

Alachua County, Florida

Single Audit Report

For the Fiscal Year Ended September 30, 2014

ALACHUA COUNTY, FLORIDA
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

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

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ALACHUA COUNTY, FLORIDA
SINGLE AUDIT REPORT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014
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**INDEPENDENT AUDITOR'S REPORT
FOR
COMPREHENSIVE ANNUAL FINANCIAL REPORT
ALACHUA COUNTY, FLORIDA**

September 30, 2014

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, 2014, 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, 2014, 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 March 16, 2015, 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.

Cary Riggs & Ingram, L.L.C.

Gainesville, Florida
March 16, 2015

**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, 2014. 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, 2014 by \$575.9 million (net position). Of this amount, \$36.6 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position of \$575.9 million is comprised of the following:
 - 1) Net investment in capital assets of \$451.9 includes property and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of those capital assets.
 - 2) \$87.4 million of net position are restricted by constraints imposed from outside of the County such as debt covenants, grantors, laws, or regulations.
 - 3) \$25.3 million of unrestricted governmental net position and \$11.3 million of unrestricted business-type net position represent the portion available to maintain the County's continuing obligations to citizens and creditors.
- The County's total net position increased \$2.1 million over the previous year with a increase of \$1.2 from governmental activities and an increase of \$.9 million from business activities. This increase in total net position is primarily due to a decline in expenses among multiple governmental activities.

Fund Statements

- At September 30, 2014, the County's governmental funds reported combined ending unassigned fund balances of \$13.8 million and total fund balances of \$119.7 million. Total fund balances had an increase of \$7.5 million from the prior fiscal year.
- At September 30, 2014, unassigned fund balance for the General Fund was \$13.8 million or 11.52% of General Fund operating revenue. Assigned fund balance includes \$6 million subsequent year's reserve for contingency and \$5.5 million for FY15 appropriated fund balance. General Fund balance decreased by \$0.3 million from the prior fiscal year.
- Governmental funds revenues increased overall by \$7.41 million or 3.58% from the prior fiscal year. The overall change in governmental funds revenues can primarily be attributed to the following: \$5.9 million increase in ad-valorem taxes as a result of tax certificates sales and \$2.6 million increase in charges for services for Clerk of Court Fine and Forfeiture fund.
- After making regularly scheduled debt service payments for the year, the County had a net decrease in bonded debt of \$5.6 million over the prior fiscal year and notes payable had a net increase of \$5.5 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 2014. 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 thirty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the County-wide General Fund, Community Health Program Offering Innovative Care and Health Education Services (CHOICES), Municipal Service Taxing Unit (Unincorporated, Law Enforcement and Fire Protection), Gas Tax Uses, Debt Service, Other Capital Projects, Transportation Trust and Wild Spaces & Public Places which are considered to be major funds. Data from the other twenty governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Supplemental Information section of this report; the breakdown of the County-wide General Fund by Board of County Commissioners and Constitutional Officer is also presented in this section.

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

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

Proprietary Funds

The County maintains two different types of proprietary funds. Enterprise funds are used to report business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities relating to Solid Waste and Codes Enforcement. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its Computer Replacement, Vehicle Replacement, Fleet Management, Telephone Service, Self-Insurance 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 34-36 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 37-38 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-87 of this report, with the index to the notes on the first page of that section.

Other Information

Supplemental information in the form of combining statements referred to earlier, present a more detailed view of non-major funds used in governmental and enterprise funds. The sub-funds of the General Fund are presented first, followed by the budget to actual schedules for non-major special revenue funds, the debt service fund and all capital projects funds. Also included are statements for internal service and agency funds as well as component unit information. Combining and individual fund schedules can be found on pages 97-135 of this report. Additional information about the County that may be of interest to the reader is found under the Statistical section on pages 159-187 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 \$575.9 million at the close of the fiscal year ended September 30, 2014 (see table next page).

At the end of fiscal year 2014, the County is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

Current and other assets increased by 2.0% over the prior year due to issuance of new debt in September 2014, \$9.9 million for the acquisition and construction of public improvements consisting of a new building facility, fire station, criminal courthouse HVAC system, and ERP financial software system. Net investment in capital assets, less any outstanding debt used to acquire those assets, decreased by .4% due to the completion of several road resurfacing projects, the acquisition of land and improvement of parks, and renovations and upgrades of jail facilities in the prior year.

Alachua County, Florida
Net Position
(in millions)

| | Governmental Activities | | Business-type Activities | | Total | | Percent Change |
|-----------------------------------|--------------------------------|-------------|---------------------------------|-------------|--------------|-------------|-----------------------|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | |
| Current and other assets | \$165.0 | \$168.7 | \$19.3 | \$19.3 | \$184.4 | \$188.0 | 2.0% |
| Capital assets | 520.8 | 515.9 | 8.8 | 9.5 | 529.6 | 525.4 | -0.8% |
| Total assets | 685.8 | 684.6 | 28.1 | 28.8 | 713.9 | 713.4 | -0.1% |
| Deferred Outflows | \$1.0 | \$0.9 | - | - | \$1.0 | \$0.9 | -10.3% |
| Current liabilities | 40.2 | 38.5 | 1.6 | 1.5 | 41.7 | 40.0 | -4.2% |
| Long-term liabilities outstanding | 94.1 | 93.3 | 5.2 | 5.1 | 99.4 | 98.4 | -0.9% |
| Total liabilities | 134.3 | 131.8 | 6.8 | 6.6 | 141.1 | 138.4 | -1.9% |
| Net investment in capital assets | 445.1 | 442.4 | 8.8 | 9.5 | 453.9 | 451.9 | -0.4% |
| Net position - restricted | 79.7 | 86.0 | 1.4 | 1.4 | 81.1 | 87.4 | 7.8% |
| Net position - unrestricted | 27.7 | 25.3 | 11.1 | 11.3 | 38.8 | 36.6 | -5.8% |
| Total net position | \$552.5 | \$553.7 | \$21.3 | \$22.2 | \$573.8 | \$575.9 | 0.4% |

(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 decreased from the previous year by 1.9% due primarily to annual debt service principal repayments of \$10 million less the acquisition of new debt of \$9.9 million.

Total net position at year end is \$575.9 million. The largest portion of the County's net position (\$451.9 million or 78.5%) 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 (\$87.4 million or 15.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$36.6 million or 6.3%) may be used to meet the government's ongoing obligations to citizens and creditors.

Restricted net position in the governmental activities and business-type activities had a net increase of \$6.3 million or 7.8% from 2013 to 2014. This portion of net position represents restrictions from specific revenue sources and grants. Main components of the net increase include:

- Net increase of \$.7 million in restricted assets for debt requirements - bond covenants for bond insurance downgrades and increase in funding requirements on new issues
- Net increase of \$.8 million in restricted assets for tourist development
- Spend down (decrease) of \$3.0 million in restricted assets for CHOICES program
- Decrease of \$2.5 million in restricted assets for road construction reduction bond proceeds
- Increase of \$9.7 million in restricted assets for sales tax bond proceeds
- Decrease of \$.4 million in restricted assets for grants and other purposes

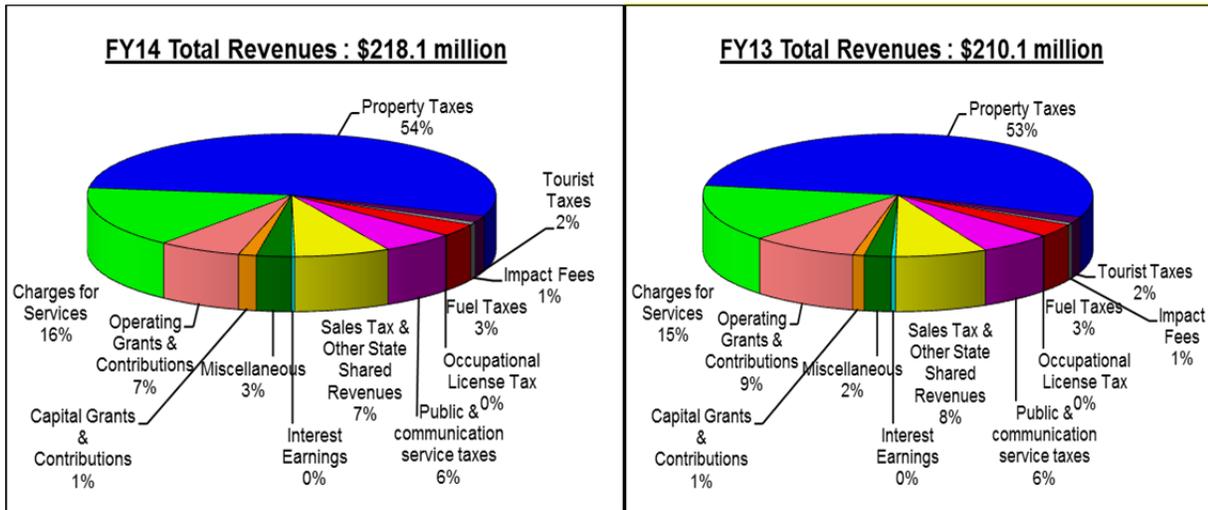
- Increase of \$1.0 in restricted assets for impact fee transportation

Unrestricted net position in the governmental type activities decreased by \$2.4 million, due to an increase in bond covenants, cash reserve, and sinking fund requirements for debt issues.

| Alachua County, Florida | | | | | | | |
|---|-----------------|-----------------|----------------|----------------|-----------------|-----------------|-------------------|
| Changes in Net Position | | | | | | | |
| (in millions) | | | | | | | |
| | Governmental | | Business-type | | Total | | Percent Change |
| | Activities | | Activities | | | | |
| | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | |
| Revenues: | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | \$31.5 | \$35.2 | \$12.6 | \$13.3 | \$44.0 | \$48.5 | 10.2% |
| Operating grants and contributions | 18.5 | 14.3 | - | - | 18.5 | 14.3 | -22.5% |
| Capital grants and contributions | 2.0 | 3.1 | - | \$0.1 | 2.0 | 3.2 | 60.3% |
| General revenues: | | | | | | | |
| Property taxes | 112.0 | 117.0 | - | - | 112.0 | 117.0 | 4.5% |
| Discretionary sales surtaxes | - | - | - | - | - | - | - |
| Other taxes | 23.5 | 23.7 | - | - | 23.5 | 23.7 | 1.0% |
| Other | 22.7 | 24.8 | 0.4 | 0.5 | 23.1 | 25.3 | 9.5% |
| Total revenues | <u>210.1</u> | <u>218.1</u> | <u>13.0</u> | <u>13.9</u> | <u>223.1</u> | <u>232.0</u> | <u>4.0%</u> |
| Expenses: | | | | | | | |
| Administration | 43.3 | 43.1 | - | - | 43.3 | 43.1 | -0.4% |
| Community services | 28.3 | 17.9 | - | - | 28.3 | 17.9 | -36.5% |
| Corrections | 28.8 | 31.1 | - | - | 28.8 | 31.1 | 7.9% |
| Courts | 20.7 | 20.0 | - | - | 20.7 | 20.0 | -3.2% |
| Culture and recreation | 2.3 | 2.1 | - | - | 2.3 | 2.1 | -7.8% |
| Tourist development | 3.1 | 3.1 | - | - | 3.1 | 3.1 | 1.6% |
| Emergency services | 30.6 | 32.5 | - | - | 30.6 | 32.5 | 6.1% |
| Environmental services | 2.9 | 2.9 | - | - | 2.9 | 2.9 | -0.2% |
| Growth management | 3.8 | 3.7 | - | - | 3.8 | 3.7 | -2.3% |
| Law enforcement | 33.0 | 33.8 | - | - | 33.0 | 33.8 | 2.3% |
| Solid waste collection | 4.7 | 4.8 | - | - | 4.7 | 4.8 | 1.4% |
| Transportation | 19.2 | 18.5 | - | - | 19.2 | 18.5 | -3.4% |
| Interest on long-term debt | 3.6 | 3.3 | - | - | 3.6 | 3.3 | -7.3% |
| Solid waste disposal system | - | - | 10.5 | 12.0 | 10.5 | 12.0 | 14.4% |
| Codes enforcement | - | - | 1.1 | 1.1 | 1.1 | 1.1 | 4.6% |
| Total expenses | <u>224.1</u> | <u>216.8</u> | <u>11.6</u> | <u>13.1</u> | <u>235.7</u> | <u>229.9</u> | <u>-2.4%</u> |
| Increase (decrease) in net position before transfers | (14.0) | 1.3 | 1.4 | 0.8 | (12.6) | 2.1 | |
| Transfers | (0.0) | (0.1) | 0.0 | 0.1 | - | - | |
| Increase (decrease) in net position | <u>(14.0)</u> | <u>1.2</u> | <u>1.4</u> | <u>0.9</u> | <u>(12.6)</u> | <u>2.1</u> | |
| Net Position - Beginning as previously reported | 567.8 | 552.5 | 19.9 | 21.3 | 587.7 | 573.8 | |
| Change in accounting principle | (1.3) | (0.0) | - | - | (1.3) | (0.0) | |
| Net Position-beginning-as restated | <u>566.5</u> | <u>552.5</u> | <u>19.9</u> | <u>21.3</u> | <u>586.4</u> | <u>573.8</u> | |
| Net Position - Ending | <u>\$ 552.5</u> | <u>\$ 553.7</u> | <u>\$ 21.3</u> | <u>\$ 22.2</u> | <u>\$ 573.8</u> | <u>\$ 575.9</u> | <u>0.4%</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.



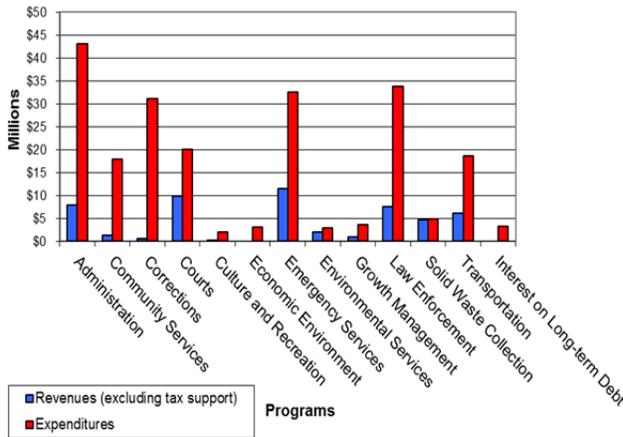
Governmental Activities

The County's total net position increased \$2.1 million over the previous year with an increase of \$1.2 from governmental activities and an increase of \$.9 million from business activities.

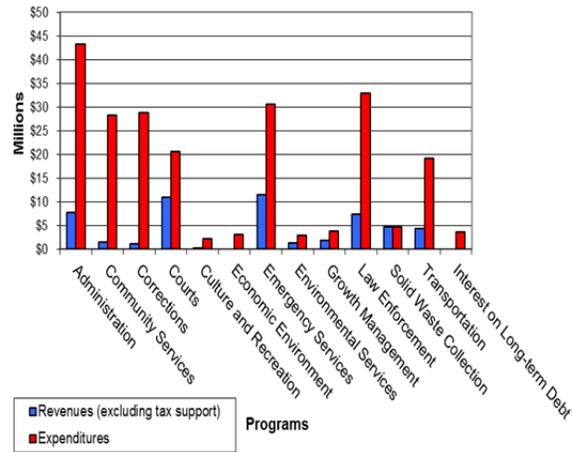
Major changes in revenues were caused by the following:

- Charges for Services increased by 10.2% the majority of the increase was due to legislative change that occurred in June 2013 altering the funding mechanism for the Clerk's operations.
- Capital Grants and Contributions increased overall by 60.3%. During the FY2014, the County received \$1.2 million dollar federal grant for the Archer Braid Phase II project. The Archer Braid Phase II project includes a 3.4 mile multi-use path. The path starts at the intersection of SW 91st Street and Archer Road and terminates at Kanapaha Park. In addition, private contributions and donations were received for the purchase of legacy lands at Lochloosa Creek.
- Operating Grants and Contributions decreased overall by 22.5%. During the prior fiscal year, the Alachua County Sheriff's Office received one-time funding from a cops federal sexual predator grant. In addition, the County received a reduction in funding for the Criminal Justice Mental Health Substance Abuse grant.
- Property tax revenue increased by \$5 million as a result Board approval of millage rate changes in fiscal year 2014 to 2.1531 mills for MSTU-Law Enforcement and .5038 mills for MSTU-Unincorporated. This resulted in additional property tax revenues being received within MSTU-Law Enforcement and MSTU-Unincorporated.

**FY14 Expenses and Program Revenues -
Governmental Activities**



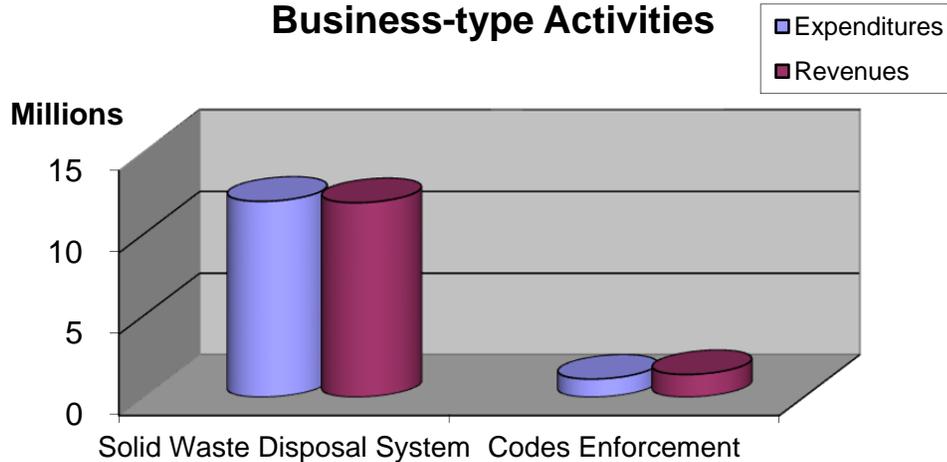
**FY13 Expenses and Program Revenues -
Governmental Activities**



Major changes in expenses were caused by the following:

- Court expenses decreased by 3.2% or .7 million. The primary component of the decrease is staffing level changes within the court services department, and a reduction in clerk fine and forfeiture expenses over the prior year.
- Community services expenses decreased by \$10.4 million or 36.5%, because of decrease in Choices program expenses. Pursuant to a successful sales tax referendum in August 2004, the County began receiving .25% additional sales tax for the seven year period January 2005 thru December 2011. On December 31, 2013, the Choices program benefits were discontinued. The Board and Staff are developing a plan for spend down of the remaining choices fund balance.
- Corrections expenses increased by \$2.3 million or 7.9%, because of an agreement to fund eleven new jail positions in fiscal year 2014.
- Growth management decreased by 2.3% or \$.1 million. During FY2014, the expenses for Neighborhood Stabilization Program were reduced due to wind down and subsequent transfer of houses to Alachua County Housing Authority. This is a HUD program established for stabilizing communities that have suffered foreclosure and abandonment of property.
- Transportation decreased by \$.7 million or 3.4% due to the completion of several major road resurfacing and widening projects in the prior fiscal year.
- Emergency services increased by 6.1% or \$1.9 million. During FY2014, the board was awarded a SAFER grant. The goal of the SAFER grant is to enhance the ability of grantees to attain and maintain 24-hour staffing and to assure that their communities have adequate protection from fire and fire-related hazards. This award allowed Alachua County to increase staffing in Station 23 (Waldo), Station 25 (Hawthorne), and Station 27 (Archer) from the current two firefighters to a minimum of four firefighters each day.

Expenses and Program Revenues - Business-type Activities



Business-type Activities

Business-type activities increased the County's net position by \$0.9 million.

- 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 exceeded operating expenses by \$185,804. After accounting for non-operating revenues and transfers-in, the Transfer Station had a net change in position for the year of \$630,844. The primary reason for the positive change in net position is due to a reduction in expenses for closure/post closure landfill engineering cost estimates which also lowered the estimated long-term liability for landfill closure costs.
- Codes Enforcement furnishes services to the development community and citizens. Codes Enforcement operating revenues exceeded operating expenses by \$0.3 million in fiscal year 2014. Revenues decreased slightly for licenses and permits, with the majority being in re-roofing and new construction for Single Family. Total permits issued in fiscal year 2014 were 5,060 versus 5,232 permits issued in fiscal year 2013.

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 | \$ 119,686,020 |
| Fund balance designation: | |
| Nonspendable | 988,434 |
| Restricted | 81,248,368 |
| Assigned | 23,670,639 |
| Unassigned fund balance | \$ 13,778,579 |

As of the end of fiscal year 2014, the County's governmental funds reported combined unassigned ending fund balances of \$13.8 million, an increase of \$3 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 FY15 appropriations.

Major Funds

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

The General Fund is the chief operating fund of the County and consists of six sub-fund categories: BOCC Countywide General Fund, Clerk of Court General Fund, Property Appraiser General Fund, Sheriff General Fund, Supervisor of Elections General Fund, and Tax Collector General Fund. The General Fund had a decrease in fund balance of \$0.3 million. The total fund balance was \$26.5 million of which \$13.8 million was unassigned. The cash & investment balance at the end of the year was \$20.3 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 11.52% of total actual FY14 General Fund operating revenue and 10.17% of projected FY15 operating revenues. The General Fund's spendable unrestricted fund balance (the sum of committed, assigned, & unassigned fund balance) totaled \$25.8 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, 2014, the total fund balance for CHOICES was \$9.6 million. During the year CHOICES had \$1.4 million in investment and miscellaneous income. \$4.5 million was spent for program costs resulting in a net change in fund balance of (\$3) 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 tax revenue resulted in an overall rise in fund balance during the year of \$0.6 million. The fund has an ending fund balance of just under \$1 million. The ending fund balance represents 18.8% of the MTSU - Unincorporated Services operating revenue.

The MSTU - Law Enforcement Fund pays for the majority of the Sheriff's patrol in the unincorporated area of the County through transfers of \$16.9 million to the Sheriff. The increase in fund balance during the year was \$2 million primarily because of an increase in property taxes, 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 in fund balance of \$1.6 million, a decrease of \$0.1 million dollars from the prior year. The ending fund balance represents 12.90% 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 \$3.8 million, including \$2.1 million from the General Fund to bolster lagging gas tax revenues, and \$1.7 million from unrestricted debt service collections on Gas Tax Revenue Bonds. This year \$7.8 million was spent on maintenance of County roads. Revenues including transfers were more than expenditures by \$0.7 million resulting in an ending fund balance of \$1.2 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. Total planned principal and interest payments for the year were \$13.4 million. The fund has an ending balance of \$5.8 million, an increase of \$0.5 million from fiscal year 2013.

The Other Capital Projects Fund accounts for impact fees, bond proceeds and other allocations for general facilities improvements. In September 2014, \$9.9 million in Public Improvement Revenue Notes were issued to finance the acquisition and construction of a new building facility, new fire station, new rescue station, new criminal courthouse HVAC system and new ERP financial software system. The fund has a total ending fund balance of \$15.4 million.

The Transportation Trust Fund was established in fiscal year 2005 by a transfer from the Gas Tax Uses fund, in the amount of \$9.0 million. Also, on April 19, 2005, the Board of County Commissioners (BOCC) authorized staff to proceed with the issuance of \$33 million in Gas Tax Bonds for transportation improvements. In 2006, the first series of Revenue Tax Bonds were issued for \$15.4 million. In 2008, the second series were issued for \$18.2 million. In 2011, the BOCC approved issuance of an additional \$9.5 million bank note, pledging the County's 5 cent local option gas tax. In FY2013, the BOCC transferred-in transportation related impact fees and other transportation capital project funds totaling \$17.4 million. After transportation improvement expenditures of \$5.8 million this fiscal year, the 2014 ending fund balance was \$28.4 million.

The Wild Spaces & Public Places (WSPP) capital project fund originated as a result of voter referendum on November 4, 2008 that approved a half-cent sales tax for two year duration. Funding from the WSPP sales tax is used to purchase conservation lands and to fund recreational improvements in the County. Spending this year included \$0.1 million dollars for conservation land. It is anticipated this fund will be closed-out in FY15 when the remaining balance of the two-year sales tax will be spent.

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, 2014 were \$27.4 million, of which \$9.5 million are capital assets, net of depreciation. Total liabilities were \$6.4 million. Change in net position was \$0.6 million resulting in an ending net position of \$21 million.

General Fund Budgetary Highlights

The difference between the General Fund's original and final budgeted operating revenues, excluding other financial sources was an increase of \$85,669 in intergovernmental and charges for services recognized during mid-year budget adjustments.

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:

- \$250,000 – Supervisor of Elections building lease
- \$130,612 – Additional Department of Juvenile Justice detention costs

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

- \$3.5 million– carry forward of prior year purchase orders and mid-year fund balance adjustments.

General Fund actual revenues overall were \$3.3 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 \$.9 million more than was budgeted. Actual operating expenditures overall were \$10.8 million less than was budgeted; this was primarily due to a \$3 million savings in personnel services and unused reserve for contingency balance of \$5.7 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, 2014 totals \$525.4 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 |
|-----------------------------------|-------------------------|-----------------|--------------------------|---------------|-----------------|-----------------|----------------|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | |
| Land | \$ 251.9 | \$ 253.2 | \$ 3.4 | \$ 3.5 | \$ 255.3 | \$ 256.7 | 0.55% |
| Art | 0.1 | 0.1 | - | - | 0.1 | 0.1 | 0.00% |
| Infrastructure | 133.8 | 125.1 | - | - | 133.8 | 125.1 | -6.50% |
| Buildings | 76.3 | 89.9 | 1.6 | 1.5 | 77.9 | 91.4 | 17.33% |
| Improvements other than buildings | 6.9 | 6.7 | 3.1 | 3.1 | 10.0 | 9.8 | -2.00% |
| Equipment | 24.4 | 24.9 | 0.7 | 1.4 | 25.1 | 26.3 | 4.78% |
| Construction in progress | 27.3 | 16.0 | - | - | 27.3 | 16.0 | -41.39% |
| Total | \$ 520.7 | \$ 515.9 | \$ 8.8 | \$ 9.5 | \$ 529.5 | \$ 525.4 | -0.77% |

(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 decreased due primarily to completion of the Alachua County Sheriff's Office, Department of Jail construction.

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

- Road resurfacing and widening projects completed 2014 using contractors:
 - North Main St from N 8th Ave to N 23rd Ave (1.03 miles for \$1.6 million)
 - SE 15th St Path (1.2 miles for \$0.9 million)
- Planning, design and construction began or continued on the following major road resurfacing and widening projects this fiscal year for:
 - NW CR 231 from SR 121 to SR 235 (6 miles for \$2.6 million spent to date)
 - SW 20th Ave from SW 61st St to SW 62 Blvd (\$538,629 spent to date)
 - NW 16th Ave from NW 57th Terrace to NW 13th St (4 miles for \$3.3 million spent to date)
 - SW 62nd Ave/SW 63rd Blvd from Archer Rd to Williston Rd (\$6.8 million spent to date)
 - SW CR 337 from Levy County to SR 26 (8 miles for \$.5 million spent to date)
 - Archer Braid Multi-Use Path from the City of Archer to SW 91st St (3.4 miles for \$1.5 million spent to date)
 - SW 8th Ave Connector Milling, Resurfacing and new road construction (\$1.7 million spent to date)
 - SW 20th Ave/SW 24th Ave Four Lane Bridge and Turn Lane (\$476,425 spent to date)
 - SW 156th Ave Culvert (\$1.1 million spent to date)
 - SW 8th Ave Multi-Use Path (2 miles for \$.8 million spent to date)
- County Buildings
 - Alachua County Sheriff's Office, Department of the Jail – Energy efficient HVAC upgrades, new roof, and other major renovations completed (\$14.5 million spent)
 - Alachua County Civil Courthouse – investment in energy efficient HVAC upgrades and other building improvements completed (\$3.2 million spent)

- Alachua County Forever-Legacy Lands—numerous acquisition efforts are underway in conjunction with other State programs. Overall \$0.3 million was spent on land related purchases this year, along with \$0.9 million being donated through federal grants. A list of the major acquisitions is below:
 - Lochloosa Creek – Cypress point Creamery parcel with 225 acres for \$0.1 million
 - Lochloosa Creek – Higginbotham Ranch parcel with 318 acres for \$0.2 million
- Neighborhood Stabilization Program houses – The County received federal funds in FY14 from CDBG Neighborhood Stabilization Program (NSP) grant. The funds paid for the acquisition and rehabilitation of houses as well as for house maintenance and program administration. In FY14, two houses totaling \$116,529 were bought and \$26,406 has been spent to date on repairs/renovations.

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

Long-term Debt

At the end of fiscal year 2014, the County had total bonded debt outstanding of \$26.4 million. The County’s debt represents bonds secured by specified revenue sources (i.e., Revenue Bonds).

**Alachua County, Florida
Outstanding Debt**

| | 2013 | 2014 |
|---------------------------------------|---------------|---------------|
| Revenue Bonds | | |
| Revenue Bonds | \$ 67,780,000 | \$ 62,180,000 |
| Total | \$ 67,780,000 | \$ 62,180,000 |
| Notes Payable | | |
| 2008 Capital Improvement bank loan | \$ 5,737,000 | \$ 5,262,000 |
| 2011 Local Option Gas Tax bank loan | 7,603,000 | 6,404,000 |
| 2012 Alachua County Forever bank loan | 7,630,800 | 4,870,200 |
| 2014 Public Improvement bank loan | - | 9,900,000 |
| Total | \$ 20,970,800 | \$ 26,436,200 |

After making regularly scheduled debt service payments for the year, the County had a decrease in bonded debt of over \$5.6 million and a net increase in notes payable of \$5.5 million from the prior fiscal year. The net increase in notes payable was due to the issuance of \$9.9 million in Public Improvement Revenue Notes to finance the acquisition and construction of a new building facility, new fire station, new rescue station, new criminal courthouse HVAC system and new ERP financial software system.

Additional information on the County’s debt can be found in Note 9 on pages 71-76 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County at September 30, 2014 was 4.6%. This represents a decrease of 6.1% from the prior year, and is one of the lowest rates in the state.
- The total taxable assessed value increased 5% for the FY15 budget year with a tax base of \$11.8 billion.
- There were 5,060 building permits issued in the County for fiscal year 2014, down 3.29% from the previous fiscal year total of 5,232.
- Estimated population increased by .81% from an estimate of 251,417 to 253,451.

During the current fiscal year, unassigned fund balance in the General Fund increased to \$13.8 million with a total fund balance of \$26.5 million. The fiscal year 2014 ad valorem millage rate for the General Fund increased to 8.7990 mills and the tax rate remained the same at 8.7990 for fiscal year 2015.

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, 2014

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-----------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets: | | | | |
| Current Assets: | | | | |
| Equity in pooled cash & investments | \$ 132,162,170 | \$ 13,281,817 | \$ 145,443,987 | \$ 407,414 |
| Cash with claims administrator | 200,000 | - | 200,000 | - |
| Other cash and equivalents | 10,555,137 | 250 | 10,555,387 | - |
| Investments | 1,779,411 | - | 1,779,411 | - |
| Receivables (net) | 3,062,870 | 929,716 | 3,992,586 | 548 |
| Due from other governments | 7,935,921 | 2,474 | 7,938,395 | 3,628 |
| Internal balances | (14,393) | 14,393 | - | - |
| Inventories or assets held for sale | 1,008,345 | - | 1,008,345 | - |
| Prepaid items | 1,464,766 | - | 1,464,766 | - |
| Total current non-restricted assets | 158,154,227 | 14,228,650 | 172,382,877 | 411,590 |
| Current Restricted Assets: | | | | |
| Sinking fund cash & cash reserves | 11,941,462 | - | 11,941,462 | - |
| Total current restricted assets | 11,941,462 | - | 11,941,462 | - |
| Total current assets (restricted & non-restricted) | 170,095,689 | 14,228,650 | 184,324,339 | 411,590 |
| Noncurrent Assets: | | | | |
| Internal balances | (1,384,450) | 1,384,450 | - | - |
| Noncurrent restricted assets: | | | | |
| Restricted equity in pooled cash and investments | - | 102,552 | 102,552 | - |
| Restricted investments | - | 3,580,540 | 3,580,540 | - |
| Restricted interest receivable | - | 17,578 | 17,578 | - |
| Total noncurrent restricted assets | - | 3,700,670 | 3,700,670 | - |
| Capital Assets: | | | | |
| Land | 253,172,372 | 3,476,110 | 256,648,482 | - |
| Artwork | 91,390 | - | 91,390 | - |
| Infrastructure | 506,048,516 | - | 506,048,516 | - |
| Buildings | 142,623,500 | 2,959,928 | 145,583,428 | - |
| Improvements other than buildings | 14,765,688 | 13,576,847 | 28,342,535 | - |
| Equipment and software | 77,563,770 | 3,938,810 | 81,502,580 | - |
| Construction in progress | 15,974,555 | - | 15,974,555 | - |
| Less accumulated depreciation | (494,347,566) | (14,430,555) | (508,778,121) | - |
| Total capital assets | 515,892,225 | 9,521,140 | 525,413,365 | - |
| Total noncurrent assets (restricted & non-restricted) | 514,507,775 | 14,606,260 | 529,114,035 | - |
| Total Assets | \$ 684,603,464 | \$ 28,834,910 | \$ 713,438,374 | \$ 411,590 |
| Deferred Outflow of Resources: | | | | |
| Deferred loss on refunding | 896,570 | - | 896,570 | - |
| Total Deferred Outflow of Resources | 896,570 | - | 896,570 | - |

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

| | Primary Government | | Total | Component Units |
|---|----------------------------|-----------------------------|-----------------------|--------------------|
| | Governmental Activities | Business-type Activities | | |
| Liabilities: | | | | |
| Current Liabilities (payable from current assets): | | | | |
| Accounts payable | \$ 12,837,113 | \$ 856,759 | \$ 13,693,872 | \$ 440 |
| Accrued interest payable | 1,056,208 | - | 1,056,208 | - |
| Estimated liability for self insurance losses | 1,984,379 | - | 1,984,379 | - |
| Contracts payable | 514,758 | - | 514,758 | - |
| Due to other governments | 2,617,797 | 12,923 | 2,630,720 | 3,628 |
| Deposits | 115,756 | 102,677 | 218,433 | - |
| Unearned revenue | 1,745,898 | - | 1,745,898 | - |
| Accrued compensated absences | 7,003,244 | 210,843 | 7,214,087 | - |
| Accrued landfill closure cost | - | 318,745 | 318,745 | - |
| Capital lease payable | 82,059 | - | 82,059 | - |
| Medicaid payable | 883,430 | - | 883,430 | - |
| Bonds and notes payable | 9,624,500 | - | 9,624,500 | - |
| Total current liabilities (payable from current assets) | 38,465,142 | 1,501,947 | 39,967,089 | 4,068 |
| Noncurrent Liabilities: | | | | |
| Accrued compensated absences | 7,123,322 | 406,731 | 7,530,053 | - |
| Estimated liability for self insurance losses | 3,863,989 | - | 3,863,989 | - |
| Capital lease payable | 991,628 | - | 991,628 | - |
| Medicaid payable | 1,766,859 | - | 1,766,859 | - |
| Bonds and notes payable (net of amortization on discounts & premiums) | 79,598,979 | - | 79,598,979 | - |
| Total noncurrent liabilities (payable from noncurrent assets) | 93,344,777 | 406,731 | 93,751,508 | - |
| Noncurrent Liabilities (payable from restricted assets): | | | | |
| Accrued landfill closure cost | - | 4,684,091 | 4,684,091 | - |
| Total noncurrent liabilities (payable from restricted assets) | - | 4,684,091 | 4,684,091 | - |
| Total noncurrent liabilities | 93,344,777 | 5,090,822 | 98,435,599 | - |
| Total Liabilities | 131,809,919 | 6,592,769 | 138,402,688 | 4,068 |
| Deferred Inflows of Resources: | | | | |
| Collections in advance | 4,323 | 9,301 | 13,624 | - |
| Total Deferred Inflows of Resources | 4,323 | 9,301 | 13,624 | - |
| Net Position: | | | | |
| Net investment in capital assets | 442,396,524 | 9,521,140 | 451,917,664 | - |
| Restricted for: | | | | |
| Restricted for debt service | 1,415,648 | - | 1,415,648 | - |
| Restricted for debt requirements | 9,141,364 | 1,384,450 | 10,525,814 | - |
| Restricted for CHOICES | 9,630,108 | - | 9,630,108 | - |
| Restricted for Wild Spaces & Public Places | 708 | - | 708 | - |
| Restricted for tourist development | 5,117,235 | - | 5,117,235 | - |
| Restricted for road construction | 14,806,169 | - | 14,806,169 | - |
| Restricted for Alachua County Forever land program | 2,277,122 | - | 2,277,122 | - |
| Restricted for public improvement revenue projects | 9,893,650 | - | 9,893,650 | - |
| Restricted for impact fee - fire | 330,272 | - | 330,272 | - |
| Restricted for impact fee - parks | 241,368 | - | 241,368 | - |
| Restricted for impact fee - transportation | 12,910,122 | - | 12,910,122 | - |
| Restricted for enabling legislation | 16,776,989 | - | 16,776,989 | - |
| Restricted for grants and other purposes | 3,479,130 | - | 3,479,130 | - |
| Unrestricted | 25,269,383 | 11,327,250 | 36,596,633 | 407,522 |
| Total Net Position | \$ 553,685,792 | \$ 22,232,840 | \$ 575,918,632 | \$ 407,522 |

**ALACHUA COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

| Programs | Program Revenues | | | |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| Administration | \$ 43,154,412 | \$ 6,517,159 | \$ 1,145,547 | \$ 326,100 |
| Community services | 17,930,771 | 323,522 | 1,032,833 | - |
| Corrections | 31,093,172 | 481,548 | 44,837 | - |
| Courts | 20,006,039 | 8,019,554 | 1,866,567 | - |
| Culture and recreation | 2,080,453 | 59,451 | - | - |
| Tourist development | 3,154,204 | - | - | - |
| Emergency services | 32,469,093 | 10,403,454 | 787,955 | 257,742 |
| Environmental services | 2,877,864 | 304,260 | 849,507 | 936,885 |
| Growth management | 3,671,799 | 196,922 | 522,032 | 183,006 |
| Law enforcement | 33,771,269 | 3,220,512 | 4,111,838 | 155,331 |
| Solid waste collection | 4,801,159 | 4,737,862 | 190 | - |
| Transportation | 18,532,574 | 937,272 | 3,948,295 | 1,214,239 |
| Interest on long-term debt | 3,307,091 | - | - | - |
| Total governmental activities | <u>216,849,900</u> | <u>35,201,516</u> | <u>14,309,601</u> | <u>3,073,303</u> |
| Business-type activities: | | | | |
| Solid waste disposal system | 12,014,067 | 11,931,145 | - | 138,800 |
| Codes enforcement | 1,114,635 | 1,394,953 | - | - |
| Total business-type activities | <u>13,128,702</u> | <u>13,326,098</u> | <u>-</u> | <u>138,800</u> |
| Total primary government | <u>\$ 229,978,602</u> | <u>\$ 48,527,614</u> | <u>\$ 14,309,601</u> | <u>\$ 3,212,103</u> |
| Component Units: | | | | |
| Murphree Law Library | \$ 56,573 | \$ 49,600 | \$ - | \$ - |
| Alachua County Housing Finance Authority | 31,749 | - | - | - |
| Total component units | <u>\$ 88,322</u> | <u>\$ 49,600</u> | <u>\$ -</u> | <u>\$ -</u> |

General revenues:

Property taxes
Tourist development taxes
Impact 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 Units | |
| Governmental Activities | Business-type Activities | Total | | |
| \$ (35,165,606) | \$ - | \$ (35,165,606) | | |
| (16,574,416) | - | (16,574,416) | | |
| (30,566,787) | - | (30,566,787) | | |
| (10,119,918) | - | (10,119,918) | | |
| (2,021,002) | - | (2,021,002) | | |
| (3,154,204) | - | (3,154,204) | | |
| (21,019,942) | - | (21,019,942) | | |
| (787,212) | - | (787,212) | | |
| (2,769,839) | - | (2,769,839) | | |
| (26,283,588) | - | (26,283,588) | | |
| (63,107) | - | (63,107) | | |
| (12,432,768) | - | (12,432,768) | | |
| (3,307,091) | - | (3,307,091) | | |
| (164,265,480) | - | (164,265,480) | | |
| - | 55,878 | 55,878 | | |
| - | 280,318 | 280,318 | | |
| - | 336,196 | 336,196 | | |
| (164,265,480) | 336,196 | (163,929,284) | | |
| | | | \$ (6,973) | |
| | | | (31,749) | |
| | | | (38,722) | |
| 117,011,923 | - | 117,011,923 | - | |
| 3,832,064 | - | 3,832,064 | - | |
| 1,717,691 | - | 1,717,691 | - | |
| 7,154,355 | - | 7,154,355 | - | |
| 229,979 | - | 229,979 | - | |
| 12,529,256 | - | 12,529,256 | - | |
| 16,486,599 | - | 16,486,599 | - | |
| 573,687 | 43,327 | 617,014 | 1,389 | |
| 6,024,346 | 418,773 | 6,443,119 | 41,883 | |
| 165,559,900 | 462,100 | 166,022,000 | 43,272 | |
| 1,294,420 | 798,296 | 2,092,716 | 4,550 | |
| (114,474) | 114,474 | - | - | |
| 1,179,946 | 912,770 | 2,092,716 | 4,550 | |
| 552,505,846 | 21,320,070 | 573,825,916 | 402,972 | |
| \$ 553,685,792 | \$ 22,232,840 | \$ 575,918,632 | \$ 407,522 | |

ALACHUA COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

| | GENERAL | CHOICES | MSTU UNINCORPORATED SERVICES | MSTU LAW ENFORCEMENT |
|---|----------------------|---------------------|------------------------------------|----------------------------|
| ASSETS | | | | |
| Equity in pooled cash and investments | \$ 20,305,998 | \$ 9,673,280 | \$ 867,046 | \$ 3,039,822 |
| Other cash and equivalents | 5,959,285 | - | 100 | - |
| Sinking fund cash and cash reserves | - | - | - | - |
| Investments | - | - | - | - |
| Accounts receivable | 4,768,223 | 13,177 | 34,926 | 134,618 |
| Allowance for estimated uncollectables | (2,641,955) | - | - | - |
| Assessment receivable | - | - | - | - |
| Due from other funds | 5,455,828 | - | 27,645 | 278,166 |
| Due from other governments | 377,756 | - | 322,602 | 624,347 |
| Advances to other funds | 302,548 | - | - | - |
| Inventories or assets held for resale | 394,167 | - | - | - |
| Prepaid Items | 49,206 | - | - | - |
| Total assets | <u>\$ 34,971,056</u> | <u>\$ 9,686,457</u> | <u>\$ 1,252,319</u> | <u>\$ 4,076,953</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 5,307,070 | \$ 56,349 | \$ 178,816 | \$ - |
| Contracts payable | 3,217 | - | - | - |
| Due to individuals | 1,371 | - | 320 | - |
| Due to other funds | 1,250,418 | - | 140 | 2,400,000 |
| Due to other governments | 862,679 | - | 84,294 | 581 |
| Deposits | 88,103 | - | 17,783 | - |
| Unearned revenue | - | - | - | - |
| Advances from other funds | - | - | - | - |
| Total liabilities | <u>7,512,858</u> | <u>56,349</u> | <u>281,353</u> | <u>2,400,581</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Tax revenue - unavailable | - | - | - | - |
| Intergovernmental revenue - unavailable | - | - | - | - |
| Special Assessment revenue - unavailable | - | - | - | - |
| Charges for services - unavailable | 940,346 | - | - | - |
| Collections in advance | 4,323 | - | - | - |
| Total deferred inflows of resources | <u>944,669</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | |
| Non-spendable | 745,921 | - | - | - |
| Restricted | - | 9,630,108 | - | - |
| Assigned | 11,989,029 | - | 970,966 | 1,676,372 |
| Unassigned | 13,778,579 | - | - | - |
| Total fund balances | <u>26,513,529</u> | <u>9,630,108</u> | <u>970,966</u> | <u>1,676,372</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 34,971,056</u> | <u>\$ 9,686,457</u> | <u>\$ 1,252,319</u> | <u>\$ 4,076,953</u> |

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

| MSTU FIRE PROTECTION | GAS TAX USES | DEBT SERVICE | OTHER CAPITAL PROJECTS | TRANSPORTATION TRUST |
|----------------------------|---------------------|----------------------|------------------------------|-------------------------|
| \$ 1,181,307 | \$ 1,519,419 | \$ 1,542,859 | \$ 15,472,448 | \$ 28,560,004 |
| - | 1,000 | - | - | - |
| - | - | 11,941,462 | - | - |
| - | - | - | - | - |
| 109,343 | - | 6,078 | 10,311 | 38,763 |
| - | - | - | - | - |
| - | - | - | - | 267,385 |
| 51,238 | 179,110 | 13,389 | - | 1,031,208 |
| 565,551 | 870,127 | 3,047,541 | - | 612,041 |
| - | - | - | - | - |
| - | 193,192 | - | - | - |
| - | - | - | - | - |
| <u>\$ 1,907,439</u> | <u>\$ 2,762,848</u> | <u>\$ 16,551,329</u> | <u>\$ 15,482,759</u> | <u>\$ 30,509,401</u> |
| \$ 269,870 | \$ 275,629 | \$ 41,593 | \$ 88,877 | \$ 577,387 |
| - | - | - | 26,166 | 479,117 |
| - | 624 | - | 184 | 33,549 |
| - | 750,551 | 668,056 | - | 652,000 |
| 68,595 | 232,838 | - | - | 125,357 |
| - | 3,000 | - | - | - |
| - | - | - | - | - |
| - | - | 8,588,916 | - | - |
| <u>338,465</u> | <u>1,262,642</u> | <u>9,298,565</u> | <u>115,227</u> | <u>1,867,410</u> |
| - | 272,208 | 293,872 | - | - |
| - | - | 1,173,397 | - | - |
| - | - | - | - | 267,385 |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>-</u> | <u>272,208</u> | <u>1,467,269</u> | <u>-</u> | <u>267,385</u> |
| - | 193,192 | - | - | - |
| - | - | 5,785,495 | 11,333,124 | 28,374,606 |
| 1,568,974 | 1,034,806 | - | 4,034,408 | - |
| - | - | - | - | - |
| <u>1,568,974</u> | <u>1,227,998</u> | <u>5,785,495</u> | <u>15,367,532</u> | <u>28,374,606</u> |
| <u>\$ 1,907,439</u> | <u>\$ 2,762,848</u> | <u>\$ 16,551,329</u> | <u>\$ 15,482,759</u> | <u>\$ 30,509,401</u> |

ALACHUA COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

PAGE 2 OF 2

| | WILD SPACES & PUBLIC PLACES | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|--------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | |
| Equity in pooled cash and investments | \$ 707 | \$ 25,622,692 | \$ 107,785,582 |
| Other cash and equivalents | - | 4,594,752 | 10,555,137 |
| Sinking fund cash and cash reserves | - | - | 11,941,462 |
| Investments | - | 1,779,411 | 1,779,411 |
| Accounts receivable | 1 | 124,026 | 5,239,466 |
| Allowance for estimated uncollectables | - | (262) | (2,642,217) |
| Assessment receivable | - | 1,116 | 268,501 |
| Due from other funds | - | 336,749 | 7,373,333 |
| Due from other governments | - | 1,494,412 | 7,914,377 |
| Advances to other funds | - | - | 302,548 |
| Inventories or assets held for resale | - | 236,194 | 823,553 |
| Prepaid Items | - | 49,321 | 98,527 |
| Total assets | <u>\$ 708</u> | <u>\$ 34,238,411</u> | <u>\$ 151,439,680</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 1,322,238 | \$ 8,117,829 |
| Contracts payable | - | 6,258 | 514,758 |
| Due to individuals | - | 638,606 | 674,654 |
| Due to other funds | - | 2,306,241 | 8,027,406 |
| Due to other governments | - | 1,230,942 | 2,605,286 |
| Deposits | - | 6,870 | 115,756 |
| Unearned revenue | - | 157,524 | 157,524 |
| Advances from other funds | - | - | 8,588,916 |
| Total liabilities | <u>-</u> | <u>5,668,679</u> | <u>28,802,129</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Tax revenue - unavailable | - | - | 566,080 |
| Intergovernmental revenue - unavailable | - | - | 1,173,397 |
| Special Assessment revenue - unavailable | - | - | 267,385 |
| Charges for services - unavailable | - | - | 940,346 |
| Collections in advance | - | - | 4,323 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>2,951,531</u> |
| Fund balances: | | | |
| Non-spendable | - | 49,321 | 988,434 |
| Restricted | 708 | 26,124,327 | 81,248,368 |
| Assigned | - | 2,396,084 | 23,670,639 |
| Unassigned | - | - | 13,778,579 |
| Total fund balances | <u>708</u> | <u>28,569,732</u> | <u>119,686,020</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 708</u> | <u>\$ 34,238,411</u> | <u>\$ 151,439,680</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, 2014

Fund balances – total governmental funds (page 28) \$119,686,020

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.

| | | |
|--|---------------|-------------|
| Total governmental activities capital assets | \$515,892,225 | |
| Remove Internal Service capital assets | (5,373,442) | |
| Total adjustment governmental activities | \$510,518,783 | 510,518,783 |

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

| | | |
|--|-----------------|---------------|
| Governmental activities | (\$112,922,389) | |
| Less amounts reported in Internal Service funds: | | |
| Self-insured losses | 5,848,368 | |
| Accrued compensated absences | 220,405 | (106,853,616) |

Accrued long-term debt interest payable is not current and therefore is not reported in the fund statements. (1,056,208)

Certain receivables are not “available” in the current period and therefore are not recognized as revenues in governmental funds. 2,947,208

Deferred Loss on Refunding is not a current financial resource and, therefore, is not reported in the funds. 896,570

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, computer replacement, fleet services, and telephone services to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position. 26,180,796

Prepaid Items originally expensed in full, reclassified as an asset. 1,366,239

Net Position of governmental activities (page 23) \$553,685,792

*See Note 4.A. for details

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

ALACHUA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | GENERAL | CHOICES | MSTU UNINCORPORATED SERVICES | MSTU LAW ENFORCEMENT |
|--|----------------------|---------------------|------------------------------------|----------------------------|
| REVENUES | | | | |
| Taxes | \$ 95,181,531 | \$ - | \$ 3,847,403 | \$ 16,873,582 |
| Permits and fees | 297,739 | - | 137,243 | - |
| Intergovernmental | 5,497,458 | - | 1,021,846 | - |
| Charges for services | 16,056,386 | - | 141,541 | 399,503 |
| Fines and forfeitures | 9,114 | - | - | - |
| Investment income | 146,489 | 50,148 | 1,353 | 12,322 |
| Special assessments and impact fees | - | - | - | - |
| Private donations | 40,311 | 150,000 | - | - |
| Miscellaneous | 2,369,951 | 1,234,814 | 14,406 | 16,445 |
| Total revenues | <u>119,598,979</u> | <u>1,434,962</u> | <u>5,163,792</u> | <u>17,301,852</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 32,956,627 | - | 1,100,655 | 213,256 |
| Public safety | 82,688,196 | - | 486,361 | 33,144 |
| Physical environment | 1,732,252 | - | 462,369 | - |
| Transportation | 13,219 | - | 945,327 | - |
| Economic environment | 1,145,622 | - | 938,451 | - |
| Human services | 12,335,852 | 4,468,320 | - | - |
| Culture and recreation | 491,510 | - | 935,041 | - |
| Court cost | 8,996,851 | - | - | - |
| Debt service: | | | | |
| Principal | 84,033 | - | - | - |
| Interest and fiscal charges | 5,967 | - | - | - |
| Excess fees distributed to State | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>140,450,129</u> | <u>4,468,320</u> | <u>4,868,204</u> | <u>246,400</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(20,851,150)</u> | <u>(3,033,358)</u> | <u>295,588</u> | <u>17,055,452</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 26,961,405 | - | 583,080 | 1,769,724 |
| Transfers out | (9,163,344) | - | (322,000) | (16,857,208) |
| Issuance of debt | - | - | - | - |
| Capital lease | 1,157,720 | - | - | - |
| Sale of capital assets | 1,565,289 | - | - | - |
| Total other financing sources and (uses) | <u>20,521,070</u> | <u>-</u> | <u>261,080</u> | <u>(15,087,484)</u> |
| Net change in fund balances | (330,080) | (3,033,358) | 556,668 | 1,967,968 |
| Fund balances - beginning | 26,843,609 | 12,663,466 | 414,298 | (291,596) |
| Fund balances - ending | <u>\$ 26,513,529</u> | <u>\$ 9,630,108</u> | <u>\$ 970,966</u> | <u>\$ 1,676,372</u> |

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

| <u>MSTU FIRE PROTECTION</u> | <u>GAS TAX USES</u> | <u>DEBT SERVICE</u> | <u>OTHER CAPITAL PROJECTS</u> | <u>TRANSPORTATION TRUST</u> |
|-------------------------------------|-----------------------------|-------------------------|---------------------------------------|---------------------------------|
| \$ 11,170,477 | \$ 3,422,838 | \$ 6,455,721 | \$ - | \$ - |
| 3,401 | - | - | - | 63,248 |
| 19,630 | 79,793 | 14,541,692 | - | 1,214,240 |
| 895,784 | 1,174,309 | - | 250,000 | - |
| - | - | - | - | - |
| 9,844 | - | 32,931 | 7,764 | 117,217 |
| - | - | - | 149,473 | 1,606,383 |
| - | - | - | - | - |
| 63,417 | 11,903 | - | - | 42,669 |
| <u>12,162,553</u> | <u>4,688,843</u> | <u>21,030,344</u> | <u>407,237</u> | <u>3,043,757</u> |
| 130,379 | - | 64,971 | - | - |
| 12,337,682 | - | - | - | - |
| - | - | - | - | - |
| - | 7,831,223 | - | - | 5,813,892 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | 10,034,600 | - | - |
| - | - | 3,418,337 | - | - |
| - | - | - | - | - |
| - | - | - | 3,467,137 | - |
| <u>12,468,061</u> | <u>7,831,223</u> | <u>13,517,908</u> | <u>3,467,137</u> | <u>5,813,892</u> |
| <u>(305,508)</u> | <u>(3,142,380)</u> | <u>7,512,436</u> | <u>(3,059,900)</u> | <u>(2,770,135)</u> |
| 765,370 | 3,844,121 | 2,351,424 | 3,068,050 | 1,737,654 |
| (556,674) | - | (9,366,950) | (2,310,152) | (37,530) |
| - | - | 42,000 | 9,858,000 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>208,696</u> | <u>3,844,121</u> | <u>(6,973,526)</u> | <u>10,615,898</u> | <u>1,700,124</u> |
| (96,812) | 701,741 | 538,910 | 7,555,998 | (1,070,011) |
| 1,665,786 | 526,257 | 5,246,585 | 7,811,534 | 29,444,617 |
| <u>\$ 1,568,974</u> | <u>\$ 1,227,998</u> | <u>\$ 5,785,495</u> | <u>\$ 15,367,532</u> | <u>\$ 28,374,606</u> |

ALACHUA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | WILD SPACES & PUBLIC PLACES | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|--------------------------------|--------------------------------|--------------------------------|
| REVENUES | | | |
| Taxes | \$ - | \$ 3,832,064 | \$ 140,783,616 |
| Permits and fees | - | 217,189 | 718,820 |
| Intergovernmental | - | 9,708,483 | 32,083,142 |
| Charges for services | - | 7,178,443 | 26,095,966 |
| Fines and forfeitures | - | 3,029,653 | 3,038,767 |
| Investment income | 321 | 67,594 | 445,983 |
| Special assessments and impact fees | - | 4,711,838 | 6,467,694 |
| Private donations | - | 242,040 | 432,351 |
| Miscellaneous | - | 622,687 | 4,376,292 |
| Total revenues | <u>321</u> | <u>29,609,991</u> | <u>214,442,631</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | - | 425,090 | 34,890,978 |
| Public safety | - | 6,178,621 | 101,724,004 |
| Physical environment | 79,632 | 6,324,821 | 8,599,074 |
| Transportation | - | - | 14,603,661 |
| Economic environment | - | 3,852,304 | 5,936,377 |
| Human services | - | 1,919,526 | 18,723,698 |
| Culture and recreation | - | 119,351 | 1,545,902 |
| Court cost | - | 7,484,256 | 16,481,107 |
| Debt service: | | | |
| Principal | - | - | 10,118,633 |
| Interest and fiscal charges | - | - | 3,424,304 |
| Excess fees distributed to State | - | 287,549 | 287,549 |
| Capital outlay | - | - | 3,467,137 |
| Total expenditures | <u>79,632</u> | <u>26,591,518</u> | <u>219,802,424</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(79,311)</u> | <u>3,018,473</u> | <u>(5,359,793)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 5,706,301 | 46,787,129 |
| Transfers out | - | (7,887,745) | (46,501,603) |
| Issuance of debt | - | - | 9,900,000 |
| Capital lease | - | - | 1,157,720 |
| Sale of capital assets | - | - | 1,565,289 |
| Total other financing sources and (uses) | <u>-</u> | <u>(2,181,444)</u> | <u>12,908,535</u> |
| Net change in fund balances | (79,311) | 837,029 | 7,548,742 |
| Fund balances - beginning | 80,019 | 27,732,703 | 112,137,278 |
| Fund balances - ending | <u>\$ 708</u> | <u>\$ 28,569,732</u> | <u>\$ 119,686,020</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, 2014

Net change in fund balances – total governmental funds (page 32) \$7,548,742
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 \$14,800,687 were less than depreciation (\$19,873,618) in the current period.

| | | |
|--|-----------------------|-------------|
| Total governmental activities capital outlay expenditures | \$16,131,630 | |
| Remove Internal Service capital outlay expenditures | (1,330,943) | |
| Total capital outlay expenditures excluding Internal Service | <u>\$14,800,687</u> | |
| | | |
| Total governmental activities depreciation | (\$21,421,184) | |
| Remove Internal Service depreciation | 1,547,566 | |
| Total depreciation excluding Internal Service | <u>(\$19,873,618)</u> | (5,072,931) |

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.

| | | |
|--|--------------------|-----------|
| Total adjustments per Capital Asset Schedule | \$1,175,059 | |
| Add Internal Service adjustments | 157,530 | |
| Total donations/contributions excluding Internal Service | <u>\$1,332,589</u> | 1,332,589 |

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 | (\$807,624) | |
| Remove gain Internal Service | (139,002) | |
| Total capital outlay loss excluding Internal Service | <u>(\$946,626)</u> | (946,626) |

Repayments of bond, note, and capital lease principal (\$10,118,633 less \$2,925 discount, plus premium of \$48,781) are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 10,164,489

Issuance of debt provide current financial resources to governmental funds, but debt increases long-term liabilities in the Statement of Net Position (11,057,720)

Amortization of the deferred loss on refunding is not reported in governmental funds. (60,106)

Amortization of the change in Net OPEB Obligation is not required to be reported at fund level. (140,036)

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. 589,819

Internal service funds are used by management to charge the costs of insurance, computer replacement, fleet services, and telephone services to individual funds. (\$1,571,058) of total net loss for internal service funds is reported with governmental activities. (1,571,058)

Certain items reported in the Statement of Activities are not considered available current financial resources and therefore are not reported as revenue in the governmental funds. 188,052

Prepaid items originally expensed in full, reclassified as an asset. 204,732

Changes in net position of governmental activities (page 25) \$1,179,946

*See Note 4.B. for details

The accompanying notes are an integral part of the financial statements

ALACHUA COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS |
|--|---|------------------------------|----------------------|--|
| | 400 SOLID WASTE SYSTEM | NONMAJOR PROPRIETARY FUND | TOTAL | |
| | | 410 CODES ENFORCEMENT | | |
| ASSETS | | | | |
| Current assets: | | | | |
| Equity in pooled cash and investments | \$ 11,899,186 | \$ 1,382,631 | \$ 13,281,817 | \$ 24,376,588 |
| Other cash and equivalents | 250 | - | 250 | - |
| Cash with claims administrator | - | - | - | 200,000 |
| Accounts receivable | 929,716 | - | 929,716 | 197,120 |
| Due from other funds | 14,474 | - | 14,474 | 639,680 |
| Due from other governments | 1,561 | 913 | 2,474 | 21,544 |
| Inventories | - | - | - | 184,792 |
| Total current assets | <u>12,845,187</u> | <u>1,383,544</u> | <u>14,228,731</u> | <u>25,619,724</u> |
| Noncurrent assets: | | | | |
| Restricted assets: | | | | |
| Equity in pooled cash and investments | 102,552 | - | 102,552 | - |
| Advances to other funds | 1,384,450 | - | 1,384,450 | 6,901,918 |
| Investments | 3,580,540 | - | 3,580,540 | - |
| Interest receivable | 17,578 | - | 17,578 | - |
| Total restricted assets | <u>5,085,120</u> | <u>-</u> | <u>5,085,120</u> | <u>6,901,918</u> |
| Capital assets: | | | | |
| Land | 3,476,110 | - | 3,476,110 | - |
| Buildings | 2,959,928 | - | 2,959,928 | 48,803 |
| Improvements other than buildings | 13,576,847 | - | 13,576,847 | 7,436 |
| Equipment and software | 3,806,756 | 132,054 | 3,938,810 | 17,508,555 |
| Less accumulated depreciation | <u>(14,314,405)</u> | <u>(116,150)</u> | <u>(14,430,555)</u> | <u>(12,191,352)</u> |
| Total capital assets (net of depreciation) | <u>9,505,236</u> | <u>15,904</u> | <u>9,521,140</u> | <u>5,373,442</u> |
| Total noncurrent assets | <u>14,590,356</u> | <u>15,904</u> | <u>14,606,260</u> | <u>12,275,360</u> |
| Total assets | <u>27,435,543</u> | <u>1,399,448</u> | <u>28,834,991</u> | <u>37,895,084</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | 812,326 | 44,433 | 856,759 | 4,044,630 |
| Unearned revenue | - | - | - | 1,588,374 |
| Due to other funds | - | 81 | 81 | - |
| Due to other governments | 1,636 | 11,287 | 12,923 | 12,511 |
| Deposits | 102,677 | - | 102,677 | - |
| Accrued compensated absences of a year or less | 155,586 | 55,257 | 210,843 | 125,574 |
| Accrued landfill post closure cost | 318,745 | - | 318,745 | - |
| Estimated liability for self insured losses | - | - | - | 1,984,379 |
| Total current liabilities | <u>1,390,970</u> | <u>111,058</u> | <u>1,502,028</u> | <u>7,755,468</u> |
| Noncurrent liabilities: | | | | |
| Accrued compensated absences more than a year | 313,606 | 93,125 | 406,731 | 94,831 |
| Estimated liability for self insured losses | - | - | - | 3,863,989 |
| Noncurrent liabilities payable from restricted assets: | | | | |
| Accrued landfill post closure cost | <u>4,684,091</u> | <u>-</u> | <u>4,684,091</u> | <u>-</u> |
| Total noncurrent liabilities | <u>4,997,697</u> | <u>93,125</u> | <u>5,090,822</u> | <u>3,958,820</u> |
| Total liabilities | <u>6,388,667</u> | <u>204,183</u> | <u>6,592,850</u> | <u>11,714,288</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Collections in advance | 9,301 | - | 9,301 | - |
| Total deferred inflows of resources | <u>9,301</u> | <u>-</u> | <u>9,301</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 9,505,236 | 15,904 | 9,521,140 | 5,373,442 |
| Restricted for cash reserves | 1,384,450 | - | 1,384,450 | 6,901,918 |
| Unrestricted | <u>10,147,889</u> | <u>1,179,361</u> | <u>11,327,250</u> | <u>13,905,438</u> |
| Total net position | <u>\$ 21,037,575</u> | <u>\$ 1,195,265</u> | <u>\$ 22,232,840</u> | <u>\$ 26,180,796</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, 2014

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS |
|---|---|---|----------------------|--|
| | 400 SOLID WASTE SYSTEM | NONMAJOR PROPRIETARY FUND 410 CODES ENFORCEMENT | TOTAL | |
| Operating revenues: | | | | |
| Charges for services | \$ 8,130,471 | \$ 9,728 | \$ 8,140,199 | \$ 28,834,559 |
| Fines and forfeitures | - | 15,030 | 15,030 | - |
| Permits, licenses and franchise fees | 288,536 | 1,370,195 | 1,658,731 | - |
| Special assessments and impact fees | 3,512,138 | - | 3,512,138 | - |
| Miscellaneous revenue | 268,726 | 1,608 | 270,334 | 1,168,629 |
| Total operating revenues | <u>12,199,871</u> | <u>1,396,561</u> | <u>13,596,432</u> | <u>30,003,188</u> |
| Operating expenses: | | | | |
| Personal services | 2,706,185 | 881,575 | 3,587,760 | 1,785,043 |
| Depreciation | 650,011 | 396 | 650,407 | 1,547,566 |
| Indirect costs | 373,632 | 82,735 | 456,367 | 243,590 |
| Supplies and materials | 671,874 | 30,781 | 702,655 | 2,837,523 |
| Other services and charges | 7,612,365 | 119,148 | 7,731,513 | 3,632,304 |
| Claims and losses | - | - | - | 21,446,547 |
| Total operating expenses | <u>12,014,067</u> | <u>1,114,635</u> | <u>13,128,702</u> | <u>31,492,573</u> |
| Operating income | <u>185,804</u> | <u>281,926</u> | <u>467,730</u> | <u>(1,489,385)</u> |
| Nonoperating revenues: | | | | |
| Net gain (loss) on disposal of capital assets | 148,439 | - | 148,439 | 139,002 |
| Investment Income | 43,327 | - | 43,327 | 129,325 |
| Private donations | - | - | - | 50,000 |
| Total nonoperating revenues (expenses) | <u>191,766</u> | <u>-</u> | <u>191,766</u> | <u>318,327</u> |
| Income before capital contributions and transfers | <u>377,570</u> | <u>281,926</u> | <u>659,496</u> | <u>(1,171,058)</u> |
| Capital Contributions | <u>138,800</u> | <u>-</u> | <u>138,800</u> | <u>-</u> |
| Transfers: | | | | |
| Transfers in | 114,474 | - | 114,474 | - |
| Transfers(out) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(400,000)</u> |
| Total transfers | <u>114,474</u> | <u>-</u> | <u>114,474</u> | <u>(400,000)</u> |
| Change in net position | 630,844 | 281,926 | 912,770 | (1,571,058) |
| Total net position - beginning | <u>20,406,731</u> | <u>913,339</u> | <u>21,320,070</u> | <u>27,751,854</u> |
| Total net position - ending | <u>\$ 21,037,575</u> | <u>\$ 1,195,265</u> | <u>\$ 22,232,840</u> | <u>\$ 26,180,796</u> |

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

ALACHUA COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS |
|---|---|------------------------------|----------------------|--|
| | 400 SOLID WASTE SYSTEM | NONMAJOR PROPRIETARY FUND | TOTAL | |
| | | 410 CODES ENFORCEMENT | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received for services | \$ 7,992,595 | \$ 1,394,953 | \$ 9,387,548 | \$ 29,629,389 |
| Cash received from special assessments & franchise fees | 3,512,138 | - | 3,512,138 | - |
| Miscellaneous cash receipts | 268,726 | 1,608 | 270,334 | 1,168,629 |
| Cash paid to outside parties | (8,922,197) | (211,003) | (9,133,200) | (27,186,327) |
| Cash paid to employees | (2,671,320) | (874,399) | (3,545,719) | (2,042,262) |
| Net cash provided by operating activities | <u>179,942</u> | <u>311,159</u> | <u>491,101</u> | <u>1,569,429</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Due from other funds | 910 | - | 910 | (678,321) |
| Due from other governments | (64) | (1) | (65) | (7,722) |
| Private donations | - | - | - | 50,000 |
| Transfers in (out) | 114,474 | - | 114,474 | (400,000) |
| Net cash provided (used) by noncapital financing activities | <u>115,320</u> | <u>(1)</u> | <u>115,319</u> | <u>(1,036,043)</u> |
| CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES | | | | |
| Payments for capital assets | (1,326,019) | (16,226) | (1,342,245) | (1,330,944) |
| Proceeds from sale of capital assets | 250,786 | - | 250,786 | 157,531 |
| Net cash (used) by capital & related financing activities | <u>(1,075,233)</u> | <u>(16,226)</u> | <u>(1,091,459)</u> | <u>(1,173,413)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 43,327 | - | 43,327 | 129,325 |
| Proceeds from investments | 240,320 | - | 240,320 | - |
| Net cash provided (used) by investing activities | <u>283,647</u> | <u>-</u> | <u>283,647</u> | <u>129,325</u> |
| Net increase (decrease) in cash and cash equivalents | (496,324) | 294,932 | (201,392) | (510,702) |
| Cash and cash equivalents, October 1, 2013 | <u>12,498,312</u> | <u>1,087,699</u> | <u>13,586,011</u> | <u>25,087,290</u> |
| Cash and cash equivalents, September 30, 2014 | <u>\$ 12,001,988</u> | <u>\$ 1,382,631</u> | <u>\$ 13,384,619</u> | <u>\$ 24,576,588</u> |
| Cash and cash equivalents classified as: | | | | |
| Equity in pooled cash and investments | \$ 11,899,186 | \$ 1,382,631 | \$ 13,281,817 | \$ 24,376,588 |
| Other cash and equivalents | 250 | - | 250 | - |
| Cash with claims administrator | - | - | - | 200,000 |
| Restricted equity in pooled cash and investments | 102,552 | - | 102,552 | - |
| Total | <u>\$ 12,001,988</u> | <u>\$ 1,382,631</u> | <u>\$ 13,384,619</u> | <u>\$ 24,576,588</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | |
| Operating income | \$ 185,804 | \$ 281,926 | \$ 467,730 | \$ (1,489,385) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation expense | 650,011 | 396 | 650,407 | 1,547,565 |
| Increase (decrease) in estimated landfill post closure cost | (351,363) | - | (351,363) | - |
| Increase (decrease) in estimated liability for self insured loss | - | - | - | (62,685) |
| (Increase) decrease in accounts receivable | (429,033) | - | (429,033) | (82,929) |
| Increase (decrease) in user deposits | 2,350 | - | 2,350 | - |
| Increase (decrease) in accrued compensated absences | 34,865 | 7,176 | 42,041 | (5,105) |
| Increase (decrease) in unearned revenue | 271 | - | 271 | (413) |
| (Increase) decrease in inventories | - | - | - | 6,693 |
| Increase (decrease) in accounts payable | 87,037 | 21,661 | 108,698 | 1,655,688 |
| Total adjustments | <u>(5,862)</u> | <u>29,233</u> | <u>23,371</u> | <u>3,058,814</u> |
| Net cash provided by operating activities | <u>\$ 179,942</u> | <u>\$ 311,159</u> | <u>\$ 491,101</u> | <u>\$ 1,569,429</u> |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES | | | | |
| Contributed land | \$ 138,800 | \$ - | \$ 138,800 | \$ - |
| Total noncash, investing, capital and financing activities | <u>\$ 138,800</u> | <u>\$ -</u> | <u>\$ 138,800</u> | <u>\$ -</u> |

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

ALACHUA COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2014

| | AGENCY FUNDS | OTHER POST- EMPLOYMENT BENEFITS TRUST FUND |
|---------------------------------------|------------------|--|
| ASSETS | | |
| Equity in pooled cash and investments | \$ 5,437 | \$ - |
| Other cash and equivalents | 7,827,952 | - |
| Investments | | |
| Florida Trust Day to Day Fund | 255,955 | - |
| FMPTF Bond fund | - | 1,337,783 |
| Due from individuals | 186,329 | - |
| Due from other governments | 92,395 | 105,609 |
| Total assets | 8,368,068 | 1,443,392 |
| LIABILITIES | | |
| Assets held for others | 2,378,730 | - |
| Due to other governments | 1,626,461 | - |
| Deposits held in escrow | 25,409 | - |
| Deposits - installment taxes | 4,337,468 | - |
| Total liabilities | 8,368,068 | - |
| NET POSITION | | |
| Held in Trust for OPEB | - | 1,443,392 |
| TOTAL NET POSITION | \$ - | \$ 1,443,392 |

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, 2014

| | <u>OPEB TRUST FUND</u> |
|---|----------------------------|
| Additions | |
| Contributions: | |
| Employer | \$ 105,609 |
| Members | - |
| Total contributions | <u>105,609</u> |
| Investment earnings: | |
| Net appreciation in fair value of investments | 105,582 |
| Interest and dividends | - |
| Total investment income | <u>105,582</u> |
| Less investment expense | <u>-</u> |
| Net investment income | <u>105,582</u> |
| Total additions | <u>211,191</u> |
| Deductions | |
| Benefit payments | - |
| Refunds of nonvested contributions | - |
| Administrative expenses | - |
| Total deductions | <u>-</u> |
| Net increase | 211,191 |
| Net position held in trust for other postemployment benefits - beginning | <u>1,232,201</u> |
| Net position held in trust for other postemployment benefits - ending | <u><u>\$ 1,443,392</u></u> |

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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ALACHUA COUNTY, FLORIDA
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SEPTEMBER 30, 2014

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ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

Related Organizations

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

As of September 30, 2014, 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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

statement includes financial information for the agency funds. The agency funds of the County primarily represent assets held by the County in a custodial capacity for other individuals or governments.

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

Governmental Major Funds

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

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

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

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

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

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

Transportation Trust Fund – This capital project fund is used to account for 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.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Wild Spaces & Public Places Fund – This capital project fund is the result of the Nov. 4, 2008 voted one-half cent sales surtax for a two year period, and Ordinance 08-17 adopted by the County on August 12, 2008. The monies from the surtax are used to purchase conservation lands and enhance parks and recreation facilities in the County and all the cities in the County.

Enterprise Major Fund

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

Enterprise Non-major Fund

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

Other Fund Types

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

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

Non-current Governmental Assets/Liabilities

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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.

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,

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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balances in the State Board of Administration Investment Pool, money market funds, certificates of deposit and US Treasury securities.

2. Investments

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

3. Receivables and Payables

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

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

4. Inventories, Prepaid Items and Assets Held for Resale

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

5. Restricted Assets

Certain funds of the County are classified as restricted assets on the Statement of Net 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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

| 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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. Encumbrances

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

14. 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.

15. 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.

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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 reserved 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, 2014:

| | | <u>Appropriations</u> | <u>Total Expenses</u> | <u>Variance with Final budget Positive/(Negative)</u> |
|-------------------------------|----------------------|-----------------------|-----------------------|---|
| Enterprise funds | Solid Waste System | \$ 14,663,110 | \$ 12,014,067 | \$ 2,649,043 |
| | Codes Enforcement | 1,337,027 | 1,114,635 | 222,392 |
| Internal Service funds | Computer Replacement | 545,868 | 510,276 | 35,592 |
| | Self Insurance | 3,461,850 | 3,013,905 | 447,945 |
| | Fleet Management | 4,535,116 | 4,088,250 | 446,866 |
| | Telephone Service | 1,078,982 | 832,696 | 246,286 |
| | Vehicle Replacement | 2,467,148 | 1,211,625 | 1,255,523 |
| | Health Insurance | 22,014,497 | 21,835,820 | 178,677 |

ALACHUA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

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 | \$ 302,548 | \$ - | \$ - | \$ - | \$ - |
| Inventory | 394,167 | - | - | - | - |
| Prepaid items | 49,206 | - | - | - | - |
| Total non-spendable | <u>745,921</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Restricted for: | | | | | |
| Bond covenants-cash reserves | - | - | - | - | - |
| Debt service | - | - | - | - | - |
| CHOICES referendum | - | 9,630,108 | - | - | - |
| Wild Space Public Places referendum | - | - | - | - | - |
| Tourist development | - | - | - | - | - |
| Road construction | - | - | - | - | - |
| Public Improvement revenue bond projects | - | - | - | - | - |
| Alachua County Forever | - | - | - | - | - |
| Impact fee - Fire | - | - | - | - | - |
| Impact fee - Parks | - | - | - | - | - |
| Impact fee - Transportation | - | - | - | - | - |
| State & Federal grants & other purposes | - | - | - | - | - |
| Enabling legislation* | - | - | - | - | - |
| Total restricted | <u>-</u> | <u>9,630,108</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Assigned for: | | | | | |
| Subsequent year's reserve for contingency | 6,007,335 | - | - | - | - |
| FY15 Appropriated Fund Balance | 5,459,039 | - | - | - | - |
| SOE Voter Equipment | 522,655 | - | - | - | - |
| Capital maintenance & preservation | - | - | - | - | - |
| Capital projects | - | - | - | - | - |
| Courts | - | - | - | - | - |
| Culture & recreation | - | - | 970,966 | - | - |
| Economic environment | - | - | - | - | - |
| Human Services | - | - | - | - | - |
| Physical environment | - | - | - | - | - |
| Public safety | - | - | - | 1,676,372 | 1,568,974 |
| Transportation | - | - | - | - | - |
| Total assigned | <u>11,989,029</u> | <u>-</u> | <u>970,966</u> | <u>1,676,372</u> | <u>1,568,974</u> |
| Unassigned | <u>13,778,579</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>\$ 26,513,529</u> | <u>\$ 9,630,108</u> | <u>\$ 970,966</u> | <u>\$ 1,676,372</u> | <u>\$ 1,568,974</u> |

*Enabling legislation - see detail on page 52

| GAS TAX USES | DEBT SERVICE | OTHER CAPITAL PROJECTS | TRANSPORTATION TRUST | WILD SPACES & PUBLIC PLACES | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---------------------|---------------------|------------------------------|-------------------------|--------------------------------|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 302,548 |
| 193,192 | - | - | - | - | - | 587,359 |
| - | - | - | - | - | 49,321 | 98,527 |
| <u>193,192</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>49,321</u> | <u>988,434</u> |
| - | 4,369,847 | - | - | - | - | 4,369,847 |
| - | 1,415,648 | - | - | - | - | 1,415,648 |
| - | - | - | - | - | - | 9,630,108 |
| - | - | - | - | 708 | - | 708 |
| - | - | - | - | - | 5,117,235 | 5,117,235 |
| - | - | - | 14,806,169 | - | - | 14,806,169 |
| - | - | 9,893,650 | - | - | - | 9,893,650 |
| - | - | - | - | - | 2,277,122 | 2,277,122 |
| - | - | 330,272 | - | - | - | 330,272 |
| - | - | 241,368 | - | - | - | 241,368 |
| - | - | - | 12,910,122 | - | - | 12,910,122 |
| - | - | - | 658,315 | - | 2,820,815 | 3,479,130 |
| - | - | 867,834 | - | - | 15,909,155 | 16,776,989 |
| <u>-</u> | <u>5,785,495</u> | <u>11,333,124</u> | <u>28,374,606</u> | <u>708</u> | <u>26,124,327</u> | <u>81,248,368</u> |
| - | - | - | - | - | - | 6,007,335 |
| - | - | - | - | - | - | 5,459,039 |
| - | - | - | - | - | - | 522,655 |
| - | - | - | - | - | 431,827 | 431,827 |
| - | - | 3,092,808 | - | - | - | 3,092,808 |
| - | - | - | - | - | 174,630 | 174,630 |
| - | - | - | - | - | 121,832 | 1,092,798 |
| - | - | 941,600 | - | - | - | 941,600 |
| - | - | - | - | - | 61,764 | 61,764 |
| - | - | - | - | - | 67,417 | 67,417 |
| - | - | - | - | - | 1,538,614 | 4,783,960 |
| <u>1,034,806</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,034,806</u> |
| <u>1,034,806</u> | <u>-</u> | <u>4,034,408</u> | <u>-</u> | <u>-</u> | <u>2,396,084</u> | <u>23,670,639</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,778,579</u> |
| <u>\$ 1,227,998</u> | <u>\$ 5,785,495</u> | <u>\$ 15,367,532</u> | <u>\$ 28,374,606</u> | <u>\$ 708</u> | <u>\$ 28,569,732</u> | <u>\$ 119,686,020</u> |

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

B. NET POSITION RESTRICTED BY ENABLING LEGISLATION

| <u>Program</u> | <u>Amount</u> |
|------------------------|----------------------|
| Administration | \$ 736,687 |
| Culture & recreation | 148,030 |
| Corrections | 569,341 |
| Courts | 3,853,455 |
| Community services | 289,185 |
| Environmental services | 245,964 |
| Emergency services | 2,117,119 |
| Law enforcement | 1,598,511 |
| Solid waste collection | 7,218,697 |
| Total | <u>\$ 16,776,989</u> |

NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

Total fund balances of the County’s governmental funds of \$119,686,020 differ from net position of governmental activities of \$553,685,792 reported in the Statement of Net Position. This difference results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet.

Capital Related Items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as an expenditure in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the County as a whole.

| | |
|--------------------------|-----------------------|
| Cost of capital assets | \$ 992,674,997 |
| Accumulated depreciation | <u>(482,156,214)</u> |
| Total capital assets | <u>\$ 510,518,783</u> |

Long-term Debt Transactions

Long-term liabilities applicable to the County’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2014 were:

| | |
|---|-----------------------|
| Plus: Premium | 514,262 |
| Bond payable - 2008 Alachua County Gas Tax Revenue Bonds | 11,600,000 |
| Plus: Premium | 113,250 |
| Note payable - Capital Improvement - Jail Energy Conservation | 5,262,000 |
| Note payable - 5 Cent Local Option Gas Tax Series 2011 | 6,404,000 |
| Note payable - Alachua County Forever Series 2012 | 4,870,200 |
| Note payable - Alachua County Public Improvement 2014 | 9,900,000 |
| Capital Lease - ACSO Radio Lease Purchase FY14 | 862,042 |
| Capital Lease - FY14 Cama Vision System PA | 211,645 |
| Medicaid payable (HB 5301) | 2,650,289 |
| Compensated absences | 13,906,161 |
| Total long-term liabilities | <u>\$ 106,853,616</u> |

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

Deferred Outflow of Resources – Loss on Refunding

Deferred loss on refunding is not a current financial resources and, therefore is not reported in the funds.

| | |
|--|--------------|
| Deferred loss on Refunding Public Improvement Revenue Bond (B) | \$ (896,570) |
|--|--------------|

Accrued Interest

Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to accrued interest on bonds and capital leases outstanding.

| | |
|--|--------------|
| Interest payable - 2006 Alachua County Gas Tax Revenue Bonds | \$ 111,483 |
| Interest payable - 2007 (A)(B) Public Improvement Revenue Refunding Bond | 605,157 |
| Interest payable - 2008 Alachua County Gas Tax Revenue Bonds | 161,323 |
| Interest payable - Capital Improvement - Jail Energy Conservation | 73,333 |
| Interest payable - 5 Cent Local Option Gas Tax Series 2011 | 46,962 |
| Interest payable - Alachua County Forever Series 2012 | 29,787 |
| Interest payable - 2014 Public Improvement | 28,163 |
| Total accrued interest | \$ 1,056,208 |

Deferred Inflow of Resources

Deferred inflows in the Statement of Net Position differ from the amount reported in governmental funds due to taxes receivables.

| | |
|------------------|-------------|
| Deferred inflows | \$2,947,208 |
|------------------|-------------|

Internal Service Funds

Management uses internal service funds to charge the costs of fleet management, computer replacement, vehicle replacement, telephone service, group health insurance and self-insurance activities to individual funds.

| | |
|------------------------|---------------|
| Internal service funds | \$ 26,180,796 |
|------------------------|---------------|

Elimination of Interfund Receivables/Payables

Interfund transactions between governmental funds must be eliminated from the Statement of Net Position.

| | |
|--------------------------------|--------------|
| Interfund receivables/payables | \$16,616,322 |
|--------------------------------|--------------|

Prepaid Items

Payments to vendors reflecting costs applicable to future accounting periods were not recorded as prepaid items in the fund financial statements and should be recorded as such in the government-wide statements.

| | |
|---------------|-------------|
| Prepaid items | \$1,366,239 |
|---------------|-------------|

ALACHUA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position - Continued

| ASSETS | Total Governmental Funds | Capital Related Items | Long-term Obligations |
|--|---|----------------------------------|----------------------------------|
| Equity in pooled cash & investments | \$ 107,785,582 | \$ - | \$ - |
| Cash with claims administrator | - | - | - |
| Other cash and equivalents | 10,555,137 | - | - |
| Sinking fund cash & cash reserves | 11,941,462 | - | - |
| Investments | 1,779,411 | - | - |
| Receivables (net) | 2,865,750 | - | - |
| Due from other funds | 7,373,333 | - | - |
| Advances to other funds | 302,548 | - | - |
| Due from other governments | 7,914,377 | - | - |
| Inventories or assets held for resale | 823,553 | - | - |
| Prepaid items | 98,527 | - | - |
| Capital assets - net | - | 510,518,783 | - |
| Total assets | <u>\$ 151,439,680</u> | <u>\$ 510,518,783</u> | <u>\$ -</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred loss on refunding | - | - | 896,570 |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> | <u>896,570</u> |
| LIABILITIES & FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 8,792,483 | \$ - | \$ - |
| Contracts payable | 514,758 | - | - |
| Accrued interest payable | - | - | - |
| Estimated liability for self insurance loss | - | - | - |
| Due to other funds | 8,027,406 | - | - |
| Advance from other funds | 8,588,916 | - | - |
| Due to other governments | 2,605,286 | - | - |
| Deposits | 115,756 | - | - |
| Unearned revenue | 157,524 | - | - |
| Accrued compensated absences | - | - | 13,906,161 |
| Capital leases | - | - | 1,073,687 |
| Medicaid payable | - | - | 2,650,289 |
| Bonds and notes payable (net) | - | - | 89,223,479 |
| Total liabilities | <u>28,802,129</u> | <u>-</u> | <u>106,853,616</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Tax revenue - unavailable | 566,080 | - | - |
| Intergovernmental revenue - unavailable | 1,173,397 | - | - |
| Special assessment revenue - unavailable | 267,385 | - | - |
| Charges for services - unavailable | 940,346 | - | - |
| Rent-collected in advance | 4,323 | - | - |
| Total deferred inflows of resources | <u>2,951,531</u> | <u>-</u> | <u>-</u> |
| Fund balances/net position | 119,686,020 | 510,518,783 | (105,957,046) |
| Total liabilities, deferred inflows and fund balances/net position | <u>\$ 151,439,680</u> | <u>\$ 510,518,783</u> | <u>\$ 896,570</u> |

| Interest Payable | Deferred Inflow of Resources | Internal Service Funds | Reclassifications & Eliminations | Statement of Net Position |
|-------------------------|---|-----------------------------------|---|--------------------------------------|
| \$ - | \$ - | \$ 24,376,588 | \$ - | \$ 132,162,170 |
| - | - | 200,000 | - | 200,000 |
| - | - | - | - | 10,555,137 |
| - | - | - | - | 11,941,462 |
| - | - | - | - | 1,779,411 |
| - | - | 197,120 | - | 3,062,870 |
| - | - | 639,680 | (8,027,406) | (14,393) |
| - | - | 6,901,918 | (8,588,916) | (1,384,450) |
| - | - | 21,544 | - | 7,935,921 |
| - | - | 184,792 | - | 1,008,345 |
| - | - | - | 1,366,239 | 1,464,766 |
| - | - | 5,373,442 | - | 515,892,225 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 37,895,084</u> | <u>\$ (15,250,083)</u> | <u>\$ 684,603,464</u> |
| - | - | - | - | 896,570 |
| - | - | - | - | 896,570 |
| \$ - | \$ - | \$ 4,044,630 | \$ - | \$ 12,837,113 |
| - | - | - | - | 514,758 |
| 1,056,208 | - | - | - | 1,056,208 |
| - | - | 5,848,368 | - | 5,848,368 |
| - | - | - | (8,027,406) | - |
| - | - | - | (8,588,916) | - |
| - | - | 12,511 | - | 2,617,797 |
| - | - | - | - | 115,756 |
| - | - | 1,588,374 | - | 1,745,898 |
| - | - | 220,405 | - | 14,126,566 |
| - | - | - | - | 1,073,687 |
| - | - | - | - | 2,650,289 |
| - | - | - | - | 89,223,479 |
| <u>1,056,208</u> | <u>-</u> | <u>11,714,288</u> | <u>(16,616,322)</u> | <u>131,809,919</u> |
| - | (566,080) | - | - | - |
| - | (1,173,397) | - | - | - |
| - | (267,385) | - | - | - |
| - | (940,346) | - | - | - |
| - | - | - | - | 4,323 |
| - | (2,947,208) | - | - | 4,323 |
| (1,056,208) | 2,947,208 | 26,180,796 | 1,366,239 | 553,685,792 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 37,895,084</u> | <u>\$ (15,250,083)</u> | <u>\$ 685,500,034</u> |

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

The net change in fund balances for governmental funds of \$7,548,742 differs from the change in net position for governmental activities of \$1,179,946 reported in the Statement of Activities. The difference arises primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds operating statement. The effect of the differences is illustrated below.

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of the financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year.

| | |
|----------------------|----------------------|
| Capital outlay | \$ 14,800,687 |
| Depreciation expense | <u>(19,873,618)</u> |
| Difference | <u>(\$5,072,931)</u> |

In the Statement of Activities, only the gain on the disposal of capital assets is reported. However, in the governmental funds, the proceeds from a sale can increase or decrease financial resources. Thus, the change in net position differs from the change in fund balance by the cost of capital assets disposed.

| | |
|-----------------------------|---------------------|
| Disposal of capital assets: | |
| Loss | <u>\$ (946,626)</u> |
| Total change | <u>\$ (946,626)</u> |

Donations of capital assets are not included as revenues in governmental funds. However, for government-wide reporting, these assets are recognized as revenue on the Statement of Activities.

| | |
|-------------------------|--------------------|
| Capital asset donations | <u>\$1,332,589</u> |
|-------------------------|--------------------|

Long-term Transactions

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

| | |
|------------------|----------------------|
| Issuance of debt | <u>\$ 11,057,720</u> |
|------------------|----------------------|

Repayments of bond principal and capital lease principal are reported as expenditures in the governmental funds and thus have the effect of reducing fund balance because current financial resources have been used. However, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.

| | |
|------------------------------|----------------------|
| Bond principal payments made | \$ 10,118,633 |
| Discounts amortized | (2,925) |
| Premium amortized | 48,781 |
| Total | <u>\$ 10,164,489</u> |

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

Deferred Loss on Refunding

Amortization of the deferred loss on refunding is not reported in governmental funds.

| | |
|---|-------------|
| Amortization Deferred loss on refunding | \$ (60,106) |
|---|-------------|

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

| | |
|--|--------------|
| Net change in compensated absences | \$ (367,434) |
| Net change in Medicaid payable (HB 5301) | 883,430 |
| Net accrued interest payable | 73,823 |
| Net adjustment | \$ 589,819 |

Negative Net OPEB Obligation

Amortization of the change in the Net OPEB Obligation funding status of the OPEB Plan is not reported as an expenditure at the fund level.

| | |
|--|--------------|
| Net change in amortization of negative net OPEB obligation | \$ (140,036) |
|--|--------------|

Internal Service Funds Operating Gain

The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position and the operating gain is entirely allocated to governmental activities in the Statement of Activities because they primarily serve governmental activities of the County. In fiscal year 2014, internal service funds incurred a total operating loss of (\$1,571,058).

| | |
|---|----------------|
| Internal service funds allocated program expenses | \$ (4,207,148) |
| Program revenues | 2,317,763 |
| Internal service funds non-operating revenues | 318,327 |
| Change in net position | \$ (1,571,058) |

Accrued Tax Revenues

Some tax revenues are not recognized in the current period because the resources are not available and therefore these revenues are not reported in the fund.

| | |
|----------------------|------------|
| Accrued tax revenues | \$ 188,052 |
|----------------------|------------|

Reclassification and Eliminations

Transfers in and transfers out in the amount of \$46,787,129 between governmental activities should be eliminated. Indirect costs charged between governmental funds have been eliminated as well as Public Works intergovernmental activities. Prepaid items that were previously expensed have been reclassified as governmental assets. These revenues and expenditures must be eliminated to avoid double counting.

| | |
|-----------------------------|------------|
| Net change in prepaid items | \$ 204,732 |
|-----------------------------|------------|

**ALACHUA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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

| | Total Governmental Funds | Capital Outlay Transactions | Long-term Transactions |
|--|---|--|-----------------------------------|
| REVENUES | | | |
| Taxes | \$ 140,783,616 | \$ - | \$ - |
| Licenses and permits | 718,820 | - | - |
| Intergovernmental | 32,083,142 | - | - |
| Charges for services | 26,095,966 | - | - |
| Fines and forfeitures | 3,038,767 | - | - |
| Investment income | 445,983 | - | - |
| Special assessments and impact fees | 6,467,694 | - | - |
| Private donations | 432,351 | 1,332,589 | - |
| Miscellaneous | 4,376,292 | 1,565,289 | - |
| Total revenues | <u>214,442,631</u> | <u>2,897,878</u> | <u>-</u> |
| EXPENDITURES | | | |
| Administration | 50,535,752 | (94,872) | (9,978,597) |
| Community services | 18,818,017 | 94,717 | (882,658) |
| Corrections | 29,620,279 | 1,054,082 | 18,904 |
| Courts | 20,591,008 | (607,610) | - |
| Culture and recreation | 1,789,785 | 410,841 | - |
| Economic environment | 3,168,554 | 21,506 | - |
| Emergency services | 32,805,856 | 57,615 | - |
| Environmental services | 3,391,122 | (434,569) | - |
| Growth management | 3,665,263 | 99,857 | - |
| Law enforcement | 33,281,830 | 181,911 | - |
| Solid waste collection | 4,937,539 | 7,694 | - |
| Transportation | 13,816,505 | 5,228,385 | (5,426) |
| Interest on long-term debt | 3,380,914 | - | - |
| Total expenditures | <u>219,802,424</u> | <u>6,019,557</u> | <u>(10,847,777)</u> |
| Excess of revenues over (under) expenditures | <u>(5,359,793)</u> | <u>(3,121,679)</u> | <u>10,847,777</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 46,787,129 | - | - |
| Transfers out | (46,501,603) | - | - |
| Issuance of debt | 9,900,000 | - | (9,900,000) |
| Capital Lease | 1,157,720 | - | (1,157,720) |
| Premium on issuance of debt | - | - | - |
| Sale of capital assets | 1,565,289 | (1,565,289) | - |
| Total other financing sources (uses) | <u>12,908,535</u> | <u>(1,565,289)</u> | <u>(11,057,720)</u> |
| Change in fund balances/net position | 7,548,742 | (4,686,968) | (209,943) |
| Fund balances/net position-beginning | 112,137,278 | 515,205,751 | (91,840,942) |
| Fund balances/net position - ending | <u>\$ 119,686,020</u> | <u>\$ 510,518,783</u> | <u>\$ (92,050,885)</u> |

| Compensated Absences | Accrued Interest Expenses | Deferred Inflows of Resources | Internal Service Funds | Reclassifications and Eliminations | Statement of Activities |
|-----------------------------|----------------------------------|--------------------------------------|-------------------------------|---|--------------------------------|
| \$ - | \$ - | \$ (26,039) | \$ - | \$ - | \$ 140,757,577 |
| - | - | - | - | - | 718,820 |
| - | - | 21,421 | - | - | 32,104,563 |
| - | - | 232,456 | 1,599,133 | (1,195,464) | 26,732,091 |
| - | - | - | - | - | 3,038,767 |
| - | - | (1,621) | 129,325 | - | 573,687 |
| - | - | (38,165) | - | - | 6,429,529 |
| - | - | - | - | - | 1,764,940 |
| - | - | - | 1,307,632 | (1,224,867) | 6,024,346 |
| - | - | 188,052 | 3,036,090 | (2,420,331) | 218,144,320 |
| 31,845 | - | - | 3,007,525 | (347,241) | 43,154,412 |
| (39,928) | - | - | 14,421 | (73,798) | 17,930,771 |
| 77,220 | - | - | 322,687 | - | 31,093,172 |
| (21,446) | - | - | 195,976 | (151,889) | 20,006,039 |
| (1,983) | - | - | 7,130 | (125,320) | 2,080,453 |
| (20,434) | - | - | 4,152 | (19,574) | 3,154,204 |
| 69,059 | - | - | 142,497 | (605,934) | 32,469,093 |
| 16,029 | - | - | 26,418 | (121,136) | 2,877,864 |
| 10,375 | - | - | 45,580 | (149,276) | 3,671,799 |
| 238,680 | - | - | 368,640 | (299,792) | 33,771,269 |
| 10,339 | - | - | 37,267 | (191,680) | 4,801,159 |
| (2,322) | - | - | 34,855 | (539,423) | 18,532,574 |
| - | (73,823) | - | - | - | 3,307,091 |
| 367,434 | (73,823) | - | 4,207,148 | (2,625,063) | 216,849,900 |
| (367,434) | 73,823 | 188,052 | (1,171,058) | 204,732 | 1,294,420 |
| - | - | - | - | (46,787,129) | - |
| - | - | - | (400,000) | 46,787,129 | (114,474) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | (400,000.00) | - | (114,474) |
| (367,434) | 73,823 | 188,052 | (1,571,058) | 204,732 | 1,179,946 |
| (13,538,727) | (1,130,031) | 2,759,156 | 27,751,854 | 1,161,507 | 552,505,846 |
| <u>\$ (13,906,161)</u> | <u>\$ (1,056,208)</u> | <u>\$ 2,947,208</u> | <u>\$ 26,180,796</u> | <u>\$ 1,366,239</u> | <u>\$ 553,685,792</u> |

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 5 - CASH AND INVESTMENTS

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

Deposits and investments as of September 30, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position

Primary Government

| | |
|---------------------------------------|----------------|
| Equity in pooled cash and investments | \$ 145,443,987 |
| Cash with claims administrator | 200,000 |
| Other cash and equivalents | 10,555,387 |
| Sinking fund cash and equivalents | 11,941,462 |
| Other investments | 1,779,411 |
| Restricted cash and investments: | |
| Equity in pooled cash and investments | 102,552 |
| Investments | 3,580,540 |

Component Units

| | |
|---------------------------------------|---------|
| Equity in pooled cash and investments | 407,414 |
|---------------------------------------|---------|

Statement of Fiduciary Net Position:

| | |
|---------------------------------------|----------------|
| Equity in pooled cash and investments | 5,437 |
| Other cash and investments | 7,827,952 |
| Investments | 1,593,738 |
| Total cash and investments | \$ 183,437,880 |

Deposits and investments as of September 30, 2014 consist of the following:

Primary Government

| | |
|--------------------------------------|---------------|
| Deposits with financial institutions | \$ 39,565,578 |
| Investments | 134,037,761 |

Component Units

| | |
|-------------|---------|
| Investments | 407,414 |
|-------------|---------|

Fiduciary Assets

| | |
|--------------------------------------|----------------|
| Deposits with financial institutions | 7,833,389 |
| Investments | 1,593,738 |
| Total cash and investments | \$ 183,437,880 |

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

A. Cash Deposits

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

B. Investments

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

Operating Funds and Component Units Investment Policy

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

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

Investment Holdings

As of September 30, 2014, the County had the following investments:

| Investments | WAM (Years) | Fair Value |
|------------------------------------|------------------------|------------------------------|
| Primary Government | | |
| Fidelity Treasury MMF | 0.16 | \$ 124,714 |
| Florida Trust Day to Day Fund | 0.15 | 52,720 |
| FLGIT | 1.55 | 15,290,884 |
| Florida PRIME (2a7-like) | 0.11 | 21,812,027 |
| Federal Agency Note (PFM) | 1.50 | 23,630,926 |
| US Treasury Bond/Note (PFM) | 1.81 | 66,706,267 |
| Municipal Bonds (PFM) | 1.42 | 6,420,223 |
| Subtotal Primary Government | | <u>134,037,761</u> |
| Component Unit | | |
| Florida PRIME (2a7-like) | 0.11 | <u>407,414</u> |
| Fiduciary | | |
| FMPTF Bond Fund | 1.59 | 1,337,783 |
| Florida Trust Day to Day Fund | 0.15 | 255,955 |
| Total Fiduciary | | <u>1,593,738</u> |
| Total Holdings | | <u><u>\$ 136,038,913</u></u> |

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 Trust Day to Day Fund – This is a money market product created in January 2009 as part of the Florida Local Government Investment Trust developed through the joint efforts of the Florida Association of Court Clerks and Comptrollers and the Florida Association of Counties. The fund is AAAm rated by Standard and Poor’s and is governed by the Florida Local Government Investment Trust board and advisory committee. The fund seeks to preserve and maintain a stable net asset value of \$1.00 per share. The weighted average maturity of the Fund at September 30, 2014, was 55 days. Additional information on this fund may be obtained from the Florida Trust website at www.floridatrustonline.com.

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.

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

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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 Securities and Exchange Commission's investment requirements for a "2a7-like" fund and the fair value of the position in the pool is equal to the value of the pool shares.

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 \$96,757,416 (fair market value) as noted in the table on page 65.

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, 2014 are \$63,251 and \$344,163 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, 2014 with a fair market value of \$1,337,783. The Clerk of Court Registry Fund investments are held in Florida Trust Day to Day Fund, as described above. The fair market values at September 30, 2014 for the Clerk of Court Registry Funds are \$255,955.

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, 2014, 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.

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Custodial Credit Risk – Investments – Investment securities are exposed to custodial credit risk if they are uninsured and are not registered in the name of the government and are held by either the counterparty or by the counterparty’s trust department or agent but not in the government’s name.

The County’s operating investment policy requires execution of a third-party custodial safekeeping agreement for all purchased securities, and requires that securities be held in the County’s name. As of September 30, 2014, 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 | | |
| Fidelity Treasury MMF | AAAm | \$ 124,714 |
| Florida Trust Day to Day Fund | AAAm | 52,720 |
| FLGIT | AAAf | 15,290,884 |
| Florida PRIME (2a7-like) | AAAm | 21,812,027 |
| Federal Agency Note (PFM) | AA+ | 23,630,926 |
| US Treasury Bond/Note (PFM) | AA+ | 66,706,267 |
| Municipal Bonds (PFM) | | |
| Mississippi State | AA | 279,659 |
| State of Oregon | AAA | 951,083 |
| Regional Transit Authority | AA | 2,368,279 |
| State of Louisiana | AA | 2,345,182 |
| University of California | AA | 476,020 |
| Subtotal Primary Government | | <u>134,037,761</u> |
| Component Unit | | |
| Florida PRIME (2a7-like) | AAAm | <u>407,414</u> |
| Fiduciary | | |
| FMPTF Bond Fund | Unrated | 1,337,783 |
| Florida Trust Day to Day Fund | AAAm | 255,955 |
| Total Fiduciary | | <u>1,593,738</u> |
| Total Holdings | | <u><u>\$ 136,038,913</u></u> |

ALACHUA COUNTY, FLORIDA
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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:

| Investment | Fair value | 3 Months - | | |
|-------------------------------|----------------------|--------------|----------------------|----------------------|
| | | 0 - 3 Months | 1 year | > 1 year |
| Federal Agency Note (PFM) | \$ 23,630,926 | \$ - | \$ 6,084,965 | \$ 17,545,961 |
| Federal Agency Bond (PFM) | | - | - | - |
| US Treasury Bond / Note (PFM) | 66,706,267 | - | 5,895,734 | 60,810,533 |
| Municipal Bonds (PFM) | 6,420,223 | - | 300,495 | 6,119,728 |
| Total | <u>\$ 96,757,416</u> | <u>\$ -</u> | <u>\$ 12,281,194</u> | <u>\$ 84,476,222</u> |

Callable Investments - The County has \$2,390,834 in Federal Instrumentalities that have embedded options consisting of the option at the discretion of the issuer to call their obligation or pay a stated increase in the interest rate. These securities have various call dates, and mature March 2017.

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. | 6.00% |
| Federal Home Loan Bank | 6.26% |

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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:

| | Bond | | |
|---|------------------------|---------------------|---------------------|
| | Covenants & | | Lanfill Post |
| | Cash Reserve | Sinking Fund | Closure |
| 2006 Gas Tax Revenue Bond (1) | \$ 1,384,450 | \$ 230,742 | \$ - |
| 2007 Public Improvement Revenue Bond-Series A & B | 5,158,149 | 895,078 | - |
| 2008 Gas Tax Revenue Bond (3) | 1,743,769 | 289,828 | - |
| 2012 Alachua County Forever Bank Loan | 583,496 | - | - |
| 2011 Local Option Gas Tax Bank Loan | 1,353,402 | - | - |
| 2014 Public Improvement Revenue Bank Loan | 302,548 | - | - |
| Solid Waste System | - | - | 3,683,092 |
| Total Restricted Cash and Investments | \$ 10,525,814 | \$ 1,415,648 | \$ 3,683,092 |

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

NOTE 6 - PROPERTY TAX

A. Real Property Taxes 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.
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.

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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 2014 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 7 - CAPITAL ASSETS

A. Capital asset activity for the year ended September 30, 2014 was as follows:

| | Beginning Balance | Increases | Decreases | Adjustments | Ending Balance |
|--|------------------------------|-----------------------|---------------------|---------------------|---------------------------|
| Primary Government | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 79,940,650 | \$ 452,452 | \$ (152,025) | \$ 1,030,100 | \$ 81,271,177 |
| Right of Way | 157,968,744 | 6,285 | - | (142,656) | 157,832,373 |
| Stormwater Basins | 14,016,550 | - | - | 52,272 | 14,068,822 |
| Artwork | 91,390 | - | - | - | 91,390 |
| Construction/Purchase in progress | 27,334,703 | 6,361,588 | (17,721,736) | - | 15,974,555 |
| Total not being depreciated | 279,352,037 | 6,820,325 | (17,873,761) | 939,716 | 269,238,317 |
| Capital assets being depreciated: | | | | | |
| Buildings | 125,100,889 | 2,370,962 | 15,342,799 | (191,150) | 142,623,500 |
| Equipment & purchased software | 73,533,307 | 6,393,550 | (3,063,132) | 512,029 | 77,375,754 |
| Software - internally developed | 188,016 | - | - | - | 188,016 |
| Improvements other than Building | 14,230,728 | 457,541 | 95,808 | (18,389) | 14,765,688 |
| Infrastructure | 504,041,408 | 89,252 | 1,827,473 | 90,383 | 506,048,516 |
| Total being depreciated | 717,094,348 | 9,311,305 | 14,202,948 | 392,873 | 741,001,474 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (48,834,173) | (3,867,434) | - | (18,161) | (52,719,768) |
| Equipment & purchased software | (49,116,539) | (6,038,626) | 2,863,189 | (207,453) | (52,499,429) |
| Software - internally developed | (158,920) | (37,604) | - | 49,973 | (146,551) |
| Improvements other than Building | (7,304,298) | (759,187) | - | - | (8,063,485) |
| Infrastructure | (370,218,111) | (10,718,333) | - | 18,111 | (380,918,333) |
| Total accumulated depreciation | (475,632,041) | (21,421,184) | 2,863,189 | (157,530) | (494,347,566) |
| Total being depreciated, net | 241,462,307 | (12,109,879) | 17,066,137 | 235,343 | 246,653,908 |
| Governmental activities capital assets, net | \$ 520,814,344 | \$ (5,289,554) | \$ (807,624) | \$ 1,175,059 | \$ 515,892,225 |
| Business-type activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | 3,356,699 | \$ 72,738 | \$ (92,127) | \$ 138,800 | \$ 3,476,110 |
| Total not being depreciated | 3,356,699 | 72,738 | (92,127) | 138,800 | 3,476,110 |
| Capital assets being depreciated: | | | | | |
| Buildings | 2,935,256 | 24,672 | - | - | 2,959,928 |
| Equipment & purchased software | 3,270,480 | 1,065,719 | (397,389) | - | 3,938,810 |
| Improvements other than Building | 13,397,731 | 179,116 | - | - | 13,576,847 |
| Total being depreciated | 19,603,467 | 1,269,507 | (397,389) | - | 20,475,585 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (1,318,604) | (92,828) | - | - | (1,411,432) |
| Equipment & purchased software | (2,545,877) | (356,359) | 389,290 | - | (2,512,946) |
| Improvements other than Building | (10,304,957) | (201,220) | - | - | (10,506,177) |
| Total accumulated depreciation | (14,169,438) | (650,407) | 389,290 | - | (14,430,555) |
| Total being depreciated, net | 5,434,029 | 619,100 | (8,099) | - | 6,045,030 |
| Total business-type capital assets, net | 8,790,728 | 691,838 | (100,226) | 138,800 | \$ 9,521,140 |

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

ALACHUA COUNTY, FLORIDA
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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 | \$ 796,426 |
| Community service | 523,583 |
| Corrections | 2,279,469 |
| Courts | 1,076,744 |
| Culture & recreation | 743,848 |
| Tourist development | 21,506 |
| Emergency services | 1,182,849 |
| Environmental services | 50,576 |
| Growth management | 37,673 |
| Law enforcement | 2,168,451 |
| Solid waste disposal | 7,694 |
| Transportation (includes County infrastructure) | 10,984,799 |

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

1,547,566

Total depreciation expense-governmental activities

\$ 21,421,184

Business-type activities:

| | |
|---|-------------------|
| Codes enforcement | \$ 396 |
| Solid waste disposal | 650,011 |
| Total depreciation expense-business-type activities | <u>\$ 650,407</u> |

ALACHUA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Balances as of September 30, 2014, consisted of the following:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|------------------------------------|---------------------------------|------------------------------|
| Governmental funds: | | |
| General Fund | \$ 5,758,376 | \$ 1,250,418 |
| MSTU Unincorporated Services | 27,645 | 140 |
| MSTU Law Enforcement | 278,166 | 2,400,000 |
| MSTU Fire Protection | 51,238 | - |
| Gas Tax Uses | 179,110 | 750,551 |
| Debt service | 13,389 | 9,256,972 |
| Transportation Trust | 1,031,208 | 652,000 |
| Other Governmental Funds | 336,749 | 2,306,241 |
| Subtotal Governmental funds | <u>7,675,881</u> | <u>16,616,322</u> |
| Proprietary funds: | | |
| Solid Waste System | 1,398,924 | - |
| Codes Enforcement | - | 81 |
| Internal Service funds | 7,541,598 | - |
| Total | <u><u>\$ 16,616,403</u></u> | <u><u>\$ 16,616,403</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, 2014, consisted of the following:

| | Transfers from Other Funds | Transfers to Other Funds |
|------------------------------------|---|-------------------------------------|
| | <u> </u> | <u> </u> |
| Governmental Funds: | | |
| General Fund | \$ 26,961,405 | \$ 9,163,344 |
| MSTU Unincorporated Services | 583,080 | 322,000 |
| MSTU Law Enforcement | 1,769,724 | 16,857,208 |
| MSTU Fire Protection | 765,370 | 556,674 |
| Gas Tax Uses | 3,844,121 | - |
| Debt Service | 2,351,424 | 9,366,950 |
| Other Capital Projects | 3,068,050 | 2,310,152 |
| Transportation Trust | 1,737,654 | 37,530 |
| Other Governmental Funds | 5,706,301 | 7,887,745 |
| Subtotal-Governmental Funds | <u>46,787,129</u> | <u>46,501,603</u> |
| Proprietary Funds: | | |
| Business-type Activities: | | |
| Solid Waste System | 114,474 | - |
| Internal Service Funds | - | 400,000 |
| Total | <u><u>\$ 46,901,603</u></u> | <u><u>\$ 46,901,603</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 9 - LONG-TERM OBLIGATIONS

A. Long-term Obligations (excluding accrued compensated absences and estimated self-insured losses) at September 30, 2014 are composed of the following:

PRIMARY GOVERNMENT

Revenue Bonds:

\$21,170,000 Series A Public Improvement Revenue and \$42,455,000 Series 2007 B Public Improvement Revenue Refunding bonds, due in annual installments of \$920,000 to \$4,580,000 through 2029, interest from 4.000% to 4.250%.

Revenue Source – a pledge of the County's portion of the Half Cent Sales Tax. \$42,300,000

\$15,400,000 2006 Transportation Improvement revenue bonds, due in annual installments of \$1,050,000 to \$1,325,000 through 2021, interest from 4.000% to 4.125%.

Revenue Source – a pledge of the County's 5th, 6th, 7th and 9th cent voted Gas Tax. 8,280,000

ALACHUA COUNTY, FLORIDA
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\$18,245,000 2008 Transportation Improvement revenue bonds, due in annual installments of \$1,255,000 to \$1,665,000 through 2022, interest from 4.000% to 4.500%.

Revenue Source – a pledge of the County’s 5th, 6th, 7th and 9th cent voted Gas Tax. 11,600,000

TOTAL BONDS PAYABLE **62,180,000**

Notes Payable:

\$7,700,000 2008 Capital Improvement bank loan, due in annual installments of \$559,000 to \$684,000 through 2023, interest of 4.090%.

Revenue Source – a pledge of the County’s Non-Ad Valorem revenues. 5,262,000

\$9,500,000 2011 Local Option Gas Tax bank loan, due in annual installments of \$1,226,000 to \$1,337,000 through 2019, interest of 2.200%.

Revenue Source – a pledge of the County’s 5 Cent Local Option Gas Tax. 6,404,000

\$9,615,000 2012 Alachua County Forever bank loan, due in annual installments of \$746,600 to \$2,079,100 through 2017, interest of 1.590%.

Revenue Source – a pledge of the County’s Ad Valorem revenues up to .25mills. 4,870,200

\$9,900,000 2014 Public Improvement revenue bank loan, due in annual installments of \$900,000 to \$1,085,000 through 2024, interest of 2.090%.

Revenue Source – a pledge of the County’s portion of the Half Cent Sales Tax. 9,900,000

SUBTOTAL NOTES PAYABLE **26,436,200**

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%.

211,645

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%.

862,042

SUBTOTAL CAPITAL LEASE PAYABLE **1,073,687**

TOTAL NOTES PAYABLE AND CAPITAL LEASE PAYABLE **27,509,887**

Medicaid Payable:

\$5,300,578 Medicaid Payable HB5301, due in annual installments of \$883,429 to \$883,430 through 2017.

Revenue Source – County’s portion of the Half Cent Sales Tax. 2,650,289

TOTAL MEDICAID PAYABLE **2,650,289**

TOTAL LONG-TERM OBLIGATIONS **\$92,340,176**

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

B. Debt Service and Medicaid Requirements to Maturity on the County's debt at September 30, 2014 are as follows:

| Fiscal Year | Revenue Bonds | | Notes Payable and Capital Lease Payable | | Medicaid | Total Principal, Interest, and Medicaid |
|---------------|----------------------|----------------------|--|---------------------|---------------------|--|
| | Principal | Interest | Principal | Interest | Payable | |
| 2015 | \$ 5,860,000 | \$ 2,633,889 | \$ 4,746,559 | \$ 546,364 | \$ 883,430 | \$ 14,670,242 |
| 2016 | 6,060,000 | 2,389,489 | 4,962,502 | 584,637 | 883,430 | 14,880,058 |
| 2017 | 6,345,000 | 2,137,089 | 3,661,143 | 475,711 | 883,429 | 13,502,372 |
| 2018 | 6,595,000 | 1,883,289 | 2,944,124 | 377,223 | - | 11,799,636 |
| 2019 | 6,890,000 | 1,590,689 | 3,019,908 | 301,338 | - | 11,801,935 |
| 2020-2024 | 22,785,000 | 3,914,722 | 8,175,651 | 693,642 | - | 35,569,015 |
| 2022-2029 | 7,645,000 | 803,281 | - | - | - | 8,448,281 |
| | <u>62,180,000</u> | <u>15,352,448</u> | <u>27,509,887</u> | <u>2,978,915</u> | <u>2,650,289</u> | <u>110,671,539</u> |
| Less: | | | | | | |
| Unamortized | | | | | | |
| Bond Discount | (20,233) | - | - | - | - | (20,233) |
| Plus: | | | | | | |
| Unamortized | | | | | | |
| Bond Premium | 627,512 | - | - | - | - | 627,512 |
| TOTAL | <u>\$ 62,787,279</u> | <u>\$ 15,352,448</u> | <u>\$ 27,509,887</u> | <u>\$ 2,978,915</u> | <u>\$ 2,650,289</u> | <u>\$ 111,278,818</u> |

ALACHUA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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C. Changes in Long-term Obligations for the year ended Sept. 30, 2014 are as summarized as follows:

| | <u>Balance</u> <u>October 1, 2013</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>Sept 30, 2014</u> | <u>Due Within</u> <u>One Year</u> |
|---|--|---------------------|------------------------|--|--------------------------------------|
| <u>Governmental activities:</u> | | | | | |
| Revenue bonds payable | \$ 67,780,000 | \$ - | \$ (5,600,000) | \$ 62,180,000 | \$ 5,860,000 |
| Less: deferred amounts: | | | | | |
| Unamortized discounts | (23,158) | - | 2,925 | (20,233) | - |
| Unamortized premiums | 676,293 | - | (48,781) | 627,512 | - |
| Subtotal-bonds | 68,433,135 | - | (5,645,856) | 62,787,279 | 5,860,000 |
| Notes payable | 20,970,800 | 9,900,000 | (4,434,600) | 26,436,200 | 3,764,500 |
| Capital leases | - | 1,157,720 | (84,033) | 1,073,687 | 82,059 |
| Estimated liability-self insured losses | 5,911,053 | 21,383,862 | (21,446,547) | 5,848,368 | 1,984,379 |
| Medicaid payable (HB 5301) | 3,533,719 | - | (883,430) | 2,650,289 | 883,430 |
| Accrued compensated absences | 13,764,238 | 7,365,572 | (7,003,244) | 14,126,566 | 7,003,244 |
| Total governmental activities | 112,612,945 | 39,807,154 | (39,497,710) | 112,922,389 | 19,577,612 |
| <u>Business-type activities:</u> | | | | | |
| Accrued compensated absences | 575,533 | 252,884 | (210,843) | 617,574 | 210,843 |
| Accrued landfill closure cost | 5,354,199 | - | (351,363) | 5,002,836 | 318,745 |
| Total business-type activities | 5,929,732 | 252,884 | (562,206) | 5,620,410 | 529,588 |
| Total long-term obligations | \$ 118,542,677 | \$40,060,038 | \$ (40,059,916) | \$ 118,542,799 | \$ 20,107,200 |

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, \$220,405 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
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D. Summary of Revenue Bonds Payable – the following is a summary of government bond resolutions pertaining to debt reflected in the September 30, 2014 financial statements:

| Name | \$15,400,000 Gas Tax Revenue Bonds, Series 2006 | \$18,245,000 Gas Tax Revenue Bonds, Series 2008 | \$63,625,000 Public Improvement Revenue Bonds, Series 2007A & B |
|---|---|--|--|
| Purpose | To provide funds for the costs and acquisition and construction of certain road improvements within the County; purchase the 2006 Surety Bond, and pay certain costs of issuance. | To provide funds to finance the costs of acquisition and construction of certain road improvements within the County, purchase of the 2008 Surety Bond, and costs of issuance. | Series 2007A - To provide funds for the acquisition and construction of a new fire station, new jail dormitory, new recreation and park improvements; purchase the 2007 Surety Bond, and costs of issuance. Series 2007B - To refund portions of the County's Public Improvement Revenue Bonds, Series 1995 and its Public Improvement Revenue Bonds, Series 1999; purchase of the 2007 Surety Bond, and costs of issuance. |
| Dated | April 12, 2006 | April 10, 2008 | February 6, 2007 |
| Final maturity | August 1, 2021 | August 1, 2022 | August 1, 2029 |
| Principal payment date | August 1st | August 1st | August 1st |
| Interest payment dates | August 1st and February 1st | August 1st and February 1st | August 1st and February 1st |
| Interest rates | 4.00% to 4.125% | 4.00% to 4.50% | 4.00% to 4.25% |
| Outstanding Principal at 9/30/14 | \$8,280,000 | \$11,600,000 | \$42,300,000 |
| Reserve requirement | \$1,384,450 | \$1,743,769 | \$5,158,149 |
| Pledged revenue source | Constitutional Gas Tax, County Gas Tax, and Ninth Cent Gas Tax. | Constitutional Gas Tax, County Gas Tax, and Ninth Cent Gas Tax. | Local Government Half-Cent Sales Tax. |
| Total debt svc payment | \$1,382,325 | \$1,739,344 | \$5,339,970 |
| % of required Debt Svc to total pledged revenue source | 61.64% | | 50.10% |

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

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

There is no obligation on the part of the County, the State, or any political subdivision for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2014, there were sixteen series of Health Facility Revenue Bonds outstanding, with an aggregate principal amount payable of \$609,473,673, one series of Industrial Development Bonds outstanding, with an aggregate principal amount payable of \$14,000,000, and eight series of Housing Finance Authority Multi-family Housing Bonds, with an aggregate principal amount payable of \$36,438,430.

G. Landfill Post Closure Care Obligation – The County’s Southwest Landfill’s liability for fiscal year 2014 is \$4,042,073, a decrease of \$237,769 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 \$960,763, a decrease of \$113,594 from last fiscal year. See Note 1.D.8. for more information.

NOTE 10 - EMPLOYEE BENEFITS

A. Pension Plan

Florida Retirement System - Defined Benefit and Defined Contribution Pension Plan

Defined Benefit Plan

Plan Description - The County contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer retirement plan administered by the State of Florida, Department of Management Services, Division of Retirement. FRS offers members a defined benefit plan (Pension Plan) to provide retirement, disability, or death benefits for retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues financial statements and required supplementary information for the FRS. That report may be obtained by writing to the State of Florida Division of Retirement, P. O. Box 9000, Tallahassee, Florida 32315-9000, by accessing the FRS website or by calling (850) 488-5540.

Funding Policy – The FRS was employee noncontributory through June 30, 2011, but beginning July 1, 2011 was funded partially by a contribution of 3% from employees and governmental employers are required to contribute the balance at an actuarially statewide determined rate. The rates for the management portion of the contribution as of September 30, 2014, are as follows: regular employees – 7.37%; special risk employees – 19.82%; elected officials – 43.24%; senior management service – 21.14%; deferred retirement option (DROP) – 12.28%.

The contribution requirements of plan members and the County are established and may be amended by the Florida Legislature. The County’s contributions to the FRS Pension Plan for the years ending September 30, 2014, 2013, and 2012 were \$9,941,960, \$7,677,865, and \$6,335,418, respectively, and were equal to the required contributions for each year.

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Funded Status – The FRS Annual Report July 1, 2012 – June 30, 2013 available as previously mentioned, stated that the FRS pension plan was 85.9% funded at July 1, 2013 since the actuarial value of assets was \$131.68 billion compared to the actuarial accrued liability of \$153.30 billion.

Defined Contribution Plan

The Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution plan qualified under Section 401 (a) of the Internal Revenue Code. The FRS Investment Plan is administered by the Department of Management Services and is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. Chapter 121, Florida Statutes, establishes the authority for benefit provisions and contribution requirements. Changes to the law can only occur through an act of the Florida Legislature. There are uniform contribution rates as discussed on the preceding page that cover both the defined benefit and defined contribution plans. Required employer contributions made to the FRS Investment Plan in FY14 totaled \$1,664,227.

City of Gainesville Pension Plan

As of September 30, 2014, one (1) employee of the Sheriff’s office was a member of the City of Gainesville’s Employees’ Plan. This employee was previously an employee of the City of Gainesville who elected to remain in the City’s pension plan upon their employment with the Sheriff’s Office.

Plan Description – The Employees’ Plan is a single-employer contributory defined benefit pension plan that covers all permanent employees of the City, except certain personnel who elected to participate in the Defined Contribution Plan and, or the Deferred Compensation Plan, and police officers and firefighters who participate in the Consolidated Plan. The Employees’ plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Gainesville City Commission adopted this plan and all amendments through a City ordinance. The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the Employees’ Plan. That report may be obtained by writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 32602, or by calling (352) 334-5054.

Funding Policy – The contribution requirements of plan members and the City are established and may be amended by ordinance approved by the City Commission. Plan members are required to contribute 5.0% of their annual covered salary. The City is required to contribute an actuarially determined percentage of covered payroll, currently 14.56% for retirement benefits.

The Sheriff’s contributions to the City Employees’ Plan for the years ended September 30, 2014, 2013 and 2012, were \$2,025, \$5,503, and \$4,513, respectively, equal to the required contributions for each year.

The Sheriff’s employee contributions to the City Employees’ Plan for the years ended September 30, 2014, 2013 and 2012, were \$520, \$2,287, and \$4,126, respectively, equal to the required contributions for each year.

B. Other Post-Employment Benefits Plan

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

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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. 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, 2012, the date of the latest actuarial valuation, projected to October 1, 2013, plan participation consisted of:

| | |
|---------------------------------------|---------------------|
| Active employees (fully eligible) | 179 |
| Active employees (not fully eligible) | 1,975 |
| Retirees receiving benefits | <u>602</u> |
| Total OPEB participants | <u><u>2,756</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, 2014, the County paid a total of \$1,389,356 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 \$1,541,244 to pay-as-you-go financing through their required contribution of \$422.34 per month for retiree-only coverage, \$1,009.34 per month for retiree and spouse coverage and \$1,422.94 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) |
|------|------------------|---------------------|---------------|-----------------------------|
| 2014 | \$1,635,000 | \$1,494,965 | 91% | - |
| 2013 | \$1,559,000 | \$1,107,403 | 71% | (\$140,036) |
| 2012 | 1,331,000 | 1,922,633 | 144% | (591,633) |

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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 | \$ 1,638,000 |
| Interest on net OPEB obligation | (10,000) |
| Adjustment to ARC | 7,000 |
| Annual OPEB cost (expense) | <u>1,635,000</u> |
| OPEB plan payments: | |
| Pay-as-you-go financing | 1,389,356 |
| Contribution of assets to OPEB Trust | <u>105,609</u> |
| Subtotal OPEB payments | <u>1,494,965</u> |
| Increase in net OPEB obligation (asset) | 140,035 |
| Net OPEB obligation-beginning of year | <u>(140,035)</u> |
| Net OPEB obligation(asset)-end of year | <u><u>\$ -</u></u> |

Funding Status and Funding Progress – The OPEB payments made for the 2014 fiscal year were 91% of the annual OPEB cost. As of the actuarial valuation report dated October 1, 2013, the funded status was as follows:

| | |
|---|-----------------------------|
| Actuarial accrued liability (AAL) | \$ 19,260,000 |
| Less: Actuarial value of plan assets | <u>1,232,000</u> |
| Unfunded actuarial accrued liability (UAAL) | <u><u>\$ 18,028,000</u></u> |
| Funded ratio (actuarial value of plan assets/AAL) | 6.40% |
| Covered payroll at valuation date | \$ 105,897,229 |
| UAAL as a percentage of covered payroll | 17.02% |

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

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

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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-2000 Table (projected to 2015), gender-specific basis |
| Healthcare cost trend rate | 8.5% initial year reduced 0.5% each year until reaching ultimate trend rate of 5.0% |

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 \$14,744,140 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 11 - RISK MANAGEMENT AND CONVENTIONALLY INSURED CLAIMS & LOSSES

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

A. Risk Management Claims and Losses

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

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

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

The estimated liability for self-insured losses is based on reported claims, historical loss data, industry statistics for claims incurred but not reported, and a valuation performed by an independent actuary as of July 31, 2014 projecting to September 30, 2014, and the prior year as of July 31, 2013 projecting to September 30, 2013:

| Fiscal Year | Claims Liability, Beginning of Fiscal Year | Current Year Claims & Changes in Estimates | Claim Payments | Claims Liability, End of Fiscal Year |
|--------------------|---|---|---------------------------|---|
| 2013 | \$ 5,213,992 | \$ 1,919,696 | \$ (2,190,658) | \$ 4,943,030 |
| 2014 | 4,943,030 | 1,281,429 | (1,599,956) | 4,624,503 |

For fiscal year 2014 the margin for the risk of adverse deviation was accrued at a 75% confidence level. For fiscal year 2014 ending unrestricted net position is \$374,211 all of which is reserved for possible future losses. Florida Statutes provide for local government tort immunity and a claims bill process. Our actuarial estimates do not include a provision for liabilities arising from claims bills except to the extent such claims are included in the loss history of Alachua County. The County’s Actuary determined a

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portion of the claims liability that would be expected to be paid within one year and the accompanying financial statements reflect that by showing a current and a long-term liability.

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

B. Conventionally Insured Claims and Losses

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

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 \$3,335,778 at September 30, 2014.

The claims liability reported in the fund at September 30, 2014 for the employee group health insurance plan was \$1,223,865. 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 2014, 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 |
|--------------------|---|---|---------------------------|---|
| 2013 | \$ 1,040,934 | \$ 17,070,697 | \$ (17,143,608) | \$ 968,023 |
| 2014 | 968,023 | 20,165,118 | (19,909,276) | 1,223,865 |

D. Sheriff's Risk Management

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

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NOTE 12 - INDIRECT COSTS

The County's indirect costs consist of allowable administrative costs allocated to the Enterprise Funds, Internal Service Funds, various Federal and State Grants, and Special Revenue Funds. The County's indirect cost plan is developed annually based on the prior year's actual expenditures. Some adjustments are required due to specific Federal grant allowances or other legal limitations. For the fiscal year ended September 30, 2014, the following was charged:

| INDIRECT COST | | | |
|----------------------|--|--|---------------------------------------|
| CHARGED | | FUND | PROJECT NAME |
| | | Governmental Funds | |
| \$ 72,867 | | CHOICES | CHOICES |
| 234,055 | | MSTU-Unincorporated services | MSTU-Unincorporated services |
| 495,930 | | MSTU-Fire protection services | MSTU-Fire protection services |
| 3,473 | | Emergency services | EMPA State Grant |
| 2,564 | | Emergency services | EMPG Federal Grant |
| 56,030 | | MSBU | Refuse Collection |
| 51,819 | | Drug & law enforcement | HRS Metamorphosis |
| 10,694 | | 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>976,303</u> | | Subtotal-Governmental Funds | |
| | | Enterprise Funds | |
| 215,307 | | 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>462,480</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>\$ 1,682,373</u> | | Total Indirect Cost | |

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

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NOTE 13 - OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES

A. Excess of Expenditures over Appropriations

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

B. Excess of Expenditures Over Revenue in the Budget Column

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

C. Future Accounting Pronouncements

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

- Accounting and financial reporting for pensions;
- Mergers, acquisitions and transfers of operations; and
- Fair value measurements and application.

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

NOTE 14 - COMMITMENTS AND CONTINGENCIES

A. Commitments

(1) Non-capitalized leases –

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

(b) Rental costs for the year ended September 30, 2014, under cancelable leases are summarized as follows:

| Fund Charged | Amount |
|------------------------|---------------|
| General Fund | \$ 633,592 |
| Special Revenue Funds | 166,439 |
| Enterprise Fund | 25,421 |
| Internal Service Funds | 4,342 |
| Total | \$ 829,794 |

(d) The Tax Collector is leasing various equipment under renewable annual operating leases. During the year ended September 30, 2014, the lease payments on all operating leases were \$17,184. 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, 2014, the lease payments on all data transport service leases were \$21,238. The Tax Collector also has a ten-year renewable lease agreement for a Tag Office on Archer Road, which expires on April 13, 2017. During the year ended September 30, 2014, lease payments for office space totaled \$186,700.

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Future minimum lease payments for noncancellable operating leases for the Tax Collector as of September 30, 2014, are as follows:

| <u>Fiscal Year</u> | <u>Amount</u> |
|--------------------|-------------------|
| 2015 | \$ 212,496 |
| 2016 | 219,260 |
| 2017 | 132,150 |
| 2018 | 1,795 |
| 2019 | 300 |
| Total | <u>\$ 566,001</u> |

(e) The Sheriff is leasing equipment and office space under leases, which are cancelable under certain circumstances. During the fiscal year ended September 30, 2014, the lease payments on all operating leases amounted to approximately \$418,234.

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

Operating Leases for fiscal year 2014:

| | <u>Lease Amount</u> |
|---|---------------------|
| SP Recycling leases a building for \$118,306.80 annually, in monthly installments, due the first day of each month. A late fee of \$50 per day will be assessed against the lessee, if the payment is not received by the fifth day of each month. For subsequent years, an annual increase of 3% will be applied to the rent. The cost of the leased building is \$1,132,087, with an accumulated depreciation of \$493,846, resulting in a carrying value of \$638,241. | \$ 108,359 |
| 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 \$184,824 accumulated depreciation resulting in a \$47,789 carrying value. | 16,862 |
| The licensee leased the land at 15 SW 2nd Street, for \$100 monthly, plus applicable taxes. Payment is due no later than the first of each month. The cost of the land is \$5,596. | 1,200 |
| Florida Department of Health, sub-leases warehouse space within a building located at 6520 NW 18th Drive, paying rental payments in the amount of \$2,757.38 monthly. | <u>33,089</u> |
| TOTAL OPERATING LEASES | <u>\$ 159,510</u> |

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

| Fiscal Year | Lease |
|---------------------|-------------------|
| Ending | Receivable |
| September 30 | |
| 2015 | \$ 129,672 |
| 2016 | 18,062 |
| 2017 | 18,062 |
| 2018 | 18,062 |
| 2019 | 18,062 |
| TOTAL | \$ 201,920 |

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

(5) Other significant outstanding contracts at September 30, 2014, are as follows:

| Amount | Vendor Name | Description |
|------------|--------------------------------|---|
| \$ 293,827 | HNTB Inc | Construction plan for SW 61 St & SW 24th Ave |
| 4,474,502 | Anderson Columbia | Construction of NW 16th & 23rd Ave |
| 218,224 | John Hipp Construction Co | Construction of Archer Braid Trail Archer Rd to Kanapaha Park |
| 223,106 | ETR LLC | Purchase of ambulance |
| 404,228 | ETR LLC | Purchase of two ambulances |
| 332,536 | Hall-Mark Fire Appartus Inc | Purchase of Rescue Pumper |
| 191,142 | Town of Tioga LLC | Design plans for SW 8th Ave Extension |
| 392,239 | Anglin Construction Co | Construction of Hawthorne Fire Station |
| 157,026 | Causseaux Hewett & Walpole Inc | Design plans for NW 32nd Ave signalization at NW 143rd St |
| 128,154 | Comfort Temp Company | HVAC replacement of Co Admin Bldg 2nd floor |
| 120,181 | Sportscape Services Inc | Kanapaha Soccer Field renovations |
| 586,187 | HNTB Inc | Design plans for SW 8th Ave to SW 20th connection |
| 178,257 | Charles Perry Partners Inc | Building renovation for SWAG Community Center |

B. Contingencies

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

(2) Grant Funding

The County participates in a number of federally and state assisted programs that are subject to program compliance audits. For the year ended September 30, 2014, 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

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ultimate disposition of these lawsuits and claims will not have a material adverse effect on the financial position of the County.

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

(5) Solid Waste System

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

NOTE 15 - RELATED PARTY TRANSACTIONS

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

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

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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ALACHUA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - COUNTY-WIDE
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | BUDGETED AMOUNTS | | | VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE) |
|--|---------------------|---------------------|----------------------|---|
| | ORIGINAL | FINAL | ACTUAL | |
| REVENUES | | | | |
| Taxes | \$ 93,880,225 | \$ 93,880,225 | \$ 95,181,531 | \$ 1,301,306 |
| Intergovernmental | 4,657,000 | 4,701,837 | 5,497,458 | 795,621 |
| Charges for services | 15,095,426 | 15,136,258 | 16,056,386 | 920,128 |
| Fines and forfeitures | 5,400 | 5,400 | 9,114 | 3,714 |
| Investment income | 621,500 | 621,500 | 146,489 | (475,011) |
| Private Donations | - | - | 40,311 | 40,311 |
| Miscellaneous | 1,976,135 | 1,976,135 | 2,369,951 | 393,816 |
| Total revenue | <u>116,235,686</u> | <u>116,321,355</u> | <u>119,598,979</u> | <u>3,277,624</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 35,105,233 | 35,247,086 | 32,956,627 | 2,290,459 |
| Public safety | 83,474,409 | 84,475,249 | 82,688,196 | 1,787,053 |
| Physical environment | 1,880,551 | 1,902,524 | 1,732,252 | 170,272 |
| Transportation | - | 16,050 | 13,219 | 2,831 |
| Economic environment | 1,205,293 | 1,207,989 | 1,145,622 | 62,367 |
| Human services | 12,960,805 | 12,769,282 | 12,335,852 | 433,430 |
| Culture and recreation | 562,994 | 564,790 | 491,510 | 73,280 |
| Court cost | 8,899,533 | 9,293,645 | 8,996,851 | 296,794 |
| Reserve for contingency | 5,819,713 | 5,703,264 | - | 5,703,264 |
| Debt Service: | | | | |
| Principal | - | 84,033 | 84,033 | - |
| Interest | - | 5,967 | 5,967 | - |
| Total expenditures | <u>149,908,531</u> | <u>151,269,879</u> | <u>140,450,129</u> | <u>10,819,750</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(33,672,845)</u> | <u>(34,948,524)</u> | <u>(20,851,150)</u> | <u>14,097,374</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 26,681,353 | 26,956,510 | 26,961,405 | 4,895 |
| Transfers out | (8,371,576) | (8,791,035) | (9,163,344) | (372,309) |
| Capital lease | - | 1,157,720 | 1,157,720 | - |
| Sale of capital assets | 21,899 | 76,598 | 1,565,289 | 1,488,691 |
| Total other financing sources and (uses) | <u>18,331,676</u> | <u>19,399,793</u> | <u>20,521,070</u> | <u>1,121,277</u> |
| Net change in fund balances | (15,341,169) | (15,548,731) | (330,080) | 15,218,651 |
| Fund balances - beginning | <u>15,341,169</u> | <u>15,548,731</u> | <u>26,843,609</u> | <u>11,294,878</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 26,513,529</u> | <u>\$ 26,513,529</u> |

ALACHUA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CHOICES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | BUDGETED AMOUNTS | | | VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE) |
|--|------------------|--------------|--------------|---|
| | ORIGINAL | FINAL | ACTUAL | |
| REVENUES | | | | |
| Investment income | \$ - | \$ - | \$ 50,148 | \$ 50,148 |
| Private donations | - | - | 150,000 | 150,000 |
| Miscellaneous | - | - | 1,234,814 | 1,234,814 |
| Total revenue | - | - | 1,434,962 | 1,434,962 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Human services | 5,196,069 | 5,196,069 | 4,468,320 | 727,749 |
| Reserve for contingency | 1,429,698 | 7,467,397 | - | 7,467,397 |
| Total expenditures | 6,625,767 | 12,663,466 | 4,468,320 | 8,195,146 |
| Excess (deficiency) of revenues over (under) expenditures | (6,625,767) | (12,663,466) | (3,033,358) | 9,630,108 |
| Fund balances - beginning | 6,625,767 | 12,663,466 | 12,663,466 | - |
| Fund balances - ending | \$ - | \$ - | \$ 9,630,108 | \$ 9,630,108 |

ALACHUA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MSTU - UNINCORPORATED SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | BUDGETED AMOUNTS | | | VARIANCE WITH |
|--|------------------|------------------|-------------------|--|
| | ORIGINAL | FINAL | ACTUAL | FINAL BUDGET - POSITIVE (NEGATIVE) |
| REVENUES | | | | |
| Taxes | \$ 3,726,512 | \$ 3,726,512 | \$ 3,847,403 | \$ 120,891 |
| Permits and fees | 128,860 | 128,860 | 137,243 | 8,383 |
| Intergovernmental | 1,016,500 | 1,016,500 | 1,021,846 | 5,346 |
| Charges for services | 59,000 | 59,000 | 141,541 | 82,541 |
| Investment income | 8,140 | 8,140 | 1,353 | (6,787) |
| Miscellaneous | 16,000 | 16,000 | 14,406 | (1,594) |
| Total revenues | <u>4,955,012</u> | <u>4,955,012</u> | <u>5,163,792</u> | <u>208,780</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 1,238,066 | 1,238,274 | 1,100,655 | 137,619 |
| Public safety | 494,836 | 496,501 | 486,361 | 10,140 |
| Physical environment | 478,479 | 478,901 | 462,369 | 16,532 |
| Transportation | 989,043 | 990,211 | 945,327 | 44,884 |
| Economic environment | 965,071 | 967,067 | 938,451 | 28,616 |
| Culture and recreation | 1,150,489 | 1,155,030 | 935,041 | 219,989 |
| Reserve for contingency | 144,077 | 134,077 | - | 134,077 |
| Total expenditures | <u>5,460,061</u> | <u>5,460,061</u> | <u>4,868,204</u> | <u>591,857</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(505,049)</u> | <u>(505,049)</u> | <u>295,588</u> | <u>800,637</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 602,049 | 602,049 | 583,080 | (18,969) |
| Transfers out | (322,000) | (322,000) | (322,000) | - |
| Total other financing sources and (uses) | <u>280,049</u> | <u>280,049</u> | <u>261,080</u> | <u>(18,969)</u> |
| Net change in fund balances | (225,000) | (225,000) | 556,668 | 781,668 |
| Fund balances - beginning | <u>225,000</u> | <u>225,000</u> | <u>414,298</u> | <u>189,298</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 970,966</u> | <u>\$ 970,966</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, 2014

| | BUDGETED AMOUNTS | | | VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE) |
|--|---------------------|---------------------|---------------------|---|
| | ORIGINAL | FINAL | ACTUAL | |
| REVENUES | | | | |
| Taxes | \$ 16,463,520 | \$ 16,463,520 | \$ 16,873,582 | \$ 410,062 |
| Charges for services | 425,000 | 425,000 | 399,503 | (25,497) |
| Investment income | 17,075 | 17,075 | 12,322 | (4,753) |
| Miscellaneous | 55,000 | 55,000 | 16,445 | (38,555) |
| Total revenues | <u>16,960,595</u> | <u>16,960,595</u> | <u>17,301,852</u> | <u>341,257</u> |
| EXPENDITURES | | | | |
| Current: General government | 207,074 | 213,431 | 213,256 | 175 |
| Public safety | 39,501 | 33,144 | 33,144 | - |
| Reserve for contingency | 405,032 | 405,032 | - | 405,032 |
| Total expenditures | <u>651,607</u> | <u>651,607</u> | <u>246,400</u> | <u>405,207</u> |
| Excess of revenues over expenditures | <u>16,308,988</u> | <u>16,308,988</u> | <u>17,055,452</u> | <u>746,464</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,647,575 | 1,647,575 | 1,769,724 | 122,149 |
| Transfers out | <u>(17,006,563)</u> | <u>(17,006,563)</u> | <u>(16,857,208)</u> | <u>149,355</u> |
| Total other financing sources and (uses) | <u>(15,358,988)</u> | <u>(15,358,988)</u> | <u>(15,087,484)</u> | <u>271,504</u> |
| Net change in fund balances | 950,000 | 950,000 | 1,967,968 | 1,017,968 |
| Fund balances - beginning | <u>(950,000)</u> | <u>(950,000)</u> | <u>(291,596)</u> | <u>658,404</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,676,372</u> | <u>\$ 1,676,372</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, 2014

| | BUDGETED AMOUNTS | | | VARIANCE WITH |
|--|--------------------|--------------------|---------------------|--|
| | ORIGINAL | FINAL | ACTUAL | FINAL BUDGET - POSITIVE (NEGATIVE) |
| REVENUES | | | | |
| Taxes | \$ 10,889,792 | \$ 10,889,792 | \$ 11,170,477 | \$ 280,685 |
| Permits and fees | - | - | 3,401 | 3,401 |
| Intergovernmental | 15,100 | 15,100 | 19,630 | 4,530 |
| Charges for services | 964,682 | 964,682 | 895,784 | (68,898) |
| Investment income | 32,160 | 32,160 | 9,844 | (22,316) |
| Miscellaneous | 52,000 | 52,000 | 63,417 | 11,417 |
| Total revenues | <u>11,953,734</u> | <u>11,953,734</u> | <u>12,162,553</u> | <u>208,819</u> |
| EXPENDITURES | | | | |
| Current: General government | 147,137 | 147,137 | 130,379 | 16,758 |
| Public safety | 12,682,498 | 12,641,167 | 12,337,682 | 303,485 |
| Reserve for contingency | 570,895 | 1,024,570 | - | 1,024,570 |
| Total expenditures | <u>13,400,530</u> | <u>13,812,874</u> | <u>12,468,061</u> | <u>1,344,813</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,446,796)</u> | <u>(1,859,140)</u> | <u>(305,508)</u> | <u>1,553,632</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 757,297 | 757,297 | 765,370 | 8,073 |
| Transfers out | <u>(488,943)</u> | <u>(563,943)</u> | <u>(556,674)</u> | <u>7,269</u> |
| Total other financing sources and (uses) | <u>268,354</u> | <u>193,354</u> | <u>208,696</u> | <u>15,342</u> |
| Net change in fund balances | (1,178,442) | (1,665,786) | (96,812) | 1,568,974 |
| Fund balance - beginning | <u>1,178,442</u> | <u>1,665,786</u> | <u>1,665,786</u> | <u>-</u> |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,568,974</u> | <u>\$ 1,568,974</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, 2014

| | BUDGETED AMOUNTS | | | VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE) |
|--|--------------------|--------------------|---------------------|---|
| | ORIGINAL | FINAL | ACTUAL | |
| REVENUES | | | | |
| Taxes | \$ 3,333,964 | \$ 3,333,964 | \$ 3,422,838 | \$ 88,874 |
| Intergovernmental | 60,000 | 60,000 | 79,793 | 19,793 |
| Charges for services | 950,384 | 950,384 | 1,174,309 | 223,925 |
| Miscellaneous | 5,000 | 5,000 | 11,903 | 6,903 |
| Total revenues | <u>4,349,348</u> | <u>4,349,348</u> | <u>4,688,843</u> | <u>339,495</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Physical environment | 17,600 | 17,600 | - | 17,600 |
| Transportation | 8,350,909 | 8,350,909 | 7,831,223 | 519,686 |
| Reserve for contingency | 187,430 | 187,430 | - | 187,430 |
| Total expenditures | <u>8,555,939</u> | <u>8,555,939</u> | <u>7,831,223</u> | <u>724,716</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,206,591)</u> | <u>(4,206,591)</u> | <u>(3,142,380)</u> | <u>1,064,211</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>3,806,591</u> | <u>3,806,591</u> | <u>3,844,121</u> | <u>37,530</u> |
| Total other financing sources and (uses) | <u>3,806,591</u> | <u>3,806,591</u> | <u>3,844,121</u> | <u>37,530</u> |
| Net change in fund balances | (400,000) | (400,000) | 701,741 | 1,101,741 |
| Fund balances - beginning | <u>400,000</u> | <u>400,000</u> | <u>526,257</u> | <u>126,257</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,227,998</u> | <u>\$ 1,227,998</u> |

ALACHUA COUNTY, FLORIDA
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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 98.

**ALACHUA COUNTY BOARD OF COUNTY COMMISSIONERS
REQUIRED SUPPLEMENTAL INFORMATION
OTHER POST EMPLOYMENT BENEFITS (OPEB)
SEPTEMBER 30, 2014**

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

SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL)-Unit Cost (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) | Total Annual Payroll at Valuation Date (C) | UAAL as % of Covered Payroll (B-A)/C |
|--------------------------|-------------------------------|---|---------------------------|--------------------|--|--------------------------------------|
| 10/1/2013 | \$ 1,232,000 | \$ 19,260,000 | \$ 18,028,000 | 6.4% | \$ 105,897,229 | 17.0% |
| 10/1/2012 | 1,105,309 | 18,640,000 | 17,534,691 | 5.9% | 100,693,903 | 17.4% |
| 10/1/2011 | 955,000 | 16,459,000 | 15,504,000 | 5.8% | 95,269,695 | 16.3% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Valuation Date | End of Plan Year to which Valuation Applies | Actual Covered Payroll for Current Period (A) | Required Employer Contribution Amount (B) | Required Employer Contribution % Payroll (B/A) | Actual Employer Contributions | Percentage Contributed |
|----------------|---|---|---|--|-------------------------------|------------------------|
| 10/1/2013 | 9/30/2014 | \$ 101,901,107 | \$ 1,635,000 | 1.60% | \$ 1,494,965 | 91% |
| 10/1/2012 | 9/30/2013 | 99,903,047 | 1,569,000 | 1.57% | 1,107,403 | 71% |
| 10/1/2011 | 9/30/2012 | 94,994,248 | 1,331,000 | 1.40% | 1,922,633 | 144% |

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

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ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| 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 Agriculture/Natural Resources Conservation Service</u> | | | | | |
| <i>Direct Program:</i> | | | | | |
| Higginbotham/Mims Cypress Point Creamery Acquisition | 10.913 | 73-4209-1201CON | 613,000 | <1> | |
| <u>U.S. Department of Housing and Urban Development</u> | | | | | |
| <i>Passed Through FL Department of Economic Opportunity:</i> | | | | | |
| CDBG - Neighborhood Stabilization Program (NSP3) | 14.228 | 12DB-Q5-03-11-01-F08 | 183,006 | <2> | |
| <u>Department of Justice</u> | | | | | |
| <i>Passed Through Florida Office of Attorney General:</i> | | | | | |
| VOCA - Crime Victim Assistance | 16.575 | V13106 | 107,952 | | |
| | 16.575 | V13244 | 89,782 | | |
| | | 16.575 Total | <u>197,734</u> | | |
| <i>Passed Through City of Gainesville:</i> | | | | | |
| A Coordinated Community response to Preventing Violence Against women in Gainesville, Florida | 16.590 | 2007-WE-AX-0054 | 45,480 | <3> | 45,480 |
| <i>Direct Program:</i> | | | | | |
| State Criminal Alien Assistance (SCAAP) Program | 16.606 | 2013-AP-BX-0727 | 44,837 | | |
| <i>Direct Program:</i> | | | | | |
| Public Safety Partnership and Community Policing Grant | 16.710 | 2011-CS-WX-0007 | 32,537 | | |
| <i>Direct Program:</i> | | | | | |
| Edward Byrne Memorial Justice Assistance Grant (JAG) Program | 16.738 | 2011-DJ-BX-2637 | 3,715 | | |
| <i>Passed Through Florida Department of Law Enforcement:</i> | | | | | |
| Problem Oriented Policing (POP) FY14 RAD Grant | 16.738 | 2014-JAGC-ALAC-4-E5-001 | 45,599 | | |
| | 16.738 | 2014-JAGC-ALAC-3-E5-081 | 4,984 | | |
| SRD K-9 Drug/Firearms Awareness Grant | 16.738 | 2014-JAGC-ALAC-2-E5-057 | 9,609 | | |
| <i>Passed Through City of Gainesville:</i> | | | | | |
| 2013 Byrne JAG MOURT Grant | 16.738 | 2013-DJ-BX-1051 | 44,150 | <4> | 44,150 |
| | | 16.738 Total | <u>108,057</u> | | |
| <i>Passed Through Crime & Justice Institute:</i> | | | | | |
| Justice Reinvestment Grant | 16.751 | N/A | 80,573 | <5> | 80,573 |
| <i>Direct Program:</i> | | | | | |
| No Wrong Door Grant | 16.753 | 2009-D1-BX-0288 | 80,091 | | |

ALACHUA COUNTY, FLORIDA
SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| Federal/State Agency, Pass-through Entity, Federal Program/State Project | CFDA CSFA No. | Contract/Grant Number | Expenditures | Transfer to Subrecipients | Received as Subrecipients |
|--|---------------------|--|------------------|---------------------------------|---------------------------------|
| <i>Passed Through Florida Department of Law Enforcement</i> | | | | | |
| NICS Act Record Improvement Program (NARIP) | 16.813 | 2014-NICS-ALAC-1-D3-024 | 1,800 | | |
| <i>Direct Program:</i> | | | | | |
| Equitable Sharing | 16.922 | N/A | 413,168 | | |
| <u>Department of Transportation</u> | | | | | |
| <i>Passed Through Florida Department of Transportation:</i> | | | | | |
| Archer Braid Multi-Use Path Phase II | 20.205 | LAP No: AQD10; Financial Proj. No.: 429029-01-38, 58-01 | 1,212,734 | | |
| SW 8th Ave Bike Lane/Sidewalk | 20.205 | LAP No: ARD33; Financial Proj. No.: 428895-1-58, 68-01 | 1,505 | | |
| | | 20.205 Total | <u>1,214,239</u> | | |
| <u>Department of Energy</u> | | | | | |
| <i>Passed Through Broward County:</i> | | | | | |
| Go Solar - Florida | 81.117 | DE-EE0006309 | 23,134 | <6> | 23,134 |
| <u>US Election Assistance Commission</u> | | | | | |
| <i>Passed Through Florida Division of Elections:</i> | | | | | |
| HAVA 07/08 | 90.401 | N/A | 1,369 | | |
| HAVA 08/09 | 90.401 | N/A | 14,086 | | |
| | | 90.401 Total | <u>15,455</u> | | |
| <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 | 8,005 | <7> | |
| <i>Passed Through Florida Department of Revenue:</i> | | | | | |
| Child Support Enforcement | 93.563 | CD301 | 265,079 | | |
| <i>Passed Through Partnership for Strong Families:</i> | | | | | |
| Juvenile Dependency Mediation Program | 93.599 | PNP600 | 2,025 | | |
| <i>Passed Through Florida Division of Elections:</i> | | | | | |
| Polling Place Accessibility | 93.617 | MOA #2013-2014-0003 | 9,068 | <8> | |
| <i>Passed Through Florida Department of Children and Families:</i> | | | | | |
| Metamorphosis FY12/16 (SFY13/14) | 93.959 | NE020 | 123,612 | <7> | |
| Metamorphosis FY12/16 (SFY 14/15) | 93.959 | NE020 | 41,182 | <7> | |
| | | 93.959 Total | <u>164,794</u> | | |

ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| Federal/State Agency, Pass-through Entity, Federal Program/State Project Corporation for National and Community Service | CFDA CSFA No. | Contract/Grant Number | Expenditures | Transfer to Subrecipients | Received as Subrecipients |
|--|---------------------|-----------------------|--------------|---------------------------------|---------------------------------|
| <i>Direct Program:</i> | | | | | |
| Foster Grandparent Program 4/13 - 3/16 | 94.011 | 13SFSFL005 | 376,846 | | |
| <u>Executive Office of the President</u> | | | | | |
| <i>Passed Through St. Johns County Sheriff:</i> | | | | | |
| North Florida HIDTA (CADET) | 95.001 | N/A | 102,492 | <9> | 102,492 |
| <u>U.S. Department of Homeland Security</u> | | | | | |
| <i>Passed Through Florida Division of Emergency Management:</i> | | | | | |
| EMPG Fed Grant 7/13-6/14 | 97.042 | 14-FG-1M-03-11-01-068 | 18,715 | | |
| EMPG Fed Grant 7/14-6/15 | 97.042 | 15-FG-4D-03-11-01-068 | 67,675 | | |
| Citizen Corps | 97.042 | 13-CI-58-03-11-01-432 | 3,329 | | |
| | | 97.042 Total | 89,719 | | |
| FY11 Homeland Security Issue 2 | 97.067 | 12-DS-20-03-11-03-356 | 3,557 | | |
| FY13 DHS Issues 2 & 4 | 97.067 | 14-DS-L5-03-11-01-334 | 60,000 | | |
| EDICS Grant | 97.067 | 14-DS-C2-03-11-01-328 | 9,170 | | |
| FY12 DHS Issues 2 & 7 | 97.067 | 13-DS-97-03-11-01-440 | 36,499 | | |
| State Homeland Security Grant (SHSGP) | 97.067 | 13-DS-97-03-11-01-405 | 10,500 | | |
| State Homeland Security Grant (SHSGP) | 97.067 | 13-DS-97-13-00-16-409 | 5,972 | | |
| State Homeland Security Grant (SHSGP) | 97.067 | 12-DS-20-03-11-01-476 | 50,250 | | |
| <i>Passed Through Leon County Sheriff's Office:</i> | | | | | |
| 2011 State Homeland Security Grant Program (Non-Cash Assistance) | 97.067 | 14-DS-E9-02-47-23-500 | 3,400 | <10> | 3,400 |
| | | 97.067 Total | 179,348 | | |
| <i>Direct Program:</i> | | | | | |
| SAFER Grant | 97.083 | EMW-2013-FH-00323 | 477,242 | | |
| TOTAL FEDERAL AWARDS | | | \$ 4,727,729 | \$ - | \$ 299,229 |

ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| Federal/State Agency, Pass-through Entity, Federal Program/State Project | CFDA CSFA No. | Contract/Grant Number | Expenditures | Transfer to Subrecipients | Received as Subrecipients |
|--|---------------------|--------------------------|--------------|---------------------------------|---------------------------------|
| <u>Division of Emergency Management</u> | | | | | |
| <i>Direct Program:</i> | | | | | |
| Emergency Management Preparedness and Assistance (EMPA) Grant 7/13-6/14 | 31.063 | 14-BG-83-03-11-01-001 | 77,884 | | |
| Emergency Management Preparedness and Assistance (EMPA) Grant 7/14-6/15 | 31.063 | 15-BG-83-03-11-01-001 | 33,627 | | |
| | | 31.063 Total | 111,511 | | |
| <u>Florida Department of Environmental Protection</u> | | | | | |
| <i>Direct Program:</i> | | | | | |
| Cooperative Waste Collection Centers | 37.007 | S0664 - Baker County | 14,287 | | |
| | 37.007 | S0664 - Bradford County | 16,000 | | |
| | 37.007 | S0664 - Columbia County | 21,946 | | |
| | 37.007 | S0664 - Dixie County | 16,742 | | |
| | 37.007 | S0664 - Gilchrist County | 18,296 | | |
| | 37.007 | S0664 - Lafayette County | 12,804 | | |
| | 37.007 | S0664 - Nassau County | 20,307 | | |
| | 37.007 | S0664 - Union County | 13,240 | | |
| | | 37.007 Total | 133,622 | | |
| Petroleum Cleanup Contract | 37.024 | S0477 - Task #5 | 152,230 | | |
| | 37.024 | S0477 - Task #6 | 57,193 | | |
| | | 37.024 Total | 209,423 | | |
| <u>Florida Department of Legal Affairs and Attorney General</u> | | | | | |
| <i>Passed Through Florida Council Against Sexual Violence:</i> | | | | | |
| Florida Council Against Sexual Violence 7/13-6/14 | 41.010 | 13OAG17 | 9,998 | | |
| Florida Council Against Sexual Violence 7/14-6/15 | 41.010 | 14OAG17 | 1,453 | | |
| | | 41.010 Total | 11,451 | | |
| <u>Florida Housing Finance Corporation</u> | | | | | |
| <i>Direct Program:</i> | | | | | |
| SHIP - State Housing Initiatives Partnership Program | 52.901 | SHIP 11/12 | 97,685 | | |
| | 52.901 | SHIP 12/13 | 45,470 | | |
| | 52.901 | SHIP 13/14 | 9,574 | | |
| | 52.901 | SHIP 14/15 | 941 | | |
| | | 52.901 Total | 153,670 | | |
| <u>Department of Children and Families</u> | | | | | |
| <i>Direct Program:</i> | | | | | |
| Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant 4/11 - 3/14 | 60.115 | LHZ33 | 62,455 | 62,455 | |
| Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant 5/14 - 3/17 | 60.115 | LHZ45 | 113,716 | 113,716 | |
| | | 60.115 Total | 176,171 | 176,171 | |

ALACHUA COUNTY, FLORIDA
 SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| Federal/State Agency, Pass-through Entity, Federal Program/State Project | CFDA CSFA No. | Contract/Grant Number | Expenditures | Transfer to Subrecipients | Received as Subrecipients |
|--|---------------------|-----------------------|--------------|---------------------------------|---------------------------------|
| <u>Florida Department of Health</u> | | | | | |
| <i>Direct Program:</i> | | | | | |
| EMS County Grant Program - EMS Trust Fund | 64.005 | C2001 | 164,781 | | |
| <i>Passed Through Florida Council Against Sexual Violence:</i> | | | | | |
| Rape Crisis Program Trust Fund SFY13/14 | 64.061 | 13RCP17 | 24,582 | | |
| Rape Crisis Program Trust Fund SFY14/15 | 64.061 | 13RCP17 | 1,261 | | |
| | | 64.061 Total | 25,843 | | |
| General Revenue - Florida Council Against Sexual Violence - SFY13/14 | 64.069 | 13GR17 | 70,719 | | |
| General Revenue - Florida Council Against Sexual Violence - SFY14/15 | 64.069 | 13GR17 | 11,780 | | |
| | | 64.069 Total | 82,499 | | |
| TOTAL STATE FINANCIAL ASSISTANCE | | | \$ 1,068,971 | \$ 176,171 | \$ - |

Notes:

- <1> Amount includes value of land acquired with federal funds that were paid directly at closing.
- <2> A portion of FY 14 expenditures for this program have been paid from program income.
- <3> Alachua County is a sub-recipient from the City of Gainesville.
- <4> Alachua County Sheriff's Office is a sub-recipient from the City of Gainesville.
- <5> Alachua County Sheriff's Office is a sub-recipient from the Crime & Justice Institute.
- <6> Alachua County is a sub-recipient from Broward County.
- <7> Grant is split between federal programs 93.558 and 93.959.
- <8> Fund 171 is the operating fund for the Supervisor of Elections. Grant expenditures were included with operating expenditures and not reported separately. \$1,820 of revenue was reimbursement for FY13 expenditures.
- <9> Alachua County Sheriff's Office is a sub-recipient from St. Johns County Sheriff.
- <10> Alachua County Sheriff's Office is a sub-recipient from Leon County Sheriff. Non-Cash Assistance; Bomb Team Equipment Only

Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the Federal award activity of the Alachua County Board of County Commissioners and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, which is required by the U.S. Office of Management and Budget.

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

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 16, 2015.

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.

Cam, Riggs & Ingram, L.L.C.

Gainesville, Florida
March 16, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 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 Circular A-133 Compliance Supplement* and the Department of Financial Services' *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs and each of its major state projects for the year ended September 30, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 of its major state projects 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal 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, 2014.

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 OMB Circular A-133 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 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 OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

Gainesville, Florida
March 16, 2015

Schedule of Findings and Questioned Costs
Year ended September 30, 2014

PART I – SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses unmodified opinions on the financial statements.
2. No significant deficiencies in internal control over financial reporting were reported during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. The audit did not report significant deficiencies in internal control over the major federal programs or state projects.
5. The 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> |
|---|--------------------|
| Farm and Ranch Lands Protection Program | 10.913 |
| Highway Planning and Construction | 20.205 |
| Staffing for Adequate Fire and Emergency Response | 97.083 |
| | |
| <u>State Projects</u> | <u>CSFA Number</u> |
| Local Government Cleanup Contracting | 37.024 |
| Emergency Medical Services | 64.005 |
| Public Safety, Mental Health, and Substance Abuse | |
| Local Matching Grant | 60.115 |

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

PART II – FINANCIAL STATEMENT FINDINGS SECTION

None

PART III – FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAM

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, 2014, and have issued our report thereon dated March 16, 2015. We have also issued a report on internal control over financial reporting and on compliance and other matters, and a report on internal control and compliance relating to the County's financial assistance. Those reports should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

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

Financial Condition

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

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(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, 2014, 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, 2014.

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.

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
March 16, 2015

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 the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

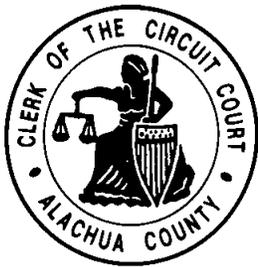
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with the specific requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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
March 16, 2015



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, 2013 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

Charles S. Chestnut, IV, *Chair*
Robert Hutchinson, *Vice Chair*
Mike Byerly
Lee Pinkoson
Ken Cornell

Administration
Dr. Lee A. Niblock
County Manager

March 24, 2015

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

Dear Mr. Martin:

This letter is in response to the Independent Auditors' management letter to the Board of County Commissioners of Alachua County, for the year ended September 30, 2014. We are happy to report that for the twenty-third year in a row the Auditors found no significant deficiencies.

Thank you for your attention.

Sincerely,

Charles S. Chestnut, IV, Chair
Alachua County Commission

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

rdg

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