

# Alachua County Library District



**Single Audit Report**  
**Fiscal Year Ended September 30, 2015**



**SINGLE AUDIT REPORT**

**ALACHUA COUNTY, FLORIDA**  
**LIBRARY DISTRICT**

**SEPTEMBER 30, 2015**

Prepared by:  
Finance and Accounting Department  
Clerk to the Library District  
J.K. Irby



**ALACHUA COUNTY LIBRARY DISTRICT  
ALACHUA COUNTY, FLORIDA  
SINGLE AUDIT REPORT  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS  
SEPTEMBER 30, 2015**

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## INDEPENDENT AUDITOR'S REPORT

The Governing Board  
Alachua County Library District  
Alachua County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Alachua County Library District (the "District"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District'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, each major fund, and the aggregate discretely presented component unit and remaining fund information of the District, as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 11 C. to the financial statements, the District implemented the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pensions* and GASB Statement 71, *Pension Transition for Contributions Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the trend information for the pension plans 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate 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 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 02, 2016, on our consideration of the District'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 District's internal control over financial reporting and compliance.

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

Gainesville, Florida  
June 02, 2016



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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Alachua County Library District Management's Discussion and Analysis presents an overview of the Library District's financial activities for the fiscal year ended September 30, 2015. The Library District's financial performance is discussed and analyzed within the context of the accompanying financial statements & disclosure following this section.

### *Financial Highlights*

#### **Government-wide Statements**

- Alachua County Library District's assets and deferred outflows exceeded its liabilities and deferred inflow of resources at September 30, 2015 by \$19,162,075 (net position). Of this amount, \$5,428,591 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position of \$19,162,075 is comprised of the following:
  - 1) Net investment in capital assets of \$13,366,277 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of those capital assets.
  - 2) Net position of \$367,207 is restricted by constraints imposed from outside the Library District such as debt covenants.
  - 3) \$5,428,591 of governmental net position represents the portion available to maintain the Library District's continuing obligations to citizens and creditors.
- The Library District's total net position decreased by \$8,532,403 over the previous year. Net position decreased due to implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers providing a defined benefit pension plan to report a net pension liability.

#### **Fund Statements**

- At September 30, 2015, the Library District's governmental funds reported combined ending fund balances of \$15,770,385, a decrease of \$628,621 from the prior fiscal year.
- At September 30, 2015, the total fund balance for the General Fund was \$4,228,311 or 26% of operating revenue. The District assigned General Fund ending fund balance of \$1.2 million for a one-time transfer to the Capital Project Fund in fiscal year 2016 and assigned an additional \$628,086 to balance the General Fund's operating budget in fiscal year 2016.
- Total governmental funds' revenues had a net increase of \$733,007 from the prior fiscal year. This is primarily due to increases in property taxes and intergovernmental revenue.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Library District's basic financial statements. The Library District'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 supplementary 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 Library District's finances, in a manner similar to a private sector business.

- The Statement of Net Position presents financial information on all of the Library District's assets, 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 Library District is strengthening or weakening.
- The Statement of Activities presents information showing how the government's net position changed during fiscal year 2015. All changes in net position are reported as soon as the 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, but unused vacation leave).

The government-wide financial statements can be found on pages 16-17 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Library District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All Library District funds are either governmental funds or 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 is 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 a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Brady Trust Special Revenue Fund, and the Capital Projects Fund, which are considered to be major funds. Data for the other five 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 and schedules in the supplementary information section of this report.

The Library District 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. The General Fund budgetary comparison schedule can be found in the required supplementary information on page 55 and for nonmajor special revenue funds as well as for the Capital Projects and Debt Service funds, major funds, in the supplementary information starting on page 63 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 Library District's own programs. The accounting used for fiduciary funds is similar to business-type accounting.

The basic fiduciary fund financial statements can be found on pages 22-23 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 25-53 of this report.

### Other Information

Combining statements, referred to earlier, present a more detailed view of nonmajor funds. This section includes budget to actual schedules for nonmajor special revenue funds, debt service and capital project funds. Combining and individual fund schedules can be found on pages 61-73 of this report. Required pension fund information is shown on pages 60-62. Information concerning capital assets used in the operation of governmental funds can be found in the notes on page 39.

### Government-wide Financial Analysis

Changes in net position over time may serve as a useful indicator of a government's financial position. In the case of the Library District, assets exceeded liabilities and deferred inflow of resources by \$19,162,075 at the end of the fiscal year ended September 30, 2015.

#### Alachua County Library District Net Position

	Governmental Activities		Total Percent Change
	2014	2015	
Current and Other Assets	\$ 17,257,619	\$ 16,508,881	-4.3%
Capital Assets	15,340,496	15,499,367	1.0%
Total Assets	<u>32,598,115</u>	<u>32,008,248</u>	-1.8%
Deferred outflows pension	-	3,319,035	
Total Deferred Outflow of Resources	<u>-</u>	<u>3,319,035</u>	
Long-Term Liabilities Outstanding	2,401,222	12,996,484	441.2%
Other Liabilities	2,394,095	2,320,961	-3.1%
Total Liabilities	<u>4,795,317</u>	<u>15,317,445</u>	219.4%
Deferred charge on refunding	108,320	70,090	
Deferred inflows pension	-	777,673	
Total Deferred Inflow of Resources	<u>108,320</u>	<u>847,763</u>	682.6%
Net Position:			
Net investment in Capital Assets	12,160,176	13,366,277	9.9%
Restricted	369,808	367,207	-0.7%
Unrestricted	15,164,494	5,428,591	-64.2%
Total Net Position	<u>\$ 27,694,478</u>	<u>\$ 19,162,075</u>	-30.8%

At the end of fiscal year 2015, the Library District is able to report positive balances in all three categories of net position.



One portion of the Library District's net position of \$13,366,277 or 69.8% of total net position reflects its investment in capital assets (e.g., land, buildings, improvements and equipment, less any related depreciation expense), less any related outstanding debt used to acquire those assets. The Library District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Library District's investment in its capital assets is reported net of related debt, the resources needed to repay this debt are provided from other sources (ad valorem taxes), since the capital assets themselves cannot be used to liquidate these liabilities. For the fiscal year, the District's net investment in capital assets increased by \$1,206,101. This net increase is due to planned capital expenses for future expansions and renovations of library facilities, as well as the reduction in note payable due to the scheduled principal retirement.

Another portion of the Library District's net position (\$367,207 or 1.9% of total net position) represents resources that are subject to external restrictions on how they may be used. Restricted net position decreased by \$2,601 from 2014 to 2015. The fund balance restricted for debt service decreased due to reduction in debt service requirements.

The remaining portion of the Library District's net position is unrestricted net position (\$5,428,591 or 28.3%) and may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position decreased \$9,735,903 from FY14 to FY15. This decrease was due to implementation of the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

<b>Alachua County Library District Changes in Net Position</b>			
	<b>Governmental Activities</b>		<b>Percent Change</b>
	<b>2014</b>	<b>2015</b>	
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 127,173	\$ 130,846	2.9%
Capital grants and contributions	96,600	85,529	-11.5%
Operating grants and contributions	497,723	651,889	31.0%
General revenues:			
Property taxes	15,888,801	16,744,182	5.4%
Investment Earnings	330,025	106,684	-67.7%
Miscellaneous	371,797	325,547	-12.4%
Total revenues	<u>17,312,119</u>	<u>18,044,677</u>	4.2%
<b>Expenses:</b>			
Culture and recreation - Library Services	<u>17,033,927</u>	<u>17,647,503</u>	
Total expenses	<u>17,033,927</u>	<u>17,647,503</u>	3.6%
Change in net position	<u>278,192</u>	<u>397,174</u>	
Net position - beginning, as previously reported	27,416,286	27,694,478	
Net pension liability	-	(8,463,252)	
Deferred outflow related to pensions	-	504,650	
Deferred inflow related to pensions	-	(970,975)	
Net position - beginning as restated	<u>27,416,286</u>	<u>18,764,901</u>	
Net position - ending	<u>\$ 27,694,478</u>	<u>\$ 19,162,075</u>	-30.8%

## **Governmental Activities**

### **Program Revenues –**

The charges for services increased slightly due to an increase in copier revenue and lost book collection fees. The operating grants and contributions category increased due to an increase in the allocation of State Aid to Libraries funding over prior year and slight increase in funding from the John A.H. Murphree Law Library.

### **General Revenues –**

In FY2015, property tax revenues increased by 5.4% due to an increase in the tax base, increases in property values, and new construction. Interest earnings on investments decreased due to a decline in economic and market conditions. Miscellaneous revenue decreased due to a decline in rebates received via the E-rate program. The E-rate program is a federal program that offers financial assistance to schools and libraries' technology programs by providing subsidies, payable to the certified telecommunications providers, so that schools and libraries pay less than the market rate for eligible products and services.

### **Net Position –**

The Library District's total ending net position decreased \$8,532,403 over the previous year.

## **Fund Financial Analysis**

The Library District uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

## **Governmental Funds**

The primary purpose of the Library District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library District'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 Library District  
Classifications of Fund Balance**

Total fund balance	\$ 15,770,385
Less classified fund balance:	
Nonspendable:	
Prepaid items	49,188
Restricted for debt service	364,207
Committed for:	
Library reserve	1,017,039
Library materials	897,465
Assigned for:	
Capital projects	9,844,977
Library materials	626,624
FY16 Appropriated Fund Balance	628,086
Unassigned fund balance	\$ 2,342,799

As of the end of fiscal year 2015, the Library District’s governmental funds reported combined ending fund balances of \$15,770,385 a decrease of \$628,621 from the prior year.

**Major Funds**

The General Fund, the Capital Projects Fund and the Brady Trust Fund are reported as major funds.

The General Fund is the chief operating fund of the Library District. The total fund balance at September 30, 2015 is \$4,228,311. For the fiscal year, the General Fund had a net increase in fund balance of \$57,884. This net increase was the result of property tax revenue increase and personal services staying consistent. As a measure of the General Fund’s liquidity, it is useful to compare total fund balance to total fund revenues. For fiscal year 2015 the ending fund balance represents a 26.09% of total General Fund operating revenue. The District plans to transfer an additional \$1.2 million of fund balance to the Capital Projects Fund in FY 2016 to fund capital projects on a pay-as-you go basis.

The Capital Projects fund has a total fund balance of \$8,636,739, all of which is assigned for future expansion and renovations. The net decrease in fund balance during the fiscal year in Capital Projects was \$588,430. The decrease was due to a consistent capital outlay cost and a reduction in the transfer in from general fund.

The Brady Trust fund is a major fund due to an increase in its Corporate Stocks portfolio. See Note 3.B. on page 35 for details of the investments.

## General Fund Budgetary Highlights

There were no changes to the General Fund's original budget (see schedule on page 55). Overall actual revenues varied from final budgeted revenues positively by \$499,548. This positive variance is primarily due to the fact that by law, property taxes are budgeted at 95% of the Property Appraisers assessed taxable value, yet actual collections by the Tax Collector are generally around 97%, including amounts from prior years for delinquent taxes. Actual expenditures were less than final budgeted expenditures by \$1,521,805 (positive variance). The Governing Board did not have to use any of the \$784,977 budgeted in reserves for the fiscal year and the remaining net difference of actual results compared to final budget was positive due to tighter spending controls that were put in place by District management.

## Capital Asset and Debt Administration

### Capital Assets

The Library District's investment in capital assets as of September 30, 2015 totals \$15,499,367 (net of accumulated depreciation) and includes land, artwork, buildings and improvements, and equipment and software. The Library District experienced an overall increase in investment in capital assets over the prior fiscal year of approximately 1.04% due to completion of the renovations at the Newberry Branch Facility.

Further information about the Library District's capital assets can be found in Note 4 on page 39 of this report.

### Alachua County Library District Capital Assets (net of depreciation)

	<b>Governmental Activities</b>	
	<b><u>2014</u></b>	<b><u>2015</u></b>
Land	\$ 1,381,890	\$ 1,381,890
Artwork	71,582	80,227
Construction in progress	50,787	20,000
Buildings and improvements	12,888,219	13,058,471
Equipment and software	948,018	958,779
Total	<b><u>\$ 15,340,496</u></b>	<b><u>\$15,499,367</u></b>

## Long-term Debt

At the end of fiscal year 2015, the Library District had total debt outstanding of \$2,063,000.

	<b>Outstanding Debt</b>	
	<b><u>2014</u></b>	<b><u>2015</u></b>
General Obligation Debt	<u>\$ 3,072,000</u>	<u>\$ 2,063,000</u>

During fiscal year 2015, the Library District's outstanding general obligation debt decreased by \$1,009,000. This decrease was due to scheduled principal retirements of the note payable. Additional information on the Library District's debt can be found in Note 6 starting on page 49 of this report.

## Economic Factors and Next Year's Budgets and Rates

- The assessed value of residential property increased by 6.4% and commercial property increased by 1.02% for fiscal year 2016.
- Population decreased approximately .21% from the prior year to an estimated 252,911 at September 30, 2015.

During the current fiscal year, the net change in fund balance for the General Fund was an increase of \$57,884 for a total ending fund balance of \$4,228,311. The ad valorem tax rate for the General Fund for the upcoming 2016 fiscal year budget is 1.3638 mills, no change from the fiscal year 2015 rate.

## Requests for Information

This financial report is designed to present users with a general overview of the Library District's finances. If you have questions concerning any of the information provided in this report or need additional financial information, please contact the Alachua County Clerk of Court, Finance and Accounting, 201 East University Avenue, Gainesville, Florida 32601. Additional financial information can be found on the Library District's web site <http://www.aclib.us>.



**BASIC  
FINANCIAL  
STATEMENTS**







**ALACHUA COUNTY LIBRARY DISTRICT**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2015**

	<b>Primary Government</b>	<b>Component Unit</b>
<b>Assets</b>		
Current assets:		
Equity in pooled cash and investments	\$ 14,438,647	\$ -
Other cash and investments	1,916,855	1,061,648
Accounts receivable, net	20,057	-
Due from other governments	84,134	-
Prepaid items	49,188	-
<b>Total current assets</b>	<b>16,508,881</b>	<b>1,061,648</b>
Noncurrent assets:		
Capital assets:		
Land	1,381,890	-
Artwork	80,227	-
Construction in progress	20,000	-
Buildings	22,503,276	-
Equipment	2,786,378	-
Software	548,071	-
Other improvements	796,608	-
Less accumulated depreciation	(12,617,083)	-
<b>Total noncurrent assets</b>	<b>15,499,367</b>	<b>-</b>
<b>Total assets</b>	<b>32,008,248</b>	<b>1,061,648</b>
<b>Deferred Outflow of Resources</b>		
Deferred amounts related to pensions	3,319,035	-
<b>Total deferred outflow of resources</b>	<b>3,319,035</b>	<b>-</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 710,739	\$ -
Accrued interest payable	12,860	-
Due to other governments	27,757	-
Notes payable	1,023,000	-
Accrued compensated absences due within one year	492,905	-
Net pension liability due within one year	53,700	-
<b>Total current liabilities</b>	<b>2,320,961</b>	<b>-</b>
Noncurrent liabilities:		
Accrued compensated absences	328,604	-
Notes payable	1,040,000	-
Net pension liability	11,627,880	-
<b>Total noncurrent liabilities</b>	<b>12,996,484</b>	<b>-</b>
<b>Total liabilities</b>	<b>15,317,445</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>		
Deferred gain on refunding	70,090	-
Deferred amounts related to pensions	777,673	-
<b>Total deferred inflows of resources</b>	<b>847,763</b>	<b>-</b>
<b>Net position</b>		
Net investment in capital assets	13,366,277	-
Restricted for:		
Debt service	367,207	-
Unrestricted	5,428,591	1,061,648
<b>Total net position</b>	<b>\$ 19,162,075</b>	<b>\$ 1,061,648</b>

See accompanying notes.

**ALACHUA COUNTY LIBRARY DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<b>Primary Government</b>	<b>Component Unit</b>
<b>Program expense</b>		
Culture and recreation - Library Services	\$ 17,601,068	\$ 51,488
Interest	46,435	-
<b>Total program expense</b>	<u>17,647,503</u>	<u>51,488</u>
 <b>Program revenues</b>		
Culture and recreation:		
Charges for services	130,846	-
Capital grants and contributions	85,529	-
Operating grants and contributions	651,889	45,672
<b>Total program revenues</b>	<u>868,264</u>	<u>45,672</u>
 <b>Net program revenue (expense)</b>	<u>(16,779,239)</u>	<u>(5,816)</u>
 <b>General revenues</b>		
Property taxes	16,744,182	-
Investment earnings (loss)	106,684	(10,497)
Miscellaneous	325,547	-
<b>Total general revenues</b>	<u>17,176,413</u>	<u>(10,497)</u>
 <b>Change in net position</b>	397,174	(16,313)
 <b>Net position, beginning, as previously reported</b>	27,694,478	1,077,961
Net Pension Liability	(8,463,252)	-
Deferred outflows related to pensions	504,650	-
Deferred inflows related to pensions	(970,975)	-
<b>Net position, beginning, as restated</b>	<u>18,764,901</u>	<u>1,077,961</u>
 <b>Net position, ending</b>	<u>\$ 19,162,075</u>	<u>\$ 1,061,648</u>

See accompanying notes.

**ALACHUA COUNTY LIBRARY DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	<b>General</b>	<b>Special Revenue Fund Brady Trust Fund</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Equity in pooled cash and investments	\$ 4,811,029	\$ 729	\$ 8,641,610	\$ 985,279	\$ 14,438,647
Other cash and investments	3,080	1,913,775	-	-	1,916,855
Accounts receivable	12,174	-	7,573	310	20,057
Due from other governments	78,892	-	-	5,242	84,134
Prepaid items	49,188	-	-	-	49,188
<b>Total assets</b>	<b>\$ 4,954,363</b>	<b>\$ 1,914,504</b>	<b>\$ 8,649,183</b>	<b>\$ 990,831</b>	<b>\$ 16,508,881</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 698,295	\$ -	\$ 12,444	\$ -	\$ 710,739
Due to other governments	27,757	-	-	-	27,757
<b>Total liabilities</b>	<b>726,052</b>	<b>-</b>	<b>12,444</b>	<b>-</b>	<b>738,496</b>
<b>Fund balances</b>					
Nonspendable:					
Prepaid items	49,188	-	-	-	49,188
Restricted for:					
Debt service	-	-	-	364,207	364,207
Committed for:					
Library reserve	-	1,017,039	-	-	1,017,039
Library materials	-	897,465	-	-	897,465
Assigned for:					
Capital projects	1,208,238	-	8,636,739	-	9,844,977
Library materials	-	-	-	626,624	626,624
FY16 Appropriated Fund Balance	628,086	-	-	-	628,086
Unassigned	2,342,799	-	-	-	2,342,799
<b>Total fund balances</b>	<b>4,228,311</b>	<b>1,914,504</b>	<b>8,636,739</b>	<b>990,831</b>	<b>15,770,385</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,954,363</b>	<b>\$ 1,914,504</b>	<b>\$ 8,649,183</b>	<b>\$ 990,831</b>	<b>\$ 16,508,881</b>

See accompanying notes.

**Alachua County Library District  
Reconciliation of the Balance Sheet  
To the Statement of Net Position - Governmental Funds  
September 30, 2015**

Fund Balances – total governmental funds \$15,770,385

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 funds. 15,499,367

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

Note payable	2,063,000	
Compensated absences	821,509	
Net pension liability	11,681,580	(14,566,089)

Deferred outflows and inflows of resources do not affect current financial resources, and therefore, are not reported in the government funds. Deferred outflows and inflows of resources at year-end consist of:

Deferred outflow on pension liabilities	3,319,035	
Deferred inflow on pension liabilities	(777,673)	
Deferred inflow on debt refunding	(70,090)	2,471,272

Accrued long-term debt interest expenses are not financial uses and, therefore, are not reported in the fund. (12,860)

Net position of governmental activities \$19,162,075

See accompanying notes.

**ALACHUA COUNTY LIBRARY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<b>General</b>	<b>Special Revenue Fund Brady Trust Fund</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Property taxes	\$ 15,653,198	\$ -	\$ 72	\$ 1,090,912	\$ 16,744,182
Intergovernmental	63,396	-	-	588,493	651,889
Charges for services	130,846	-	-	-	130,846
Rents and royalties	81,323	-	-	-	81,323
Investment income (loss)	86,167	(59,545)	75,000	5,062	106,684
Private donations	-	-	85,529	14,094	99,623
Miscellaneous	190,220	-	-	-	190,220
<b>Total revenues</b>	<u>16,205,150</u>	<u>(59,545)</u>	<u>160,601</u>	<u>1,698,561</u>	<u>18,004,767</u>
<b>Expenditures</b>					
Culture and recreation					
Personal services	10,496,469	-	-	-	10,496,469
Operating expenditures	4,466,250	-	-	675,367	5,141,617
Capital outlay	-	-	1,935,258	-	1,935,258
Debt service					
Principal	-	-	-	1,009,000	1,009,000
Interest & other charges	-	-	-	52,724	52,724
<b>Total expenditures</b>	<u>14,962,719</u>	<u>-</u>	<u>1,935,258</u>	<u>1,737,091</u>	<u>18,635,068</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,242,431</u>	<u>(59,545)</u>	<u>(1,774,657)</u>	<u>(38,530)</u>	<u>(630,301)</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	1,184,547	25,000	1,209,547
Transfers out	(1,184,547)	(25,000)	-	-	(1,209,547)
Sale of capital assets	-	-	1,680	-	1,680
<b>Total other financing sources (uses)</b>	<u>(1,184,547)</u>	<u>(25,000)</u>	<u>1,186,227</u>	<u>25,000</u>	<u>1,680</u>
<b>Net change in fund balances</b>	57,884	(84,545)	(588,430)	(13,530)	(628,621)
<b>Fund balances - beginning</b>	<u>4,170,427</u>	<u>1,999,049</u>	<u>9,225,169</u>	<u>1,004,361</u>	<u>16,399,006</u>
<b>Fund balances - ending</b>	<u>\$ 4,228,311</u>	<u>\$ 1,914,504</u>	<u>\$ 8,636,739</u>	<u>\$ 990,831</u>	<u>\$ 15,770,385</u>

See accompanying notes.

**Alachua County Library District**  
**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, 2015**

Net change in fund balances – total governmental funds (\$628,621)

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 depreciation (\$750,579) was less than capital outlay \$917,323 in the current period. 166,744

Governmental funds report sale of capital assets as financial resources; the loss on disposal of assets are not reflected in the fund statement. (7,873)

Deferred gains on debt refunding are recorded and amortized in the government-wide statements but not in the fund statements. 38,230

Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,009,000

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

Change in net pension liability	(3,218,328)	
Change in deferred outflows	2,814,385	
Change in deferred inflows	193,302	
		(210,641)

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 (decrease in compensated absences \$24,046, plus decrease accrued interest expense \$6,289). 30,335

Changes in net position of governmental activities	\$397,174
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See accompanying notes.

**ALACHUA COUNTY LIBRARY DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015**

	<u><b>Employee Pension Fund</b></u>
<b>Assets</b>	
Investments, at fair value:	
Goldman Sachs Money Market Fund Treasury Only	\$ 799,661
Vanguard Total Stock Market Index Mutual Fund	11,957,875
PIMCO Diversified Income Mutual Fund	911,068
Manning & Napier Overseas International Equity MF	1,647,904
Fixed income securities:	
U.S. Government obligations	2,958,897
Mortgage backed securities	890,696
Corporate bonds	3,876,345
Total investments, at fair value	<u>23,042,446</u>
Investment adjustments:	
Receivable for pension investments	<u>43,468</u>
<b>Total assets</b>	23,085,914
<b>Total liabilities</b>	<u>15,204</u>
<b>Net position</b>	
Restricted for pension benefits	<u><u>\$ 23,070,710</u></u>

See accompanying notes.



**ALACHUA COUNTY LIBRARY DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND - PENSION TRUST FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**Additions**

Contributions:

Employer	\$ 974,658
Members	112,636
Total contributions	1,087,294

Investment earnings:

Net appreciation (depreciation) in fair value of investments	(823,698)
Dividends	505,323
Interest Income	169,937
Total investment income (loss)	(148,438)

Less investment expense	(34,694)
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Net investment income	(183,132)
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<b>Total additions</b>	<b>904,162</b>
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**Deductions**

Benefit payments	(1,219,425)
Administrative expenses	(71,700)

<b>Total deductions</b>	<b>(1,291,125)</b>
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<b>Change in net position</b>	<b>(386,963)</b>
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<b>Net position restricted for pension benefits - beginning</b>	<b>23,457,673</b>
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<b>Net position restricted for pension benefits - ending</b>	<b>\$ 23,070,710</b>
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See accompanying notes.



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**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**Note 1 - Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Alachua County Library District is an independent special taxing district created for the purpose of providing library system services and facilities for all citizens of Alachua County, Florida.

The Alachua County Library District was established, effective April 1, 1986, by Chapter 85-376 Laws of Florida (the Act) and currently operates under the authority of Chapter 98-502, Laws of Florida as amended by Chapter 2003-375 which changed the composition of the Board of Governors to six members: three members of the Board of County Commissioners of Alachua County, Florida, two members of the Gainesville City Commission and one member of the Alachua County School Board.

The accompanying financial statements present the Library District (primary government) and the Component Unit for which the Library District is financially accountable.

**Discretely Presented Component Unit - Alachua County Library District Foundation**

The government-wide financial statements include the financial data of the Library District's Component Unit – the Alachua County Library District Foundation. The Library District Foundation is discretely presented in the government-wide financial statements to emphasize its legal separation from the Library District.

The Foundation is a support group for the Alachua County Library District. Incorporated in 1989 as a 501(c)(3) non-profit corporation, the Foundation's mission is to provide supplemental funding to the Library with an emphasis on long-term support and planned giving. The Foundation's major goal is to build an endowment that will provide funds for the Library District on an annual basis. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the Library's activities by the donors. The Foundation is a discretely presented component unit as the nature and relationship with the Library District is significant and to exclude the Foundation would cause the Library District's financial statements to be misleading. The Foundation does not prepare separately issued financial statements.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Alachua County Library District. The effect of interfund activity has been removed 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. All activities of the Alachua County Library District are considered to be governmental activities.

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

The statement of activities demonstrates the degree to which the direct expenses of the Alachua County Library District are offset by program revenues. Program revenues include charges to customers and restricted grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Property taxes are the major revenue source that is susceptible to accrual. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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. Debt service expenditures, however, as well as expenditures related to compensated absences, are recorded only when payment is due. Property taxes and all other revenue items are considered to be measurable and available only when cash is received within 30 days of the end the current fiscal period by the Alachua County Library District.

Fiduciary funds include trust funds and agency funds. All trust funds use the economic resources measurement focus and the accrual basis of accounting. The Library currently has no agency funds.

The Alachua County Library District reports the following major governmental funds:

- The **General Fund** is the Alachua County Library District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- The **Brady Trust Fund** accounts for the activities in the Myrna Venable Brady Trust, an unrestricted contribution received by the Library District in 1993. The Library District Governing Board committed the principal to remain intact and a determined amount be transferred annually to the Gifts and Donations Fund to be used for library materials.

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

- The **Capital Projects Fund** accounts for financial resources to be used for the acquisition or construction of major capital facilities as well as all capital equipment purchases.

Additionally, the government reports the following fiduciary fund:

- The **Pension Trust Fund** accounts for the activities of the Alachua County Library Pension Plan, which accumulates resources for pension benefit payments to qualified employees.

**D. Budgets and Budgetary Accounting**

The Library District has elected to report budgetary information as required supplementary information (RSI). Please refer to the accompanying notes to the RSI on page 55 for the District's budgetary information.

**E. Assets, Liabilities, Deferred Inflows/Outflows and Net Position**

- **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general, special revenue and capital projects funds. Encumbrances outstanding (if any) at year-end are reported in the applicable fund balance category since they do not constitute expenditures or liabilities.

- **Investments**

Investments are reported at fair value in accordance with GASB Statement No. 31.

- **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

- **Restricted Net Position**

Certain assets of the Library District are classified as restricted 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. The Library District has a current millage restriction for Debt Service. It is the practice of the Library District to utilize restricted assets before unrestricted assets.

- **Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by Library District policy to include items of a nonconsumable nature with a value of at least \$1,000 and a life of one year or more. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	10-15
Vehicles	5
Equipment & Software	2-15

• **Accrued Compensated Absences**

The Alachua County Library District's employees are entitled to accrue an unlimited number of hours of paid time off leave (PTO). Upon termination, employees can be paid up to 240 hours of PTO. Participants of the pension plan with at least five years of service convert unused PTO in excess of 240 hours to credited service time. The two nonparticipants of the pension plan with at least five years of service will be paid for one-half of unused PTO in excess of 240 hours. All PTO is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations and retirements.

• **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

• **Pensions**

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

• **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

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

inflows of resources are not liabilities and accordingly are not included in those sections of the statement of financial position.

• **Classifications of Fund Balances**

In fiscal year 2011, the Library District implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are reported in classifications based on whether the amounts are nonspendable or are further classified based on the extent to which there are external and/or internal constraints in how fund balance amounts may be spent. See Note 10, *Governmental Fund Balances* for additional information.

**F. Risk Management**

The Library District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors or omissions; injuries to employees and the public, or damage to property of others. The Alachua County Library District has established a risk management program through the purchase of insurance to cover potential losses related to such risks for property and automobile liabilities. For workers compensation claims the Library District participates in Alachua County’s self-insured plan. This plan is self-sustaining through premiums based on actuarial assessments needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

The Library District also participates in the County’s group health insurance program administered by the County in a self-insured plan. Payments are assessed based on actuarial estimates of the amounts needed to pay current year claims and to establish a reserve for catastrophic losses.

There was no significant reduction in coverage from prior years. No settlements have exceeded coverage for each of the past three fiscal years. Additional information may be obtained from the Alachua County Comprehensive Annual Financial Report, available from the Alachua County Clerk of Court, Finance & Accounting, 201 East University Avenue, Gainesville, Florida 32601.

**Note 2 - Property Taxes**

The Legislative Act (the Act), which created the Alachua County Library District, allowed for the levy of ad valorem taxes. The millages allowed under the Act and the millages levied during fiscal year ended September 30, 2015, are as follows:

<u>Millages Allocated to:</u>	<u>Allowable Millage</u>	<u>Millage Levied</u>
General Operations	1.5 Mills	1.3638 Mills
Voted Debt	Unlimited*	.0900 Mills

\* Determined based upon amount of debt issued.

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed in October and are payable upon receipt with



**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

discounts at the rate of 4% if paid in November, decreasing by 1% per month with no discount available if paid in the month of March.

**Note 3 - Cash and Investments**

The Alachua County Library District, for accounting and investment purposes, maintains an internal investment pool (the "Pool") that includes all the District's cash deposits and investments, except for those monies, which are legally restricted to separate administration or administered by other agencies. Each fund's portion of the Pool is displayed on the governmental funds balance sheet as "equity in pooled cash and investments."

Deposits and investments as of September 30, 2015 are classified in the accompanying financial statements as follows:

**Statement of Net Position**

**Primary Government**

Equity in pooled cash and investments	\$ 14,438,647
Other cash and investments	1,916,855

**Component Unit**

Other cash and investments	1,061,648
----------------------------	-----------

**Statement of Fiduciary Net Position:**

Investments	
Goldman Sachs MMMF	799,661
Mutual Fund Equities	11,957,875
Mutual Fund International Equities	1,647,904
PIMCO Diversified Income Mutual Fund	911,068
Fixed Income Securities	7,725,938
Total cash and investments	\$ 40,459,596

Deposits and investments as of September 30, 2015 consist of the following:

**Library Operating Surplus Governmental Funds**

Deposits with financial institutions	\$ 1,769,035
Investments	12,671,963

**Component Unit**

Deposits with financial institutions	49,414
Investments	1,012,234

**Pension Fund**

Investments	23,042,446
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**Brady Trust Fund (Wells Fargo Advisors)**

Deposits with financial institutions	85,667
Investments	1,828,837
Total cash and investments	\$ 40,459,596

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**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, no public depositor shall be liable for any loss thereof. All of the Alachua County Library District's operating cash deposits and the Pension Trust Fund's cash deposits are placed with qualified financial institutions and are fully insured or collateralized. Deposits of the Component Unit are insured or collateralized by the Federal Depository Insurance Corporation.

**B. Investments**

The Alachua County Library District has formally adopted investment policies for Operating Funds, the Pension Fund and the Brady Trust Fund, each with its own set of legal and contractual provisions as described below.

Operating Funds Investment Policy

The Library District adopted the Operating Fund Investment Policy with Resolution 95-2, 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 LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

Investment Holdings Operating Funds

As of September 30, 2015, the Alachua County Library District had the following investments in its internal investment pool:

<b>Investments</b>	<b>Duration (Years)</b>	<b>Fair Value</b>
Fidelity Treasury Money Market fund	36 days	\$ 74,614
Florida Prime (2a-7 like)	29 days	2,252,839
US Treasuries (PFM)	2.04	3,989,996
Fannie Mae Global Notes (PFM)	2.00	1,259,431
Freddie Mac Global Notes (PFM)	1.64	525,265
Florida Local Government Investment Trust	1.42	1,624,268
Federal Home Loan Bank (PFM)	1.15	1,709,716
Municipal Bonds/Notes (PFM)	0.67	735,696
Federal Farm Credit Bank (PFM)	0.08	500,138
Total holdings in Investment Pool		\$ 12,671,963

Brief Description of each Investment Type in Internal Investment Pool

*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.

*State Board of Administration's Local Government Investment Pool (Florida Prime Fund)* - The State of Florida's Local Government Investment Pool is administered by the Florida State Board of Administration (SBA), which provides regulatory oversight. The powers and duties of the SBA are defined in Florida Statute 218.409. In addition, Chapter 19-7 of the Florida Administrative Code identifies the rules and regulations governing the administration of the State Pools. 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 Library District 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](http://www.sbafla.com)).

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*Florida Local Government Investment Trust* – 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 Poors. The Fund is structured to maintain safety of principal and maximize available yield through a balance of quality and diversification.

*US Treasuries; Federal Agency Securities; and Municipal Obligations* - The Library District contracts with PFM Asset Management LLC, Independent Investment Advisor, to manage a portion of the operating portfolio. PFM is authorized to invest in US Treasuries, Federal Agencies and Municipal Bonds on behalf of the District. At year end, PFM directly managed \$8,720,241 (fair market value) which was invested in the following sectors: \$3,989,996 - US Treasuries; \$3,994,549 - Federal Agencies and \$735,696 - Municipal Bonds/Notes.

Description of Component Unit Investment Holdings

The Alachua County Library District Foundation may invest in stocks, bonds, or other appropriate investments as governed by action of the Foundation Board of Trustees. As of September 30, 2015, \$1,012,234 was invested in mutual funds.

Description of Pension Trust Fund Investments

The Library District Governing Board adopted a Pension Trust Fund Investment Policy that applies to all funds and assets held by the Alachua County Library District for the benefit of the Pension Trust Fund. Investments of the Pension Trust Fund may be made in stocks, bonds or other appropriate investments as governed by the adopted pension investment policy, general law or action of the Governing Board.

As of September 30, 2015, the Pension Trust Fund investments were held in custody by Regions Keegan Morgan Trust at Regions Bank. The following is a breakdown of the investments:

Goldman Sachs Money Market Mutual Fund		\$ 799,661
Vanguard Total Stock Market Index Mutual Fund		11,957,875
Manning & Napier Overseas International Equity MF		1,647,904
PIMCO Diversified Income Mutual Fund		911,068
Fixed Income Securities:		
U. S. Government obligations	2,958,897	
Mortgage Backed Securities	890,696	
Corporate bonds	3,876,345	
Subtotal Fixed Income Securities		7,725,938
<b>Total Pension Fund investments</b>		<b>\$ 23,042,446</b>

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Brady Trust Fund Investments

In March of 1993, the Alachua County Library District received a donation of the Marna Venable Brady Trust. The Alachua County Library District Governing Board set the policy that the proceeds from this donation be committed to the purchase of books for the Library District and committed that the amount of the original contribution plus an amount representing inflation remain intact indefinitely. This portion (\$1,017,406) is considered committed according to the new fund balance policy. The Library District accepted ownership of the Brady Trust as it was currently invested. The Brady Trust consists of an investment portfolio with a money market account and assorted stocks and bonds invested through the brokerage firm Wells Fargo. The Library District has entered into an agreement with Wells Fargo to perform investing services for the Brady Trust which include purchasing or acquiring, selling or disposing of securities only on order of the Clerk or his designee along with the Library Director or her designee. Wells Fargo holds such securities in the name of the District as Trustee for the District.

The following is a breakdown of the Brady Trust Special Revenue Fund Investments as of September 30, 2015:

Mutual Fund	\$ 22,429
Corporate stocks	1,754,358
Corporate bonds	52,050
Total Brady Trust investments	\$ 1,828,837

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 District’s name.

The District’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, 2015, all District bank deposits were in qualified public depositories and collateralized by the Bureau of Collateral Securities, Division of the Treasury, State Department of Insurance.

In addition, all Pension Fund, Brady Trust, and Component Unit deposits are either entirely insured or collateralized by the Federal Depository Insurance Corporation or the Bureau of Collateral Securities, Division of the Treasury, State Department of Insurance.

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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 District’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 Library District’s name. As of September 30, 2015, all of the District’s investments are held in Region Bank’s trust department in the District’s name.

The Pension Trust Fund is invested in accordance with the custody agreement with Regions Bank. Securities are held in Regions Keegan Morgan Trust, held in the Library District’s name, in one of three accounts: The Receipts and Disbursements account invested in Goldman Sachs FS Treasury obligations Fund Service; the Mutual Fund account for passive management of equities and Sawgrass Fixed Income Securities; the Sawgrass Fixed Income Securities account is actively managed by Sawgrass Asset Management, LLC, and consists of U.S. Treasuries, Federal Agency Notes and Corporate Bonds.

Both the Component Unit and Brady Trust investments carry a *custodial credit risk*. This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investment or collateral securities in the possession of an outside party.

*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 District’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 only applies to the District’s operating investments.

Presented below is the rating as of year-end for each major investment type and classification (Operating, Component Unit, Pension, and Brady Trust):

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*Credit Risk –Internal Investment Pool (Operating Investments):*

<b>Investments</b>	<b>Rating (S&amp;P)</b>	<b>Fair Value</b>
Fidelity Treasury Money Market fund	AAAm	\$ 74,614
Florida Prime (2a7- like)	AAAm	2,252,839
Florida Local Government Investment Trust	AAAf	1,624,268
US Treasuries (PFM)	AA+	3,989,996
Federal Home Loan Bank	AA+	1,509,774
Federal Home Loan Bank Disc Note	A-1+	199,942
Freddie Mac Global Notes (PFM)	AA+	525,265
Fannie Mae Global Notes (PFM)	AA+	1,259,431
Federal Farm Credit Bank (PFM)	AA+	500,138
Univesrity of Washington	AA+	170,425
State of Louisiana	AA	250,090
Illinois Regional Transportation Authority	AA	249,983
State of Mississippi	AA	15,047
Univesrity of California	AA	50,151
Total holdings in Investment Pool		<u><u>\$ 12,671,963</u></u>

*Credit Risk-Component Unit:*

At September 30, 2015, the Foundation had investments in unrated closed-end Mutual Funds totaling \$1,012,234.

*Credit Risk-Pension Trust Fund:* Presented below is the rating as of year-end for each investment type held by the Library District's Pension Trust Fund:

<b>Investments</b>	<b>Rating (Moody's)</b>	<b>Fair Value</b>
Goldman Sachs MMMF	Aaa	\$ 799,661
U. S. Government Obligations	Aaa	2,958,897
Corporate Bonds	Aa, Aa1, Aa2, Aa3	355,147
Corporate Bonds	A, A1, A2, A3	2,541,838
Corporate Bonds	Baa, Baa1, Baa2, Baa3	979,360
Manning & Napier Internation Equities	Exempt from disclosure	1,647,904
Vanguard Total Stock Market MF	Exempt from disclosure	11,957,875
Mortgage backed securities	Unrated	890,696
PIMCO Diversified Income Mutual Fund	Unrated	911,068
Total holdings in Pension Trust		<u><u>\$ 23,042,446</u></u>

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Credit Risk-Brady Trust: The ratings of the Brady Trust's investments in debt securities totaling \$52,050, is summarized below:

<u>Rating (Moody's)</u>	<u>Amount</u>
AA3	\$ 25,537
A2	26,513
Total	<u>\$ 52,050</u>

Interest Rate Risk - Investments Section 218.415(6), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District 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. Below is a detailed investment schedule organized by debt type, amount, and segmented time distribution. Overnight investment vehicles such as Money Market Funds & 2a7-like Pools have been excluded from the table.

<u>Type Investment</u>	<u>Fair Value</u>	<u>3 months - 1 year</u>	<u>1 - 5 year</u>	<u>&gt; 5 year</u>
Library Operating Funds				
US Treasuries	\$ 3,989,996	\$ -	\$ 3,989,996	\$ -
Federal Agencies	3,994,549	1,106,838	2,887,711	-
Municipal Obligations	735,696	550,224	185,472	-
Pension Trust				
US Govt Obligations	2,958,897	105,324	2,556,982	296,591
Mortgage Backed Sec	890,696	-	-	890,696
Corporate Bonds	3,876,345	125,069	1,403,831	2,347,445
Brady Trust Fund				
Corporate Bonds	52,050	25,537	26,513	-
Total debt investments	<u>\$ 16,498,229</u>	<u>\$ 1,912,992</u>	<u>\$ 11,050,505</u>	<u>\$ 3,534,732</u>

Concentration of Credit Risk - The District's adopted investment policy requires that assets held be 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 District places no limit on the amount the District may invest in any one issuer. Diversification strategies within the established guidelines are reviewed and revised periodically as necessary by the appropriate management staff. More than 5 percent of the District's investments are invested in Federal Home Loan Bank (13.49%) and Fannie Mae (9.94%).



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**Note 4 - Capital Assets**

Capital asset activity for the year ended September 30, 2015, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>					
Capital not being depreciated:					
Land	\$ 1,381,890	\$ -	\$ -	\$ -	\$ 1,381,890
Artwork	71,582	8,645	-	-	80,227
Construction in progress	50,787	20,000	-	(50,787)	20,000
Total not being depreciated	1,504,259	28,645	-	(50,787)	1,482,117
Capital Assets being depreciated:					
Buildings	21,818,074	634,415	-	50,787	22,503,276
Equipment	2,703,630	254,263	(171,515)	-	2,786,378
Software-Internally Developed	31,828	-	-	-	31,828
Software	516,243	-	-	-	516,243
Improvements other than building	796,608	-	-	-	796,608
Total being depreciated	25,866,383	888,678	(171,515)	50,787	26,634,333
Less accumulated depreciation for:					
Buildings	(9,261,713)	(485,109)	-	-	(9,746,822)
Equipment	(2,007,682)	(202,809)	163,642	-	(2,046,849)
Software-Internally Developed	(31,828)	-	-	-	(31,828)
Software	(264,173)	(32,820)	-	-	(296,993)
Improvements other than building	(464,750)	(29,841)	-	-	(494,591)
Total accumulated depreciation	(12,030,146)	(750,579)	163,642	-	(12,617,083)
Total being depreciated, net	13,836,237	138,099	(7,873)	50,787	14,017,250
<b>Governmental activities capital assets, net</b>	<b>\$15,340,496</b>	<b>\$ 166,744</b>	<b>\$ (7,873)</b>	<b>\$ -</b>	<b>\$15,499,367</b>

Depreciation expense for the year ended September 30, 2015 was \$750,579, all recorded in the Culture & Recreation Program.

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**Note 5 - Employee Benefits**

The Library District Pension Board of Trustees amended the Library District Pension Plan on November 6, 2007 to allow each Library employee hired prior to January 1, 2008 a one-time irrevocable election to either freeze their accrued pension benefit under the pension plan effective December 31, 2007 and join the Florida Retirement System (FRS) Plan, or remain in the Pension Plan as constituted on the date of election. There were 62 employees who elected to freeze their accrued pension benefit and join the FRS on January 1, 2008. All employees hired after January 1, 2008 will only be allowed to participate in the FRS Plan.

The Library District Governing Board adopted Resolution 07-12 on November 6, 2007 authorizing an agreement between the Library and the Florida Retirement System for eligible employees starting January 1, 2008.

**A. State of Florida Pension Plans  
Defined Benefit Plans**

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

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

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

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**Benefits Provided**

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

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

**Contributions**

The contribution requirements of plan members and the Library are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The Library's contribution rates as of September 30, 2015, were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular Class	5.60%	1.66%
Senior Management Service Class	19.77%	1.66%
Elected Officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

The Library's contributions for the year ended September 30, 2015, were \$239,611 to the FRS and \$60,120 to the HIS.

**Pension Liabilities and Pension Expense**

At September 30, 2015, the Library reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The Library's proportions of the net pension liabilities were based on the Library's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

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	<u>FRS</u>	<u>HIS</u>
Net pension liability at September 30, 2015	\$ 1,265,068	\$ 1,461,538
Proportion at:		
September 30, 2015	0.009794322%	0.014331014%
September 30, 2014	0.009198471%	0.013739299%
Pension expense (benefit), year ended		
September 30, 2015	\$ 137,262	\$ 135,198

**Deferred Outflows/Inflows of Resources Related to Pensions**

At September 30, 2015, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 133,554	\$ (30,004)	\$ -	\$ -
Changes of assumptions	83,967	-	114,985	-
Net difference between projected and actual earnings on pension plan investments	445,592	(747,669)	791	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	216,069	-	144,236	-
Employer contributions subsequent to the measurement date	60,587	-	19,543	-
<b>Total</b>	<b>\$ 939,769</b>	<b>\$ (777,673)</b>	<b>\$ 279,555</b>	<b>\$ -</b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

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Year ending September 30,	FRS	HIS
2016	\$ 630	\$ 42,008
2017	630	42,008
2018	630	42,008
2019	630	42,007
2020	76,148	41,810
Thereafter	22,841	50,171
<b>Total</b>	<b>\$ 101,509</b>	<b>\$ 260,012</b>

**Actuarial Assumptions**

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2015, using the entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount Rate	7.65%	3.80%

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

For both plans, the actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study that was completed in 2014 for the period July 1, 2008, through June 30, 2013.

The following changes in actuarial assumptions occurred in 2015:

HIS: The municipal rate used to determine the total pension liability decreased from 4.29% to 3.80%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>
Cash	1.00%	3.20%	3.10%
Fixed income	18.00%	4.80%	4.70%
Global Equity	53.00%	8.50%	7.20%
Real estate (property)	10.00%	6.80%	6.20%
Private equity	6.00%	11.90%	8.20%
Strategic investments	12.00%	6.70%	6.10%
	<u>100.00%</u>		

**Discount Rate**

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

**Sensitivity Analysis**

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

	<u>FRS</u>			<u>HIS</u>		
	<u>Current Discount</u>			<u>Current Discount</u>		
	1% Decrease (6.65%)	Rate (7.65%)	1% Increase (8.65%)	1% Decrease (2.80%)	Rate (3.80%)	1% Increase (4.80%)
Employer's proportionate share of the net pension liability	\$ 3,278,077	\$ 1,265,068	\$ (410,086)	\$ 1,665,355	\$ 1,461,538	\$ 1,291,586

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**Pension Plans' Fiduciary Net Position**

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

**Defined Contribution Plan**

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2015, totaled \$102,981.

**B. Library Pension Plan**

**Plan Description**

The Alachua County Library District Pension Plan ("Plan") is administered by the Alachua County Library Pension Board of Trustees which is comprised of three appointed County Commissioners, two appointed City Commissioners, and one appointed School Board Member. The Plan is a contributory defined benefit single-employer pension plan with an effective date of October 1, 1986. The Library District accounts for the Plan as a Pension Trust Fund. The Plan is also governed by certain provisions of Chapter 112, Florida Statutes.

At October 1, 2014, the plan membership consisted of:

Inactive members of beneficiaries currently receiving benefits	78
Inactive members entitled to but not yet receiving benefits	89
Active members all of whom are vested as of 10/1/14	<u>72</u>
<b>Total</b>	<b><u>239</u></b>

**Benefits Provided**

The Plan provides retirement benefits, as well as death benefits. All benefits vest after five years of credited service (by plan amendment effective October 1, 1996).

Employees who retire with either twenty years of credited service or reach age 65 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% of their final average compensation times credited service. Employees with fifteen years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

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The Plan provides death benefits whereby members eligible for normal or early retirement receive benefits payable as though the deceased member had selected the 10 year Certain & Life benefit. For members that are vested, but not yet eligible for normal or early retirement, the death benefit is payable as a lump sum. For non-vested members, the death benefit is a refund of contributions without interest.

Effective October 1, 2001, the cost of living adjustment was based upon the change in Consumer Price Index, with a maximum of 2% annually. Effective October 1, 2004, the maximum was increased to 2.2%.

**Contributions**

The Alachua County Library District Board of Governors established the Plan and has the authority for amending any plan/benefit provisions.

The funding policy provides for periodic employer contributions based on an actuarially determined contribution calculated by an independent actuary. The actuarially determined contribution is an estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability, plus administrative expenses.

The total (employer and employee) required contribution rate expressed as a percentage of current year payroll is 38.24%. This contribution rate was determined as part of the October 1, 2014, actuarial valuation. Covered employees were required to contribute 4% of their salary to the Plan. The Library District is required to contribute the difference, which is 33.23% of covered payroll. The Library's contributions for the year ended September 30, 2015, were \$974,658.

**Pension Liabilities and Pension Expense**

At the measurement date, September 30, 2015, the Library reported a liability for the Plan's net pension liability of \$8,954,974. The Library recognized pension expense of \$1,212,569 for the year ended September 30, 2015.

**Deferred Outflows/Inflows of Resources Related to Pensions**

At September 30, 2015, the Library reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:



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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 645,186	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,454,525	-
<b>Total</b>	<b>\$ 2,099,711</b>	<b>\$ -</b>

Pension-related amounts of the Plan reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	
2016	\$ 553,952
2017	553,952
2018	553,952
2019	437,855
2020	-
Thereafter	-
<b>Total</b>	<b>\$ 2,099,711</b>

**Actuarial Assumptions**

The total pension liability for the Plan was determined by an actuarial valuation using present values and obligations based on employee data as of the plan year beginning October 1, 2014, and rolled forward using actuarial methods to the measurement date of September 30, 2015. The Plan's valuation used the entry age normal actuarial cost method and the following significant actuarial assumptions:

Inflation	2.50%
Salary increases	2.80%
Investment rate of return	7.00%

Mortality assumptions were based on the RP2000 Small Plan Combined Mortality Table by gender w/Scale AA Generational Projections.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an extensive actuarial experience study that was completed in 2012 for the period October 1, 2006, through September 30, 2011.

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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The long-term expected investment rate of return was not based on historical returns, but instead was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For the Plan, the table below summarizes the target allocation and best estimates of arithmetic real rates of return for each major asset class.

Asset Class	Target Allocation	Annual Arithmetic Return
Domestic Equity	50.00%	10.00%
International Equity	10.00%	11.00%
Domestic Bonds	35.00%	5.00%
International Bonds	5.00%	6.00%
	100.00%	

**Discount Rate**

The discount rate used to measure the total pension liability for the Plan was 7.0%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances at 09/30/2014</b>	\$ 30,075,025	\$ 23,457,673	\$ 6,617,352
Changes for the year:			
Service Cost	253,536		253,536
Interest	2,081,041		2,081,041
Differences between expected and actual experience	835,507		835,507
Contributions-employer		974,658	(974,658)
Contributions-employee		112,636	(112,636)
Net investment income		(183,132)	183,132
Benefit payments, including refunds of employee contribution	(1,219,425)	(1,219,425)	-
Administrative expense		(71,700)	71,700
Other		-	-
<b>Net changes</b>	1,950,659	(386,963)	2,337,622
<b>Balances at 09/30/2015</b>	\$ 32,025,684	\$ 23,070,710	\$ 8,954,974

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**Sensitivity Analysis**

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$ 12,821,242	\$ 8,954,974	\$ 5,729,852

**Pension Plan’s Fiduciary Net Position**

Detailed information about the Plan’s fiduciary net position is displayed on pages 22 & 23. A separate stand-alone financial report is not available for the Plan.

**C. Deferred Compensation Plan**

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

**Note 6 - Long-Term Obligations**

**A. Limited General Obligation Notes**

*Purpose* – On May 23, 2011, the Board entered into a loan agreement for the Alachua County Library District General Obligation Bank Note Series 2011, to provide moneys to refund, on a current basis, the District’s outstanding General Obligation Refunding Bonds, Series 2001 and to pay certain expenses associated with this Note.

*Pledge of revenues* –The principal and interest on the Note are payable from ad valorem taxes which are levied by the District upon the taxable real and personal property of the District.

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

*Notes Outstanding* – At September 30, 2015, General Obligation Note consisted of the following: (\$5,960,000 Alachua County Library District General Obligation Bank Note, Series 2011, due in semi-annual installments of \$511,000 to \$520,000 through 2017, interest is 1.87%, Revenue Source – Property Tax Levy.)

Description	Interest Rate and Date	Maturity	Issue	Outstanding at September 30, 2015
Limited General Obligation Bank Note 2011 Series	1.87%	2017	\$5,960,000	\$2,063,000

Long-Term liability activity for the year ended September 30, 2015, was as follows:

	Beginning Balance (Restated)	Increases	(Decreases)	Ending Balance	Due Within One Year
General Obligation Bank Note	\$ 3,072,000	\$ -	\$ (1,009,000)	\$ 2,063,000	\$ 1,023,000
Compensated absences	845,555	468,859	(492,905)	821,509	492,905
Net pension liability - Plan	6,617,352	2,337,622	-	8,954,974	-
Net pension liability - FRS	561,242	703,826	-	1,265,068	-
Net pension liability - HIS	1,284,658	176,880	-	1,461,538	53,700
<b>Total Long-term Obligations</b>	<b>\$ 12,380,807</b>	<b>\$ 3,687,187</b>	<b>\$ (1,501,905)</b>	<b>\$ 14,566,089</b>	<b>\$ 1,569,605</b>

Compensated absences are generally liquidated by the general fund.

Annual debt service requirements to maturity for the general obligation note are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 1,023,000	\$ 33,800	\$ 1,056,800
2017	1,040,000	14,586	1,054,586
	<b>\$ 2,063,000</b>	<b>\$ 48,386</b>	<b>\$ 2,111,386</b>

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**Note 7 - Interfund Transfers**

For the year ended September 30, 2015, interfund transfers were as follows:

Transfers In	Transfers Out		Total
	General Fund	Brady Trust	
Capital Projects	\$ 1,184,547	\$ -	\$ 1,184,547
Nonmajor Governmental:			
Gifts & Donations	-	25,000	25,000
<b>Total</b>	<b>\$ 1,184,547</b>	<b>\$ 25,000</b>	<b>\$ 1,209,547</b>

The interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

**Note 8 - Commitments and Contingencies**

Non-capitalized leases – Rental costs for the year ended September 30, 2015, under cancelable leases are summarized as follows:

<u>Fund Charged</u>	<u>Amount</u>
General Fund	\$ 159,026
Capital Projects	3,343
<b>Total</b>	<b>\$ 162,369</b>

**Note 9 - Related Party Transactions**

The Library District has an interlocal agreement with Alachua County Board of County Commissioners. The Library District paid Alachua County Board of County Commissioners \$447,993 for services in fiscal year 2015. These services included Accounting, Auditing, Treasury, Miscellaneous Administrative Services, Information and Telecommunications Services, and the County Attorney services. In addition, the Library District participates in the County’s Self Insurance fund for workers compensation and in the County’s self-insured Health Insurance Fund for employee group health insurance.

**Note 10 - Governmental Fund Balances**

On October 1, 2010, the Library District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as nonspendable or are classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

*Nonspendable* fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Fund balances are further classified based on a hierarchy of the Library District's ability to control the spending of these fund balances.

*Restricted* fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by law through constitutional provisions or enabling legislation.

*Committed* fund balances are fund balances constrained for specific purposes imposed by the Library District Governing Board when formal action is taken by resolution. The same formal action is required to be taken to modify or rescind a fund balance commitment.

*Assigned* fund balances are fund balances intended to be used for specific purposes, but are neither restricted nor committed. Assignments may be made only by the Library District Governing Board, Library Director, or the Library Director's Designee per the District's Fund Balance Policy.

*Unassigned* fund balance is the residual positive balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

The fund balance categories of the governmental funds are shown on the face of the Balance Sheet – Governmental Funds in the fund financial statements. The Library District's policy uses restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts prohibiting this. In addition, the Library District's policy uses committed prior to assigned fund balances and assigned fund balances prior to unassigned fund balances.

Minimum fund balance policy – The Library District's policy states, that it will maintain an annual unappropriated or cash carry forward fund balance that is equal to at least 60 days of operating expenditures. The unappropriated cash carry forward will be at a level sufficient to maintain adequate cash flow during the beginning of each fiscal year in order to eliminate the need for short-term borrowing.

**Note 11 - Other Disclosures**

**A. Excess of Expenditures Over Appropriations**

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

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**B. Excess of Expenditures Over Revenue in the Actual Column**

Certain funds show an excess of expenditures over revenue in the actual column of the statement of revenue, expenditures and changes in fund balances. This excess is due to the use of fund balance brought forward from the prior fiscal year.

**C. Change in Accounting Principle**

The Library restated the beginning net position of the governmental activities to implement the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Net position - beginning of year, as previously reported	\$ 27,694,478
Restatement:	
Net pension liability	(8,463,252)
Deferred outflows for employer contributions made subsequent to the measurement date	73,975
Deferred outflows other than employer contributions subsequent to the measurement date	430,675
Deferred inflows	(970,975)
Net position - beginning of year, as restated	\$ 18,764,901

**D. Future Accounting Pronouncements**

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

- Fair Value
- External Investment Pools
- OPEB
- Blending certain Component Units
- GAAP Hierarchy
- Split – Interest Agreements
- Tax Abatement Disclosures

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





**REQUIRED  
SUPPLEMENTARY  
INFORMATION**



**ALACHUA COUNTY LIBRARY DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<b>General Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 15,356,607	\$ 15,356,607	\$ 15,653,198	\$ 296,591
Intergovernmental	51,000	51,000	63,396	12,396
Charges for services	42,117	42,117	130,846	88,729
Rents and royalties	63,383	63,383	81,323	17,940
Investment income	28,000	28,000	86,167	58,167
Miscellaneous	164,495	164,495	190,220	25,725
<b>Total revenues</b>	<b>15,705,602</b>	<b>15,705,602</b>	<b>16,205,150</b>	<b>499,548</b>
<b>Expenditures</b>				
Culture and recreation				
Personal services	10,783,874	10,783,874	10,496,469	287,405
Operating expenditures	4,915,673	4,915,673	4,466,250	449,423
Reserve for contingencies	784,977	784,977	-	784,977
<b>Total expenditures</b>	<b>16,484,524</b>	<b>16,484,524</b>	<b>14,962,719</b>	<b>1,521,805</b>
<b>Excess of revenues over expenditures</b>	<b>(778,922)</b>	<b>(778,922)</b>	<b>1,242,431</b>	<b>2,021,353</b>
<b>Other financing sources (uses)</b>				
Transfers out	(1,184,547)	(1,184,547)	(1,184,547)	-
<b>Total other financing sources (uses)</b>	<b>(1,184,547)</b>	<b>(1,184,547)</b>	<b>(1,184,547)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,963,469)</b>	<b>(1,963,469)</b>	<b>57,884</b>	<b>2,021,353</b>
<b>Fund balances - beginning</b>	<b>1,963,469</b>	<b>1,963,469</b>	<b>4,170,427</b>	<b>2,206,958</b>
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,228,311</b>	<b>\$ 4,228,311</b>

**ALACHUA COUNTY LIBRARY DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BRADY TRUST FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<b>Brady Trust Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment income (loss)	\$ 42,624	42,624	\$ (59,545)	(102,169)
<b>Total revenues</b>	<u>42,624</u>	<u>42,624</u>	<u>(59,545)</u>	<u>(102,169)</u>
<b>Expenditures</b>				
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues over expenditures</b>	<u>42,624</u>	<u>42,624</u>	<u>(59,545)</u>	<u>(102,169)</u>
<b>Other financing sources (uses)</b>				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	17,624	17,624	(84,545)	(102,169)
<b>Fund balances - beginning</b>	<u>-</u>	<u>-</u>	<u>1,999,049</u>	<u>1,999,049</u>
<b>Fund balances - ending</b>	<u>\$ 17,624</u>	<u>\$ 17,624</u>	<u>\$ 1,914,504</u>	<u>\$ 1,896,880</u>

**ALACHUA COUNTY LIBRARY DISTRICT  
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Revenues 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 Library District's Board of Governors for all governmental fund types.

The Alachua County Library District'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 Library District's Board of Governors. Budgets are prepared on the modified accrual (GAAP) basis of accounting.

**Alachua County Library District  
Required Supplementary Information  
Schedules of Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years\***

<b>Florida Retirement System (FRS)</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	0.009794322%
Employer's proportionate share of the net pension liability (asset)	\$ 1,265,068
Employer's covered-employee payroll	\$ 4,457,332
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	28.38%
Plan fiduciary net position as a percentage of the total pension liability	92.00%

<b>Health Insurance Subsidy Program (HIS)</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	0.014331014%
Employer's proportionate share of the net pension liability (asset)	\$ 1,461,538
Employer's covered-employee payroll	\$ 4,457,332
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.79%
Plan fiduciary net position as a percentage of the total pension liability	0.50%

**Notes to schedules:**

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

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

**Alachua County Library District  
Required Supplementary Information  
Schedules of Employer Contributions  
Last 10 Fiscal Years\***

<b>Florida Retirement System</b>	<b>2015</b>
Contractually required contribution	\$ 239,611
Contributions in relation to the contractually required contribution	<u>239,611</u>
Contribution deficiency (excess)	<u>\$ -</u>
Employer's covered-employee payroll	\$ 4,450,712
Contributions as a percentage of covered-employee payroll	5.38%
<hr/>	
<b>Health Insurance Subsidy Program</b>	<b>2015</b>
Contractually required contribution	\$ 60,120
Contributions in relation to the contractually required contribution	<u>60,120</u>
Contribution deficiency (excess)	<u>\$ -</u>
Employer's covered-employee payroll	\$ 4,450,712
Contributions as a percentage of covered-employee payroll	1.35%

**Notes to schedules:**

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

**Alachua County Library District**  
**Required Supplementary Information**  
**Schedule of Changes in Library Plan's Net Pension Liability (NPL) and Related Ratios**  
**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 253,536	\$ 239,185
Interest	2,081,041	1,984,501
Change of benefit terms	-	-
Differences between expected and actual experience	835,507	-
Changes of assumptions	-	314,324
Benefit payments, including refunds of employee contributions	(1,219,425)	(1,128,528)
<b>Net change in total pension liability</b>	<u>1,950,659</u>	<u>1,409,482</u>
<b>Total pension liability-beginning</b>	<u>30,075,025</u>	<u>28,665,543</u>
<b>Total pension liability-ending(a)</b>	<u>\$ 32,025,684</u>	<u>\$ 30,075,025</u>
<b>Plan fiduciary net position</b>		
Contributions-employer	\$ 974,658	\$ 1,111,008
Contributions-employee	112,636	117,652
Net investment income (loss)	(183,132)	2,208,418
Benefit payments, including refunds of employee contributions	(1,219,425)	(1,128,528)
Administrative expense	(71,700)	(65,550)
Other	-	-
<b>Net change in plan fiduciary net position</b>	<u>(386,963)</u>	<u>2,243,000</u>
<b>Plan fiduciary net position-beginning</b>	<u>23,457,673</u>	<u>21,214,673</u>
<b>Plan fiduciary net position-ending(b)</b>	<u>\$ 23,070,710</u>	<u>\$ 23,457,673</u>
<b>Net pension liability-ending (a) - (b)</b>	<u>\$ 8,954,974</u>	<u>\$ 6,617,352</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	72.04%	78.00%
<b>Covered-employee payroll</b>	\$ 2,932,783	\$ 2,996,542
<b>Net pension liability as a percentage of covered employee payroll</b>	305.34%	220.83%

\*GASB Statement No. 67 was implemented in 2014. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.



**Alachua County Library District  
Required Supplementary Information  
Schedule of Employer Contributions  
Last 10 Fiscal Years\***

<b>Library Pension Plan</b>	2015	2014
Actuarially determined contribution	\$ 974,658	\$ 1,111,008
Contributions in relation to the actuarially determined contribution	974,658	1,111,008
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered-employee payroll	\$ 2,932,783	\$ 2,996,542
Contributions as a percentage of covered-employee payroll	33.23%	37.08%

**Notes to schedule:**

Valuation date: October 1, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed, with amortization bases created in accordance with funding policy
Asset valuation method	Fair market value adjusted for gains and losses phased in over 4 years
Salary increases	2.80%
Investment rate of return	7.00%
Retirement age	Normal retirement age, earlier of age 65 with 5 years of creditable service or 20 years of creditable service.
Mortality	RP-2000 Combined Healthy Generational Table, by gender, Scale AA

\*GASB Statement No. 67 was implemented in 2014. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

**Alachua County Library District  
 Required Supplementary Information  
 Schedule of Investment Returns  
 Last 10 Fiscal Years\***

<b>Library Pension Plan</b>	2015	2014
Annual Money-weighted rate of return, net of investment expense	-1.09%	10.14%

\*GASB Statement No. 67 was implemented in 2014. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

**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***



**SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015  
ALACHUA COUNTY LIBRARY DISTRICT**

STATE GRANTOR/ PROGRAM TITLE	STATE CSFA NUMBER	STATE EXPENDITURES	PROGRAM TOTAL	AMOUNT PROVIDED TO SUBRECIPIENTS
<u>DIVISION OF LIBRARY INFORMATION SERVICES</u>				
State Aid to Libraries ID# 15-ST-53	45.030	\$ 588,493	\$ 588,493	\$ -
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 588,493</u>	<u>\$ 588,493</u>	<u>\$ -</u>

Basis of Presentation:

The accompanying Schedule of State Financial Assistance includes the State award activity of the Alachua County Library District 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 Governing Board  
Alachua County Library District  
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, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Alachua County Library District (the "District"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 02, 2016.

**Internal Control Over Financial Reporting**

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

### **Purpose of this Report**

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

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

Gainesville, Florida  
June 02, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF STATE FINANCIAL ASSISTANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

The Governing Board  
Alachua County Library District

**Report on Compliance for Each Major State Project**

We have audited the compliance of the Alachua County Library District (the "District") with the types of compliance requirements described in the Department of Financial Services' Compliance Supplement that could have a direct and material effect on the District's major state project for the year ended September 30, 2015. The District's major state project is 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 state projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the District's major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards 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 state project occurred. An audit includes examining, on a test basis, evidence about the District'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 the major state project. However, our audit does not provide a legal determination of the District's compliance.



### ***Opinion on Each Major State Project***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have had a direct and material effect on its major state project for the year ended September 30, 2015.

### **Report on Internal Control over Compliance**

Management of the District 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the District'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 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 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 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 Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of State Financial Assistance Required by Chapter 10.550, Rules of the Auditor General**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the District, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated June 2, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted

for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the 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 of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Carly Riggs & Ingram, L.L.C.*

Gainesville, Florida  
June 02, 2016

Schedule of Findings and Questioned Costs

**PART I – SUMMARY OF AUDITOR’S RESULTS**

1. The auditor’s report on the basic financial statements was unmodified.
2. The audit did not report significant deficiencies or disclose material weaknesses in internal control over financial reporting.
3. No instances of noncompliance considered material to the financial statements were disclosed by the audit.
4. The audit did not report significant deficiencies or disclose material weaknesses in internal control over the major state project.
5. The auditor’s report on compliance for the major state project was unmodified.
6. The audit did not disclose findings relative to the major state project.
7. The District’s major project was:

	<u>CSFA Number</u>
State Aid to Libraries	45.030

8. A threshold of \$300,000 was used to distinguish between Type A and Type B state projects.

**PART II – FINANCIAL STATEMENT FINDINGS**

No matters are reportable.

**PART III – FINDINGS AND QUESTIONED COSTS – STATE PROJECTS**

No matters are reportable.

**MANAGEMENT LETTER REQUIRED BY  
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

The Governing Board  
Alachua County Library District  
Alachua County, Florida

We have audited the financial statements of the Alachua County Library District (the "District") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 02, 2016

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; and the Florida Single Audit Act. 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 District 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 District has not met one or more of the conditions described in Section 218.503(1), Florida Statutes, that are indicative of a state of financial emergency.

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 District's annual financial report for the fiscal year ended September 30, 2015, 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, 2015.

### **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 Governing Board, 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  
June 02, 2016

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

The Governing Board  
Alachua County Library District  
Alachua County, Florida

We have examined the Alachua County Library District's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

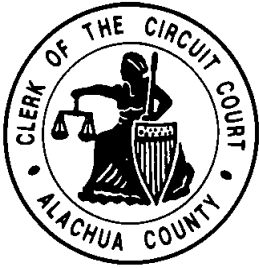
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as 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 District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

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

Gainesville, Florida  
June 02, 2016



# CLERK OF THE CIRCUIT COURT

Finance and Accounting  
201 East University Avenue  
Gainesville, Florida 32601

**J.K. IRBY**  
**CLERK**

**TELEPHONE**  
**(352) 374-3605**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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

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



alachua county  
library district

*...thinking outside the book*

Alachua County Library District  
Administration  
401 East University Avenue  
Gainesville, FL 32601-5453  
(352) 334-3910 FAX (352) 334-3918  
[www.aclib.us](http://www.aclib.us)

June 23, 2016

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

Dear Ms. Norman:

This is in response to the Independent Auditors' Management Letter for Alachua County Library District, for the fiscal year ended September 30, 2015. We are happy to report that for the twenty-third year, the Auditors found no reportable conditions.

Thank you for your attention.

Sincerely,

Lee Pinkoson, Chair  
Library District Governing Board

J. K. Irby  
Alachua County Clerk to the Board

rdg