

CITY OF ALACHUA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Prepared by
Department of Finance

**CITY OF ALACHUA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

List of Principal Officials	i
Certificate of Achievement	ii
Letter of Transmittal.....	iii-viii
Organization Chart	ix

II. FINANCIAL SECTION

Independent Auditors' Report	1-3
---	-----

Management's Discussion and Analysis	4-15
---	------

Basic Financial Statements

Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Fund Net Position - Proprietary Funds	22-23
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	24-25
Statement of Cash Flows - Proprietary Funds.....	26-27
Notes to Financial Statements.....	28-54

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	55
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Community Redevelopment Agency	56
Schedule of Funding Progress.....	57
Notes to Required Supplementary Information.....	58

**CITY OF ALACHUA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**TABLE OF CONTENTS
 (Continued)**

II. FINANCIAL SECTION (Concluded)

Combining and Individual Fund Information and Other Supplementary Information

Combining Balance Sheet - Nonmajor Governmental Funds.....	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	60
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	61-62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	63-64
Combining Balance Sheet - Nonmajor Capital Projects Funds	65-66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	67-68
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Debt Service Fund - Nonmajor	69
Special Revenue Funds - Nonmajor.....	70-72
Capital Projects Funds - Nonmajor	73-74

III. STATISTICAL SECTION (UNAUDITED)

Financial Trends Information

Schedule 1	Net Position by Component	75
Schedule 2	Changes in Net Position	76-77
Schedule 3	Fund Balances, Governmental Funds	78-79
Schedule 4	Changes in Fund Balances, Governmental Funds	80-81

Revenue Capacity Information

Schedule 5	Assessed Value and Estimated Actual Value of Taxable Property.....	82-83
Schedule 6	Direct and Overlapping Property Tax Rates.....	84
Schedule 7	Principal Property Tax Payers.....	85
Schedule 8	Property Tax Levies and Collections	86

Debt Capacity Information

Schedule 9	Ratios of Outstanding Debt by Type.....	87-88
Schedule 10	Direct and Overlapping Governmental Activities Debt	89
Schedule 11	Pledged-Revenue Coverage - General Government Debt.....	90
Schedule 12	Pledged-Revenue Coverage - Sales Tax Revenues Notes	91
Schedule 13	Pledged-Revenue Coverage - Tax Increment Revenue Notes	92
Schedule 14	Pledged-Revenue Coverage - Utility System Bonds.....	93

Demographic and Economic Information

Schedule 15	Demographic and Economic Statistics	94
Schedule 16	Principal Employers	95

Operating Information

Schedule 17	Full-time Equivalent City Government Employees by Function/Program	96
Schedule 18	Operating Indicators by Function/Program	97
Schedule 19	Capital Asset Statistics by Function/Program	98

**CITY OF ALACHUA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**TABLE OF CONTENTS
(Concluded)**

IV. OTHER INDEPENDENT AUDITORS' REPORTS AND SCHEDULES

Additional Elements of Report Prepared in Accordance with *Government Auditing Standards*, Issued by the Comptroller General of the United States; the *Rules of the Auditor General* of the State of Florida; and Other Contract Requirements

Schedule of Expenditures of Federal and State Awards.....	99
Notes to the Schedule of Expenditures of Federal and State Awards	100
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	101-102
Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required By Chapter 10.550, <i>Rules of the Auditor General</i>	103-104
Schedule of Findings and Questioned Costs – State Financial Assistance Projects	105
Management Letter.....	106-107

INTRODUCTORY SECTION

City of Alachua

Mayor and City Commissioners

Gib Coerper, Mayor
Shirley Green Brown, Vice Mayor
Ben Boukari, Jr., Commissioner
Gary Hardacre, Commissioner
Robert Wilford, Commissioner

Traci L. Cain, City Manager
Marian Rush, City Attorney



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Alachua
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



City of Alachua

MAYOR GIB COERPER

Vice-Mayor Shirley Green Brown
Commissioner Ben Boukari, Jr
Commissioner Gary Hardacre
Commissioner Robert Wilford

OFFICE OF THE CITY MANAGER**TRACI L. CAIN**

March 17, 2014

The Honorable Mayor
Members of the City of Alachua Commission
Citizens of the City of Alachua, Florida

Dear Honorable Mayor Coerper:

The Comprehensive Annual Financial Report of the City of Alachua, Florida (the "City") for the fiscal year ended September 30, 2013, is respectfully submitted as required by Florida Statutes. This report was prepared by the City's Finance Department in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants. The responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data presented in this report is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position as measured by the financial activities of its various funds, and all disclosures that are necessary to enable the reader to gain a general understanding of the City's financial activities have been included.

INDEPENDENT AUDIT

Purvis, Gray and Company, a firm of licensed certified public accountants, has audited the City's basic financial statements. The goal of an independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in the basic financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's basic financial statements for the fiscal year ended September 30, 2013, were presented fairly in conformity with GAAP.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors. The remainder of this letter provides an overview of the City government, as well as local economic conditions and prospects for the future.

PROFILE OF THE GOVERNMENT

The City of Alachua is geographically located in North Central Florida. The City's boundaries encompass 46 square miles. Alachua was established in 1884 on a railroad line, after the railroad had bypassed nearby Newnansville, Florida. Alachua got a post office in 1887, and was officially incorporated on April 12, 1905, at which time it had a population of 526 people. According to the United States Census Bureau, the City's population was approximately 9,134 as of September 30, 2013. The City has a charter government structure approved by referendum of the electors pursuant to the Constitution and laws of the State of Florida. The City operates under the City Manager form of government with a commission comprised of an elected Mayor and four elected Commissioners. The elections are non-partisan and each Commissioner represents the entire City.

REPORTING ENTITY AND ITS SERVICES

The City provides a variety of services including road maintenance, utility (electric, water and wastewater) services, police, community development, fire protection (via contract), solid waste collection (via contract) and recreational-cultural activities.

This Comprehensive Annual Financial Report (CAFR) includes the funds of the primary government and the following component unit:

- The Public Finance Authority for Affordable Housing. The Authority is a separate legal entity and is a component unit of the City. There have been no financial transactions by the Authority; therefore, no amounts related to the Authority are reported in the basic financial statements.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived therefrom and the evaluation of costs and benefits requires estimates and judgments by management. We believe all internal control evaluations occur within this framework and that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The annual budget serves as the foundation for the City's financial planning and control. All departments and component units of the City are required to submit requests for appropriation to the City's Finance Department. The City Manager submits to the City Commission a proposed operating budget by fund, except for the General Fund which is at the department level, for the fiscal year commencing the following October 1. The City Commission is required to hold public hearings on the proposed budget and to adopt the final budget no later than September 30, the close of the City's fiscal year. The budget is legally enacted through the passage of a resolution and adoption of the

budget document. Management may not make changes to the adopted budget without the approval of a majority vote of the City Commission. Budgets are monitored at varying levels of detail; however, budgetary control is legally maintained at the fund level, except for the General Fund which is maintained at the department level.

MAJOR FUND PRESENTATION

An important element of the financial reporting model is the focus on reporting significant financial activity by fund type, with emphasis on major funds in both governmental and proprietary fund financial statements. In following GASB 34, the City is required to separate major funds from nonmajor funds. Only major funds are shown separately in the basic financial statements, while nonmajor funds are combined together and reported as a single column. Nonmajor funds are disclosed separately in the combining and individual fund financial statements and schedules section of this report.

GASB requires that the General Fund always be considered a major fund. The statement also requires other governmental and enterprise funds to be shown as major funds if they meet the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total of all funds of that category; and,
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least five percent (5%) of the total for all governmental and enterprise funds combined.

ECONOMIC CONDITION AND OUTLOOK

LOCAL ECONOMY

The area’s economy has been slowly recovering. Growth indicators such as building permits and infrastructure (water and wastewater) connections increased from their 2012 levels. The City will continue to try to increase its commercial, technology and industrial customer base by attracting firms to locate their enterprises within City limits. This helps create additional jobs and provides for a stable tax base.

The City’s major challenges are to provide the infrastructure and services needed to maintain the quality of life, which has attracted considerable growth to our community. History has shown that great emphasis on support systems such as transportation, potable water, wastewater and electric capacity must be balanced carefully with quality of life amenities that include parks, recreation and cultural opportunities to maintain the natural beauty and attractiveness of a community. For our City, these natural attributes take shape as tree canopies, and rolling green fields for agriculture, which provide the great atmosphere of North Central Florida living.

LONG-TERM FINANCIAL PLANNING

In order to meet the service demands of residents and visitors, the City continues to address the long-term financing necessary in order to fund capital projects essential to the creation, improvement, enhancement and preservation of public facilities and infrastructure.

The City's fiscal year 2012-2013 five year Capital Improvement Plan, covering the period from October 1, 2012 through September 30, 2017, has earmarked funding estimated at \$64.6 million for 148 projects throughout the City. Public Works projects account for the largest portion of the total Capital Improvement Plan funding at \$26.6 million or 41%. Wastewater system projects are the second largest, accounting for \$8.5 million, or 13%, and Water system projects are the third largest accounting for \$7.0 million, or 11%, of the Capital Improvement Plan.

City loans represent the third largest share of funding for the Capital Improvement Plan, accounting for 7% of the value. Capital project revenues (capital facility charges, utility charges, etc.) account for 29% of the funding, and the remaining 64% of the funding is from Federal, State, Local, Tax Increments, assessments, and other private donations.

MAJOR INITIATIVES

ECONOMIC ENVIRONMENT

The construction phase of the City's NW 150 Avenue/NW 142 Terrace road reconstruction project began in 2013. The project also included the construction of an underground storm-water basin. The storm-water basin portion was completed in 2013. The road reconstruction portion was about 50% complete as of September 30, 2013. Funding for the construction came from Tax Increment funds from the City's Community Redevelopment Agency (CRA). The construction phase will be completed in 2014.

TRANSPORTATION

The City completed three projects initiated in 2012; NW 147th Avenue, NW 141st Street, and NW 154th Avenue as part of its Road Resurfacing Program. Also, the City contracted with the Alachua County Public Works Department to provide a surface treatment (chip-seal) to NW 150th Avenue. The total spent on these projects was \$177,599 for the year.

GENERAL GOVERNMENT

The City began its security enhancements and Americans with Disabilities Act access improvements for City Hall and the Alachua Police Department. The 2013 improvements included the addition of automatic doors and storefront windows (utility billing and permits). The costs of these improvements were \$24K. The second phase of the project will be the installation of security cameras. This will take place in 2014.

PUBLIC SAFETY

The Alachua Police Department upgraded its technology and equipment in order to more efficiently process operations of the department. Equipment purchased included automated external defibrillators for patrol vehicles, tactical body armor for the K-9 officers, and a new motorcycle for the Traffic Enforcement Unit. These upgrades were funded through grant awards from the Florida Department of Law Enforcement and the Florida Department of Transportation. The total cost for the equipment was \$43,185.

PARKS AND RECREATION

The design phase for the Swick House improvements began in 2013. The planned improvements will transform the Swick House into a cultural center allowing for diverse public activities ranging from art and theater to conferences and meetings. The total spent on design in 2013 was \$45,193. The design services were funded through Recreation Sales Surtax collections and Tourist Development Tax funds. The construction phase is planned to begin in 2014.

PHYSICAL ENVIRONMENT

The construction phase of a reclaim water main which will service the new biomass power plant began and was completed in 2013. The total construction costs were \$899K. The construction was funded by Gainesville Regional Utilities through an inter-local agreement. Also, the City purchased a new 12 MVA transformer for its substation. The transformer's cost was \$606K.

RELEVANT FINANCIAL INFORMATION

The readers of this report should also review the MD&A. The MD&A gives basic financial information about the City and a summary of the City's activities. The Government-wide Financial Statements, consisting of a Statement of Net Position and a Statement of Activities, offer an across-the-board financial depiction of the City, divided between governmental and business-type activities.

These statements are prepared by distinguishing functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recoup all or a sizeable portion of their costs through user fees and charges. The fund financial statements provide data about the City's funds and are created from the City's accounting reports. Governmental funds are accounted for on the modified accrual basis, where revenues are recorded when they become measurable and available, and expenses are generally recorded when the related fund liability is incurred, except for debt service expenditures, compensated absences, and claims and judgments. Proprietary funds are accounted for using the accrual basis of accounting. Under this method, revenues are recorded when they are earned and expenses are recorded when the related liability is incurred. This City's fiscal year is from October 1 through September 30.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2012. This was the fifth year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must also satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we will submit it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible through the efficient, dedicated and professional efforts of the entire staff of the Finance Department. The substantial amount of year-end closing procedures required prior to the audit, could not have been completed without much hard work and personal sacrifice. Each member of the department has our sincere appreciation for the contributions made to assist in the preparation of this report. Appreciation is also expressed to the Mayor, Commissioners, Department Directors, and Division Supervisors for their cooperation and assistance in matters pertaining to the financial affairs of the City.

Respectfully submitted,

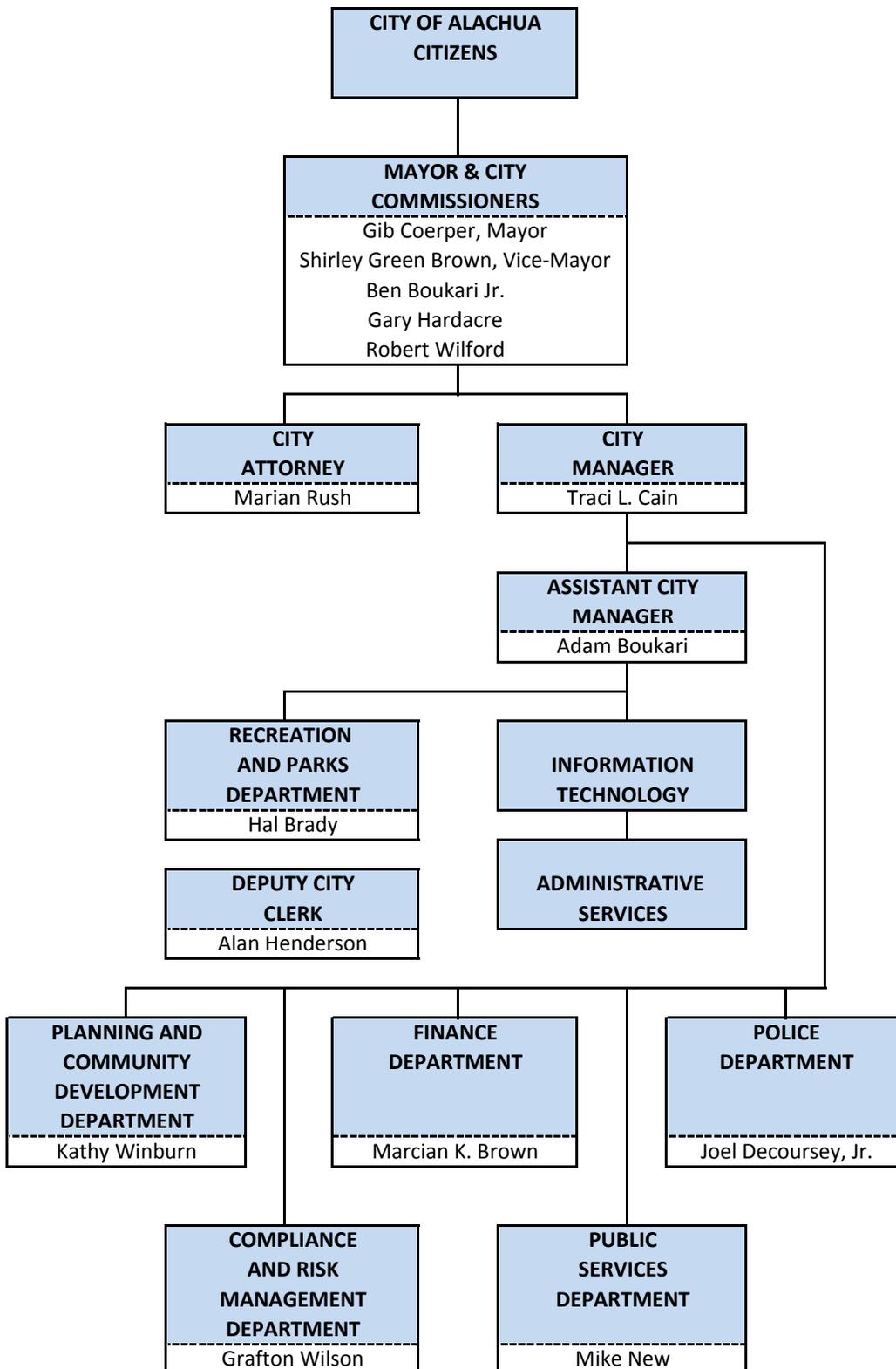


Traci L. Cain
City Manager



Marcian K. Brown, MBA
Finance Director

CITY OF ALACHUA GOVERNMENT



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alachua, Florida (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City'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.

Auditors' 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 City'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 City'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the other postemployment benefits schedule of funding progress on pages 4 through 15 and 55 through 58 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 City's basic financial statements. The introductory section, combining and individual nonmajor 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 schedule of expenditures of federal and state financial awards is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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.

Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2014, on our consideration of the City'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 City's internal control over financial reporting and compliance.

Purvis, Gray and Company, LLP

March 17, 2014
Gainesville, Florida

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

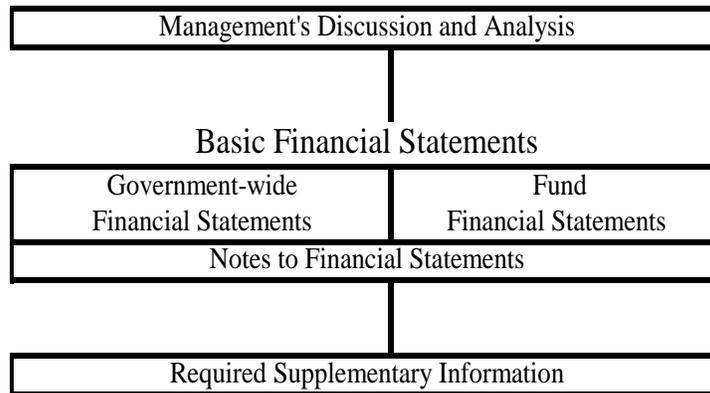
The City of Alachua's (the "City") Management's Discussion and Analysis (MD&A) is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the City's financial statements (beginning on page 16). Please note the City provides prior year comparative financial formation as required by GASB 34.

Financial Highlights

The following graph is provided to assist in understanding the component parts of the financial statements:

Required components of City's Annual Financial Report



Government-wide Statements

- The City of Alachua's assets exceeded its liabilities at September 30, 2013 by \$50 million. Unrestricted net position was at \$6.3 million. This increase was accomplished through expense reductions, increased charges for services collections and increased business activity fees during the current fiscal year.
- The City's total net position increased by \$4,085,246 due to additions from economic environment, electric, and wastewater projects completed during the fiscal year.
- The City of Alachua's total long-term debt (due in more than one year) decreased by \$2,725,605 during the current fiscal year. This decrease is due to payoff of debt related to the State Revolving Fund Loan for the wastewater treatment plant expansion, and the refunding of the Series 1979 and Series 2003 Utility Refunding Revenue Bonds.
- Total net position (\$50.0 million) is comprised of the following:
 1. The \$40.9 million net investment in capital assets includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of those capital assets;
 2. \$3.2 million of net position is restricted by constraints imposed from outside of the City such as debt covenants, grantors, laws, or regulations, or by enabling legislation;
 3. \$5.9 million of unrestricted net position.

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

Fund Statements

- At September 30, 2013, the City's governmental funds reported combined ending fund balances of \$6.0 million, an increase of \$656 thousand, in comparison with the prior fiscal year.
- Governmental fund revenues were \$7,993,693 or \$1.1 million less than the previous fiscal year. The decrease was due to lower collections in Intergovernmental Revenues (grants) and Miscellaneous Revenue (site rental income). In fiscal year 2012, the City received one-time proceeds in these two categories.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the City's basic financial statements. The City'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 City's finances, in a manner similar to a private sector business, and consist of the following two statements:

The *statement of net position* presents information on all of the City's assets and liabilities, 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 City is strengthening or weakening.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

Both of these financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, physical environment, transportation, economic environment, and parks and recreation. The business-type activities of the City include physical environment (electric, water, wastewater, and mosquito control utilities).

The government-wide financial statements include not only the City itself (known as the primary government), but also one component unit. The City of Alachua Public Finance Authority for Affordable Housing, a legally separate entity created by the City Commission, has had no financial transactions since its creation; therefore no amounts related to its operations are reported in the accompanying financial statements. The Community Redevelopment Agency, which is not a legally separate entity, was created by the City Commission and has been reported in the basic financial statements as a major governmental fund (pages 18 and 20).

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

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All City funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The City does not report any fiduciary funds.

Fund Financial Statements

	Governmental Funds	Proprietary Funds
Scope	Includes the City's basic services such as police, cultural activities, traffic control, and parks.	Services provided by the City that are operated similar to private businesses and for which the City charges a fee.
Examples	Police, street maintenance, parks, recreational activities.	Electric, water, sewer, mosquito control.
Required financial statements	Balance sheet; Statement of revenues, expenditures, and changes in fund balances.	Statement of net position; Statement of revenues, expenses and changes in net position; Statement of cash flows.
Accounting basis and measurement focus	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities, both financial and capital, and short and long-term.
Type of inflow/ outflow information	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Because of the different measurement focus (current financial resources versus total economic resources), a reconciliation of the governmental fund Balance Sheet to the government-wide Statement of Net Position and a reconciliation of the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances to the government-wide Statement of Activities is provided (see pages 19 and

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

21) to facilitate the comparison between governmental funds and governmental activities. The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column (in the Government-wide statements).

The City reports fifteen 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 and Community Redevelopment Agency, which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for non-major governmental funds is provided in the form of *combining statements* in the supplementary information section of this report.

The City adopts an annual budget for its general, special revenue, debt service and capital projects funds. A budgetary comparison statement has been provided in the basic financial statements for the General Fund to demonstrate budgetary compliance. Budgetary comparison schedules have been provided for all of the other governmental funds that have adopted budgets in the supplementary information section.

The basic governmental fund statements can be found on pages 18 and 20 of this report.

Proprietary Funds

The City maintains two different types of proprietary funds. *Enterprise Funds* are used to report business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Public Utilities System (Electric, Water, Wastewater, and Mosquito Control). *Internal Service Funds* are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Utility Billing, Utility Administration, Utility Operations, Warehouse Operations, and postage services. These services have been included within the government-wide financial statements as business-type activities.

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The Enterprise Fund financial statements provide separate information for the Public Utility System. The Internal Service Fund is also presented in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 22-27.

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 28 through 54 of this report.

Other Information

The combining statements referred to earlier, present a more detailed view of the non-major governmental funds. Also included are budgetary comparison schedules for the debt service, special revenue, and capital project funds. The combining statements and budgetary comparisons can be found on pages 59 through 74 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$50.0 million at the close of the fiscal year ended September 30, 2013.

A portion of the City's net position, \$3,172,074, represents resources that are subject to external restriction on how they may be used.

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

The largest portion of the City's net position (\$40,503,128 or 81%) reflects its investment in capital assets (e.g., land, infrastructure, buildings and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Reported below is a condensed Statement of Net Position to demonstrate the changes from year to year. For more detailed information, see the Statement of Net Position on page 16.

City of Alachua
Statement of Net Position
As of September 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total		Total % Change 2012-2013
	2013	2012	2013	2012	2013	2012	
Current Assets & Other Assets	\$ 7,778,324	7,043,297	10,339,043	12,144,435	18,117,367	19,187,732	-5.58%
Capital Assets	24,468,479	23,202,126	39,163,029	37,794,264	63,631,508	60,996,390	4.32%
Deferred Outflows	-	-	467,757	-	467,757	-	N/A
Total Assets and Deferred Outflows	32,246,803	30,245,423	49,969,829	49,938,699	82,216,632	80,184,122	2.53%
Long-term liabilities outstanding	10,049,020	9,315,519	13,846,300	16,779,866	23,895,320	26,095,385	-8.43%
Other liabilities	1,787,794	1,647,711	6,468,064	6,197,721	8,255,858	7,845,432	5.23%
Total Liabilities	11,836,814	10,963,230	20,314,364	22,977,587	32,151,178	33,940,817	-5.27%
Net Position							
Net Investment in Capital Assets	15,054,392	14,518,013	25,916,493	21,337,789	40,970,885	35,855,802	14.27%
Restricted	2,104,955	2,302,270	1,067,119	2,927,873	3,172,074	5,230,143	-39.35%
Unrestricted	3,250,642	2,461,910	2,671,853	2,695,450	5,922,495	5,157,360	14.84%
Total Net Position	20,409,989	19,282,193	29,655,465	26,961,112	50,065,454	46,243,305	8.27%

Normal Impacts

There are six (6) basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

- Net Results of Activities: will impact (increase/decrease) current assets and liabilities, and unrestricted net position.
- Borrowing of Capital: will increase current assets and long-term debt.
- Spending Borrowed Proceeds on New Capital: will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets, and an increase in related net debt will not change the net investment in capital assets.
- Spending of Non-Borrowed Current Assets on New Capital: will reduce current assets, increase capital assets, reduce unrestricted net position, and increase net investment in capital assets.
- Principal Payment on Debt: will reduce current assets and reduce long-term debt, reduce unrestricted net position, and increase net investment in capital assets.
- Reduction of Capital Assets through Depreciation: will reduce net investment in capital assets.

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

City of Alachua
Changes in Net Position
For the Years Ended September 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Totals		Totals % change
	2013	2012	2013	2012	2013	2012	2012-2013
Revenues:							
Program Revenues:							
Charges for Services	\$ 1,404,490	1,371,335	16,272,839	15,522,272	17,677,329	16,893,607	4.64%
Operating Grants and Contributions	270,027	217,569	551,284	-	821,311	217,569	277.49%
Capital grants and Contributions	756,335	1,033,364	1,321,644	138,066	2,077,979	1,171,430	77.39%
General Revenues:							
Property Tax	3,650,565	3,695,306	-	-	3,650,565	3,695,306	-1.21%
Other Tax	383,162	429,245	-	-	383,162	429,245	-10.74%
Utility Tax	1,120,707	1,191,592	-	-	1,120,707	1,191,592	-5.95%
Intergovernmental	626,460	600,600	-	-	626,460	600,600	4.31%
Other	163,629	652,817	92,546	80,068	256,175	732,885	-65.05%
Total Revenues	8,375,375	9,191,828	18,238,313	15,740,406	26,613,688	24,932,234	6.74%
Expenses:							
General Government	2,809,065	3,080,777	-	-	2,809,065	3,080,777	-8.82%
Public Safety	3,085,939	3,009,977	-	-	3,085,939	3,009,977	2.52%
Parks and Recreation	763,706	748,726	-	-	763,706	748,726	2.00%
Transportation	694,479	708,219	-	-	694,479	708,219	-1.94%
Physical Environment	795,886	737,191	-	-	795,886	737,191	7.96%
Economic Environment	176,463	148,614	-	-	176,463	148,614	18.74%
Electric	-	-	10,083,138	9,745,061	10,083,138	9,745,061	3.47%
Water and Sewer	-	-	3,634,733	4,715,831	3,634,733	4,715,831	-22.92%
Mosquito Control	-	-	49,446	55,105	49,446	55,105	-10.27%
Interest on long-term debt	435,587	426,780	-	-	435,587	426,780	2.06%
Total Expenses	8,761,125	8,860,284	13,767,317	14,515,997	22,528,442	23,376,281	-3.63%
Increase (decrease) in net position before transfers	(385,750)	331,544	4,470,996	1,224,409	4,085,246	1,555,953	162.56%
Transfers	1,698,102	1,553,882	(1,698,102)	(1,553,882)	-	-	0.00%
Increase (decrease) in net position	1,312,352	1,885,426	2,772,894	(329,473)	4,085,246	1,555,953	162.56%
Net position - beginning, restated	19,097,637	17,396,767	26,882,571	27,290,585	45,980,208	44,687,352	2.89%
Net position - ending	\$ 20,409,989	19,282,193	29,655,465	26,961,112	50,065,454	46,243,305	8.27%

Governmental Activities

The City's total net position increased \$4,085,246 over the previous year with an increase of \$1,312,352 resulting from governmental activities and an increase of \$2,772,894 resulting from business-type activities.

Major changes in revenues were caused by the following:

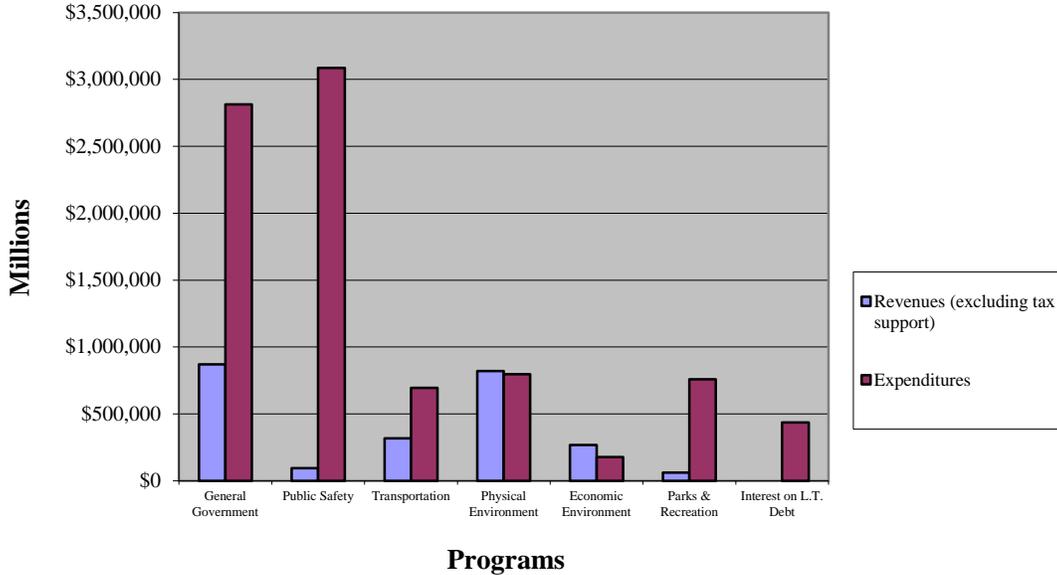
- For fiscal year ending September 30, 2013, property taxes decreased \$44,741 due to a decrease in property values. Miscellaneous revenue decreased \$487,300 due to one-time site rental income from renegotiated tower lease agreements in fiscal year 2012. Capital grants and contributions decreased by \$277,032 due to recreation grants received by the City or the purchase of land for Project Legacy.

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

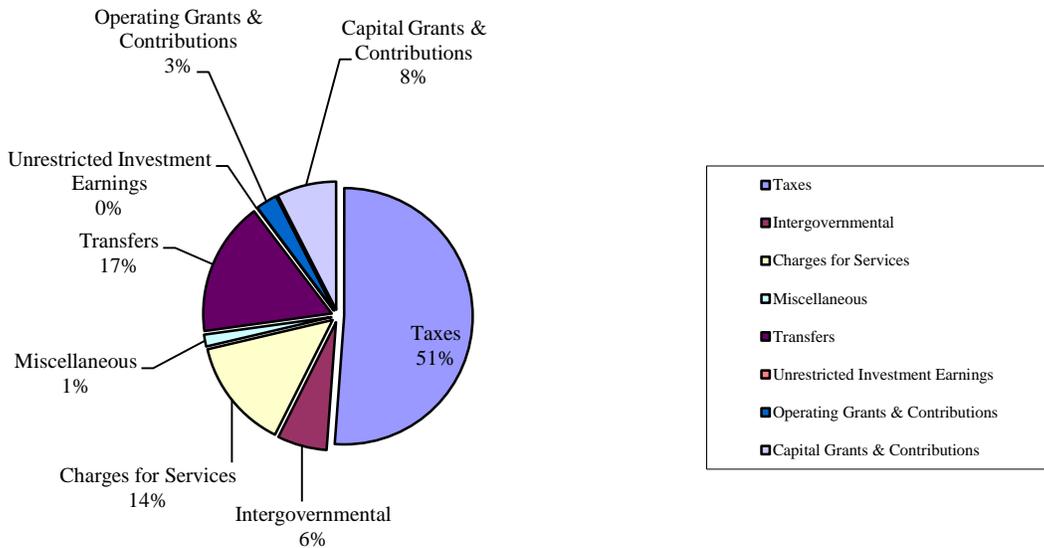
Major changes in expenses were caused by the following:

- Expenses for governmental activities decreased due to decreases in General Government and Transportation expenses. A significant part of the decrease was due to lapsed salaries and the delay of road resurfacing projects to the next fiscal year.

Expenses and Program Revenues - Governmental Activities



Revenue by Source - Governmental Activities



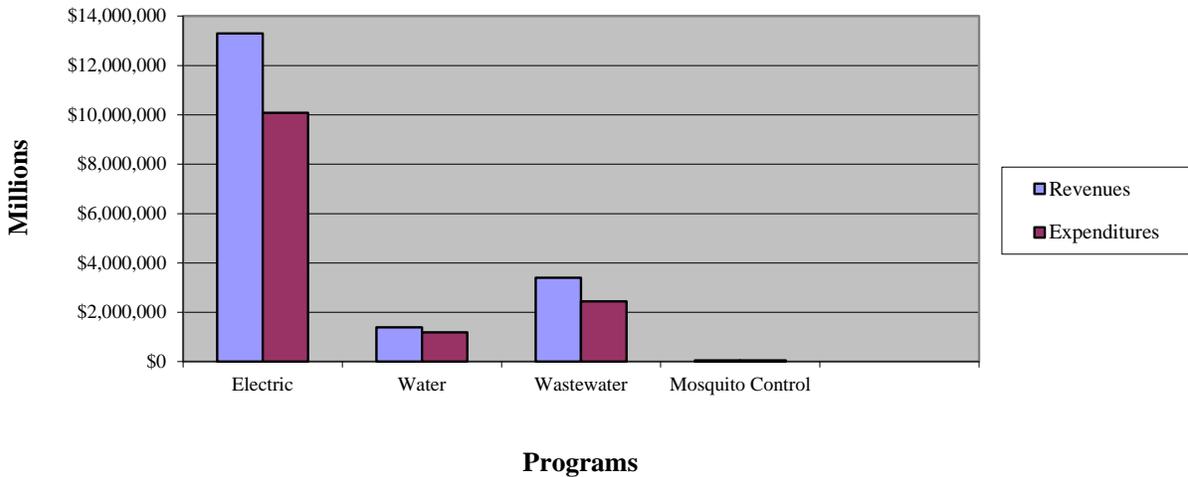
**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

Business-type Activities

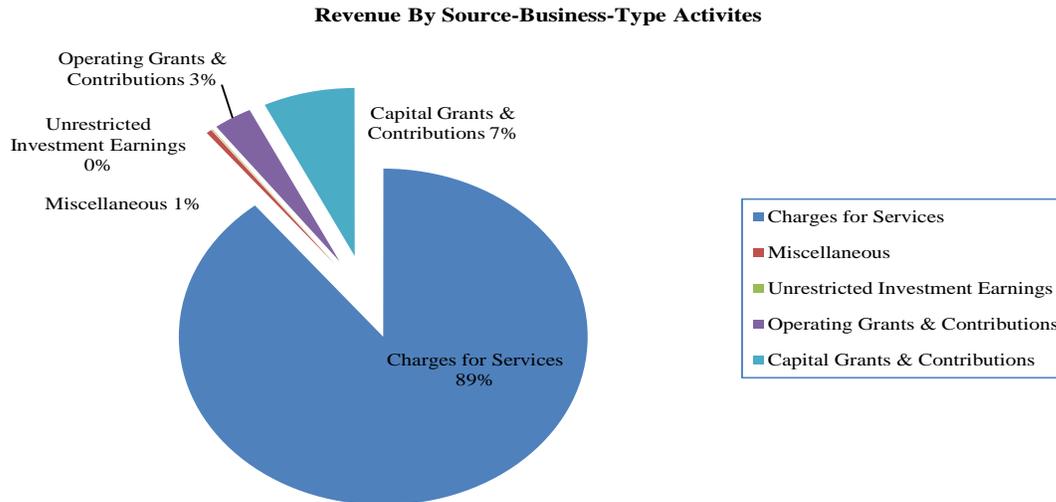
Net position for business-type activities increased \$2,694,353. Business-type revenues increased \$2,497,907 due to more Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions. Business-type expenses decreased \$748,680 largely due to lower purchased power costs related to the electric utility.

- The Electric Utility of the City operates at 7.2/12.47kV. The City purchases power from Gainesville Regional Utilities (GRU) at two different locations. The majority of the customers are supplied from the Alachua No. 1 Substation, which is connected to GRU's 138 kV transmission system. The second point of services, identified as Hague Point of Service, exists as a distribution source supplied by GRU.
- The Water Utility obtains its water supply from the upper portion of the Floridan Aquifer. Three wells with depths of approximately 365 feet withdraw water from the Ocala limestone and discharge it into the City's distribution system. The quality of the City's water supply is such that chlorination and fluoridation are the only treatments, which the water requires prior to distribution. The system's wells range in age from 22 to 45 years old.
- Wastewater generated through the utility is collected through a gravity sewer system and pumped to the City's wastewater treatment plant. The collected wastewater is treated in an activated sludge treatment facility, which has a current capacity of 1,500,000 gallons per day. The effluent from the treatment facility is chlorinated and disposed of by spray irrigation, and is also resold as reclaimed water.

Expenses and Program Revenues - Business-Type Activities



**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**



Fund Financial Analysis

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

Governmental Funds

The primary purpose of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. In particular, *assigned and 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.

As of the end of fiscal year 2013, the City's governmental funds reported combined ending fund balances of \$6,043,978, an increase of \$656,924 in comparison with the prior year.

Major Funds

The General Fund and Community Redevelopment Agency are major governmental funds.

The fund balance for the Community Redevelopment Agency decreased by \$155,154 from 2012. The decrease is due to planned expenditures for a roadway-drainage projects started in 2013.

The General Fund is the chief operating fund of the City. The General Fund had an increase in fund balance of \$848,614. This increase was due to expenditures being lower than budget, and the City's continued emphasis to enhancing its position by budgeting \$200,000 towards fund balance. The total fund balance was \$5,174,932 of which \$3,343,294 was unassigned. The cash balance at the end of the year was \$3,627,962. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund revenues. Unassigned fund balance represents 44% of the total General Fund operating revenue, while total fund balance also represents 68% of that same amount. The Government Finance Officers Association, Best Practices guidelines calls for an unassigned fund balance level of 2 months of operating revenues. Total fund balance includes committed, assigned and unassigned fund balance.

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The Electric, Water and Wastewater Funds, are reported as major funds.

The various utility system funds are used to account for the operations of the City's electric, water, wastewater, and mosquito control utilities. Each utility operates like a business, where the rates established by the City generally generate sufficient funds to pay the costs of current operations and provide for long-term asset acquisitions. Total assets as of September 30, 2013, were \$52 million, total liabilities were \$23 million and net position was \$29 million.

General Fund Budgetary Highlights with Variances

The difference between the General Fund's original budget balances and final amended budget balances was an increase of \$107,296 and was caused by the amendments listed below:

Revenues:

- \$1,896: Increase in Intergovernmental Revenue.
- \$105,400: Increase in Miscellaneous Revenue.

Expenditures:

- \$1,896: Increase in Alachua Police Department to cover expenses related to an Edward Byrne Grant.
- \$5,400: Increase in Administrative Services-Facilities Maintenance to cover expenses related to City Hall security enhancements.
- \$100,000: Increase in Special Expense to increase Contingency.

General Fund Actual Results Highlights with Variances

At September 30, 2013, the City's General Fund experienced a negative variance between its final operating revenue budget and actual operating revenue in the amount of \$54,802. This was mainly due to decrease in the taxes and charges for services collected in the fiscal year ending September 30, 2013.

The City's General Fund experienced a positive variance between its final operating expenditure budget and actual operating expenditures in the amount of \$991,446. This was due to unspent operating and capital expense funds. Also, there were and several vacancies carried throughout the fiscal year in Transportation, Recreation, and Public Safety related programs.

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

Capital Asset and Debt Administration

The City's capital assets for its governmental and business-type activities as of September 30, 2013, totaled \$63 million (net of accumulated depreciation), and includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress.

	Governmental Activities		Business-type Activities		Total		Total %
	2013	2012	2013	2012	2013	2012	Change 2012-2013
Land	\$ 7,409	\$ 7,393	\$ 256	\$ 256	\$ 7,665	\$ 7,649	0.2%
Buildings	8,464	8,461	4,872	4,872	13,336	13,333	0.0%
Improvements Other Than Buildings	2,995	2,813	3,329	3,151	6,324	5,964	6.0%
Infrastructure	9,812	9,453	40,378	38,982	50,190	48,435	3.6%
Furniture, Fixtures and Equipment	2,582	2,565	2,327	2,196	4,909	4,761	3.1%
Construction in Progress	1,694	279	2,346	1,507	4,040	1,786	126.2%
Less: Accumulated Depreciation	(8,362)	(7,762)	(14,472)	(13,169)	(22,834)	(20,931)	9.1%
Total Net Assets	\$ 24,594	\$ 23,202	\$ 39,036	\$ 37,795	\$ 63,630	\$ 60,997	4.3%

Major capital asset events during the current fiscal year for governmental activities include the completion of Phase I of the NW 150 Avenue road reconstruction project and the start of the NW 142 Terrace drainage and road improvement project. Major capital asset events for the business-type activities included electric substation improvements and the construction of a reclaim water main.

Additional information on the City's capital assets can be found in Note 6 starting on page 39 of this report.

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

Long-term Debt

At the end of fiscal year 2013, the City had total long-term debt outstanding of \$23.1 million. The City's debt represents bonds, notes, and loans secured by specific revenue sources (i.e., revenue bonds/notes).

**CITY OF ALACHUA
OUTSTANDING DEBT
GENERAL OBLIGATION, REVENUE BONDS/NOTES, AND LOANS**

	<u>2013</u>	<u>2012</u>	Total % Change
Revenue Bonds	\$ 12,635,000	14,301,000	-11.65%
Revenue Notes	885,500	-	N/A
Loans	<u>9,637,907</u>	<u>11,583,012</u>	-16.79%
TOTAL	<u>\$ 23,158,407</u>	<u>25,884,012</u>	-10.53%

The City's outstanding debt decreased \$2,725,605 during fiscal year 2013. Debt activity included refunding of the Series 1979 and Series 2003 Utility Refunding Revenue Bonds (\$1,496,000 decrease), payoff of the 1997 and 2011 State Revolving Fund Loans (\$1,564,248 decrease), payoff of the Capital City Bank Promissory Note (\$85,859 decrease), and normal principal and interest payments. Also, the City issued the 2013 Redevelopment Note in the amount of \$885,500.

Additional information on the City's debt can be found in Note 7 starting on page 40 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Gainesville MSA at September 30, 2013, was 4.8%, which includes the City of Alachua. This is a 30.4% decrease from the previous fiscal year's rate of 6.9%.
- The final certified citywide taxable value of property decreased to \$681 million, representing a decline of 2.8%.
- The population increased approximately 0.29% from the prior year to an estimate of 9,134 at September 30, 2013.
- During the current fiscal year, ad valorem taxes decreased by \$44,741 to \$3,650,565. The ad valorem tax rate was at 5.5000 mills.

Requests for Information

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Finance Department, P.O. Box 9, Alachua, Florida 32616. Additional information can be found on our website: www.cityofalachua.com.

BASIC FINANCIAL STATEMENTS

CITY OF ALACHUA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 3,925,487	\$ 4,330,968	\$ 8,256,455
Receivables, Net of Allowance	97,428	2,334,386	2,431,814
Due from Other Governments	84,452	0	84,452
Inventories	0	625,562	625,562
Prepaid Items	187,672	7,247	194,919
Restricted Assets:			
Cash and Cash Equivalents	3,483,284	2,424,896	5,908,180
Investments	0	615,984	615,984
Capital Assets Not Being Depreciated:			
Land	7,409,493	255,940	7,665,433
Construction in Progress	1,694,160	2,346,093	4,040,253
Depreciable Capital Assets, Net	15,491,213	36,434,610	51,925,823
Internal Balances	(126,386)	126,386	0
Total Assets	32,246,803	49,502,072	81,748,875
Deferred Outflows of Resources			
Unamortized Refunding Loss	0	467,757	467,757
Total Assets and Deferred Outflows	32,246,803	49,969,829	82,216,632
Liabilities			
Accounts Payable	539,538	955,533	1,495,071
Accrued Expenses	157,807	101,649	259,456
Due to Other Governments	53,162	57,834	110,996
Accrued Interest Payable	0	0	0
Unearned Revenue	38,502	0	38,502
Rate Stabilization Credit	0	3,379,287	3,379,287
Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	179,834	124,523	304,357
Customer Deposit	0	1,170,619	1,170,619
Unearned Revenue	818,951	62,635	881,586
Decommissioning Costs	0	615,984	615,984
Noncurrent Liabilities:			
Due Within One Year	412,334	865,606	1,277,940
Due in More Than One Year	9,566,952	12,944,594	22,511,546
Other Postemployment Benefits Liability	69,734	36,100	105,834
Total Liabilities	11,836,814	20,314,364	32,151,178
Net Position			
Net Investment in Capital Assets	15,054,392	25,916,493	40,970,885
Restricted for:			
Debt Service	732,635	817,119	1,549,754
Renewal and Replacement	0	250,000	250,000
Economic Environment	1,282,503	0	1,282,503
Other Purposes	89,817	0	89,817
Unrestricted	3,250,642	2,671,853	5,922,495
Total Net Position	\$ 20,409,989	\$ 29,655,465	\$ 50,065,454

See accompanying notes.

**CITY OF ALACHUA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental Activities							
General Government	\$ 2,809,065	\$ 339,896	\$ 15,000	\$ 359,782	\$ (2,094,387)	\$ 0	\$ (2,094,387)
Public Safety	3,085,939	210,296	39,442	0	(2,836,201)	0	(2,836,201)
Physical Environment	795,886	809,118	0	10,808	24,040	0	24,040
Transportation	694,479	12,565	187,630	117,323	(376,961)	0	(376,961)
Economic Environment	176,463	0	0	268,422	91,959	0	91,959
Parks and Recreation	763,706	32,615	27,955	0	(703,136)	0	(703,136)
Interest on Long-term Debt	435,587	0	0	0	(435,587)	0	(435,587)
Total Governmental Activities	8,761,125	1,404,490	270,027	756,335	(6,330,273)	0	(6,330,273)
Business-type Activities							
Electric	10,083,138	13,073,827	0	220,674	0	3,211,363	3,211,363
Water	1,192,111	1,304,055	0	88,008	0	199,952	199,952
Wastewater	2,442,622	1,840,372	551,284	1,012,962	0	961,996	961,996
Mosquito Control	49,446	54,585	0	0	0	5,139	5,139
Total Business-type Activities	13,767,317	16,272,839	551,284	1,321,644	0	4,378,450	4,378,450
Total Primary Government	\$ 22,528,442	\$ 17,677,329	\$ 821,311	\$ 2,077,979	(6,330,273)	4,378,450	(1,951,823)
General Revenues							
Ad Valorem					3,650,565	0	3,650,565
Utility Service Taxes					1,120,707	0	1,120,707
Communication Service Taxes					333,439	0	333,439
Business License Taxes					49,723	0	49,723
Half-cent Sales Tax					477,112	0	477,112
State Revenue Sharing					149,348	0	149,348
Investment Earnings					13,401	11,665	25,066
Miscellaneous					150,228	80,881	231,109
Transfers					1,698,102	(1,698,102)	0
Total General Revenues and Transfers					7,642,625	(1,605,556)	6,037,069
Change in Net Position					1,312,352	2,772,894	4,085,246
Net Position, Beginning of Year, Unadjusted					19,282,193	26,961,112	46,243,305
Prior Period Adjustment					(184,556)	(78,541)	(263,097)
Net Position, Beginning of Year, Restated					19,097,637	26,882,571	45,980,208
Net Position, End of Year					\$ 20,409,989	\$ 29,655,465	\$ 50,065,454

See accompanying notes.

**CITY OF ALACHUA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalents	\$ 3,627,962	\$ 1,660,933	\$ 1,860,435	\$ 7,149,330
Cash with Fiscal Agent	0	0	259,441	259,441
Receivables:				
Accounts	48,129	0	248	48,377
Taxes	24,267	0	0	24,267
Franchise Fees	24,784	0	0	24,784
Due from Other Governments	84,452	0	0	84,452
Prepaid Items	175,847	11,326	500	187,673
Advances to Other Funds	1,643,165	1,795	0	1,644,960
Total Assets	<u>5,628,606</u>	<u>1,674,054</u>	<u>2,120,624</u>	<u>9,423,284</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	204,202	333,472	1,863	539,537
Accrued Expenses	157,807	0	0	157,807
Due to Other Governments	53,162	0	0	53,162
Unearned Revenue	38,503	0	818,950	857,453
Advances from Other Funds	0	58,079	1,713,268	1,771,347
Total Liabilities	<u>453,674</u>	<u>391,551</u>	<u>2,534,081</u>	<u>3,379,306</u>
Fund Balances				
Nonspendable:				
Prepays	175,847	11,326	500	187,673
Advances to Other Funds	1,643,165	1,795	0	1,644,960
Restricted for:				
Comprehensive Planning	0	0	2,504	2,504
Law Enforcement	12,626	0	8,828	21,454
Physical Environment	0	0	13,912	13,912
Economic Environment	0	1,269,382	0	1,269,382
Parks and Recreation	0	0	51,947	51,947
Debt Service	0	0	912,470	912,470
Unassigned	3,343,294	0	(1,403,618)	1,939,676
Total Fund Balances	<u>5,174,932</u>	<u>1,282,503</u>	<u>(413,457)</u>	<u>6,043,978</u>
Total Liabilities and Fund Balances	<u>\$ 5,628,606</u>	<u>\$ 1,674,054</u>	<u>\$ 2,120,624</u>	<u>\$ 9,423,284</u>

See accompanying notes.

CITY OF ALACHUA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

Fund Balance - Total Governmental Funds \$ 6,043,978

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Capital assets reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Cost of Assets	\$ 32,956,936	
(Accumulated Depreciation)	<u>(8,362,070)</u>	24,594,866

Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities at year-end consist of:

2001A Section 108 Loan	(1,275,000)	
2006 Capital Improvement and Refunding Bonds	(7,410,000)	
2013 Redevelopment Note	(885,500)	
Less Discount	30,026	
Compensated Absences	<u>(438,813)</u>	(9,979,287)

Other postemployment benefits liability does not require the use of current financial resources and, therefore, is not reported as a liability in the governmental funds. (69,734)

Interest on long-term debt is accrued as a liability in the statement of net position, but is not recognized in the governmental funds until paid:

Accrued Interest Payable		<u>(179,834)</u>
--------------------------	--	------------------

Net Position of Governmental Activities \$ 20,409,989

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>General</u>	<u>Community Redevelopment Fund</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 5,364,716	\$ 0	\$ 0	\$ 5,364,716
Permits, Fees and Special Assessments	437,723	0	10,808	448,531
Intergovernmental Revenues	770,402	268,422	0	1,038,824
Charges for Services	903,806	0	2,215	906,021
Fines and Forfeitures	42,814	0	5,367	48,181
Investment Income	9,921	2,509	971	13,401
Miscellaneous	48,795	2,074	123,150	174,019
Total Revenues	<u>7,578,177</u>	<u>273,005</u>	<u>142,511</u>	<u>7,993,693</u>
Expenditures				
Current:				
General Government	2,529,326	0	49	2,529,375
Public Safety	2,910,482	0	5,773	2,916,255
Physical Environment	731,211	0	64,621	795,832
Transportation	473,721	0	0	473,721
Economic Environment	0	161,923	0	161,923
Parks and Recreation	634,100	0	28,315	662,415
Debt Service:				
Principal	0	0	215,000	215,000
Interest and Fiscal Charges	0	15,500	414,970	430,470
Capital Outlay	392,910	1,307,989	45,751	1,746,650
(Total Expenditures)	<u>(7,671,750)</u>	<u>(1,485,412)</u>	<u>(774,479)</u>	<u>(9,931,641)</u>
(Deficiency) of Revenues				
(Under) Expenditures	<u>(93,573)</u>	<u>(1,212,407)</u>	<u>(631,968)</u>	<u>(1,937,948)</u>
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital Assets	11,270	0	0	11,270
Debt Proceeds	0	885,500	0	885,500
Transfers in	1,656,710	171,753	625,625	2,454,088
Transfers (out)	(725,793)	0	(30,193)	(755,986)
Total Other Financing Sources (Uses)	<u>942,187</u>	<u>1,057,253</u>	<u>595,432</u>	<u>2,594,872</u>
Net Change in Fund Balance	848,614	(155,154)	(36,536)	656,924
Fund Balance, Beginning of Year	<u>4,326,318</u>	<u>1,437,657</u>	<u>(376,921)</u>	<u>5,387,054</u>
Fund Balance, End of Year	<u>\$ 5,174,932</u>	<u>\$ 1,282,503</u>	<u>\$ (413,457)</u>	<u>\$ 6,043,978</u>

See accompanying notes.

CITY OF ALACHUA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2013

Net Change in Fund Balance - Total Governmental Funds \$ 656,924

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense:

Expenditures for Capital Assets	\$ 1,746,650	
Depreciation Expense	<u>(702,597)</u>	1,044,053

Donations of capital assets are not recorded in governmental funds.

However, in the statement of activities, the fair values of those assets are recorded as revenue. 381,682

Governmental funds report proceeds from sales of capital assets as current financial resources. The gain or loss on disposal of capital assets is not reflected in the governmental funds:

Proceeds from Sale of Capital Assets	(11,270)	
Gain (Loss) on Disposal of Capital Assets	<u>(21,725)</u>	(32,995)

The issuance of long-term debt (e.g., bonds, leases), provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position:

2013 Redevelopment Note Proceeds		(885,500)
----------------------------------	--	-----------

Repayment of long-term liabilities are expenditures in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. 215,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Amortization of Bond Discount	(1,306)	
Change in Accrued Interest Payable	(3,810)	
Change in Compensated Absences Liability	(44,204)	
Change in Other Postemployment Benefit Obligation	<u>(17,492)</u>	<u>(66,812)</u>

Change in Net Position of Governmental Activities \$ 1,312,352

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Business-type Activities - Enterprise Funds					Business-type Internal Service Fund
	Major Funds			Nonmajor Fund	Total	
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	
Assets						
Current Assets:						
Cash and Cash Equivalents	\$ 3,275,099	\$ 483,772	\$ 0	\$ 7,219	\$ 3,766,090	\$ 564,878
Receivables	1,939,250	173,120	217,601	4,415	2,334,386	0
Prepaid Items	0	0	1,063	0	1,063	6,184
Inventories	567,899	54,822	2,841	0	625,562	0
Restricted Assets:						
Cash and Cash Equivalents	233,697	98,509	247,453	0	579,659	0
Total Current Assets	6,015,945	810,223	468,958	11,634	7,306,760	571,062
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	1,004,671	193,031	647,535	0	1,845,237	0
Investment	615,984	0	0	0	615,984	0
Total Restricted Assets	1,620,655	193,031	647,535	0	2,461,221	0
Capital Assets:						
Land	92,630	0	163,310	0	255,940	0
Construction in Progress	1,545,263	628,850	171,980	0	2,346,093	0
Property, Plant and Equipment (Accumulated Depreciation)	11,973,416 (5,988,263)	6,397,031 (3,976,608)	32,237,442 (4,300,725)	58,403 (42,862)	50,666,292 (14,308,458)	239,930 (163,154)
Total Net Capital Assets	7,623,046	3,049,273	28,272,007	15,541	38,959,867	76,776
Other Assets:						
Advances to Other Funds	3,168,971	25	0	76,793	3,245,789	215,065
Total Other Assets	3,168,971	25	0	76,793	3,245,789	215,065
Total Noncurrent Assets	12,412,672	3,242,329	28,919,542	92,334	44,666,877	291,841
Total Assets	18,428,617	4,052,552	29,388,500	103,968	51,973,637	862,903
Deferred Outflows of Resources						
Unamortized Refunding Loss	248,773	57,245	161,739	0	467,757	0
Total Assets and Deferred Outflows	\$ 18,677,390	\$ 4,109,797	\$ 29,550,239	\$ 103,968	\$ 52,441,394	\$ 862,903

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013
(Concluded)

	Business-type Activities - Enterprise Funds					Business-type Internal Service Fund
	Major Funds			Nonmajor Fund	Total	
	Electric	Water	Wastewater	Mosquito	Enterprise	
				Control	Funds	
Liabilities						
Current Liabilities:						
Accounts Payable	\$ 773,578	\$ 6,365	\$ 163,180	\$ 746	\$ 943,869	\$ 11,664
Accrued Expenses	38,700	14,371	15,935	310	69,316	32,333
Due to Other Governments	57,834	0	0	0	57,834	0
Accrued Interest Payable	0	0	0	0	0	0
Rate Stabilization Credit	3,379,287	0	0	0	3,379,287	0
Payable from Restricted Assets:						
Unearned Revenue	0	0	62,635	0	62,635	0
Accrued Interest Payable	25,684	15,788	83,051	0	124,523	0
Current Portion of Long-term						
Debt	208,013	82,721	101,767	0	392,501	0
Compensated Absences	44,274	13,545	36,387	0	94,206	61,400
Current Portion of Long-term						
Debt	208,014	37,720	71,765	0	317,499	0
Total Current Liabilities	4,735,384	170,510	534,720	1,056	5,441,670	105,397
Noncurrent Liabilities:						
Payable from Restricted Assets:						
Customer Deposits	840,881	163,330	166,408	0	1,170,619	0
CR-3 Decommissioning Costs	615,984	0	0	0	615,984	0
Advances from Other Funds	1,795	1,503,412	1,828,324	937	3,334,468	0
Other Postemployment Benefits						
Liability	8,585	5,909	6,895	0	21,389	14,711
Compensated Absences	18,974	5,805	15,594	0	40,373	26,314
Long-term Debt	2,666,605	543,398	9,667,904	0	12,877,907	0
Total Noncurrent Liabilities	4,152,824	2,221,854	11,685,125	937	18,060,740	41,025
Total Liabilities	8,888,208	2,392,364	12,219,845	1,993	23,502,410	146,422
Net Position						
Net Investment in Capital Assets	4,789,187	2,442,679	18,592,310	15,541	25,839,717	76,776
Restricted for:						
Renewal and Replacement Fund	163,790	29,701	56,509	0	250,000	0
Debt Service	208,013	82,721	526,385	0	817,119	0
Unrestricted	4,628,192	(837,668)	(1,844,810)	86,434	2,032,148	639,705
Total Net Position	9,789,182	1,717,433	17,330,394	101,975	28,938,984	716,481
Total Liabilities and Net Position	\$ 18,677,390	\$ 4,109,797	\$ 29,550,239	\$ 103,968	\$ 52,441,394	\$ 862,903
Net Position - Above					\$ 28,938,984	
Internal Service Fund Net Position in the Enterprise Funds					716,481	
Net Position of Business-type Activities					\$ 29,655,465	

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities					
	Major Funds			Nonmajor Fund	Total	Internal
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	Service Fund
Operating Revenues						
Charges for Services	\$ 13,073,827	\$ 1,304,055	\$ 1,840,372	\$ 54,585	\$ 16,272,839	\$ 0
Interfund Charges	0	0	0	0	0	1,148,086
Total Operating Revenues	<u>13,073,827</u>	<u>1,304,055</u>	<u>1,840,372</u>	<u>54,585</u>	<u>16,272,839</u>	<u>1,148,086</u>
Operating Expenses						
Electric Power Expenses:						
Nuclear Power	217,810	0	0	0	217,810	0
Purchased Power	7,726,639	0	0	0	7,726,639	0
Personal Services	640,588	360,611	437,240	3,610	1,442,049	891,034
Contractual Services	95,279	37,583	84,672	0	217,534	80,965
Supplies	56,553	39,840	92,578	14,844	203,815	69,184
Repairs and Maintenance	190,651	80,153	83,229	1,842	355,875	8,357
Billing and Administrative	580,293	278,541	266,041	23,211	1,148,086	0
Depreciation	332,014	177,448	809,998	4,751	1,324,211	11,344
Other Expenses	88,448	173,021	402,661	1,922	666,052	50,879
(Total Operating Expenses)	<u>(9,928,275)</u>	<u>(1,147,197)</u>	<u>(2,176,419)</u>	<u>(50,180)</u>	<u>(13,302,071)</u>	<u>(1,111,763)</u>
Operating Income	<u>3,145,552</u>	<u>156,858</u>	<u>(336,047)</u>	<u>4,405</u>	<u>2,970,768</u>	<u>36,323</u>
Nonoperating Revenues						
(Expenses)						
Investment Gain	8,735	698	1,222	0	10,655	1,010
Intergovernmental Revenue	0	0	551,284	0	551,284	0
Interest and Fiscal Charges	(173,223)	(53,726)	(274,620)	0	(501,569)	0
Miscellaneous	79,544	952	24	31	80,551	330
Gain (Loss) on Disposal of Capital Assets	0	0	0	0	0	0
Total Nonoperating Revenues						
(Expenses)	<u>(84,944)</u>	<u>(52,076)</u>	<u>277,910</u>	<u>31</u>	<u>140,921</u>	<u>1,340</u>
Income Before Capital						
Contributions and Transfers	<u>3,060,608</u>	<u>104,782</u>	<u>(58,137)</u>	<u>4,436</u>	<u>3,111,689</u>	<u>37,663</u>

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Concluded)

	Business-type Activities					
	Major Funds			Nonmajor Fund	Total	Internal
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	Service Fund
Capital Contributions	\$ 220,674	\$ 88,008	\$ 1,012,962	\$ 0	\$ 1,321,644	\$ 0
Transfers in	0	0	0	0	0	1,912
Transfers (out)	(1,623,029)	0	(71,585)	0	(1,694,614)	(5,400)
Change in Net Position	1,658,253	192,790	883,240	4,436	2,738,719	34,175
Total Net Position, Beginning of Year, Unadjusted	8,184,941	1,528,555	16,467,771	97,539	26,278,806	682,306
Prior Period Adjustment	(54,012)	(3,912)	(20,617)	0	(78,541)	0
Total Net Position, Beginning of Year, Restated	8,130,929	1,524,643	16,447,154	97,539	26,200,265	682,306
Total Net Position, End of Year	<u>\$ 9,789,182</u>	<u>\$ 1,717,433</u>	<u>\$ 17,330,394</u>	<u>\$ 101,975</u>	<u>\$ 28,938,984</u>	<u>\$ 716,481</u>
Change in Net Position - Above					\$ 2,738,719	
Internal Service Fund Activities in the Enterprise Funds					34,175	
Change in Net Position of Business-type Activities					<u>\$ 2,772,894</u>	

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities - Enterprise Funds					Business-type Activities Internal Service Fund
	Major Funds			Nonmajor Fund	Total	
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	
Cash Flows from Operating Activities						
Receipts from Customers	\$ 13,222,199	\$ 1,286,074	\$ 1,877,304	\$ 54,327	\$ 16,439,904	\$ 0
Receipts from Interfund Services Provided	0	0	0	0	0	1,148,086
Cash from Other Sources	79,544	952	24	31	80,551	330
Payments to Suppliers for Goods and Services	(8,404,025)	(337,671)	(547,620)	(20,318)	(9,309,634)	(210,964)
Payments for Interfund Services Used	(580,293)	(278,541)	(266,041)	(23,211)	(1,148,086)	0
Payments to Employees for Services	(634,374)	(355,365)	(439,531)	(3,610)	(1,432,880)	(886,660)
Net Cash Provided by (Used in) Operating Activities	3,683,051	315,449	624,136	7,219	4,629,855	50,792
Cash Flows from Noncapital Financing Activities						
Loans/Advances and Repayments from (to) Other Funds	(276,704)	(45,025)	311,599	0	(10,130)	0
Transfers in (out)	(1,621,117)	0	(71,585)	0	(1,692,702)	(5,400)
Net Cash Provided by (Used in) Noncapital Financing Activities	(1,897,821)	(45,025)	240,014	0	(1,702,832)	(5,400)
Cash Flows from Capital and Related Financing Activities						
Acquisition and Construction of Capital Assets	(1,154,077)	(16,915)	(993,581)	0	(2,164,573)	(1,175)
Capital Contributions	0	0	909,458	0	909,458	0
Debt Proceeds	3,151,424	561,312	1,087,264	0	4,800,000	0
Debt Principal Payments	(4,215,424)	(552,697)	(2,876,700)	0	(7,644,821)	0
Debt Interest Payments and Other Charges	(244,675)	(70,684)	(318,185)	0	(633,544)	0
Net Cash Provided by (Used in) Capital and Related Financing Activities	(2,462,752)	(78,984)	(2,191,744)	0	(4,733,480)	(1,175)
Cash Flows from Investing Activities						
Interest Received	8,735	698	1,222	0	10,655	1,010
Net Cash Provided by (Used in) Investing Activities	8,735	698	1,222	0	10,655	1,010
Net Increase (Decrease) in Cash and Cash Equivalents	(668,787)	192,138	(1,326,372)	7,219	(1,795,802)	45,227
Cash and Cash Equivalents, Beginning of Year	5,182,254	583,174	2,221,360	0	7,986,788	519,651
Cash and Cash Equivalents, End of Year	\$ 4,513,467	\$ 775,312	\$ 894,988	\$ 7,219	\$ 6,190,986	\$ 564,878

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Concluded)

	Business-type Activities - Enterprise Funds					Business-type Activities Internal Service Fund
	Major Funds			Nonmajor Fund	Total	
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	
<u>Reconciliation of Cash and Cash Equivalents to Statement of Net Position</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 3,275,099	\$ 483,772	\$ 0	\$ 7,219	\$ 3,766,090	\$ 564,878
Restricted Assets:						
Cash and Cash Equivalents	233,697	98,509	247,453	0	579,659	0
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	1,004,671	193,031	647,535	0	1,845,237	0
Total	\$ 4,513,467	\$ 775,312	\$ 894,988	\$ 7,219	\$ 6,190,986	\$ 564,878
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>						
Operating Income (Loss)	\$ 3,145,552	\$ 156,858	\$ (336,047)	\$ 4,405	\$ 2,970,768	\$ 36,323
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation and Amortization	332,014	177,448	809,998	4,751	1,324,211	11,344
Miscellaneous Income	79,544	952	24	31	80,551	330
(Increase) Decrease in:						
Accounts Receivable, Net	9,626	(22,340)	(22,542)	(258)	(35,514)	0
Prepaid Items	7,209	0	8	0	7,217	329
Inventory	(74,841)	(6,709)	(1,043)	0	(82,593)	0
Increase (Decrease) in:						
Accounts Payable	26,427	(2,594)	120,397	(2,020)	142,210	(4,749)
Accrued Expenses	7,673	1,011	(3,842)	310	5,152	2,841
Due to Other Governments	244	0	0	0	244	0
Rate Stabilization Credit	125,846	0	0	0	125,846	0
Unearned Revenue	0	0	48,091	0	48,091	0
Compensated Absences	3,785	3,788	(3,992)	0	3,581	487
Customer Deposits	17,543	5,577	11,383	0	34,503	0
OPEB Liability	2,429	1,458	1,701	0	5,588	3,887
Net Cash Provided by (Used in) Operating Activities	\$ 3,683,051	\$ 315,449	\$ 624,136	\$ 7,219	\$ 4,629,855	\$ 50,792
<u>Noncash Investing, Capital and Financing Activities</u>						
Amortization of Discount and Refunding Loss	\$ 11,256	\$ 3,622	\$ 3,883	\$ 0	\$ 18,761	\$ 0
Donated Infrastructure	\$ 220,674	\$ 88,008	\$ 103,504	\$ 0	\$ 412,186	\$ 0
Debt Reduction - Grant Funded	\$ 0	\$ 0	\$ 551,284	\$ 0	\$ 551,284	\$ 0

See accompanying notes.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City of Alachua, Florida, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Significant City accounting policies are described below:

Reporting Entity

The City is a political subdivision of the State of Florida, established in 1905 under the legal authority of Chapter 165, Florida Statutes, and is located in Alachua County. The legislative branch of the City is composed of a five-member elected commission. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the City Manager, who is appointed by the Commission.

The City's major operations include various utility services, electric, water and wastewater, as well as police protection, road and street maintenance, parks, recreation, and other general government services. The City contracts with Alachua County for the provision of fire service at a fixed cost to the City which is renegotiated annually. The City leases the fire station and equipment to Alachua County at no cost. Sanitation services are provided by a private company, but billed by the City to its customers. The City retains an administrative fee on sanitation services.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the accompanying financial statements include all funds for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. GASB has set forth criteria for consideration in determining financial accountability. These criteria include appointing a majority of an organization's governing body and: (1) the ability of the City to impose its will on that organization; or, (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City. Other considerations are whether the organization is legally separate, whether the City holds the corporate powers of the organization, and whether there is fiscal dependency by the organization on the City.

■ **Community Redevelopment Agency**

The Community Redevelopment Agency (the Agency) was created by the City Commission in 1982 pursuant to Ordinance 82-5 to carry out the community redevelopment purposes of Florida Statute, Chapter 163. Subsequent amendments were made to the Agency through Ordinances 98-14, 98-24, 99-03, and 13-07. This Agency is not to be a separate legal entity, and thus, not a component unit by definition. Therefore, the Agency is reported as part of the primary government in the basic financial statements of the City as a major governmental fund.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies *(Continued)*

Reporting Entity *(Concluded)*

■ **Public Finance Authority for Affordable Housing**

The Public Finance Authority for Affordable Housing (the Authority) was created by the City Commission in 1992. The Authority is a separate legal entity capable of suing and being sued, and able to purchase property in its own name. By charter, the Authority's Board is composed of the City Commission and, the City Commission has oversight over all financial activities. Accordingly, the Authority is a component unit of the City. However, there have been no financial transactions by the Authority during 2013, or since its creation; therefore, no amounts related to the Authority are reported in the accompanying basic financial statements.

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 activities of the City. For the most part, the effect of the 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 proprietary 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.

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. 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 City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, postemployment benefits, and claims and judgments, are recorded only when payment is due.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies *(Continued)*

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, such as in grants and similar items, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measureable until actually received. Utility services, investment earnings, franchise fees, and utility taxes are recorded as earned, since they are measureable and available.

Property taxes are recognized as revenue at the time an enforceable legal claim is established. This is determined to occur November 1, of each year. The assessment roll is validated July 1, and the millage resolution is approved by September 30. The City's property tax becomes a lien on October 1, and the tax is levied by Alachua County each November 1, for real and personal property located in the City. Property taxes are due before April 1, with the maximum discount available, if payment is made on or before November 30. If payment remains delinquent, a tax certificate for the full amount of any unpaid taxes is sold no later than June 1. Under this arrangement, there are no property tax receivables at the end of the fiscal year on September 30.

The government reports the following major governmental funds:

■ **General Fund**

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

■ **Community Redevelopment Agency**

The Agency is a special revenue fund used to account for the expenditure of incremental tax funds contributed by Alachua County and the City for the Agency district.

The government reports the following major proprietary funds:

■ **Electric Fund**

The Electric Fund accounts for the revenues and expenses associated with the City's electric utility service.

■ **Water Fund**

The Water Fund accounts for the revenues and expenses associated with the City's water distribution system.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Concluded)

■ **Wastewater Fund**

The Wastewater Fund accounts for the revenues and expenses associated with the City's wastewater treatment plant, wastewater pumping stations, and collection system.

In addition, the government reports the following fund type:

■ **Internal Service Fund**

The Internal Service Fund accounts for administrative services provided to the Electric Fund, Water Fund, Wastewater Fund, and Mosquito Control Fund.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's electric, water and wastewater function, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City's enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities and Net Position or Equity

■ **Deposits and Investments**

The City maintains a cash pool that is available for use by all funds. Interest income earned as a result of pooling is distributed monthly to the appropriate funds based on average daily balances.

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid instruments with original maturities of three months or less from the date of acquisition.

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as qualified public depositories, a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral for their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions providing full insurance for public deposits. The City had deposits only with qualifying institutions as of September 30, 2013.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

■ **Deposits and Investments (Concluded)**

Investments are held in the proprietary funds and consist of marketable securities reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales quote at current exchange rates. Investments that do not have an established market are reported at estimated fair value based on market indicators regarded as measures of equity or fixed income performance results.

■ **Receivable and Payables**

Outstanding balances between funds are reported as “due to/from other funds” or “advances to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Receivables are reported net of an allowance of uncollectibles. The City has recorded a \$36,098 allowance for uncollectibles in the Electric Fund and \$36,140 in the General Fund.

■ **Inventory**

Inventory for governmental-type activities is valued at the lower of cost, using the first-in, first-out (FIFO) method, or market value. Generally, the costs of governmental fund type inventories are recorded as expenditures when consumed (consumption method) rather than when purchased. Business-type activities, utility supplies and plant inventory are valued at lower of cost, as determined by the average unit cost method, or market value.

■ **Prepays**

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. Prepaid items are accounted for by use of the consumption method.

■ **Restricted Assets**

Certain resources are set aside for debt reserves, customer deposits, power plant decommissioning costs, and other purposes. These resources are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants, ordinances, or regulations.

■ **Capital Assets**

Capital assets, which include property, plant and equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

■ **Capital Assets (Concluded)**

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 of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings	10-50 Years
Improvements	10-35 Years
Infrastructure	40-55 Years
Furniture, Fixtures, and Equipment	3-20 Years

■ **Compensated Absences**

Accumulated unpaid vacation time, compensatory time, and sick time amounts, including the related direct and incremental salary-related payments, accrues in the enterprise funds, and appear as increases in salary expenses in the proprietary financial statements. In the governmental funds, these costs are recognized when payments are made to employees or when the costs mature as a result of an employee resignation or retirement. All vacation, compensatory and sick pay accrues when incurred in the government-wide financial statements.

■ **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the bond premium or discount. Bond issuance costs are expensed when incurred, with the exception of bond insurance, which is amortized over the term of the related debt.

In the fund financial statements, governmental fund types record bond premiums and discounts, as well as bond issuance costs in the year incurred. The face amount of debt issued is 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, are reported as debt service expenditures.

■ **Fund Balance**

Fund balance classifications comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned:

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

■ **Fund Balance (Concluded)**

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. On the governmental funds balance sheet, the inventory balance reported is offset by a nonspendable fund balance classification which indicates it does not constitute “available spendable resources” even though it is a component of net current position.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (i.e., by ordinance) of the organization’s governing authority (the City Council). These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action employed to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that the City intends to use for a specific purpose as determined by the City Council in accordance with the City’s fiscal policies. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.
- **Unassigned**—This classification is used for: (a) deficit unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed or assigned.

When both restricted and unrestricted resources are available for use, it is generally the practice of the City to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use in any governmental fund, it is the City’s practice to use committed resources first, then assigned, and then unassigned as needed.

■ **Net Position**

Net position invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position invested in capital assets, net of related debt excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations. Net position not reported as net position invested in capital assets, net of related debt or restricted net position, are reported as unrestricted net position.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Assets, Liabilities and Net Position or Equity (Concluded)

■ **Net Position (Concluded)**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Implementation of Governmental Accounting Standards Statements

The District implemented the following GASB Statements during the year that ended September 30, 2013. Statement No. 65 is being early-implemented so as to implement it at the same time as the implementation of Statement No. 63.

- Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*: This Statement improves financial reporting by codifying all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.
- Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*: This Statement provides guidance for certain items formally classified as assets and liabilities. The Statement redefines these as "deferred outflows of resources" (formally assets) and "deferred inflows of resources" (formally liabilities). Each new category must have its own Statement of Net Position section. GASB 63 also requires that the last line of the statements formerly called "Net assets" now be titled "Net position" to reflect the new classifications. In addition, "Capital assets, net of debt" will now be titled "Net investment in capital assets" in order properly present the total of the items.
- Statement No. 65, *Items Previously Reported as Assets and Liabilities*: This statement provides more guidance for the items listed in GASB 63, and adds additional changes. It requires that statements avoid the use of the word "deferred" except as it relates to items that are deferred outflows or are deferred inflows. It addresses the calculation of a deferred outflow or inflow for the refunding of debt. For non-exchange transactions, like grants, amounts received before the time period of eligibility are treated as deferred inflows. This Statement also addresses taxes received prior to the period to which they relate. GASB 65 also requires debt issuance costs to be expensed in the period that the debt was issued. In the past, subsequent to the implementation of GASB 34, these costs were amortized over the life of the issue. The effects of this change are required to be disclosed on the statements in the period it is implemented. Losses on debt refundings are not expenses, but rather, treated as deferred outflows. For operating leases, any initial direct costs are recognized in the period incurred, instead of being amortized over the life of the lease. When an asset is recorded in governmental fund statements, but the revenue is not available until a future period, a deferred inflow is reported until the revenue becomes available. The City early-implemented GASB Statement No. 65, as encouraged by the GASB.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The City's procedures in preparing and adopting the annual budgets are as follows:

- The City Manager is responsible for preparing a proposed operating budget for the upcoming year prior to September 30 that includes estimated revenues, proposed expenditures, and other financing sources and uses.
- Two public hearings are held to obtain taxpayer comments and suggestions. The budget is enacted through passage of a resolution.
- The City Manager is authorized to transfer budgeted amounts within any department, but may not revise total departmental expenditures without the approval of the City Commission.
- The budget is prepared by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level for the general fund and the fund level for all other governmental funds.
- Unused appropriations lapse at the end of the year.
- Budgets are adopted on a basis consistent with GAAP.

Budgeted amounts in the accompanying financial statements are as originally adopted, or as amended by the appropriate authority.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation, is employed throughout the fiscal year as an operating tool for budgeted funds. Encumbrances outstanding at year-end are reported as assigned, committed or restricted fund balance in the governmental funds.

Deficit Fund Equity

At September 30, 2013, the following funds had deficit fund balances:

<u>Fund</u>	<u>Type</u>	<u>Deficit</u>
Building Operations Fund	Nonmajor Governmental	\$ (85,904)
Neighborhood Community Center	Nonmajor Governmental	(195,141)
Municipal Complex	Nonmajor Governmental	(935,324)

The City anticipates that the deficits for the Neighborhood Community Center Fund and Municipal Complex Fund will be recovered through the future sale of the old City Hall property. The deficits for the Building Operations Fund will be recovered through future transfers from the General Fund.

Note 3 - Cash, Cash Equivalents, and Investments

Deposits and investments as of September 30, 2013, are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and Cash Equivalents	\$ 8,256,455
Restricted:	
Cash and Cash Equivalents	5,908,180
Investments	<u>615,984</u>
Total Cash and Investments	<u>\$ 14,780,619</u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 3 - Cash, Cash Equivalents, and Investments (Continued)

Deposits and investments consist of the following:

Cash Deposits	\$ 13,176,817
Investments	<u>1,603,802</u>
Total Cash and Investments	<u>\$ 14,780,619</u>

Deposits

All of the City's cash deposits are held in banks that qualify as a public depository under the *Florida Security for Public Deposits Act* as required by Chapter 280, Florida Statutes. Under the *Act*, all qualified 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 pledged level. The pledging level may range from 25% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

Investments

Following are the investments, credit ratings, and maturities of the City's governmental and business-type activities at September 30, 2013:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
			<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Total</u>
Florida PRIME	AAA	\$ 956,472	\$ 956,472	\$ 0	\$ 0	\$ 956,472
Fund B Surplus Trust Funds						
Investment Pool	Unrated	31,346	0	31,346	0	31,346
FMPA CR-3 Pooled Investments	Unrated	<u>615,984</u>	<u>615,984</u>	<u>0</u>	<u>0</u>	<u>615,984</u>
Total		<u>\$ 1,603,802</u>	<u>\$ 1,572,456</u>	<u>\$ 31,345</u>	<u>\$ 0</u>	<u>\$ 1,603,802</u>

The Florida State Board of Administration (SBA) administers and provides regulatory oversight over the Florida PRIME and the Fund B Surplus Funds Trust Fund (Fund B). The SBA has interpreted that the Florida PRIME is currently considered a 2a7-like fund. The City's investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares. Fund B investments are restricted on how participants can access portions of their surplus and are being distributed to participants as they become available from surplus funds maturities, sales, and received income. Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio. As of September 30, 2013, the fair value factor for Fund B is 1.13262284. Separate financial reports for the SBA investments can be obtained from the Florida State Board of Administration, 1801 Hermitage Blvd., Tallahassee, Florida 32308.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 3 - Cash, Cash Equivalents, and Investments (Concluded)

Investments (Concluded)

The Florida Municipal Power Agency (FMPA) account represents a 2.087% interest in an investment pool which invests primarily in money market funds, U.S. government and agency bonds, and corporate obligations. Investments in the FMPA account are reported at fair value. The securities in the pool are registered in the name of SunTrust, NA, as trustee for the FMPA CR-3 participants. The investments are managed by FMPA.

Credit Risk—The City’s policy limits investments of governmental and business-type funds to the Florida Local Government Surplus Trust Fund administered by the SBA, U.S. Treasury and agency obligations, federal instrumentalities, interest-bearing time deposit or saving accounts, repurchase agreements, money market funds, and intergovernmental investment pools. Investments in mutual funds must maintain a rating of AAm or AAm-G or better by Standard & Poor’s, or the equivalent by another rating agency.

Interest Rate Risk—The City’s investment policy permits the investment of current operating funds with maturities of no longer than two years. Investments of nonoperating funds such as bond reserves shall have a term appropriate to the need for funds and in accordance with debt covenants, but not exceeding five years.

Custodial Credit Risk—For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City generally utilizes third party custodians to help manage custodial credit risk. Custodians are primarily bank trust departments, insurance companies, brokerage firms, the State of Florida, and SBA.

Concentration of Credit Risk—The City’s investment policy requires diversification of investments in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. All of the City’s investments are in external investment pools.

Note 4 - Restricted Assets

Restricted cash and investments at September 30, 2013, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Cash and Cash Equivalents		
Debt Service Reserve and Sinking Funds	\$ 653,028	\$ 808,888
Cash with Fiscal Agent	259,441	132,753
Customer Deposit	0	1,170,619
Renewal and Replacement	0	250,000
Economic Environment	1,660,933	0
Parks and Recreation	44,230	0
Public Safety	20,751	0
Physical Environment	14,112	62,636
Infrastructure	820,368	0
Other	10,421	0
Net Restricted Cash and Cash Equivalents	<u>\$ 3,483,284</u>	<u>\$ 2,424,896</u>
Investments		
CR-3 Decommissioning	<u>\$ 0</u>	<u>\$ 615,984</u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 4 - Restricted Assets (Concluded)

The CR-3 Decommissioning Account is required by state law to accumulate funds for the City's share of the decommissioning costs of the CR-3 nuclear power plant. The required cash balance in the decommissioning account is offset by a deferred credit on the balance sheet.

Note 5 - Inventory

Inventory at September 30, 2013, consists of the following:

Business-type Activities	<u>Balance</u>
Electric Utility Supplies	\$ 349,059
Transformers	203,461
Meters	15,379
Water/Wastewater Supplies	<u>57,663</u>
Total	<u>\$ 625,562</u>

Note 6 - Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended September 30, 2013:

	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,392,679	\$ 16,814	\$ 0	\$ 7,409,493
Construction in Progress	<u>279,389</u>	<u>1,414,771</u>	<u>0</u>	<u>1,694,160</u>
Total Capital Assets Not Being Depreciated	<u>7,672,068</u>	<u>1,431,585</u>	<u>0</u>	<u>9,103,653</u>
Capital Assets Being Depreciated:				
Building	8,461,020	2,550	0	8,463,570
Improvements Other Than Buildings	2,813,053	181,915	0	2,994,968
Infrastructure	9,452,714	359,782	0	9,812,496
Furniture, Fixtures, and Equipment	<u>2,564,792</u>	<u>152,500</u>	<u>(135,044)</u>	<u>2,582,248</u>
Total Capital Assets Being Depreciated	<u>23,291,579</u>	<u>696,747</u>	<u>(135,044)</u>	<u>23,853,282</u>
Less Accumulated Depreciation for:				
Building	(1,217,887)	(173,790)	0	(1,391,677)
Improvements Other Than Buildings	(535,003)	(112,564)	0	(647,567)
Infrastructure	(4,381,136)	(219,378)	0	(4,600,514)
Furniture, Fixtures, and Equipment	<u>(1,627,495)</u>	<u>(196,865)</u>	<u>102,049</u>	<u>(1,722,311)</u>
Total Accumulated Depreciation	<u>(7,761,521)</u>	<u>(702,597)</u>	<u>102,049</u>	<u>(8,362,069)</u>
Total Capital Assets, Being Depreciated, Net	<u>15,530,058</u>	<u>(5,850)</u>	<u>(32,995)</u>	<u>15,491,213</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,202,126</u>	<u>\$ 1,425,735</u>	<u>\$ (32,995)</u>	<u>\$ 24,594,866</u>

Depreciation expense was charged to functions of the governmental activities as follows:

Governmental Activities	
General Government	\$ 244,275
Public Safety	124,025
Physical Environment	54
Transportation	221,686
Economic Environment	14,540
Parks and Recreation	<u>98,017</u>
Total	<u>\$ 702,597</u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 6 - Capital Assets (Concluded)

The following is a summary of changes in capital assets for the business-type activities for the year ended September 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 255,940	\$ 0	\$ 0	\$ 255,940
Construction in Progress	<u>1,506,793</u>	<u>1,986,045</u>	<u>(1,146,745)</u>	<u>2,346,093</u>
Total Capital Assets Not Being Depreciated	<u>1,762,733</u>	<u>1,986,045</u>	<u>(1,146,745)</u>	<u>2,602,033</u>
Capital Assets Being Depreciated:				
Building	4,872,383	0	0	4,872,383
Improvements Other Than Buildings	3,151,053	178,115	0	3,329,168
Infrastructure	38,981,671	1,396,148	0	40,377,819
Furniture, Fixtures, and Equipment	<u>2,195,528</u>	<u>166,283</u>	<u>(34,852)</u>	<u>2,326,959</u>
Total Capital Assets Being Depreciated	<u>49,200,635</u>	<u>1,740,546</u>	<u>(34,852)</u>	<u>50,906,329</u>
Less Accumulated Depreciation for:				
Building	(3,425,886)	(122,021)	0	(3,547,907)
Improvements Other Than Buildings	(1,774,306)	(128,465)	0	(1,902,771)
Infrastructure	(6,616,014)	(938,565)	0	(7,554,579)
Furniture, Fixtures, and Equipment	<u>(1,352,898)</u>	<u>(146,504)</u>	<u>32,940</u>	<u>(1,466,462)</u>
Total Accumulated Depreciation	<u>(13,169,104)</u>	<u>(1,335,555)</u>	<u>32,940</u>	<u>(14,471,719)</u>
Total Capital Assets, Being Depreciated, Net	<u>36,031,531</u>	<u>404,991</u>	<u>(1,912)</u>	<u>36,434,610</u>
Business-type Activities Capital Assets, Net	<u>\$ 37,794,264</u>	<u>\$ 2,391,036</u>	<u>\$ (1,148,657)</u>	<u>\$ 39,036,643</u>

Note 7 - Long-term Liabilities

Governmental Activities

The following schedule summarizes the changes in the City's governmental long-term liabilities during the year ended September 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Section 108 Government Guaranteed					
Participation Certificates, Series					
HUD 2001A	\$ 1,390,000	\$ 0	\$ (115,000)	\$ 1,275,000	\$ 125,000
Capital Improvement and Refunding					
Revenue Bonds, Series 2006	7,510,000	0	(100,000)	7,410,000	100,000
(Less Discount)	(31,331)	0	1,305	(30,026)	0
2013 Redevelopment Note	0	885,500	0	885,500	79,622
Compensated Absences	<u>394,607</u>	<u>237,974</u>	<u>(193,769)</u>	<u>438,812</u>	<u>107,712</u>
Total	<u>\$ 9,263,276</u>	<u>\$ 1,123,474</u>	<u>\$ (407,464)</u>	<u>\$ 9,979,286</u>	<u>\$ 412,334</u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 7 - Long-term Liabilities (Continued)

Governmental Activities (Continued)

■ **Section 108 Government Guaranteed Participation Certificates, Series HUD 2001A**

On August 2, 2001, the City executed a loan agreement with the U.S. Department of Housing and Urban Development (the Sponsor) to borrow \$2,250,000 from the Sponsor's \$313,756,000 Section 108 Government Guaranteed Participation Certificates, Series HUD 2001A. The Sponsor guarantees timely payment of the notes issued by local governmental agencies. The City used the proceeds of the note to repay the outstanding balances on its Taxable Sales Tax Revenue Note, Series 1999A, and Sales Tax Revenue Note, Series 1999B and finance other costs related to economic development.

The note is secured by the City's local government half-cent sales tax, utility franchise fees and state revenue sharing. Principal is payable annually and interest semiannually for twenty years. Interest accrues at the certificates' rates which vary from 3.66% to 6.67% over the life of the note.

■ **Capital Improvement and Refunding Revenue Bonds, Series 2006**

On January 26, 2006, the City issued bonds in the amount of \$8,095,000 to pay the cost of: (1) the construction of the new City Hall and Police Administration Building, including the acquisition and installation of furniture, fixtures, and equipment; (2) the refunding of the City's outstanding Governmental Unit Note evidencing a loan to the City from the City of Arcadia, Florida, from its Local Government Revenue Bonds, Series 1993, Dedicated Pool, Sales Tax Revenue Note, Series 1995, and Sales Tax Revenue Note, Series 2000 outstanding in the aggregate principal amount of \$871,171; and (3) to pay certain costs of issuance incurred with respect to the issue.

The bonds are secured by a lien upon and pledge of the legally available non-ad valorem revenues of the City. Interest is payable semiannually on April 1 and October 1, each year at interest rates ranging from 3.25% to 4.5%. Principal payments are due annually on October 1, with final maturity occurring October 1, 2035.

■ **Redevelopment Revenue Note, Series 2013**

On May 23, 2013, the City executed a loan agreement with BB&T Governmental Finance for the purposes of funding or financing redevelopment activities within the Redevelopment District. The City is required to expend the funds, together with the investment earnings thereon, within three years of the date of issue to pay the costs of the redevelopment project according to the City's Redevelopment Plan.

The note is secured by a lien upon the tax increment revenues of the Redevelopment District. Interest is payable semiannually for ten years on June 1 and December 1 at a fixed interest rate of 2.22%. Principal payments are also due semiannually on June 1 and December 1.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 7 - Long-term Liabilities (Continued)

Governmental Activities (Concluded)

■ **Compensated Absences**

Compensated absences reported as governmental activities in the statement of net position are liquidated by the general fund and the building operations special revenue fund.

The following schedule summarizes the retirement of the governmental long-term debt by fiscal year (excluding compensated absences and discount):

<u>Fiscal Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 304,622	\$ 419,078	\$ 723,700
2015	321,840	405,046	726,886
2016	328,668	390,582	719,250
2017	345,535	375,675	721,210
2018	367,445	359,928	727,373
2019-2023	1,847,390	1,534,110	3,381,500
2024-2028	1,940,000	1,134,302	3,074,302
2029-2033	2,405,000	662,653	3,067,653
2034-2036	<u>1,710,000</u>	<u>117,675</u>	<u>1,827,675</u>
Total	<u>\$ 9,570,500</u>	<u>\$ 5,399,049</u>	<u>\$ 14,969,549</u>

Business-type Activities

The following schedule summarizes the changes in the City's business-type long-term liabilities during the year ended September 30, 2013:

	<u>Beginning</u>		<u>Ending</u>		<u>Due</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Within</u>
					<u>One Year</u>
Utility Acquisition Bonds, Series 1993	\$ 600,000	\$ 0	\$ (70,000)	\$ 530,000	\$ 75,000
Utility Revenue Bond, Series 1979	286,000	0	(286,000)	0	0
1997 State Revolving Fund Loan - Florida					
Department of Environmental Protection	858,290	0	(858,290)	0	0
Utility Refunding Revenue Bonds, Series 2003	5,905,000	0	(5,905,000)	0	0
(Less Deferred Discount on Refunding)	(43,200)	0	43,200	0	0
(Less Deferred Loss on Refunding)	(405,796)	0	405,796	0	0
Promissory Note, Capital City Bank	85,859	0	(85,859)	0	0
2009 State Revolving Fund Loan - Florida					
Department of Environmental Protection	8,542,905	0	(179,998)	8,362,907	0
2011 State Revolving Fund Loan - Florida					
Department of Environmental Protection	705,958	0	(705,958)	0	0
Utility Refunding Bonds, 2013	0	4,800,000	(105,000)	4,695,000	635,000
Compensated Absences	<u>218,225</u>	<u>300,879</u>	<u>(296,811)</u>	<u>222,293</u>	<u>155,606</u>
Total	<u>\$ 16,753,241</u>	<u>\$ 5,100,879</u>	<u>\$ (8,043,920)</u>	<u>\$ 13,810,200</u>	<u>\$ 865,606</u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 7 - Long-term Liabilities (Continued)

Business-type Activities (Continued)

■ **Utility Acquisition Bonds, Series 1993**

On October 18, 1993, the City adopted Resolution R-93-24 authorizing the issuance of \$1,300,000 Utility Acquisition Bonds, Series 1993 to provide the necessary funds for the acquisition of the private water and wastewater systems in the Turkey Creek recreational residential community in the City. The bonds are secured by the net utility revenues of the combined electric, water, and wastewater utility systems of the City, but are subordinate to the secured interests of the bondholders in the other outstanding revenue bonds of the City.

The bonds were issued without premium or discount and are payable at 7% interest. Interest is payable semiannually on October 1 and April 1, and principal is payable annually on October 1 until final maturity at October 1, 2018.

■ **Utilities Revenue Bond of 1979**

On August 6, 1979, the City adopted a resolution to issue the Utilities Revenue Bond of 1979. The bond was issued on December 17, 1979, to partially finance the cost of the construction of additions to the utility system. Net utility revenues and excise taxes are pledged as collateral for the revenue bond.

The bonds were issued at an interest rate of 5% with principal and interest payments due annually on April 1, until final maturity April 1, 2019. The bonds were refunded during fiscal year 2013 with the issuance of the Utility Refunding Revenue Bonds of 2013.

■ **1997 State Revolving Fund Loan – Florida Department of Environmental Protection**

On June 26, 1997, the City authorized a loan agreement to finance preconstruction and construction costs related to the wastewater control facility. The remaining balance of the loan was paid off as of November 15, 2012.

■ **Utility Refunding Revenue Bonds, Series 2003**

On August 18, 2003, the City adopted Resolution R-03-31, authorizing the issuance of the Utility Refunding Revenue Bonds, Series 2003. The bonds were issued at a par amount of \$9,180,000 to provide the funds required to refund the City's outstanding Utility Revenue Bonds, Series 1993 and to pay certain expenses related to the issuance of the Series 2003 bonds. The bonds bear interest from 2% to 4.55% and mature annually on April 1 until final maturity April 1, 2020. Interest is payable semiannually on April 1 and October 1 of each year.

Net utility revenues of the system and excise taxes are pledged as collateral for the revenue bonds which will rank on parity with the City's outstanding Utility Revenue Bonds, Series 1979 as to lien upon and pledge of the pledged funds. The loan was retired with the issuance of the Utility Refunding Revenue Bonds of 2013.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 7 - Long-term Liabilities (Continued)

Business-type Activities (Continued)

■ **Promissory Note, Capital City Bank**

On February 20, 2009, the City entered into a promissory note in the amount of \$316,555 with Capital City Bank. The note is payable quarterly in the amount of \$17,180, including interest at 4.81%, with the final payment due December 31, 2013. The note is secured by a 2008 International Bucket Truck and an International Digger Derrick Truck. The promissory note was paid off as of September 30, 2013.

■ **2009 State Revolving Fund Loan – Florida Department of Environmental Protection**

In June 2009, the City authorized a loan agreement to finance construction costs related to the wastewater control facility in the amount of \$10,000,000 with additional increases in 2010 and 2011 of \$10,000,000 and \$550,074, respectively. The total loan available is \$20,550,074, of which 64.51% of the first \$20,000,000 is forgiven with each loan disbursement, for total principal forgiveness of \$12,902,000. Principal and interest are payable semiannually on November 15 and May 15 of each year until all amounts due under the agreement have been fully paid. Interest is payable at rates ranging from 2.24% to 2.67%.

Net utility revenues of the system and excise taxes are pledged as collateral for the loan. These pledged revenues are subordinate to the Utility Acquisition Bonds, Series 1993 and the Utility Systems Utility Revenue Bonds, Series 2013.

■ **2011 State Revolving Fund Loan – Florida Department of Environmental Protection**

In July 2011, the City authorized a loan agreement to finance construction costs related to the wastewater control facility. The remaining balance of the loan was paid off as of November 15, 2012.

■ **Utility Systems Utility Revenue Bonds, Series 2013**

On January 30, 2013, the City adopted Resolution R-13-07, authorizing the issuance of the Utility Systems Utility Revenue Bonds, Series 2013. The bonds were issued at a par amount of \$4,800,000 to provide the funds required to refund the City's outstanding Utilities Revenue Bond of 1979 and Utility Refunding Revenue Bonds, Series 2003 and to pay certain expenses related to the issuance of the Series 2013 bonds. The bonds bear interest from 1.67% and mature annually on April 1 until final maturity April 1, 2020. Interest is payable semiannually on April 1 and October 1 of each year. As a result of the refunding, the City will save \$592,324 over the life of the bonds. Discounted at 1.67%, this savings has a net present value of \$494,128.

Net utility revenues of the system and excise taxes are pledged as collateral for the revenue bonds which will rank on parity with the City's outstanding Utility Revenue Bonds, Series 1993 as to lien upon and pledge of the pledged funds.

The following schedule summarizes the principal retirement for bonds and notes for business-type debt by fiscal year (excluding compensated absences and discounts):

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 7 - Long-term Liabilities (Continued)

Business-type Activities (Concluded)

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	\$ 710,000	\$ 290,935	\$ 1,000,935
2015	793,288	274,525	1,067,813
2016	833,273	256,215	1,089,488
2017	869,035	236,772	1,105,807
2018	915,417	216,262	1,131,679
2019-2023	2,613,827	825,057	3,438,884
2024-2028	1,363,580	633,413	1,996,993
2029-2033	1,539,317	457,676	1,996,993
2034-2038	1,737,847	259,146	1,996,993
2039-2041	2,212,323	49,609	2,261,932
Total	\$ 13,587,907	\$ 3,499,610	\$ 17,087,517

Interest

During the year, the City incurred \$932,039 of interest costs, all of which were charged to expense.

Debt Covenants

The City has covenanted to establish and collect fees from users of the Utility System (gross revenues of the System, as defined in the bond ordinance) sufficient to pay the costs of operation and maintenance of the System (as defined in the bond ordinance) plus 100% of the bond service requirements for that year. In addition, the rate covenants require the City to establish and collect fees from users of the System and excise taxes sufficient to pay the costs of operation and maintenance of the System plus 120% of the bond service requirements.

The debt purchase agreement rate covenant requires that the City establish and collect fees from users of the System sufficient to provide supplemental pledged revenues (as defined in the debt purchase agreement) equal to or exceeding 115% of the State Revolving Fund (SRF) loan debt service requirements.

The City has also covenanted to establish a special fund called the "Bond and Interest Sinking Fund," to be used exclusively for debt service payments on certain bonds. In addition, an amount equal to the maximum bond service requirement for the Series 1979 and 2003 Bonds is to be deposited into a Reserve Account. Moneys in the Reserve Account are to be used only for paying the principal of and interest on the Bonds in the event that the other moneys in the Sinking Fund are insufficient to meet such payments.

On November 5, 2008, Moody's Investor Service (Moody's) downgraded Ambac Assurance Corporation, the provider of the municipal bond insurance policy on the City's Series 2006 Capital Improvement and Refunding Revenue Bonds from Aa3 to Baa1. Pursuant to the bond covenants, if the bond insurer falls below Moody's A rating, the City shall either: (1) deposit cash to meet the reserve requirement to be paid over the ensuing year in equal monthly installments; or (2) replace its existing policy with a surety bond, insurance policy, or letter of credit meeting the bond requirements within six months of such occurrence.

As of September 30, 2013, the City has met its debt covenants.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 7 - Long-term Liabilities (Concluded)

Conduit Debt

The City may assist nongovernmental entities in the obtainment of financing for capital facilities by issuing debt on behalf of the nongovernmental entity. This debt, known as conduit debt, allows the nongovernmental entity to borrow at tax-exempt rates. The nongovernmental entity, not the City, is responsible for repayment of the conduit debt obligation. At September 30, 2013, the following conduit debt is outstanding in the City's name:

Industrial Development Revenue Bonds Series 1995 \$ 300,000

Note 8 - Pledged Revenues

The City has pledged certain revenues to repay bonds and notes outstanding as of September 30, 2013. The following table reports the revenues, sometimes net of related operating expenses, pledged for each debt issue, the amounts of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2013:

<u>Pledged Revenue</u>	<u>Description of Bonds</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
Half-cent Sales Tax		\$ 477,112				
Utility Franchise Fees		281,845				
State Revenue Sharing		<u>207,745</u>				
	Section 108, HUD 2001A Series	<u>\$ 966,702</u>	<u>\$ 204,530</u>	21.16%	<u>\$ 1,680,036</u>	2021
	Capital Improvement and Refunding					
Non-Ad Valorem Revenues	Revenue Bonds, Series 2006	<u>\$ 6,371,652</u>	<u>\$ 420,695</u>	6.60%	<u>\$ 12,296,719</u>	2036
Incremental Tax Revenue	2013 Redevelopment Note	<u>\$ 268,422</u>	<u>\$ 0</u>	N/A	<u>\$ 992,794</u>	2023
Net Utility Revenues		\$ 4,371,576				
Excise Taxes		<u>1,454,146</u>				
	Utility Bonds - Series, 1993, and 2013	<u>\$ 5,825,722</u>	<u>\$ 228,133</u>	3.92%	<u>\$ 5,662,521</u>	2020
	State Revolving Fund Loans - 1997, 2009, and 2011	<u>\$ 4,371,576</u>	<u>\$1,942,168</u>	44.43%	<u>\$ 11,424,996</u>	2041

Non-ad valorem revenues consist of local government half-cent sales tax, franchise fees, solid waste disposal fees, occupational license taxes, local communication services tax, guaranteed entitlement funds, utility tax, mobile home license fees, alcoholic beverages license fees, fines and forfeitures, licenses and permits, certain fees and charges, and surplus utility revenues.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 9 - Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables at September 30, 2013:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Redevelopment Agency	\$ 200
General Fund	Nonmajor Governmental Funds	889,141
General Fund	Water Utility	471,326
General Fund	Wastewater Utility	282,498
Redevelopment Agency	Electric Utility	1,795
Electric Utility	Redevelopment Agency	57,854
Electric Utility	Nonmajor Governmental Funds	824,126
Electric Utility	Water Utility	740,228
Electric Utility	Wastewater Utility	1,545,826
Electric Utility	Nonmajor Enterprise Fund	937
Nonmajor Enterprise Fund	Water Utility	76,793
Water Utility	Redevelopment Agency	25
Internal Service Fund	Water Utility	215,065
Total		<u>\$ 5,105,814</u>

The outstanding balances between funds result from the time lag between the dates that: (1) interfund goods and services are provided, or reimbursable expenditures occur; (2) transactions are recorded in the accounting system; and (3) payments between funds are made. Additionally, certain interfund loans were made to fund deficit unrestricted equity in pooled cash. All outstanding interfund balances are reported as long-term advances as of September 30, 2013.

Interfund Transfers:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Community Redevelopment Agency</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Fund</u>	
General Fund	\$ 0	\$ 171,753	\$ 554,040	\$ 0	\$ 725,793
Electric Utility	1,621,117	0	0	1,912	1,623,029
Wastewater Utility	0	0	71,585	0	71,585
Nonmajor Governmental Funds	30,193	0	0	0	30,193
Internal Service Fund	5,400	0	0	0	5,400
Total	<u>\$ 1,656,710</u>	<u>\$ 171,753</u>	<u>\$ 625,625</u>	<u>\$ 1,912</u>	<u>\$ 2,456,000</u>

Transfers are normally recurring and are approved by the City commission during the budget process. A transfer in the amount of \$1,621,117 from the Electric Fund to the General Fund is in support of general government operations to the extent moneys are available after paying operating expenses and debt service on outstanding bonds. A transfer in the amount of \$554,040 from the General Fund to the nonmajor governmental funds is for debt service and reserve requirements. A transfer in the amount of \$171,753 from the General Fund to the Community Redevelopment Agency is the City's required portion of tax incremental funding.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 10 - Contingent Liabilities

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

The developer of Heritage Oaks subdivision has sued the City for damages alleging a breach of contract. The development was started in 2003, and to-date, the subdivision improvements have not been completed. The City has not formally accepted the subdivision improvements as part of the City's public infrastructure. This case went to trial in August 2012 and the jury rendered a verdict against the City of approximately \$3.9 million. The City filed four post-trial motions and motions for the court to reconsider the motions for summary judgment. A motion for a new trial was granted by the court and the developer subsequently appealed the order. As of September 30, 2013, no loss has been accrued since the amount of the loss is not reasonably estimable. The ultimate resolution of this case could result in a loss to the City of up to \$3.9 million plus attorneys' fees.

The City is a defendant in various other lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

Note 11 - Restricted Net Position

Net position is restricted within governmental activities and business-type activities as follows:

	Governmental Activities	Business-type Activities
Debt Service	\$ 732,635	\$ 817,119
Renewal and Replacement	0	250,000
Economic Environment	1,282,503	0
Law Enforcement	21,454	0
Physical Environment	13,912	0
Comprehensive Planning	2,504	0
Parks and Recreation	51,947	0
Total	\$ 2,104,955	\$ 1,067,119

The City's restricted net position includes \$1,282,503 restricted by enabling legislation.

Note 12 - Electric Power Agreements

City of Gainesville

The City entered into a wholesale electric service contract with the City of Gainesville, Florida, on January 21, 1987, for the purchase of the majority of the City's electric power requirements beginning January 6, 1988. The City constructed a 138 x 69 - 12.47Y/7.2kV substation to receive the power, which was placed into operation on that date. The substation is located in such a manner that the City has reasonable access to the transmission lines of both the City of

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 12 - Electric Power Agreements (Concluded)

City of Gainesville (Concluded)

Gainesville and Florida Power Corporation. A portion of the substation is owned by the City of Gainesville. The initial term of the contract was five years, with options for additional annual extensions. The contract was renegotiated on October 2, 1992, and extended for an additional fifteen years, beginning on December 31, 1992, with automatic extensions for succeeding periods of one year each. This contract was amended again on November 22, 2010, extending the contract for an initial ten-year term, with automatic extensions for up to three succeeding periods of one year each. Total payments to the City of Gainesville for 2013 were \$7,503,484.

Provisions in the contract include a fuel charge, which is adjusted monthly, and is based 50% on the City of Gainesville's retail fuel adjustment and 50% on the NYMEX price of natural gas.

Crystal River Unit No. 3 Participation Agreement

On July 31, 1975, the City entered into a participation agreement with Florida Power Corporation, which became Progress Energy. Under terms of the agreement, the City acquired a 0.0779% ownership interest and generation entitlement share in Crystal River Unit No. 3 (CR3), a nuclear steam electric generating unit. Participants are entitled to energy output of the unit based upon their respective generation entitlement share.

Progress Energy has been appointed by the participants to act as their agent and has sole authority to manage, control, maintain, and operate the unit. Operating costs of the unit, in general, are shared in proportion to each generation entitlement share on a monthly basis. Common and external facilities of the generating unit are solely owned by Progress Energy and participants share in the operation and maintenance expenses of such facilities. Nuclear fuel payments and capital acquisition costs are required of participants in advance. Total payments for 2013 were \$217,810.

On February 5, 2013, Duke Energy Corporation, the parent of Progress Energy, announced its intention to retire the Crystal River 3 (CR3) nuclear power plant. CR3 has been shut down and offline since late 2009 due to a delamination, or crack, that occurred in the outer layer of the containment building's concrete wall.

Duke Energy Corporation is currently developing a decommissioning plan which would be executed over an extended period (i.e., 40 to 60 years). The City's share of estimated plant decommissioning costs is being accumulated in an account administered by the FMPA. The account balance at September 30, 2013, is \$615,984 and is offset by a deferred credit of the same amount.

During 2013, Duke provided the City with insurance proceeds of \$157,670 from Duke's settlement with its insurance provider. The City has determined that these insurance proceeds were settlement for damages related to the plant. As a result, the City has written off its remaining net investment in the plant of \$107,531.

St. Lucie No. 2 Power Purchase Agreement

The City has negotiated a long-term agreement with Florida Power and Light Corporation through FMPA to purchase 0.3044 megawatts of generating capacity and a corresponding amount of energy monthly from the St. Lucie No. 2 nuclear generating plant. The plant became operational in 1984. Total payments for 2013 were \$200,985.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 13 - Pension Plans

The City participates in the Florida Retirement System (FRS, the System) created by the Florida Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The System is a cost-sharing, multiple-employer defined benefit public retirement plan available to governmental units within the State of Florida. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Florida Retirement System, Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

If employed prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is after thirty years of service or age sixty-two except for the Special Risk service class. Those hired prior to July 1, 2011, who are assigned the Special Risk service class must have twenty-five years of service or must reach age fifty-five. If employed on or after July 1, 2011, normal retirement is after thirty-three years of service or age sixty-five except for the Special Risk service class. Those hired on or after July 1, 2011, who are assigned the Special Risk service class must have thirty years of service or must reach age sixty. Early retirement may be taken after meeting the appropriate vesting requirement with a 5% benefit reduction for each year prior to the normal retirement requirement. The FRS also offers eligible employees the ability to participate in an alternative defined contribution plan (the Investment Plan). Employees participating in the Investment Plan are vested after one year of service with no age requirement. Generally, membership is compulsory for all full-time and part-time employees, except for elected officials who may elect not to participate in the System. Prior to July 1, 2011, retirement coverage for an employee was noncontributory. Effective July 1, 2011, all FRS members (except those in DROP) are required to contribute 3% of their gross compensation on a pre-tax basis.

The Deferred Retirement Option Program (DROP) is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to sixty months. While in the DROP, the member's retirement benefits accumulate in the FRS trust fund (increased by a cost-of-living adjustment each July). DROP participants starting the program prior to July 1, 2011 earn monthly interest equivalent to an annual rate of 6.5%. Participants starting the program on or after July 1, 2011 earn an effective annual rate of 1.3%. When the DROP period ends, the DROP account is paid out as a lump-sum payment, a rollover, or a combination, and monthly benefits are subsequently paid to the member in the amount as calculated upon entry into DROP, plus cost-of-living adjustments for intervening years. In most cases, the DROP participant must cease employment when the DROP period ends.

The contribution requirements of plan members are established, and may be amended, by the Florida Legislature. The City and its employees are required to contribute at an actuarially determined rate. The rates at September 30, 2013, are as follows:

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 13 - Pension Plans (Concluded)

<u>FRS</u> <u>Membership Class</u>	<u>Employee</u> <u>Contribution</u> <u>Rate</u>	<u>Employer</u> <u>Contribution</u> <u>Rate</u>	<u>Total</u> <u>Contribution</u> <u>Rate</u>
Regular Employees	3.00%	6.95%	9.95%
Special Risk Employees	3.00%	19.06%	22.06%
Rehired Employees	3.00%	6.95%	9.95%
Elected Officials	3.00%	33.03%	36.03%
Senior Management Services	3.00%	18.31%	21.31%
Deferred Retirement Option Program (DROP)	N/A	12.84%	12.84%

The City's contributions to the System for the years ended September 30, 2013, 2012, and 2011 were \$394,857, \$343,643, and \$590,070, respectively. Employee contributions to the System for the years ended September 30, 2013, 2012, and 2011 were \$144,210, \$142,645, and \$39,929, respectively. Contributions are equal to the required contributions for those years.

Note 14 - Other Postemployment Benefits (OPEB)

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, during the fiscal year ended September 30, 2010, for certain postemployment healthcare benefits provided by the City. The requirements of this statement are being implemented prospectively with the actuarially determined liability of \$262,411 at the date of transition amortized over 30 years.

Plan Description

The City of Alachua has previously established and maintains an employee group health insurance plan (the Plan) that it makes available to eligible retirees in accordance with the State of Florida law and City ordinance. The Plan is a single employer, experience rated insurance plan that provides medical, dental and vision benefits to eligible retirees and their eligible dependents. The postretirement benefit portion of the Plan refers to the medical, dental and vision benefits applicable to current and future retirees and their eligible dependents. The Plan does not issue a stand-alone report and is not included in the report of a Public Employee Retirement System or another entity.

Membership of each plan consisted of the following:

Date of Actuarial Valuation:	<u>9/30/11</u>
Retirees and Beneficiaries Receiving Benefits	2
DROP Participant	1
Active Plan Members	110
Total	<u>113</u>

Funding Policy

To-date, the City has followed a pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current year benefit cost and expenses. The contribution requirements of plan members, if any, are established by the City. Eligible retirees pay the full cost of blended rate premiums associated with the medical plan elected; no direct City subsidy is currently applicable. However, there are implicit costs of the medical plan for retirees, as their claims experience is higher than the blended rate premiums.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 14 - Other Postemployment Benefits (OPEB) (Continued)

Funding Policy (Concluded)

State of Florida Law prohibits the City from separately rating retirees and active employees specifically for medical plan benefits. The City, therefore, assigns eligible active employees and eligible retirees equal, blended-rate premiums and makes available to both groups the same plan options. Although both groups are assigned the same blended rate premiums, GAAP requires the actuarial liabilities presented below to be calculated using age-adjusted premiums approximating claim costs for eligible retirees separate from active eligible members. The use of age-adjusted premiums results in the full expected retiree obligation recognized in this disclosure.

Annual OPEB Costs and Net OPEB Obligation

The Annual OPEB Cost is the amount that was expensed for the fiscal year. Since the City's OPEB plan is currently unfunded, the offset to that expense comes from subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the Employer Contribution, and equals the total age-adjusted premiums paid by the City for coverage for the retirees and their dependents for the year (net of the retiree's own payments for the year). The cumulative difference between the Annual OPEB Cost for the year and the Employer Contribution for the year is called the Net OPEB Obligation. The Net OPEB Obligation is reflected as a liability in the statement of net position.

The following table shows the components of the City's Annual OPEB Cost for the year and the Net OPEB Obligation.

Annual Required Contribution (ARC)	\$	36,273
Interest on Net OPEB Obligation (NOO)		3,155
Adjustment to ARC		<u>0</u>
Annual OPEB Cost		39,428
Employer Contributions Made		<u>(12,462)</u>
Increase/Decrease in NOO		26,966
Net OPEB Obligation, Beginning of Year		<u>78,868</u>
Net OPEB Obligation, End of Year	\$	<u><u>105,834</u></u>

Net OPEB obligation reported in governmental activities in the statement of net position is generally liquidated by the general fund and the building operations special revenue fund.

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/13	\$ 39,428	31.6%	\$ 105,834
9/30/12	34,121	31.2%	78,868
9/30/11	31,092	42.2%	55,393

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 14 - Other Postemployment Benefits (OPEB) (Concluded)

Funded Status and Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Payroll</u>
9/30/11	\$ 0	\$ 307,455	\$ 307,455	0.0%	\$4,670,165	6.58%

The schedule of funding progress, included as required supplementary information immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and Plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table summarizes the actuarial methods and assumptions as of the latest actuarial valuation date:

Valuation Date	September 30, 2011
Actuarial Cost Method	Projected Unit Credit Cost
Amortization Method	Level Percentage of Projected Payroll
Remaining Amortization Period	27 Years, Closed
Asset Valuation Method	N/A
Actuarial Assumptions:	
Payroll Inflation Rate	4.0%
Investment Return	4.0%
Healthcare Cost Trend Rate	Gradually Decreasing from 7.0% to 5.0% Over 71 Years

Note 15 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. Insurance against losses is provided by Florida Municipal Investment Trust for the following types of risk:

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Concluded)

Note 15 - Risk Management (Concluded)

- **Florida Municipal Insurance Trust**
 - Workers' Compensation and Employer's Liability
 - General Liability and Automobile Liability
 - Real and Personal Property Damage
 - Automobile Physical Damage
 - Public Employees' Blanket Bond
 - Boiler Officials' Liability
 - Law Enforcement Officers' Professional Liability and Other Mandated Coverage
 - Accidental Death and Dismemberment
 - Auxiliary Reserve Policy
 - Law Enforcement Officers' Professional Liability

The City's coverage for workers' compensation is under a retrospectively related policy. Premiums are accrued based on the ultimate cost to date of the City's experience.

Note 16 - Commitments

As of September 30, 2013, the City had the following commitments related to significant unfinished construction projects:

	Expended as of 9/30/13	Remaining Commitment
Electric Substation Improvements	\$ 76,718	\$ 35,114
NW 150 th Ave./NW 142 nd Terrace Roadway Improvements	1,941,128	730,413
Total	\$ 2,017,846	\$ 765,527

On December 8, 2011, the City purchased land for the purpose of expanding the Hal Brady Recreation Complex to include three multipurpose sports arenas with athletic fields that can be used for soccer, football, lacrosse, rugby, and other multi-day events. The purchase price of \$1,130,600 was funded by \$500,000 of Alachua County Wild Places Public Spaces tax proceeds, \$500,000 of Alachua County Tourist Development Tax Proceeds, and \$130,600 of private donations. In exchange for the Alachua County Tourist Development Tax Proceeds, the City committed to constructing the arena by January 1, 2015, and maintaining and operating the arena such that at least six multiday events will be conducted each of the subsequent five years after construction is completed.

Note 17 - Prior Period Adjustment

As disclosed in Note 1, the City elected to early-implement GASB Statement 65, as encouraged by GASB, which resulted in the elimination of \$184,556 and \$78,541 of unamortized bond issuance costs in governmental activities and business-type activities, respectively, and an equal reduction in net position as shown on the statement of activities.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,541,195	\$ 5,541,195	\$ 5,364,716	\$ (176,479)
Permits, Fees and Special Assessments	382,000	382,000	437,723	55,723
Intergovernmental Revenues	739,574	741,470	770,402	28,932
Charges for Services	911,114	911,114	903,806	(7,308)
Fines and Forfeitures	30,000	30,000	42,814	12,814
Investment Income	0	0	9,921	9,921
Miscellaneous	27,200	27,200	48,795	21,595
Total Revenues	<u>7,631,083</u>	<u>7,632,979</u>	<u>7,578,177</u>	<u>(54,802)</u>
Expenditures				
Current:				
General Government:				
Legislative	139,553	139,553	132,326	7,227
Executive	329,302	329,302	313,743	15,559
City Clerk	151,708	151,708	138,070	13,638
Finance	377,672	377,672	366,706	10,966
Administrative Services	469,752	490,502	472,233	18,269
Grants and Contracts	66,293	69,543	62,584	6,959
Information Technology	151,325	151,325	148,108	3,217
Legal	271,592	271,592	181,354	90,238
Planning	449,909	449,909	329,158	120,751
Code Enforcement	447,938	455,949	411,638	44,311
Other	102,164	165,664	147,938	17,726
Public Safety:				
Police	2,421,549	2,422,445	2,276,364	146,081
Fire	644,997	644,997	591,605	53,392
Physical Environment:				
Solid Waste	739,576	739,576	736,644	2,932
Transportation:				
Streets and Roads	899,635	899,635	665,970	233,665
Parks and Recreation	757,550	757,550	697,309	60,241
Reserve for Contingency	135,385	146,274	0	146,274
(Total Expenditures)	<u>(8,555,900)</u>	<u>(8,663,196)</u>	<u>(7,671,750)</u>	<u>991,446</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(924,817)</u>	<u>(1,030,217)</u>	<u>(93,573)</u>	<u>936,644</u>
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital				
Assets	0	0	11,270	11,270
Transfers in	1,683,883	1,789,283	1,656,710	(132,573)
Transfers (out)	(725,064)	(725,064)	(725,793)	(729)
Total Other Financing Sources (Uses)	<u>958,819</u>	<u>1,064,219</u>	<u>942,187</u>	<u>(122,032)</u>
Net Change in Fund Balance	34,002	34,002	848,614	814,612
Fund Balance, Beginning of Year	<u>200,000</u>	<u>461,850</u>	<u>4,326,318</u>	<u>3,864,468</u>
Fund Balance, End of Year ¹	<u>\$ 234,002</u>	<u>\$ 495,852</u>	<u>\$ 5,174,932</u>	<u>\$ 4,679,080</u>

¹ Fund Balance, End of Year includes the City's budgeted contribution to fund balance in the amount of \$234,002 in the original budget and \$495,852 in the final budget.

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 267,283	\$ 268,422	\$ 268,422	\$ 0
Interest and Other Revenue	2,300	2,300	4,583	2,283
Total Revenues	<u>269,583</u>	<u>270,722</u>	<u>273,005</u>	<u>2,283</u>
Expenditures				
Current:				
Economic Environment	213,403	213,403	161,923	51,480
Capital Outlay	1,661,939	2,284,078	1,323,489	960,589
(Total Expenditures)	<u>(1,875,342)</u>	<u>(2,497,481)</u>	<u>(1,485,412)</u>	<u>1,012,069</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(1,605,759)</u>	<u>(2,226,759)</u>	<u>(1,212,407)</u>	<u>1,014,352</u>
Other Financing Sources (Uses)				
Transfers in	171,024	171,024	171,753	729
Debt Proceeds	0	885,500	885,500	0
Total Other Financing Sources (Uses)	<u>171,024</u>	<u>1,056,524</u>	<u>1,057,253</u>	<u>729</u>
Net Change in Fund Balance	(1,434,735)	(1,170,235)	(155,154)	1,015,081
Fund Balance, Beginning of Year	<u>1,434,735</u>	<u>1,170,235</u>	<u>1,437,657</u>	<u>267,422</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,282,503</u>	<u>\$ 1,282,503</u>

**CITY OF ALACHUA, FLORIDA
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2013**

Other Postemployment Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as Percent of Payroll
9/30/2011	\$ 0	\$ 307,455	\$ 307,455	0.00%	\$ 4,670,165	6.58%
9/30/2009	0	262,411	262,411	0.00%	4,686,463	5.60%

CITY OF ALACHUA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013

Note 1 - Basis of Presentation

The budget was adopted on a basis consistent with generally accepted accounting principles. The budget was prepared on the modified accrual basis of accounting. Expenditures were controlled at the department level. All annual appropriations lapse at year-end. There were no supplemental budget appropriations.

Note 2 - Legally Adopted Budgets

The City legally adopted budgets for all funds with activity during the year. No budget has been legally adopted for the Neighborhood Community Center and Municipal Complex capital project funds.

Note 3 - Other Postemployment Benefit Plan

The information presented in the required supplementary schedules was determined as part of actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	September 30, 2011
Actuarial Cost Method	Projected Unit Credit Cost
Amortization Method	Level Percentage of Projected Payroll
Remaining Amortization Period	27 Years, Closed
Asset Valuation Method	N/A
Actuarial Assumptions:	
Payroll Inflation Rate	4.0%
Investment Return	4.0%
Healthcare Cost Trend Rate	Gradually Decreasing from 7.0% to 5.0% Over 71 Years

**COMBINING AND INDIVIDUAL FUND INFORMATION AND
OTHER SUPPLEMENTARY INFORMATION**

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

The *Debt Service Fund* accounts for the resources accumulated and payments made for the principal and interest on long-term debt of governmental funds.

SPECIAL REVENUE FUNDS

The *Special Revenue Funds* are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- The *Building Operations Fund*—is used to account for the revenues and expenditures generated by the activities of the City’s building division which include plan reviews, permitting, and inspections.
- The *Additional Court Costs Fund*—is used to account for the revenues and expenditures of funds received from court costs assessed under Florida Statute 318.18(11)(d) for certain noncriminal traffic infractions. These revenues will be used to fund criminal justice education degree programs and training courses.
- The *Donations Fund*—is used to account for the revenues and expenditures of donated funds from private sources for the intended purpose designated by the donor.
- The *Tree Bank Fund*—is used to account for revenues and expenditures related to violations of Ordinance 06 11. The revenue received will be used for tree mitigation related to development.
- The *Police Explorers Fund*—is used to account for the revenues and expenditures of funds received from the Alachua Police Explorers Program.
- The *TK Basin Special Assessment Fund*—is used to account for the revenues and expenditures of funds received from a special assessment to property owners for stormwater maintenance services.

CAPITAL PROJECT FUNDS

The *Capital Project Funds* are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

- The *Neighborhood Community Center Fund*—is used to account for the renovation of the Neighborhood Community Center.
- The *Municipal Complex Fund*—is used to account for the bond proceeds and construction expenditures related to the new municipal complex.
- The *San Felasco Conservation Corridor Fund*—is used to account for improvements made to the San Felasco Corridor.
- The *Recreation Surtax Fund*—is used to account for discretionary sales tax revenues and expenditures for recreation improvements.
- The *Project Legacy Fund*—is used to account for donations and expenditures for the acquisition and future development of land for recreation use.
- The *Heritage Oaks Improvement Fund*—is used to account for expenditures for infrastructure improvements in the Heritage Oaks subdivision.

**CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total
Assets				
Cash and Cash Equivalents	\$ 963,179	\$ 32,657	\$ 864,599	\$ 1,860,435
Cash with Fiscal Agent	259,441	0	0	259,441
Accounts Receivable	0	248	0	248
Prepaid Items	0	500	0	500
Total Assets	<u>1,222,620</u>	<u>33,405</u>	<u>864,599</u>	<u>2,120,624</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	0	445	1,418	1,863
Unearned Revenues	0	0	818,950	818,950
Advances from Other Funds	496,899	85,904	1,130,465	1,713,268
Total Liabilities	<u>496,899</u>	<u>86,349</u>	<u>1,950,833</u>	<u>2,534,081</u>
Fund Balances				
Restricted for:				
Comprehensive Planning	0	2,504	0	2,504
Law Enforcement	0	8,828	0	8,828
Physical Environment	0	13,912	0	13,912
Parks and Recreation	0	7,716	44,231	51,947
Debt Service	912,470	0	0	912,470
Unassigned	(186,749)	(85,904)	(1,130,465)	(1,403,118)
Total Fund Balances	<u>725,721</u>	<u>(52,944)</u>	<u>(1,086,234)</u>	<u>(413,457)</u>
Total Liabilities and Fund Balances	<u>\$ 1,222,620</u>	<u>\$ 33,405</u>	<u>\$ 864,599</u>	<u>\$ 2,120,624</u>

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total
Revenues				
Permits, Fees and Special Assessments	\$ 0	\$ 10,808	\$ 0	\$ 10,808
Charges for Services	0	2,215	0	2,215
Fines and Forfeitures	0	5,367	0	5,367
Investment Income	730	128	113	971
Miscellaneous	0	28,100	95,050	123,150
Total Revenues	730	46,618	95,163	142,511
Expenditures				
Current:				
General Government	0	49	0	49
Public Safety	0	5,773	0	5,773
Physical Environment	0	6,572	58,049	64,621
Parks and Recreation	0	26,873	1,442	28,315
Debt Service:				
Principal	215,000	0	0	215,000
Interest and Fiscal Charges	414,970	0	0	414,970
Capital Outlay	0	8,751	37,000	45,751
(Total Expenditures)	(629,970)	(48,018)	(96,491)	(774,479)
(Deficiency) of Revenues				
(Under) Expenditures	(629,240)	(1,400)	(1,328)	(631,968)
Other Financing Sources (Uses)				
Transfers in	625,625	0	0	625,625
Transfers (out)	0	0	(30,193)	(30,193)
Total Other Financing Sources (Uses)	625,625	0	(30,193)	595,432
Net Change in Fund Balance	(3,615)	(1,400)	(31,521)	(36,536)
Fund Balance, Beginning of Year	729,336	(51,544)	(1,054,713)	(376,921)
Fund Balance, End of Year	\$ 725,721	\$ (52,944)	\$ (1,086,234)	\$ (413,457)

**CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2013**

	<u>Building Operations</u>	<u>Additional Court Costs</u>	<u>Donations</u>
Assets			
Cash and Cash Equivalents	\$ 0	\$ 3,872	\$ 10,327
Accounts Receivable	0	198	0
Prepaid Items	0	500	0
Total Assets	<u>0</u>	<u>4,570</u>	<u>10,327</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	0	195	0
Advances from Other Funds	85,904	0	0
Total Liabilities	<u>85,904</u>	<u>195</u>	<u>0</u>
Fund Balances			
Restricted for:			
Comprehensive Planning	0	0	2,411
Law Enforcement	0	4,375	200
Physical Environment	0	0	0
Parks and Recreation	0	0	7,716
Unassigned	(85,904)	0	0
Total Fund Balances	<u>(85,904)</u>	<u>4,375</u>	<u>10,327</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 4,570</u>	<u>\$ 10,327</u>

Tree Bank	Police Explorers	TK Basin Special Assessment	Total
\$ 93	\$ 4,253	\$ 14,112	\$ 32,657
0	0	50	248
0	0	0	500
<u>93</u>	<u>4,253</u>	<u>14,162</u>	<u>33,405</u>
0	0	250	445
0	0	0	85,904
<u>0</u>	<u>0</u>	<u>250</u>	<u>86,349</u>
93	0	0	2,504
0	4,253	0	8,828
0	0	13,912	13,912
0	0	0	7,716
0	0	0	(85,904)
<u>93</u>	<u>4,253</u>	<u>13,912</u>	<u>(52,944)</u>
<u>\$ 93</u>	<u>\$ 4,253</u>	<u>\$ 14,162</u>	<u>\$ 33,405</u>

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2013

	<u>Building Operations</u>	<u>Additional Court Costs</u>	<u>Donations</u>
Revenues			
Permits, Fees and Special Assessments	\$ 0	\$ 0	\$ 0
Charges for Services	1,266	0	0
Fines and Forfeitures	0	5,367	0
Investment Income	0	12	79
Miscellaneous	0	0	27,650
Total Revenues	<u>1,266</u>	<u>5,379</u>	<u>27,729</u>
Expenditures			
Current:			
General Government	0	0	0
Public Safety	0	5,766	0
Physical Environment	0	0	0
Parks and Recreation	0	0	26,873
Capital Outlay	0	0	8,751
Total (Expenditures)	<u>0</u>	<u>(5,766)</u>	<u>(35,624)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>1,266</u>	<u>(387)</u>	<u>(7,895)</u>
Net Change in Fund Balances	1,266	(387)	(7,895)
Fund Balance, Beginning of Year	<u>(87,170)</u>	<u>4,762</u>	<u>18,222</u>
Fund Balance, End of Year	<u>\$ (85,904)</u>	<u>\$ 4,375</u>	<u>\$ 10,327</u>

Tree Bank	Police Explorers	TK Basin Special Assessment	Total
\$ 0	\$ 0	\$ 10,808	\$ 10,808
0	949	0	2,215
0	0	0	5,367
0	0	37	128
0	450	0	28,100
0	1,399	10,845	46,618
49	0	0	49
0	7	0	5,773
0	0	6,572	6,572
0	0	0	26,873
0	0	0	8,751
(49)	(7)	(6,572)	(48,018)
(49)	1,392	4,273	(1,400)
(49)	1,392	4,273	(1,400)
142	2,861	9,639	(51,544)
\$ 93	\$ 4,253	\$ 13,912	\$ (52,944)

**CITY OF ALACHUA, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2013**

	<u>Neighborhood Community Center</u>	<u>Municipal Complex</u>	<u>San Felasco Conservation Corridor</u>
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 10,687
Total Assets	<u>0</u>	<u>0</u>	<u>10,687</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	0	0	0
Unearned Revenue	0	0	0
Advances from Other Funds	<u>195,141</u>	<u>935,324</u>	<u>0</u>
Total Liabilities	<u>195,141</u>	<u>935,324</u>	<u>0</u>
Fund Balances			
Restricted for:			
Parks and Recreation	0	0	10,687
Unassigned	<u>(195,141)</u>	<u>(935,324)</u>	<u>0</u>
Total Fund Balances	<u>(195,141)</u>	<u>(935,324)</u>	<u>10,687</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,687</u>

Recreation Surtax	Project Legacy	Heritage Oaks Improvement	Total
\$ 32,527	\$ 1,017	\$ 820,368	\$ 864,599
<u>32,527</u>	<u>1,017</u>	<u>820,368</u>	<u>864,599</u>
0	0	1,418	1,418
0	0	818,950	818,950
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,130,465</u>
<u>0</u>	<u>0</u>	<u>820,368</u>	<u>1,950,833</u>
32,527	1,017	0	44,231
<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,130,465)</u>
<u>32,527</u>	<u>1,017</u>	<u>0</u>	<u>(1,086,234)</u>
<u>\$ 32,527</u>	<u>\$ 1,017</u>	<u>\$ 820,368</u>	<u>\$ 864,599</u>

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2013

	Neighborhood Community Center	Municipal Complex
Revenues		
Intergovernmental Revenues	\$ 0	\$ 0
Investment Income	0	0
Miscellaneous	0	0
	0	0
Total Revenues	0	0
Expenditures		
Current:		
Parks and Recreation	0	0
Physical Environment	0	0
Capital Outlay	0	0
	0	0
(Total Expenditures)	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0
Other Financing Sources (Uses)		
Transfers in	0	0
Transfers (out)	0	0
Total Other Financing Sources (Uses)	0	0
Net Change in Fund Balances	0	0
Fund Balance, Beginning of Year	(195,141)	(935,324)
Fund Balance, End of Year	\$ (195,141)	\$ (935,324)

San Felasco Conservation Corridor	Recreation Surtax	Project Legacy	Heritage Oaks Improvement	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	80	0	0	113
0	0	1	95,049	95,050
33	80	1	95,049	95,163
1,442	0	0	0	1,442
0	0	0	58,049	58,049
0	0	0	37,000	37,000
(1,442)	0	0	(95,049)	(96,491)
(1,409)	80	1	0	(1,328)
0	0	0	0	0
0	(30,193)	0	0	(30,193)
0	(30,193)	0	0	(30,193)
(1,409)	(30,113)	1	0	(31,521)
12,096	62,640	1,016	0	(1,054,713)
<u>\$ 10,687</u>	<u>\$ 32,527</u>	<u>\$ 1,017</u>	<u>\$ 0</u>	<u>\$ (1,086,234)</u>

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND - NONMAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Interest	\$ 0	\$ 730	\$ 730
Total Revenues	<u>0</u>	<u>730</u>	<u>730</u>
Expenditures			
Debt Service:			
Principal	215,000	215,000	0
Interest and Fiscal Charges	414,970	414,970	0
Debt Reserves ¹	<u>0</u>	<u>0</u>	<u>0</u>
(Total Expenditures)	<u>(629,970)</u>	<u>(629,970)</u>	<u>0</u>
(Deficiency) of Revenues (Under)			
Expenditures	<u>(629,970)</u>	<u>(629,240)</u>	<u>730</u>
Other Financing Sources (Uses)			
Transfers in	<u>625,625</u>	<u>625,625</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>625,625</u>	<u>625,625</u>	<u>0</u>
Net Change in Fund Balance	(4,345)	(3,615)	730
Fund Balance, Beginning of Year	<u>208,547</u>	<u>729,336</u>	<u>520,789</u>
Fund Balance, End of Year	<u>\$ 204,202</u>	<u>\$ 725,721</u>	<u>\$ 521,519</u>

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - NONMAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Building Operations</u>			<u>Additional Court Costs</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues						
Permits, Fees and Special Assessments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for Services	0	1,266	1,266	0	0	0
Fines and Forfeitures	0	0	0	4,120	5,367	1,247
Investment Income (Loss)	0	0	0	0	12	12
Miscellaneous	0	0	0	0	0	0
Total Revenues	<u>0</u>	<u>1,266</u>	<u>1,266</u>	<u>4,120</u>	<u>5,379</u>	<u>1,259</u>
Expenditures						
Current:						
General Government	0	0	0	0	0	0
Public Safety	0	0	0	6,880	5,766	1,114
Physical Environment	0	0	0	0	0	0
Parks and Recreation	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
(Total Expenditures)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,880)</u>	<u>(5,766)</u>	<u>1,114</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	1,266	1,266	(2,760)	(387)	2,373
Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	1,266	1,266	(2,760)	(387)	2,373
Fund Balance, Beginning of Year	<u>0</u>	<u>(87,170)</u>	<u>(87,170)</u>	<u>0</u>	<u>4,762</u>	<u>4,762</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ (85,904)</u>	<u>\$ (85,904)</u>	<u>\$ (2,760)</u>	<u>\$ 4,375</u>	<u>\$ 7,135</u>

Donations			Tree Bank			Police Explorers		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	949	949
0	0	0	0	0	0	0	0	0
0	79	79	29	0	(29)	0	0	0
30,800	27,650	(3,150)	0	0	0	0	450	450
30,800	27,729	(3,071)	29	0	(29)	0	1,399	1,399
0	0	0	172	49	123	0	0	0
0	0	0	0	0	0	2,861	7	2,854
0	0	0	0	0	0	0	0	0
22,050	26,873	(4,823)	0	0	0	0	0	0
9,210	8,751	459	0	0	0	0	0	0
(31,260)	(35,624)	(4,364)	(172)	(49)	123	(2,861)	(7)	2,854
(460)	(7,895)	(7,435)	(143)	(49)	94	(2,861)	1,392	4,253
0	0	0	0	0	0	0	0	0
(460)	(7,895)	(7,435)	(143)	(49)	94	(2,861)	1,392	4,253
0	18,222	18,222	0	142	142	0	2,861	2,861
\$ (460)	\$ 10,327	\$ 10,787	\$ (143)	\$ 93	\$ 236	\$ (2,861)	\$ 4,253	\$ 7,114

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - NONMAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Concluded)

	TK Basin Special Assessment		
	Final Budget	Actual	Variance With Final Budget
Revenues			
Permits, Fees and Special Assessments	\$ 11,000	\$ 10,808	\$ (192)
Investment Income (Loss)	50	37	(13)
Total Revenues	<u>11,050</u>	<u>10,845</u>	<u>(205)</u>
Expenditures			
Current:			
Physical Environment	7,000	6,572	428
(Total Expenditures)	<u>(7,000)</u>	<u>(6,572)</u>	<u>428</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,050	4,273	223
Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	4,050	4,273	223
Fund Balance, Beginning of Year	<u>0</u>	<u>9,639</u>	<u>9,639</u>
Fund Balance, End of Year	<u>\$ 4,050</u>	<u>\$ 13,912</u>	<u>\$ 9,862</u>

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUNDS - NONMAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>San Felasco Conservation Corridor</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Intergovernmental Revenues	\$ 0	\$ 0	\$ 0
Investment Income (Loss)	120	33	(87)
Miscellaneous	0	0	0
Total Revenues	<u>120</u>	<u>33</u>	<u>(87)</u>
Expenditures			
Current:			
Physical Environment	0	0	0
Parks and Recreation	12,491	1,442	11,049
Capital Outlay	0	0	0
(Total Expenditures)	<u>(12,491)</u>	<u>(1,442)</u>	<u>11,049</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(12,371)</u>	<u>(1,409)</u>	<u>10,962</u>
Other Financing Sources (Uses)			
Transfers in	0	0	0
Transfers (out)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(12,371)	(1,409)	10,962
Fund Balance, Beginning of Year	<u>0</u>	<u>12,096</u>	<u>12,096</u>
Fund Balance, End of Year	<u>\$ (12,371)</u>	<u>\$ 10,687</u>	<u>\$ 23,058</u>

Recreation Surtax			Project Legacy			Heritage Oaks Improvement		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
120	80	(40)	0	0	0	0	0	0
0	0	0	0	1	1	200,000	95,049	(104,951)
120	80	(40)	0	1	1	200,000	95,049	(104,951)
0	0	0	0	0	0	115,000	58,049	56,951
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	85,000	37,000	48,000
0	0	0	0	0	0	(200,000)	(95,049)	104,951
120	80	(40)	0	1	1	0	0	0
0	0	0	0	0	0	0	0	0
(62,766)	(30,193)	32,573	0	0	0	0	0	0
(62,766)	(30,193)	32,573	0	0	0	0	0	0
(62,646)	(30,113)	32,533	0	1	1	0	0	0
0	62,640	62,640	0	1,016	1,016	0	0	0
\$ (62,646)	\$ 32,527	\$ 95,173	\$ 0	\$ 1,017	\$ 1,017	\$ 0	\$ 0	\$ 0

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION

(Unaudited)

This part of the City of Alachua, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends Information	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	75
Revenue Capacity Information	
These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source which is property taxes.	82
Debt Capacity Information	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. The City has no legal debt margin, thus it is not reported in these schedules.	87
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	94
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	96
Sources: <i>Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.</i>	

FINANCIAL TRENDS INFORMATION

Schedule 1
CITY OF ALACHUA, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net investment in capital assets	\$ 1,026,647	1,006,106	5,231,567	7,345,392	7,995,820	11,727,737	12,924,412	13,306,758	14,518,013	15,054,392
Restricted	51,490	175,489	179,312	240,666	109,767	2,298,952	2,642,617	2,768,100	2,302,270	2,104,955
Unrestricted	1,051,216	1,193,543	586,454	104,323	33,531	(1,212,629)	(487,329)	1,321,909	2,461,910	3,250,642
Total Governmental Activities Net Position	\$ 2,129,353	2,375,138	5,997,333	7,690,381	8,139,118	12,814,060	15,079,700	17,396,767	19,282,193	20,409,989
Business-type Activities										
Net investment in capital assets	\$ 1,641,488	1,042,838	3,343,956	6,524,660	7,859,209	9,201,971	21,128,470	22,062,135	21,337,789	25,916,493
Restricted	918,000	946,173	970,861	1,006,659	1,053,894	1,269,753	1,274,753	2,934,138	2,927,873	1,067,119
Unrestricted	6,656,764	6,990,100	7,036,767	3,492,497	1,553,135	(316,896)	12,635	2,294,312	2,695,450	2,671,853
Total Business-type Activities Net Position	\$ 9,216,252	8,979,111	11,351,584	11,023,816	10,466,238	10,154,828	22,415,858	27,290,585	26,961,112	29,655,465
Primary Government										
Net investment in capital assets	\$ 2,668,135	2,048,944	8,575,523	13,870,052	15,855,029	20,929,708	34,052,882	35,368,893	35,855,802	40,970,885
Restricted	969,490	1,121,662	1,150,173	1,247,325	1,163,661	3,568,705	3,917,370	5,702,238	5,230,143	3,172,074
Unrestricted	7,707,980	8,183,643	7,623,221	3,596,820	1,586,666	(1,529,525)	(474,694)	3,616,221	5,157,360	5,922,495
Total Primary Government Net Position	\$ 11,345,605	11,354,249	17,348,917	18,714,197	18,605,356	22,968,888	37,495,558	44,687,352	46,243,305	50,065,454

Schedule 2
CITY OF ALACHUA, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General Government	\$ 1,977,611	2,193,976	2,505,211	3,998,405	3,373,717	3,565,490	2,771,143	2,897,711	3,080,776	2,809,065
Public Safety	2,227,148	3,202,102	2,621,162	2,869,023	2,916,964	2,853,035	3,031,037	2,882,263	3,009,977	3,085,939
Physical Environment	629,191	1,004,761	558,928	477,038	554,763	643,072	767,582	761,634	737,191	795,886
Transportation	644,394	772,815	701,492	754,008	840,867	724,671	755,262	675,861	708,219	694,479
Economic Environment	699,843	82,049	608,385	1,258,609	150,543	150,250	168,590	185,242	148,614	176,463
Parks and Recreation	494,500	564,972	609,993	746,943	776,645	718,239	868,434	722,994	748,726	763,706
Interest on Long-term Debt	246,730	197,744	395,514	474,453	467,028	457,511	448,741	435,371	426,781	435,587
Total Governmental Activities Expenses	6,919,417	8,018,419	8,000,685	10,578,479	9,080,527	9,112,268	8,810,789	8,561,076	8,860,284	8,761,125
Business-type Activities										
Electric	7,499,525	8,946,756	10,122,932	11,111,055	12,611,445	11,805,050	11,841,903	10,903,730	9,745,061	10,083,138
Water and Sewer	1,749,977	2,771,163	2,518,848	2,793,433	2,964,692	2,941,214	2,893,843	3,121,021	4,715,831	3,634,733
Mosquito Control	--	24,449	36,914	30,375	44,395	43,684	45,886	47,326	55,105	49,446
Total Business-type Activities	9,249,502	11,742,368	12,678,694	13,934,923	15,620,532	14,789,948	14,781,632	14,072,077	14,515,997	13,767,317
Total Primary Government Expenses	16,168,919	19,760,787	20,679,379	24,513,402	24,701,059	23,902,216	23,592,421	22,633,153	23,376,281	22,528,442
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	872,927	394,028	177,492	222,686	209,856	362,701	377,226	395,496	346,639	339,896
Public Safety	127,422	126,464	305,855	303,235	208,106	175,843	145,175	155,580	156,036	210,296
Physical Environment	--	540,857	544,330	562,037	577,104	736,898	806,932	785,330	816,165	809,118
Transportation	--	--	--	--	70	11,165	11,720	11,843	12,200	12,565
Economic Environment	--	--	--	--	--	--	--	--	--	--
Parks and Recreation	--	62,779	29,070	57,014	60,078	70,666	43,050	31,174	40,295	32,615
Operating Grants and Contributions	58,699	1,388,772	722,235	1,434,870	131,360	291,160	342,416	218,571	217,569	270,027
Capital Grants and Contributions	887,298	231,662	2,876,553	2,309,950	928,576	783,967	1,590,710	1,168,258	1,033,364	756,335
Total Governmental Activities										
Program Revenues	\$ 1,946,346	2,744,562	4,655,535	4,889,792	2,115,150	2,432,400	3,317,229	2,766,252	2,622,268	2,430,852
Business-type Activities:										
Charges for Services:										
Electric	\$ 8,570,033	10,105,732	11,595,733	11,350,370	14,563,814	12,835,626	14,673,991	14,392,269	12,519,393	13,073,827
Water and Sewer	1,905,263	2,097,604	2,045,446	2,412,960	2,252,644	2,148,928	2,251,328	3,257,081	2,952,806	3,144,427
Mosquito Control	--	41,255	42,959	45,927	49,071	49,655	49,775	49,877	50,073	54,585
Operating Grants and Contributions	--	--	--	15,709	--	--	--	1,627,198	--	551,284
Capital Grants and Contributions	--	--	--	1,117,109	--	325,635	11,420,846	2,139,510	138,066	1,321,644
Total Business-type Activities										
Program Revenues	10,475,296	12,244,591	13,684,138	14,942,075	16,865,529	15,359,844	28,395,940	21,465,935	15,660,338	18,145,767
Total Primary Government										
Program Revenues	12,421,642	14,989,153	18,339,673	19,831,867	18,980,679	17,792,244	31,713,169	24,232,187	18,282,606	20,576,619
Net (Expense) Revenue										
Governmental Activities	(4,973,071)	(5,273,857)	(3,345,150)	(5,688,687)	(6,965,377)	(6,679,868)	(5,493,560)	(5,794,824)	(6,238,016)	(6,330,273)
Business-type Activities	1,225,794	502,223	1,005,444	1,007,152	1,244,997	569,896	13,614,308	7,393,858	1,144,341	4,378,450
Total Primary Government										
Net (Expense) Revenue	\$ (3,747,277)	(4,771,634)	(2,339,706)	(4,681,535)	(5,720,380)	(6,109,972)	8,120,748	1,599,034	(5,093,675)	(1,951,823)

Schedule 2 (Concluded)
CITY OF ALACHUA, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 2,172,994	2,389,945	2,721,884	3,072,173	3,071,384	3,464,378	4,241,001	4,051,946	3,695,306	3,650,565
Communications Services Taxes	214,259	220,943	236,613	250,326	354,990	472,087	428,155	408,414	379,347	333,439
Utility Taxes	543,939	643,971	582,241	638,777	632,621	666,161	959,321	1,233,554	1,191,592	1,120,707
Local Option Gas Tax	134,516	140,829	145,771	142,317	197,363	--	--	--	--	--
Business License Tax	--	--	--	--	44,545	46,050	47,034	48,780	49,898	49,723
Franchise Fees	173,241	226,439	250,238	237,505	271,562	--	--	--	--	--
Intergovernmental Revenue	632,298	615,007	688,172	666,744	658,998	521,249	548,753	565,093	600,600	626,460
Unrestricted Investment Earnings	27,886	61,391	125,389	149,747	56,825	(13,557)	31,071	11,159	15,289	13,401
Miscellaneous	51,935	252,132	181,171	77,746	112,202	90,752	72,712	90,378	637,528	150,228
Capital Asset Transfers	--	--	(827,839)	--	(694,401)	--	--	--	--	--
Gain on Disposal of Capital Assets	--	--	--	--	--	--	--	10,775	--	--
Special Item - Insurance Claim Proceeds	--	--	--	380,599	--	--	--	--	--	--
Transfers	955,329	992,475	1,100,595	1,765,801	2,708,025	2,087,990	1,431,153	1,691,792	1,553,882	1,698,102
Total Governmental Activities	4,906,397	5,543,132	5,204,235	7,381,735	7,414,114	7,335,110	7,759,200	8,111,891	8,123,442	7,642,625
Business-type Activities:										
Unrestricted Investment Earnings	29,534	89,647	458,045	380,637	132,148	(26,740)	7,931	10,154	17,395	11,665
Miscellaneous	40,997	163,464	8,213	50,244	78,901	83,957	69,944	83,366	62,673	80,881
Capital Asset Transfers	--	--	827,839	--	694,401	--	--	--	--	--
Gain on Disposal of Capital Assets	--	--	--	--	--	--	--	752	--	--
Special Item	--	--	--	--	--	--	--	(921,611)	--	--
Transfers	(955,329)	(992,475)	(1,100,595)	(1,765,801)	(2,708,025)	(2,087,990)	(1,431,153)	(1,691,792)	(1,553,882)	(1,698,102)
Total Business-type Activities	(884,798)	(739,364)	193,502	(1,334,920)	(1,802,575)	(2,030,773)	(1,353,278)	(2,519,131)	(1,473,814)	(1,605,556)
Total Primary Government	\$ 4,021,599	4,803,768	5,397,737	6,046,815	5,611,539	5,304,337	6,405,922	5,592,760	6,649,628	6,037,069
Change in Net Position										
Governmental Activities	\$ (66,674)	269,275	1,859,085	1,693,048	448,737	655,242	2,265,640	2,317,067	1,885,426	1,312,352
Business-type Activities	340,996	(237,141)	1,198,946	(327,768)	(557,578)	(1,460,877)	12,261,030	4,874,727	(329,473)	2,772,894
Total Primary Government	\$ 274,322	32,134	3,058,031	1,365,280	(108,841)	(805,635)	14,526,670	7,191,794	1,555,953	4,085,246

Schedule 3
CITY OF ALACHUA, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Nonspendable	\$ --	--	--	--
Restricted	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
Reserved	3,451	6,178	46,537	47,493
Unreserved	<u>1,210,629</u>	<u>1,337,690</u>	<u>752,199</u>	<u>530,387</u>
Total General Fund	\$ <u>1,214,080</u>	<u>1,343,868</u>	<u>798,736</u>	<u>577,880</u>
All Other Governmental Funds				
Nonspendable	\$ --	--	--	--
Restricted	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
Reserved	48,039	314,306	4,532,175	240,239
Unreserved, Reported in:				
Special Revenue Funds	232,448	212,809	410,974	739,239
Debt Service Funds	--	--	--	--
Capital Projects Funds	<u>(1,110)</u>	<u>(139,632)</u>	<u>1,559,883</u>	<u>(967,350)</u>
Total All Other Governmental Funds	\$ <u>279,377</u>	<u>387,483</u>	<u>6,503,032</u>	<u>12,128</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
--	--	--	1,754,694	1,768,547	1,819,012
--	--	--	44,769	15,478	12,626
--	--	--	162,624	157,705	--
--	--	--	1,438,093	2,384,588	3,343,294
562,704	1,451,124	2,446,216	--	--	--
90,672	(400,601)	(362,329)	--	--	--
<u>653,376</u>	<u>1,050,523</u>	<u>2,083,887</u>	<u>3,400,180</u>	<u>4,326,318</u>	<u>5,174,932</u>
--	--	--	18,285	9,549	13,621
--	--	--	2,884,071	2,453,267	2,259,043
--	--	--	--	--	--
--	--	--	(1,646,843)	(1,402,080)	(1,403,618)
317,736	110,241	98,969	--	--	--
746,922	1,034,916	1,162,252	--	--	--
--	103,600	103,379	--	--	--
(1,331,239)	(901,994)	(718,530)	--	--	--
<u>(266,581)</u>	<u>346,763</u>	<u>646,070</u>	<u>1,255,513</u>	<u>1,060,736</u>	<u>869,046</u>

Schedule 4
CITY OF ALACHUA, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
Taxes	\$ 3,238,949	3,622,127	3,936,747	4,341,099
Permits, Fees and Special Assessments	195,072	303,955	255,117	271,210
Fines and Forfeitures	127,422	126,064	89,005	70,338
Intergovernmental Revenues	1,578,295	2,038,632	4,225,378	3,290,350
Charges for Services	677,855	702,875	722,183	803,424
Interest	27,886	61,391	125,389	149,747
Miscellaneous	51,935	408,064	251,754	192,354
Total Revenues	<u>5,897,414</u>	<u>7,263,108</u>	<u>9,605,573</u>	<u>9,118,522</u>
Expenditures				
General Government	1,931,534	2,124,477	2,447,896	3,499,993
Public Safety	2,080,532	2,993,477	2,532,882	2,732,214
Physical Environment	616,769	995,092	557,059	478,017
Transportation	425,937	494,320	541,820	533,781
Economic Environment	696,733	78,459	607,006	1,257,028
Parks and Recreation	422,163	514,504	564,733	685,953
Debt Service:				
Principal	170,941	190,455	369,310	2,195,202
Interest and Fiscal Charges	198,548	197,744	457,336	471,080
Capital Outlay	111,887	703,303	6,159,969	6,123,414
Total Expenditures	<u>6,655,044</u>	<u>8,291,831</u>	<u>14,238,011</u>	<u>17,976,682</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(757,630)	(1,028,723)	(4,632,438)	(8,858,160)
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital Assets	--	--	--	--
Proceeds from Borrowing	--	297,633	9,786,096	--
Payments to Refunding Bond Escrow Agent	--	--	(683,836)	--
Insurance Proceeds	--	--	--	380,599
Transfers In	1,252,313	1,343,002	1,883,777	2,855,631
Transfers Out	(296,984)	(350,527)	(783,182)	(1,089,830)
Total Other Financing Sources (Uses)	<u>955,329</u>	<u>1,290,108</u>	<u>10,202,855</u>	<u>2,146,400</u>
Net Change in Fund Balances	<u>\$ 197,699</u>	<u>261,385</u>	<u>5,570,417</u>	<u>(6,711,760)</u>
Debt Service as a Percentage of Noncapital Expenditures	5.6%	5.1%	10.2%	22.5%

Source: City of Alachua Financial Reports

Note: In 2001, the outstanding balances on the Sales Tax Notes 1999A and 1999B were paid off with proceeds from the Section 108 loan.

Fiscal Year					
2008	2009	2010	2011	2012	2013
4,300,903	5,173,394	6,341,335	6,111,452	5,531,359	5,364,716
414,749	388,187	388,256	426,656	410,673	448,531
64,719	115,367	51,071	47,813	41,023	48,181
1,645,224	1,001,259	1,509,711	953,409	1,481,397	1,038,824
847,308	902,484	933,276	904,161	918,349	906,021
56,825	(13,556)	31,071	11,159	15,289	13,401
185,912	112,386	314,097	145,019	793,738	174,019
<u>7,515,640</u>	<u>7,679,521</u>	<u>9,568,817</u>	<u>8,599,669</u>	<u>9,191,828</u>	<u>7,993,693</u>
3,124,553	3,304,566	2,515,519	2,667,416	2,798,685	2,529,375
2,771,926	2,698,133	2,867,877	2,755,777	2,869,912	2,916,255
554,710	643,018	748,023	761,580	737,137	795,832
603,818	477,657	524,382	454,041	475,306	473,721
144,962	143,358	162,431	176,300	136,857	161,923
672,312	638,051	771,309	624,179	645,313	662,415
222,409	227,525	234,169	227,398	210,000	215,000
461,570	452,212	441,966	431,476	420,787	430,470
1,879,943	249,846	1,446,133	435,301	1,733,572	1,746,650
<u>10,436,203</u>	<u>8,834,366</u>	<u>9,711,809</u>	<u>8,533,468</u>	<u>10,027,569</u>	<u>9,931,641</u>
(2,920,563)	(1,154,845)	(142,992)	66,201	(835,741)	(1,937,948)
9,325	15,397	38,988	167,743	13,220	11,270
--	--	--	--	--	885,500
--	--	--	--	--	--
--	--	--	--	--	--
3,567,534	2,950,565	2,728,129	2,852,909	3,182,229	2,454,088
(859,509)	(858,575)	(1,291,454)	(1,161,117)	(1,628,347)	(755,986)
<u>2,717,350</u>	<u>2,107,387</u>	<u>1,475,663</u>	<u>1,859,535</u>	<u>1,567,102</u>	<u>2,594,872</u>
<u>(203,213)</u>	<u>952,542</u>	<u>1,332,671</u>	<u>1,925,736</u>	<u>731,361</u>	<u>656,924</u>
8.0%	7.9%	8.2%	8.1%	7.6%	7.9%

REVENUE CAPACITY INFORMATION

Schedule 5
CITY OF ALACHUA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30		Residential Property	Commercial Property	Agricultural Property	Industrial Property	Non-Taxable Real Property
2004	\$	258,303,000	53,966,300	23,216,800	71,367,800	50,426,100
2005		304,669,400	58,459,200	24,485,700	81,063,300	52,295,000
2006		365,001,800	67,234,800	30,265,500	86,254,300	62,440,300
2007		449,024,100	85,797,400	32,490,500	85,250,300	72,842,900
2008		535,100,200	102,112,900	35,005,500	100,646,800	77,307,900
2009		569,343,300	111,092,400	37,888,600	163,769,900	97,840,300
2010		531,600,770	113,537,800	69,227,500	158,400,600	108,260,600
2011		319,077,965	104,257,104	60,791,620	145,987,301	261,136,703
2012		275,660,490	104,238,080	59,247,070	129,060,290	260,266,024
2013		279,161,950	106,282,970	57,665,520	130,863,550	286,179,813

Source: Alachua County Property Appraiser

Personal and Centrally Assessed Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
80,831,902	142,109,470	396,002,432	5.7000
79,854,354	164,686,240	436,140,714	5.7000
82,886,340	199,049,550	495,033,490	5.7000
93,854,996	235,711,400	583,548,796	5.5000
99,036,273	265,998,252	683,211,321	4.6480
127,181,206	340,977,840	766,137,866	4.6966
141,482,934	321,027,840	801,482,364	5.5000
144,519,173	272,288,306	763,481,560	5.5000
146,380,912	272,929,424	701,923,442	5.5000
103,588,381	281,978,533	681,763,651	5.5000

Schedule 6
CITY OF ALACHUA, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$1,000 of Assessed Value)

Fiscal Year Ended Sept. 30,	Direct		Overlapping						
	City	Alachua BOCC	Alachua BOCC GO Debt	Alachua County Library District	Library Capital Outlay	Library Debt Service	School Board	Suwannee River Water Mgmt. District	St. Johns River Water Mgmt. District
2004	5.7000	8.9887	0.2500	1.5000	0.0000	0.1566	9.8390	0.4914	0.4620
2005	5.7000	8.9887	0.2500	1.5000	0.0000	0.1566	9.2240	0.4914	0.4620
2006	5.7000	8.9887	0.2500	1.4475	0.0000	0.1445	9.0340	0.4914	0.4620
2007	5.5000	8.8887	0.2500	1.4475	0.0000	0.1140	8.5710	0.4914	0.4620
2008	4.6480	7.6468	0.2500	1.2645	0.0000	0.0915	8.3950	0.4399	0.4158
2009	4.6966	7.5708	0.2500	1.2491	0.0000	0.0915	8.3590	0.4399	0.4158
2010	5.5000	8.0495	0.2500	1.2856	0.0000	0.0915	9.4080	0.4399	0.4158
2011	5.5000	8.3763	0.2500	1.3638	0.0000	0.1098	9.1070	0.4399	0.4158
2012	5.5000	8.5956	0.2500	1.3638	0.0000	0.1152	9.0920	0.4143	0.3313
2013	5.5000	8.5956	0.2500	1.3638	0.0000	0.1130	8.5490	0.4143	0.3313

Source: Alachua County Property Appraiser

Schedule 7
CITY OF ALACHUA, FLORIDA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	Fiscal Year 2013			Fiscal Year 2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wal-Mart Stores East LP	\$ 72,814,750	1	10.68%	--		0.00%
Dolgencorp, Inc.	51,690,390	2	7.58%	38,477,200	1	9.72%
Dollar General Store #1394	--		0.00%	31,097,810	2	7.85%
Baugh Southeast Cooperative, Inc.	31,300,900	3	4.59%	--		0.00%
South Redistribution Center Inc.	11,218,120	5	1.65%			0.00%
Regeneration Technologies, Inc.	20,391,730	4	2.99%	15,076,170	3	3.81%
Waco of Alabama Inc.	10,591,000	7	1.55%	--		0.00%
Lowes Home Centers Inc.	9,029,320	9	1.32%	--		0.00%
Alachua Development LLC	9,894,520	8	1.45%	--		0.00%
Hunter Marine Corporation	--		0.00%	--		0.00%
MAS Holding Company, Inc.	5,173,000	10	0.76%	4,254,500	4	1.07%
Wigshaw LLC	--		0.00%	--		0.00%
Maronda Homes Inc.	--		0.00%	--		0.00%
Atlantic Financial Group, Ltd.	--		0.00%	--		0.00%
Sage Software	--		0.00%	2,722,290	10	0.69%
SNH Medical Office Properties, Trust	11,217,500	6	1.65%	--		0.00%
Innovation Partners Ltd.	--		0.00%	3,035,600	8	0.77%
Hipp Construction	--		0.00%	--		0.00%
Malboro Industry Park, Inc.	--		0.00%	4,121,400	5	1.04%
Sandvik Mining & Construction USA, LLC	--		0.00%	2,761,240	9	0.70%
Alltel Florida Inc.	--		0.00%	3,621,260	6	0.91%
Citizens & Southern	--		0.00%	3,145,800	7	0.79%
Apalachee Development Co.	--		0.00%	--		0.00%
Heritage Links Golf Co.	--		0.00%	--		0.00%
Oakhill Plaza Associates LP	--		0.00%	--		0.00%
Plantation Oaks GC, Inc.	--		0.00%	--		0.00%
Apalachee Development Co.	--		0.00%	--		0.00%
Curagen Corp.	--		0.00%	--		0.00%
	<u>\$ 233,321,230</u>		<u>34.22%</u>	<u>108,313,270</u>		<u>27.35%</u>

Source: Alachua County Property Appraiser

Schedule 8
CITY OF ALACHUA, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended September 30</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections To-Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2004	\$ 2,257,214	2,167,283	96.0%	5,711	2,172,993	96.3%
2005	2,486,002	2,376,834	95.6%	13,112	2,389,946	96.1%
2006	2,821,691	2,715,521	96.2%	6,363	2,721,884	96.5%
2007	3,209,518	3,063,926	95.5%	13,648	3,077,574	95.9%
2008	3,175,566	3,056,030	96.2%	15,354	3,071,384	96.7%
2009	3,598,243	3,459,305	96.1%	5,073	3,464,378	96.3%
2010	4,408,153	4,234,528	96.1%	6,473	4,241,001	96.2%
2011	4,199,149	4,042,368	96.3%	9,578	4,051,946	96.5%
2012	3,860,579	3,688,577	95.5%	6,729	3,695,306	95.7%
2013	3,749,700	3,612,853	96.4%	37,712	3,650,565	97.4%

Sources: City of Alachua Financial System Data
Department of Revenue
Alachua County Property Appraiser
Alachua County Tax Collector

DEBT CAPACITY INFORMATION

Schedule 9
CITY OF ALACHUA, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities			
	General Government Bonds	Sales Tax Revenue Notes	Tax Increment Revenue Note	Financing Loans	Utility Acquisition Bonds	Utility Refunding Bonds	Utility Revenue Bonds	Loans/Capital Leases
2004	\$ 2,850,000	245,747	230,028	41,965	1,015,000	10,570,000	514,000	50,692
2005	2,735,000	208,863	203,220	327,835	975,000	10,030,000	488,000	55,990
2006	10,035,000	--	174,523	2,007,180	930,000	9,460,000	463,000	57,501
2007	9,875,000	--	140,043	6,459	885,000	8,860,000	437,000	323,522
2008	9,695,000	--	104,093	--	835,000	8,230,000	410,000	900,456
2009	9,505,000	--	66,568	--	780,000	7,675,000	381,000	1,148,009
2010	9,310,000	--	27,399	--	725,000	7,105,000	351,000	6,839,409
2011	9,110,000	--	--	--	665,000	6,515,000	319,000	9,504,289
2012	8,900,000	--	--	--	600,000	5,905,000	286,000	10,193,012
2013	8,685,000	--	885,500	--	530,000	4,695,000	--	8,362,905

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Total Primary Government	Percentage of Personal Income	Per Capita
15,517,432	7.56%	2,139
15,023,908	6.53%	1,988
23,127,205	9.62%	3,020
20,527,024	7.65%	2,415
20,174,549	6.81%	2,213
19,555,576	6.38%	2,101
24,357,808	7.51%	2,564
26,113,289	7.80%	2,771
25,884,012	8.15%	2,842
23,158,405	7.01%	2,535

Schedule 10
CITY OF ALACHUA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
Capital Improvement and Refunding Revenue Bonds, 2006	\$ 7,410,000	100.00%	\$ 7,410,000
2013 Redevelopment Note	885,500	100.00%	885,500
HUD Section 108 Loan	1,275,000	100.00%	1,275,000
Total Direct Debt			9,570,500
Overlapping:			
Alachua County Board of County Commissioners Alachua County Forever Bank Loan, 2010-1	7,630,800	6.05%	461,358
Alachua County Library District, 2011	4,063,000	6.05%	245,649
Total Overlapping Debt			707,007
Total Direct and Overlapping Debt			\$ 10,277,507

Sources: City of Alachua Finance Department, Alachua County Finance Department, and Alachua County School Board.

Notes:

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and the businesses of Alachua. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(2) Ratio of assessed valuation of taxable property in overlapping unit to that within the City of Alachua.

Schedule 11
CITY OF ALACHUA, FLORIDA
PLEDGED-REVENUE COVERAGE
GENERAL GOVERNMENT DEBT
LAST TEN FISCAL YEARS

Fiscal Year	Pledged Revenue	Section 108 Loan Debt Service		Coverage
		Principal	Interest	
2004	\$ 684,225	60,000	130,565	3.59
2005	823,125	65,000	127,787	4.27
2006	916,839	70,000	124,557	4.71
2007	886,115	75,000	120,917	4.52
2008	902,277	80,000	116,919	4.58
2009	853,193	90,000	112,495	4.21
2010	904,314	95,000	107,392	4.47
2011	928,496	100,000	101,930	4.60
2012	946,444	110,000	96,130	4.59
2013	966,702	115,000	89,530	4.73

Fiscal Year	Pledged Revenue	Series 2006 Capital Improvement Debt Service		Coverage
		Principal	Interest	
2004	\$ --	--	--	0.00
2005	--	--	--	0.00
2006	3,890,878	--	63,793	60.99
2007	2,437,562	85,000	341,389	5.72
2008	2,929,220	100,000	338,258	6.68
2009	1,536,087	100,000	334,758	3.53
2010	14,871,989	100,000	331,258	34.49
2011	8,681,466	100,000	327,758	20.30
2012	3,795,453	100,000	324,258	8.95
2013	6,255,215	100,000	320,695	14.87

Notes:

- (1) Pledged revenue for the Section 108 Loan consists of Half Cent Sales Tax, Franchise Fees and Guaranteed Entitlement Revenue.
- (2) Pledged revenue for the Series 2006 bonds consists of various non ad valorem revenue.

Schedule 12
CITY OF ALACHUA, FLORIDA
PLEDGED-REVENUE COVERAGE
SALES TAX REVENUE NOTES
LAST TEN FISCAL YEARS

Fiscal Year	Sales Tax Revenue	Sales Tax Rev Note-1995 Debt Service			Sales Tax Rev Note-1999A Debt Service		
		Principal	Interest	Coverage	Principal	Interest	Coverage
2004	\$ 362,176	26,638	13,506	9.02	--	--	--
2005	394,033	28,466	11,677	9.82	--	--	--
2006	455,370	163,604	4,075	2.72	--	--	--
2007	--	--	--	--	--	--	--
2008	--	--	--	--	--	--	--
2009	--	--	--	--	--	--	--
2010	--	--	--	--	--	--	--
2011	--	--	--	--	--	--	--
2012	--	--	--	--	--	--	--
2013	--	--	--	--	--	--	--

Fiscal Year	Sales Tax Revenue	Sales Tax Rev Note-1995 Debt Service			Sales Tax Rev Note-2000 Debt Service		
		Principal	Interest	Coverage	Principal	Interest	Coverage
2004	\$ 362,176	26,638	13,506	9.02	7,832	3,532	28.34
2005	394,033	28,466	11,677	9.82	8,418	2,945	31.14
2006	455,370	163,604	4,075	2.72	45,259	417	6.30
2007	--	--	--	--	--	--	--
2008	--	--	--	--	--	--	--
2009	--	--	--	--	--	--	--
2010	--	--	--	--	--	--	--
2011	--	--	--	--	--	--	--
2012	--	--	--	--	--	--	--
2013	--	--	--	--	--	--	--

Notes:

(1) The Sales Tax 1995 and 2000 were paid off in FY 2006 with proceeds from Series 06 Capital Improvement/Refunding Bonds.

(2) The Sales Tax 1999A and 1999B were paid off in FY 2001 with proceeds from Section 108 Loan.

Schedule 13
CITY OF ALACHUA, FLORIDA
PLEDGED-REVENUE COVERAGE
TAX INCREMENT REVENUE NOTES
LAST TEN FISCAL YEARS

Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2004	\$ 181,443	25,267	16,818	42,084	4.31
2005	235,645	26,974	15,111	42,084	5.60
2006	329,358	28,697	13,388	42,084	7.83
2007	488,465	34,480	7,642	42,122	11.60
2008	511,952	35,951	6,134	42,085	12.16
2009	621,439	37,525	4,559	42,084	14.77
2010	475,191	39,169	2,915	42,084	11.29
2011	461,621	27,399	1,389	28,788	16.04
2012	451,046	--	--	--	N/A
2013	440,175	--	--	--	N/A

Notes:

- (1) Debt Service payments began in Fiscal Year 2002.
- (2) The Tax Increment Revenue Notes are backed by the property tax revenue produced by the property tax rate of the City of Alachua and Alachua County applied to the increase in taxable assessed values above the base year taxable assessed value multiplied by 95%.
- (3) Tax Increment Note paid off during Fiscal Year 2011.

Schedule 14
CITY OF ALACHUA, FLORIDA
PLEDGED-REVENUE COVERAGE
UTILITY SYSTEM BONDS
LAST TEN FISCAL YEARS

Fiscal Year	Net Utility Revenue Available	Excise Taxes	Revenue Available for Debt Service	Net Debt Service Requirements	
				Total Debt	Coverage
2004	\$ 2,624,016	758,198	3,382,214	1,129,118	3.00
2005	2,874,358	864,914	3,739,272	1,150,648	3.25
2006	2,201,610	818,854	3,020,464	1,150,215	2.63
2007	1,067,072	889,103	1,956,175	1,144,753	1.71
2008	2,474,525	987,610	3,462,135	1,153,438	3.00
2009	1,499,996	1,138,248	2,638,244	1,100,762	2.40
2010	3,464,866	1,387,476	4,852,342	1,143,225	4.24
2011	5,035,639	1,641,968	6,677,607	1,114,203	5.99
2012	3,921,653	1,570,939	5,492,592	1,040,865	5.28
2013	4,555,312	1,454,146	6,009,458	1,162,198	5.17

Source: City of Alachua Financial Statements (Combining Statements of Revenues, Expenses and Changes In Retained Earnings)

DEMOGRAPHIC AND ECONOMIC INFORMATION

Schedule 15
CITY OF ALACHUA, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

YEAR	CITY POPULATION	GAINESVILLE MSA POPULATION	PER CAPITA PERSONAL INCOME	TOTAL PERSONAL INCOME	UNEMPLOYMENT RATE
2004	7,253	222,568	\$ 28,300	205,259,900	2.60%
2005	7,557	240,764	30,435	229,997,295	2.90%
2006	7,657	243,779	31,391	240,360,887	2.70%
2007	8,500	243,985	32,766	268,438,500	3.20%
2008	9,115	257,099	32,510	296,328,650	4.50%
2009	9,306	273,625	32,928	306,427,968	7.20%
2010	9,500	277,030	34,122	324,159,000	8.30%
2011	9,424	281,475	35,543	334,957,232	7.70%
2012	9,108	266,369	34,859	317,495,772	6.90%
2013	9,134	268,232	36,179	330,458,986	4.80%

(1) Per Capita Personal Income figures are based on Gainesville Metropolitan Statistical Area.

(2) Unemployment rate figures are based on the Gainesville Metropolitan Statistical Area.

Schedule 16
CITY OF ALACHUA, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR

Employer	Fiscal Year 2013			
	Type of Business	Number of Employees	Rank	% of Total
Walmart Distribution Center	Retail	736	1	14.33%
Dollar General Distribution Center	Retail	624	2	12.15%
Regeneration Technologies, Inc.	Orthopedic/Cardio Implants	365	3	7.11%
Hunter Marine Corporation	Sailboats	325	4	6.33%
School Board of Alachua County	Public Education	254	5	4.95%
Sage Software**	Healthcare Management	220	6	4.28%
Sandvik Mining & Construction USA, LLC*	Manufacturing	150	7	2.92%
State of Florida	State Government	144	8	2.80%
Baugh Southeast Cooperative, Inc.	Retail	132	9	2.57%
Hitchcock & Sons, Inc.	Grocery	129	10	2.51%
	Total City Employment	5,136		

Source: Individual Employers, Council for Economic Opportunity

Notes: Employer information was not available in 1999

* Formerly Drilltech

** Formerly Medical Manager

Total City Employment figure from 2006-2010 Census figures estimates

OPERATING INFORMATION

Schedule 17
CITY OF ALACHUA, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Administration	11.50	13.00	14.00	19.50	22.50	23.50	21.50	18.00	18.00	18.00
Culture and Recreation	7.00	7.00	8.00	7.50	7.50	7.50	7.50	6.00	6.00	7.00
Finance	11.00	10.00	10.00	8.50	9.00	9.00	13.00	14.00	14.00	14.00
Police	31.00	32.50	34.50	35.25	35.50	35.50	34.50	29.50	29.50	29.50
Community Development and Planning	7.00	7.00	8.00	9.00	9.00	8.42	8.00	10.00	10.00	10.00
Public Services	29.00	29.50	34.00	39.00	41.00	41.00	38.00	38.00	38.00	38.00
Total	96.50	99.00	108.50	118.75	124.50	124.92	122.50	115.50	115.50	116.50

Source: City of Alachua Annual Budget Book

Schedule 18
CITY OF ALACHUA, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS

Function/Program	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety:									
Arrests	272	327	330	356	209	197	191	162	228
Traffic Citations Issued	4,068	3,199	2,815	2,745	1,968	2,594	2,516	2,307	3,149
Planning and Development:									
New Local Business Tax Receipts Issued	117	106	102	93	88	90	121	83	73
Building Permits Issued	553	567	475	443	388	482	348	441	489
Culture and Recreation:									
Participants in Summer Recreation Program	150	--	179	160	145	68	--	--	--
Electric Utility:									
Number of Residential Customers	2,846	2,927	3,385	3,421	3,478	3,561	3,569	3,605	3,645
Kilowatts per Hour Sold-Residential	35,808,522	38,600,040	38,666,688	39,462,034	41,447,673	43,832,940	42,672,474	39,334,834	39,441,390
Number of Commercial Customers	669	662	717	692	733	808	801	819	855
Kilowatts per Hour Sold-Commercial	59,570,598	62,878,622	66,665,752	73,845,006	79,247,962	80,307,626	79,834,390	78,085,867	73,371,218
Water Utility:									
Number of Residential Customers	2,710	2,796	2,934	3,028	3,071	3,082	3,127	3,166	3,244
Gallons Sold	213,915,676	267,896,498	183,969,192	201,898,486	195,906,950	232,781,197	232,392,400	208,178,387	184,798,177
Number of Commercial Customers	433	447	472	482	487	481	481	493	505
Gallons Sold	149,569,513	165,785,625	209,969,524	275,192,218	208,061,665	187,245,207	174,406,479	162,035,512	146,422,961
Wastewater Utility:									
Number of Customers	2,302	2,377	2,511	2,578	2,633	2,642	2,656	2,702	2,755
Gallons of Wastewater Billed to Customers	173,470,000	168,627,000	269,296,043	272,736,513	299,531,166	275,937,716	270,628,629	251,098,965	240,707,541
Solid Waste:									
Number of Customers	2,949	3,031	3,162	3,198	3,238	3,247	3,269	3,300	3,343

Source: Various City Departments

Notes:

- (1) The Summer Recreation Program was contracted out to the YMCA for Fiscal Year 2006.
- (2) Information was not available prior to 2004.

Schedule 19
CITY OF ALACHUA, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS

Function/Program	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety:									
Police:									
Police Stations	1	1	1	1	1	1	1	1	1
Police Sub-Stations	1	1	1	1	1	1	1	1	1
Fire:									
Fire Stations	1	1	1	1	1	1	1	1	1
Public Services									
Streets (Miles)	42.06	42.06	42.06	42.06	50.37	50.37	55.77	55.77	48
Culture and Recreation:									
Parks	5	5	6	6	6	6	6	6	6
Tennis Courts	2	2	2	2	2	2	2	2	2
Ball Fields	9	9	11	11	11	11	11	11	11
Community Centers	3	3	3	3	3	3	3	3	3
Skate Park	--	--	--	1	1	1	1	1	1
Spray Pool	--	--	--	1	1	1	1	1	1
Electric Utility									
Substations	1	1	1	1	1	1	1	1	1
Water Utility									
Wells	3	3	3	3	3	3	3	3	3
Wastewater Utility									
Treatment Capacity (Millions of Gallons per Day)	0.97	0.97	0.97	0.97	0.97	0.97	1.5	1.5	1.5

Source: Various City Departments

Note: Information was not available prior to 2004.

**OTHER INDEPENDENT AUDITORS' REPORTS
AND SCHEDULES**

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*, ISSUED BY THE
COMPTROLLER GENERAL OF THE UNITED STATES; THE *RULES OF
THE AUDITOR GENERAL* OF THE STATE OF FLORIDA; AND OTHER
CONTRACT REQUIREMENTS**

CITY OF ALACHUA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Federal Awards</u>	<u>CFDA/ CSFA Number</u>	<u>Grant/Contract Number</u>	<u>Expenditures</u>
U.S. Department of Transportation			
Indirect Program:			
Passed through Florida Department of Transportation Alachua Speed and Aggressive Driving Program	20.600	AQV38	\$ 28,416
Total U.S. Department of Transportation			<u>28,416</u>
U. S. Department of Justice			
Indirect Program:			
Passed Through Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2013-JAGC-ALAC-8-D7-115	11,997
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2013-JAGD-ALAC-3-D8-079	1,896
Passed Through Alachua County Sheriff's Office:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-JAGC-ALAC-7-D7-088	2,699
Subtotal CFDA 16.738			<u>16,592</u>
Total U. S. Department of Justice			<u>16,592</u>
Total Expenditures of Federal Awards			<u>\$ 45,008</u>
 <u>State Awards</u>			
Florida Department of Environmental Protection			
State-wide Surface Water Restoration and Wastewater Projects	37.039	SG790100	\$ 259,861
State-wide Surface Water Restoration and Wastewater Projects	37.075	SG790100	291,423
Total Florida Department of Environmental Protection			<u>551,284</u>
Total Expenditures of State Awards			<u>\$ 551,284</u>
Total Federal and State Awards			<u>\$ 596,292</u>

CITY OF ALACHUA, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
SEPTEMBER 30, 2013

Note 1 - General

The accompanying schedule of expenditures of federal and state awards presents the federal awards activity of the City of Alachua, Florida (the City). The City's reporting entity is defined in Note 1 of the City's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other governmental agencies, are included in these schedules.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal and state awards is presented using the accrual basis of accounting, which is described in Note 1 of the City's basic financial statements.

Note 3 - Loans Outstanding

The City had the following loan balances outstanding at September 30, 2013:

<u>Federal Program Name</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Section 108 Loan Guarantee	14.248	\$ 1,275,000
Capitalization Grants for Clean Water State Revolving Funds	66.458	8,362,907

**INDEPENDENT AUDITORS' 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***

Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Alachua, Florida (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon date March 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

**INDEPENDENT AUDITORS' 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
(Concluded)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis, Gray and Company, LLP

March 17, 2014
Gainesville, Florida

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

Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

Report on Compliance for Each Major State Project

We have audited the compliance of the City of Alachua, Florida (the City), with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major State projects for the year ended September 30, 2013. The City's major State projects are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State project. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended September 30, 2013.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
(Concluded)**

Report on Internal Control Over Compliance

Management of the City 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 City's internal control over compliance with the types of requirements that could have a direct and material effect on a major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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 as combination of deficiencies, in internal control over compliance with the 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 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.

Purvis, Gray and Company, LLP

March 17, 2014
Gainesville, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
CITY OF ALACHUA, FLORIDA**

PART A - SUMMARY OF AUDIT RESULTS

Financial Statements

1. The independent auditors' report expresses an unmodified opinion on the basic financial statements of the City of Alachua, Florida.
2. The audit disclosed no significant and/or material weakness in internal control over financial reporting.
3. No instances of noncompliance material to the basic financial statements of the City of Alachua, Florida, were disclosed during the audit.

State Financial Assistance

4. No significant deficiencies relating to the audit of the major State projects are reported in the report on compliance with requirements applicable to each major State project on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*.
5. The auditors' report on compliance for the major State projects of the City of Alachua, Florida, expresses an unmodified opinion.
6. The audit disclosed no findings required to be reported related to State projects under Chapter 10.550, *Rules of the Auditor General*.
7. The projects tested as major included the following:

State Projects	CSFA No.
State-wide Surface Water Restoration and Wastewater Projects	37.039
State-wide Surface Water Restoration and Wastewater Projects	37.075

8. The threshold for distinguishing Type A and Type B projects was \$300,000 for State financial assistance projects.

PART B - FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (GAGAS)

The audit disclosed no findings that are required to be reported under Generally Accepted Government Auditing Standards (GAGAS)

PART C - FINDINGS AND QUESTIONED COSTS FOR MAJOR STATE PROJECTS

There were no findings or questioned costs for the year ended September 30, 2013.

PART D - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no audit findings for the year ended September 30, 2012.

MANAGEMENT LETTER

Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

We have audited the financial statements of the City of Alachua, Florida, (the City) as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 17, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Florida Auditor General*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.550, *Rules of the Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports, which are dated March 17, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1, *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit reports. There were no such findings in the preceding audit report.
- Section 10.554(1)(i)2, *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3, *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4, *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)5, *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is included in Note 1 to the financial statements.
- Section 10.554(1)(i)6.(a), *Rules of the Auditor General*, requires a statement to be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.(b), *Rules of the Auditor General*, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6(c) and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, 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 our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Purvis, Gray and Company, LLP

March 17, 2014
Gainesville, Florida