0.6 million. This increase was the result of a decrease in transfers out, and a slight increase of revenue, resulting in an ending fund balance of \$1.7 million. The \$2.4 million borrowed in fiscal year 2009 from the General Fund is still outstanding.

The MSTU - Fire Protection Fund provides fire fighting and related services to citizens in the unincorporated area of the County. The fund has an ending fund balance of \$1.1 million, a decrease of \$0.6 million dollars from the prior year. The ending fund balance represents 8.75% of the MSTU – Fire Protection Services operating revenue.

The Gas Tax Uses Fund is the primary operating fund of the Public Works – Road & Bridge Department. The primary revenue source for this fund is fuel taxes as well as transfers-in which totaled \$5.8 million, including \$2.6 million from the General Fund to bolster lagging gas tax revenues, and \$3.2 million from unrestricted debt service collections on Gas Tax Revenue Bonds. This year \$7.1 million was spent on maintenance of County roads. Revenues including transfers were more than expenditures by \$3.6 million resulting in an ending fund balance of \$4.1 million.

The Debt Service fund accounts for the resources accumulated and payments made for principal and interest on long-term obligations of debt of governmental funds. The 2006 and 2008 series Gas Tax Revenue Bonds were refunded during the fiscal year. The fund has an ending balance of \$6.5 million, a decrease of \$.3 million from fiscal year 2015.

The Emergency Services Fund accounts for revenues and expenditures of grant funds used for various emergency services within the county. The fund balance remained the same at \$3.8 million.

The Transportation Trust Fund accounts for capital transportation projects. The fund has an ending fund balance of \$19 million, a decrease of \$5.1 million dollars from the prior year. The drop in fund balance is due to payment to escrow agent for refunding of 2008 series gas tax revenue bond.

Proprietary Funds

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

The Solid Waste System fund is used to account for the operation of the County's off-site collection centers, recycling, transfer station and the monitoring and remediation activities of the County's closed landfills. The Solid Waste System operates like a business, where the rates established by the County generate sufficient funds to pay the costs of current operations and provide for long-term asset acquisitions. As required by the State Department of Environmental Protection, the County has set aside over \$3.6 million for long term care of the closed landfills. Total assets as of September 30, 2016 were \$27.1 million, of which \$9.6 million are capital assets, net of depreciation. Total liabilities were \$8.4 million. There was no real change in net position resulting in an ending net position of \$19.6 million.

General Fund Budgetary Highlights

There was a slight decrease between the General Fund's original and final budgeted operating revenues, excluding other financial sources.

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

- \$138,000 – Sheriff Appeal Settlement
- \$80,000 – Property Appraiser court ordered attorney fees
- \$47,250 – Funding for a children services needs with WellFlorida Inc.

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

- \$1.2 million– carry forward of prior year purchase orders and mid-year fund balance adjustments.

General Fund actual revenues overall were \$2.1 million more than the final amended budgeted revenues. \$1.3 million of this amount is due to more taxes being collected than budgeted; per Florida Statute 129.01, only 95 percent of anticipated receipts may be budgeted. Also, actual charges for service for EMS billings were \$1.5 million more than was budgeted. Actual operating expenditures overall were \$11.6 million less than was budgeted; this was primarily due to a \$3.4 million savings in general government expenses and unused reserve for contingency balance of \$5.8 million.

Capital Asset and Debt Administration

Capital Assets

The County’s investment in capital assets for its governmental and business-type activities as of September 30, 2016 totals \$530.6 million (net of accumulated depreciation) and includes land, buildings, improvements other than buildings, leasehold improvements, equipment, infrastructure, and construction in progress. The County experienced an overall increase in investment in capital assets over the prior fiscal year of approximately .8%.

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

	Governmental Activities		Business-type Activities		Total		Percent Change
	2015	2016	2015	2016	2015	2016	
Land	\$ 254.8	\$ 255.8	\$ 3.4	\$ 3.4	\$ 258.2	\$ 259.2	0.39%
Art	0.1	0.1	-	-	0.1	0.1	0.00%
Infrastructure	119.1	103.0	-	-	119.1	103.0	-13.52%
Buildings	86.5	86.5	1.5	1.2	88.0	87.7	-0.34%
Improvements other than buildings	6.4	5.6	2.9	2.5	9.3	8.1	-12.90%
Equipment	26.6	25.3	1.6	1.8	28.2	27.1	-3.90%
Construction in progress	23.4	44.7	-	0.7	23.4	45.4	94.02%
Total	\$ 516.9	\$ 521.0	\$ 9.4	\$ 9.6	\$ 526.3	\$ 530.6	0.82%

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

As shown in the above table, construction in progress increased due primarily to building and road construction.

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

- Road resurfacing and widening projects completed 2016 using contractors:
 - NW 16th Avenue - \$8.9 million spent to date
 - NW 23rd Avenue at Fort Clarke Blvd - \$2.7 million spent to date
 - SW 8th Avenue Multi-Use Path - \$1.8 million spent to date
 - NE 132nd Avenue - \$106,843 spent to date
 - Archer Braid Phase II - \$1.7 million spent to date

- Planning, design and construction began or continued on the following major road resurfacing and widening projects this fiscal year for:
 - SW 62nd Ave/SW 63rd Blvd – milling and resurfacing (\$421,190 spent to date)
 - SW 8th Avenue extension from SW 122nd to Tioga = (\$1.3million spent to date)
 - SW 8th Extension from Tioga to SR26 – (\$1.3 million spent to date)
 - NW CR 236 from the City of High Springs to I-75 – (\$270,000 spent to date)
 - Tower Road rehabilitating existing pavement, adding turn lanes, and bus turnouts (\$11,700 spent to date)
 - NW 43rd Street resurfacing from Newberry Road to US 441 – (\$1,000 spent to date)

- County Buildings
 - Josiah T. Walls building – purchase and renovations of the building that houses the Supervisor of Elections and the Property Appraiser. (\$5.1 million spent in FY16)
 - Alachua County Fire Station #25 in Hawthorne – completed the solar design and installation project in the amount of \$57,000.
 - Criminal Courthouse – completed the lobby renovation, spending \$96,000.
 - Public Defender building – continue construction on the public defender building (\$4 million spent in FY16)

Additional information on the County’s capital assets can be found in Note 6 on pages 62-63 of this report.

Long-term Debt

At the end of fiscal year 2016, the County had no bonded debt outstanding and total notes payable outstanding of \$68.4 million. The County’s debt represents notes payables secured by specified revenue sources.

Alachua County, Florida
Outstanding Debt

	2015	2016
Revenue Bonds		
Revenue Bonds	\$ 44,390,000	\$ -
Total	\$ 44,390,000	\$ -
Notes Payable		
2008 Capital Improvement bank loan	\$ 4,768,000	\$ 4,254,000
2011 Local Option Gas Tax bank loan	5,178,000	3,925,000
2012 Alachua County Forever bank loan	2,275,700	-
2014 Public Improvement bank loan	9,900,000	9,000,000
2015A Capital Improvement bank loan	50,152	3,800,000
2015B Public Improvement bank loan	12,637,000	12,637,000
2016 Public Improvement bank loan	-	24,430,000
2016 Gas Tax Revenue bank loan	-	10,385,000
Total	\$ 34,808,852	\$ 68,431,000

After making regularly scheduled debt service payments for the year, the County had a net decrease in bonded debt of \$44.4 million and a net increase in notes payable of \$33.6 million from the prior fiscal year. The net decrease in bonded debt and the net increase in notes payable were due to the following:

- Issuance of \$10.3 million in Gas Tax Revenue Refunding Notes to provide funds for the principal purpose of refunding \$18.5 million in 2006 Series Gas Tax Revenue Bonds and 2008 Series Gas Tax Revenue Bonds.
- Issuance of \$24.4 million in Public Improvement Revenue Refunding Notes to provide funds for the principal purpose of refunding \$27.4 million in 2007A Series Public Improvement Revenue Bonds and 2007B Series Public Improvement Revenue Refunding Bonds.

Additional information on the County's debt can be found in Note 8 on pages 65-72 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County at September 30, 2016 was 4.4%. This represents a decrease of 2.2% from the prior year, and is one of the lowest rates in the state.
- The total taxable assessed value increased 4.4% for the FY17 budget year with a tax base of \$12.6 billion.
- There were 6,592 building permits issued in the County for fiscal year 2016, up 12.06% from the previous fiscal year total of 5,797.
- Estimated population increased by 1.61% from an estimate of 252,911 to 257,062.

During the current fiscal year, unassigned fund balance in the General Fund increased to \$16 million with a total fund balance of \$27.4 million. The fiscal year 2016 ad valorem millage rate for the General Fund dropped to 8.7990 mills and the tax rate increased to 8.9290 for fiscal year 2017.

Requests for Information

This financial report is designed to present users with a general overview of the County's finances and to demonstrate the County's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Alachua County Clerk of Courts, Finance and Accounting, 201 East University Avenue, Gainesville, Florida 32601. Additional financial information, including financial reports from prior fiscal years, can also be found on our website <http://www.alachuacounty.us/Depts/Clerk/Pages/FinancialReports.aspx>.

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**BASIC
FINANCIAL
STATEMENTS**

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ALACHUA COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Current Assets:				
Equity in pooled cash & investments	\$ 122,886,281	\$ 15,039,108	\$ 137,925,389	\$ 222,025
Cash with claims administrator	200,000	-	200,000	-
Other cash and equivalents	11,316,225	250	11,316,475	-
Investments	2,699,985	-	2,699,985	-
Receivables (net)	3,143,772	1,502,368	4,646,140	276
Due from other governments	7,131,097	61,845	7,192,942	1,475
Internal balances	(11,067)	11,067	-	-
Inventories or assets held for sale	803,341	-	803,341	-
Prepaid items	1,849,064	-	1,849,064	-
Net OPEB asset	422,543	28,296	450,839	-
Total current non-restricted assets	150,441,241	16,642,934	167,084,175	223,776
Current Restricted Assets:				
Sinking fund cash & cash reserves	4,251,339	-	4,251,339	-
Total current restricted assets	4,251,339	-	4,251,339	-
Total current assets (restricted & non-restricted)	154,692,580	16,642,934	171,335,514	223,776
Noncurrent Assets:				
Noncurrent restricted assets:				
Restricted equity in pooled cash and investments	-	44,014	44,014	-
Restricted advances to other funds	-	-	-	-
Restricted investments	-	3,281,657	3,281,657	-
Restricted interest receivable	-	16,208	16,208	-
Total noncurrent restricted assets	-	3,341,879	3,341,879	-
Capital Assets:				
Land	255,872,293	3,478,857	259,351,150	-
Artwork	91,390	-	91,390	-
Infrastructure	503,450,761	-	503,450,761	-
Buildings	147,770,674	2,806,999	150,577,673	-
Improvements other than buildings	15,087,634	13,449,368	28,537,002	-
Equipment and software	83,655,582	4,918,558	88,574,140	-
Construction in progress	44,716,681	677,511	45,394,192	-
Less accumulated depreciation	(529,678,796)	(15,692,434)	(545,371,230)	-
Total capital assets	520,966,219	9,638,859	530,605,078	-
Total noncurrent assets (restricted & non-restricted)	520,966,219	12,980,738	533,946,957	-
Total Assets	\$ 675,658,799	\$ 29,623,672	\$ 705,282,471	\$ 223,776
Deferred Outflow of Resources:				
Deferred amounts related to pensions	82,931,878	1,634,764	84,566,642	-
Deferred loss on refunding	1,138,040	-	1,138,040	-
Total Deferred Outflow of Resources	84,069,918	1,634,764	85,704,682	-

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

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities:				
Current Liabilities (payable from current assets):				
Accounts payable	\$ 15,862,121	\$ 1,074,814	\$ 16,936,935	\$ 4,828
Accrued interest payable	638,000	-	638,000	-
Estimated liability for self insurance losses	2,142,635	-	2,142,635	-
Contracts payable	446,279	-	446,279	-
Due to other governments	3,661,198	99,125	3,760,323	5,614
Deposits	42,325	118,551	160,876	-
Unearned revenue	1,669,839	3,000	1,672,839	-
Accrued compensated absences	7,735,993	283,389	8,019,382	-
Accrued landfill closure cost	-	365,735	365,735	-
Capital lease payable	165,283	-	165,283	-
Medicaid payable	883,429	-	883,429	-
Notes payable	6,118,000	-	6,118,000	-
Net pension liability	1,024,730	22,770	1,047,500	-
Total current liabilities (payable from current assets)	40,389,832	1,967,384	42,357,216	10,442
Noncurrent Liabilities:				
Accrued compensated absences	6,967,435	241,746	7,209,181	-
Estimated liability for self insurance losses	3,863,632	-	3,863,632	-
Capital lease payable	271,220	-	271,220	-
Notes payable (net of amortization on discounts & premiums)	62,313,000	-	62,313,000	-
Net pension liability	146,819,487	3,011,722	149,831,209	-
Total noncurrent liabilities (payable from noncurrent assets)	220,234,774	3,253,468	223,488,242	-
Noncurrent Liabilities (payable from restricted assets):				
Accrued landfill closure cost	-	4,103,542	4,103,542	-
Total noncurrent liabilities (payable from restricted assets)	-	4,103,542	4,103,542	-
Total noncurrent liabilities	220,234,774	7,357,010	227,591,784	-
Total Liabilities	260,624,606	9,324,394	269,949,000	10,442
Deferred Inflows of Resources:				
Deferred amounts related to pensions	26,972,367	522,808	27,495,175	-
Total Deferred Inflows of Resources	26,972,367	522,808	27,495,175	-
Net Position:				
Net investment in capital assets	455,561,870	9,638,859	465,200,729	-
Restricted for:				
Restricted for debt service	4,251,339	-	4,251,339	-
Restricted for debt requirements	2,284,274	-	2,284,274	-
Restricted for CHOICES	8,634,647	-	8,634,647	-
Restricted for tourist development	5,879,092	-	5,879,092	-
Restricted for road construction	9,372,988	-	9,372,988	-
Restricted for Alachua County Forever land program	2,115,723	-	2,115,723	-
Restricted for capital improvement revenue projects	118,757	-	118,757	-
Restricted for public improvement revenue projects	3,432,268	-	3,432,268	-
Restricted for impact fee - fire	468,128	-	468,128	-
Restricted for impact fee - parks	435,725	-	435,725	-
Restricted for impact fee - transportation	7,117,610	-	7,117,610	-
Restricted for multi-modal mitigation fee - transportation	2,030,550	-	2,030,550	-
Restricted for enabling legislation	16,315,339	-	16,315,339	-
Restricted for grants and other purposes	3,069,303	-	3,069,303	-
Unrestricted (Deficit)	(48,955,869)	11,772,375	(37,183,494)	213,334
Total Net Position	\$ 472,131,744	\$ 21,411,234	\$ 493,542,978	\$ 213,334

**ALACHUA COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Administration	\$ 46,778,568	\$ 7,155,235	\$ 1,145,772	\$ 5,200
Community services	15,683,877	396,540	816,622	-
Corrections	34,182,915	506,964	34,136	-
Courts	24,335,483	6,908,984	2,362,323	7,629
Culture and recreation	2,835,759	65,900	30	-
Tourist development	4,489,335	-	-	-
Emergency services	37,834,515	10,834,765	857,067	-
Environmental services	3,630,904	412,154	1,120,563	-
Growth management	4,418,676	205,937	1,279,656	-
Law enforcement	36,353,757	2,490,001	3,845,667	74,253
Solid waste collection	5,217,634	4,447,007	1,185	-
Transportation	18,636,833	1,129,489	4,327,155	1,100,423
Interest on long-term debt	1,377,080	-	-	-
Total governmental activities	<u>235,775,336</u>	<u>34,552,976</u>	<u>15,790,176</u>	<u>1,187,505</u>
Business-type activities:				
Solid waste disposal system	15,008,651	12,794,324	-	-
Codes enforcement	1,230,936	1,838,368	-	-
Total business-type activities	<u>16,239,587</u>	<u>14,632,692</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 252,014,923</u>	<u>\$ 49,185,668</u>	<u>\$ 15,790,176</u>	<u>\$ 1,187,505</u>
Component Units:				
Murphree Law Library	\$ 44,195	\$ 40,438	\$ -	\$ -
Alachua County Housing Finance Authority	132,920	-	-	-
Total component units	<u>\$ 177,115</u>	<u>\$ 40,438</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Property taxes
Tourist development taxes
Impact fees
Multi-modal mitigation fees
Fuel taxes
Local business taxes
Public & communication service taxes
Sales tax & other state shared revenue-unrestricted
Interest earnings
Miscellaneous
Total general revenues
Changes in net position before transfers
Transfers
Changes in net position
Net position - beginning
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component	
Governmental	Business-type	Total	Units	
Activities	Activities			
\$ (38,472,361)	\$ -	\$ (38,472,361)		
(14,470,715)	-	(14,470,715)		
(33,641,815)	-	(33,641,815)		
(15,056,547)	-	(15,056,547)		
(2,769,829)	-	(2,769,829)		
(4,489,335)	-	(4,489,335)		
(26,142,683)	-	(26,142,683)		
(2,098,187)	-	(2,098,187)		
(2,933,083)	-	(2,933,083)		
(29,943,836)	-	(29,943,836)		
(769,442)	-	(769,442)		
(12,079,766)	-	(12,079,766)		
(1,377,080)	-	(1,377,080)		
(184,244,679)	-	(184,244,679)		
-	(2,214,327)	(2,214,327)		
-	607,432	607,432		
-	(1,606,895)	(1,606,895)		
(184,244,679)	(1,606,895)	(185,851,574)		
			\$ (3,757)	
			(132,920)	
			(136,677)	
127,294,003	-	127,294,003	-	
4,671,601	-	4,671,601	-	
1,517,185	-	1,517,185	-	
964,896	-	964,896	-	
8,272,336	-	8,272,336	-	
211,063	-	211,063	-	
11,916,224	-	11,916,224	-	
18,126,871	-	18,126,871	-	
1,344,932	108,248	1,453,180	1,453	
3,693,063	2,057,295	5,750,358	50,306	
178,012,174	2,165,543	180,177,717	51,759	
(6,232,505)	558,648	(5,673,857)	(84,918)	
41,372	(41,372)	-	-	
(6,191,133)	517,276	(5,673,857)	(84,918)	
478,322,877	20,893,958	499,216,835	298,252	
\$ 472,131,744	\$ 21,411,234	\$ 493,542,978	\$ 213,334	

ALACHUA COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	GENERAL	CHOICES	MSTU UNINCORPORATED SERVICES	MSTU LAW ENFORCEMENT
ASSETS				
Equity in pooled cash and investments	\$ 23,419,005	\$ 8,881,163	\$ 1,180,439	\$ 3,353,623
Other cash and equivalents	6,323,629	-	100	-
Sinking fund cash and cash reserves	-	-	-	-
Investments	-	-	-	-
Accounts receivable	5,223,111	11,281	36,272	139,067
Allowance for estimated uncollectables	(3,674,697)	-	-	-
Assessment receivable	-	-	-	-
Due from other funds	4,724,537	-	8,518	36,721
Due from other governments	696,214	-	238,785	574,506
Inventories or assets held for resale	383,586	-	-	-
Prepaid Items	-	-	-	-
Total assets	<u>\$ 37,095,385</u>	<u>\$ 8,892,444</u>	<u>\$ 1,464,114</u>	<u>\$ 4,103,917</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 7,144,800	\$ 98,929	\$ 268,446	\$ -
Contracts payable	-	-	-	-
Due to individuals	9,716	-	345	-
Due to other funds	885,240	-	10	2,400,000
Due to other governments	1,169,757	158,868	226,527	18,534
Deposits	15,672	-	18,033	-
Unearned revenue	17,370	-	-	-
Total liabilities	<u>9,242,555</u>	<u>257,797</u>	<u>513,361</u>	<u>2,418,534</u>
DEFERRED INFLOWS OF RESOURCES				
Tax revenue - unavailable	-	-	-	-
Intergovernmental revenue - unavailable	-	-	-	-
Special Assessment revenue - unavailable	-	-	-	-
Charges for services - unavailable	473,899	-	-	-
Total deferred inflows of resources	<u>473,899</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Non-spendable	383,586	-	-	-
Restricted	-	8,634,647	-	-
Assigned	10,540,394	-	950,753	1,685,383
Unassigned	16,454,951	-	-	-
Total fund balances	<u>27,378,931</u>	<u>8,634,647</u>	<u>950,753</u>	<u>1,685,383</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 37,095,385</u>	<u>\$ 8,892,444</u>	<u>\$ 1,464,114</u>	<u>\$ 4,103,917</u>

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

<u>MSTU FIRE PROTECTION</u>	<u>GAS TAX USES</u>	<u>EMERGENCY SERVICES</u>	<u>DEBT SERVICE</u>	<u>TRANSPORTATION TRUST</u>
\$ 976,593	\$ 4,034,806	\$ 4,397,766	\$ 536,560	\$ 20,840,134
-	1,000	-	-	-
-	-	-	4,251,339	-
-	-	-	-	-
114,168	2,222	330,991	6,000	24,031
-	-	-	-	-
-	-	-	-	363,664
21,762	-	202,511	-	201,442
498,343	663,797	199,630	3,421,942	447
-	190,435	-	-	-
-	-	-	-	-
<u>\$ 1,610,866</u>	<u>\$ 4,892,260</u>	<u>\$ 5,130,898</u>	<u>\$ 8,215,841</u>	<u>\$ 21,429,718</u>
\$ 470,178	\$ 294,288	\$ 77,153	\$ -	\$ 877,810
-	-	-	-	250,463
-	-	-	-	5,519
853	-	1,023,175	-	559,000
15,482	139,005	201,712	-	336,820
-	2,650	-	-	-
-	-	-	-	-
<u>486,513</u>	<u>435,943</u>	<u>1,302,040</u>	<u>-</u>	<u>2,029,612</u>
-	311,262	-	342,015	-
-	-	-	1,338,213	-
-	-	-	-	363,867
-	-	-	-	-
<u>-</u>	<u>311,262</u>	<u>-</u>	<u>1,680,228</u>	<u>363,867</u>
-	190,435	-	-	-
-	-	1,876,360	6,535,613	19,036,239
1,124,353	3,954,620	1,952,498	-	-
-	-	-	-	-
<u>1,124,353</u>	<u>4,145,055</u>	<u>3,828,858</u>	<u>6,535,613</u>	<u>19,036,239</u>
<u>\$ 1,610,866</u>	<u>\$ 4,892,260</u>	<u>\$ 5,130,898</u>	<u>\$ 8,215,841</u>	<u>\$ 21,429,718</u>

ALACHUA COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

PAGE 2 OF 2

	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS		
Equity in pooled cash and investments	\$ 32,551,371	\$ 100,171,460
Other cash and equivalents	4,991,496	11,316,225
Sinking fund cash and cash reserves	-	4,251,339
Investments	2,699,985	2,699,985
Accounts receivable	464,692	6,351,835
Allowance for estimated uncollectables	-	(3,674,697)
Assessment receivable	-	363,664
Due from other funds	161,358	5,356,849
Due from other governments	814,936	7,108,600
Inventories or assets held for resale	-	574,021
Prepaid Items	49,864	49,864
Total assets	<u>\$ 41,733,702</u>	<u>\$ 134,569,145</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 3,134,072	\$ 12,365,676
Contracts payable	195,816	446,279
Due to individuals	616,789	632,369
Due to other funds	1,204,659	6,072,937
Due to other governments	1,381,520	3,648,225
Deposits	5,970	42,325
Unearned revenue	51,484	68,854
Total liabilities	<u>6,590,310</u>	<u>23,276,665</u>
DEFERRED INFLOWS OF RESOURCES		
Tax revenue - unavailable	-	653,277
Intergovernmental revenue - unavailable	-	1,338,213
Special Assessment revenue - unavailable	-	363,867
Charges for services - unavailable	-	473,899
Total deferred inflows of resources	<u>-</u>	<u>2,829,256</u>
Fund balances:		
Non-spendable	49,864	623,885
Restricted	29,442,884	65,525,743
Assigned	5,650,644	25,858,645
Unassigned	-	16,454,951
Total fund balances	<u>35,143,392</u>	<u>108,463,224</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 41,733,702</u>	<u>\$ 134,569,145</u>

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

Alachua County, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2016

Fund balances – total governmental funds (page 28) \$108,463,224

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements. The cost of capital assets is \$1,050,645,015 and the accumulated depreciation is \$529,678,796.

Total governmental activities capital assets	\$520,966,219	
Remove Internal Service capital assets	<u>(6,486,170)</u>	514,480,049

Long-term liabilities are not due and payable in the current period and therefore are not reported in fund financial statements. Long-term liabilities at year end consist of:

Notes payable	(\$68,431,000)	
Capital lease payable	(436,503)	
Medicaid payable	(883,429)	
Self-insured losses	(6,006,267)	
Accrued compensated absences	(14,703,428)	
Net Pension Liability	(147,844,217)	
Less amounts reported in Internal Service funds:		
Self-insured losses	6,006,267	
Accrued compensated absences	192,171	
Net Pension Liability	<u>1,213,797</u>	(230,892,609)

Accrued long-term debt interest payable is not current and therefore is not reported in the fund statements. (638,000)

Net OPEB assets are reported in the statement of net position but not in fund financial statements. 413,110

Deferred outflows and inflows of resources do not affect current financial resources, and therefore, are not reported in the government funds.

Deferred outflow on pension liabilities	82,277,973	
Deferred inflow on pension liabilities	(26,763,244)	
Deferred outflow loss on refunding	<u>1,138,040</u>	56,652,769

Certain receivables are not “available” in the current period and therefore are not recognized as revenues in governmental funds. 2,829,256

The assets and liabilities of the Internal Service Funds are included in governmental activities. 19,024,745

Prepaid Items originally expensed in full, reclassified as an asset. 1,799,200

Net Position of governmental activities (page 23) \$472,131,744

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

ALACHUA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	GENERAL	CHOICES	MSTU UNINCORPORATED SERVICES	MSTU LAW ENFORCEMENT
REVENUES				
Taxes	\$ 103,055,569	\$ -	\$ 4,464,094	\$ 18,001,796
Permits and fees	570	-	179,940	-
Intergovernmental	5,859,806	-	1,050,939	-
Charges for services	17,510,784	-	118,858	128,914
Fines and forfeitures	12,383	-	-	-
Investment income	667,727	61,001	17,400	23,095
Special assessments and impact fees	-	-	-	-
Private donations	-	-	-	-
Miscellaneous	1,932,078	63,537	14,623	3,706
Total revenues	<u>129,038,917</u>	<u>124,538</u>	<u>5,845,854</u>	<u>18,157,511</u>
EXPENDITURES				
Current:				
General government	31,633,085	-	1,105,358	242,039
Public safety	86,016,562	-	486,693	109,633
Physical environment	1,808,135	-	481,282	-
Transportation	-	-	1,740,076	-
Economic environment	5,798,773	-	1,010,861	-
Human services	13,172,249	804,371	-	-
Culture and recreation	515,812	-	1,089,390	-
Court cost	9,611,146	-	-	-
Debt service:				
Principal	202,157	-	-	-
Interest and fiscal charges	27,129	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>148,785,048</u>	<u>804,371</u>	<u>5,913,660</u>	<u>351,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,746,131)</u>	<u>(679,833)</u>	<u>(67,806)</u>	<u>17,805,839</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	30,557,996	-	303,317	1,013,681
Transfers out	(9,375,802)	-	(461,774)	(18,207,159)
Payment to escrow agent	-	-	-	-
Issuance of debt	-	-	-	-
Sale of capital assets	88,830	-	-	-
Total other financing sources and (uses)	<u>21,271,024</u>	<u>-</u>	<u>(158,457)</u>	<u>(17,193,478)</u>
Net change in fund balances	1,524,893	(679,833)	(226,263)	612,361
Fund balances - beginning	25,854,038	9,314,480	1,177,016	1,073,022
Fund balances - ending	<u>\$ 27,378,931</u>	<u>\$ 8,634,647</u>	<u>\$ 950,753</u>	<u>\$ 1,685,383</u>

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

MSTU FIRE PROTECTION	GAS TAX USES	EMERGENCY SERVICES	DEBT SERVICE	TRANSPORTATION TRUST
\$ 12,030,602	\$ 3,984,038	\$ -	\$ 6,139,927	\$ -
3,840	-	-	-	757,569
22,045	82,170	5,074,569	15,930,611	307,858
766,450	916,692	543,922	576,812	4,688
-	-	302,974	-	-
27,956	-	12,494	71,399	159,007
-	-	-	-	2,339,119
-	-	-	-	-
1,898	18,305	500	456,345	83
<u>12,852,791</u>	<u>5,001,205</u>	<u>5,934,459</u>	<u>23,175,094</u>	<u>3,568,324</u>
152,016	-	-	48,274	-
13,004,499	-	2,173,150	-	-
-	-	-	-	-
-	7,117,008	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	9,200,356	5,450,931
-	-	-	3,390,085	-
-	-	-	-	7,226,238
<u>13,156,515</u>	<u>7,117,008</u>	<u>2,173,150</u>	<u>12,638,715</u>	<u>12,677,169</u>
<u>(303,724)</u>	<u>(2,115,803)</u>	<u>3,761,309</u>	<u>10,536,379</u>	<u>(9,108,845)</u>
756,059	5,770,724	4,022,389	6,071,952	3,994,888
(1,038,524)	(2,026,830)	(7,741,774)	(16,993,959)	(9,558)
-	-	-	(34,681,414)	-
-	-	-	34,815,000	-
-	-	-	-	-
<u>(282,465)</u>	<u>3,743,894</u>	<u>(3,719,385)</u>	<u>(10,788,421)</u>	<u>3,985,330</u>
(586,189)	1,628,091	41,924	(252,042)	(5,123,515)
1,710,542	2,516,964	3,786,934	6,787,655	24,159,754
<u>\$ 1,124,353</u>	<u>\$ 4,145,055</u>	<u>\$ 3,828,858</u>	<u>\$ 6,535,613</u>	<u>\$ 19,036,239</u>

ALACHUA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES		
Taxes	\$ 4,679,156	\$ 152,355,182
Permits and fees	241,910	1,183,829
Intergovernmental	5,716,946	34,044,944
Charges for services	5,763,176	26,330,296
Fines and forfeitures	1,952,668	2,268,025
Investment income	182,520	1,222,599
Special assessments and impact fees	4,629,810	6,968,929
Private donations	-	-
Miscellaneous	838,976	3,330,051
Total revenues	<u>24,005,162</u>	<u>227,703,855</u>
EXPENDITURES		
Current:		
General government	345,249	33,526,021
Public safety	3,396,729	105,187,266
Physical environment	6,866,665	9,156,082
Transportation	-	8,857,084
Economic environment	5,651,148	12,460,782
Human services	1,867,014	15,843,634
Culture and recreation	123,229	1,728,431
Court cost	7,053,086	16,664,232
Debt service:		
Principal	-	14,853,444
Interest and fiscal charges	-	3,417,214
Capital outlay	12,449,607	19,675,845
Total expenditures	<u>37,752,727</u>	<u>241,370,035</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,747,565)</u>	<u>(13,666,180)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	5,054,481	57,545,487
Transfers out	(1,613,675)	(57,469,055)
Payment to escrow agent	-	(34,681,414)
Issuance of debt	3,749,848	38,564,848
Sale of capital assets	-	88,830
Total other financing sources and (uses)	<u>7,190,654</u>	<u>4,048,696</u>
Net change in fund balances	(6,556,911)	(9,617,484)
Fund balances - beginning	41,700,303	118,080,708
Fund balances - ending	<u>\$ 35,143,392</u>	<u>\$ 108,463,224</u>

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

Alachua County, Florida
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended September 30, 2016

Net change in fund balances – total governmental funds (page 32) (\$9,617,484)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay expenditures of \$22,232,517 were less than depreciation (\$19,759,103) in the current period.

Total governmental activities capital outlay expenditures	\$25,195,061	
Remove Internal Service capital outlay expenditures	(2,962,544)	
Total capital outlay expenditures excluding Internal Service	\$22,232,517	
Total governmental activities depreciation	(\$21,369,502)	
Remove Internal Service depreciation	1,610,399	
Total depreciation excluding Internal Service	(\$19,759,103)	2,473,414

Donations/contributions of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources. 600,283

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

Total capital outlay loss per Capital Asset Schedule	(\$309,839)	
Remove loss Internal Service	104,086	
Total capital outlay loss excluding Internal Service	(\$205,753)	(205,753)

Repayments of bond, note, and capital lease principal (\$14,853,444 less \$17,307 discount, plus premium of \$475,594) are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 15,311,731

Issuance of debt provide current financial resources to governmental funds, but debt increases long-term liabilities in the Statement of Net Position. (38,564,848)

Paid to refunding bond escrow agent 34,681,414

The net change in net pension liability, deferred outflows, and deferred inflows are reported in statement of activities, but not in governmental funds.

Change in pension liabilities	(\$64,135,374)	
Less: Change internal service pension liabilities	513,552	
Net change in pension liabilities	(\$63,621,822)	
Change in deferred outflows	\$46,371,069	
Less: Change in internal service deferred outflows	(370,317)	
Net change in deferred outflows	\$46,000,752	
Change in deferred inflows	\$9,663,889	
Less: Change in internal service deferred inflows	(80,272)	
Net change in deferred inflows	\$9,583,617	(8,037,453)

Change in the deferred loss on refunding is not reported in governmental funds. (276,222)

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2016**

Amortization of the change in Net OPEB Obligation is not required to be reported at fund level.

Total change in net OPEB asset	(\$201,007)	
Remove change in net OPEB asset Internal Service	14,867	
Total change in net OPEB asset excluding Internal Service	<u>(\$186,140)</u>	(186,140)

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

Net change in compensated absences	(\$172,540)	
Net change in Medicaid payable	883,430	
Net change in accrued interest payable	435,133	
Net adjustment	<u>\$1,146,023</u>	1,146,023

Internal service funds are used by management to charge the costs of insurance, computer replacement, fleet services, and telephone services to individual funds. (\$3,747,149) of total net loss for internal service funds is reported with governmental activities. (3,747,149)

Accrued tax revenues reported in the Statement of Activities are not considered available current financial resources and therefore are not reported as revenue in the governmental funds. 94,491

Prepaid items originally expensed in full, reclassified as an asset. 136,560

Changes in net position of governmental activities (page 25) (\$6,191,133)

The accompanying notes are an integral part of the financial statements

ALACHUA COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	NONMAJOR PROPRIETARY FUND		TOTAL	
	400 SOLID WASTE SYSTEM	410 CODES ENFORCEMENT		
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 12,582,199	\$ 2,456,909	\$ 15,039,108	\$ 22,714,822
Other cash and equivalents	250	-	250	-
Cash with claims administrator	-	-	-	200,000
Accounts receivable	1,502,205	163	1,502,368	102,970
Due from other funds	11,114	-	11,114	705,021
Due from other governments	57,627	4,218	61,845	22,497
Inventories	-	-	-	229,320
Net OPEB asset	22,503	5,793	28,296	9,433
Total current assets	<u>14,175,898</u>	<u>2,467,083</u>	<u>16,642,981</u>	<u>23,984,063</u>
Noncurrent assets:				
Restricted assets:				
Equity in pooled cash and investments	44,014	-	44,014	-
Investments	3,281,657	-	3,281,657	-
Interest receivable	16,208	-	16,208	-
Total restricted assets	<u>3,341,879</u>	<u>-</u>	<u>3,341,879</u>	<u>-</u>
Capital assets:				
Capital assets	25,223,689	107,604	25,331,293	20,039,599
Less accumulated depreciation	<u>(15,592,606)</u>	<u>(99,828)</u>	<u>(15,692,434)</u>	<u>(13,553,429)</u>
Total capital assets (net of depreciation)	<u>9,631,083</u>	<u>7,776</u>	<u>9,638,859</u>	<u>6,486,170</u>
Total noncurrent assets	<u>12,972,962</u>	<u>7,776</u>	<u>12,980,738</u>	<u>6,486,170</u>
Total assets	<u>27,148,860</u>	<u>2,474,859</u>	<u>29,623,719</u>	<u>30,470,233</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>1,233,163</u>	<u>401,601</u>	<u>1,634,764</u>	<u>653,905</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,038,099	36,715	1,074,814	2,864,077
Unearned revenue	-	3,000	3,000	1,600,985
Due to other funds	-	47	47	-
Due to other governments	85,961	13,164	99,125	12,973
Deposits	118,551	-	118,551	-
Accrued compensated absences of a year or less	183,119	100,270	283,389	162,232
Accrued landfill post closure cost	365,735	-	365,735	-
Estimated liability for self insured losses	-	-	-	2,142,635
Net pension liability	17,077	5,693	22,770	9,108
Total current liabilities	<u>1,808,542</u>	<u>158,889</u>	<u>1,967,431</u>	<u>6,792,010</u>
Noncurrent liabilities:				
Accrued compensated absences more than a year	241,746	-	241,746	29,939
Estimated liability for self insured losses	-	-	-	3,863,632
Net pension liability	2,276,298	735,424	3,011,722	1,204,689
Noncurrent liabilities payable from restricted assets:				
Accrued landfill post closure cost	<u>4,103,542</u>	<u>-</u>	<u>4,103,542</u>	<u>-</u>
Total noncurrent liabilities	<u>6,621,586</u>	<u>735,424</u>	<u>7,357,010</u>	<u>5,098,260</u>
Total liabilities	<u>8,430,128</u>	<u>894,313</u>	<u>9,324,441</u>	<u>11,890,270</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>399,341</u>	<u>123,467</u>	<u>522,808</u>	<u>209,123</u>
NET POSITION				
Net investment in capital assets	9,631,083	7,776	9,638,859	6,486,170
Restricted for cash reserves	-	-	-	2,425,904
Unrestricted	9,921,471	1,850,904	11,772,375	10,112,671
Total net position	<u>\$ 19,552,554</u>	<u>\$ 1,858,680</u>	<u>\$ 21,411,234</u>	<u>\$ 19,024,745</u>

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

ALACHUA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	400 SOLID WASTE SYSTEM	NONMAJOR PROPRIETARY FUND		
		410 CODES ENFORCEMENT	TOTAL	
Operating revenues:				
Charges for services	\$ 9,458,658	\$ 11,063	\$ 9,469,721	\$ 29,331,447
Fines and forfeitures	-	19,885	19,885	-
Permits, licenses and franchise fees	306,349	1,807,420	2,113,769	-
Special assessments and impact fees	3,029,317	-	3,029,317	-
Miscellaneous revenue	2,050,966	6,329	2,057,295	1,711,754
Total operating revenues	14,845,290	1,844,697	16,689,987	31,043,201
Operating expenses:				
Personal services	3,360,871	1,009,371	4,370,242	1,546,632
Depreciation	718,795	4,057	722,852	1,610,399
Indirect costs	374,359	82,735	457,094	243,590
Supplies and materials	1,094,670	24,137	1,118,807	2,110,815
Other services and charges	9,459,956	110,636	9,570,592	6,374,308
Claims and losses	-	-	-	22,889,377
Total operating expenses	15,008,651	1,230,936	16,239,587	34,775,121
Operating income (loss)	(163,361)	613,761	450,400	(3,731,920)
Nonoperating revenues:				
Net gain (loss) on disposal of capital assets	-	-	-	(104,086)
Investment Income	108,248	-	108,248	123,917
Total nonoperating revenues (expenses)	108,248	-	108,248	19,831
Income (loss) before capital contributions and transfers	(55,113)	613,761	558,648	(3,712,089)
Transfers:				
Transfers in	8,628	-	8,628	-
Transfers (out)	-	(50,000)	(50,000)	(35,060)
Total transfers	8,628	(50,000)	(41,372)	(35,060)
Change in net position	(46,485)	563,761	517,276	(3,747,149)
Total net position beginning	19,599,039	1,294,919	20,893,958	22,771,894
Total net position - ending	\$ 19,552,554	\$ 1,858,680	\$ 21,411,234	\$ 19,024,745

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

ALACHUA COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	400 SOLID WASTE SYSTEM	NONMAJOR PROPRIETARY FUND		
		410 CODES ENFORCEMENT	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for services	\$ 8,958,431	\$ 1,787,605	\$ 10,746,036	\$ 29,380,227
Cash received from special assessments & franchise fees	3,029,317	-	3,029,317	-
Miscellaneous cash receipts	2,050,966	6,329	2,057,295	1,711,754
Cash paid to outside parties	(11,709,944)	(440,675)	(12,150,619)	(31,054,496)
Cash paid to employees	(2,371,933)	(717,248)	(3,089,181)	(1,044,868)
Net cash provided (used) by operating activities	<u>(43,163)</u>	<u>636,011</u>	<u>592,848</u>	<u>(1,007,383)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due from other funds	1,388,646	-	1,388,646	6,678,731
Due from other governments	(37,033)	(3,150)	(40,183)	(21,740)
Transfers in (out)	8,628	(50,000)	(41,372)	(35,060)
Net cash provided (used) by noncapital financing activities	<u>1,360,241</u>	<u>(53,150)</u>	<u>1,307,091</u>	<u>6,621,931</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Payments for capital assets	(906,518)	-	(906,518)	(2,962,544)
Proceeds from sale of capital assets	-	-	-	-
Net cash provided (used) by capital & related financing activities	<u>(906,518)</u>	<u>-</u>	<u>(906,518)</u>	<u>(2,962,544)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	108,248	-	108,248	123,917
Proceeds from investments	155,841	-	155,841	-
Net cash provided (used) by investing activities	<u>264,089</u>	<u>-</u>	<u>264,089</u>	<u>123,917</u>
Net increase (decrease) in cash and cash equivalents	674,649	582,861	1,257,510	2,775,921
Cash and cash equivalents, October 1, 2015	11,951,814	1,874,048	13,825,862	20,138,901
Cash and cash equivalents, September 30, 2016	<u>\$ 12,626,463</u>	<u>\$ 2,456,909</u>	<u>\$ 15,083,372</u>	<u>\$ 22,914,822</u>
Cash and cash equivalents classified as:				
Equity in pooled cash and investments	\$ 12,582,199	\$ 2,456,909	\$ 15,039,108	\$ 22,714,822
Other cash and equivalents	250	-	250	-
Cash with claims administrator	-	-	-	200,000
Restricted equity in pooled cash and investments	44,014	-	44,014	-
Total	<u>\$ 12,626,463</u>	<u>\$ 2,456,909</u>	<u>\$ 15,083,372</u>	<u>\$ 22,914,822</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (163,361)	\$ 613,761	\$ 450,400	\$ (3,731,920)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	718,795	4,057	722,852	1,610,399
Pension expense adjustment	118,056	39,352	157,408	62,963
OPEB expense adjustment	11,596	3,271	14,867	6,179
Increase (decrease) in estimated landfill post closure cost	(326,163)	-	(326,163)	-
Increase (decrease) in estimated liability for self insured losses	-	-	-	539,028
(Increase) decrease in accounts receivable	(676,991)	(93)	(677,084)	161,576
Increase (decrease) in user deposits	20,924	-	20,924	-
Increase (decrease) in accrued compensated absences	14,433	(32,118)	(17,685)	(17,967)
Increase (decrease) in unearned revenue	-	(500)	(500)	(32,524)
(Increase) decrease in inventories	-	-	-	(50,388)
Increase (decrease) in accounts payable	239,548	8,281	247,829	445,271
Total adjustments	<u>120,198</u>	<u>22,250</u>	<u>142,448</u>	<u>2,724,537</u>
Net cash provided (used) by operating activities	<u>\$ (43,163)</u>	<u>\$ 636,011</u>	<u>\$ 592,848</u>	<u>\$ (1,007,383)</u>

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

ALACHUA COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

	AGENCY FUNDS	OTHER POST- EMPLOYMENT BENEFITS TRUST FUND
ASSETS		
Equity in pooled cash and investments	\$ 8,061	\$ -
Other cash and equivalents	13,082,824	23,283
Investments		
FMPTF Bond fund	-	1,528,926
Due from individuals	286,078	-
Due from other governments	9,292	-
Total assets	13,386,255	1,552,209
LIABILITIES		
Assets held for others	7,767,510	-
Due to other governments	1,426,508	-
Deposits held in escrow	45,714	-
Deposits - installment taxes	4,146,523	-
Total liabilities	13,386,255	-
NET POSITION		
Held in Trust for OPEB	-	1,552,209
TOTAL NET POSITION	\$ -	\$ 1,552,209

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

ALACHUA COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POSTEMPLOYMENT BENEFITS TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	OPEB TRUST FUND
Additions	
Contributions:	
Employer	\$ -
Members	-
Total contributions	<u>-</u>
Investment earnings:	
Net appreciation in fair value of investments	113,847
Interest and dividends	-
Total investment income (loss)	<u>113,847</u>
Less investment expense	-
Net investment income (loss)	<u>113,847</u>
Total additions	<u>113,847</u>
Deductions	
Benefit payments	-
Refunds of nonvested contributions	-
Administrative expenses	-
Total deductions	<u>-</u>
Net increase	113,847
Net position held in trust for other postemployment benefits - beginning	<u>1,438,362</u>
Net position held in trust for other postemployment benefits - ending	<u><u>\$ 1,552,209</u></u>

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

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ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Board funds the operations of both the Sheriff and the Supervisor of Elections. The Board of County Commissioners, the Library District, the St. Johns River Water Management District and the Suwannee River Water Management District fund the operations of the Property Appraiser. The Clerk’s duties as Clerk to the Board and Clerk of the County Court are funded from fees and charges authorized under Chapter 2009-61 and 2009-204 Laws of Florida and the Board of County Commissioners. The Tax Collector’s operations are funded by fees collected by the Officer.

The accompanying financial statements present the County (primary government), and its Component Units.

Discretely Presented Component Units

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

1. John A. H. Murphree Law Library

The John A. H. Murphree Law Library, a dependent special district established by Special Act (57-1118) during the 1957 Florida Legislative session, is a discretely presented component unit that benefits the Courts, County Officials, and the public at large. The Board of Trustees for the Law Library consists of one County Commissioner and several other local law community individuals. The Board of Trustees has full power and authority to establish, operate and maintain the Law Library. The Board of County Commissioners is authorized to appropriate other available funds for the use of the Law Library. There are no separately issued financial statements.

2. Alachua County Housing Finance Authority

The Alachua County Housing Finance Authority (Chapter 159.601, Florida Statutes), a dependent special district is a discretely presented component unit that provides financing for low-income housing. The Authority is required to obtain Board approval for all its fiscal activities. The Authority is governed by a separate board and does not provide services exclusively to the County. There are no separately issued financial statements.

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

Related Organizations

The Alachua County Library District (Chapter 98-502 as amended by 03-375, Laws of Florida) provides library system services and facilities for all citizens of Alachua County, Florida. The Alachua County Health Facilities Authority (Chapter 154.201, Florida Statutes) assists in financing health care facilities. The Alachua County Housing Authority (Section 421.27, Florida Statutes) assists in providing safe and sanitary dwelling accommodations to persons of low income. Alachua County is not able to impose its will on these organizations, and there is no financial benefit/burden relationship between these

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

organizations and the County. Therefore, these organizations are not component units and are not included in the accompanying financial statements.

As of September 30, 2016, Alachua County had not participated in any joint ventures with any other governmental entities.

B. Government-wide and Fund Financial Statements

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

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

1. Government-wide Financial Statements

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

These statements include separate columns for the government and business-type activities of the primary government and its component units. The effect of interfund activity has been eliminated from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

2. Fund Financial Statements

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

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

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Governmental Major Funds

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources not accounted for and reported in another fund. The County-wide General Fund is subdivided into the following 6 categories: Board of County Commissioners, Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector.

The Community Health Offering Innovative Care and Educational Services Program (CHOICES) – Pursuant to the August 2004 sales tax referendum, the County received .25% sales tax from January 2005 through December 2011. This discretionary sales surtax provides a broad range of health care services to the adult working uninsured Alachua County residents. The Board of County Commissioners has changed the initial requirements for use of the funds allowing more residents to qualify.

Municipal Services Taxing Unit (MSTU) – This fund was established September 9, 1976 by Alachua County ordinances 76-85 and 86, and in accordance with Florida Statute 125.01(1)(q) to account for expanded Sheriff services, improved fire protection services, Animal Control services, Codes Enforcement activities and Solid Waste enforcement and administration. Funding is primarily provided from ad valorem taxes and revenues generated by various charges and fees for services provided by the departments. In fiscal year 2003 the MSTU fund was split in order to segregate law enforcement services and other services. The Sheriff's Law Enforcement services are accounted for in MSTU Law Enforcement, and other unincorporated services are accounted for in MSTU Unincorporated Services. In fiscal year 2007 the MSTU Unincorporated Services was split further to separate MSTU Fire Protection Services.

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

Emergency Services Fund – This fund accounts for the revenues and expenditures of grant funds used for fire rescue, emergency management, E-911 and disaster relief. All services provided by the Fire Rescue Department are provided under the authority of the Alachua County Codes/Ordinances, Florida Statutes, adopted 2004 Fire/EMS Master Plan and 2012 Update, BoCC Fire Service Delivery Core Principals, and National Fire Protection Association (NFPA).

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

Transportation Trust Fund – This capital project fund is used to account for capital transportation projects, such as roads and multi-modal improvements and maintenance, using money transferred from the General fund and from the Transportation Improvement Revenue Bonds, Series 2008. The fund was established March 8, 2005 by resolution 05-20.

Enterprise Major Fund

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Enterprise Non-major Fund

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

Other Fund Types

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

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

Non-current Governmental Assets/Liabilities

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

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

1. Government-wide Financial Statements

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

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

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

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

2. Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the County receives cash.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

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

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

3. Proprietary Fund Financial Statements

The County's enterprise funds and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting and the economic resources measurement focus. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses include those costs associated with the principal activities of the funds; currently there are no non-operating expenses in the County's proprietary funds

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

4. Fiduciary Fund Financial Statements

Fiduciary funds include trust funds and agency funds. All trust funds use the economic resources measurement focus and accrual basis of accounting. The County has one trust fund – the Other Post-employment Benefits (OPEB) fund. Agency funds are unlike all other types of funds and report only assets and liabilities. So, agency funds do not have a measurement focus, but do use an accrual basis of accounting to recognize receivables and payables.

D. Assets, Liabilities, Deferred Inflows/Outflows and Net Position

1. Cash and Equivalents

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

2. Investments

Investments for the County are reported at fair value.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

3. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as Due To/From Other Funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as Internal Balances.

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

4. Inventories, Prepaid Items and Assets Held for Resale

Inventories, consisting primarily of expendable items (materials and supplies), are determined by physical count at the County's fiscal year-end and valued at cost on the basis of the first-in first-out method of accounting. Inventory shown in the Governmental Funds consists of fuel, veterinary and medical supplies, vehicle parts and road materials. Inventory is recorded as an expenditure when consumed (consumption method) rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Inventories and prepaid items are reported as nonspendable fund balance in governmental funds. Assets held for resale include homes rehabilitated through the Neighborhood Stabilization Program whose proceeds upon sale are used to purchase additional homes.

5. Restricted Assets

Certain funds of the County are classified as restricted assets on the Statement of Net Position because a restriction is either imposed by law through constitutional provisions or enabling legislation, or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, applicable laws and regulations limit their use. It is the practice of the County to utilize restricted net position before unrestricted net position.

Certain Solid Waste System Enterprise Fund assets are required to be segregated from other current assets. These assets are legally restricted for specific purposes, such as landfill post closure care. A portion of net position is restricted for current annual post closure costs. See Note 1.D.8.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, right of ways, bridges, sidewalks, traffic signals, storm water drainage and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Alachua County defines capital assets to include items of a non-consumable nature with a value of at least \$1,000 and a life of more than one year. Software costing over \$20,000 with a life greater than one year is also capitalized.

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

The Board holds legal title to the capital assets used in the operations of the Board of County Commissioners, Property Appraiser, Tax Collector, Clerk of the Circuit and County Courts, and Supervisor of Elections and is accountable for them under Florida law. Under Florida Law, the Sheriff is accountable for maintaining capital asset records for equipment used in her operations. The County's capital assets are depreciated using the straight-line method over the following estimated useful lives:

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

7. Capitalization of Interest

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

8. Landfill Post Closure Care Costs

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

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

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

9. Unearned Revenue

If assets have been received by the County for services to be rendered in future periods, asset balances have been offset by an unearned revenue liability account.

10. Accrued Compensated Absences

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

11. Obligation for Bond Arbitrage Rebate

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the revenue reduction approach in accounting for rebatable arbitrage, which treats excess earnings as a reduction of revenue.

12. Bond Discounts/Premiums

Bond discounts and premiums associated with the issuance of governmental bonds are amortized according to the straight-line method. For financial reporting, unamortized bond discounts and premiums are netted against the applicable long-term debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

13. Encumbrances

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

14. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. Deferred Inflows/Outflows

Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources have a positive effect on net position, similar to assets, and deferred inflows of resources have a negative effect on net position, similar to liabilities. Notwithstanding those similarities, deferred outflows of resources are not assets and deferred inflows of resources are not liabilities and accordingly are not included in those sections of the statement of financial position.

16. Classifications of Fund Balances and Net Position

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

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The County's policy is to expend resources in the following order of priority: restricted, committed, assigned, and unassigned. It is the County's policy that unassigned fund balance of the General Fund, at fiscal year-end, not be less than 10% of the following year's projected operating revenue. In any fiscal year where the County is unable to maintain the minimum unassigned fund balance, the County shall reestablish the minimum amount over a 3 year period. During the reestablishment period, the County shall not appropriate any amounts of unassigned fund balance for the purpose of balancing the budget until the 10% minimum is reached.

Net position of the Self Insurance Fund is restricted for cash reserve requirements.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

The following is a comparison of the appropriations to total expenses for the proprietary funds for the fiscal year ended September 30, 2016:

		<u>Appropriations</u>	<u>Total Expenses</u>	<u>Variance with Final budget Positive/(Negative)</u>
Enterprise funds	Solid Waste System	\$ 16,237,240	\$ 15,008,651	\$ 1,228,589
	Codes Enforcement	1,359,543	1,230,936	128,607
Internal Service funds	Computer Replacement	560,868	569,838	(8,970)
	Self Insurance	4,810,067	4,802,094	7,973
	Fleet Management	4,606,151	3,490,827	1,115,324
	Telephone Service	1,067,570	747,354	320,216
	Vehicle Replacement	1,657,169	1,182,341	474,828
	Health Insurance	24,279,262	23,982,667	296,595

ALACHUA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

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

	GENERAL	CHOICES	MSTU UNINCORPORATED SERVICES	MSTU LAW ENFORCEMENT	MSTU FIRE PROTECTION
Non-spendable					
Advances to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	383,586	-	-	-	-
Prepaid items	-	-	-	-	-
Total non-spendable	<u>383,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted for:					
Bond covenants-cash reserves	-	-	-	-	-
Debt service	-	-	-	-	-
CHOICES referendum	-	8,634,647	-	-	-
Tourist development	-	-	-	-	-
Road construction	-	-	-	-	-
Capital Improvement revenue bond projects	-	-	-	-	-
Public Improvement revenue bond projects	-	-	-	-	-
Alachua County Forever	-	-	-	-	-
Impact fee - Fire	-	-	-	-	-
Impact fee - Parks	-	-	-	-	-
Impact fee - Transportation	-	-	-	-	-
Multi-Modal Transportation Mitigation	-	-	-	-	-
State & Federal grants & other purposes	-	-	-	-	-
Enabling legislation*	-	-	-	-	-
Total restricted	<u>-</u>	<u>8,634,647</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned for:					
Subsequent year's reserve for contingency	3,992,615	-	-	-	-
FY17 Appropriated Fund Balance	6,481,279	-	-	-	-
Capital maintenance & preservation	-	-	-	-	-
Capital projects	66,500	-	-	-	-
Courts	-	-	-	-	-
Culture & recreation	-	-	950,753	-	-
Economic environment	-	-	-	-	-
Human Services	-	-	-	-	-
Physical environment	-	-	-	-	-
Public safety	-	-	-	1,685,383	1,124,353
Transportation	-	-	-	-	-
Total assigned	<u>10,540,394</u>	<u>-</u>	<u>950,753</u>	<u>1,685,383</u>	<u>1,124,353</u>
Unassigned	<u>16,454,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 27,378,931</u>	<u>\$ 8,634,647</u>	<u>\$ 950,753</u>	<u>\$ 1,685,383</u>	<u>\$ 1,124,353</u>

*Enabling legislation - see detail on page 54

GAS TAX USES	DEBT SERVICE	EMERGENCY SERVICES	TRANSPORTATION TRUST	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
190,435	-	-	-	-	574,021
-	-	-	-	49,864	49,864
190,435	-	-	-	49,864	623,885
-	4,251,339	-	-	-	4,251,339
-	2,284,274	-	-	-	2,284,274
-	-	-	-	-	8,634,647
-	-	-	-	5,879,092	5,879,092
-	-	-	9,372,988	-	9,372,988
-	-	-	-	118,757	118,757
-	-	-	-	3,432,268	3,432,268
-	-	-	-	2,115,723	2,115,723
-	-	-	-	468,128	468,128
-	-	-	-	435,725	435,725
-	-	-	7,117,610	-	7,117,610
-	-	-	2,030,550	-	2,030,550
-	-	7,825	515,091	2,546,387	3,069,303
-	-	1,868,535	-	14,446,804	16,315,339
-	6,535,613	1,876,360	19,036,239	29,442,884	65,525,743
-	-	-	-	-	3,992,615
-	-	-	-	-	6,481,279
-	-	-	-	444,814	444,814
-	-	-	-	3,049,312	3,115,812
-	-	-	-	187,888	187,888
-	-	-	-	178,163	1,128,916
-	-	-	-	1,684,850	1,684,850
-	-	-	-	30,720	30,720
-	-	-	-	74,897	74,897
-	-	1,952,498	-	-	4,762,234
3,954,620	-	-	-	-	3,954,620
3,954,620	-	1,952,498	-	5,650,644	25,858,645
-	-	-	-	-	16,454,951
\$ 4,145,055	\$ 6,535,613	\$ 3,828,858	\$ 19,036,239	\$ 35,143,392	\$ 108,463,224

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

B. NET POSITION RESTRICTED BY ENABLING LEGISLATION

<u>Program</u>	<u>Amount</u>
Administration	\$ 667,067
Culture & recreation	420,799
Corrections	706,182
Courts	3,369,788
Community services	150,679
Environmental services	171,790
Emergency services	1,868,535
Law enforcement	2,675,062
Solid waste collection	6,285,437
Total	<u>\$ 16,315,339</u>

NOTE 4 - CASH AND INVESTMENTS

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

Deposits and investments as of September 30, 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position

Primary Government

Equity in pooled cash and investments	\$137,925,389
Cash with claims administrator	200,000
Other cash and equivalents	11,316,475
Sinking fund cash and equivalents	4,251,339
Other investments	2,699,985
Restricted cash and investments:	
Equity in pooled cash and investments	44,014
Investments	3,281,657

Component Units

Equity in pooled cash and investments	222,025
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Statement of Fiduciary Net Position

Equity in pooled cash and investments	8,061
Other cash and investments	13,106,107
Investments	1,528,926
Total cash and investments	<u>\$174,583,978</u>

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Deposits and investments as of September 30, 2016 consist of the following:

Primary Government	
Deposits with financial institutions	\$44,469,651
Investments	115,249,208
Component Units	
Investments	222,025
Fiduciary Assets	
Deposits with financial institutions	13,114,168
Investments	1,528,926
Total cash and investments	\$174,583,978

A. Cash Deposits

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

B. Investments

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

Operating Funds and Component Units Investment Policy

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

- The State Board of Administration's Florida Local Government Investment Pool (Florida PRIME)
- Negotiable direct obligations, or obligations which are unconditionally guaranteed by the United States Government
- Interest-bearing time deposits or savings accounts in certain financial institutions provided that any such deposits are secured by collateral as may be prescribed by law
- Obligations of the Federal Farm Credit Banks, Federal Home Loan Mortgage Corporation, or Federal Home Loan Bank or its district banks, including Federal Home Loan Mortgage Corporation participation certificates, or obligations guaranteed by the Government National Mortgage Association.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

- Securities of or other interests in, any registered open-end or closed-end management type investment company or investment trust provided the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

Investment Holdings

As of September 30, 2016, the County had the following investments:

Investments	WAM (Years)	Fair Value
Primary Government		
Fidelity Treasury MMF	41 days	\$ 126,482
FLGIT	1.43	2,021,938
Florida PRIME	50 days	14,245,325
Federal Agency Bond (PFM)	1.85	70,737,713
US Treasury Bond/Note (PFM)	1.73	23,857,016
Municipal Bonds (PFM)	1.69	4,260,734
Subtotal Primary Government		115,249,208
Component Unit		
Florida PRIME	50 days	222,025
Fiduciary		
FMPTF Broad Market HQ Bond Fund	5.90	237,488
FMPTF Core Plus Fixed Income Fund	6.84	361,665
FMPTF HQ Growth Portfolio	n/a	117,968
FMPTF Large Cap Diversified Value	n/a	127,281
FMPTF Russell 1000 Enhanced Index	n/a	347,694
FMPTF Diversified Small Cap Equity	n/a	176,952
FMPTF International Equity Portfolio	n/a	159,878
Total Fiduciary		1,528,926
Total Holdings		\$ 117,000,159

Brief Description of each Investment Type (Primary Government)

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

Florida Local Government Investment Trust – This is a short term bond fund created in December 12, 1991 through the joint efforts of the Florida Court Clerks and Comptrollers and the Florida Association of Counties. It is the longest running member-owned and member-governed local government investment pool in the State of Florida. The fund is rated AAAs by Standard and Poor's. The fund is structured to maintain safety of principal and maximize available yield through a balance of quality and diversification.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

State Board of Administration's Local Government Investment Pool (Florida Prime Fund) - The State of Florida's Local Government Investment Pool is administered by the Florida State Board of Administration (SBA), which provides regulatory oversight. The powers and duties of the SBA are defined in Florida Statute 218.409. In addition, Chapter 19-7 of the Florida Administrative Code identifies the rules and regulations governing the administration of the State Pool. These rules provide guidance and establish the general operating procedures for the administration of the pool. The SBA provides regulatory oversight for the Florida PRIME Fund. As a pool participant, the County owns a share of the respective pool, not the underlying securities.

The Florida PRIME Fund is an external investment pool that has adopted operating procedures consistent with the requirements of GASB Statement No. 79 to measure its investments at amortized cost. Therefore, the County's investment in PRIME is at amortized cost.

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

US Treasury, Federal Agencies & Municipal Bond Securities - The County contracts with PFM Asset Management LLC, Independent Investment Advisor, to manage a portion of the operating portfolio. PFM is authorized to invest in US Treasury, Federal Agency, and Municipal bonds and notes on behalf of the County. At year end, PFM directly managed \$98,855,463 (fair value) as noted in the table on page 58.

Description of Component Unit Investment Holdings

The John A. H. Murphree Law Library and Alachua County Housing Finance Authority, the County's discretely presented component units, invest in the County's internal investment pool. Their investment balances at September 30, 2016 are \$53,162 and \$168,863 respectively and the funds were invested in the Florida PRIME Fund. As participants in the internal investment pool the component units are subject to the same investment policy used for the County's operating funds.

Description of Fiduciary Asset Investment Holdings

The Other Post Employment Benefit (OPEB) Trust invests with the Florida League of Cities' Florida Municipal Pension Trust Fund (FMPTF). The FMPTF is considered a Local Government Investment Pool (LGIP). The OPEB Trust owned shares in the LGIP at September 30, 2016 with a fair market value of \$1,528,926.

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

The County's operating investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2016, all County and Component Units bank deposits were in qualified public depositories and collateralized by the Bureau of Collateral Securities, Division of the Treasury, State Department of Insurance.

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The County's operating investment policy requires execution of a third-party custodial safekeeping agreement for all purchased securities, and requires that securities be held in the County's name. As of September 30, 2016, all securities are held in Region Bank's trust department in the County's name.

Credit Risk

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

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

Investments	Rating	Fair Value
Primary Government		
Regions MMF	AAAm	\$ 126,482
FLGIT	AAAf	2,021,938
Florida PRIME	AAAm	14,245,325
Federal Agency Bond (PFM)	AA+	70,737,713
US Treasury Bond/Note (PFM)	AA+	23,857,016
Municipal Bonds (PFM)		
IL Regional Transit Authority	AA	2,373,361
State of Connecticut	AA	1,887,373
Subtotal Primary Government		<u>115,249,208</u>
Component Unit		
Florida PRIME	AAAm	<u>222,025</u>
Fiduciary		
FMPTF Broad Market HQ Bond Fund	AAf/S4	237,488
FMPTF Core Plus Fixed Income Fund	Unrated	361,665
FMPTF HQ Growth Portfolio	Unrated	117,968
FMPTF Large Cap Diversified Value	Unrated	127,281
FMPTF Russell 1000 Enhanced Index	Unrated	347,694
FMPTF Diversified Small Cap Equity	Unrated	176,952
FMPTF International Equity Portfolio	Unrated	159,878
Total Fiduciary		<u>1,528,926</u>
Total Holdings		<u>\$ 117,000,159</u>

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Investment	Fair value	0 - 3 Months	3 Months -	
			1 year	> 1 year
Federal Agency Bond (PFM)	\$ 70,737,713	\$ -	\$ 15,793,284	\$ 54,944,429
US Treasury Bond / Note (PFM)	23,857,016	-	1,358,725	22,498,291
Municipal Bonds (PFM)	4,260,734	-	-	4,260,734
Total	\$ 98,855,463	\$ -	\$ 17,152,009	\$ 81,703,454

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

Category	Percentage of Total Cash & Investments
Federal National Mortgage Assn.	28.23%
Federal Home Loan Mortgage Corp.	7.25%
Federal Home Loan Bank Notes	25.90%

C. Restricted Cash and Investments

The following chart illustrates cash and investments restricted by bond covenants or used to fund post-closure of the landfill, including the funding of cash reserve requirements as a result of bond issuer downgrades:

	Sinking Fund	Landfill Post Closure
2011 Local Option Gas Tax Bank Loan	\$ 1,352,270	\$ -
2014 Public Improvement Revenue Loan	920,792	-
Capital Improvement Revenue Note, Series 2015A	350,042	-
Refunding Improvement Refunding Note, Series 2015B	267,452	-
2016 Public Improvement Refunding Note	1,000,430	-
2016 Gas Tax Refunding Note	360,353	-
Solid Waste System	-	3,325,671
Total Restricted Cash and Investments	\$ 4,251,339	\$ 3,325,671

D. Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The County relied on its custodial bank to obtain fair value quotes for all investments. The custodial bank uses a matrix pricing model (Level 2 inputs) to value the County's investments based on the investments' relationship to benchmark quoted prices. The following table summarizes the County's assets (and liabilities) as of September 30, 2016, for which fair values are determined on a recurring basis:

Type Investment	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments by fair value level				
Federal Agency Bond (PFM)	\$ 70,737,713	\$ -	\$ 70,737,713	\$ -
US Treasury Bond / Note (PFM)	23,857,016	-	23,857,016	-
Municipal Bonds (PFM)	4,260,734	-	4,260,734	-
Fidelity Treasury Money Market Fund	126,482	-	126,482	-
Fiduciary investments by fair value level				
FMPTF Broad Market HQ Bond fund	237,488	-	237,488	-
FMPTF Core Plus Fixed Income Fund	361,665	-	-	361,665
FMPTF HQ Growth Portfolio	117,968	-	117,968	-
FMPTF Large Cap Diversified Value	127,281	-	127,281	-
FMPTF Russell 1000 Enhanced Index	347,694	-	347,694	-
FMPTF Diversified Small Cap Equity	176,952	-	176,952	-
FMPTF International Equity Portfolio	159,878	-	159,878	-
Total investments by fair value level	<u>\$ 100,510,871</u>	<u>\$ -</u>	<u>\$ 100,149,206</u>	<u>\$ 361,665</u>
Operating investments measured at the net asset value (NAV)				
Florida Government Investment Trust	<u>\$ 2,021,938</u>			
Total investments measured at NAV	<u>2,021,938</u>			
Total investments measured at fair value	<u>\$ 102,532,809</u>			

NOTE 5 - PROPERTY TAX

A. Real Property Taxes pursuant to Section 193.122(3), Florida Statutes, notice of second certification was extended pursuant to F.S. 197.323 on October 17, 2013. Property taxes receivable were reported in the General fund, Municipal Services Taxing Unit funds, MSBU Refuse Collection, Debt Service fund, Tourist Development sub-fund, Sugarfoot Preservation special assessment sub-fund, West End special assessment sub-fund, NE 132nd Avenue special sub-fund and the Solid Waste fund as Due From other funds (Constitutional Officer-Tax Collector). Chapter 197, Florida Statutes, governs property tax collections.

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

1. *January 1* – All taxes become a first lien, superior to all other liens.
2. *July 1* - The Property Appraiser completes assessment and certifies the taxable value to the County.
3. *August 5* - The County certifies to the Property Appraiser the amount of taxes intended to be levied for both operations and debt service.

ALACHUA COUNTY, FLORIDA
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SEPTEMBER 30, 2016

4. *September (1-30)* - The County holds its final budget hearings and adopts the tax levy for the ensuing fiscal year.
5. *November 1* - Taxes become due and payable before March 31.
6. *April 1* - All unpaid taxes become delinquent.
7. *June 1* - The Tax Collector sells tax certificates on all delinquent real estate parcels.
8. *June (1-30)* - The Tax Collector disburses proceeds of the tax certificate sale to the taxing authorities.
9. Prior to April 30 of the tax year following delinquency, warrants are ratified on unpaid Tangible Personal Property taxes.

C. Real Property Delinquent Tax Process

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

D. Other Information Regarding Sale of Tax Certificates

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

E. Tangible Personal Property Delinquent Tax Process

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

F. Property Tax Payment and Distribution

1. Discounts for early payment of property tax are allowed in the following manner:
 - 4% for November Payments
 - 3% for December Payments
 - 2% for January Payments
 - 1% for February Payments
2. The Tax Collector is required to distribute tax proceeds to taxing authorities promptly in order to provide cash for operations. Fiscal year 2015 distributions were made as follows:
 - November and December - 2 distributions each month
 - All other months – 1 distribution each month

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 - CAPITAL ASSETS

A. Capital asset activity for the year ended September 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Primary Government					
Capital assets not being depreciated:					
Land	\$ 81,260,356	\$ 769,566	\$ (17,000)	\$ -	\$ 82,012,922
Right of Way	159,537,570	125,079	-	180,171	159,842,820
Stormwater Basins	14,016,551	-	-	-	14,016,551
Artwork	91,390	-	-	-	91,390
Construction/Purchase in progress	23,381,351	11,852,351	-	9,482,979	44,716,681
Total not being depreciated	<u>278,287,218</u>	<u>12,746,996</u>	<u>(17,000)</u>	<u>9,663,150</u>	<u>300,680,364</u>
Capital assets being depreciated:					
Buildings	143,403,597	5,158,718	-	(791,641)	147,770,674
Equipment & purchased software	80,265,279	6,970,071	(2,369,296)	(1,398,488)	83,467,566
Software - internally developed	188,016	-	-	-	188,016
Improvements other than Building	15,173,897	319,276	(1,577)	(403,962)	15,087,634
Infrastructure	509,919,537	-	-	(6,468,776)	503,450,761
Total being depreciated	<u>748,950,326</u>	<u>12,448,065</u>	<u>(2,370,873)</u>	<u>(9,062,867)</u>	<u>749,964,651</u>
Less accumulated depreciation for:					
Buildings	(56,928,345)	(4,287,682)	-	(51,981)	(61,268,008)
Equipment & purchased software	(53,657,387)	(6,706,383)	2,078,034	51,981	(58,233,755)
Software - internally developed	(172,907)	(15,109)	-	-	(188,016)
Improvements other than Building	(8,766,675)	(713,560)	-	-	(9,480,235)
Infrastructure	(390,862,014)	(9,646,768)	-	-	(400,508,782)
Total accumulated depreciation	<u>(510,387,328)</u>	<u>(21,369,502)</u>	<u>2,078,034</u>	<u>-</u>	<u>(529,678,796)</u>
Total being depreciated, net	<u>238,562,998</u>	<u>(8,921,437)</u>	<u>(292,839)</u>	<u>(9,062,867)</u>	<u>220,285,855</u>
Governmental activities capital assets, net	<u>\$ 516,850,216</u>	<u>\$ 3,825,559</u>	<u>\$ (309,839)</u>	<u>\$ 600,283</u>	<u>\$ 520,966,219</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 3,478,857	\$ -	\$ -	\$ -	\$ 3,478,857
Construction/Purchase in progress	-	317,215	-	360,296	677,511
Total not being depreciated	<u>3,478,857</u>	<u>317,215</u>	<u>-</u>	<u>360,296</u>	<u>4,156,368</u>
Capital assets being depreciated:					
Buildings	2,959,928	-	-	(152,930)	2,806,998
Equipment & purchased software	4,329,255	589,304	-	-	4,918,559
Improvements other than Building	13,656,734	-	-	(207,366)	13,449,368
Total being depreciated	<u>20,945,917</u>	<u>589,304</u>	<u>-</u>	<u>(360,296)</u>	<u>21,174,925</u>
Less accumulated depreciation for:					
Buildings	(1,504,652)	(92,845)	-	-	(1,597,497)
Equipment & purchased software	(2,754,882)	(426,135)	-	-	(3,181,017)
Improvements other than Building	(10,710,048)	(203,872)	-	-	(10,913,920)
Total accumulated depreciation	<u>(14,969,582)</u>	<u>(722,852)</u>	<u>-</u>	<u>-</u>	<u>(15,692,434)</u>
Total being depreciated, net	<u>5,976,335</u>	<u>(133,548)</u>	<u>-</u>	<u>(360,296)</u>	<u>5,482,491</u>
Total business-type capital assets, net	<u>\$ 9,455,192</u>	<u>\$ 183,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,638,859</u>

* Adjustments includes changes between asset types when construction is completed, donations and reclassifications.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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B. Depreciation expense was charged to functions/programs of the primary government and the Component Unit as follows:

Primary Government

Governmental Activities:

Administration	\$ 1,050,564
Community service	494,849
Corrections	2,037,234
Courts	1,289,422
Culture & recreation	697,236
Tourist development	21,081
Emergency services	1,524,156
Environmental services	60,377
Growth management	45,868
Law enforcement	2,649,536
Solid waste disposal	8,774
Transportation (includes County infrastructure)	9,880,006
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.	<u>1,610,399</u>
Total depreciation expense-governmental activities	<u><u>\$ 21,369,502</u></u>

Business-type activities:

Codes enforcement	\$ 4,057
Solid waste disposal	<u>718,795</u>
Total depreciation expense-business-type activities	<u><u>\$ 722,852</u></u>

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Balances as of September 30, 2016, consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental funds:		
General Fund	\$ 4,724,537	\$ 885,240
MSTU Unincorporated Services	8,518	10
MSTU Law Enforcement	36,721	2,400,000
MSTU Fire Protection	21,762	853
Emergency Services	202,511	1,023,175
Transportation Trust	201,442	559,000
Other Governmental Funds	161,358	1,204,659
Subtotal Governmental funds	<u>5,356,849</u>	<u>6,072,937</u>
Proprietary funds:		
Solid Waste System	11,114	-
Codes Enforcement	-	47
Internal Service funds	705,021	-
Total	<u><u>\$ 6,072,984</u></u>	<u><u>\$ 6,072,984</u></u>

Interfund Receivable consists of due from other funds and advance to other funds. Interfund Payable includes both due to other funds and advances from other funds. Debt Service funds first receive taxes according to bond covenant provisions and the remaining amount is due to either the General Fund or the Gas Tax Uses Fund. All remaining balances result from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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B. Interfund Transfers for the year ended September 30, 2016, consisted of the following:

	Transfers from Other Funds	Transfers to Other Funds
	<u> </u>	<u> </u>
Governmental Funds:		
General Fund	\$ 30,557,996	\$ 9,375,802
MSTU Unincorporated Services	303,317	461,774
MSTU Law Enforcement	1,013,681	18,207,159
MSTU Fire Protection	756,059	1,038,524
Gas Tax Uses	5,770,724	2,026,830
Emergency Services	4,022,389	7,741,774
Debt Service	6,071,952	16,993,959
Transportation Trust	3,994,888	9,558
Other Governmental Funds	5,054,481	1,613,675
Subtotal-Governmental Funds	<u>57,545,487</u>	<u>57,469,055</u>
Proprietary Funds:		
Business-type Activities:		
Solid Waste System	8,628	-
Codes Enforcement	-	50,000
Internal Service Funds	-	35,060
Total	<u><u>\$ 57,554,115</u></u>	<u><u>\$ 57,554,115</u></u>

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

NOTE 8 - LONG-TERM OBLIGATIONS

A. Long-term Obligations (excluding accrued compensated absences and estimated self-insured losses) at September 30, 2016 are composed of the following:

PRIMARY GOVERNMENT

Notes Payable:

\$7,700,000 2008 Capital Improvement bank loan, due in annual installments of \$536,000 to \$684,000 through 2023, interest of 4.090%.	
<u>Revenue Source</u> – a pledge of the County's Non-Ad Valorem revenues.	4,254,000
\$9,500,000 2011 Local Option Gas Tax bank loan, due in annual installments of \$1,280,000 to \$1,337,000 through 2019, interest of 2.200%.	
<u>Revenue Source</u> – a pledge of the County's 5 Cent Local Option Gas Tax.	3,925,000

ALACHUA COUNTY, FLORIDA
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\$9,900,000 2014 Public Improvement revenue bank loan, due in annual installments of \$919,000 to \$1,085,000 through 2024, interest of 2.090%.	
<u>Revenue Source</u> – a pledge of the County’s portion of the Half Cent Sales Tax.	9,000,000
\$3,800,000 2015 A Capital Improvement Draw-down bank loan, due in annual installments of \$343,000 to \$419,000 through 2025, interest of 2.250%.	
<u>Revenue Source</u> – a pledge of County’s State Court Facilities Surcharge	3,800,000
\$12,637,000 2015B Public Improvement Revenue Refunding bank loan, due in annual installments of \$130,000 to \$1,502,000 through 2026, interest of 2.250%.	
<u>Revenue Source</u> – a pledge of the County’s portion of the Half Cent Sales Tax.	12,637,000
\$24,430,000 2016 Public Improvement Revenue Refunding bank loan, due in annual installments of \$735,000 to \$4,215,000 through 2029, interest of 1.890%.	
<u>Revenue Source</u> – a pledge of the County’s portion of the Half Cent Sales Tax.	24,430,000
\$10,385,000 2016 Gas Tax Refunding bank loan, due in annual installments of \$1,012,000 to \$1,065,000 through 2021, interest of 1.330%.	
<u>Revenue Source</u> – a pledge to the County’s 5 th , 6 th , 7 th , and 9 th cent voted Gas Tax.	10,385,000
SUBTOTAL NOTES PAYABLE	68,431,000

Capital Lease Payable:

The Property Appraiser entered into a Lease Purchase Agreement for software licenses and related computers and appurtenances, due in 7 semi-annual installments of \$45,000, which includes interest at 4.33%.	44,085
The Sheriff’s Office entered into a Lease Purchase Agreement for radio equipment due in 7 annual installments of \$139,286, which includes interest at 3.18%.	392,418
SUBTOTAL CAPITAL LEASE PAYABLE	436,503

TOTAL NOTES PAYABLE AND CAPITAL LEASE PAYABLE	68,867,503
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Medicaid Payable:

\$5,300,578 Medicaid Payable HB5301, final annual installment of \$883,429 in 2017.	
<u>Revenue Source</u> – County’s portion of the Half Cent Sales Tax.	883,429
TOTAL MEDICAID PAYABLE	883,429

TOTAL LONG-TERM OBLIGATIONS WITH SCHEDULED MATURITIES	\$69,750,932
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ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

B. Debt Service and Medicaid Requirements to Maturity on the County's debt at September 30, 2016 are as follows:

PRIMARY GOVERNMENT GENERAL LONG-TERM OBLIGATIONS

Fiscal Year	Notes Payable and Capital Lease Payable		Medicaid Payable	Total
	Principal	Interest		Principal, Interest, and Medicaid
2017	\$ 6,283,283	\$ 1,391,592	\$ 883,429	\$ 8,558,304
2018	9,683,785	1,232,840	-	10,916,625
2019	9,869,628	1,034,131	-	10,903,759
2020	8,589,807	844,218	-	9,434,025
2021	8,750,000	490,037	-	9,240,037
2022-2026	20,954,000	1,637,554	-	22,591,554
2027-2029	4,737,000	140,551	-	4,877,551
TOTAL	\$ 68,867,503	\$ 6,770,923	\$ 883,429	\$ 76,521,855

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

C. Changes in Long-term Obligations for the year ended Sept. 30, 2016 are as summarized as follows:

	<u>Balance</u> <u>October 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Sept 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental activities:</u>					
Revenue bonds payable	\$ 44,390,000	\$ -	\$ (44,390,000)	\$ -	\$ -
Less: deferred amounts:					
Unamortized discounts	(17,307)	-	17,307	-	-
Unamortized premiums	475,594	-	(475,594)	-	-
Subtotal-bonds	44,848,287	-	(44,848,287)	-	-
Notes payable	34,808,852	38,564,848	(4,942,700)	68,431,000	6,118,000
Capital leases	638,661	-	(202,158)	436,503	165,283
Estimated liability-self insured losses	5,467,239	22,889,377	(22,350,349)	6,006,267	2,142,635
Medicaid payable (HB 5301)	1,766,859	-	(883,430)	883,429	883,429
Net Pension Liability	83,708,843	64,135,374	-	147,844,217	1,024,730
Accrued compensated absences	14,548,855	3,654,569	(3,499,996)	14,703,428	7,735,993
Total governmental activities	185,787,596	129,244,168	(76,726,920)	238,304,844	18,070,070
<u>Business-type activities:</u>					
Accrued compensated absences	542,820	265,704	(283,389)	525,135	283,389
Net Pension Liability	1,750,613	1,283,879	-	3,034,492	22,770
Accrued landfill closure cost	4,795,440	-	(326,163)	4,469,277	365,735
Total business-type activities	7,088,873	1,549,583	(609,552)	8,028,904	671,894
Total long-term obligations	\$ 192,876,469	\$130,793,751	\$ (77,336,472)	\$ 246,333,748	\$ 18,741,964

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. At year-end, \$192,171 of internal service funds compensated absences is included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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D. Summary of Revenue Notes Payable – the following is a summary of government resolutions pertaining to debt reflected in the September 30, 2016 financial statements:

Name	\$9,990,000 Public Improvement Revenue Note, Series 2014	\$12,637,000 Public Improvement Revenue Refunding Note, Series 2015B	\$24,430,000 Public Improvement Revenue Refunding Note, Series 2016
Purpose	To provide funding for acquisition and construction of 515 Bldg, criminal courthouse HVAC, ERP financial software system, new fire station, new rescue station, and costs of issuance.	To refund portions of the County's Public Improvement Revenue Bonds, Series 2007A and costs of issuance.	To refund the County's outstanding Public Improvement Revenue Bonds, Series 2007A and Public Improvement Revenue Refunding Bonds, Series 2007B, and costs of issuance.
Dated	September 12, 2014	April 23, 2015	May 4, 2016
Final maturity	November 1, 2024	November 1, 2026	November 1, 2029
Principal payment date	November 1st	November 1st	November 1st
Interest payment dates	November 1st and May 1	November 1st and May 1	November 1st and May 1
Interest rates	2.09%	2.25%	1.89%
Outstanding Principal at 9/30/15	\$9,000,000	\$12,637,000	\$24,430,000
Reserve requirement	\$0	\$0	\$0
Pledged revenue source	Local Government Half-Cent Sales Tax.	Local Government Half-Cent Sales Tax.	Local Government Half-Cent Sales Tax.
Total debt svc payment	\$1,097,505	\$290,651	\$0
% of required Debt Svc to total pledged revenue source	11.84%		0.18%

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

D. Summary of Revenue Notes Payable - Continued

Name	\$10,385,000 Gas Tax Revenue Refunding Note, Series 2016	5 Cent Local Option Gas Tax Note, Series 2011	\$3,800,000 Capital Improvement Revenue Note, Series 2015A
Purpose	To refund the County's outstanding Gas Tax Revenue Bonds, Series 2006 and Series 2008, and costs of issuance.	To provide funds for the financing of the costs of certain transportation improvements, to include bicycle/pedestrian facilities, unpaved road alternatives, improving roadways and cost of issuance.	To provide funds for the acquisition and construction of a new Public Defender Building and costs of issuance.
Dated	July 5, 2016	June 16, 2011	April 23, 2015
Final maturity	August 1, 2021	February 1, 2019	November 1, 2025
Principal payment date	August 1st and February 1st	February 1st	November 1st
Interest payment dates	August 1st and February 1st	February 1st and August 1st	November 1st and May 1
Interest rates	1.33%	2.20%	2.25%
Outstanding Principal at 9/30/15	\$10,385,000	\$3,925,000	\$3,800,000
Reserve requirement	\$0	\$0	\$0
Pledged revenue source	Constitutional Gas Tax, County Gas Tax, and Ninth Cent Gas Tax.	Five Cent Local Option Gas Tax	Court Facilities Fees per Section 318.18(13)(A), Florida Statutes
Total debt svc payment	\$9,975	\$1,353,133	\$5,189
% of required Debt Svc to total pledged revenue source	0.18%	46.59%	0.90%

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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E. Current Refunding of Long-term Debt – On July 5, 2016, the County issued \$10,385,000 in Gas Tax Revenue Refunding Notes payable with an interest rate of 1.33% for the current refunding of \$7,230,000 of outstanding Gas Tax Revenue Bonds, Series 2006 with an average interest rate of 4.077% and for the advance refunding of \$10,345,000 of outstanding Gas Tax Revenue Bonds, Series 2008 with an average interest rate of 4.305%. The net proceeds totaled \$10,385,000 of which \$10,335,430 was used to purchase U.S. government securities and \$49,570 was used to cover cost of issuance. In addition, the County used \$1,215,104 of 2006 Series and \$6,989,487 of 2008 Series sinking fund monies to purchase U.S. securities. The total securities of \$18,540,021 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2006 and 2008 Series bonds. As a result, the 2006 and 2008 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

Although the refunding resulted in the recognition of an accounting loss of \$640,522 for the year ended September 30, 2016, the County in effect reduced its aggregate debt service payments by almost \$6.6 million over the next 6 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$776,500.

On May 4, 2016, the County issued \$24,430,000 in Public Improvement Revenue Refunding Notes payable with an interest rate of 1.89% for the current refunding of \$2,080,000 of outstanding Public Improvement Revenue Bonds, Series 2007A and \$24,735,000 of outstanding Public Improvement Revenue Refunding Bonds, Series 2007B, with an average interest rate of 4.289%. The net proceeds totaled \$24,430,000, of which \$24,345,984 was used to purchase U.S. government securities and \$84,016 was used to cover cost of issuance. In addition, the County used \$773,300 of 2007A Series and \$2,261,036 of 2007B Series sinking fund monies to purchase U.S. securities. The total securities of \$27,380,320 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2007 Series bonds. As a result, the 2007 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

Although the refunding resulted in the recognition of an accounting loss of \$3,461 for the year ended September 30, 2016, the County in effect reduced its aggregate debt service payments by almost \$2.6 million over the next 13 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$2.4 million.

F. Demand Bonds – The County has no demand bonds.

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

There is no obligation on the part of the County, the State, or any political subdivision for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2016, there were sixteen series of Health Facility Revenue Bonds outstanding, with an aggregate principal amount payable of \$853,546,791, two series of Industrial Development Bonds outstanding, with an aggregate principal amount payable of \$101,032,874, and eight

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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series of Housing Finance Authority Multi-family Housing Bonds, with an aggregate principal amount payable of \$34,996,451.

H. Landfill Post Closure Care Obligation – The County’s Southwest Landfill’s liability for fiscal year 2016 is \$3,670,713, a decrease of \$132,667 from the prior fiscal year. For other County landfills closed prior to 1985 and not subject to State law requirements, the County records a liability of \$798,563, an decrease of \$193,497 from last fiscal year. See Note 1.D.8. for more information.

NOTE 9 - EMPLOYEE BENEFITS

A. State of Florida Pension Plans

Defined Benefit Plans

The County participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (850) 488-6491.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the County are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The County's contribution rates as of September 30, 2016, were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular Class	5.86%	1.66%
Special Risk Class	20.91%	1.66%
Senior Management Service Class	20.11%	1.66%
Elected Officials	40.81%	1.66%
DROP from FRS	11.33%	1.66%

The County's contributions for the year ended September 30, 2016, were \$11,165,807 to the FRS and \$1,571,486 to the HIS.

Pension Liabilities and Pension Expense

At September 30, 2016, the County reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2016 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2016. The County's proportions of the net pension liabilities were based on the County's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>
Net pension liability at September 30, 2016	\$ 114,570,141	\$ 36,308,569
Proportion at:		
September 30, 2016	0.4537%	0.3115%
September 30, 2015	0.4195%	0.3066%
Pension expense (benefit), year ended		
September 30, 2016	\$ 17,833,390	\$ 3,161,730

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,772,371	\$ (1,066,725)	\$ -	\$ (82,698)
Changes of assumptions	6,931,151	-	5,697,737	-
Net difference between projected and actual earnings on pension plan investments	52,706,504	(23,091,519)	18,358	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,097,865	(3,116,004)	933,290	(138,229)
Employer contributions subsequent to the measurement date	3,015,147	-	394,218	-
Total	\$ 77,523,038	\$ (27,274,248)	\$ 7,043,603	\$ (220,927)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2017. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2017	\$ 6,559,121	\$ 1,158,972
2018	6,559,121	1,158,972
2019	18,064,585	1,158,972
2020	12,723,936	1,158,972
2021	2,583,081	971,908
Thereafter	743,798	820,663
Total	\$ 47,233,642	\$ 6,428,459

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2016, was determined by an actuarial valuation dated July 1, 2016, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.60%	N/A

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Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study that was completed in 2014 for the period July 1, 2008, through June 30, 2013.

The following changes in actuarial assumptions occurred in 2016:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.65% to 7.60%.

HIS: The municipal bond rate used to determine the total pension liability decreased from 3.80% to 2.85%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class. The reduced investment return assumption of 7.60 percent, which was adopted by the Florida Retirement System Actuarial Assumption Conference, conflicts with the consulting actuary's judgement of a reasonable assumption as defined by Actuarial Standards of Practice No.27.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.00%	3.00%	3.00%
Fixed income	18.00%	4.70%	4.60%
Global Equity	53.00%	8.10%	6.80%
Real estate (property)	10.00%	6.40%	5.80%
Private equity	6.00%	11.50%	7.80%
Strategic investments	12.00%	6.10%	5.60%
	100.00%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.60%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.85% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

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Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the County’s proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	Current Discount			Current Discount		
	1% Decrease (6.60%)	Rate (7.60%)	1% Increase (8.60%)	1% Decrease (1.85%)	Rate (2.85%)	1% Increase (3.85%)
Governmental						
Employer's proportionate share of the net pension liability	\$ 210,931,386	\$ 114,570,141	\$ 34,362,130	\$ 41,654,178	\$ 36,308,569	\$ 31,872,006

Pension Plans’ Fiduciary Net Position

Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2016, totaled \$526,605.

B. Other Post-Employment Benefits Plan

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

The life insurance benefit is provided at no charge to retirees. The life insurance benefit is \$15,000 for all retirees under the age of 65 and \$5,000 for retirees age 65 and older.

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

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The minimum monthly subsidy is \$18 and the maximum monthly subsidy is \$90 for employees that retire with 30 or more years of service.

Additionally, in accordance with Florida Statutes 112.0801, employees who retire and immediately begin receiving benefits from FRS or LDPP have the option of paying premiums to continue in the County's self-funded Health Insurance Plan at the same group rate as active employees. The retiree pays 100% of the blended group rate premium therefore receiving an implicit subsidy.

At October 1, 2015, the date of the latest actuarial valuation, plan participation consisted of:

Active employees (fully eligible)	142
Active employees (not fully eligible)	1,997
Retirees receiving benefits	<u>626</u>
Total OPEB participants	<u><u>2,765</u></u>

Funding Policy – The contribution requirements of plan members and the participating employers are established and may be amended by the Alachua County Board of County Commissioners. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits when earned and determined annually by the County's Actuary. Pay-as-you-go financing paid by the employers and plan members is accounted for in the County's Self-funded Health Insurance Fund and employers' contributions to the OPEB Trust to prefund benefits are accounted for in the County's OPEB Trust Fund. For the year ended September 30, 2016, the County paid a total of \$1,069,814 for the OPEB Plan. It is the County's intent to base future OPEB Trust contributions on the actuarially determined annual required contribution (ARC) less pay-as-you-go financing; however, no future Trust contributions are legally or contractually required. Retiree plan members receiving benefits contributed an additional \$1,741,325 to pay-as-you-go financing through their required contribution of \$464.57 per month for retiree-only coverage, \$1,110.27 per month for retiree and spouse coverage and \$1,565.23 per month for family coverage.

Annual OPEB Cost and Net OPEB Obligation – The annual cost of the County's OPEB Plan is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The County's annual OPEB cost, percentage of OPEB cost contributed, and net OPEB benefit obligation (asset) for the current year and two preceding years are as follows:

Year	Annual OPEB Cost	Actual Contribution	% Contributed	Net OPEB Obligation (Asset)
2016	\$1,277,000	1,069,814	84%	(\$450,839)
2015	\$1,258,000	\$1,916,025	152%	(\$658,025)
2014	\$1,635,000	\$1,494,965	91%	-

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The following table shows the components of the County's annual OPEB Plan cost for the year, the amount actually contributed by the employer, and the changes in the net OPEB Plan obligation (asset):

Annual required contribution	\$1,289,000
Interest on net OPEB obligation	(46,000)
Adjustment to ARC	34,000
Annual OPEB cost (expense)	<u>1,277,000</u>
OPEB plan payments:	
Pay-as-you-go financing	1,069,814
Contribution of assets to OPEB Trust	-
Subtotal OPEB payments	<u>1,069,814</u>
Increase in net OPEB obligation (asset)	207,186
Net OPEB obligation(asset)-beginning of year	<u>(658,025)</u>
Net OPEB obligation(asset)-end of year	<u><u>\$ (450,839)</u></u>

Funding Status and Funding Progress – The OPEB payments made for the 2016 fiscal year were 84% of the annual OPEB cost. As of the actuarial valuation report dated October 1, 2015, the funded status was as follows:

Actuarial accrued liability (AAL)	\$ 16,989,000
Less: Actuarial value of plan assets	<u>1,438,000</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 15,551,000</u></u>
Funded ratio (actuarial value of plan assets/AAL)	8.46%
Covered payroll at valuation date	\$ 109,619,517
UAAL as a percentage of covered payroll	14.19%

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

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

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designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial methods are:

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

The actuarial assumptions are:

Investment rate of return	7.0%
Projected annual salaries increase	3.5%
Inflation Rate	3.0%
Mortality	RP-2014 projected to 2030 using scale MP-14 applied on a gender-specific basis
Healthcare cost trend rate	8.0% initial year reduced 0.5% each year until reaching ultimate trend rate of 4.5%

C. Accrued Compensated Absences

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

	Vacation Accrual Maximum	Vacation Termination Pay Maximum	Sick Leave Accrual Maximum
Board of County Commissioners (Including Supervisor of Elections)			
40 hours/week (hired before April 1, 2011)	280 hours	280 hours	No Maximum
56 hours/week (hire before April 1, 2011)	392 hours	392 hours	No Maximum
40 hours/week (hired after March 31, 2011)	240	240	1000
56 hours/week (hired after March 31, 2011)	336	336	1400
Clerk of the Circuit Court	280 hours	240 hours	1040
Property Appraiser	280 hours	240 hours	No Maximum
Tax Collector	No Maximum	No Maximum	No Maximum
Sheriff	280 hours	280 hours	No Maximum

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

The County records a liability for compensated absences of \$15,228,563 on the Statement of Net Position. In the Government-wide presentation, compensated absences are accrued in the period they are earned. For the adjusted liabilities at the end of the year, a determination was made for current and non-current amounts. Accrued compensated absences are not recorded for any accruals over the maximum.

D. Deferred Compensation Plan

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

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Deferred compensation amounts withheld from participating employee’s pay are not taxable as current income until withdrawn from the plan. Annual contributions by a participant may not exceed \$17,500. There is an “age 50 catch-up” provision that allows an additional \$5,500 contribution from the year the employee reaches age 50 until the employee terminates employment.

E. Component Units Employment

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

NOTE 10 - RISK MANAGEMENT AND CONVENTIONALLY INSURED CLAIMS & LOSSES

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

A. Risk Management Claims and Losses

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

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

The County has authorized a commercial third party administrator to administer the County’s automobile, general liability and workers’ compensation claims. There have been no significant reductions in insurance coverage from prior years. In instances where insurance has been purchased, no settlements have exceeded coverage for each of the past three fiscal years.

The estimated liability for self-insured losses is based on reported claims, historical loss data, industry statistics for claims incurred but not reported, and a valuation performed by an independent actuary as of July 31, 2016 projecting to September 30, 2016, and the prior year as of July 31, 2015 projecting to September 30, 2015:

Fiscal Year	Claims Liability, Beginning of Fiscal Year	Claims & Changes in Estimates	Claim Payments	Claims Liability, End of Fiscal Year
2015	\$ 4,624,503	\$ 1,478,119	\$ (1,847,660)	\$ 4,254,962
2016	4,254,962	1,635,886	(1,192,085)	4,698,763

For fiscal year 2016 the margin for the risk of adverse deviation was accrued at a 75% confidence level. Florida Statutes provide for local government tort immunity and a claims bill process. Our actuarial estimates do not include a provision for liabilities arising from claims bills except to the extent such claims are included in the loss history of Alachua County. The County’s Actuary determined a portion of the claims liability that would be expected to be paid within one year and the accompanying financial statements reflect that by showing a current and a long-term liability.

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

B. Conventionally Insured Claims and Losses

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

C. Employee Group Health Insurance

The County provides group health insurance for its employees, their eligible dependents and eligible retirees. On October 1, 2005, the County established an employee group health self-insurance plan to account for and finance its uninsured risks of loss. The County entered into an administrative services agreement with a commercial insurance carrier to provide administrative support for this plan. Under this plan, the County purchases stop-loss insurance with the individual deductible per covered unit of \$225,000 with no individual lifetime reimbursement maximum. All claims are paid through the group health insurance plan. Claims in excess of the \$225,000 individual deductible are reimbursed by the County's excess insurance carrier.

All County employees may participate in the employee group health insurance including all Constitutional Officer employees and Component Unit employees of the Murphree Law Library. In addition, the Alachua County Library District employees may participate in the plan. Payments to the employee group health insurance plan are assessed based on actuarial estimates of the amounts needed to pay current year claims and to establish a "reserve" (i.e. net position or equity) for catastrophic losses and to fund the retiree other post employee benefit. The employee group health insurance plan net position was \$626,998 at September 30, 2016.

The claims liability reported in the fund at September 30, 2016 for the employee group health insurance plan was \$1,307,504. This amount was the actuarially determined claims liability based on the requirements of GASB Statement 10, which specifies that a liability for claims should be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. These claims liability amounts are all considered to be due within one year and are classified as current liabilities in the accompanying financial statements. During fiscal year 2016, changes recorded to the claims liability for the employee group health insurance plan were as follows:

Fiscal Year	Claims Liability, Beginning of Fiscal Year	Current Year Claims & Changes in Estimates	Claim Payments	Claims Liability, End of Fiscal Year
2015	\$ 1,223,865	\$ 22,301,016	\$ (22,312,604)	\$ 1,212,277
2016	1,212,277	21,253,491	(21,158,264)	1,307,504

D. Sheriff's Risk Management

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

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NOTE 11 - INDIRECT COSTS

The County's indirect costs consist of allowable administrative costs allocated to the Enterprise Funds, Internal Service Funds, various Federal and State Grants, and Special Revenue Funds. The County's indirect cost plan is developed annually based on the prior year's actual expenditures. Some adjustments are required due to specific Federal grant allowances or other legal limitations. For the fiscal year ended September 30, 2016, the following was charged:

INDIRECT COST			
CHARGED		FUND	PROJECT NAME
		Governmental Funds	
\$ 234,055		MSTU-Unincorporated services	MSTU-Unincorporated services
495,930		MSTU-Fire protection services	MSTU-Fire protection services
4,473		Emergency services	EMPA State Grant
2,564		Emergency services	EMPG Federal Grant
56,030		MSBU	Refuse Collection
51,819		Drug & law enforcement	HRS Metamorphosis
11,000		Environmental	Hazardous Materials Code
7,593		Environmental	FDEP Tank Inspection
11,000		Environmental	FDEP Petroleum Cleanup
19,574		Tourism	Tourist Development
10,704		Other Special Revenues	Alachua County Fairgrounds Management
<u>904,742</u>		Subtotal-Governmental Funds	
		Enterprise Funds	
209,921		Solid Waste	Solid Waste System
53,645		Solid Waste	Collection Centers
59,826		Solid Waste	Hazardous Waste Management
44,854		Solid Waste	Waste Management Assessment
6,113		Solid Waste	Landfill post closure care
82,735		Codes Enforcement	Codes Enforcement
<u>457,094</u>		Subtotal Enterprise Funds	
		Internal Service Funds	
66,706		Self Insurance	Self Insurance Fund
150,207		Fleet Management	Fleet Management Fund
26,677		Telephone Services	Telephone Services
<u>243,590</u>		Subtotal Internal Service Funds	
<u>\$ 1,605,426</u>		Total Indirect Cost	

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

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NOTE 12 - OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES

A. Excess of Expenditures over Appropriations

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

B. Excess of Expenditures Over Revenue in the Budget Column

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

C. Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in 2017. The statements address:

- Certain pension issues;
- Other postemployment benefit (OPEB) plans;
- Tax abatement disclosures; and
- Blending certain component units

The County is currently evaluating the effects that these statements will have on its financial statements for subsequent fiscal years.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

A. Commitments

(1) Non-capitalized leases –

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

(b) Rental costs for the year ended September 30, 2016, under cancelable leases are summarized as follows:

<u>Fund Charged</u>	<u>Amount</u>
General Fund	\$ 557,738
Special Revenue Funds	217,344
Enterprise Fund	29,642
Internal Service Funds	5,082
Total	<u>\$ 809,806</u>

(c) The Tax Collector is leasing various equipment under renewable annual operating leases. During the year ended September 30, 2016, the lease payments on all operating leases were \$16,990. In addition, the Tax Collector is leasing various data transport services for network and voice connectivity to their remote locations. During the year ended September 30, 2016, the lease payments on all data transport service leases were \$25,687. The Tax Collector also has a ten-year renewable lease agreement for a Tag Office on Archer Road. During the year ended September 30, 2016, lease payments for office space totaled \$195,687.

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Future minimum lease payments for noncancellable operating leases for the Tax Collector as of September 30, 2016, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 223,261
2018	211,017
2019	206,975
2020	204,990
2021	203,401
Total	<u>\$ 1,049,644</u>

(d) The Sheriff is leasing equipment and office space under leases, which are cancelable under certain circumstances. During the fiscal year ended September 30, 2016, the lease payments on all operating leases amounted to approximately \$437,967.

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

Operating Leases for fiscal year 2016:	Lease Amount
Phil-Nick's Restaurant leases a space in the commercial building at 37 N Main Street, consisting of approximately 2,187 square feet, paying rental payments in the amount of \$1,405 monthly, plus applicable taxes. Payment is due no later than the first of each month. The cost of the leased space is \$232,613, with \$194,498 accumulated depreciation resulting in a \$38,115 carrying value.	16,862
The licensee leased the land at 15 SW 2nd Street, for \$100 monthly, plus applicable taxes. Payment is due no later than the first of each month. The cost of the land is \$5,596. This lease started in May 2016.	465
Florida Department of Health, sub-leases warehouse space within a building located at 6520 NW 18th Drive, paying rental payments in the amount of \$2,840 monthly.	34,081
Florida Department of Health, sub-leases warehouse space within a building located at 816 SW 64th Terrace, paying rental payments in the amount of \$10 monthly. This lease started in July 2016.	<u>20</u>
TOTAL OPERATING LEASES	<u>\$ 51,428</u>

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

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Fiscal Year Ending September 30	Lease Receivable
2017	\$ 18,062
2018	18,062
2019	18,062
2020	18,062
2021	18,062
TOTAL	\$ 90,310

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

(5) Other significant outstanding contracts at September 30, 2016, are as follows:

Amount	Vendor Name	Description
\$1,216,397	BBI Construction Management Inc	County Administration Building & Tax Collector office renovation
2,332,444	D E Scorpio Corporation	Construction of Fire Rescue Station #9
1,775,503	D E Scorpio Corporation	Construction of Fire Rescue Station #23 (Waldo)
125,000	Florida Museum of Natural History	Construction of the Discovery Room (VCB funds)
123,000	Duke Energy	Transmission facilities for 20th Avenue expansion

B. Contingencies

(1) Risk Management contingencies are discussed in Note 10.

(2) Grant Funding

The County participates in a number of federally and state assisted programs that are subject to program compliance audits. For the year ended September 30, 2016, the County's financial statements are subject to single audits as required by OMB Circular A-133 and the Florida Single Audit Act. It is the opinion of management that no material liabilities will result from such audits.

(3) Pending Litigation

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

(4) Employee benefits are discussed in Note 9.

(5) Solid Waste System

The County owns four closed landfills including the Southwest Landfill. If contamination levels were to increase in these landfills, the County could be liable for remediation actions. The remediation costs could range between \$0 and \$3 million depending on the severity of contamination detected and the number of landfill site(s) contaminated. In the worst-case scenario, remediation costs would not be incurred until after 2014.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 14 - RELATED PARTY TRANSACTIONS

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

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

**REQUIRED
SUPPLEMENTARY
INFORMATION**

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ALACHUA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - COUNTY-WIDE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 101,728,726	\$ 101,728,726	\$ 103,055,569	\$ 1,326,843
Permits and fees	-	-	570	570
Intergovernmental	5,330,791	5,340,238	5,859,806	519,568
Charges for services	17,210,419	17,195,198	17,510,784	315,586
Fines and forfeitures	11,900	11,900	12,383	483
Investment income	401,800	401,800	667,727	265,927
Miscellaneous	2,306,230	2,306,230	1,932,078	(374,152)
Total revenue	<u>126,989,866</u>	<u>126,984,092</u>	<u>129,038,917</u>	<u>2,054,825</u>
EXPENDITURES				
Current:				
General government	33,070,824	33,685,594	31,633,085	2,052,509
Public safety	87,163,630	87,628,545	86,016,562	1,611,983
Physical environment	1,949,939	1,994,007	1,808,135	185,872
Transportation	-	297,740	-	297,740
Economic environment	6,446,537	6,465,024	5,798,773	666,251
Human services	13,391,846	13,526,755	13,172,249	354,506
Culture and recreation	546,098	568,297	515,812	52,485
Court cost	9,885,898	10,158,819	9,611,146	547,673
Reserve for contingency	6,205,524	5,843,958	-	5,843,958
Debt Service:				
Principal	116,009	201,509	202,157	(648)
Interest	23,277	27,777	27,129	648
Total expenditures	<u>158,799,582</u>	<u>160,398,025</u>	<u>148,785,048</u>	<u>11,612,977</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,809,716)</u>	<u>(33,413,933)</u>	<u>(19,746,131)</u>	<u>13,667,802</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	28,871,617	30,417,701	30,557,996	140,295
Transfers out	(8,238,905)	(8,675,290)	(9,375,802)	(700,512)
Sale of capital assets	22,220	22,220	88,830	66,610
Total other financing sources and (uses)	<u>20,654,932</u>	<u>21,764,631</u>	<u>21,271,024</u>	<u>(493,607)</u>
Net change in fund balances	(11,154,784)	(11,649,302)	1,524,893	13,174,195
Fund balances - beginning	<u>11,154,784</u>	<u>11,649,302</u>	<u>25,854,038</u>	<u>14,204,736</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,378,931</u>	<u>\$ 27,378,931</u>

ALACHUA COUNTY, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 CHOICES
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Investment income	\$ -	\$ -	\$ 61,001	\$ 61,001
Miscellaneous	12,000	12,000	63,537	51,537
Total revenue	<u>12,000</u>	<u>12,000</u>	<u>124,538</u>	<u>112,538</u>
EXPENDITURES				
Current:				
Human services	890,407	970,407	804,371	166,036
Reserve for contingency	8,751,701	7,745,149	-	7,745,149
Total expenditures	<u>9,642,108</u>	<u>8,715,556</u>	<u>804,371</u>	<u>7,911,185</u>
Excess (deficiency) of revenues over (under) expenditures	(9,630,108)	(8,703,556)	(679,833)	8,023,723
Fund balances - beginning	<u>9,630,108</u>	<u>8,703,556</u>	<u>9,314,480</u>	<u>610,924</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,634,647</u>	<u>\$ 8,634,647</u>

ALACHUA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MSTU - UNINCORPORATED SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 4,453,750	4,453,750	\$ 4,464,094	\$ 10,344
Permits and fees	137,306	137,306	179,940	42,634
Intergovernmental	1,016,500	1,032,500	1,050,939	18,439
Charges for services	89,380	89,380	118,858	29,478
Investment income	3,500	3,500	17,400	13,900
Miscellaneous	30,136	30,136	14,623	(15,513)
Total revenues	<u>5,730,572</u>	<u>5,746,572</u>	<u>5,845,854</u>	<u>99,282</u>
EXPENDITURES				
Current:				
General government	1,126,248	1,142,248	1,105,358	36,890
Public safety	529,388	529,388	486,693	42,695
Physical environment	496,230	496,230	481,282	14,948
Transportation	1,813,169	1,813,169	1,740,076	73,093
Economic environment	1,018,998	1,018,998	1,010,861	8,137
Culture and recreation	1,122,750	1,189,346	1,089,390	99,956
Reserve for contingency	313,977	313,977	-	313,977
Total expenditures	<u>6,420,760</u>	<u>6,503,356</u>	<u>5,913,660</u>	<u>589,696</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(690,188)</u>	<u>(756,784)</u>	<u>(67,806)</u>	<u>688,978</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	303,800	303,800	303,317	(483)
Transfers out	(461,774)	(461,774)	(461,774)	-
Total other financing sources and (uses)	<u>(157,974)</u>	<u>(157,974)</u>	<u>(158,457)</u>	<u>(483)</u>
Net change in fund balances	(848,162)	(914,758)	(226,263)	688,495
Fund balances - beginning	<u>848,162</u>	<u>914,758</u>	<u>1,177,016</u>	<u>262,258</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 950,753</u>	<u>\$ 950,753</u>

ALACHUA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MSTU - LAW ENFORCEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 18,057,359	\$ 18,057,359	\$ 18,001,796	\$ (55,563)
Charges for services	307,400	307,400	128,914	(178,486)
Investment income	15,000	15,000	23,095	8,095
Miscellaneous	400	400	3,706	3,306
Total revenues	<u>18,380,159</u>	<u>18,380,159</u>	<u>18,157,511</u>	<u>(222,648)</u>
EXPENDITURES				
Current: General government	230,848	250,848	242,039	8,809
Public safety	139,203	119,203	109,633	9,570
Reserve for contingency	2,011,083	825,932	-	825,932
Total expenditures	<u>2,381,134</u>	<u>1,195,983</u>	<u>351,672</u>	<u>844,311</u>
Excess of revenues over expenditures	<u>15,999,025</u>	<u>17,184,176</u>	<u>17,805,839</u>	<u>621,663</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,058,202	1,058,202	1,013,681	(44,521)
Transfers out	<u>(18,045,159)</u>	<u>(18,207,159)</u>	<u>(18,207,159)</u>	<u>-</u>
Total other financing sources and (uses)	<u>(16,986,957)</u>	<u>(17,148,957)</u>	<u>(17,193,478)</u>	<u>(44,521)</u>
Net change in fund balances	(987,932)	35,219	612,361	577,142
Fund balances - beginning	<u>987,932</u>	<u>(35,219)</u>	<u>1,073,022</u>	<u>1,108,241</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,685,383</u>	<u>\$ 1,685,383</u>

ALACHUA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MSTU - FIRE PROTECTION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 12,074,719	\$ 12,074,719	\$ 12,030,602	\$ (44,117)
Permits and fees		-	3,840	3,840
Intergovernmental	19,000	19,000	22,045	3,045
Charges for services	685,131	685,131	766,450	81,319
Investment income	17,500	17,500	27,956	10,456
Miscellaneous	20,200	20,200	1,898	(18,302)
Total revenues	<u>12,816,550</u>	<u>12,816,550</u>	<u>12,852,791</u>	<u>36,241</u>
EXPENDITURES				
Current: General government	144,141	154,141	152,016	2,125
Public safety	13,470,787	13,368,295	13,004,499	363,796
Reserve for contingency	675,038	675,038	-	675,038
Total expenditures	<u>14,289,966</u>	<u>14,197,474</u>	<u>13,156,515</u>	<u>1,040,959</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,473,416)</u>	<u>(1,380,924)</u>	<u>(303,724)</u>	<u>1,077,200</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	759,401	759,401	756,059	(3,342)
Transfers out	<u>(1,038,524)</u>	<u>(1,038,524)</u>	<u>(1,038,524)</u>	-
Total other financing sources and (uses)	<u>(279,123)</u>	<u>(279,123)</u>	<u>(282,465)</u>	<u>(3,342)</u>
Net change in fund balances	(1,752,539)	(1,660,047)	(586,189)	1,073,858
Fund balance - beginning	<u>1,752,539</u>	<u>1,660,047</u>	<u>1,710,542</u>	<u>50,495</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,124,353</u>	<u>\$ 1,124,353</u>

ALACHUA COUNTY, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GAS TAX USES
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 3,433,098	\$ 3,433,098	\$ 3,984,038	\$ 550,940
Intergovernmental	76,000	76,000	82,170	6,170
Charges for services	1,230,562	1,230,562	916,692	(313,870)
Miscellaneous	12,579	12,579	18,305	5,726
Total revenues	<u>4,752,239</u>	<u>4,752,239</u>	<u>5,001,205</u>	<u>248,966</u>
EXPENDITURES				
Current:				
Physical environment	17,600	17,600	-	17,600
Transportation	9,751,628	8,224,798	7,117,008	1,107,790
Reserve for contingency	346,118	2,159,790	-	2,159,790
Total expenditures	<u>10,115,346</u>	<u>10,402,188</u>	<u>7,117,008</u>	<u>3,285,180</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,363,107)</u>	<u>(5,649,949)</u>	<u>(2,115,803)</u>	<u>3,534,146</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,608,192	5,801,254	5,770,724	(30,530)
Transfers out	-	(2,026,830)	(2,026,830)	-
Total other financing sources and (uses)	<u>4,608,192</u>	<u>3,774,424</u>	<u>3,743,894</u>	<u>(30,530)</u>
Net change in fund balances	(754,915)	(1,875,525)	1,628,091	3,503,616
Fund balances - beginning	<u>754,915</u>	<u>1,875,525</u>	<u>2,516,964</u>	<u>641,439</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,145,055</u>	<u>\$ 4,145,055</u>

ALACHUA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
EMERGENCY SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Intergovernmental	\$ 5,568,195	\$ 6,572,306	\$ 5,074,569	\$ (1,497,737)
Charges for services	523,789	523,789	543,922	20,133
Fines and forfeitures	649,872	295,373	302,974	7,601
Investment income	38,628	38,628	12,494	(26,134)
Miscellaneous	-	-	500	500
Total revenues	<u>6,780,484</u>	<u>7,430,096</u>	<u>5,934,459</u>	<u>(1,495,637)</u>
EXPENDITURES				
Current:				
Public safety	3,646,063	4,274,420	2,173,150	2,101,270
Reserve for contingency	312,306	1,867,920	-	1,867,920
Total expenditures	<u>3,958,369</u>	<u>6,142,340</u>	<u>2,173,150</u>	<u>3,969,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,822,115</u>	<u>1,287,756</u>	<u>3,761,309</u>	<u>2,473,553</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,421,056	4,433,087	4,022,389	(410,698)
Transfers out	<u>(8,211,526)</u>	<u>(8,211,526)</u>	<u>(7,741,774)</u>	<u>469,752</u>
Total other financing sources and (uses)	<u>(3,790,470)</u>	<u>(3,778,439)</u>	<u>(3,719,385)</u>	<u>59,054</u>
Net change in fund balances	(968,355)	(2,490,683)	41,924	2,532,607
Fund balances - beginning	<u>968,355</u>	<u>2,490,683</u>	<u>3,786,934</u>	<u>1,296,251</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,828,858</u>	<u>\$ 3,828,858</u>

ALACHUA COUNTY, FLORIDA
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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

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

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

The County-wide General Fund is comprised of the following six sub-funds: Board of County Commissioners, Clerk of Court, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector. In order to comply with generally accepted accounting principles, both the budgeted and actual intra-fund activity between these sub-funds has been consolidated in order to eliminate inflated amounts in the aggregated financial statements of the County-wide General Fund. Detail by sub-fund showing eliminations can be found in the Supplementary Information section starting on page 100.

**ALACHUA COUNTY, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
OTHER POST EMPLOYMENT BENEFITS (OPEB)
SEPTEMBER 30, 2016**

See Note 9.B. starting on page 76 for detailed information on the County's OPEB Plan

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)-Unit Cost (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Total Annual Payroll at Valuation Date (C)	UAAL as % of Covered Payroll (B-A)/C
10/1/2015	\$ 1,438,000	\$ 16,989,000	\$ 15,551,000	8.5%	\$ 109,619,517	14.2%
10/1/2014	1,443,000	16,933,000	15,490,000	8.5%	106,426,716	14.6%
10/1/2013	1,232,000	19,260,000	18,028,000	6.4%	105,897,229	17.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date	End of Plan Year to which Valuation Applies	Actual Covered Payroll for Current Period (A)	Required Employer Contribution Amount (B)	Required Employer Contribution % Payroll (B/A)	Actual Employer Contributions	Percentage Contributed
10/1/2015	9/30/2016	\$ 102,922,666	\$ 1,289,000	1.25%	\$ 1,069,814	83%
10/1/2014	9/30/2015	102,410,613	1,258,000	1.23%	1,916,025	152%
10/1/2013	9/30/2014	101,901,107	1,635,000	1.60%	1,494,965	91%

Alachua County, Florida
Required Supplementary Information
Schedules of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Florida Retirement System (FRS)	2016	2015
Employer's proportion of the net pension liability (asset)	0.4537%	0.4195%
Employer's proportionate share of the net pension liability (asset)	\$ 114,570,141	\$ 54,186,620
Employer's covered-employee payroll	\$ 95,821,390	\$ 93,030,476
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	119.57%	58.25%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%

Health Insurance Subsidy Program (HIS)	2016	2015
Employer's proportion of the net pension liability (asset)	0.3115%	0.3066%
Employer's proportionate share of the net pension liability (asset)	\$ 36,308,569	\$ 31,272,836
Employer's covered-employee payroll	\$ 95,821,390	\$ 93,030,476
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.89%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%

Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30th of the current fiscal year.

*GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Alachua County, Florida
Required Supplementary Information
Schedules of Employer Contributions
Last 10 Fiscal Years*

Florida Retirement System	2016	2015
Contractually required contribution	\$ 11,165,807	\$ 10,454,040
Contributions in relation to the contractually required contribution	<u>(11,165,807)</u>	<u>(10,454,040)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 97,150,888	\$ 94,321,250
Contributions as a percentage of covered-employee payroll	11.49%	11.08%
Health Insurance Subsidy Program	2016	2015
Contractually required contribution	\$ 1,571,486	\$ 1,282,771
Contributions in relation to the contractually required contribution	<u>(1,571,486)</u>	<u>(1,282,771)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 97,150,888	\$ 94,321,250
Contributions as a percentage of covered-employee payroll	1.62%	1.36%

Notes to schedules:

*GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

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**ADDITIONAL ELEMENTS OF REPORTS PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED
STATES, THE PROVISIONS OF OFFICE OF MANAGEMENT AND
BUDGET (OMB) UNIFORM GUIDANCE AND THE *RULES OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA***

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ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA No.	Contract/Grant Number	Expenditures	Transfer to Subrecipients	Received as Subrecipients
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U.S. Department of Housing and Urban Development

Passed Through FL Department of Economic Opportunity:

CDBG - Neighborhood Stabilization Program (NSP3)	14.228	12DB-Q5-03-11-01-F08	909	<1>	
CDBG - Neighborhood Stabilization Program (NSP1)	14.228	10DB-4X-03-11-01-F01	683		
Community Development Block Grant	14.228	15DB-OJ-03-11-01-H02	512,263		
		14.228 Total	513,855		

Department of Justice

Passed Through Florida Office of Attorney General:

VOCA - Crime Victim Assistance	16.575	V051-14106	128,647		
	16.575	V14244	104,230		
		16.575 Total	232,877		

Passed Through City of Gainesville:

A Coordinated Community response to Preventing Violence Against women in Gainesville, Florida	16.590	2007-WE-AX-0054	38,900	<2>	38,900
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Passed Through Florida Department of Law Enforcement:

FDLE Special Teams-Bomb FY16	16.738	2016-JAGC-ALAC-2-H3-006	5,654		
Problem Oriented Policing (POP) FY16	16.738	2016-JAGC-ALAC-1-H3-012	8,327		
RAD Grant	16.738	2016-JAGC-ALAC-2-H3-023	4,639		
FDLE Special Teams-Dive FY16	16.738	2016-JAGC-ALAC-2-H3-025	15,360		
JAG-Radio Equipment 10/15-9/16	16.738	2016-JAGC-ALAC-11-H3-021	7,629		

Passed Through City of Gainesville:

2014 Direct Byrne JAG Grant	16.738	2014-DJ-BX-0689	20,240	<3>	20,240
		16.738 Total	61,849		

Direct Program:

Equitable Sharing	16.922	N/A	250,367		
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Department of Transportation

Passed Through Florida Department of Transportation:

SW 8th Ave Bike Lane/Sidewalk	20.205	LAP No: ARD33; Financial Proj. No.: 428895-1-58, 68-01	304,023		
		20.205 Total	304,023		

Department of Energy

Passed Through Broward County:

Go Solar - Florida	81.117	DE-EE0006309	72,948	<4>	72,948
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ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA No.	Contract/Grant Number	Expenditures	Transfer to Subrecipients	Received as Subrecipients
<u>US Election Assistance Commission</u>					
<i>Passed Through Florida Division of Elections:</i>					
HAVA 09/10	90.401	N/A	5,082		
FY10/11 Federal Election Activities	90.401	MOA # 2010-2011-0001	25,453		
FY11/12 Federal Election Activities	90.401	MOA #2011-2012-0001	28,097		
FY12/13 Federal Election Activities	90.401	MOA # 2012-2013-0001	8,392		
		90.401 Total	67,024		
<u>U.S. Department of Health and Human Services</u>					
<i>Passed Through Florida Department of Children and Families:</i>					
Metamorphosis FY12/16	93.558	NE020	6,004	<5>	
<i>Passed Through Florida Department of Revenue:</i>					
Child Support Enforcement	93.563	CD301	280,738		
<i>Passed Through Partnership for Strong Families:</i>					
Juvenile Dependency Mediation Program	93.599	PNP600	800		
<i>Passed Through Florida Division of Elections:</i>					
Polling Place Accessibility	93.617	MOA #2013-2014-0003	18,626	<6>	
<i>Passed Through Florida Department of Children and Families:</i>					
Metamorphosis FY12/16 (SFY15/16)	93.959	NE020	155,230	<5>	
Metamorphosis FY12/16 (SFY 16/17)	93.959	NE020	34,145	<5>	
		93.959 Total	189,375		
<u>Corporation for National and Community Service</u>					
<i>Direct Program:</i>					
Foster Grandparent Program 4/13 - 3/16	94.011	13SFSFL005	181,921		
Foster Grandparent Program 4/16 - 3/19	94.011	16SFSFL004	130,640		
		94.011 Total	312,561		
<u>Executive Office of the President</u>					
<i>Passed Through St. Johns County Sheriff:</i>					
North Florida HIDTA (CADET)	95.001	N/A	70,515	<7>	70,515
<u>U.S. Department of Homeland Security</u>					
<i>Passed Through Florida Division of Emergency Management:</i>					
EMPG Fed Grant 7/15-6/16	97.042	16-FG-5A-03-11-01-068	17,332		
EMPG Fed Grant 7/16-6/17	97.042	17-FG-XX-03-11-01-075	18,828		
FY15 SHSGP CERT	97.042	16-CI-S9-58-03-01-XXX	4,954		
		97.042 Total	41,114		

ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA No.	Contract/Grant Number	Expenditures	Transfer to Subrecipients	Received as Subrecipients
<i>Direct Program:</i>					
Assistance to Firefighters	97.044	EMW-2014-FO-06112	96,430		
<i>Passed Through Florida Division of Emergency Management:</i>					
FY16 DHS Issues 9,11,&16	97.067	16-DS-T9-03-11-02-288	15,796		
FY14 DHS Issues 29	97.067	15-DS-P4-03-11-02-249	32,999		
FY14 DHS Issue 8 & 10	97.067	15-DS-P4-03-11-02-250	911		
		97.067 Total	49,706		
<i>Direct Program:</i>					
SAFER Grant	97.083	EMW-2013-FH-00323	535,280		
TOTAL FEDERAL AWARDS			\$ 3,142,992	\$ -	\$ 202,603

ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA No.	Contract/Grant Number	Expenditures	Transfer to Subrecipients	Received as Subrecipients
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Division of Emergency Management

Direct Program:

Emergency Management Preparedness and Assistance (EMPA) Grant 7/15-6/16	31.063	16-BG-83-03-11-01-001	79,040		
Emergency Management Preparedness and Assistance (EMPA) Grant 7/16-6/17	31.063	17-BG-83-03-11-01-008	13,163		
		31.063 Total	92,203		

Florida Department of Environmental Protection

Direct Program:

Cooperative Waste Collection Centers	37.007	S0716 - Baker County	14,137		
	37.007	S0716 - Bradford County	16,101		
	37.007	S0716 - Columbia County	19,478		
	37.007	S0716 - Dixie County	14,992		
	37.007	S0716 - Gilchrist County	19,847		
	37.007	S0716 - Lafayette County	13,429		
	37.007	S0716 - Nassau County	20,781		
	37.007	S0716 - Union County	13,874		
		37.007 Total	132,639		

Petroleum Cleanup Contract	37.024	S0477 - Task #7	433,140		
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Newman Lake Improvement	37.039	DEP Agreement No. LP01010	60,583		
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Florida Department of Legal Affairs and Attorney General

Passed Through Florida Council Against Sexual Violence:

Florida Council Against Sexual Violence 7/15-6/16	41.010	15OAG17	15,066		
Florida Council Against Sexual Violence 7/16-6/17	41.010	16OAG17	5,959		
		41.010 Total	21,025		

Florida Housing Finance Corporation

Direct Program:

SHIP - State Housing Initiatives Partnership Program	52.901	SHIP 15/16	209,828		
SHIP - State Housing Initiatives Partnership Program	52.901	SHIP 13/14	42,053		
	52.901	SHIP 14/15	338,517		
		52.901 Total	380,570		

Florida Department of Transportation

Direct Program:

SW 20th Ave/61st Intersection	55.008	Federal Project No. 433898-1-58-01	3,835		
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ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA No.	Contract/Grant Number	Expenditures	Transfer to Subrecipients	Received as Subrecipients
<u>Department of Children and Families</u>					
<i>Direct Program:</i>					
Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant 5/14 - 3/17	60.115	LHZ45	400,000	400,000	
<u>Florida Department of Health</u>					
<i>Direct Program:</i>					
EMS County Grant Program - EMS Trust Fund	64.005	C3001	53,546		
	64.005	C4001	30,292		
		64.005 Total	83,838		
<i>Passed Through Florida Council Against Sexual Violence:</i>					
Rape Crisis Program Trust Fund SFY14/15	64.061	13RCP17	44,586		
	64.061	16TFGR17	12,474		
		64.061 Total	57,060		
General Revenue - Florida Council Against Sexual Violence - SFY14/15	64.069	13GR17	64,875		
	64.069	16TFGR17	2,945		
		64.069 Total	67,820		
TOTAL STATE FINANCIAL ASSISTANCE			\$ 1,942,541	\$ 400,000	\$ -

Notes:

- <1> A portion of FY 15 expenditures for this program have been paid from program income.
- <2> Alachua County is a sub-recipient from the City of Gainesville.
- <3> Alachua County Sheriff's Office is a sub-recipient from the City of Gainesville.
- <4> Alachua County is a sub-recipient from Broward County.
- <5> Grant is split between federal programs 93.558 and 93.959.
- <6> Fund 171 is the operating fund for the Supervisor of Elections. Grant expenditures were included with operating expenditures and not reported separately.
- <7> Alachua County Sheriff's Office is a sub-recipient from St. Johns County Sheriff.

Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the Federal award activity of the Alachua County Board of County Commissioners and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards, which is required by the U.S. Office of Management and Budget.

The accompanying Schedule of State Financial Assistance includes the State award activity of the Alachua County Board of County Commissioners and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, *Rules of the Auditor General*, of the State of Florida.

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

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Alachua County, Florida (the "County"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caru, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 26, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

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

Report on Compliance for Each Major Federal Program and Each State Project

We have audited Alachua County, Florida's (the "County") compliance with the types of compliance requirements described in the OMB Compliance Supplement and the requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of the County's major federal programs and each major state project for the year ended September 30, 2016. The County's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and each major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and each major state project. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and each of its major state projects for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and each major state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Caru, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 26, 2017

Schedule of Findings and Questioned Costs
Year ended September 30, 2016

PART I – SUMMARY OF AUDITOR’S RESULTS

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

<u>Federal Programs</u>	<u>CFDA Number</u>
Community Development Block Grants	14.228
Highway Planning and Construction	20.205
<u>State Projects</u>	<u>CSFA Number</u>
Local Government Cleanup Contracting	37.024
State Housing Initiatives Partnership Program	52.901

8. A threshold of \$750,000 was used to distinguish between Type A and Type B programs for federal programs, and \$300,000 was used for state projects.
9. The County qualified as a low-risk auditee as that term is defined in Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

PART II – FINANCIAL STATEMENT FINDINGS SECTION

None

PART III – FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS

None

PART IV – FINDINGS AND QUESTIONED COSTS – STATE PROJECTS

None

MANAGEMENT LETTER

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

We have audited the financial statements of Alachua County, Florida (the "County") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated June 26, 2017. We have also issued a report on internal control over financial reporting and on compliance and other matters, and a report on internal control and compliance relating to the County's financial assistance. Those reports should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

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

Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the County has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(8). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

Annual Financial Report

As required by the Rules of the Auditor General, we determined that the County's annual financial report for the fiscal year ended September 30, 2016, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2016.

Other Matters

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

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

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

Caru, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 26, 2017



Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

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

We have examined Alachua County, Florida's (the "County") compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2016. Management of the County is responsible for the County's compliance with the specified requirements. Our responsibility is to express an opinion on the County's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 26, 2017



INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTIONS 365.172(10) AND 365.173(2)(d), FLORIDA STATUTES

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

We have examined Alachua County, Florida's (the County) compliance with the requirement of Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d), Florida Statutes, *Distributions and Use of (E911) Funds*, during the year ended September 30, 2016. Management of the County is responsible for the County's compliance with the specified requirements. Our responsibility is to express an opinion on County's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

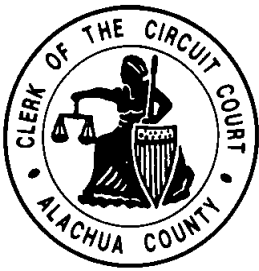
Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, County complied, in all material respects, with aforementioned requirements for the year ended September 30, 2016.

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 26, 2017



CLERK OF THE CIRCUIT COURT

Finance and Accounting
201 East University Avenue
Gainesville, Florida 32601

J.K. IRBY
CLERK

TELEPHONE
(352) 374-3605

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The following is a summary of the September 30, 2015 audit findings and the current status of each finding.

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



Alachua County Board of County Commissioners

Ken Cornell, *Chair*
Lee Pinkoson, *Vice Chair*
Mike Byerly
Robert Hutchinson
Charles "Chuck" Chestnut, IV

Administration
Dr. Lee A. Niblock, CM
County Manager

June 27, 2017

Honorable Sherrill F. Norman, CPA
Auditor General, State of Florida
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman:

This letter is in response to the Independent Auditors' management letter to the Board of County Commissioners of Alachua County, for the year ended September 30, 2016. We are happy to report that for the twenty-fifth year in a row the Auditors found no significant deficiencies.

Thank you for your attention.

Sincerely,

Ken Cornell, Chair
Alachua County Commission

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

rdg

cc: Board of County Commissioners
Dr. Lee A. Niblock, County Manager
Michele L. Lieberman, County Attorney