CITY OF ALACHUA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Prepared by
Department of Finance

CITY OF ALACHUA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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 28-53

Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund 54
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Community Redevelopment Agency 55
Schedule of Funding Progress 56
Notes to Required Supplementary Information 57

CITY OF ALACHUA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS
(Continued)

II. FINANCIAL SECTION *(Concluded)*

Combining and Individual Fund Information and Other Supplementary Information
Combining Balance Sheet - Nonmajor Governmental Funds 58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds 59
Combining Balance Sheet - Nonmajor Special Revenue Funds 60-61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds 62-63
Combining Balance Sheet - Nonmajor Capital Projects Funds 64-65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds 66-67
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:
Debt Service Fund - Nonmajor 68
Special Revenue Funds - Nonmajor 69-71
Capital Projects Funds - Nonmajor 72-74

III. STATISTICAL SECTION (UNAUDITED)

Financial Trends Information
Schedule 1 Net Position by Component 75-76
Schedule 2 Changes in Net Position 77-80
Schedule 3 Fund Balances, Governmental Funds 81-82
Schedule 4 Changes in Fund Balances, Governmental Funds 83-84
Revenue Capacity Information
Schedule 5 Assessed Value and Actual Value of Taxable Property 85-86
Schedule 6 Direct and Overlapping Property Tax Rates 87
Schedule 7 Principal Property Tax Payers 88
Schedule 8 Property Tax Levies and Collections 89
Debt Capacity Information
Schedule 9 Ratios of Outstanding Debt by Type 90-91
Schedule 10 Direct and Overlapping Governmental Activities Debt 92
Schedule 11 Pledged-Revenue Coverage - General Government Debt 93
Schedule 12 Pledged-Revenue Coverage - Sales Tax Revenues Notes 94
Schedule 13 Pledged-Revenue Coverage - Tax Increment Revenue Notes 95
Schedule 14 Pledged-Revenue Coverage - Utility System Bonds 96
Demographic and Economic Information
Schedule 15 Demographic and Economic Statistics 97
Schedule 16 Principal Employers 98
Operating Information
Schedule 17 Full-time Equivalent City Government Employees by Function/Program 99
Schedule 18 Operating Indicators by Function/Program 100-101
Schedule 19 Capital Asset Statistics by Function/Program 102

CITY OF ALACHUA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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 103
Notes to the Schedule of Expenditures of Federal and State Awards 104
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* 105-106
Management Letter 107-108
Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes 109

INTRODUCTORY SECTION

City of Alachua

Mayor and City Commissioners

Gib Coerper, Mayor
Gary Hardacre , Vice Mayor
Ben Boukari, Jr., Commissioner
Robert Wilford, Commissioner
Shirley Green Brown, 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, 2013

Executive Director/CEO

City of Alachua

MAYOR GIB COERPER
Vice-Mayor Gary Hardacre
Commissioner Ben Boukari, Jr.
Commissioner Robert Wilford
Commissioner Shirley Green Brown

OFFICE OF THE CITY MANAGER
TRACI L. CAIN

March 9, 2015

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, 2014, 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, 2014, 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, 2014, 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.

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Alachua, Florida 32616-0009

"The Good Life Community"
www.cityofalachua.com

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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 9,300 as of September 30, 2014. 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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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 continues to recover from the economic downturn. Growth indicators such as building permits and infrastructure (water and wastewater) connections increased from their 2013 levels. The City continues 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 2013-2014 five year Capital Improvement Plan, covering the period from October 1, 2013 through September 30, 2018, has earmarked funding estimated at $43.9 million for 164 projects throughout the City. Water system projects account for the largest portion of the total Capital Improvement Plan funding at $8.4 million or 19%. Electric system projects are the second largest, accounting for $7.7 million, or 18%, and Wastewater system projects are the third largest accounting for $7.5 million, or 17%, of the Capital Improvement Plan.

City loans represent the third largest share of funding for the Capital Improvement Plan, accounting for 16% of the value. Capital project revenues (capital facility charges, utility charges, etc.) account for 39% of the funding, and the remaining 45% 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 was completed in 2014. Also, the City made improvements (new dugouts and backstop) to the Skinner Park facility located within the Community Redevelopment Agency (CRA) district. Funding for the construction and park improvements came from Tax Increment funds from the City's CRA and a private donation. The total spent on both projects was $906,552 for the year.

TRANSPORTATION

The City completed two projects initiated in 2014 as part of its Road Resurfacing Program - NW 133rd Terrace and NW 152nd Place. The total spent on both road segments was $117,291. Also, the City began the design phase of the Nanotherapeutics Road Improvements project. The project involves the reconstruction of an existing road, adding curb, gutter and sidewalks. It also involves the construction of a new road that will support the functions of Nanotherapeutics. This project will create 150 jobs in the City. Funding for the project is being provided through a grant from the Florida Department of Transportation. Design work will be complete in 2015. The total spent on design in 2014 was $82,910.

GENERAL GOVERNMENT

The City completed its security enhancements improvements for City Hall and the Alachua Police Department with the installation of security cameras. The total spent was $22,725.

PUBLIC SAFETY

The Alachua Police Department upgraded its technology and equipment in order to more efficiently process operations of the department. Equipment purchased included radar units for patrol vehicles and new riot gear. These upgrades were funded through grant awards from the Florida Department of Law Enforcement. The total cost for the equipment was $14,502.

PARKS AND RECREATION

The design phase for the Swick House improvements was completed in 2014. 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 2014 was $9,460. The design services were funded through Recreation Sales Surtax collections and Tourist Development Tax funds. The construction phase will begin in 2015. Also, the City made improvements to facilities located at the Hal Brady Recreation Center Complex. The improvements include façade and roof replacements for the gymnasium, new fences, and a new press box for the World Series Field. The total cost of the improvements was $178,150.

PHYSICAL ENVIRONMENT

The City continued to improve its substation with the purchase and installation of new circuit breakers and design of new SCADA system. Total cost for these improvements was $104,259.

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, 2013. This was the sixth 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.

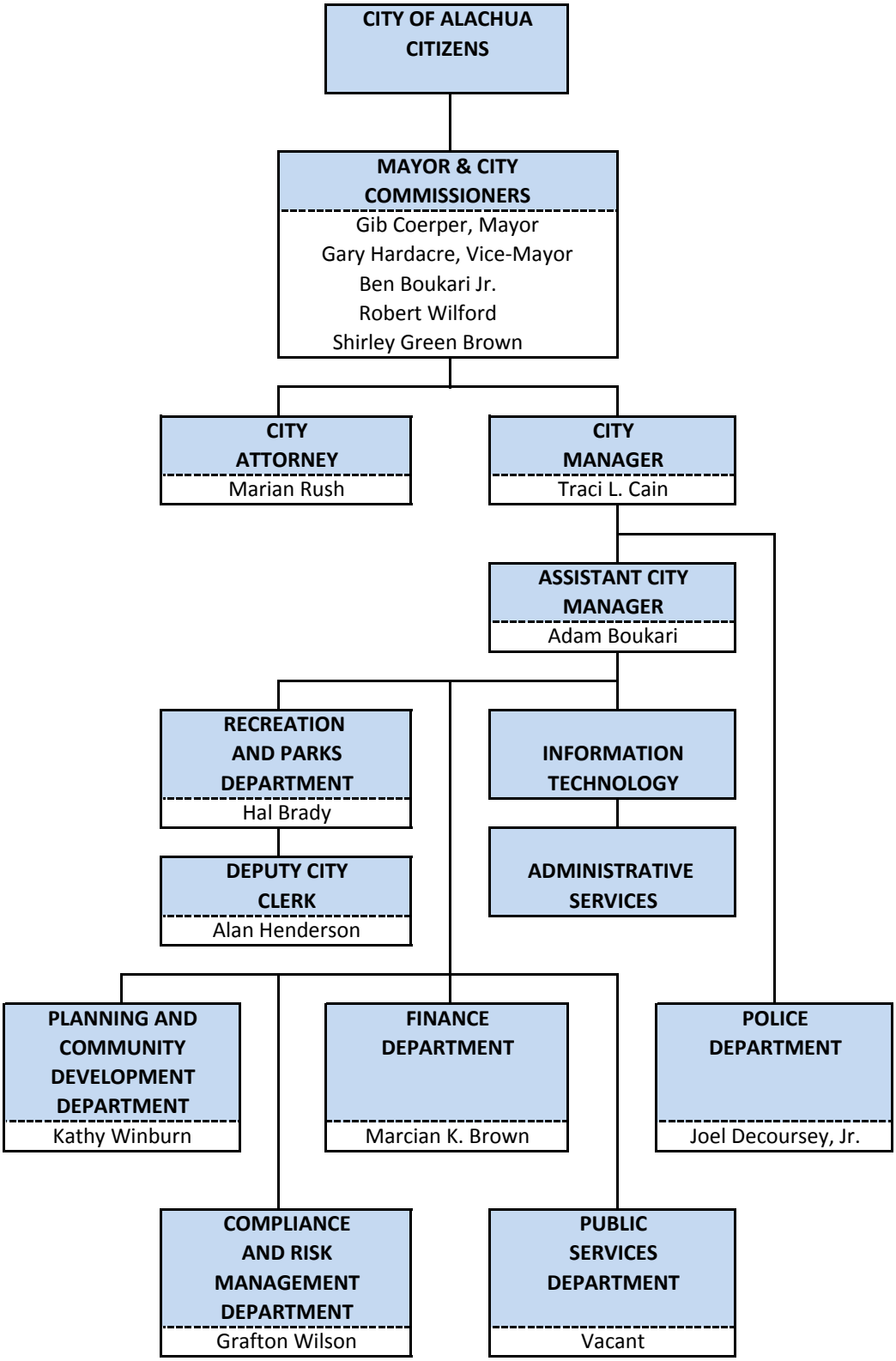
The preparation of the Comprehensive Annual Financial Report was made possible through the efficient, dedicated and professional efforts of the entire staff of the Finance Department. The substantial amount of year-end closing procedures required prior to the audit, could not have been completed without 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

Purvis Gray & Company

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, 2014, 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.

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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, 2014, 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 54 through 57 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, statistical section, and schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards and state financial assistance 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to basic 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 combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards and state financial assistance are 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 February 25, 2015, 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

February 25, 2015
Gainesville, Florida

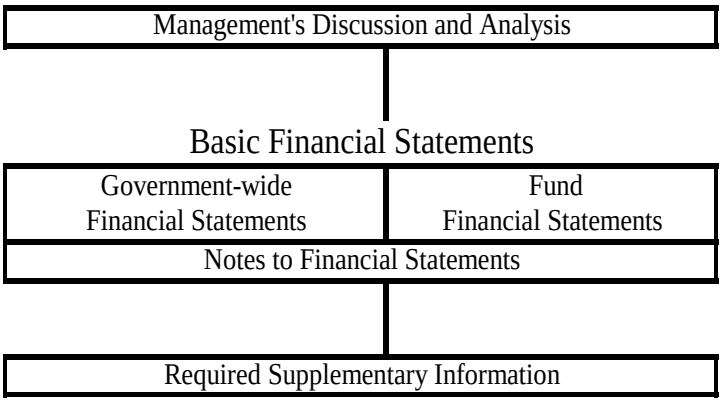
The City of Alachua's (the "City") Management's Discussion and Analysis (MD&A) is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the 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 information as required by Governmental Accounting Standards Board (GASB) Statement No. 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 Financial Statements

- The City of Alachua's assets and deferred outflows of resources exceeded its liabilities at September 30, 2014, by $52.7 million, which is a 5.33% increase from the previous year. Unrestricted net position was at $8.7 million, which is a 47.4% increase from the previous year.

- The City's total net position increased by $2,670,120. This increase was accomplished through expense reductions, increased charges for services collections, and increased business activity fees during the current fiscal year.

- The City of Alachua's total long-term debt (due in more than one year) decreased by $466,115 during the current fiscal year. This decrease is due to scheduled debt service payments.

- Total net position ($52.7 million) is comprised of the following:

    1. The $42.0 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. $2.0 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. $8.7 million of unrestricted net position.

Fund Financial Statements

- At September 30, 2014, the City's governmental funds reported combined ending fund balances of $5.8 million, a decrease of $254 thousand, in comparison with the prior fiscal year.
- Governmental fund revenues were $8,147,127 or $153 thousand more than the previous fiscal year. The increase was due to higher collections in Intergovernmental Revenues (grants and state revenue sharing) and Permits, Fees, and Special Assessments (franchise fees and building permits).

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, liabilities, deferred outflows of resources, and deferred inflows of resources, with the difference between these elements 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.

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 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 sixteen (16) 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. Budgetary comparison schedules have been provided as required supplementary information for the General Fund and Community Redevelopment Agency 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 53 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 58 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 and deferred outflows of resources exceeded liabilities by $52.7 million at the close of the fiscal year ended September 30, 2014**.**

A portion of the City's net position, $2,017,486, represents resources that are subject to external restriction on how they may be used.

The largest portion of the City's net position ($41,985,994 or 80%) 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, 2014 and 2013

	Governmental Activities		Business-type Activities		Total		Total % Change
	2014	2013	2014	2013	2014	2013	2013-2014
Current Assets & Other Assets	$ 7,041,614	7,651,937	11,703,919	10,465,429	18,745,533	18,117,366	3.47%
Capital Assets	25,602,082	24,594,866	38,657,687	39,036,643	64,259,769	63,631,509	0.99%
Deferred Outflows	-	-	389,796	467,757	389,796	467,757	-16.67%
Total Assets and Deferred Outflows of Resources	32,643,696	32,246,803	50,751,402	49,969,829	83,395,098	82,216,632	1.43%
Long-term liabilities outstanding	10,270,368	10,049,020	13,177,374	13,846,300	23,447,742	23,895,320	-1.87%
Other liabilities	1,427,616	1,787,794	5,784,166	6,468,064	7,211,782	8,255,858	-12.65%
Total Liabilities	11,697,984	11,836,814	18,961,540	20,314,364	30,659,524	32,151,178	-4.64%
Net Position							
Net Investment in Capital Assets	15,864,924	15,054,392	26,121,070	25,916,493	41,985,994	40,970,885	2.48%
Restricted	1,328,668	2,104,955	688,818	1,067,119	2,017,486	3,172,074	-36.40%
Unrestricted	3,752,120	3,250,642	4,979,974	2,671,853	8,732,094	5,922,495	47.44%
Total Net Position	20,945,712	20,409,989	31,789,862	29,655,465	52,735,574	50,065,454	5.33%

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
Changes in Net Position
For the Years Ended September 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Totals		Totals % change
	2014	2013	2014	2013	2014	2013	2013-2014
Revenues:							
Program Revenues:							
Charges for Services	$ 1,479,014	1,404,490	18,578,087	16,272,839	20,057,101	17,677,329	13.46%
Operating Grants and Contributions	251,953	270,027	24,527	551,284	276,480	821,311	-66.34%
Capital grants and Contributions	577,993	756,335	662,887	1,321,644	1,240,880	2,077,979	-40.28%
General Revenues:							
Property Tax	3,650,563	3,650,565	-	-	3,650,563	3,650,565	0.00%
Other Tax	360,517	383,162	-	-	360,517	383,162	-5.91%
Utility Tax	1,118,050	1,120,707	-	-	1,118,050	1,120,707	-0.24%
Intergovernmental	657,312	626,460	-	-	657,312	626,460	4.92%
Other	123,244	163,629	105,584	92,546	228,828	256,175	-10.68%
Total Revenues	8,218,646	8,375,375	19,371,085	18,238,313	27,589,731	26,613,688	3.67%
Expenses:							
General Government	2,719,659	2,809,065	-	-	2,719,659	2,809,065	-3.18%
Public Safety	3,164,017	3,085,939	-	-	3,164,017	3,085,939	2.53%
Parks and Recreation	1,318,191	763,706	-	-	1,318,191	763,706	72.60%
Transportation	758,198	694,479	-	-	758,198	694,479	9.18%
Physical Environment	789,404	795,886	-	-	789,404	795,886	-0.81%
Economic Environment	212,978	176,463	-	-	212,978	176,463	20.69%
Electric	-	-	11,863,813	10,083,138	11,863,813	10,083,138	17.66%
Water and Sewer	-	-	3,621,216	3,634,733	3,621,216	3,634,733	-0.37%
Mosquito Control	-	-	53,461	49,446	53,461	49,446	8.12%
Interest on long-term debt	418,674	435,587	-	-	418,674	435,587	-3.88%
Total Expenses	9,381,121	8,761,125	15,538,490	13,767,317	24,919,611	22,528,442	10.61%
Increase (decrease) in net position before transfers	(1,162,475)	(385,750)	3,832,595	4,470,996	2,670,120	4,085,246	-34.64%
Transfers	1,698,198	1,698,102	(1,698,198)	(1,698,102)	-	-	0.00%
Increase (decrease) in net position	535,723	1,312,352	2,134,397	2,772,894	2,670,120	4,085,246	-34.64%
Net position - beginning	20,409,989	19,097,637	29,655,465	26,882,571	50,065,454	45,980,208	8.88%
Net position - ending	$20,945,712	20,409,989	31,789,862	29,655,465	52,735,574	50,065,454	5.33%

Governmental Activities

The City's total net position increased $2,670,120 over the previous year with an increase of $535,723 resulting from governmental activities and an increase of $2,134,397 resulting from business-type activities.

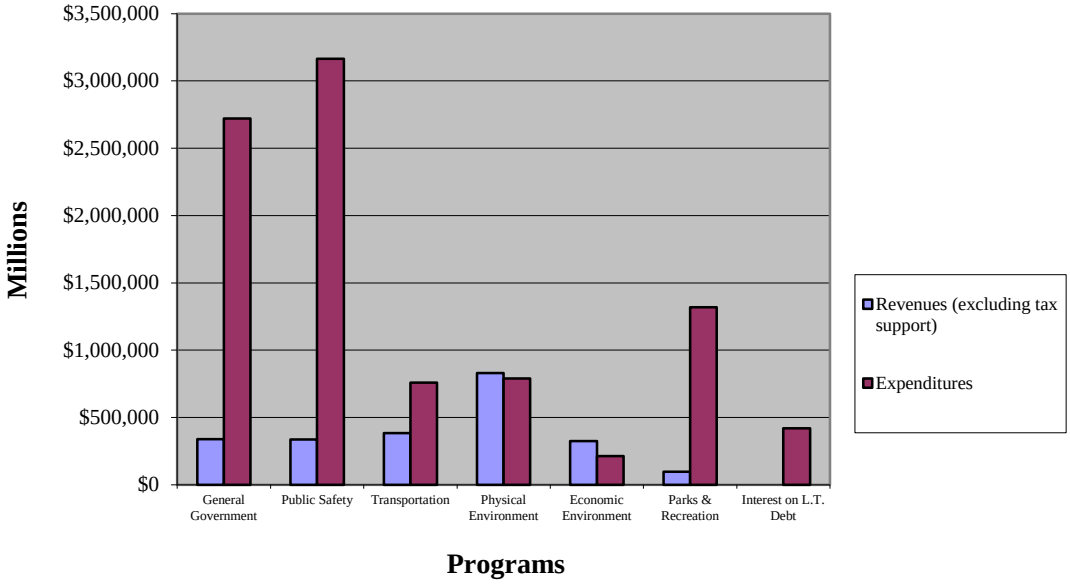
Major changes in revenues were caused by the following:

- For fiscal year ending September 30, 2014, other taxes decreased $22,645 due to lower communication services tax collections. Intergovernmental revenue increased $30,852 due to increased half-cent sales tax and state shared revenue collections. Capital grants and contributions decreased by $178,342 due to public safety grants received by the City for the purchase of equipment for the police department. Also, in the prior year, stormwater and roadway right-of-ways were donated to the City for the NW 142 Terrace roadway project.

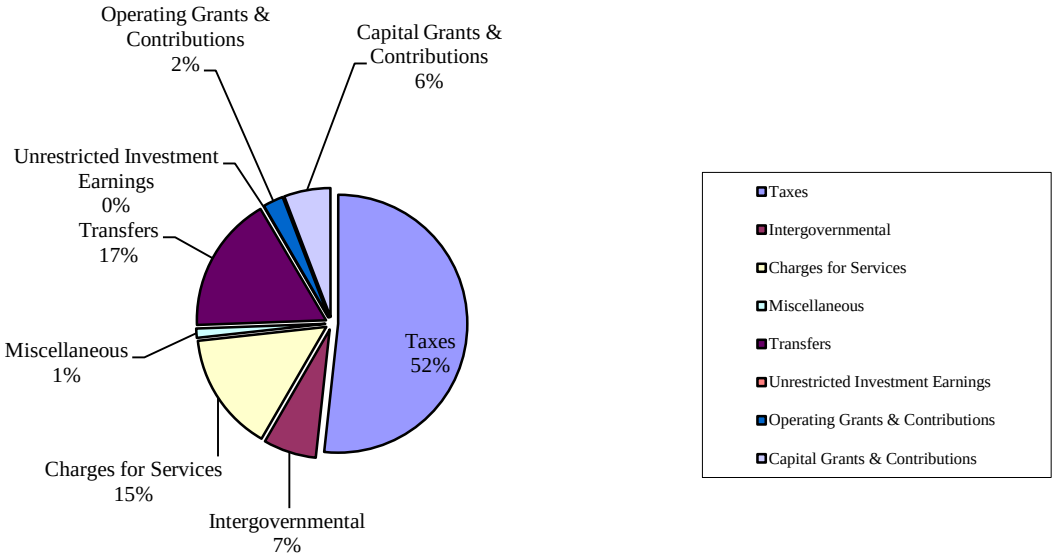
Major changes in expenses were caused by the following:

- Expenses for governmental activities increased due to increases in Public Safety and Parks and Recreation expenses. A significant part of the increase was due to expenses related to the renovation of recreation-related structures along with a $500,000 liability and expenditure related to land purchase for recreational fields. These funds were provided by the Alachua County Board of County Commissioners.

Expenses and Program Revenues - Governmental Activities



Revenue by Source - Governmental Activities



Business-type Activities

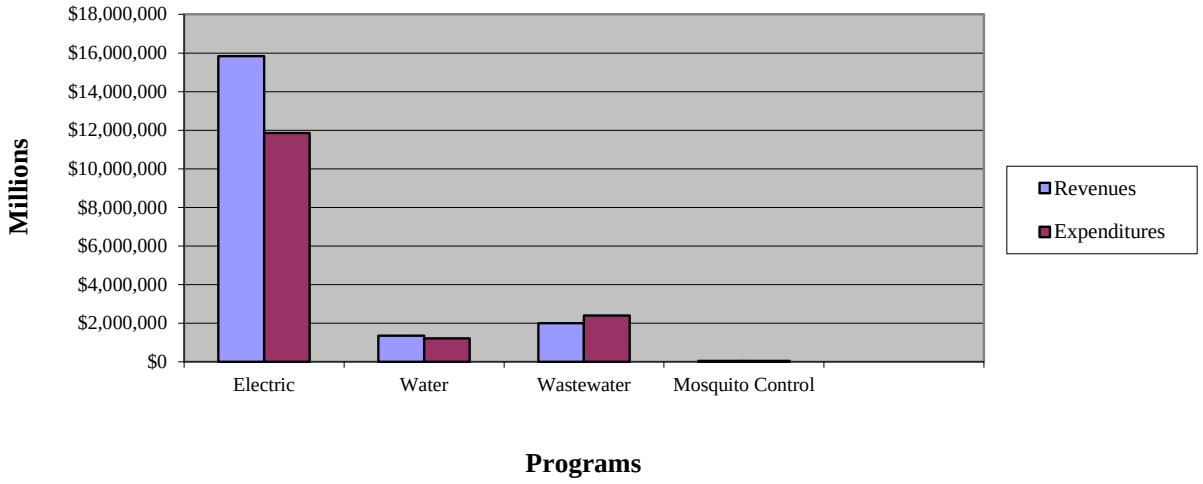
Net position for business-type activities increased $2,134,397. Business-type revenues increased $1,132,772 due to more Charges for Services. Business-type expenses increased $1,771,173 largely due to higher purchased power costs related to the electric utility.

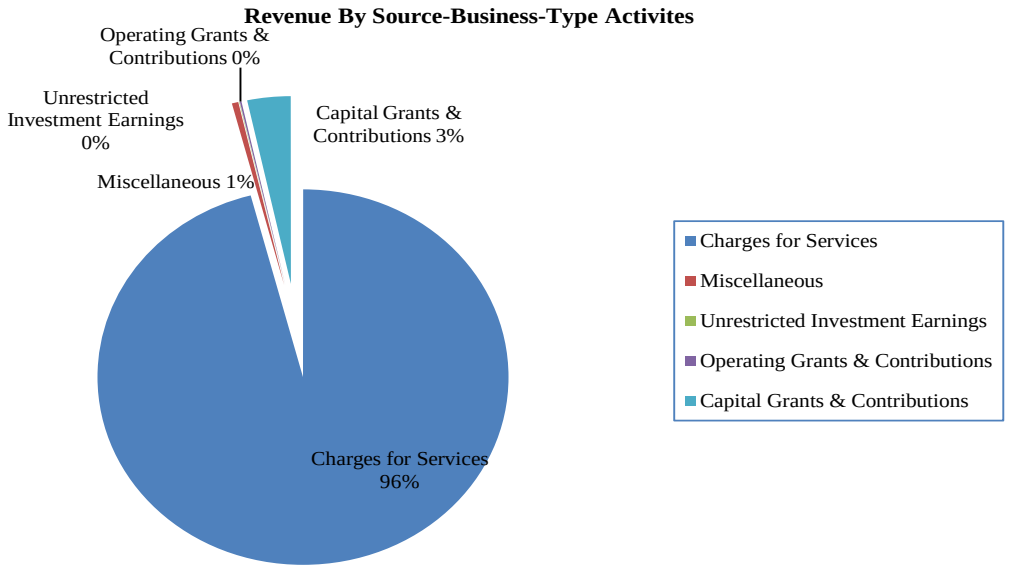
- The Electric Utility of the City operates at 7.2/12.47kV. The City purchases power from Gainesville Regional Utilities (GRU) at two different locations. The majority of the customers are supplied from the Alachua No. 1 Substation, which is connected to GRU's 138 kV transmission system. The second point 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 23 to 46 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





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 2014, the City's governmental funds reported combined ending fund balances of $5,789,689, a decrease of $254,289 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 $789,069 from 2013. The decrease is due to planned expenditures for roadway-drainage projects completed in 2014.

The General Fund is the chief operating fund of the City. The General Fund had an increase in fund balance of $414,000. 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 $5,588,932 of which $4,161,957 was unassigned. The cash balance at the end of the year was $4,451,973. 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 54% of the total General Fund operating revenue, while total fund balance also represents 73% of that same amount. The Government Finance Officers Association, Best Practices guidelines calls for an unassigned fund balance level of two (2) months of operating revenues. Total fund balance includes committed, assigned, and unassigned fund balance.

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 and deferred outflows of resources as of September 30, 2014, were $53 million, total liabilities were $22 million, and net position was $31 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 $196,933 and was caused by the amendments listed below:

Revenues:

- $48,923: Increase in Licenses and Permits.
- $75,785: Increase in Intergovernmental Revenue.
- $34,979: Increase in Charges for Services.
- $17,006: Increase in Fines and Forfeitures.
- $20,240: Increase in Miscellaneous Revenue.

Expenditures:

- $21,847: Increase in Alachua Police Department to cover expenses related to an Edward Byrne Grant.
- $115,541: Increase in Parks and Recreation to cover expenses related to structure renovation projects.
- $101,980: Increase in Special Expense to increase Contribution to Fund Balance.
- ($45,785): Decrease in Special Expense to decrease Contingency for recreation expenses.
- $3,350: Increase in Public Services-Solid Waste to cover expenses related to residential garbage collection.

General Fund Actual Results Highlights with Variances

At September 30, 2014, the City's General Fund experienced a negative variance between its final operating revenue budget and actual operating revenue in the amount of $193,023. This was mainly due to decrease in the taxes and charges for services collected in the fiscal year ending September 30, 2014.

The City's General Fund experienced a positive variance between its final operating expenditure budget and actual operating expenditures in the amount of $908,443. This was due to unspent operating and capital expense funds. Also, there were several vacancies carried throughout the fiscal year in Transportation, Recreation, and Public Safety-related programs.

Capital Asset and Debt Administration

The City's capital assets for its governmental and business-type activities as of September 30, 2014, totaled $64 million (net of accumulated depreciation), and includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress.

City of Alachua
Capital Assets
(in thousands)

	Governmental Activities		Business-type Activities		Totals		Totals % change
	2014	2013	2014	2013	2014	2013	2013-2014
Land	$ 7,409	7,409	256	256	7,665	7,665	0.0%
Buildings	8,469	8,464	4,872	4,872	13,341	13,336	0.0%
Improvements other than buildings	3,632	2,995	3,835	3,329	7,467	6,324	18.1%
Infrastructure	12,107	9,812	40,871	40,378	52,978	50,190	5.6%
Furniture, fixtures, and equipment	2,726	2,582	2,393	2,327	5,119	4,909	4.3%
Construction in progress	271	1,694	2,257	2,346	2,528	4,040	-37.4%
Less: accumulated depreciation	(9,012)	(8,362)	(15,827)	(14,472)	(24,839)	(22,834)	8.8%
Total Assets	25,602	24,594	38,657	39,036	64,259	63,630	1.0%

Major capital asset events during the current fiscal year for governmental activities include the completion of Phase II 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 underground and overhead feeder and substation improvements.

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

Long-term Debt

At the end of fiscal year 2014, the City had total long-term debt outstanding of approximately $22.7 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

	2014	2013	Total % Change
Revenue Bonds	$ 11,825,000	12,635,000	-6.41%
Revenue Notes	805,879	885,500	-8.99%
Loans	10,061,413	9,637,907	4.39%
TOTAL	$ 22,692,292	23,158,407	-2.01%

The City's outstanding debt decreased $466,115 during fiscal year 2014. Debt activity included normal principal and interest payments. Also, the City recorded a long-term liability due to the Alachua County Board of County Commissioners related to an interlocal agreement in the amount of $500,000.

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, 2014, was 5.5%, which includes the City of Alachua. This is a 14.5% decrease from the previous fiscal year's rate of 4.8%.

- The final certified citywide taxable value of property increased to $687 million, representing an increase of 0.78%.

- The population increased approximately 1.81% from the prior year to an estimate of 9,300 at September 30, 2014.

- During the current fiscal year, ad valorem taxes decreased by $2 to $3,650,563. 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, 2014

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
Assets			
Cash and Cash Equivalents	$ 4,543,828	$ 5,695,142	$ 10,238,970
Receivables, Net of Allowance	108,232	2,544,190	2,652,422
Due from Other Governments	88,575	0	88,575
Inventories	0	586,888	586,888
Prepaid Items	111,323	56,616	167,939
Restricted Assets:			
Cash and Cash Equivalents	2,263,617	2,107,043	4,370,660
Investments	0	640,079	640,079
Capital Assets Not Being Depreciated:			
Land	7,409,493	255,940	7,665,433
Construction in Progress	271,007	2,257,357	2,528,364
Depreciable Capital Assets, Net	17,921,582	36,144,390	54,065,972
Internal Balances	(73,961)	73,961	0
Total Assets	32,643,696	50,361,606	83,005,302
Deferred Outflows of Resources			
Unamortized Refunding Loss	0	389,796	389,796
Total Assets and Deferred Outflows	32,643,696	50,751,402	83,395,098
Liabilities			
Accounts Payable	276,624	968,488	1,245,112
Accrued Expenses	77,027	26,289	103,316
Due to Other Governments	81,015	73,658	154,673
Accrued Interest Payable	5,779	0	5,779
Unearned Revenue	39,725	0	39,725
Rate Stabilization Credit	0	2,657,427	2,657,427
Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	169,912	126,246	296,158
Customer Deposit	0	1,291,979	1,291,979
Unearned Revenue	777,534	0	777,534
Decommisioning Costs	0	640,079	640,079
Noncurrent Liabilities:			
Due Within One Year	504,437	941,965	1,446,402
Due in More Than One Year	9,677,800	12,189,991	21,867,791
Other Postemployment Benefits Liability	88,131	45,418	133,549
Total Liabilities	11,697,984	18,961,540	30,659,524
Net Position			
Net Investment in Capital Assets	15,864,924	26,121,070	41,985,994
Restricted for:			
Debt Service	745,939	438,818	1,184,757
Renewal and Replacement	0	250,000	250,000
Economic Environment	493,434	0	493,434
Other Purposes	89,295	0	89,295
Unrestricted	3,752,120	4,979,974	8,732,094
Total Net Position	$ 20,945,712	$ 31,789,862	$ 52,735,574

See accompanying notes.

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		
Function/Program	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental Activities							
General Government	$ 2,719,659	$ 317,475	$ 20,000	$ 0	$ (2,382,184)	$ 0	$ (2,382,184)
Public Safety	3,164,017	297,144	18,020	21,952	(2,826,901)	0	(2,826,901)
Physical Environment	789,404	823,782	0	6,896	41,274	0	41,274
Transportation	758,198	13,370	194,343	175,525	(374,960)	0	(374,960)
Economic Environment	212,978	0	0	323,620	110,642	0	110,642
Parks and Recreation	1,318,191	27,243	19,590	50,000	(1,221,358)	0	(1,221,358)
Interest on Long-term Debt	418,674	0	0	0	(418,674)	0	(418,674)
Total Governmental Activities	9,381,121	1,479,014	251,953	577,993	(7,072,161)	0	(7,072,161)
Business-type Activities							
Electric	11,863,813	15,171,323	0	662,887	0	3,970,397	3,970,397
Water	1,223,211	1,339,516	24,527	0	0	140,832	140,832
Wastewater	2,398,005	2,010,957	0	0	0	(387,048)	(387,048)
Mosquito Control	53,461	56,291	0	0	0	2,830	2,830
Total Business-type Activities	15,538,490	18,578,087	24,527	662,887	0	3,727,011	3,727,011
Total Primary Government	$ 24,919,611	$ 20,057,101	$ 276,480	$ 1,240,880	(7,072,161)	3,727,011	(3,345,150)
		General Revenues					
		Ad Valorem			3,650,563	0	3,650,563
		Utility Service Taxes			1,118,050	0	1,118,050
		Communication Service Taxes			313,826	0	313,826
		Business License Taxes			46,691	0	46,691
		Half-cent Sales Tax			496,497	0	496,497
		State Revenue Sharing			160,815	0	160,815
		Investment Earnings			8,321	7,330	15,651
		Miscellaneous			114,923	98,254	213,177
		Transfers			1,698,198	(1,698,198)	0
		Total General Revenues and Transfers			7,607,884	(1,592,614)	6,015,270
		Change in Net Position			535,723	2,134,397	2,670,120
		Net Position, Beginning of Year			20,409,989	29,655,465	50,065,454
		Net Position, End of Year			$ 20,945,712	$ 31,789,862	$ 52,735,574

See accompanying notes.

CITY OF ALACHUA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General	Community Redevelopment Agency	Nonmajor Governmental	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 4,451,973	$ 481,288	$ 1,611,743	$ 6,545,004
Cash with Fiscal Agent	0	0	262,441	262,441
Receivables:				
Accounts	52,176	0	850	53,026
Taxes	26,436	0	0	26,436
Franchise Fees	28,770	0	0	28,770
Due from Other Governments	88,575	0	0	88,575
Prepaid Items	91,937	19,386	0	111,323
Advances to Other Funds	1,319,576	4,221	0	1,323,797
Total Assets	6,059,443	504,895	1,875,034	8,439,372
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	272,621	3,503	500	276,624
Accrued Expenses	77,027	0	0	77,027
Due to Other Governments	81,015	0	0	81,015
Unearned Revenue	39,725	0	777,534	817,259
Advances from Other Funds	123	7,958	1,389,677	1,397,758
Total Liabilities	470,511	11,461	2,167,711	2,649,683
Fund Balances				
Nonspendable:				
Prepaids	91,937	19,386	0	111,323
Advances to Other Funds	1,319,576	4,221	0	1,323,797
Restricted for:				
Comprehensive Planning	0	0	2,508	2,508
Law Enforcement	15,462	0	13,361	28,823
Physical Environment	0	0	14,708	14,708
Economic Environment	0	469,827	0	469,827
Parks and Recreation	0	0	43,256	43,256
Debt Service	0	0	915,851	915,851
Assigned for:				
Subsequent Year Budget	727,248	0	0	727,248
Unassigned	3,434,709	0	(1,282,361)	2,152,348
Total Fund Balances	5,588,932	493,434	(292,677)	5,789,689
Total Liabilities and Fund Balances	$ 6,059,443	$ 504,895	$ 1,875,034	$ 8,439,372

See accompanying notes.

CITY OF ALACHUA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Fund Balance - Total Governmental Funds		$ 5,789,689
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	$ 34,614,544	
(Accumulated Depreciation)	(9,012,462)	25,602,082
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	(1,150,000)	
2006 Capital Improvement and Refunding Bonds	(7,310,000)	
2013 Redevelopment Note	(805,879)	
Less Discount	28,721	
Due to Alachua County	(500,000)	
Compensated Absences	(445,079)	(10,182,237)
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.		(88,131)
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		(175,691)
Net Position of Governmental Activities		$ 20,945,712

See accompanying notes.

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

	General	Community Redevelopment Fund	Nonmajor Governmental	Total Governmental Funds
Revenues				
Taxes	$ 5,344,809	$ 0	$ 0	$ 5,344,809
Permits, Fees and Special Assessments	500,206	0	6,896	507,102
Intergovernmental Revenues	792,773	274,053	82,911	1,149,737
Charges for Services	900,495	0	1,550	902,045
Fines and Forfeitures	57,006	0	6,387	63,393
Investment Income	6,574	1,108	639	8,321
Miscellaneous	60,207	50,000	61,513	171,720
Total Revenues	7,662,070	325,161	159,896	8,147,127
Expenditures				
Current:				
General Government	2,508,557	0	3,226	2,511,783
Public Safety	2,998,829	0	5,350	3,004,179
Physical Environment	749,060	0	40,289	789,349
Transportation	474,618	0	0	474,618
Economic Environment	0	197,491	0	197,491
Parks and Recreation	705,476	0	4,978	710,454
Debt Service:				
Principal	0	79,621	225,000	304,621
Interest and Fiscal Charges	0	21,693	399,820	421,513
Capital Outlay	590,015	999,430	96,161	1,685,606
(Total Expenditures)	(8,026,555)	(1,298,235)	(774,824)	(10,099,614)
(Deficiency) of Revenues (Under) Expenditures	(364,485)	(973,074)	(614,928)	(1,952,487)
Other Financing Sources (Uses)				
Transfers in	1,625,560	184,005	748,411	2,557,976
Transfers (out)	(847,075)	0	(12,703)	(859,778)
Total Other Financing Sources (Uses)	778,485	184,005	735,708	1,698,198
Net Change in Fund Balance	414,000	(789,069)	120,780	(254,289)
Fund Balance, Beginning of Year	5,174,932	1,282,503	(413,457)	6,043,978
Fund Balance, End of Year	$ 5,588,932	$ 493,434	$ (292,677)	$ 5,789,689

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
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Net Change in Fund Balance - Total Governmental Funds		$ (254,289)
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	$ 1,685,606	
Depreciation Expense	(741,803)	943,803
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.		71,519
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:		
(Loss) on Disposal of Capital Assets		(8,106)
Repayment of long-term liabilities are expenditures in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.		304,621
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:		
Return of Grant Funds to Alachua County	(500,000)	
Amortization of Bond Discount	(1,305)	
Change in Accrued Interest Payable	4,144	
Change in Compensated Absences Liability	(6,267)	
Change in Other Postemployment Benefit Obligation	(18,397)	(521,825)
Change in Net Position of Governmental Activities		$ 535,723

See accompanying notes.

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

	Business-type Activities - Enterprise Funds					
	Major Funds			Nonmajor Fund	Total	Business-type Activities
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	Internal Service Fund
Assets						
Current Assets:						
Cash and Cash Equivalents	$ 4,123,389	$ 546,642	$ 446,065	$ 12,129	$ 5,128,225	$ 566,917
Receivables	2,138,674	167,645	233,029	4,842	2,544,190	0
Prepaid Items	8,106	13,366	29,992	311	51,775	4,841
Inventories	514,361	68,954	3,573	0	586,888	0
Restricted Assets:						
Cash and Cash Equivalents	235,138	100,195	229,731	0	565,064	0
Total Current Assets	7,019,668	896,802	942,390	17,282	8,876,142	571,758
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	1,062,634	207,219	272,126	0	1,541,979	0
Investment	640,079	0	0	0	640,079	0
Total Restricted Assets	1,702,713	207,219	272,126	0	2,182,058	0
Capital Assets:						
Land	92,630	0	163,310	0	255,940	0
Construction in Progress	1,356,922	667,305	228,167	140	2,252,534	4,823
Property, Plant and Equipment	12,968,806	6,407,089	32,279,418	58,403	51,713,716	258,168
(Accumulated Depreciation)	(6,336,204)	(4,137,242)	(5,131,842)	(47,563)	(15,652,851)	(174,643)
Total Net Capital Assets	8,082,154	2,937,152	27,539,053	10,980	38,569,339	88,348
Other Assets:						
Advances to Other Funds	3,160,865	299	0	76,793	3,237,957	215,065
Total Other Assets	3,160,865	299	0	76,793	3,237,957	215,065
Total Noncurrent Assets	12,945,732	3,144,670	27,811,179	87,773	43,989,354	303,413
Total Assets	19,965,400	4,041,472	28,753,569	105,055	52,865,496	875,171
Deferred Outflows of Resources						
Unamortized Refunding Loss	195,162	51,392	143,242	0	389,796	0
Total Assets and Deferred Outflows	$ 20,160,562	$ 4,092,864	$ 28,896,811	$ 105,055	$ 53,255,292	$ 875,171

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014
(Concluded)

	Business-type Activities - Enterprise Funds					
	Major Funds			Nonmajor Fund	Total	Business-type Activities
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	Internal Service Fund
Liabilities						
Current Liabilities:						
Accounts Payable	$ 918,166	$ 12,788	$ 27,174	$ 407	$ 958,535	$ 9,953
Accrued Expenses	16,310	2,468	3,494	69	22,341	3,948
Due to Other Governments	73,658	0	0	0	73,658	0
Rate Stabilization Credit	2,657,427	0	0	0	2,657,427	0
Payable from Restricted Assets:						
Accrued Interest Payable	22,211	13,583	90,452	0	126,246	0
Current Portion of Long-term Debt	212,927	86,612	139,279	0	438,818	0
Compensated Absences	39,669	14,513	25,737	0	79,919	41,334
Current Portion of Long-term Debt	212,927	38,611	130,356	0	381,894	0
Total Current Liabilities	4,153,295	168,575	416,492	476	4,738,838	55,235
Noncurrent Liabilities:						
Payable from Restricted Assets:						
Customer Deposits	898,844	177,518	215,617	0	1,291,979	0
CR-3 Decommissioning Costs	640,079	0	0	0	640,079	0
Advances from Other Funds	4,098	1,458,413	1,915,613	937	3,379,061	0
Other Postemployment Benefits Liability	10,735	7,701	8,448	0	26,884	18,534
Compensated Absences	27,576	10,088	17,892	0	55,556	28,734
Long-term Debt	2,240,751	418,173	9,446,777	0	12,105,701	0
Total Noncurrent Liabilities	3,822,083	2,071,893	11,604,347	937	17,499,260	47,268
Total Liabilities	7,975,378	2,240,468	12,020,839	1,413	22,238,098	102,503
Net Position						
Net Investment in Capital Assets	5,610,711	2,445,148	17,965,883	10,980	26,032,722	88,348
Restricted for:						
Renewal and Replacement Fund	163,790	29,701	56,509	0	250,000	0
Debt Service	212,927	86,612	139,279	0	438,818	0
Unrestricted	6,197,756	(709,065)	(1,285,699)	92,662	4,295,654	684,320
Total Net Position	12,185,184	1,852,396	16,875,972	103,642	31,017,194	772,668
Total Liabilities and Net Position	$ 20,160,562	$ 4,092,864	$ 28,896,811	$ 105,055	$ 53,255,292	$ 875,171

Net Position - Above	$ 31,017,194
Internal Service Fund Net Position in the Enterprise Funds	772,668
Net Position of Business-type Activities	$ 31,789,862

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, 2014

	Business-type Activities					
	Major Funds			Nonmajor Fund	Total Enterprise Funds	Internal Service Fund
	Electric	Water	Wastewater	Mosquito Control		
Operating Revenues						
Charges for Services	$ 15,171,323	$ 1,339,516	$ 2,010,957	$ 56,291	$ 18,578,087	$ 0
Interfund Charges	0	0	0	0	0	1,160,586
Total Operating Revenues	15,171,323	1,339,516	2,010,957	56,291	18,578,087	1,160,586
Operating Expenses						
Electric Power Expenses:						
Nuclear Power	14,123	0	0	0	14,123	0
Purchased Power	9,707,684	0	0	0	9,707,684	0
Personal Services	689,708	386,840	404,372	6,295	1,487,215	864,182
Contractual Services	77,957	62,312	69,346	0	209,615	79,876
Supplies	56,862	35,278	91,051	18,369	201,560	82,497
Repairs and Maintenance	142,698	76,277	106,717	767	326,459	11,909
Billing and Administrative	580,293	278,541	278,541	23,211	1,160,586	0
Depreciation	347,837	162,904	832,731	4,701	1,348,173	13,885
Other Expenses	173,731	201,435	345,136	1,302	721,604	49,046
(Total Operating Expenses)	(11,790,893)	(1,203,587)	(2,127,894)	(54,645)	(15,177,019)	(1,101,395)
Operating Income (Loss)	3,380,430	135,929	(116,937)	1,646	3,401,068	59,191
Nonoperating Revenues (Expenses)						
Investment Gain	5,299	741	350	21	6,411	919
Interest and Fiscal Charges	(102,515)	(33,830)	(284,317)	0	(420,662)	0
Miscellaneous	71,018	32,123	19,120	0	122,261	520
Total Nonoperating Revenues (Expenses)	(26,198)	(966)	(264,847)	21	(291,990)	1,439
Income Before Capital Contributions and Transfers	3,354,232	134,963	(381,784)	1,667	3,109,078	60,630

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, 2014
(Concluded)

	Business-type Activities					
	Major Funds			Nonmajor Fund	Total	
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	Internal Service Fund
Capital Contributions	$ 662,887	$ 0	$ 0	$ 0	$ 662,887	$ 0
Transfers (out)	(1,621,117)	0	(72,638)	0	(1,693,755)	(4,443)
Change in Net Position	2,396,002	134,963	(454,422)	1,667	2,078,210	56,187
Total Net Position, Beginning of Year	9,789,182	1,717,433	17,330,394	101,975	28,938,984	716,481
Total Net Position, End of Year	$ 12,185,184	$ 1,852,396	$ 16,875,972	$ 103,642	$ 31,017,194	$ 772,668

Change in Net Position - Above	$ 2,078,210
Internal Service Fund Activities in the Enterprise Funds	56,187
Change in Net Position of Business-type Activities	$ 2,134,397

See accompanying notes.

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

	Business-type Activities - Enterprise Funds					
	Major Funds			Nonmajor Fund	Total Enterprise Funds	Business-type Activities Internal Service Fund
	Electric	Water	Wastewater	Mosquito Control		
Cash Flows from Operating Activities						
Receipts from Customers	$ 14,323,826	$ 1,359,179	$ 1,982,103	$ 55,864	$ 17,720,972	$ 0
Receipts from Interfund Services Provided	0	0	0	0	0	1,160,586
Cash from Other Sources	71,018	32,123	19,120	0	122,261	520
Payments to Suppliers for Goods and Services	(10,005,425)	(408,280)	(790,359)	(21,329)	(11,225,393)	(252,081)
Payments for Interfund Services Used	(580,293)	(278,541)	(278,541)	(23,211)	(1,160,586)	0
Payments to Employees for Services	(683,561)	(379,797)	(411,171)	(6,295)	(1,480,824)	(878,005)
Net Cash Provided by (Used in) Operating Activities	3,125,565	324,684	521,152	5,029	3,976,430	31,020
Cash Flows from Noncapital Financing Activities						
Loans/Advances and Repayments from (to) Other Funds	10,409	(45,273)	87,290	0	52,426	0
Transfers in (out)	(1,621,117)	0	(72,638)	0	(1,693,755)	(4,443)
Net Cash Provided by (Used in) Noncapital Financing Activities	(1,610,708)	(45,273)	14,652	0	(1,641,329)	(4,443)
Cash Flows from Capital and Related Financing Activities						
Acquisition and Construction of Capital Assets	(806,945)	(50,783)	(99,777)	(140)	(957,645)	(25,457)
Capital Contributions	662,887	0	0	0	662,887	0
Debt Principal Payments	(416,027)	(120,443)	(173,530)	0	(710,000)	0
Debt Interest Payments and Other Charges	(52,377)	(30,182)	(209,913)	0	(292,472)	0
Net Cash Provided by (Used in) Capital and Related Financing Activities	(612,462)	(201,408)	(483,220)	(140)	(1,297,230)	(25,457)
Cash Flows from Investing Activities						
Interest Received	5,299	741	350	21	6,411	919
Net Cash Provided by (Used in) Investing Activities	5,299	741	350	21	6,411	919
Net Increase (Decrease) in Cash and Cash Equivalents	907,694	78,744	52,934	4,910	1,044,282	2,039
Cash and Cash Equivalents, Beginning of Year	4,513,467	775,312	894,988	7,219	6,190,986	564,878
Cash and Cash Equivalents, End of Year	$ 5,421,161	$ 854,056	$ 947,922	$ 12,129	$ 7,235,268	$ 566,917

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Concluded)

	Business-type Activities - Enterprise Funds					
	Major Funds			Nonmajor Fund	Total	Business-type Activities
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	Internal Service Fund
Reconciliation of Cash and Cash Equivalents to Statement of Net Position						
Current Assets:						
Cash and Cash Equivalents	$ 4,123,389	$ 546,642	$ 446,065	$ 12,129	$ 5,128,225	$ 566,917
Restricted Assets:						
Cash and Cash Equivalents	235,138	100,195	229,731	0	565,064	0
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	1,062,634	207,219	272,126	0	1,541,979	0
Total	$ 5,421,161	$ 854,056	$ 947,922	$ 12,129	$ 7,235,268	$ 566,917
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating Income (Loss)	$ 3,380,430	$ 135,929	$ (116,937)	$ 1,646	$ 3,401,068	$ 59,191
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation and Amortization	347,837	162,904	832,731	4,701	1,348,173	13,885
Miscellaneous Income	71,018	32,123	19,120	0	122,261	520
(Increase) Decrease in:						
Accounts Receivable, Net	(199,424)	5,475	(15,428)	(427)	(209,804)	0
Prepaid Items	(8,106)	(13,366)	(28,929)	(311)	(50,712)	1,343
Inventory	53,538	(14,132)	(732)	0	38,674	0
Increase (Decrease) in:						
Accounts Payable	144,588	6,423	(136,007)	(339)	14,665	(1,711)
Accrued Expenses	(22,390)	(11,903)	(12,441)	(241)	(46,975)	(28,385)
Due to Other Governments	15,824	0	0	0	15,824	0
Rate Stabilization Credit	(721,860)	0	0	0	(721,860)	0
Unearned Revenue	0	0	(62,635)	0	(62,635)	0
Compensated Absences	3,997	5,251	(8,352)	0	896	(17,646)
Customer Deposits	57,963	14,188	49,209	0	121,360	0
OPEB Liability	2,150	1,792	1,553	0	5,495	3,823
Net Cash Provided by (Used in) Operating Activities	$ 3,125,565	$ 324,684	$ 521,152	$ 5,029	$ 3,976,430	$ 31,020
Noncash Investing, Capital and Financing Activities						
Amortization of Discount and Refunding Loss	$ 53,611	$ 5,853	$ 18,497	$ 0	$ 77,961	$ 0
Reclassification of Loan Payments Between Principal and Interest Expense per Grantor	$ 0	$ 0	$ 48,506	$ 0	$ 48,506	$ 0

See accompanying notes.

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.

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 2014, 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.

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.

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 goods or services provided by the Utility Administration and Operations, Utility Billing, Warehouse Operations, and Postage Services divisions to the Electric, Water, Wastewater, and Mosquito Control funds.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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, 2014.

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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 $46,140 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.

- **Prepaids**

  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.

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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 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.

- **Unamortized Refunding Loss**
  Losses resulting from the refunding of debt are reported as a deferred outflow of resources and recognized as a component of interest expense over the remaining life of the refunded debt or the new debt, whichever is shorter.

- **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:

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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.

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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.

New Accounting Standards
In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, effective for the City's fiscal year ending September 30, 2015, which establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures for pensions. This statement requires recognition of the liability of employers to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position.

As described in Note 13, the City participates in the FRS, a cost-sharing, multiple-employer defined benefit public retirement plan. Upon implementation of GASB Statement No. 68, the City will be required to recognize a liability for its proportionate share of the collective net pension liability of all employers for benefits provided through the pension plan, and related pension expense/expenditure and deferred outflows and inflows of resources. The effect of the application of GASB Statement No. 68 has not yet been determined.

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.

Note 2 - Stewardship, Compliance, and Accountability *(Concluded)*

Budgetary Information *(Concluded)*

- 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, 2014, the following funds had deficit fund balances:

Fund	Type	Deficit
Neighborhood Community Center	Nonmajor Governmental	$ (157,454)
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 and transfers from the General Fund.

Note 3 - Cash, Cash Equivalents, and Investments

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

Statement of Net Position	
Cash and Cash Equivalents	$ 10,238,970
Restricted:	
Cash and Cash Equivalents	4,370,660
Investments	640,079
Total Cash and Investments	$ 15,249,709

Deposits and investments consist of the following:

Cash Deposits	$ 13,617,456
Investments	1,632,253
Total Cash and Investments	$ 15,249,709

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

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, 2014:

			Investment Maturities			
Investment Type	**Credit Rating**	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**Total**
Florida PRIME	AAAm	$ 985,709	$ 985,709	$ 0	$ 0	$ 985,709
Fund B Surplus Trust Funds Investment Pool	Unrated	6,465	6,465	0	0	6,465
FMPA CR-3 Pooled Investments	Unrated	640,079	640,079	0	0	640,079
Total		$ 1,632,253	$ 1,632,253	$ 0	$ 0	$ 1,632,253

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. As of September 30, 2014, the original principal balances have been distributed in full to each Fund B participant. Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio. Separate financial reports for the SBA investments can be obtained from the Florida State Board of Administration, 1801 Hermitage Blvd., Tallahassee, Florida 32308.

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.

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

Investments *(Concluded)*

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, 2014, are as follows:

	Governmental Activities	Business-type Activities
Cash and Cash Equivalents		
Debt Service Reserve and Sinking Funds	$ 653,410	$ 435,238
Cash with Fiscal Agent	262,441	129,826
Customer Deposit	0	1,291,979
Renewal and Replacement	0	250,000
Economic Environment	481,288	0
Parks and Recreation	30,166	0
Public Safety	28,612	0
Physical Environment	14,678	0
Infrastructure	777,534	0
Other	15,488	0
Net Restricted Cash and Cash Equivalents	$ 2,263,617	$ 2,107,043
Investments		
CR-3 Decommissioning	$ 0	$ 640,079

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, 2014, consists of the following:

Business-type Activities	**Balance**
Electric Utility Supplies	$ 349,444
Transformers	151,206
Meters	13,711
Water/Wastewater Supplies	72,527
Total	$ 586,888

Note 6 - Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended September 30, 2014:

	Beginning Balance	**Additions**	**Disposals**	**Ending Balance**
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 7,409,493	$ 0	$ 0	$ 7,409,493
Construction in Progress	1,694,160	1,022,555	(2,445,708)	271,007
Total Capital Assets Not Being Depreciated	9,103,653	1,022,555	(2,445,708)	7,680,500
Capital Assets Being Depreciated:				
Building	8,463,570	5,356	0	8,468,926
Improvements Other Than Buildings	2,994,968	637,504	0	3,632,472
Infrastructure	9,812,496	2,294,261	0	12,106,757
Furniture, Fixtures, and Equipment	2,582,248	243,157	(99,516)	2,725,889
Total Capital Assets Being Depreciated	23,853,282	3,180,278	(99,516)	26,934,044
Less Accumulated Depreciation for:				
Building	(1,391,677)	(181,564)	0	(1,573,241)
Improvements Other Than Buildings	(647,567)	(112,623)	0	(760,190)
Infrastructure	(4,600,514)	(238,613)	0	(4,839,127)
Furniture, Fixtures, and Equipment	(1,722,311)	(209,003)	91,410	(1,839,904)
Total Accumulated Depreciation	(8,362,069)	(741,803)	91,410	(9,012,462)
Total Capital Assets, Being Depreciated, Net	15,491,213	2,438,475	(8,106)	17,921,582
Governmental Activities Capital Assets, Net	$ 24,594,866	$ 3,461,030	$ (2,453,814)	$ 25,602,082

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

Governmental Activities	
General Government	$ 207,055
Public Safety	133,048
Physical Environment	55
Transportation	283,396
Economic Environment	15,487
Parks and Recreation	102,762
Total	$ 741,803

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, 2014:

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 255,940	$ 0	$ 0	$ 255,940
Construction in Progress	2,346,093	637,696	(726,432)	2,257,357
Total Capital Assets Not Being Depreciated	2,602,033	637,696	(726,432)	2,513,297
Capital Assets Being Depreciated:				
Building	4,872,383	0	0	4,872,383
Improvements Other Than Buildings	3,329,168	506,290	0	3,835,458
Infrastructure	40,377,819	493,093	0	40,870,912
Furniture, Fixtures, and Equipment	2,326,959	72,455	(6,283)	2,393,131
Total Capital Assets Being Depreciated	50,906,329	1,071,838	(6,283)	51,971,884
Less Accumulated Depreciation for:				
Building	(3,547,907)	(121,300)	0	(3,669,207)
Improvements Other Than Buildings	(1,902,771)	(127,259)	0	(2,030,030)
Infrastructure	(7,554,579)	(962,482)	0	(8,517,061)
Furniture, Fixtures, and Equipment	(1,466,462)	(151,017)	6,283	(1,611,196)
Total Accumulated Depreciation	(14,471,719)	(1,362,058)	6,283	(15,827,494)
Total Capital Assets, Being Depreciated, Net	36,434,610	(290,220)	0	36,144,390
Business-type Activities Capital Assets, Net	$ 39,036,643	$ 347,476	$ (726,432)	$ 38,657,687

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, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Section 108 Government Guaranteed Participation Certificates, Series HUD 2001A	$ 1,275,000	$ 0	$ (125,000)	$ 1,150,000	$ 135,000
Capital Improvement and Refunding Revenue Bonds, Series 2006	7,410,000	0	(100,000)	7,310,000	105,000
(Less Discount)	(30,026)	0	1,305	(28,721)	0
2013 Redevelopment Note	885,500	0	(79,621)	805,879	81,841
Due to Alachua County	0	500,000	0	500,000	0
Compensated Absences	438,812	192,893	(186,626)	445,079	182,596
Total	$ 9,979,286	$ 692,893	$ (489,942)	$ 10,182,237	$ 504,437

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.

- **Due to Alachua County**
  Pursuant to an Interlocal Agreement with Alachua County Board of County Commissioners (the County), the City received $500,000 to purchase land in exchange for a commitment to construct recreational fields on the land by January 1, 2015. The City was unable to meet the required timeline, and on December 9, 2014, the County voted not to extend the time to construct the facilities, thus requiring the City to return the $500,000. The repayment is due in annual installments over a period of six years beginning December 31, 2016.

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.

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2015	$ 321,841	$ 405,046	$ 726,887
2016	328,667	390,582	719,249
2017	428,868	375,675	804,543
2018	450,778	359,928	810,706
2019	457,731	342,976	800,707
2020-2024	2,082,994	1,449,573	3,532,567
2025-2029	2,020,000	1,049,978	3,069,978
2030-2034	2,510,000	553,225	3,063,225
2035-2036	1,165,000	52,988	1,217,988
Total	$ 9,765,879	$ 4,979,971	$ 14,745,850

Business-type Activities

The following schedule summarizes the changes in the City's business-type long-term liabilities during the year ended September 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Utility Acquisition Bonds, Series 1993	$ 530,000	$ 0	$ (75,000)	$ 455,000	$ 80,000
2009 State Revolving Fund Loan - Florida Department of Environmental Protection	8,362,907	48,506	0	8,411,413	90,712
Utility Refunding Bonds, 2013	4,695,000	0	(635,000)	4,060,000	650,000
Compensated Absences	222,293	96,574	(113,324)	205,543	121,253
Total	$ 13,810,200	$ 145,080	$ (823,324)	$ 13,131,956	$ 941,965

- **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.

Note 7 - Long-term Liabilities *(Continued)*

Business-type Activities *(Concluded)*

- **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 was $20,550,074, of which $11,841,733 was forgiven pursuant to the loan agreement. 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.

- **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.

  Net utility revenues of the system and excise taxes are pledged as collateral for the revenue bonds. The Series 2013 Bonds are superior to the City's outstanding Utility Acquisition Bonds, Series 1993 and 2009 State Revolving Fund Loan 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):

Fiscal Year Ending September 30,	Principal	Interest	Total
2015	$ 820,712	$ 300,106	$ 1,120,818
2016	861,309	281,185	1,142,494
2017	897,694	261,117	1,158,811
2018	944,715	239,969	1,184,684
2019	997,193	207,383	1,204,576
2020-2024	2,086,995	874,499	2,961,494
2025-2029	1,604,799	681,915	2,286,714
2030-2034	1,809,699	477,016	2,286,715
2035-2039	2,040,931	245,783	2,286,714
2040-2041	862,366	27,031	889,397
Total	$ 12,926,413	$ 3,596,004	$ 16,522,417

Note 7 - Long-term Liabilities *(Concluded)*

Interest
During the year, the City incurred $711,735 of interest costs, all of which was 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.

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. The City has fully funded the reserve requirement.

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.

As of September 30, 2014, the City has met its debt covenants.

Note 8 - Pledged Revenues

The City has pledged certain revenues to repay bonds and notes outstanding as of September 30, 2014. 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, 2014:

Note 8 - Pledged Revenues *(Concluded)*

Pledged Revenue	Description of Bonds	Revenue Received	Principal and Interest Paid	Estimated Percentage Pledged	Outstanding Principal and Interest	Pledged Through
Half-cent Sales Tax		$ 496,497				
Utility Franchise Fees		286,283				
State Revenue Sharing		223,696				
	Section 108, HUD 2001A Series	$ 1,006,476	$ 207,538	20.62%	$ 1,472,499	2021
Non-Ad Valorem Revenues	Capital Improvement and Refunding Revenue Bonds, Series 2006	$ 5,814,449	$ 416,883	7.17%	$ 11,879,836	2036
Incremental Tax Revenue	2013 Redevelopment Note	$ 458,058	$ 99,279	21.67%	$ 893,515	2023
Net Utility Revenues		$ 4,871,547				
Excise Taxes		1,431,876				
	Utility Bonds - Series 1993, and 2013	$ 6,303,423	$ 822,881	13.05%	$ 4,839,639	2020
Net Utility Revenues	State Revolving Fund Loans - 1997, 2009, and 2011	$ 4,871,547	$ 178,053	3.65%	$ 11,682,778	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.

Note 9 - Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables at September 30, 2014:

Receivable Fund	Payable Fund	Amount
General Fund	Redevelopment Agency	$ 200
General Fund	Nonmajor Governmental Funds	565,551
General Fund	Water Utility	471,327
General Fund	Wastewater Utility	282,498
Redevelopment Agency	General Fund	123
Redevelopment Agency	Electric Utility	4,098
Electric Utility	Redevelopment Agency	7,459
Electric Utility	Nonmajor Governmental Funds	824,126
Electric Utility	Water Utility	695,228
Electric Utility	Wastewater Utility	1,633,115
Electric Utility	Nonmajor Enterprise Fund	937
Water Utility	Redevelopment Agency	299
Nonmajor Enterprise Fund	Water Utility	76,793
Internal Service Fund	Water Utility	215,065
Total		$ 4,776,819

Note 9 - Interfund Receivables, Payables, and Transfers *(Concluded)*

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, 2014.

Interfund Transfers:

	Transfers In			
Transfers Out	General Fund	Community Redevelopment Agency	Nonmajor Governmental Funds	Total
General Fund	$ 0	$ 171,302	$ 675,773	$ 847,075
Electric Utility	1,621,117	0	0	1,621,117
Wastewater Utility	0	0	72,638	72,638
Nonmajor Governmental Funds	0	12,703	0	12,703
Internal Service Fund	4,443	0	0	4,443
Total	$ 1,625,560	$ 184,005	$ 748,411	$ 2,557,976

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 $552,182 from the General Fund to the Nonmajor Governmental Funds is for debt service. Additional transfers of $123,591 from the General Fund to the Nonmajor Governmental Funds were made to reduce deficit net position in the Building Operations and Neighborhood Community Center funds. A transfer in the amount of $171,302 from the General Fund to the Community Redevelopment Agency is the City's required portion of tax incremental funding.

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, 2014, 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.

Note 10 - Contingent Liabilities *(Concluded)*

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	$ 745,939	$ 438,818
Renewal and Replacement	0	250,000
Economic Environment	493,434	0
Law Enforcement	28,823	0
Physical Environment	14,708	0
Comprehensive Planning	2,508	0
Parks and Recreation	43,256	0
Total	$ 1,328,668	$ 688,818

The City's restricted net position includes $493,434 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 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 2014 were $9,486,452.

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. The City received power from the power generating facility via Florida's transmission grid and paid an allocated share of operating, maintenance, capital, and retirement costs. Total payments for 2014 were $14,123.

Note 12 - Electric Power Agreements *(Concluded)*

Crystal River Unit No. 3 Participation Agreement *(Concluded)*
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 prior to the license expiration in 2016. 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.

The City selected the Florida Municipal Power Agency (FMPA) to negotiate on its behalf with Duke concerning the failed CR3 plant. After more than a year of negotiations with Duke, the eight municipal minority owners, including the City, and the seven wholesale purchasers have reached a settlement. The terms of the settlement provide for the following: (1) $55,000,000 lump sum cash settlement to the minority owners at closing, of which $606,403 will be paid to the City; (2) minority owners allowed to withdraw $429,560 of the decommissioning funds previously set aside, prior to transfer to Duke, of which $5,132 will be refunded to the City; (3) as of October 1, 2013, minority owners are not responsible for payment of any CR3 related costs that would otherwise be payable pursuant to the CR3 Participation Agreement, and additionally Duke will refund monies paid subsequent to October 1, 2013, in the amount of $1,311,402 of which $24,233 will be refunded to the City; and (4) additional indemnities and release from obligations of undetermined long-term costs. Also, as part of the settlement, all minority owners will transfer decommissioning funds to Duke. The City's decommissioning account balance at September 30, 2014, is $640,079 and is offset by a deferred credit of the same amount.

Once the settlement agreement is executed by all minority owners and wholesale customers, Duke will file a license amendment application with the Nuclear Regulatory Commission (NRC) in order to transfer the minority owners' license to Duke. The closing will take place upon approval of the license transfer by the NRC, at which time the City will convey the CR3 ownership interest and decommissioning trust funds to Duke, and Duke will make the settlement payments. The City will record receipt of the settlement funds and transfer of the decommissioning funds once all required closing documents have been executed.

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 2014 were $211,870.

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.

Note 13 - Pension Plans *(Concluded)*

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, 2014, are as follows:

FRS Membership Class	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
Regular Employees	3.00%	7.37%	10.37%
Special Risk Employees	3.00%	19.82%	22.82%
Rehired Employees	3.00%	7.37%	10.37%
Elected Officials	3.00%	33.17%	36.17%
Senior Management Services	3.00%	21.14%	24.14%
Deferred Retirement Option Program (DROP)	N/A	12.28%	12.28%

The City's contributions to the System for the years ended September 30, 2014, 2013, and 2012 were $568,620, $394,857, and $343,643, respectively. Employee contributions to the System for the years ended September 30, 2014, 2013, and 2012 were $153,698, $144,210, and $142,645, respectively. Contributions are equal to the required contributions for those years.

Note 14 - Other Postemployment Benefits (OPEB)

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 the Plan consisted of the following:

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

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.

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.

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

Annual OPEB Costs and Net OPEB Obligation *(Concluded)*

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)	$ 38,616
Interest on Net OPEB Obligation (NOO)	4,233
Adjustment to ARC	0
Annual OPEB Cost	42,849
Employer Contributions Made	(15,134)
Increase/Decrease in NOO	27,715
Net OPEB Obligation, Beginning of Year	105,834
Net OPEB Obligation, End of Year	$ 133,549

Net OPEB obligation reported in governmental activities in the statement of net position is generally liquidated by the general fund.

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/14	$ 42,849	35.3%	$ 133,549
9/30/13	39,428	31.6%	105,834
9/30/12	34,121	31.2%	78,868

Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Overfunded) Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
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.

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

Actuarial Methods and Assumptions *(Concluded)*

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:

- **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, 2014, the City had the following commitments related to significant unfinished construction projects:

Note 16 - Commitments *(Concluded)*

	Expended as of 9/30/14	Remaining Commitment
Underground Distribution R&R Project	$ 137,011	$ 47,149
Water Treatment Facility Projects	0	45,042
Liftstation No. 1 R&R Project	0	43,875
Nanotherapeutic Road Improvement Project	82,911	13,839
Total	$ 219,922	$ 149,905

Note 17 - Subsequent Events

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 County granted $500,000 to the City to assist with the purchase, in exchange for a commitment from the City to construct the recreational fields by January 1, 2015. The City was unable to construct the fields within the required timeline. On December 9, 2014, the County voted not to amend the Interlocal Agreement extending the time to construct the facilities, thus requiring the City to return the $500,000 over six years, beginning December 31, 2016. A long-term liability and expense have been recorded in the government-wide statements.

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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 5,496,406	$ 5,496,406	$ 5,344,809	$ (151,597)
Permits, Fees and Special Assessments	455,000	503,923	500,206	(3,717)
Intergovernmental Revenues	722,098	797,883	792,773	(5,110)
Charges for Services	908,356	943,335	900,495	(42,840)
Fines and Forfeitures	40,000	57,006	57,006	0
Investment Income	5,000	5,000	6,574	1,574
Miscellaneous	31,300	51,540	60,207	8,667
Total Revenues	7,658,160	7,855,093	7,662,070	(193,023)
Expenditures				
Current:				
General Government:				
Legislative	138,585	138,585	132,971	5,614
Executive	508,680	508,680	491,290	17,390
Finance	973,740	973,740	921,431	52,309
Information Technology	197,677	197,677	169,740	27,937
Legal	171,697	171,697	131,629	40,068
Planning and Zoning	717,415	717,415	591,863	125,552
Other	152,789	152,789	101,066	51,723
Public Safety:				
Police	2,437,067	2,458,914	2,334,661	124,253
Fire	671,887	671,887	628,934	42,953
Protective Inspections	159,347	159,347	158,057	1,290
Physical Environment:				
Solid Waste	750,322	753,672	749,060	4,612
Transportation:				
Streets and Roads	1,010,029	1,010,029	654,088	355,941
Parks and Recreation	861,490	977,031	961,765	15,266
Reserve for Contingency	100,000	43,535	0	43,535
(Total Expenditures)	(8,850,725)	(8,934,998)	(8,026,555)	908,443
(Deficiency) of Revenues (Under) Expenditures	(1,192,565)	(1,079,905)	(364,485)	715,420
Other Financing Sources (Uses)				
Transfers in	1,625,643	1,625,643	1,625,560	(83)
Transfers (out)	(986,751)	(997,431)	(990,403)	7,028
Total Other Financing Sources (Uses) [1]	638,892	628,212	635,157	6,945
Net Change in Fund Balance	(553,673)	(451,693)	270,672	722,365
Fund Balance, Beginning of Year	4,685,412	4,685,412	5,174,932	489,520
Fund Balance, End of Year [2]	$ 4,131,739	$ 4,233,719	$ 5,445,604	$ 1,211,885

[1] Explanation of differences in Other Financing Sources (Uses) between budgetary basis and GAAP included in the notes to required supplementary information.

[2] Fund Balance, End of Year includes the City's budgeted contribution to fund balance in the amount of $100,000 in the original budget and $201,980 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, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Intergovernmental	$ 270,114	$ 274,053	$ 274,053	$ 0
Interest and Other Revenue	2,300	2,300	1,108	(1,192)
Miscellaneous	0	0	50,000	50,000
Total Revenues	272,414	276,353	325,161	48,808
Expenditures				
Current:				
Economic Environment	207,681	253,905	197,491	56,414
Debt Service:				
Principal	79,622	79,622	79,621	1
Interest and Fiscal Charges	19,658	21,693	21,693	0
Capital Outlay	1,518,489	1,474,169	999,430	474,739
Reserve for Contingency	15,000	15,000	0	15,000
(Total Expenditures)	(1,840,450)	(1,844,389)	(1,298,235)	546,154
(Deficiency) of Revenues (Under) Expenditures	(1,568,036)	(1,568,036)	(973,074)	594,962
Other Financing Sources (Uses)				
Transfers in	205,404	205,404	184,005	(21,399)
Total Other Financing Sources (Uses)	205,404	205,404	184,005	(21,399)
Net Change in Fund Balance	(1,362,632)	(1,362,632)	(789,069)	573,563
Fund Balance, Beginning of Year	1,362,632	1,362,632	1,282,503	(80,129)
Fund Balance, End of Year	$ 0	$ 0	$ 493,434	$ 493,434

CITY OF ALACHUA, FLORIDA
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2014

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, 2014

Note 1 - Basis of Presentation

The budget was prepared on the modified accrual basis of accounting. The budget was adopted on a basis consistent with generally accepted accounting principles, except as noted below.

Pursuant to GASB 54, certain funds do not meet the definition of a Special Revenue fund and have been consolidated with the general fund for financial statement reporting purposes, but not for budgetary purposes.

Explanation of differences between General Fund Budgetary Revenue, Expenditures, and Other Financing Sources (Uses) and GAAP Revenues, Expenditures, and Other Financing Sources (Uses):

Actual Other Financing Sources (Uses)-Budgetary Basis	$	635,157
Transfers in to Alachua Transit Corridor Fund		132,648
Transfers in to Hazard Mitigation Grant Fund		10,680
Total Other Financial Sources (Uses) as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$	778,485

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 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.

- The *Economic Development Transportation Fund*—is used to account for grant revenues and capital expenditures for new road construction and reconstruction of existing road.

CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2014

	Building Operations	Additional Court Costs	Donations
Assets			
Cash and Cash Equivalents	$ 0	$ 7,140	$ 15,395
Accounts Receivable	0	270	250
Total Assets	0	7,410	15,645
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	0	500	0
Total Liabilities	0	500	0
Fund Balances			
Restricted for:			
Comprehensive Planning	0	0	2,415
Law Enforcement	0	6,910	141
Physical Environment	0	0	0
Parks and Recreation	0	0	13,089
Total Fund Balances	0	6,910	15,645
Total Liabilities and Fund Balances	$ 0	$ 7,410	$ 15,645

Tree Bank	Police Explorers	TK Basin Special Assessment	Total
$ 93	$ 6,010	$ 14,678	$ 43,316
0	300	30	850
93	6,310	14,708	44,166
0	0	0	500
0	0	0	500
93	0	0	2,508
0	6,310	0	13,361
0	0	14,708	14,708
0	0	0	13,089
93	6,310	14,708	43,666
$ 93	$ 6,310	$ 14,708	$ 44,166

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Building Operations	Additional Court Costs	Donations
Revenues			
Permits, Fees and Special Assessments	$ 0	$ 0	$ 0
Charges for Services	0	0	0
Fines and Forfeitures	0	6,387	0
Investment Income	0	7	23
Miscellaneous	0	0	19,590
Total Revenues	0	6,394	19,613
Expenditures			
Current:			
General Government	0	0	3,226
Public Safety	0	3,859	1,491
Physical Environment	0	0	0
Parks and Recreation	0	0	3,578
Capital Outlay	0	0	6,000
Total (Expenditures)	0	(3,859)	(14,295)
Excess of Revenues Over Expenditures	0	2,535	5,318
Other Financing Sources (Uses)			
Transfers in	85,904	0	0
Total Other Financing Sources (Uses)	85,904	0	0
Net Change in Fund Balances	85,904	2,535	5,318
Fund Balance, Beginning of Year	(85,904)	4,375	10,327
Fund Balance, End of Year	$ 0	$ 6,910	$ 15,645

Tree Bank	Police Explorers	TK Basin Special Assessment	Total
$ 0	$ 0	$ 6,896	$ 6,896
0	1,550	0	1,550
0	0	0	6,387
0	0	23	53
0	507	0	20,097
0	2,057	6,919	34,983
0	0	0	3,226
0	0	0	5,350
0	0	6,123	6,123
0	0	0	3,578
0	0	0	6,000
0	0	(6,123)	(24,277)
0	2,057	796	10,706
0	0	0	85,904
0	0	0	85,904
0	2,057	796	96,610
93	4,253	13,912	(52,944)
$ 93	$ 6,310	$ 14,708	$ 43,666

CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2014

	Neighborhood Community Center	Municipal Complex	San Felasco Conservation Corridor
Assets			
Cash and Cash Equivalents	$ 0	$ 0	$ 9,302
Total Assets	0	0	9,302
Liabilities and Fund Balances			
Liabilities			
Unearned Revenue	0	0	0
Advances from Other Funds	157,454	935,324	0
Total Liabilities	157,454	935,324	0
Fund Balances			
Restricted for:			
Parks and Recreation	0	0	9,302
Unassigned	(157,454)	(935,324)	0
Total Fund Balances	(157,454)	(935,324)	9,302
Total Liabilities and Fund Balances	$ 0	$ 0	$ 9,302

Recreation Surtax	Project Legacy	Heritage Oaks Improvement	Economic Development Transportation Project	Total
$ 19,848	$ 1,017	$ 777,534	$ 0	$ 807,701
19,848	1,017	777,534	0	807,701
0	0	777,534	0	777,534
0	0	0	0	1,092,778
0	0	777,534	0	1,870,312
19,848	1,017	0	0	30,167
0	0	0	0	(1,092,778)
19,848	1,017	0	0	(1,062,611)
$ 19,848	$ 1,017	$ 777,534	$ 0	$ 807,701

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Neighborhood Community Center	Municipal Complex	San Felasco Conservation Corridor
Revenues			
Intergovernmental Revenues	$ 0	$ 0	$ 0
Investment Income	0	0	15
Miscellaneous	0	0	0
Total Revenues	0	0	15
Expenditures			
Current:			
Physical Environment	0	0	0
Parks and Recreation	0	0	1,400
Capital Outlay	0	0	0
(Total Expenditures)	0	0	(1,400)
(Deficiency) Excess of Revenues (Under) Over Expenditures	0	0	(1,385)
Other Financing Sources (Uses)			
Transfers in	37,687	0	0
Transfers (out)	0	0	0
Total Other Financing Sources (Uses)	37,687	0	0
Net Change in Fund Balances	37,687	0	(1,385)
Fund Balance, Beginning of Year	(195,141)	(935,324)	10,687
Fund Balance, End of Year	$ (157,454)	$ (935,324)	$ 9,302

Recreation Surtax	Project Legacy	Heritage Oaks Improvement	Economic Development Transportation Project	Total
$ 0	$ 0	$ 0	$ 82,911	$ 82,911
24	0	0	0	39
0	0	41,416	0	41,416
24	0	41,416	82,911	124,366
0	0	34,166	0	34,166
0	0	0	0	1,400
0	0	7,250	82,911	90,161
0	0	(41,416)	(82,911)	(125,727)
24	0	0	0	(1,361)
0	0	0	0	37,687
(12,703)	0	0	0	(12,703)
(12,703)	0	0	0	24,984
(12,679)	0	0	0	23,623
32,527	1,017	0	0	(1,086,234)
$ 19,848	$ 1,017	$ 0	$ 0	$ (1,062,611)

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, 2014

	Final Budget	Actual	Variance With Final Budget
Revenues			
Interest	$ 480	$ 547	$ 67
Total Revenues	480	547	67
Expenditures			
Debt Service:			
Principal	225,000	225,000	0
Interest and Fiscal Charges	400,300	399,820	480
Debt Reserves	0	0	0
(Total Expenditures)	(625,300)	(624,820)	480
(Deficiency) of Revenues (Under) Expenditures	(624,820)	(624,273)	547
Other Financing Sources (Uses)			
Transfers in	624,820	624,820	0
Total Other Financing Sources (Uses)	624,820	624,820	0
Net Change in Fund Balance	0	547	547
Fund Balance, Beginning of Year	0	725,721	725,721
Fund Balance, End of Year	$ 0	$ 726,268	$ 726,268

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, 2014

	Building Operations			Additional Court Costs		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Permits, Fees and Special Assessments	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Charges for Services	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	4,220	6,387	2,167
Investment Income (Loss)	0	0	0	20	7	(13)
Miscellaneous	0	0	0	0	0	0
Total Revenues	0	0	0	4,240	6,394	2,154
Expenditures						
Current:						
General Government	0	0	0	0	0	0
Public Safety	91,397	0	91,397	6,400	3,859	2,541
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)	(91,397)	0	91,397	(6,400)	(3,859)	2,541
Excess (Deficiency) of Revenues Over (Under) Expenditures	(91,397)	0	91,397	(2,160)	2,535	4,695
Other Financing Sources (Uses)	91,397	85,904	(5,493)	0	0	0
Net Change in Fund Balance	0	85,904	85,904	(2,160)	2,535	4,695
Fund Balance, Beginning of Year	0	(85,904)	(85,904)	3,493	4,375	882
Fund Balance, End of Year	$ 0	$ 0	$ 0	$ 1,333	$ 6,910	$ 5,577

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	1,550	1,550
0	0	0	0	0	0	0	0	0
0	23	23	0	0	0	0	0	0
16,250	19,590	3,340	0	0	0	0	507	507
16,250	19,613	3,363	0	0	0	0	2,057	2,057
8,166	3,226	4,940	93	0	93	0	0	0
1,732	1,491	241	0	0	0	3,803	0	3,803
0	0	0	0	0	0	0	0	0
9,511	3,578	5,933	0	0	0	0	0	0
6,469	6,000	469	0	0	0	0	0	0
(25,878)	(14,295)	11,583	(93)	0	93	(3,803)	0	3,803
(9,628)	5,318	14,946	(93)	0	93	(3,803)	2,057	5,860
0	0	0	0	0	0	0	0	0
(9,628)	5,318	14,946	(93)	0	93	(3,803)	2,057	5,860
9,628	10,327	699	93	93	0	3,803	4,253	450
$ 0	$ 15,645	$ 15,645	$ 0	$ 93	$ 93	$ 0	$ 6,310	$ 6,310

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, 2014
(Concluded)

	TK Basin Special Assessment		
	Final Budget	Actual	Variance With Final Budget
Revenues			
Permits, Fees and Special Assessments	$ 7,000	$ 6,896	$ (104)
Investment Income (Loss)	35	23	(12)
Total Revenues	7,035	6,919	(116)
Expenditures			
Current:			
Physical Environment	12,200	6,123	6,077
(Total Expenditures)	(12,200)	(6,123)	6,077
Excess of Revenues Over Expenditures	(5,165)	796	5,961
Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	(5,165)	796	5,961
Fund Balance, Beginning of Year	14,389	13,912	(477)
Fund Balance, End of Year	$ 9,224	$ 14,708	$ 5,484

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, 2014

	Neighborhood Community Center			San Felasco Conservation Corridor		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Intergovernmental Revenues	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Investment Income (Loss)	0	0	0	30	15	(15)
Miscellaneous	0	0	0	0	0	0
Total Revenues	0	0	0	30	15	(15)
Expenditures						
Current:						
Physical Environment	0	0	0	0	0	0
Parks and Recreation	37,687	0	37,687	10,712	1,400	9,312
Capital Outlay	0	0	0	0	0	0
(Total Expenditures)	(37,687)	0	37,687	(10,712)	(1,400)	9,312
(Deficiency) Excess of Revenues (Under) Over Expenditures	(37,687)	0	37,687	(10,682)	(1,385)	9,297
Other Financing Sources (Uses)						
Transfers in	37,687	37,687	0	0	0	0
Transfers (out)	0	0	0	0	0	0
Total Other Financing Sources (Uses)	37,687	37,687	0	0	0	0
Net Change in Fund Balance	0	37,687	37,687	(10,682)	(1,385)	9,297
Fund Balance, Beginning of Year	0	(195,141)	(195,141)	10,682	10,687	5
Fund Balance, End of Year	$ 0	$ (157,454)	$ (157,454)	$ 0	$ 9,302	$ 9,302

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
40	24	(16)	0	0	0	0	0	0
0	0	0	0	0	0	821,000	41,416	(779,584)
40	24	(16)	0	0	0	821,000	41,416	(779,584)
0	0	0	0	0	0	43,457	34,166	9,291
0	0	0	1,016	0	1,016	0	0	0
0	0	0	0	0	0	777,543	7,250	770,293
0	0	0	(1,016)	0	1,016	(821,000)	(41,416)	779,584
40	24	(16)	(1,016)	0	1,016	0	0	0
0	0	0	0	0	0	0	0	0
(32,568)	(12,703)	19,865	0	0	0	0	0	0
(32,568)	(12,703)	19,865	0	0	0	0	0	0
(32,528)	(12,679)	19,849	(1,016)	0	1,016	0	0	0
32,528	32,527	(1)	1,016	1,017	1	0	0	0
$ 0	$ 19,848	$ 19,848	$ 0	$ 1,017	$ 1,017	$ 0	$ 0	$ 0

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, 2014
(Concluded)

	Economic Development Transportation Project		
	Final Budget	Actual	Variance With Final Budget
Revenues			
Intergovernmental Revenues	$ 1,085,000	$ 82,911	$ (1,002,089)
Investment Income (Loss)	0	0	0
Miscellaneous	0	0	0
Total Revenues	1,085,000	82,911	(1,002,089)
Expenditures			
Current:			
Physical Environment	0	0	0
Parks and Recreation	0	0	0
Capital Outlay	1,085,000	82,911	1,002,089
(Total Expenditures)	(1,085,000)	(82,911)	1,002,089
(Deficiency) Excess of Revenues (Under) Over Expenditures	0	0	0
Other Financing Sources (Uses)			
Transfers in	0	0	0
Transfers (out)	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance, Beginning of Year	0	0	0
Fund Balance, End of Year	$ 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.

Contents	Page
Financial Trends	
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	
These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, which is property taxes.	85
Debt Capacity	
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.	90
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.	97
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.	99

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

FINANCIAL TRENDS INFORMATION

Schedule 1
CITY OF ALACHUA, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2005	**2006**	**2007**	**2008**
Governmental Activities				
Invested in capital assets, net of related debt	$ 1,006,106	5,231,567	7,345,392	7,995,820
Restricted	175,489	179,312	240,666	109,767
Unrestricted	1,193,543	586,454	104,323	33,531
Total governmental activities net position	$ 2,375,138	5,997,333	7,690,381	8,139,118
Business-type Activities				
Invested in capital assets, net of related debt	$ 1,042,838	3,343,956	6,524,660	7,859,209
Restricted	946,173	970,861	1,006,659	1,053,894
Unrestricted	6,990,100	7,036,767	3,492,497	1,553,135
Total business-type activities net position	$ 8,979,111	11,351,584	11,023,816	10,466,238
Primary Government				
Invested in capital assets, net of related debt	$ 2,048,944	8,575,523	13,870,052	15,855,029
Restricted	1,121,662	1,150,173	1,247,325	1,163,661
Unrestricted	8,183,643	7,623,221	3,596,820	1,586,666
Total primary government net position	$ 11,354,249	17,348,917	18,714,197	18,605,356

Fiscal Year					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
11,727,737	12,924,412	13,306,758	14,518,014	15,054,392	15,864,924
2,298,952	2,642,617	2,768,100	2,302,270	2,104,955	1,328,668
(1,212,629)	(487,329)	1,321,909	2,461,909	3,250,642	3,752,120
12,814,060	15,079,700	17,396,767	19,282,193	20,409,989	20,945,712
9,201,971	21,128,470	22,062,135	21,041,023	25,448,736	26,121,070
1,269,753	1,274,753	2,934,138	2,927,873	1,067,119	688,818
(316,896)	12,635	2,294,312	2,992,216	3,139,610	4,979,974
10,154,828	22,415,858	27,290,585	26,961,112	29,655,465	31,789,862
20,929,708	34,052,882	35,368,893	35,559,037	40,503,128	41,985,994
3,568,705	3,917,370	5,702,238	5,230,143	3,172,074	2,017,486
(1,529,525)	(474,694)	3,616,221	5,454,125	6,390,252	8,732,094
22,968,888	37,495,558	44,687,352	46,243,305	50,065,454	52,735,574

Schedule 2
CITY OF ALACHUA, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2005	**2006**	**2007**	**2008**
Expenses				
Governmental activities:				
General government	$ 2,193,976	2,505,211	3,998,405	3,373,717
Public safety	3,202,102	2,621,162	2,869,023	2,916,964
Physical environment	1,004,761	558,928	477,038	554,763
Transportation	772,815	701,492	754,008	840,867
Economic environment	82,049	608,385	1,258,609	150,543
Parks and recreation	564,972	609,993	746,943	776,645
Interest on long-term debt	197,744	395,514	474,453	467,028
Total governmental activities expenses	8,018,419	8,000,685	10,578,479	9,080,527
Business-type Activities				
Electric	8,946,756	10,122,932	11,111,055	12,611,445
Water and sewer	2,771,163	2,518,848	2,793,493	2,964,692
Mosquito control	24,449	36,914	30,375	44,395
Total business-type activities	11,742,368	12,678,694	13,934,923	15,620,532
Total primary government expenses	19,760,787	20,679,379	24,513,402	24,701,059
Program Revenues				
Governmental activities:				
Charges for services:				
General government	394,028	177,492	222,686	209,856
Public safety	126,464	305,855	303,235	208,106
Physical environment	540,857	544,330	562,037	577,104
Transportation	--	--	--	70
Economic environment	--	--	--	--
Parks and recreation	62,779	29,070	57,014	60,078
Operating grants and contributions	1,388,772	722,235	1,434,870	131,360
Capital grants and contributions	231,662	2,876,553	2,309,950	928,576
Total governmental activities program revenues	$ 2,744,562	4,655,535	4,889,792	2,115,150
Business-type activities:				
Charges for services:				
Electric	$ 10,105,732	11,595,733	11,350,370	14,563,814
Water and sewer	2,097,604	2,045,446	2,412,960	2,252,644
Mosquito Control	41,255	42,959	45,927	49,071
Operating grants and contributions	--	--	15,709	--
Capital grants and contributions	--	--	1,117,109	--
Total business-type activities program revenues	12,244,591	13,684,138	14,942,075	16,865,529
Total primary government program revenues	14,989,153	18,339,673	19,831,867	18,980,679
Net (Expense) Revenue				
Governmental activities	(5,273,857)	(3,345,150)	(5,688,687)	(6,965,377)
Business-type activities	502,223	1,005,444	1,007,152	1,244,997
Total primary government net expense	$ (4,771,634)	(2,339,706)	(4,681,535)	(5,720,380)

Fiscal Year					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
3,565,490	2,771,143	2,897,711	3,080,777	2,813,888	2,719,659
2,853,035	3,031,037	2,882,263	3,009,977	3,085,939	3,164,017
643,072	767,582	761,634	737,191	795,886	789,404
724,671	755,262	675,861	708,219	694,479	758,198
150,250	168,590	185,242	148,614	176,463	212,978
718,239	868,434	722,994	748,726	758,883	1,318,191
457,511	448,741	435,371	426,780	435,587	418,674
9,112,268	8,810,789	8,561,076	8,860,284	8,761,125	9,381,121
11,805,050	11,841,903	10,903,730	9,745,061	10,083,138	11,863,813
2,941,214	2,893,843	3,121,021	4,715,831	3,634,733	3,621,216
43,684	45,886	47,326	55,105	49,446	53,461
14,789,948	14,781,632	14,072,077	14,515,997	13,767,317	15,538,490
23,902,216	23,592,421	22,633,153	23,376,281	22,528,442	24,919,611
362,701	377,226	395,496	346,639	495,774	317,475
175,843	145,175	155,580	156,036	54,418	297,144
736,898	806,932	785,330	816,165	809,118	823,782
11,165	11,720	11,843	12,200	12,565	13,370
--	--	--	--	--	--
70,666	43,050	31,174	40,295	32,615	27,243
291,160	342,416	218,571	217,569	270,027	251,953
783,967	1,590,710	1,168,258	1,033,364	756,335	577,993
2,432,400	3,317,229	2,766,252	2,622,268	2,430,852	2,308,960
12,835,626	14,673,991	14,392,269	12,519,393	13,073,827	15,171,323
2,148,928	2,251,328	3,257,081	2,952,806	3,144,427	3,350,473
49,655	49,775	49,877	50,073	54,585	56,291
--	--	1,627,198	--	551,284	24,527
325,635	11,420,846	2,139,510	138,066	1,321,644	662,887
15,359,844	28,395,940	21,465,935	15,660,338	18,145,767	19,265,501
17,792,244	31,713,169	24,232,187	18,282,606	20,576,619	21,574,461
(6,679,868)	(5,493,560)	(5,794,824)	(6,238,016)	(6,330,273)	(7,072,161)
569,896	13,614,308	7,393,858	1,144,341	4,378,450	3,727,011
(6,109,972)	8,120,748	1,599,034	(5,093,675)	(1,951,823)	(3,345,150)

Schedule 2 *(Concluded)*
CITY OF ALACHUA, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2005	**2006**	**2007**	**2008**
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	$ 2,389,945	2,721,884	3,072,173	3,071,384
Communications services taxes	220,943	236,613	250,326	354,990
Utility taxes	643,971	582,241	638,777	632,621
Local option gas tax	140,829	145,771	142,317	197,363
Business license tax	--	--	--	44,545
Franchise fees	226,439	250,238	237,505	271,562
Intergovernmental revenue	615,007	688,172	666,744	658,998
Unrestricted investment earnings	61,391	125,389	149,747	56,825
Miscellaneous	252,132	181,171	77,746	112,202
Capital asset transfers	--	(827,839)	--	(694,401)
Gain on disposal of capital assets	--	--	--	--
Special item - insurance claim proceeds	--	--	380,599	--
Transfers	992,475	1,100,595	1,765,801	2,708,025
Total governmental activities	5,543,132	5,204,235	7,381,735	7,414,114
Business-type activities:				
Unrestricted investment earnings	89,647	458,045	380,637	132,148
Miscellaneous	163,464	8,213	50,244	78,901
Capital asset transfers	--	827,839	--	694,401
Gain on disposal of capital assets	--	--	--	--
Special item	--	--	--	--
Transfers	(992,475)	(1,100,595)	(1,765,801)	(2,708,025)
Total business-type activities	(739,364)	193,502	(1,334,920)	(1,802,575)
Total primary government	$ 4,803,768	5,397,737	6,046,815	5,611,539
Change in Net Position				
Governmental activities	$ 269,275	1,859,085	1,693,048	448,737
Business-type activities	(237,141)	1,198,946	(327,768)	(557,578)
Total primary government	$ 32,134	3,058,031	1,365,280	(108,841)

Fiscal Year					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
3,464,378	4,241,001	4,051,946	3,695,306	3,650,565	3,650,563
472,087	428,155	408,414	379,347	333,439	313,826
666,161	959,321	1,233,554	1,191,592	1,120,707	1,118,050
--	--	--	--	--	--
46,050	47,034	48,780	49,898	49,723	46,691
--	--	--	--	--	--
521,249	548,753	565,093	600,600	626,460	657,312
(13,557)	31,071	11,159	15,289	13,401	8,321
90,752	72,712	90,378	637,528	150,228	114,923
--	--	--	--	--	--
--	--	10,775	--	--	--
--	--	--	--	--	--
2,087,990	1,431,153	1,691,792	1,553,882	1,698,102	1,698,198
7,335,110	7,759,200	8,111,891	8,123,442	7,642,625	7,607,884
(26,740)	7,931	10,154	17,395	11,665	7,330
83,957	69,944	83,366	62,673	80,881	98,254
--	--	--	--	--	--
--	--	752	--	--	--
--	--	(921,611)	--	--	--
(2,087,990)	(1,431,153)	(1,691,792)	(1,553,882)	(1,698,102)	(1,698,198)
(2,030,773)	(1,353,278)	(2,519,131)	(1,473,814)	(1,605,556)	(1,592,614)
5,304,337	6,405,922	5,592,760	6,649,628	6,037,069	6,015,270
655,242	2,265,640	2,317,067	1,885,426	1,312,352	535,723
(1,460,877)	12,261,030	4,874,727	(329,473)	2,772,894	2,134,397
(805,635)	14,526,670	7,191,794	1,555,953	4,085,246	2,670,120

Schedule 3
CITY OF ALACHUA, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2005	**2006**	**2007**	**2008**
General Fund				
Nonspendable	$ --	--	--	--
Restricted	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
Reserved	6,178	46,537	47,493	562,704
Unreserved	1,337,690	752,199	530,387	90,672
Total general fund	$ 1,343,868	798,736	577,880	653,376
All Other Governmental Funds				
Nonspendable	$ --	--	--	--
Restricted	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
Reserved	314,306	4,532,175	240,239	317,736
Unreserved, reported in:				
Special revenue funds	212,809	410,974	739,239	746,922
Debt Service funds	--	--	--	--
Capital Projects funds	(139,632)	1,559,883	(967,350)	(1,331,239)
Total all other governmental funds	$ 387,483	6,503,032	12,128	(266,581)

GASB Statement No. 54 was implemented in fiscal year 2011, which changed the presentation of fund balance components.

Fiscal Year					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
--	--	1,754,694	1,768,547	1,819,012	1,411,513
--	--	44,769	15,478	12,626	15,462
--	--	162,624	157,490	653,673	727,248
--	--	1,438,093	2,384,803	2,689,621	3,434,709
1,451,124	2,446,216	--	--	--	--
(400,601)	(362,329)	--	--	--	--
1,050,523	2,083,887	3,400,180	4,326,318	5,174,932	5,588,932
--	--	18,285	9,549	13,621	23,607
--	--	2,884,071	2,453,267	2,072,294	1,459,511
--	--	--	--	--	--
--	--	(1,646,843)	(1,402,080)	(1,216,869)	(1,282,361)
110,241	98,969	--	--	--	--
1,034,916	1,162,252	--	--	--	--
103,600	103,379	--	--	--	--
(901,994)	(718,530)	--	--	--	--
346,763	646,070	1,255,513	1,060,736	869,046	200,757

Schedule 4
CITY OF ALACHUA, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2005	**2006**	**2007**	**2008**
Revenues				
Taxes	$ 3,622,127	3,936,747	4,341,099	4,300,903
Permits, fees, and special assessments	303,955	255,117	271,210	414,749
Fines and forfeitures	126,064	89,005	70,338	64,719
Intergovernmental revenues	2,038,632	4,225,378	3,290,350	1,645,224
Charges for services	702,875	722,183	803,424	847,308
Interest	61,391	125,389	149,747	56,825
Miscellaneous	408,064	251,754	192,354	185,912
Total revenues	7,263,108	9,605,573	9,118,522	7,515,640
Expenditures				
General government	2,124,477	2,447,896	3,499,993	3,124,553
Public safety	2,993,477	2,532,882	2,732,214	2,771,926
Physical environment	995,092	557,059	478,017	554,710
Transportation	494,320	541,820	533,781	603,818
Economic environment	78,459	607,006	1,257,028	144,962
Parks and recreation	514,504	564,733	685,953	672,312
Debt service:				
Principal	190,455	369,310	2,195,202	222,409
Interest and fiscal charges	197,744	457,336	471,080	461,570
Capital outlay	703,303	6,159,969	6,123,414	1,879,943
Total expenditures	8,291,831	14,238,011	17,976,682	10,436,203
Excess (deficiency) of revenues over (under) expenditures	(1,028,723)	(4,632,438)	(8,858,160)	(2,920,563)
Other Financing Sources (Uses)				
Proceeds from the sale of capital assets	--	--	--	9,325
Proceeds from borrowing	297,633	9,786,096	--	--
Payments to refunding bond escrow agent	--	(683,836)	--	--
Insurance proceeds	--	--	380,599	--
Transfers in	1,343,002	1,883,777	2,855,631	3,567,534
Transfers out	(350,527)	(783,182)	(1,089,830)	(859,509)
Total other financing sources (uses)	1,290,108	10,202,855	2,146,400	2,717,350
Net change in fund balances	$ 261,385	5,570,417	(6,711,760)	(203,213)
Debt service as a percentage of noncapital expenditures	5.1%	10.2%	22.5%	8.0%

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					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
5,173,394	6,341,335	6,111,452	5,531,359	5,364,716	5,344,809
388,187	388,256	426,656	410,673	448,531	507,102
115,367	51,071	47,813	41,023	48,181	63,393
1,001,259	1,509,711	953,409	1,481,397	1,038,824	1,149,737
902,484	933,276	904,161	918,349	906,021	902,045
(13,556)	31,071	11,159	15,289	13,401	8,321
112,386	314,097	145,019	793,738	174,019	171,720
7,679,521	9,568,817	8,599,669	9,191,828	7,993,693	8,147,127
3,304,566	2,515,519	2,667,416	2,798,685	2,534,198	2,511,783
2,698,133	2,867,877	2,755,777	2,869,912	2,916,255	3,004,179
643,018	748,023	761,580	737,137	795,832	789,349
477,657	524,382	454,041	475,306	473,721	474,618
143,358	162,431	176,300	136,857	161,923	197,491
638,051	771,309	624,179	645,313	657,592	710,454
227,525	234,169	227,398	210,000	215,000	304,621
452,212	441,966	431,476	420,787	430,470	421,513
249,846	1,446,133	435,301	1,733,572	1,746,650	1,685,606
8,834,366	9,711,809	8,533,468	10,027,569	9,931,641	10,099,614
(1,154,845)	(142,992)	66,201	(835,741)	(1,937,948)	(1,952,487)
15,397	38,988	167,743	13,220	11,270	--
--	--	--	--	885,500	--
--	--	--	--	--	--
--	--	--	--	--	--
2,950,565	2,728,129	2,852,909	3,182,229	2,454,088	2,557,976
(858,575)	(1,291,454)	(1,161,117)	(1,628,347)	(755,986)	(859,778)
2,107,387	1,475,663	1,859,535	1,567,102	2,594,872	1,698,198
952,542	1,332,671	1,925,736	731,361	656,924	(254,289)
7.9%	8.2%	8.1%	7.6%	7.9%	8.6%

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
2005	$304,669,400	58,459,200	24,485,700	81,063,300
2006	365,001,800	67,234,800	30,265,500	86,254,300
2007	449,024,100	85,797,400	32,490,500	85,250,300
2008	535,100,200	102,112,900	35,005,500	100,646,800
2009	569,343,300	111,092,400	37,888,600	163,769,900
2010	531,600,770	113,537,800	69,227,500	158,400,600
2011	319,077,965	104,257,104	60,791,620	145,987,301
2012	275,660,490	104,238,080	59,247,070	129,060,290
2013	279,161,950	106,282,970	57,665,520	130,863,550
2014	281,698,170	106,926,610	56,734,615	128,789,230

Source: Alachua County Property Appraiser

Non-Taxable Real Property	Personal and Centrally Assessed Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
52,295,000	79,854,354	164,686,240	436,140,714	5.7000
62,440,300	82,886,340	199,049,550	495,033,490	5.7000
72,842,900	93,854,996	235,711,400	583,548,796	5.5000
77,307,900	99,036,273	265,998,252	683,211,321	4.6480
97,840,300	127,181,206	340,977,840	766,137,866	4.6966
108,260,600	141,482,934	321,027,840	801,482,364	5.5000
261,136,703	144,519,173	272,288,306	763,481,560	5.5000
260,266,024	146,380,912	272,929,424	701,923,442	5.5000
286,179,813	103,588,381	281,978,533	681,763,651	5.5000
285,937,360	108,914,101	281,927,200	687,072,886	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)

	Direct	Overlapping							
Fiscal Year Ended Sept. 30,	**City**	**Alachua BOCC**	**Alachua BOCC GO Debt**	**Alachua County Library District**	**Library Capital Outlay**	**Library Debt Service**	**School Board**	**Suwannee River Water Management District**	**St. Johns River Water Management District**
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
2014	5.5000	8.7990	0.2500	1.3638	0.0000	0.0950	8.4020	0.4143	0.3283

Source: Alachua County Property Appraiser

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

	Fiscal Year 2014			Fiscal Year 2005		
Taxpayer	**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	$ 74,952,140	1	10.91%	--		--
Dolgencorp, Inc.	50,838,550	2	7.40%	42,073,200	1	9.65%
Dollar General Store #1394	--		--	28,042,140	2	6.43%
Baugh Southeast Cooperative, Inc.	30,910,600	3	4.50%	--		--
South Redistribution Center, Inc.	10,120,750	7	1.47%	--		--
Regeneration Technologies, Inc.	23,123,760	4	3.37%	12,294,770	3	2.82%
Waco of Alabama, Inc.	10,918,700	6	1.59%	--		--
Lowes Home Centers, Inc.	8,534,170	9	1.24%	--		--
Alachua Development, LLC	9,328,240	8	1.36%	--		--
Hunter Marine Corporation	--		--	--		--
MAS Holding Company, Inc.	5,213,620	10	0.76%	4,886,500	4	1.12%
Wigshaw, LLC	--		--	--		--
Wachovia Trust Comp., Ntnl Assn Tr	--		--	4,231,800	5	0.97%
Maronda Homes, Inc.	--		--	--		--
Hitchcock & Sons, Inc.	--		--	2,615,500	10	0.60%
Atlantic Financial Group, Ltd.	--		--	--		--
Sage Software	--		--	2,616,440	9	0.60%
SNH Medical Office Properties, Trust	15,491,700	5	2.25%	--		--
Innovation Partners, Ltd.	--		--	3,369,600	8	0.77%
Hipp Construction	--		--	--		--
Malboro Industry Park, Inc.	--		--	--		--
Sandvik Mining & Construction USA, LLC	--		--	--		--
Alltel Florida, Inc.	--		--	3,427,900	6	0.79%
Citizens & Southern	--		--	3,411,700	7	0.78%
Apalachee Development Co.	--		--	--		--
Heritage Links Golf Co.	--		--	--		--
Oakhill Plaza Associates, LP	--		--	--		--
Plantation Oaks GC, Inc.	--		--	--		--
Apalachee Development Co.	--		--	--		--
Curagen Corp.	--		--	--		--
	$ 239,432,230		34.85%	106,969,550		24.53%

Source: Alachua County Property Appraiser

Note: Sage Software formerly known as Medical Manager Research and Development.

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

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	4,051,947	96.5%
2012	3,860,579	3,688,577	95.5%	6,729	3,695,307	95.7%
2013	3,749,700	3,612,853	96.4%	37,712	3,650,565	97.4%
2014	3,778,901	3,643,042	96.4%	7,521	3,650,563	96.6%

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

	Governmental Activities			
Fiscal Year	**General Government Bonds**	**Sales Tax Revenue Notes**	**Tax Increment Revenue Note**	**Financing Loans**
2005	$ 2,735,000	208,863	203,220	327,835
2006	10,035,000	--	174,523	2,007,180
2007	9,875,000	--	140,043	6,459
2008	9,695,000	--	104,093	--
2009	9,505,000	--	66,568	--
2010	9,310,000	--	27,399	--
2011	9,110,000	--	--	--
2012	8,900,000	--	--	--
2013	8,685,000	--	885,500	--
2014	8,460,000	--	805,879	500,000

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

Business-Type Activities						
Utility Acquisition Bonds	Utility Refunding Bonds	Utility Revenue Bonds	Loans/ Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
975,000	10,030,000	488,000	55,990	15,023,908	6.53%	1,988
930,000	9,460,000	463,000	57,501	23,127,205	9.62%	3,020
885,000	8,860,000	437,000	323,522	20,527,024	7.65%	2,415
835,000	8,230,000	410,000	900,456	20,174,549	6.81%	2,213
780,000	7,675,000	381,000	1,148,009	19,555,576	6.38%	2,101
725,000	7,105,000	351,000	6,839,409	24,357,808	7.51%	2,564
665,000	6,515,000	319,000	9,504,289	26,113,289	7.80%	2,771
600,000	5,905,000	286,000	10,193,010	25,884,010	8.15%	2,842
530,000	4,695,000	--	8,362,905	23,158,405	7.01%	2,535
455,000	4,060,000	--	8,411,411	22,692,289	6.41%	2,440

Schedule 10
CITY OF ALACHUA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
Capital Improvement and Refunding Revenue Bonds, 2006	$ 7,310,000	100.00%	$ 7,310,000
Redevelopment Revenue Note, 2013	805,879	100.00%	805,879
HUD Section 108 Loan	1,150,000	100.00%	1,150,000
Total direct debt			9,265,879
Overlapping:			
Alachua County Board of County Commissioners			
Alachua County Forever Bank Loan, 2010-1	4,870,200	6.10%	297,208
Alachua County Library District, 2011	3,072,000	6.10%	187,471
Total overlapping debt			484,679
Total direct and overlapping debt			$ 9,750,557

Sources: City of Alachua Finance Department and the Alachua County Finance Department.

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	
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
2014	1,006,475	125,000	82,538	4.85

Fiscal Year	Pledged Revenue	Series 2006 Capital Improvement Debt Service		Coverage
		Principal	Interest	
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
2014	6,123,156	100,000	316,883	14.69

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
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	--	--	--	--	--	--	--
2014	--	--	--	--	--	--	--

Fiscal Year	Sales Tax Revenue	Sales Tax Rev Note-1999B Debt Service			Sales Tax Rev Note-2000 Debt Service		
		Principal	Interest	Coverage	Principal	Interest	Coverage
2005	$ --	--	--	--	8,418	2,945	31.14
2006	--	--	--	--	45,259	417	6.30
2007	--	--	--	--	--	--	--
2008	--	--	--	--	--	--	--
2009	--	--	--	--	--	--	--
2010	--	--	--	--	--	--	--
2011	--	--	--	--	--	--	--
2012	--	--	--	--	--	--	--
2013	--	--	--	--	--	--	--
2014	--	--	--	--	--	--	--

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

(2) The Sales Tax 1999A and 1999B were paid off in Fiscal Year 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	
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
2014	445,355	79,622	19,658	99,279	4.49

Notes:

(1) 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 valued multiplied by 95%.

(2) 2000 Tax Increment Note paid off during Fiscal Year 2011.

(3) 2013 Redevelopment Note Debt Service payment began in Fiscal Year 2014.

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
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
2014	3,840,677	1,431,876	5,272,553	1,000,935	5.27

Source: City of Alachua Financial Statements (Combining Statements of Revenues, Expenses, and Changes In Fund Net Position)

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
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%
2014	9,300	270,382	38,045	353,818,500	5.50%

Notes:
(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

	Fiscal Year 2014			
Employer	**Type of Business**	**Number of Employees**	**Rank**	**% of Total**
Walmart Distribution Center	Retail	736	1	15.90%
Dollar General Distribution Center	Retail	624	2	13.48%
Regeneration Technologies, Inc.	Orthopedic/Cardio Implants	365	3	7.88%
School Board of Alachua County	Public Education	254	4	5.49%
Sage Software*	Healthcare Management	220	5	4.75%
Sandvik Mining & Construction USA, LLC**	Manufacturing	150	6	3.24%
State of Florida	State Government	144	7	3.11%
Baugh Southeast Cooperative, Inc.	Retail	132	8	2.85%
Hitchcock & Sons, Inc.	Grocery	129	9	2.79%
City of Alachua	City Government	115	10	2.48%
	Total City Employment	4,630		

Source: Individual Employers, Council for Economic Opportunity

Notes: Employer information was not available in 1999
* Formerly Medical Manager
** Formerly Drilltech
Total City Employment figure from 2009-2013 Census figure estimates

OPERATING INFORMATION

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

Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Administration	13.00	14.00	19.50	22.50	23.50	21.50	18.00	18.00	18.00	18.00
Culture and Recreation	7.00	8.00	7.50	7.50	7.50	7.50	6.00	6.00	7.00	7.00
Finance	10.00	10.00	8.50	9.00	9.00	13.00	14.00	14.00	14.00	14.00
Police	32.50	34.50	35.25	35.50	35.50	34.50	29.50	29.50	29.50	29.50
Community Development and Planning	7.00	8.00	9.00	9.00	8.42	8.00	10.00	10.00	10.00	10.00
Public Services	29.50	34.00	39.00	41.00	41.00	38.00	38.00	38.00	38.00	38.00
Total	99.00	108.50	118.75	124.50	124.92	122.50	115.50	115.50	116.50	116.50

Source: City of Alachua Annual Budget Book

Note: Community Development and Planning includes Compliance & Risk Management.

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

Function/Program	2005	2006	2007	2008
Public Safety:				
Arrests	272	327	330	356
Traffic citations issued	4,068	3,199	2,815	2,745
Planning and Development:				
New local business tax receipts issued	117	106	102	93
Building permits issued	553	567	475	443
Culture and Recreation:				
Participants in Summer Recreation Program	150	--	179	160
Electric Utility:				
Number of residential customers	2,846	2,927	3,385	3,421
Kilowatts per hour sold-residential	35,808,522	38,600,040	38,666,688	39,462,034
Number of commercial customers	669	662	717	692
Kilowatts per hour sold-commercial	59,570,598	62,878,622	66,665,752	73,845,006
Water Utility:				
Number of residential customers	2,710	2,796	2,934	3,028
Gallons sold	213,915,676	267,896,498	183,969,192	201,898,486
Number of commercial customers	433	447	472	482
Gallons sold	149,569,513	165,785,625	209,969,524	275,192,218
Wastewater Utility:				
Number of customers	2,302	2,377	2,511	2,578
Gallons of wastewater billed to customers	173,470,000	168,627,000	269,296,043	272,736,513
Reclaimed Water:				
Number of customers	--	--	--	--
Gallons of wastewater billed to customers	--	--	--	--
Solid Waste:				
Number of customers	2,949	3,031	3,162	3,198

Source: Various City Departments

Notes:
(1) The Summer Recreation Program was contracted out to the YMCA for Fiscal Year 2006.

(2) Reclaimed Water became available for sale in Fiscal Year 2014.

2009	2010	2011	2012	2013	2014
209	197	191	162	228	161
1,968	2,594	2,516	2,307	3,149	3,491
88	90	121	83	73	46
388	482	348	441	489	539
145	68	--	--	--	--
3,478	3,561	3,569	3,605	3,645	3,721
41,447,673	43,832,940	42,672,474	39,334,834	39,441,390	41,192,449
733	808	801	819	855	868
79,247,962	80,307,626	79,834,390	78,085,867	73,371,218	75,053,504
3,071	3,082	3,127	3,166	3,244	3,296
195,906,950	232,781,197	232,392,400	208,178,387	184,798,177	205,179,769
487	481	481	493	505	530
208,061,665	187,245,207	174,406,479	162,035,512	146,422,961	150,610,000
2,633	2,642	2,656	2,702	2,755	2,820
299,531,166	275,937,716	270,628,629	251,098,965	240,707,541	240,160,431
--	--	--	--	--	1
--	--	--	--	--	103,205,640
3,238	3,247	3,269	3,300	3,343	3,411

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police sub-stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	1	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	48.00	48.00
Culture and Recreation:										
Parks	5	5	6	6	6	6	6	6	6	6
Tennis courts	2	2	2	2	2	2	2	2	2	2
Ball fields	9	9	11	11	11	11	11	11	11	11
Community centers	3	3	3	3	3	3	3	3	3	3
Skate park	--	--	--	1	1	1	1	1	1	1
Spray pool	--	--	--	1	1	1	1	1	1	1
Electric Utility:										
Substations	1	1	1	1	1	1	1	1	1	1
Water Utility:										
Wells	3	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	1.5

Source: Various City Departments

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, 2014

Federal Awards	CFDA/ CSFA Number	Grant/Contract Number	Expenditures
U. S. Department of Justice			
Indirect Program:			
Passed Through Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2014-JAGD-ALC-1-E6-012	$ 1,605
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2014-JAGC-ALAC-6-E5-080	12,897
Passed Through Alachua County Sheriff's Office:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Problem Oriented Policing	16.738	2014-JAGC-ALAC-4-E5-001	1,926
Subtotal CFDA 16.738			16,428
Total U. S. Department of Justice			16,428
Total Expenditures of Federal Awards			16,428
State Awards			
Florida Department of Transportation			
Economic Development Transportation Projects - Road Fund	55.032	434012-1-58-01	82,911
Total Florida Department of Transportation			82,911
Total Expenditures of State Awards			82,911
Total Federal and State Awards			$ 99,339

CITY OF ALACHUA, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
SEPTEMBER 30, 2014

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, 2014:

Federal Program Name	CFDA Number	Amount Outstanding
Section 108 Loan Guarantee	14.248	$ 1,150,000
Capitalization Grants for Clean Water State Revolving Funds	66.458	8,411,413

Purvis Gray & Company

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 25, 2015.

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.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

February 25, 2015
Gainesville, Florida

Purvis Gray & Company

MANAGEMENT LETTER

Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

Report on the Financial Statements
We have audited the financial statements of the City of Alachua, Florida, (the City) as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated February 25, 2015.

Auditors' Responsibility
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*.

Other Reports and Schedule
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*, and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in that report, which is dated February 25, 2015, should be considered in conjunction with this management letter**.**

Prior Audit Findings
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 report. There were no such findings in the preceding audit report.

Official Title and Legal Authority
Section 10.554(1)(i)4., *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.

Financial Condition
Section 10.554(1)(i)5.(a)., *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the City 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.

Pursuant to Sections 10.554(1)(i)5.(c). and 10.556(8), *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.

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Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

MANAGEMENT LETTER
(Concluded)

Annual Financial Report
Section 10.554(1)(i)5.(b)., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters
Section 10.554(1)(i)2., *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)3., *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.

Purpose of this Letter
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, the Commissioners, 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

February 25, 2015
Gainesville, Florida

Purvis Gray & Company

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the Mayor and City Commissioners
City of Alachua, Florida

We have examined the City of Alachua, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(a), *Rules of the Auditor General.* Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Commissioners, and management and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

February 25, 2015
Gainesville, Florida

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