CITY OF ALACHUA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Prepared by
Department of Finance

CITY OF ALACHUA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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 1-2

Management's Discussion and Analysis 3-15

Basic Financial Statements
Government-wide Financial Statements:
Statement of Net Assets 16-17
Statement of Activities 18
Fund Financial Statements:
Balance Sheet - Governmental Funds 19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets 20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 22
Statement of Fund Net Assets - Proprietary Funds 23-24
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds 25-26
Statement of Cash Flows - Proprietary Funds 27-28
Notes to Financial Statements 29-55

Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual - General Fund 56
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual - Community Redevelopment Agency 57
Schedule of Funding Progress 58
Notes to Required Supplementary Information 59

CITY OF ALACHUA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

TABLE OF CONTENTS
(Continued)

II. FINANCIAL SECTION *(Concluded)*

Combining and Individual Fund Information and Other Supplementary Information
Combining Balance Sheet - Nonmajor Governmental Funds 60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds 61
Combining Balance Sheet - Nonmajor Special Revenue Funds 62-63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds 64-65
Combining Balance Sheet - Nonmajor Capital Projects Funds 66-67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Project Funds 68-69
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:
Debt Service Fund - Nonmajor 70
Special Revenue Funds - Nonmajor 71-73
Capital Project Funds - Nonmajor 74-75

III. STATISTICAL SECTION (UNAUDITED)

Financial Trends Information
Schedule 1 Net Assets by Component 76
Schedule 2 Changes in Net Assets 77-78
Schedule 3 Fund Balances, Governmental Funds 79-80
Schedule 4 Changes in Fund Balances, Governmental Funds 81-82
Revenue Capacity Information
Schedule 5 Assessed Value and Estimated Actual Value of Taxable Property 83-84
Schedule 6 Direct and Overlapping Property Tax Rates 85
Schedule 7 Principal Property Tax Payers 86
Schedule 8 Property Tax Levies and Collections 87
Debt Capacity Information
Schedule 9 Ratios of Outstanding Debt by Type 88-89
Schedule 10 Direct and Overlapping Governmental Activities Debt 90
Schedule 11 Pledged-Revenue Coverage - General Government Debt 91
Schedule 12 Pledged-Revenue Coverage - Sales Tax Revenues Notes 92
Schedule 13 Pledged-Revenue Coverage - Tax Increment Revenue Notes 93
Schedule 14 Pledged-Revenue Coverage - Utility System Bonds 94
Demographic and Economic Information
Schedule 15 Demographic and Economic Statistics 95
Schedule 16 Principal Employers 96
Operating Information
Schedule 17 Full-time equivalent City Government Employees by Function/Program 97
Schedule 18 Operating Indicators by Function/Program 98
Schedule 19 Capital Asset Statistics by Function/Program 99

CITY OF ALACHUA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

TABLE OF CONTENTS
(Concluded)

IV. OTHER INDEPENDENT AUDITORS' REPORTS AND SCHEDULES

Schedule of Expenditures of Federal Awards and State Financial Assistance 100
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance 101
Schedule of Findings and Questioned Costs Federal Programs 102
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 103-104
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

INTRODUCTORY SECTION

CITY OF ALACHUA, FLORIDA

PRINCIPAL OFFICIALS

September 30, 2011

Mayor

Gib Coerper

Vice Mayor

Ben Boukari Jr.

City Commissioners

Gary Hardacre
Orien Hills
Robert Wilford

City Manager

Traci L. Cain

City Attorney

Marian Rush

Department Directors

Administrative Services Director	Christy Foley
Compliance and Risk Management	Grafton Wilson
Deputy City Clerk	Alan Henderson
Finance Director	Marcian K. Brown
Police Chief	Joel DeCoursey, Jr.
Planning and Community Development Director	Kathy Winburn
Public Services Director	Mike New
Recreation and Parks Director	Hal Brady

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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

City of Alachua

MAYOR GIB COERPER
Vice-Mayor Ben Boukari, Jr.
Commissioner Gary Hardacre
Commissioner Orien Hills
Commissioner Robert Wilford

OFFICE OF THE CITY MANAGER
TRACI L. CAIN

April 23, 2012

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

Gentlemen:

The Comprehensive Annual Financial Report of the City of Alachua, Florida (the "City") for the fiscal year ended September 30, 2011, 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, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activities of its various funds; and all disclosures 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 the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2011, 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 unqualified opinion that the City's basic financial statements for the fiscal year ended September 30, 2011, were presented fairly in conformity with GAAP.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal control and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

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

PROFILE OF THE GOVERNMENT

The City of Alachua is geographically located in North Central Florida. The City's boundaries encompass 46 square miles. Alachua was established in 1884 on a railroad line, after the railroad had bypassed nearby Newnansville, Florida. Alachua got a post office in 1887, and was officially incorporated on April 12, 1905, at which time it had a population of 526 people. According to the United States Census Bureau, the City's population was approximately 9,424 as of September 30, 2011. 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, housing and community development, police and fire protection (fire 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 there from and the evaluation of costs and benefits requires estimates and judgments by management. We believe all internal control evaluations occur within this framework and that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The annual budget serves as the foundation for the City's financial planning and control. All departments and component units of the City are required to submit requests for appropriation to the City's Finance Department. The City Manager submits to the City Commission a proposed operating budget by fund, except for the General Fund which is at the department level, for the fiscal year commencing the following October 1. The City Commission is required to hold public hearings on

the proposed budget and to adopt the final budget no later than September 30, the close of the City's fiscal year. The budget is legally enacted through the passage of a resolution and adoption of the budget document. Management may not make changes to the adopted budget without the approval of a majority vote of the City Commission. Budgets are monitored at varying levels of detail; however, budgetary control is legally maintained at the fund level, except for the General Fund which is maintained at the department level.

MAJOR FUND PRESENTATION

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

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

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

ECONOMIC CONDITION AND OUTLOOK

LOCAL ECONOMY

The area has experienced some economic declines due to the state of the economy. The City continues to try to increase its commercial, technology and industrial customer base by attracting firms to locate their enterprises within City limits. This helps create additional jobs and provides for a stable tax base.

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

LONG-TERM FINANCIAL PLANNING

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

The City's fiscal year 2010-2011 five year Capital Improvement Plan, covering the period from October 1, 2010 through September 30, 2015, has earmarked funding estimated at $100.0 million for 144 projects throughout the City. Public Works projects account for the largest portion of the total Capital Improvement Plan funding at $52.4 million or 52%. Wastewater system projects are the second largest, accounting for $20.0 million, or 34%, and Parks and Recreation projects are the third largest accounting for $6.0 million, or 6%, of the Capital Improvement Plan.

City loans represent the second largest share of funding for the Capital Improvement Plan, accounting for 19% of the value. Capital project revenues (capital facility charges, utility charges, etc.) account for 16% of the funding, and the remaining 65% of the funding is from Federal, State, Local, Tax Increments, assessments, and other private donations.

MAJOR INITIATIVES

ECONOMIC ENVIRONMENT

The City purchased property within its Community Redevelopment Agency (CRA) boundaries as the first step in implementing its Parking Study. Funding for the purchase came from Tax Increment funds ($106K) from the City's CRA. Also, the Downtown Theatre Park renovation project was completed. Funding for this project was also from Tax Increment funds ($45K) from the City's CRA.

TRANSPORTATION

The City established a Road Resurfacing Program beginning in the 2011 fiscal year. There was $152,000 appropriated in the 2011 budget. Three projects were initiated during the year; NW 143rd Place, NW 146th Avenue, and NW 137 Terrace. The total spent on these projects was $45,096 for the year. The projects will be completed during the 2012 fiscal year.

GENERAL GOVERNMENT COMPREHENSIVE PLANNING

The City held a Visioning Charrette at the Santa Fe College Perry Center. The purpose of the charrette was to begin the process of updating the City's Vision Element in the Comprehensive Plan and to implement the Evaluation and Appraisal Report (EAR). The Comprehensive Plan EAR was adopted by the City Commission in August 2010. One of the issues identified in the EAR Report was "Vision for the Community". The 2010 EAR Report stated that the City will "evaluate the successes and failures of the past ten years, and propose strategies for updating the Vision Statement and goals during the next ten year planning horizon. A charrette will be held to encourage a collaborative effort in updating the Vision Element". The total spent for professional services for facilitating the charrette was $6,200.

PUBLIC SAFETY POLICE TECHNOLOGY UPGRADES

The Alachua Police Department upgraded its technology in order to come in line with what is considered industry standard, and to more efficiently process operations of the department. Equipment purchased included digital cameras, camera cases, flash memory cards, laptops, printers, and personal computers. These upgrades were funded through two Florida Department of Law Enforcement Edward Byrne Grant awards. The total cost for the equipment was $19,971.

PARKS AND RECREATION

The construction phase of the San Felasco Conservation Corridor improvements continued in 2011. Facilities and improvements constructed included a picnic pavilion and a playground. The improvements were funded through Recreation Sales Surtax collections. The total spent on the improvements was $30,227. Construction of additional facilities and improvements will continue through fiscal year 2012.

UTILITIES

The wastewater treatment plant expansion was substantially completed in 2011. The total project will cost approximately $21.3 million. The construction is funded with several sources which include American Recovery and Reinvestment Act of 2009 funds, State Revolving Fund Loans, Small Communities and Disadvantaged grant and Legislative Appropriations for Wastewater Facilities Improvements. The expansion will increase treatment capacity of the system from .97 mgd (million gallons per day) to approximately 1.5 mgd. The project will be completed in 2012.

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 Assets 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.

DEBT MANAGEMENT

The City operates within an established formal debt management policy, which applies to all new issuances of debt and all outstanding debt issues. The debt management policies are intended to provide a comprehensive and viable debt management policy which recognizes the capital improvement needs of the City as well as the taxpayers' ability to pay while taking into account existing legal, economic, financial, and debt market considerations.

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, 2010. This was the third 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.

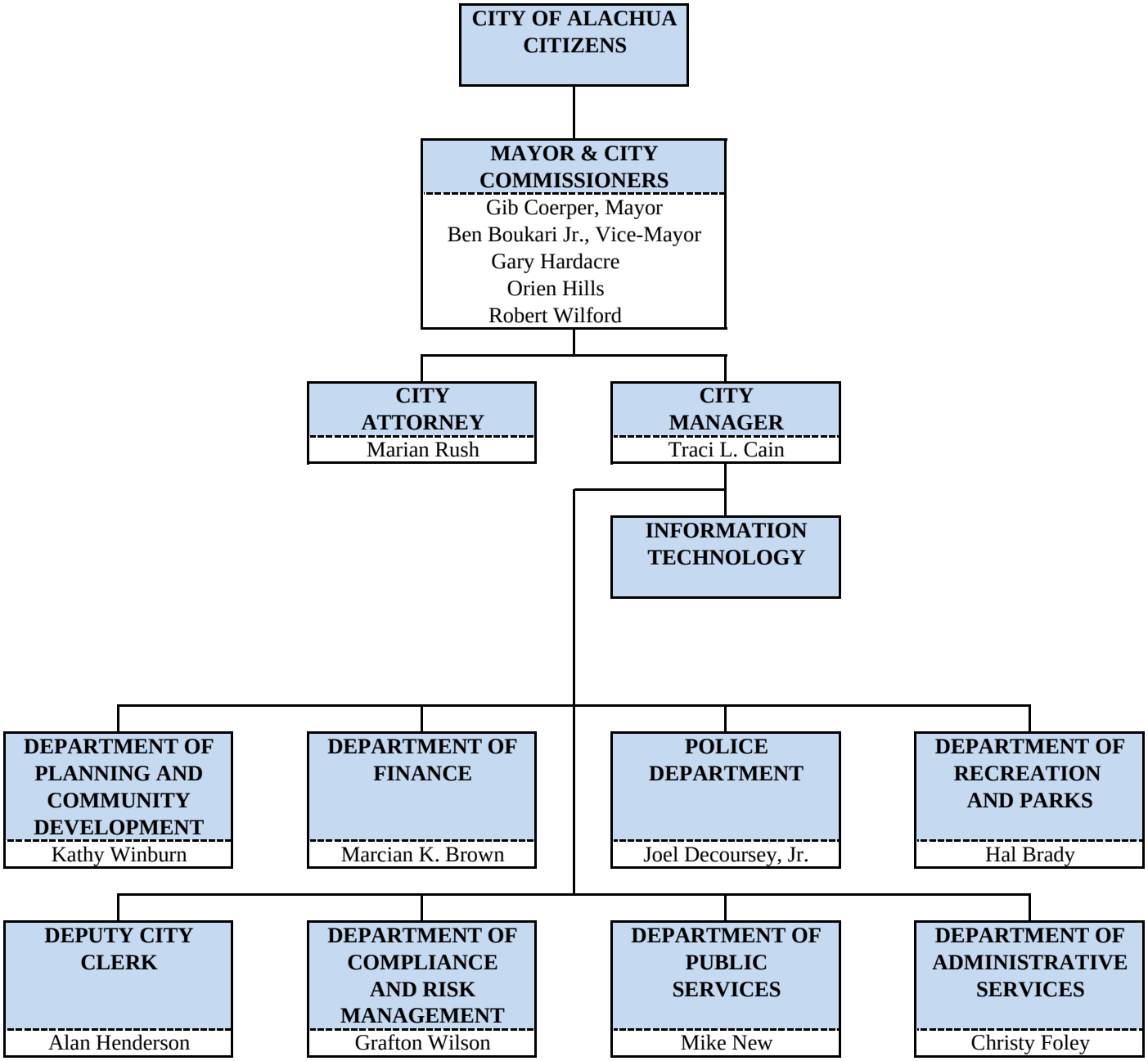
The preparation of the Comprehensive Annual Financial Report was made possible through the efficient, dedicated and professional efforts of the entire staff of the Finance Department. The substantial amount of year-end closing procedures required prior to the audit, could not have been completed without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

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012, 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* and should be considered in assessing the results of our audit.

Certified Public Accountants
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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
(Concluded)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison information, and other postemployment benefits schedule of funding progress on pages 3 through 15 and 56 through 59 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the financial statements of the City. 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 related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Purvis, Gray and Company, LLP

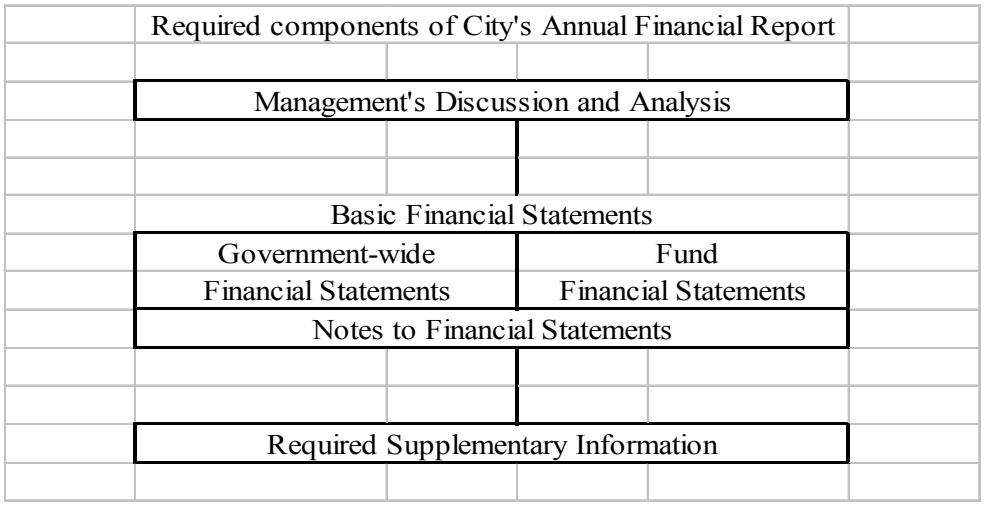
March 29, 2012
Gainesville, Florida

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 formation as required by GASB 34.

Financial Highlights

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



Government-wide Statements

- The City of Alachua's assets exceeded its liabilities at September 30, 2011 by $44.6 million. Unrestricted net assets were at $3.6 million. This increase was accomplished through expense reductions, increased utility tax collections, and increased business activity fees during the current fiscal year.
- The City's total net assets increased by $7,191,794 due to additions from recreational and wastewater projects completed during the fiscal year.
- The City of Alachua's total long-term debt (due in more than one year) increased by $2,927,569 during the current fiscal year. This increase is due to debt related to the State Revolving Fund Loan for the wastewater treatment plant expansion.

- Total net assets ($44.6 million) are comprised of the following:

  1. $35.3 million of capital assets, net of related debt, include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of those capital assets;

  2. $5.7 million of net assets are restricted by constraints imposed from outside of the City such as debt covenants, grantors, laws, or regulations, or by enabling legislation;

  3. $3.6 million of unrestricted net assets.

Fund Statements

- At September 30, 2011, the City's governmental funds reported combined ending fund balances of $4.6 million, an increase of $1.9 million, in comparison with the prior fiscal year.

- Governmental fund revenues were $8,599,669 or $969 thousand less than the previous fiscal year. Lower collections in Taxes and Intergovernmental Revenues (less grants) were the reason for this decrease.

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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets 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 19 and 21).

The government-wide financial statements can be found on pages 16-18 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 assets; Statement of revenues, expenses and changes in net assets; 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 Assets 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 20 and 22) to facilitate the comparison between governmental funds and governmental activities. The flow of current financial resources will reflect bond proceeds and interfund 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 nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Community Redevelopment Agency which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for non-major governmental funds is provided in the form of *combining statements* in the supplementary information section of this report.

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

The basic governmental fund statements can be found on pages 19 and 21 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 23-28.

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 29 through 55 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 60 through 75 of this report.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $44.6 million at the close of the fiscal year ended September 30, 2011**.**

A portion of the City's net assets, $5,702,238, represents resources that are subject to external restriction on how they may be used.

The largest portion of the City's net assets ($35,368,893 or 79%) 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 Assets to demonstrate the changes from year to year. For more detailed information see the Statement of Net Assets on pages 16 and 17.

City of Alachua
Statement of Net Assets
As of September 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total		Total % Change
	2011	2010	2011	2010	2011	2010	2010-2011
Current Assets & Other Assets	$ 6,342,783	2,646,863	10,457,662	5,958,229	16,800,445	8,605,092	95.24%
Capital Assets	22,191,876	22,168,311	38,471,948	35,592,312	60,663,824	57,760,623	5.03%
Total Assets	28,534,659	24,815,174	48,929,610	41,550,541	77,464,269	66,365,715	16.72%
Long-term liabilities outstanding	10,269,689	9,559,064	18,033,477	16,388,492	28,303,166	25,947,556	9.08%
Other liabilities	868,203	779,078	3,605,548	7,136,489	4,473,751	7,915,567	-43.48%
Total Liabilities	11,137,892	10,338,142	21,639,025	23,524,981	32,776,917	33,863,123	-3.21%
Net Assets							
Invested in capital assets, net of related debt	13,306,758	12,924,412	22,062,135	21,128,470	35,368,893	34,052,882	3.86%
Restricted	2,768,100	2,642,617	2,934,138	1,274,753	5,702,238	3,917,370	45.56%
Unrestricted	1,321,909	(487,329)	2,294,312	12,635	3,616,221	(474,694)	861.80%
Total Net Assets	17,396,767	15,079,700	27,290,585	22,415,858	44,687,352	37,495,558	19.18%

Normal Impacts

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

- Net Results of Activities: will impact (increase/decrease) current assets and liabilities, and unrestricted net assets.
- 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 invested in capital assets, net of debt.
- Spending of Non-Borrowed Current Assets on New Capital: will reduce current assets, increase capital assets, reduce unrestricted net assets, and increase invested in capital assets, net of debt.
- Principal Payment on Debt: will reduce current assets and reduce long-term debt, reduce unrestricted net assets, and increase invested in capital assets, net of debt.
- Reduction of Capital Assets through Depreciation: will reduce capital assets and invested in capital assets, net of debt.

City of Alachua
Changes in Net Assets
For the Years Ended September 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Totals		Totals % Change
	2011	2010	2011	2010	2011	2010	2010-2011
Revenues:							
Program Revenues:							
Charges for Services	$ 1,379,423	1,384,103	17,699,227	16,975,094	19,078,650	18,359,197	3.92%
Operating Grants and Contributions	218,571	342,416	1,627,198	-	1,845,769	342,416	439.04%
Capital grants and Contributions	1,168,258	1,590,710	2,139,510	11,420,846	3,307,768	13,011,556	-74.58%
General Revenues:							
Property Tax	4,051,946	4,241,001	-	-	4,051,946	4,241,001	-4.46%
Other Tax	457,194	475,189	-	-	457,194	475,189	-3.79%
Franchise Tax	-	-	-	-	-	-	-
Utility Tax	1,233,554	959,321	-	-	1,233,554	959,321	28.59%
Intergovernmental	565,093	548,753	-	-	565,093	548,753	2.98%
Other	101,537	103,783	93,520	77,875	195,057	181,658	7.38%
Total Revenues	9,175,576	9,645,276	21,559,455	28,473,815	30,735,031	38,119,091	-19.37%
Expenses:							
General Government	2,897,711	2,771,143	-	-	2,897,711	2,771,143	4.57%
Public Safety	2,882,263	3,031,037	-	-	2,882,263	3,031,037	-4.91%
Parks and Recreation	722,994	868,434	-	-	722,994	868,434	-16.75%
Transportation	675,861	755,262	-	-	675,861	755,262	-10.51%
Physical Environment	761,634	767,582	-	-	761,634	767,582	-0.77%
Economic Environment	185,242	168,590	-	-	185,242	168,590	9.88%
Electric	-	-	10,903,730	11,841,903	10,903,730	11,841,903	-7.92%
Water and Sewer	-	-	3,121,021	2,893,843	3,121,021	2,893,843	7.85%
Mosquito Control	-	-	47,326	45,886	47,326	45,886	3.14%
Interest on long-term debt	435,371	448,741	-	-	435,371	448,741	-2.98%
Total Expenses	8,561,076	8,810,789	14,072,077	14,781,632	22,633,153	23,592,421	-4.07%
Increase (decrease) in net assets before transfers	614,500	834,487	7,487,378	13,692,183	8,101,878	14,526,670	-44.23%
Capital asset transfers	-	-	-	-	-	-	0.00%
Gain on Disposal of Capital Assets	10,775		752		11,527	-	0.00%
Special Item	-	-	(921,611)	-	(921,611)	-	0.00%
Transfers	1,691,792	1,431,153	(1,691,792)	(1,431,153)	-	-	0.00%
Increase (decrease) in net assets	2,317,067	2,265,640	4,874,727	12,261,030	7,191,794	14,526,670	-50.49%
Net assets - beginning	15,079,700	12,814,060	22,415,858	10,154,828	37,495,558	22,968,888	63.24%
Net assets - ending	$ 17,396,767	15,079,700	27,290,585	22,415,858	44,687,352	37,495,558	19.18%

Governmental Activities

The City's total net assets increased $7,191,794 over the previous year with an increase of $2,317,067 resulting from governmental activities and an increase of $4,874,727 resulting from business-type activities.

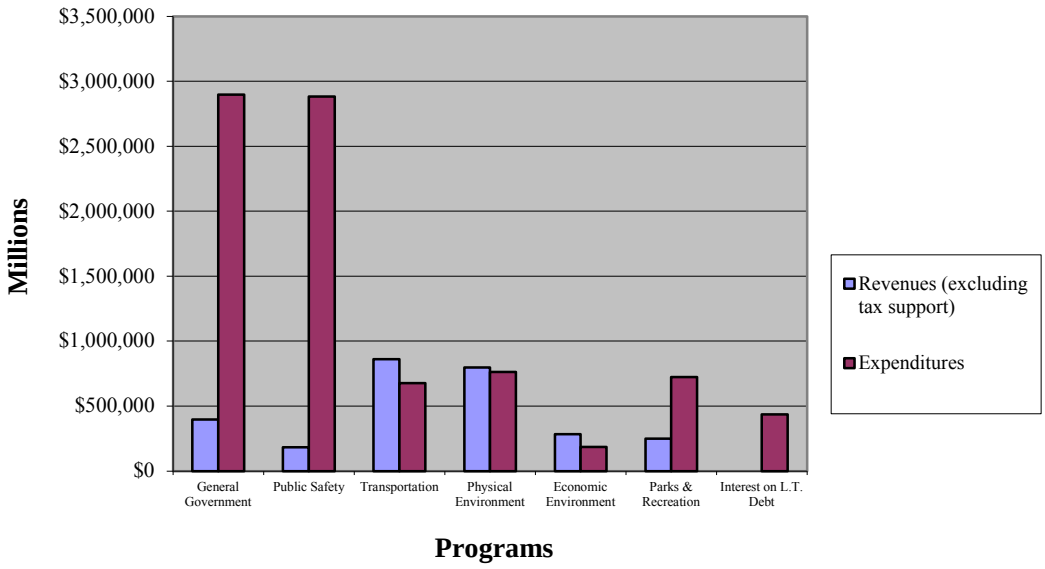
Major changes in revenues were caused by the following:

- For fiscal year ending September 30, 2011, property taxes decreased $189,055 due to a decrease in property values. Utility taxes increased $274,233 due to having a full year of increased utility rates with higher amounts billed. Operating grants and contributions decreased by $123,845 because of completed recreation projects in 2010. Capital grants and contributions decreased by $422,452 due to the completion of public safety projects in 2010 relating to the new 800 MHz radio system.

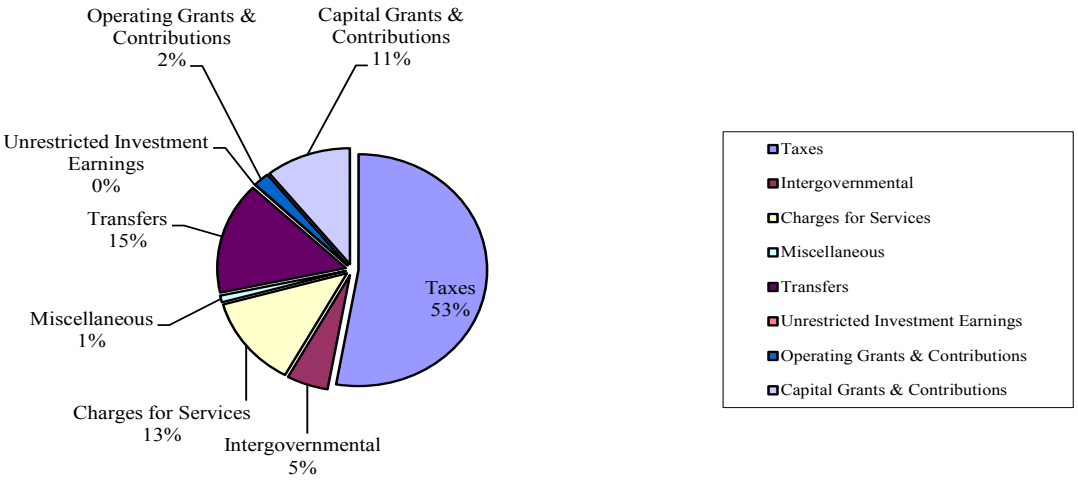
Major changes in expenses were caused by the following:

- Expenses for governmental activities decreased due to decreases in Public Safety, Transportation, and Recreation expenses due to various projects completed during 2010 as well as budget reductions in various departments.

Expenses and Program Revenues - Governmental Activities



Revenue by Source - Governmental Activities



Business-type Activities

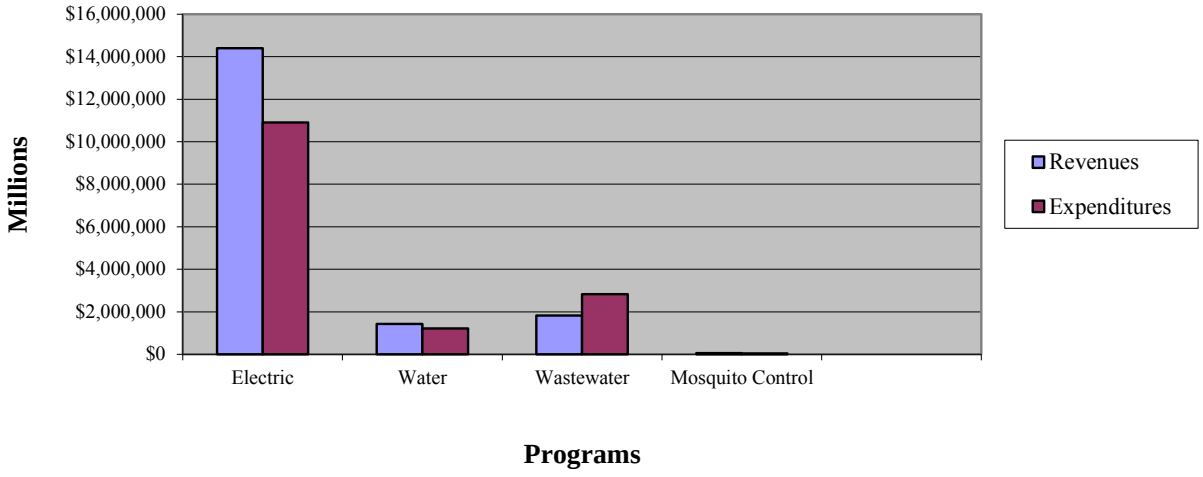
Net assets for business-type activities increased $4,874,727. Business-type revenues decreased $6,913,608 due to less Capital Grants and Contributions. Business-type expenses increased $472,695 largely due to increases in expenses, transfers, and special item transactions related to the wastewater expansion project.

- 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.

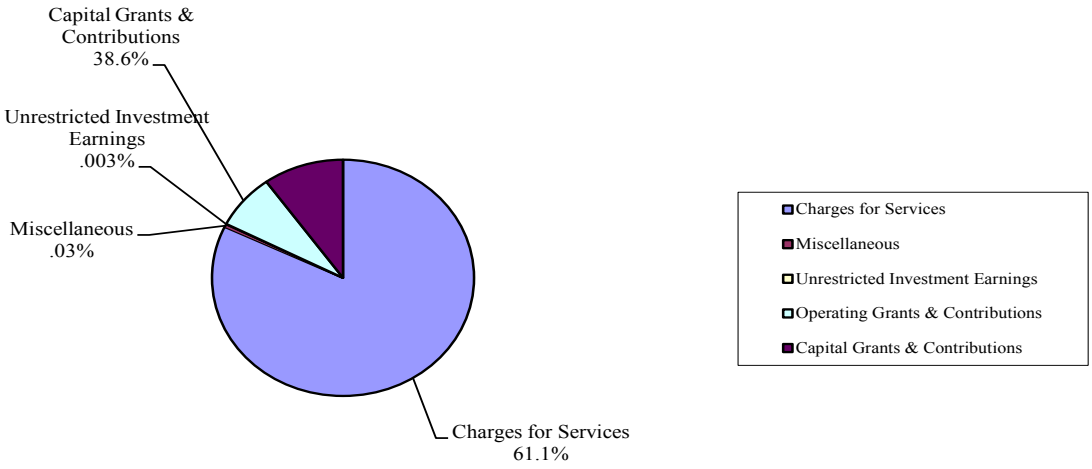
- The Water Utility obtains its water supply from the upper portion of the Florida Aquifer. Three wells with depths of approximately 365 feet withdraw water from the Ocala limestone and discharge it into the City's distribution system. The quality of the City's water supply is such that chlorination and fluoridation are the only treatments, which the water requires prior to distribution. The system's wells range in age from 20 to 43 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.

Expenses and Program Revenues - Business-Type Activities



Revenue by Source - 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 2011, the City's governmental funds reported combined ending fund balances of $4,655,693, an increase of $1,925,736 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 increased by $7,435 from 2010. This increase was less than the increase from 2010 due to a decrease in Tax Increment Finance funds provided from the City and Alachua County due to decreased taxable values within the Community Redevelopment Agency's boundaries.

The General Fund is the chief operating fund of the City. The General Fund had an increase in fund balance of $1,459,921. This increase was due to revenues being realized higher than anticipated, expenses 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 $3,400,180 of which $1,438,093 was unassigned. The cash balance at the end of the year was $1,994,860. 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 18.1% of the total General Fund operating revenue, while total fund balance also represents 42.7% of that same amount. The Government Finance Officers Association, Best Practices guidelines calls for an unrestricted fund balance level of 2 months of operating revenues. Unrestricted 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 as of September 30, 2011, were $45.6 million, total liabilities were $24.2 million and net assets were $26.7 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 $342,027 and was caused by the amendments listed below:

Revenues:

- $168,236: Increase from Utility Taxes.
- $3,863: Increase in Intergovernmental Revenue.
- $7,265: Increase in Charges for Services.
- $162,663: Increase in Miscellaneous Revenue

Expenditures:

- $3,863: Increase in Alachua Police Department to cover expenses related to Edward Byrne Grant.
- $6,000: Increase in Recreation to cover expenses related to utility services.
- $329,864: Increase in Special Expense to cover expenses related to settlement payments, promotional activities, and debt reserve requirements.
- $21,561: Increase in Information Technology and City Attorney to cover expenses related to professional services.
- $24,443: Increase in Compliance and Risk Management to cover expenses related to position reclassification.
- ($43,704): Decrease in Grants to cover expenses related to position reclassification in Compliance and Risk Management.

General Fund Actual Results Highlights with Variances

At September 30, 2011, the City's General Fund experienced a positive variance between its final operating revenue budget and actual operating revenue in the amount of $262,885. This was mainly due to increased taxes collected in the fiscal year ending September 30, 2011.

The City's General Fund experienced a positive variance between its final operating expenditure budget and actual operating expenditures in the amount of $974,383. This was due to unspent operating expense funds and several vacancies carried throughout the fiscal year in the General Government, 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, 2011 totaled $60.6 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		Total		Total % Change
	2011	2010	2011	2010	2011	2010	2010-2011
Land	$ 6,223	6,114	256	256	6,479	6,370	1.7%
Buildings	8,461	8,547	4,859	7,309	13,320	15,856	-16.0%
Improvements other than buildings	2,593	2,458	3,008	2,870	5,601	5,328	5.1%
Infrastructure	9,453	8,877	38,982	16,653	48,435	25,530	89.7%
Furniture, fixtures, and equipment	2,497	2,541	2,151	2,091	4,648	4,632	0.3%
Construction in progress	166	82	1,095	19,837	1,261	19,919	-93.7%
Less: accumulated depreciation	(7,201)	(6,591)	(11,878)	(13,580)	(19,079)	(20,171)	-5.4%
Total Assets	22,192	22,028	38,473	35,436	60,665	57,464	5.6%

Major capital asset events during the current fiscal year for governmental activities include the purchase of property as the first step in implementing a parking study, continuation Phase I of the NW 150 Avenue road reconstruction project, continued engineering and design related to the remaining phases of the NW 150 Avenue road reconstruction project, and capital improvements at the San Felasco Conservation Corridor site. Major capital asset events for the business-type activities included construction services related to the new wastewater treatment facility.

Additional information on the City's capital assets can be found in Note 6 starting on page 40 of this report.

Long Term Debt

At the end of fiscal year 2011, the City had total long-term debt outstanding of $25.5 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			
	2011	2010	Total % Change
Revenue Bonds	$ 14,571,243	15,295,812	-4.74%
Revenue Notes	-	27,398	-100.00%
Loans	11,004,291	7,324,755	50.23%
TOTAL	$ 25,575,534	22,647,965	12.93%

The City's outstanding debt increased $2,927,569 during fiscal year 2011. Debt activity included a $3,841,538 increase in the State Revolving Fund Loan and normal principal and interest payments of $1,772,678.

Additional information on the City's debt can be found in Note 7 starting on page 41 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Gainesville MSA at September 30, 2011, was 7.7%, which includes the City of Alachua. This is a 7.2% decrease from the previous fiscal year's rate of 8.3%.

- The final certified citywide taxable value of property increased to $763 million, representing a decline of 4.7%.

- The population decreased approximately .8% from the prior year to an estimate of 9,424 at September 30, 2011.

- During the current fiscal year, ad valorem taxes decreased by $189,055 to $4,051,946. 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 web-site www.cityofalachua.com.

BASIC FINANCIAL STATEMENTS

CITY OF ALACHUA, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 2,105,881	$ 2,438,068	$ 4,543,949
Receivables, Net of Allowance	100,577	2,620,724	2,721,301
Due from Other Governments	94,950	0	94,950
Inventories	18,285	464,841	483,126
Prepaid Items	27,090	13,209	40,299
Restricted Cash and Cash Equivalents	2,341,618	529,595	2,871,213
Total Current Assets	4,688,401	6,066,437	10,754,838
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	1,532,439	3,658,518	5,190,957
Investments	0	574,047	574,047
Capital Assets Not Being Depreciated:			
Land	6,222,579	255,940	6,478,519
Construction in Progress	166,438	1,095,242	1,261,680
Capital Assets, Net of Accumulated Depreciation:			
Buildings	7,417,062	1,565,592	8,982,654
Improvements Other than Buildings	2,163,279	1,352,389	3,515,668
Infrastructure	5,291,535	33,305,628	38,597,163
Machinery and Equipment	930,983	897,157	1,828,140
Internal Balances	(70,302)	70,302	0
Unamortized Debt Issue Costs	192,245	88,358	280,603
Total Noncurrent Assets	23,846,258	42,863,173	66,709,431
Total Assets	$ 28,534,659	$ 48,929,610	$ 77,464,269

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011
(Concluded)

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
Liabilities			
Current Liabilities:			
Accounts Payable	$ 245,321	$ 876,588	$ 1,121,909
Accrued Expenses	114,500	78,883	193,383
Due to Other Governments	169,813	66,109	235,922
Accrued Interest Payable	0	7,975	7,975
Unearned Revenue	41,211	0	41,211
Rate Stabilization Deferred Credit	0	2,046,398	2,046,398
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	179,025	159,595	338,620
Current Portion of Long-term Debt	118,333	370,000	488,333
Total Current Liabilities	868,203	3,605,548	4,473,751
Noncurrent Liabilities:			
Due Within One Year	265,224	989,756	1,254,980
Due in More Than One Year	9,043,360	15,357,006	24,400,366
Other Postemployment Benefits Liability	37,105	18,288	55,393
Noncurrent Liabilities Payable from Restricted Assets:			
Customer Deposit	0	1,094,380	1,094,380
Deferred Revenue	924,000	0	924,000
Deferred Credit - CR-3 Decommissioning Costs	0	574,047	574,047
Total Noncurrent Liabilities	10,269,689	18,033,477	28,303,166
Total Liabilities	11,137,892	21,639,025	32,776,917
Net Assets			
Invested in Capital Assets, Net of Related Debt	13,306,758	22,062,135	35,368,893
Restricted for:			
Debt Service	736,773	2,934,138	3,670,911
Economic Environment	1,321,795	0	1,321,795
Other Purposes	709,532	0	709,532
Unrestricted	1,321,909	2,294,312	3,616,221
Total Net Assets	$ 17,396,767	$ 27,290,585	$ 44,687,352

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

		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	$ 2,897,711	$ 395,496	$ 0	$ 0	$ (2,502,215)	$ 0	$ (2,502,215)
Public Safety	2,882,263	155,580	7,213	19,972	(2,699,498)	0	(2,699,498)
Physical Environment	761,634	785,330	0	11,050	34,746	0	34,746
Transportation	675,861	11,843	181,225	666,879	184,086	0	184,086
Economic Environment	185,242	0	0	283,561	98,319	0	98,319
Parks and Recreation	722,994	31,174	30,133	186,796	(474,891)	0	(474,891)
Interest on Long-term Debt	435,371	0	0	0	(435,371)	0	(435,371)
Total Governmental Activities	8,561,076	1,379,423	218,571	1,168,258	(5,794,824)	0	(5,794,824)
Business-type Activities							
Electric	10,903,730	14,392,269	0	165,656	0	3,654,195	3,654,195
Water	1,218,749	1,434,536	0	31,260	0	247,047	247,047
Wastewater	1,902,272	1,822,545	1,627,198	1,942,594	0	3,490,065	3,490,065
Mosquito Control	47,326	49,877	0	0	0	2,551	2,551
Total Business-type Activities	14,072,077	17,699,227	1,627,198	2,139,510	0	7,393,858	7,393,858
Total Primary Government	$ 22,633,153	$ 19,078,650	$ 1,845,769	$ 3,307,768	(5,794,824)	7,393,858	1,599,034
		General Revenues					
		Ad Valorem			4,051,946	0	4,051,946
		Utility Service Taxes			1,233,554	0	1,233,554
		Communication Service Taxes			408,414	0	408,414
		Business License Taxes			48,780	0	48,780
		Half-cent Sales Tax			425,559	0	425,559
		State Revenue Sharing			139,534	0	139,534
		Investment Earnings			11,159	10,154	21,313
		Miscellaneous			90,378	83,366	173,744
		Gain on Disposal of Capital Assets			10,775	752	11,527
		Transfers			1,691,792	(1,691,792)	0
		Special Item			0	(921,611)	(921,611)
		Total General Revenues and Transfers			8,111,891	(2,519,131)	5,592,760
		Change in Net Assets			2,317,067	4,874,727	7,191,794
		Net Assets, Beginning of Year			15,079,700	22,415,858	37,495,558
		Net Assets, End of Year			$ 17,396,767	$ 27,290,585	$ 44,687,352

See accompanying notes.

CITY OF ALACHUA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	General	Community Redevelopment Agency	Nonmajor Governmental	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 1,994,860	$ 1,324,441	$ 2,397,633	$ 5,716,934
Cash with Fiscal Agent	0	0	263,004	263,004
Receivables:				
Accounts	37,103	0	152	37,255
Taxes	35,339	0	0	35,339
Franchise Fees	27,983	0	0	27,983
Due from Other Governments	94,950	0	0	94,950
Prepaid Items	27,090	0	0	27,090
Inventories	0	18,285	0	18,285
Advances to Other Funds	1,727,604	0	0	1,727,604
Total Assets	3,944,929	1,342,726	2,660,789	7,948,444
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	223,840	20,931	550	245,321
Accrued Expenses	111,075	0	3,425	114,500
Due to Other Governments	168,623	0	1,190	169,813
Deferred Revenue	41,211	0	924,000	965,211
Advances from Other Funds	0	0	1,797,906	1,797,906
Total Liabilities	544,749	20,931	2,727,071	3,292,751
Fund Balances				
Nonspendable:				
Prepaids	27,090	0	0	27,090
Inventories	0	18,285	0	18,285
Advances to Other Funds	1,727,604	0	0	1,727,604
Restricted for:				
Comprehensive Planning	0	0	21,867	21,867
Law Enforcement	44,769	0	16,722	61,491
Physical Environment	0	0	6,876	6,876
Economic Environment	0	1,279,675	0	1,279,675
Parks and Recreation	0	0	619,298	619,298
Debt Service	0	0	915,798	915,798
Other Capital Projects	0	23,835	0	23,835
Assigned to:				
General Government	2,600	0	0	2,600
Comprehensive Planning	18,333	0	0	18,333
Law Enforcement	675	0	0	675
Parks and Recreation	1,475	0	0	1,475
Transportation	139,541	0	0	139,541
Unassigned	1,438,093	0	(1,646,843)	(208,750)
Total Fund Balances	3,400,180	1,321,795	(66,282)	4,655,693
Total Liabilities and Fund Balances	$ 3,944,929	$ 1,342,726	$ 2,660,789	$ 7,948,444

See accompanying notes.

CITY OF ALACHUA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

Fund Balance - Total Governmental Funds		$ 4,655,693
Amounts Reported for Governmental Activities in the Statement of Net Assets 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	$ 29,392,621	
(Accumulated Depreciation)	(7,200,745)	22,191,876
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 assets. Long-term liabilities at year-end consist of:		
2001A Section 108 Loan	(1,500,000)	
2006 Capital Improvement and Refunding Bonds	(7,610,000)	
Less Discount	32,637	
Compensated Absences	(349,554)	(9,426,917)
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.		(37,105)
Interest on long-term debt is accrued as a liability in the statement of net assets, but is not recognized in the governmental funds until paid:		
Accrued Interest Payable		(179,025)
Debt issue costs reported for governmental activities are not financial resources and, therefore, not reported in the governmental funds:		
Unamortized Debt Issue Costs		192,245
Net Assets of Governmental Activities		$ 17,396,767

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	General	Community Redevelopment Fund	Nonmajor Governmental	Total Governmental Funds
Revenues				
Taxes	$ 5,956,691	$ 0	$ 154,761	$ 6,111,452
Permits, Fees and Special Assessments	312,719	0	113,937	426,656
Intergovernmental Revenues	653,739	278,653	21,017	953,409
Charges for Services	903,861	0	300	904,161
Fines and Forfeitures	43,196	0	4,617	47,813
Investment Income	7,143	2,188	1,828	11,159
Miscellaneous	79,292	4,010	61,717	145,019
Total Revenues	7,956,641	284,851	358,177	8,599,669
Expenditures				
Current:				
General Government	2,667,416	0	0	2,667,416
Public Safety	2,582,891	0	172,886	2,755,777
Physical Environment	757,406	0	4,174	761,580
Transportation	454,041	0	0	454,041
Economic Environment	0	173,682	2,618	176,300
Parks and Recreation	614,523	0	9,656	624,179
Debt Service:				
Principal	0	27,398	200,000	227,398
Interest and Fiscal Charges	0	1,389	430,087	431,476
Capital Outlay	113,012	257,915	64,374	435,301
(Total Expenditures)	(7,189,289)	(460,384)	(883,795)	(8,533,468)
Excess (Deficiency) of Revenues Over (Under) Expenditures	767,352	(175,533)	(525,618)	66,201
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital Assets	167,743	0	0	167,743
Transfers in	1,638,417	182,968	1,031,524	2,852,909
Transfers (out)	(1,113,591)	0	(47,526)	(1,161,117)
Total Other Financing Sources (Uses)	692,569	182,968	983,998	1,859,535
Net Change in Fund Balance	1,459,921	7,435	458,380	1,925,736
Fund Balance, Beginning of Year (Unadjusted)	2,083,887	1,314,360	(668,290)	2,729,957
Prior Period Adjustment	(143,628)	0	143,628	0
Fund Balance, Beginning of Year (Restated)	1,940,259	1,314,360	(524,662)	2,729,957
Fund Balance, End of Year	$ 3,400,180	$ 1,321,795	$ (66,282)	$ 4,655,693

See accompanying notes.

CITY OF ALACHUA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2011

Net Change in Fund Balance - Total Governmental Funds		$ 1,925,736
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	$ 435,301	
Donated Assets	575,907	
Depreciation Expense	(690,295)	320,913
Governmental funds report proceeds from sales of capital assets as current financial resources. The gain or loss on disposal of capital assets is not reflected in the governmental funds:		
Proceeds from Sale of Capital Assets	(167,743)	
Gain on Disposal of Capital Assets	10,775	(156,968)
Repayment of long-term liabilities are expenditures in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.		227,398
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Amortization of Debt Issue Costs	(7,690)	
Amortization of Bond Discount	(1,306)	
Change in Accrued Interest Payable	5,101	
Change in Compensated Absences Liability	15,919	
Change in Other Postemployment Benefit Obligation	(12,036)	(12)
Net Change in Fund Balance of Governmental Activities		$ 2,317,067

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	Business-type Activities - Enterprise Funds					
	Major Funds			Nonmajor Fund	Total Enterprise Funds	Business-type Activities Internal Service Fund
	Electric	Water	Wastewater	Mosquito Control		
Assets						
Current Assets:						
Cash and Cash Equivalents	$ 1,705,926	$ 155,007	$ 213,664	$ 6,995	$ 2,081,592	$ 356,476
Receivables	2,198,593	184,262	234,155	3,714	2,620,724	0
Prepaid Items	7,209	0	0	0	7,209	6,000
Inventories	408,957	54,091	1,793	0	464,841	0
Restricted Assets:						
Cash and Cash Equivalents	303,489	86,090	140,016	0	529,595	0
Total Current Assets	4,624,174	479,450	589,628	10,709	5,703,961	362,476
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	1,431,442	226,527	2,000,549	0	3,658,518	0
Investment	574,047	0	0	0	574,047	0
Total Restricted Assets	2,005,489	226,527	2,000,549	0	4,232,565	0
Capital Assets:						
Land	92,630	0	163,310	0	255,940	0
Construction in Progress	441,840	605,842	47,560	0	1,095,242	0
Property, Plant and Equipment	11,346,121	6,300,130	31,091,976	51,708	48,789,935	208,736
(Accumulated Depreciation)	(5,351,586)	(3,632,886)	(2,697,126)	(32,865)	(11,714,463)	(163,442)
Total Net Capital Assets	6,529,005	3,273,086	28,605,720	18,843	38,426,654	45,294
Other Assets:						
Advances to Other Funds	2,520,935	0	0	76,793	2,597,728	215,065
Unamortized Issuance Costs	60,763	4,401	23,194	0	88,358	0
Total Other Assets	2,581,698	4,401	23,194	76,793	2,686,086	215,065
Total Noncurrent Assets	11,116,192	3,504,014	30,629,463	95,636	45,345,305	260,359
Total Assets	$ 15,740,366	$ 3,983,464	$ 31,219,091	$ 106,345	$ 51,049,266	$ 622,835

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011
(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	$ 771,117	$ 5,044	$ 96,476	$ 0	$ 872,637	$ 3,951
Accrued Expenses	31,825	10,014	11,997	250	54,086	24,797
Due to Other Governments	66,109	0	0	0	66,109	0
Accrued Interest Payable	0	7,975	0	0	7,975	0
Rate Stabilization Deferred Credit	2,046,398	0	0	0	2,046,398	0
Payable from Restricted Assets:						
Accrued Interest Payable	93,745	24,197	41,653	0	159,595	0
Current Portion of Long-term Debt	209,744	61,893	98,363	0	370,000	0
Compensated Absences	34,392	9,598	30,578	0	74,568	47,842
Current Portion of Long-term Debt	274,782	55,894	536,670	0	867,346	0
Total Current Liabilities	3,528,112	174,615	815,737	250	4,518,714	76,590
Noncurrent Liabilities:						
Payable from Restricted Assets:						
Customer Deposits	787,124	156,200	151,056	0	1,094,380	0
Deferred Credit - CR-3 Decommissioning Costs	574,047	0	0	0	574,047	0
Advances from Other Funds	0	1,593,412	1,149,079	0	2,742,491	0
Other Postemployment Benefits Liability	4,181	3,135	3,658	0	10,974	7,314
Compensated Absences	27,023	7,542	24,025	0	58,590	37,591
Long-term Debt	3,879,426	594,898	10,786,501	0	15,260,825	0
Total Noncurrent Liabilities	5,271,801	2,355,187	12,114,319	0	19,741,307	44,905
Total Liabilities	8,799,913	2,529,802	12,930,056	250	24,260,021	121,495
Net Assets						
Investment in Capital Assets, Net of Related Debt	2,225,816	2,564,802	17,207,380	18,843	22,016,841	45,294
Restricted for:						
Debt Service	854,062	132,220	1,947,856	0	2,934,138	0
Unrestricted	3,860,575	(1,243,360)	(866,201)	87,252	1,838,266	456,046
Total Net Assets	6,940,453	1,453,662	18,289,035	106,095	26,789,245	501,340
Total Liabilities and Net Assets	$ 15,740,366	$ 3,983,464	$ 31,219,091	$ 106,345	$ 51,049,266	$ 622,835

Net Assets - Above	$ 26,789,245
Internal Service Fund Net Assets in the Enterprise Funds	501,340
Net Assets of Business-type Activities	$ 27,290,585

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities					
	Major Funds			Nonmajor Fund	Total	
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	Internal Service Fund
Operating Revenues						
Charges for Services	$ 14,392,269	$ 1,434,536	$ 1,822,545	$ 49,877	$ 17,699,227	$ 0
Interfund Charges	0	0	0	0	0	1,154,797
Total Operating Revenues	14,392,269	1,434,536	1,822,545	49,877	17,699,227	1,154,797
Operating Expenses						
Electric Power Expenses:						
Nuclear Power	234,675	0	0	0	234,675	0
Purchased Power	8,681,437	0	0	0	8,681,437	0
Personal Services	637,050	349,208	433,609	3,987	1,423,854	879,074
Contractual Services	87,209	39,107	66,075	0	192,391	53,233
Supplies	45,687	45,538	101,610	13,424	206,259	63,777
Repairs and Maintenance	104,461	93,008	73,571	522	271,562	13,544
Billing and Administrative	577,399	277,151	277,151	23,096	1,154,797	0
Depreciation	303,747	188,113	573,723	6,118	1,071,701	16,782
Other Expenses	31,194	172,866	285,705	1,802	491,567	47,204
(Total Operating Expenses)	(10,702,859)	(1,164,991)	(1,811,444)	(48,949)	(13,728,243)	(1,073,614)
Operating Income	3,689,410	269,545	11,101	928	3,970,984	81,183
Nonoperating Revenues (Expenses):						
Investment Gain (Loss)	8,217	663	1,223	51	10,154	0
Intergovernmental Revenue	0	0	1,627,198	0	1,627,198	0
Interest and Fiscal Charges	(234,712)	(72,753)	(105,899)	0	(413,364)	0
Amortization of Bond Issue Costs	(6,751)	(489)	(2,577)	0	(9,817)	0
Miscellaneous	55,529	6,549	17,500	0	79,578	3,788
Gain (Loss) on Disposal of Capital Assets	0	0	(1,836)	0	(1,836)	752
Total Nonoperating Revenues (Expenses)	(177,717)	(66,030)	1,535,609	51	1,291,913	4,540
Income Before Capital Contributions, Transfers and Special Items	3,511,693	203,515	1,546,710	979	5,262,897	85,723

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(Concluded)

	Business-type Activities					
	Major Funds			Nonmajor Fund	Total	
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	Internal Service Fund
Capital Contributions	$ 165,656	$ 31,260	$ 1,942,594	$ 0	$ 2,139,510	$ 0
Transfers in	0	5,056	0	0	5,056	0
Transfers (out)	(1,626,173)	0	(70,675)	0	(1,696,848)	0
Special Items	0	0	(921,611)	0	(921,611)	0
Change in Net Assets	2,051,176	239,831	2,497,018	979	4,789,004	85,723
Total Net Assets, Beginning of Year	4,889,277	1,213,831	15,792,017	105,116	22,000,241	415,617
Total Net Assets, End of Year	$ 6,940,453	$ 1,453,662	$ 18,289,035	$ 106,095	$ 26,789,245	$ 501,340

Change in Net Assets - Above	$ 4,789,004
Internal Service Fund Activities in the Enterprise Funds	85,723
Change in Net Assets of Business-type Activities	$ 4,874,727

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	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	$ 15,075,713	$ 1,431,076	$ 1,829,626	$ 49,579	$ 18,385,994	$ 0
Receipts from Interfund Services Provided	0	0	0	0	0	1,154,797
Cash from Other Sources	55,529	6,549	17,500	0	79,578	4,754
Payments to Suppliers for Goods and Services	(9,226,252)	(353,532)	(536,845)	(15,552)	(10,132,181)	(183,545)
Payments for Interfund Services Used	(577,399)	(277,151)	(277,151)	(23,096)	(1,154,797)	0
Payments to Employees for Services	(636,552)	(356,760)	(424,036)	(3,987)	(1,421,335)	(868,152)
Net Cash Provided by (Used in) Operating Activities	4,691,039	450,182	609,094	6,944	5,757,259	107,854
Cash Flows from Noncapital Financing Activities						
Loans/Advances and Repayments from (to) Other Funds	(167,031)	(56,047)	(46,000)	0	(269,078)	258,331
Transfers (out)	(1,621,117)	0	(70,675)	0	(1,691,792)	0
Net Cash Provided by (Used in) Noncapital Financing Activities	(1,788,148)	(56,047)	(116,675)	0	(1,960,870)	258,331
Cash Flows from Capital and Related Financing Activities						
Acquisition and Construction of Fixed Assets	(430,008)	(47,763)	(8,288,824)	0	(8,766,595)	(9,709)
Capital Contributions	0	0	4,543,662	0	4,543,662	0
Debt Proceeds	0	0	3,729,346	0	3,729,346	0
Debt Principal Payments	(467,736)	(112,285)	(163,981)	0	(744,002)	0
Debt Interest Payments and Other Charges	(212,630)	(68,941)	(89,631)	0	(371,202)	0
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,110,374)	(228,989)	(269,428)	0	(1,608,791)	(9,709)
Cash Flows from Investing Activities						
Interest Received	8,217	663	3,701	51	12,632	0
Net Cash Provided by (Used in) Investing Activities	8,217	663	3,701	51	12,632	0
Net Increase (Decrease) in Cash and Cash Equivalents	1,800,734	165,809	226,692	6,995	2,200,230	356,476
Cash and Cash Equivalents, Beginning of Year	1,640,123	301,815	2,127,537	0	4,069,475	0
Cash and Cash Equivalents, End of Year	$ 3,440,857	$ 467,624	$ 2,354,229	$ 6,995	$ 6,269,705	$ 356,476

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(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 Balance Sheet						
Current Assets:						
Cash and Cash Equivalents	$ 1,705,926	$ 155,007	$ 213,664	$ 6,995	$ 2,081,592	$ 356,476
Restricted Assets:						
Cash with Fiscal Agent	303,489	86,090	140,016	0	529,595	0
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	1,431,442	226,527	2,000,549	0	3,658,518	0
Total	$ 3,440,857	$ 467,624	$ 2,354,229	$ 6,995	$ 6,269,705	$ 356,476
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating Income (Loss)	$ 3,689,410	$ 269,545	$ 11,101	$ 928	$ 3,970,984	$ 81,183
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation and Amortization	303,747	188,113	573,723	6,118	1,071,701	16,782
Miscellaneous Income	55,529	6,549	17,500	0	79,578	3,788
(Increase) Decrease in:						
Accounts Receivable, Net	(128,956)	(11,312)	1,516	(298)	(139,050)	966
Prepaid Items	0	0	0	0	0	3,484
Inventory	47,456	3,968	104	0	51,528	0
(Increase) Decrease in:						
Accounts Payable	(88,106)	(1,563)	(9,683)	(32)	(99,384)	(10,715)
Accrued Expenses	(939)	(5,418)	(305)	228	(6,434)	1,444
Due to Other Governments	(15,820)	0	0	0	(15,820)	0
Rate Stabilization Deferred Credit	744,500	0	0	0	744,500	0
Compensated Absences	(858)	(8,569)	8,387	0	(1,040)	8,549
Customer Deposits	83,720	7,852	5,565	0	97,137	0
OPEB Liability	1,356	1,017	1,186	0	3,559	2,373
Net Cash Provided by (Used in) Operating Activities	$ 4,691,039	$ 450,182	$ 609,094	$ 6,944	$ 5,757,259	$ 107,854
Noncash Investing, Capital and Financing Activities						
Donated Infrastructure	$ 165,656	$ 31,260	$ 108,701	$ 0	$ 305,617	$ 0
Amortization of Bond Cost	$ 6,751	$ 489	$ 2,577	$ 0	$ 9,817	$ 0
Amortization of Discount and Refunding Loss	$ 29,690	$ 6,703	$ 19,732	$ 0	$ 56,125	$ 0
Transfers of Capital Assets	$ (5,056)	$ 5,056	$ 0	$ 0	$ 0	$ 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, and 99-03. 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 2011, 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 assets 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 60 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.

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

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

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

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

In addition, the government reports the following fund type:

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

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

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

Assets, Liabilities and Net Assets 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.

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

Assets, Liabilities and Net Assets or Equity *(Continued)*

- **Deposits and Investments *(Concluded)***

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, 2011.

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 $26,140 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. The City's portion of nuclear fuel inventory at the CR-3 nuclear generating facility is recorded at amortized cost.

- **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 assets because their use is limited by applicable bond covenants, ordinances, or regulations.

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

Assets, Liabilities and Net Assets or Equity *(Continued)*

- **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.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets lives, are not capitalized.

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

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

- **Compensated Absences**

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

- **Long-term Obligations**

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

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

Assets, Liabilities and Net Assets or Equity *(Continued)*

■ **Fund Balance**

The City implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) in 2011, as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that 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:

- **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 assets.

- **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 (e.g., ordinance or resolution) 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 (e.g., ordinance or resolution) employed to constrain those amounts.

- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. 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.

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

Assets, Liabilities and Net Assets or Equity *(Concluded)*

- **Net Assets**

  Net assets 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 assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations. Net assets not reported as net assets invested in capital assets, net of related debt or restricted net assets, are reported as unrestricted net assets.

  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.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

- The City Manager is responsible for preparing a proposed operating budget for the upcoming year prior to September 30 that includes estimated revenues, proposed expenditures, and other financing sources and uses.

- Two public hearings are held to obtain taxpayer comments and suggestions. The budget is enacted through passage of a resolution.

- The City Manager is authorized to transfer budgeted amounts within any department, but may not revise total departmental expenditures without the approval of the City Commission.

- The budget is prepared by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level for the general fund and the fund level for all other governmental funds

- Unused appropriations lapse at the end of the year.

- Budgets are adopted on a basis consistent with GAAP.

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

Budgetary Information *(Concluded)*
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, 2011, the following funds had deficit fund balances:

Fund	Type	Deficit
Building Operations Fund	Nonmajor Governmental	$ (75,270)
Neighborhood Community Center	Nonmajor Governmental	(195,141)
Municipal Complex	Nonmajor Governmental	(935,324)

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

Note 3 - Cash, Cash Equivalents, and Investments

Deposits and investments as of September 30, 2011, are classified in the accompanying financial statements as follows:

Statement of Net Assets	
Current:	
Cash and Cash Equivalents	$ 4,543,949
Restricted:	
Cash and Cash Equivalents	2,871,213
Noncurrent:	
Restricted:	
Cash and Cash Equivalents	5,190,957
Investments	574,047
Total Cash and Investments	$ 13,180,166

Deposits and investments consist of the following:

Cash Deposits	$ 11,926,043
Investments	1,254,123
Total Cash and Investments	$ 13,180,166

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, 2011:

			Investment Maturities			
Investment Type	**Credit Rating**	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**Total**
Florida PRIME	AAAm	$ 624,481	$ 624,481	$ 0	$ 0	$ 624,481
Fund B Surplus Trust Funds Investment Pool	Unrated	55,595	0	55,595	0	55,595
FMPA CR-3 Pooled Investments	Unrated	574,047	574,047	0	0	574,047
Total		$ 1,254,123	$ 1,198,528	$ 55,595	$ 0	$ 1,254,123

The SBA administers and provides regulatory oversight over the Florida PRIME and the Fund B Surplus Funds Trust Fund (Fund B). The SBA has interpreted that the Florida PRIME is currently considered a 2a7-like fund. The City's investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares. Fund B investments are restricted on how participants can access portions of their surplus and are being distributed to participants as they become available from surplus funds maturities, sales, and received income. Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio. As of September 30, 2011, the fair value factor for Fund B is .7568386. 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 Florida State Board of Administration (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, 2011, are as follows:

	Governmental Activities	Business-type Activities
Cash and Cash Equivalents		
Debt Service Reserve and Sinking Funds	$ 652,794	$ 2,869,138
Cash with Fiscal Agent	263,004	224,595
Customer Deposit	0	1,094,380
Economic Environment	1,324,441	0
Parks and Recreation	629,298	0
Law Enforcement	61,340	0
Physical Environment	7,312	0
Infrastructure	914,000	0
Other	21,868	0
Net Restricted Cash and Cash Equivalents	$ 3,874,057	$ 4,188,113
Investments		
CR-3 Decommissioning	$ 0	$ 574,047

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, 2011, consists of the following:

Governmental Activities	Balance
Materials and Supplies	$ 18,285
Total	$ 18,285

Business-type Activities	Balance
Electric Utility Supplies	$ 197,318
Transformers	142,938
Meters	9,093
Nuclear Fuel	44,076
Nuclear Plant Materials	15,532
Water/Wastewater Supplies	55,884
Total	$ 464,841

Note 6 - Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended September 30, 2011:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 6,113,598	$ 108,981	$ 0	$ 6,222,579
Construction in Progress	82,401	147,206	(63,169)	166,438
Total Capital Assets Not Being Depreciated	6,195,999	256,187	(63,169)	6,389,017
Capital Assets Being Depreciated:				
Building	8,547,261	0	(86,241)	8,461,020
Improvements Other Than Buildings	2,458,122	142,832	(7,720)	2,593,234
Infrastructure	8,876,807	575,907	0	9,452,714
Furniture, Fixtures, and Equipment	2,541,045	99,451	(143,860)	2,496,636
Total Capital Assets Being Depreciated	22,423,235	818,190	(237,821)	23,003,604
Less Accumulated Depreciation for:				
Building	(871,912)	(174,046)	2,000	(1,043,958)
Improvements Other Than Buildings	(335,047)	(102,628)	7,720	(429,955)
Infrastructure	(3,952,806)	(208,373)	0	(4,161,179)
Furniture, Fixtures, and Equipment	(1,431,538)	(205,248)	71,133	(1,565,653)
Total Accumulated Depreciation	(6,591,303)	(690,295)	80,853	(7,200,745)
Total Capital Assets, Being Depreciated, Net	15,831,932	127,895	(156,968)	15,802,859
Governmental Activities Capital Assets, Net	$ 22,027,931	$ 384,082	$ (220,137)	$ 22,191,876

Note 6 - Capital Assets *(Concluded)*

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

Governmental Activities	
General Government	$ 239,981
Public Safety	121,853
Physical Environment	54
Transportation	219,685
Economic Environment	8,942
Parks and Recreation	99,780
Total	$ 690,295

The following is a summary of changes in capital assets for the business-type activities for the year ended September 30, 2011:

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 255,940	$ 0	$ 0	$ 255,940
Construction in Progress	19,836,543	5,109,269	(23,850,570)	1,095,242
Total Capital Assets Not Being Depreciated	20,092,483	5,109,269	(23,850,570)	1,351,182
Capital Assets Being Depreciated:				
Building	7,308,541	0	(2,449,768)	4,858,773
Improvements Other Than Buildings	2,869,607	137,921	0	3,007,528
Infrastructure	16,652,732	23,554,691	(1,225,752)	38,981,671
Furniture, Fixtures, and Equipment	2,090,771	97,988	(38,060)	2,150,699
Total Capital Assets Being Depreciated	28,921,651	23,790,600	(3,713,580)	48,998,671
Less Accumulated Depreciation for:				
Building	(5,295,115)	(152,931)	2,154,865	(3,293,181)
Improvements Other Than Buildings	(1,551,184)	(103,955)	0	(1,655,139)
Infrastructure	(5,601,476)	(681,315)	606,748	(5,676,043)
Furniture, Fixtures, and Equipment	(1,131,780)	(150,282)	28,520	(1,253,542)
Total Accumulated Depreciation	(13,579,555)	(1,088,483)	2,790,133	(11,877,905)
Total Capital Assets, Being Depreciated, Net	15,342,096	22,702,117	(923,447)	37,120,766
Business-type Activities Capital Assets, Net	$ 35,434,579	$ 27,811,386	$ (24,774,017)	$ 38,471,948

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, 2011:

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

Governmental Activities *(Continued)*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Tax Incremental Road Improvement Revenue Note, Series 2000	$ 27,398	$ 0	$ (27,398)	$ 0	$ 0
Section 108 Government Guaranteed Participation Certificates, Series HUD 2001A	1,600,000	0	(100,000)	1,500,000	110,000
Capital Improvement and Refunding Revenue Bonds, Series 2006	7,710,000	0	(100,000)	7,610,000	100,000
(Less Discount)	(33,943)	0	1,306	(32,637)	0
Compensated Absences	365,473	181,627	(197,546)	349,554	173,557
Total	$ 9,668,928	$ 181,627	$ (423,638)	$ 9,426,917	$ 383,557

- **Tax Increment Road Improvement Revenue Note, Series 2000**
  On January 8, 2001, the City issued a $300,000 Tax Increment Road Improvement Revenue Note, Series 2000, to finance improvements and renovations to Main Street within the City's Community Redevelopment District.

  The note is secured by the incremental tax revenues of the Community Redevelopment District. Principal and interest are payable annually on the first day of February for ten years. As of February 2, 2006, interest was reset to the five-year U.S. Treasury index which was 4.380%.

- **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.

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

Governmental Activities *(Concluded)*

- **Capital Improvement and Refunding Revenue Bonds, Series 2006 *(Concluded)***
  The bonds are secured by a lien upon and pledge of the legally available non-ad valorem revenues of the City. Interest is payable semi annually 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.

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

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2012	$ 210,000	$ 420,387	$ 630,387
2013	215,000	410,225	625,225
2014	225,000	399,420	624,420
2015	240,000	387,608	627,608
2016	245,000	374,970	619,970
2017-2021	1,450,000	1,660,650	3,110,650
2022-2026	1,585,000	1,284,559	2,869,559
2027-2031	2,205,000	866,285	3,071,285
2032-2036	2,735,000	318,263	3,053,263
Total	$ 9,110,000	$ 6,122,367	$ 15,232,367

Business-type Activities

The following schedule summarizes the changes in the City's business-type long-term liabilities during the year ended September 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Utility Acquisition Bonds, Series 1993	$ 725,000	$ 0	$ (60,000)	$ 665,000	$ 65,000
Utility Revenue Bond, Series 1979	351,000	0	(32,000)	319,000	33,000
1997 State Revolving Fund Loan - Florida Department of Environmental Protection	871,221	15,482	0	886,703	45,316
Utility Refunding Revenue Bonds, Series 2003	7,105,000	0	(590,000)	6,515,000	610,000
(Less Deferred Discount on Refunding)	(54,000)	0	5,400	(48,600)	0
(Less Deferred Loss on Refunding)	(507,245)	0	50,725	(456,520)	0
Promissory Note, Capital City Bank	212,900	0	(62,001)	150,899	65,039
2009 State Revolving Fund Loan - Florida Department of Environmental Protection	4,640,634	3,146,905	0	7,787,539	397,229
2011 State Revolving Fund Loan - Florida Department of Environmental Protection	0	679,150	0	679,150	21,762
Compensated Absences	211,082	164,326	(156,817)	218,591	122,410
Total	$ 13,555,592	$ 4,005,863	$ (844,693)	$ 16,716,762	$ 1,359,756

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

Business-type Activities *(Continued)*

- **Utility Acquisition Bonds, Series 1993**

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

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

- **Utilities Revenue Bond of 1979**

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

  The bonds were issued at an interest rate of 5% with principal and interest payments due annually on April 1, until final maturity April 1, 2019.

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

  On June 26, 1997, the City authorized a loan agreement to finance preconstruction and construction costs related to the wastewater control facility. The total loan available is $801,325. Capitalized interest added to the loan as of September 30, 2011 is $15,482. Repayment is currently scheduled to commence on November 15, 2011, in the amount of $28,455, and semiannually thereafter on May 15 and November 15, each year until all amounts due under the agreement have been fully paid. Interest is payable at rates ranging from 2.70% to 2.90%.

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

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

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

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

Business-type Activities *(Concluded)*

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

- **2009 State Revolving Fund Loan – Florida Department of Environmental Protection**
  In June 2009, the City authorized a loan agreement to finance construction costs related to the wastewater control facility in the amount of $10,000,000 with additional increases in 2010 and 2011 of $10,000,000 and $550,074, respectively. The total loan available is $20,550,074, of which 64.51% of the first $20,000,000 is forgiven with each loan disbursement, for total principal forgiveness of $12,902,000. Capitalized interest added to the loan as of September 30, 2011 is $96,710. Repayment is currently scheduled to commence on November 15, 2011, in the amount of $247,213, and semiannually thereafter on May 15 and November 15, 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%.

- **2011 State Revolving Fund Loan – Florida Department of Environmental Protection**
  In July 2011, the City authorized a loan agreement to finance construction costs related to the wastewater control facility. The total loan available is $2,000,000. Capitalized interest added to the loan as of September 30, 2011 is $794. Repayment is currently scheduled to commence on May 15, 2012 and semiannually thereafter on May 15 and November 15, each year until all amounts due under the agreement have been fully paid. Interest is payable at a rate of 2.67%.

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
2012	$ 1,237,346	$ 447,856	$ 1,685,202
2013	1,174,602	535,113	1,709,715
2014	1,160,463	491,530	1,651,993
2015	1,188,716	448,012	1,636,728
2016	1,235,800	402,511	1,638,311
2017-2021	5,780,723	1,248,920	7,029,643
2022-2026	2,434,429	539,874	2,974,303
2027-2031	2,769,738	204,565	2,974,303
2032	21,474	22,051	43,525
Total	$ 17,003,291	$ 4,340,432	$ 21,343,723

Interest

During the year, the City incurred $900,302 of interest costs, of which $787,316 were charged to expense and $112,986 were capitalized.

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

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 covenant requires 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 for that year.

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

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

As of September 30, 2011, the City has met its debt covenants.

Conduit Debt

The City may assist nongovernmental entities in the obtainment of financing for capital facilities by issuing debt on behalf of the nongovernmental entity. This debt, known as conduit debt, allows the nongovernmental entity to borrow at tax-exempt rates. The nongovernmental entity, not the City, is responsible for repayment of the conduit debt obligation. At September 30, 2011, the following conduit debt is outstanding in the City's name:

Industrial Development Revenue Bonds Series 1995	$ 500,000

Note 8 - Pledged Revenues

The City has pledged certain revenues to repay bonds and notes outstanding as of September 30, 2011. 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, 2011:

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		$ 425,560				
Utility Franchise Fees		312,719				
State Revenue Sharing		190,217				
	Section 108, HUD 2001A Series	$ 928,496	$ 201,930	21.75%	$ 2,090,695	2021
Non-Ad Valorem Revenues	Capital Improvement and Refunding Revenue Bonds, Series 2006	$ 8,594,764	$ 427,758	4.98%	$ 13,141,671	2036
Net Utility Revenues		$ 5,035,639				
Excise Taxes		1,641,969				
	Utility Bonds - Series 1979, 1993, and 2003	$ 6,677,608	$1,042,965	15.62%	$ 9,264,480	2020
Net Utility Revenues	State Revolving Fund Loans - 1997, 2009, and 2011	$ 5,035,639	$ 0	0.00%	$ 11,918,975	2032

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, 2011:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 973,780
General Fund	Water Utility	471,326
General Fund	Wastewater Utility	282,498
Electric Utility	Nonmajor Governmental Funds	824,126
Electric Utility	Water Utility	830,228
Electric Utility	Wastewater Utility	866,581
Nonmajor Enterprise Fund	Water Utility	76,793
Internal Service Fund	Water Utility	215,065
Total		$ 4,540,397

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.

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

Interfund Transfers:

	Transfers In				
Transfers Out	**General Fund**	**Community Redevelopment Agency**	**Nonmajor Governmental Funds**	**Water Utility**	**Total**
General Fund	$ 0	$ 182,968	$ 930,623	$ 0	$ 1,113,591
Electric Utility	1,621,117	0	0	5,056	1,626,173
Wastewater Utility	0	0	70,675	0	70,675
Nonmajor Governmental Funds	17,300	0	30,226	0	47,526
Total	$ 1,638,417	$ 182,968	$ 1,031,524	$ 5,056	$ 2,857,965

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 monies are available after paying operating expenses and debt service on outstanding bonds. A transfer in the amount of $930,622 from the general fund to the nonmajor governmental funds is for debt service and reserve requirements. A transfer in the amount of $182,968 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 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 Assets

Net assets are restricted within governmental activities and business-type activities as follows:

	Governmental Activities	**Business-type Activities**
Debt Service	$ 736,773	$ 2,934,138
Economic Environment	1,321,795	0
Law Enforcement	61,491	0
Physical Environment	6,876	0
Parks and Recreation	641,165	0
Total	$ 2,768,100	$ 2,934,138

The City's restricted net assets include $1,884,224 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. Provisions in the contract allow for price adjustments for increases and decreases in the City of Gainesville's fuel and operating costs. Total payments to the City of Gainesville for 2011 were $8,492,502.

Crystal River Unit No. 3 Participation Agreement

The City is a participant in an agreement with Florida Power Corporation, which was entered into on July 31, 1975. Under terms of the agreement, the City acquired a 0.0779% ownership interest and generation entitlement share in the nuclear steam electric generating unit. Participants are entitled to energy output of the unit based upon their respective generation entitlement share.

Florida Power Corporation has been appointed by the participants to act as their agent and has sole authority to manage, control, maintain, and operate the unit. Operating costs of the unit, in general, are shared in proportion to each generation entitlement share on a monthly basis. Common and external facilities of the generating unit are solely owned by Florida Power Corporation and participants share in the operation and maintenance expenses of such facilities.

Nuclear fuel payments and capital acquisition costs are required of participants in advance. Total payments for 2011 were $234,675.

The City's share of plant decommissioning costs to be paid during the years 2015 through 2022 is being accumulated in an account administered by the FMPA. FMPA has determined the appropriate account balance to be $574,047 at September 30, 2011. The cash account is offset by a deferred credit on the balance sheet of $574,047 at September 30, 2011.

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 .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 2011 were $171,329.

Note 13 - Pension Plans

Effective October 1, 2004, the City reinstated its membership in the Florida Retirement System, (the System) a multiple-employer defined benefit public retirement system. Previously, all full-time employees of the City hired prior to January 1, 1996, participated in the System and all full-time employees hired on January 1, 1996, or later, participated in a retirement system administered by the Florida League of Cities, Inc. The participants in the Florida League of Cities, Inc. retirement plan now participate in the System.

Florida Retirement System

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

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

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

Note 13 - Pension Plans *(Concluded)*

Florida Retirement System *(Concluded)*

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, 2011, are as follows:

FRS Membership Class	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
Regular Employees	3.00%	4.91%	7.91%
Special Risk Employees	3.00%	14.10%	17.10%
Rehired Employees	3.00%	4.91%	7.91%
Elected Officials	3.00%	11.14%	14.14%
Senior Management Services	3.00%	6.27%	9.27%
Deferred Retirement Option Program (DROP)	N/A	4.42%	4.42%

The City's contributions to the System for the years ended September 30, 2011, 2010, and 2009, were $590,070, $643,189, and $642,565, respectively. Employee contributions to the System were $32,929 for the year ended September 30, 2011. Contributions are equal to the required contributions for those years.

Note 14 - Other Postemployment Benefits (OPEB)

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, during the fiscal year ended September 30, 2009, for certain postemployment healthcare benefits provided by the City. The requirements of this statement are being implemented prospectively with the actuarially determined liability of $262,411 at the date of transition amortized over 30 years.

Plan Description

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

Membership of each plan consisted of the following:

Date of Actuarial Valuation:	**9/30/09**
Retirees and Beneficiaries Receiving Benefits	1
Active Plan Members	106
Total	107

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

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 assets.

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)	$ 29,595
Interest on Net OPEB Obligation (NOO)	1,497
Adjustment to ARC	0
Annual OPEB Cost	31,092
Employer Contributions Made	(13,124)
Increase/Decrease in NOO	17,968
Net OPEB Obligation, Beginning of Year	37,425
Net OPEB Obligation, End of Year	$ 55,393

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/11	$ 31,092	42.2%	$ 55,393
9/30/10	29,246	35.4%	37,425
9/30/09	28,148	34.2%	18,519

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

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
9/30/09	0	262,411	262,411	0.0%	4,686,463	5.6%

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

Actuarial Methods and Assumptions

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

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

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

Valuation Date	September 30, 2009
Actuarial Cost Method	Projected Unit Credit Cost
Amortization Method	Level Percentage of Projected Payroll
Remaining Amortization Period	30 Years, Closed
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Payroll Inflation Rate	4.0%
Investment Return	4.0%
Healthcare Cost Trend Rate	Gradually Decreasing from 7.0% to 4.9% Over 60 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 for the following types of risk with the following carriers:

- **Florida Municipal Insurance Trust**
  - Workers' Compensation and Employer's Liability

- **St. Paul Fire and Marine Insurance Company**
  - 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 - Prior Period Adjustment

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, implemented in the current year, clarified the definition of special revenue funds. As a result, the Alachua Transit Corridor and Hazard Mitigation Grants funds no longer meet the definition of special revenue funds and are instead reported in the general fund. Beginning fund balances of ($143,628) were reclassified from nonmajor governmental funds to the general fund.

Note 17 - Special Item

During 2011, the City retired several wastewater treatment plant assets as the new wastewater treatment plant facilities were substantially completed and placed in service, resulting in a loss on disposal of $921,611. The disposal was within management's control, but unusual in nature as it is only incidentally related to the ordinary and typical activities of the City.

Note 18 - Subsequent Events

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

On December 14, 2011 and January 9, 2012, the City sold seventy-year easements for $300,000 and $250,000, respectively, for the construction, operation and maintenance of communications facilities. The easements also include access to the land and the right to install, replace and maintain utility wires, poles, cables, conduits and pipes.

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	$ 5,541,180	$ 5,709,416	$ 5,956,691	$ 247,275
Permits, Fees and Special Assessments	298,939	298,939	312,719	13,780
Intergovernmental Revenues	646,232	650,095	653,739	3,644
Charges for Services	919,840	927,105	903,861	(23,244)
Fines and Forfeitures	60,000	60,000	43,196	(16,804)
Investment Income	200	200	7,143	6,943
Miscellaneous	48,001	48,001	79,292	31,291
Total Revenues	7,514,392	7,693,756	7,956,641	262,885
Expenditures				
Current:				
General Government:				
Legislative	134,745	134,745	117,378	17,367
Executive	291,912	291,912	269,857	22,055
City Clerk	155,504	155,504	137,316	18,188
Finance	397,070	394,366	353,309	41,057
Administrative Services	354,095	354,095	319,599	34,496
Human Resources	158,759	161,463	143,333	18,130
Grants and Contracts	198,388	154,684	97,700	56,984
Information Technology	147,013	166,274	148,036	18,238
Legal	231,983	234,283	234,201	82
Planning	535,213	535,213	404,629	130,584
Code Enforcement	223,097	247,540	234,293	13,247
Other	256,711	215,365	215,365	0
Public Safety:				
Police	2,319,192	2,323,055	2,136,327	186,728
Fire	488,115	488,115	482,784	5,331
Physical Environment:				
Solid Waste	777,474	777,474	757,406	20,068
Transportation:				
Streets and Roads	668,908	668,908	499,137	169,771
Parks and Recreation	634,537	640,537	638,619	1,918
Reserve for Contingency	220,139	220,139	0	220,139
(Total Expenditures)	(8,192,855)	(8,163,672)	(7,189,289)	974,383
Excess of Revenues Over Expenditures	(678,463)	(469,916)	767,352	1,237,268
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital Assets	0	162,663	167,743	5,080
Transfers in	1,621,117	1,621,117	1,638,417	17,300
Transfers (out)	(742,654)	(1,113,864)	(1,113,591)	273
Total Other Financing Sources (Uses)	878,463	669,916	692,569	22,653
Net Change in Fund Balance [1]	200,000	200,000	1,459,921	1,259,921
Fund Balance, Beginning of Year	0	0	1,940,259	1,940,259
Fund Balance, End of Year	$ 200,000	$ 200,000	$ 3,400,180	$ 3,200,180

[1] Net Change in Fund Balance includes the City's budgeted contribution to fund balance in the amount of $200,000.

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, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Intergovernmental	$ 268,183	$ 278,653	$ 278,653	$ 0
Interest and Other Revenue	4,000	8,010	6,198	(1,812)
Total Revenues	272,183	286,663	284,851	(1,812)
Expenditures				
Current:				
Economic Environment	242,538	242,349	173,682	68,667
Debt Service:				
Principal	27,399	27,588	27,398	190
Interest and Fees	1,200	1,200	1,389	(189)
Capital Outlay	1,443,290	1,457,770	257,915	1,199,855
Reserve for Contingency	50,000	50,000	0	50,000
(Total Expenditures)	(1,764,427)	(1,778,907)	(460,384)	1,318,523
(Deficiency) of Revenues (Under) Expenditures	(1,492,244)	(1,492,244)	(175,533)	1,316,711
Other Financing Sources (Uses)				
Transfers in	183,242	183,242	182,968	(274)
Total Other Financing Sources (Uses)	183,242	183,242	182,968	(274)
Net Change in Fund Balance	(1,309,002)	(1,309,002)	7,435	1,316,437
Fund Balance, Beginning of Year	1,309,002	1,309,002	1,314,360	5,358
Fund Balance, End of Year	$ 0	$ 0	$ 1,321,795	$ 1,321,795

CITY OF ALACHUA, FLORIDA
SCHEDULE OF FUNDING PROGRESS

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
9/30/2009	$ 0	$ 262,411	$ 262,411	0.00%	$ 4,686,463	5.60%

CITY OF ALACHUA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2011

Note 1 - Basis of Presentation

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

Note 2 - Legally Adopted Budgets

The City legally adopted budgets for all funds with activity during the year.

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, 2009
Actuarial Cost Method	Projected Unit Credit Cost
Amortization Method	Level Percentage of Projected Payroll
Remaining Amortization Period	30 Years, Closed
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Payroll Inflation Rate	4.0%
Investment Return	4.0%
Healthcare Cost Trend Rate	Gradually Decreasing from 7.0% to 4.9% Over 60 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.

- The *Edward Byrne Memorial Grant*—is used to account for federal grant revenues and expenditures related to the Edward Byrne Memorial Justice Assistance Program.

- The *Public Assistance Grant Fund*—is used to account for federal grant revenues and expenditures for disaster assistance related to Tropical Storm Fay.

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 *Recreation Center Improvements Fund*—is used to account for the renovation costs associated with the recreation center.

NONMAJOR GOVERNMENTAL FUNDS
(Concluded)

CAPITAL PROJECT FUNDS
(Concluded)

- The *San Felasco Conservation Corridor Fund*—is used to account for improvements made to the San Felasco Corridor.

- The *CDBG – Economic Development Project Fund*—is used to account for federal grant revenues and expenditures for water and sewer facilities pursuant to an economic development agreement with a third party.

- The *Recreation Surtax Fund*—is used to account for discretionary sales tax revenues and expenditures for recreation improvements.

- The *Project Legacy Fund*—is used to account for donations and expenditures for the acquisition and future development of land for recreation use.

- The *Heritage Oaks Improvement Fund*—is used to account for expenditures for infrastructure improvements in the Heritage Oaks subdivision.

CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	Debt Service Fund	Special Revenue Fund	Capital Project Fund	Total
Assets				
Cash and Cash Equivalents	$ 808,585	$ 45,750	$ 1,543,298	$ 2,397,633
Cash with Fiscal Agent	263,004	0	0	263,004
Accounts Receivable	0	152	0	152
Total Assets	1,071,589	45,902	1,543,298	2,660,789
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	0	550	0	550
Accrued Expenses	0	3,425	0	3,425
Deferred Revenues	0	0	924,000	924,000
Due to Other Governments	0	1,190	0	1,190
Advances from Other Funds	596,899	70,542	1,130,465	1,797,906
Total Liabilities	596,899	75,707	2,054,465	2,727,071
Fund Balances				
Restricted for:				
Comprehensive Planning	0	21,867	0	21,867
Law Enforcement	0	16,722	0	16,722
Physical Environment	0	6,876	0	6,876
Parks and Recreation	0	0	619,298	619,298
Debt Service	915,798	0	0	915,798
Unassigned	(441,108)	(75,270)	(1,130,465)	(1,646,843)
Total Fund Balances	474,690	(29,805)	(511,167)	(66,282)
Total Liabilities and Fund Balances	$ 1,071,589	$ 45,902	$ 1,543,298	$ 2,660,789

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Debt Service Fund	Special Revenue Fund	Capital Project Fund	Total
Revenues				
Taxes	$ 0	$ 0	$ 154,761	$ 154,761
Permits, Fees and Special Assessments	0	113,937	0	113,937
Intergovernmental Revenues	0	16,109	4,908	21,017
Charges for Services	0	300	0	300
Fines and Forfeitures	0	4,617	0	4,617
Investment Income	101	721	1,006	1,828
Miscellaneous	0	29,682	32,035	61,717
Total Revenues	101	165,366	192,710	358,177
Expenditures				
Current:				
Public Safety	0	172,886	0	172,886
Physical Environment	0	4,174	0	4,174
Economic Environment	0	0	2,618	2,618
Parks and Recreation	0	8,391	1,265	9,656
Debt Service:				
Principal	200,000	0	0	200,000
Interest and Fiscal Charges	430,087	0	0	430,087
Capital Outlay	0	34,147	30,227	64,374
(Total Expenditures)	(630,087)	(219,598)	(34,110)	(883,795)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(629,986)	(54,232)	158,600	(525,618)
Other Financing Sources (Uses)				
Transfers in	1,001,297	0	30,227	1,031,524
Transfers (out)	0	(13,601)	(33,925)	(47,526)
Total Other Financing Sources (Uses)	1,001,297	(13,601)	(3,698)	983,998
Net Change in Fund Balance	371,311	(67,833)	154,902	458,380
Fund Balance, Beginning of Year (As Restated)	103,379	38,028	(666,069)	(524,662)
Fund Balance, End of Year	$ 474,690	$ (29,805)	$ (511,167)	$ (66,282)

CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2011

	Building Operations	Additional Court Costs	Donations
Assets			
Cash and Cash Equivalents	$ 0	$ 10,538	$ 21,263
Accounts Receivable	0	152	0
Total Assets	0	10,690	21,263
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	113	0	0
Accrued Expenses	3,425	0	0
Due to Other Governments	1,190	0	0
Advances from Other Funds	70,542	0	0
Total Liabilities	75,270	0	0
Fund Balances			
Restricted for:			
Comprehensive Planning	0	0	16,737
Law Enforcement	0	10,690	4,526
Physical Environment	0	0	0
Unassigned	(75,270)	0	0
Total Fund Balances	(75,270)	10,690	21,263
Total Liabilities and Fund Balances	$ 0	$ 10,690	$ 21,263

Tree Bank	Police Explorers	TK Basin Special Assessment	Edward Byrne Memorial Grant	Public Assistance Grant	Total
$ 5,130	$ 1,507	$ 7,312	$ 0	$ 0	$ 45,750
0	0	0	0	0	152
5,130	1,507	7,312	0	0	45,902
0	1	436	0	0	550
0	0	0	0	0	3,425
0	0	0	0	0	1,190
0	0	0	0	0	70,542
0	1	436	0	0	75,707
5,130	0	0	0	0	21,867
0	1,506	0	0	0	16,722
0	0	6,876	0	0	6,876
0	0	0	0	0	(75,270)
5,130	1,506	6,876	0	0	(29,805)
$ 5,130	$ 1,507	$ 7,312	$ 0	$ 0	$ 45,902

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2011

	Building Operations	Additional Court Costs	Donations
Revenues			
Permits, Fees and Special Assessments	$ 102,887	$ 0	$ 0
Intergovernmental Revenues	0	0	0
Charges for Services	300	0	0
Fines and Forfeitures	0	4,617	0
Investment Income	1	80	502
Miscellaneous	0	0	28,982
Total Revenues	103,188	4,697	29,484
Expenditures			
Current:			
Public Safety	123,712	5,902	33,649
Physical Environment	0	0	0
Parks and Recreation	0	0	8,391
Capital Outlay	0	0	24,424
Total (Expenditures)	(123,712)	(5,902)	(66,464)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(20,524)	(1,205)	(36,980)
Other Financing Sources (Uses)			
Transfers out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balances	(20,524)	(1,205)	(36,980)
Fund Balance, Beginning of Year	(54,746)	11,895	58,243
Fund Balance, End of Year	$ (75,270)	$ 10,690	$ 21,263

Tree Bank	Police Explorers	TK Basin Special Assessment	Edward Byrne Memorial Grant	Public Assistance Grant	Total
$ 0	$ 0	$ 11,050	$ 0	$ 0	$ 113,937
0	0	0	16,109	0	16,109
0	0	0	0	0	300
0	0	0	0	0	4,617
38	0	0	0	100	721
0	700	0	0	0	29,682
38	700	11,050	16,109	100	165,366
0	3,237	0	6,386	0	172,886
0	0	4,174	0	0	4,174
0	0	0	0	0	8,391
0	0	0	9,723	0	34,147
0	(3,237)	(4,174)	(16,109)	0	(219,598)
38	(2,537)	6,876	0	100	(54,232)
0	0	0	0	(13,601)	(13,601)
0	0	0	0	(13,601)	(13,601)
38	(2,537)	6,876	0	(13,501)	(67,833)
5,092	4,043	0	0	13,501	38,028
$ 5,130	$ 1,506	$ 6,876	$ 0	$ 0	$ (29,805)

CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
SEPTEMBER 30, 2011

	Neighborhood Community Center	Municipal Complex	Recreation Center Improvements
Assets			
Cash and Cash Equivalents	$ 0	$ 0	$ 0
Total Assets	0	0	0
Liabilities and Fund Balances			
Liabilities			
Deferred revenue	0	0	0
Advances from Other Funds	195,141	935,324	0
Total Liabilities	195,141	935,324	0
Fund Balances			
Restricted for:			
Parks and Recreation	0	0	0
Unassigned	(195,141)	(935,324)	0
Total Fund Balances	(195,141)	(935,324)	0
Total Liabilities and Fund Balances	$ 0	$ 0	$ 0

San Felasco Conservation Corridor	CDBG - Economic Development Project	Recreation Surtax Fund	Project Legacy	Heritage Oaks Improvements	Total
$ 24,779	$ 0	$ 562,429	$ 42,090	$ 914,000	$ 1,543,298
24,779	0	562,429	42,090	914,000	1,543,298
0	0	0	10,000	914,000	924,000
0	0	0	0	0	1,130,465
0	0	0	10,000	914,000	2,054,465
24,779	0	562,429	32,090	0	619,298
0	0	0	0	0	(1,130,465)
24,779	0	562,429	32,090	0	(511,167)
$ 24,779	$ 0	$ 562,429	$ 42,090	$ 914,000	$ 1,543,298

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
SEPTEMBER 30, 2011

	Neighborhood Community Center	Municipal Complex	Recreation Center Improvements
Revenues			
Taxes	$ 0	$ 0	$ 0
Intergovernmental Revenues	0	0	0
Investment Income	0	0	0
Miscellaneous	0	0	0
Total Revenues	0	0	0
Expenditures			
Current:			
Economic Environment	0	0	0
Parks and Recreation	0	0	0
Capital Outlay	0	0	0
Total (Expenditures)	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Other Financing Sources (Uses)			
Transfers in	0	0	0
Transfers (out)	0	0	(19)
Total Other Financing Sources (Uses)	0	0	(19)
Net Change in Fund Balances	0	0	(19)
Fund Balance, Beginning of Year	(195,141)	(935,324)	19
Fund Balance, End of Year	$ (195,141)	$ (935,324)	$ 0

San Felasco Conservation Corridor	CDBG - Economic Development Project	Recreation Surtax Fund	Project Legacy	Heritage Oaks Improvements	Total
$ 0	$ 0	$ 154,761	$ 0	$ 0	$ 154,761
0	4,908	0	0	0	4,908
187	22	797	0	0	1,006
0	0	0	32,035	0	32,035
187	4,930	155,558	32,035	0	192,710
0	2,618	0	0	0	2,618
1,265	0	0	0	0	1,265
30,227	0	0	0	0	30,227
(31,492)	(2,618)	0	0	0	(34,110)
(31,305)	2,312	155,558	32,035	0	158,600
30,227	0	0	0	0	30,227
0	(3,679)	(30,227)	0	0	(33,925)
30,227	(3,679)	(30,227)	0	0	(3,698)
(1,078)	(1,367)	125,331	32,035	0	154,902
25,857	1,367	437,098	55	0	(666,069)
$ 24,779	$ 0	$ 562,429	$ 32,090	$ 0	$ (511,167)

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, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues			
Interest	$ 200	$ 101	$ (99)
Total Revenues	200	101	(99)
Expenditures			
Debt Service:			
Principal	200,000	200,000	0
Interest and Fiscal Charges	430,088	430,087	1
Debt Reserves [1]	371,210	0	371,210
(Total Expenditures)	(1,001,298)	(630,087)	371,211
(Deficiency) of Revenues (Under) Expenditures	(1,001,098)	(629,986)	371,112
Other Financing Sources (Uses)			
Transfers in	1,001,297	1,001,297	0
Total Other Financing Sources (Uses)	1,001,297	1,001,297	0
Net Change in Fund Balance	199	371,311	371,112
Fund Balance, Beginning of Year	0	103,379	103,379
Fund Balance, End of Year	$ 199	$ 474,690	$ 474,491

[1] Debt reserves is not considered an expenditure in accordance with generally accepted accounting principles. The reserve is presented as restricted fund balance in the governmental funds balance sheet.

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, 2011

	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	$ 157,242	$ 102,887	$ (54,355)	$ 0	$ 0	$ 0
Charges for Services	0	300	300	0	0	0
Fines and Forfeitures	0	0	0	4,379	4,617	238
Investment Income (Loss)	0	1	1	0	80	80
Miscellaneous	0	0	0	0	0	0
Total Revenues	157,242	103,188	(54,054)	4,379	4,697	318
Expenditures						
Current:						
General Government	0	0	0	0	0	0
Public Safety	157,242	123,712	33,530	10,673	5,902	4,771
Parks and Recreation	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
(Total Expenditures)	(157,242)	(123,712)	33,530	(10,673)	(5,902)	4,771
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(20,524)	(20,524)	(6,294)	(1,205)	5,089
Other Financing Sources (Uses)	0	0	0	0	0	0
Net Change in Fund Balance	0	(20,524)	(20,524)	(6,294)	(1,205)	5,089
Fund Balance, Beginning of Year	0	(54,746)	(54,746)	6,294	11,895	5,601
Fund Balance, End of Year	$ 0	$ (75,270)	$ (75,270)	$ 0	$ 10,690	$ 10,690

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	0	0
0	0	0	0	0	0	0	0	0
0	502	502	0	38	38	0	0	0
32,840	28,982	(3,858)	0	0	0	0	700	700
32,840	29,484	(3,356)	0	38	38	0	700	700
2,311	0	2,311	4,955	0	4,955	0	0	0
36,739	33,649	3,090	0	0	0	3,832	3,237	595
20,159	8,391	11,768	0	0	0	0	0	0
24,450	24,424	26	0	0	0	0	0	0
(83,659)	(66,464)	17,195	(4,955)	0	4,955	(3,832)	(3,237)	595
(50,819)	(36,980)	13,839	(4,955)	38	4,993	(3,832)	(2,537)	1,295
0	0	0	0	0	0	0	0	0
(50,819)	(36,980)	13,839	(4,955)	38	4,993	(3,832)	(2,537)	1,295
50,819	58,243	7,424	4,955	5,092	137	3,832	4,043	211
$ 0	$ 21,263	$ 21,263	$ 0	$ 5,130	$ 5,130	$ 0	$ 1,506	$ 1,506

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, 2011
(Concluded)

	TK Basin Special Assessment			Edward Byrne Memorial Grant		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Permits, Fees and Special Assessments	$ 11,000	$ 11,050	$ 50	$ 0	$ 0	$ 0
Intergovernmental Revenues	0	0	0	16,440	16,109	(331)
Total Revenues	11,000	11,050	50	16,440	16,109	(331)
Expenditures						
Current:						
Public Safety	0	0	0	6,430	6,386	44
Physical Environment	11,000	4,174	6,826	0	0	0
Capital Outlay	0	0	0	10,010	9,723	287
(Total Expenditures)	(11,000)	(4,174)	6,826	(16,440)	(16,109)	331
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	6,876	6,876	0	0	0
Other Financing Sources (Uses)	0	0	0	0	0	0
Net Change in Fund Balance	0	6,876	6,876	0	0	0
Fund Balance, Beginning of Year	0	0	0	0	0	0
Fund Balance, End of Year	$ 0	$ 6,876	$ 6,876	$ 0	$ 0	$ 0

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS - NONMAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	San Felasco Conservation Corridor			CDBG - Economic Development Project		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Intergovernmental Revenues	0	0	0	4,908	4,908	0
Investment Income (Loss)	0	187	187	0	22	22
Miscellaneous	0	0	0	0	0	0
Total Revenues	0	187	187	4,908	4,930	22
Expenditures						
Current:						
Physical Environment	0	0	0	0	0	0
Economic Environment	0	0	0	4,908	2,618	2,290
Parks and Recreation	25,803	1,265	24,538	0	0	0
Capital Outlay	185,000	30,227	154,773	0	0	0
(Total Expenditures)	(210,803)	(31,492)	179,311	(4,908)	(2,618)	2,290
Excess (Deficiency) of Revenues Over (Under) Expenditures	(210,803)	(31,305)	179,498	0	2,312	2,312
Other Financing Sources (Uses)						
Transfers in	185,000	30,227	(154,773)	0	0	0
Transfers (out)	0	0	0	0	(3,679)	(3,679)
Total Other Financing Sources (Uses)	185,000	30,227	(154,773)	0	(3,679)	(3,679)
Net Change in Fund Balance	(25,803)	(1,078)	24,725	0	(1,367)	(1,367)
Fund Balance, Beginning of Year	25,803	25,857	54	0	1,367	1,367
Fund Balance, End of Year	$ 0	$ 24,779	$ 24,779	$ 0	$ 0	$ 0

Recreation Surtax Fund			Project Legacy			Heritage Oaks		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
$ 151,284	$ 154,761	$ 3,477	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
0	0	0	0	0	0	0	0	0
369	797	428	0	0	0	0	0	0
0	0	0	10,310	32,035	21,725	914,000	0	(914,000)
151,653	155,558	3,905	10,310	32,035	21,725	914,000	0	(914,000)
0	0	0	0	0	0	914,000	0	914,000
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
402,442	0	402,442	10,310	0	10,310	0	0	0
(402,442)	0	402,442	(10,310)	0	10,310	(914,000)	0	914,000
(250,789)	155,558	406,347	0	32,035	32,035	0	0	0
0	0	0	0	0	0	0	0	0
(185,000)	(30,227)	154,773	0	0	0	0	0	0
(185,000)	(30,227)	154,773	0	0	0	0	0	0
(435,789)	125,331	561,120	0	32,035	32,035	0	0	0
435,789	437,098	1,309	0	55	55	0	0	0
$ 0	$ 562,429	$ 562,429	$ 0	$ 32,090	$ 32,090	$ 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. 76

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source which are property taxes. 83

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. 88

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. 95

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. 98

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 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	$ 900,269	1,026,647	1,006,106	5,231,567	7,345,392	7,995,820	11,727,737	12,924,412	13,306,758
Restricted	49,901	51,490	175,489	179,312	240,666	109,767	2,298,952	2,642,617	2,768,100
Unrestricted	1,245,857	1,051,216	1,193,543	586,454	104,323	33,531	(1,212,629)	(487,329)	1,321,909
Total governmental activities net assets	$ 2,196,027	2,129,353	2,375,138	5,997,333	7,690,381	8,139,118	12,814,060	15,079,700	17,396,767
Business-type activities									
Invested in capital assets, net of related debt	$ 1,518,611	1,641,488	1,042,838	3,343,956	6,524,660	7,859,209	9,201,971	21,128,470	22,062,135
Restricted	400,808	918,000	946,173	970,861	1,006,659	1,053,894	1,269,753	1,274,753	2,934,138
Unrestricted	6,955,837	6,656,764	6,990,100	7,036,767	3,492,497	1,553,135	(316,896)	12,635	2,294,312
Total business-type activities net assets	$ 8,875,256	9,216,252	8,979,111	11,351,584	11,023,816	10,466,238	10,154,828	22,415,858	27,290,585
Primary government									
Invested in capital assets, net of related debt	$ 2,418,880	2,668,135	2,048,944	8,575,523	13,870,052	15,855,029	20,929,708	34,052,882	35,368,893
Restricted	450,709	969,490	1,121,662	1,150,173	1,247,325	1,163,661	3,568,705	3,917,370	5,702,238
Unrestricted	8,201,694	7,707,980	8,183,643	7,623,221	3,596,820	1,586,666	(1,529,525)	(474,694)	3,616,221
Total primary government net assets	$ 11,071,283	11,345,605	11,354,249	17,348,917	18,714,197	18,605,356	22,968,888	37,495,558	44,687,352

Schedule 2
CITY OF ALACHUA, FLORIDA
CHANGE IN NET ASSETS
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
General government	$ 3,252,482	1,977,611	2,193,976	2,505,211	3,998,405	3,373,717	3,565,490	2,771,143	2,897,711
Public Safety	2,062,896	2,227,148	3,202,102	2,621,162	2,869,023	2,916,964	2,853,035	3,031,037	2,882,263
Physical environment	419,834	629,191	1,004,761	558,928	477,038	554,763	643,072	767,582	761,634
Transportation	566,466	644,394	772,815	701,492	754,008	840,867	724,671	755,262	675,861
Economic environment	--	699,843	82,049	608,385	1,258,609	150,543	150,250	168,590	185,242
Parks and recreation	--	494,500	564,972	609,993	746,943	776,645	718,239	868,434	722,994
Interest on long-term debt	306,206	246,730	197,744	395,514	474,453	467,028	457,511	448,741	435,371
Total governmental activities expenses	6,607,884	6,919,417	8,018,419	8,000,685	10,578,479	9,080,527	9,112,268	8,810,789	8,561,076
Business-type activities									
Electric	--	7,499,525	8,946,756	10,122,932	11,111,055	12,611,445	11,805,050	11,841,903	10,903,730
Water & Sewer	8,395,054	1,749,977	2,771,163	2,518,848	2,793,493	2,964,692	2,941,214	2,893,843	3,121,021
Mosquito control	--	--	24,449	36,914	30,375	44,395	43,684	45,886	47,326
Total business-type activities	8,395,054	9,249,502	11,742,368	12,678,694	13,934,923	15,620,532	14,789,948	14,781,632	14,072,077
Total primary government expenses	15,002,938	16,168,919	19,760,787	20,679,379	24,513,402	24,701,059	23,902,216	23,592,421	22,633,153
Program Revenues									
Governmental activities:									
Charges for services:									
General government	725,653	872,927	394,028	177,492	222,686	209,856	362,701	377,226	395,496
Public Safety	136,944	127,422	126,464	305,855	303,235	208,106	175,843	145,175	155,580
Physical environment	--	--	540,857	544,330	562,037	577,104	736,898	806,932	785,330
Transportation	--	--	--	--	--	70	11,165	11,720	11,843
Economic environment	--	--	--	--	--	--	--	--	--
Parks and recreation	--	--	62,779	29,070	57,014	60,078	70,666	43,050	31,174
Operating Grants and contributions	93,772	58,699	1,388,772	722,235	1,434,870	131,360	291,160	342,416	218,571
Capital grants and contributions	1,333,925	887,298	231,662	2,876,553	2,309,950	928,576	783,967	1,590,710	1,168,258
Total governmental activities program revenues	$ 2,290,294	1,946,346	2,744,562	4,655,535	4,889,792	2,115,150	2,432,400	3,317,229	2,766,252
Business-type activities:									
Charges for services:									
Electric	$ --	8,570,033	10,105,732	11,595,733	11,350,370	14,563,814	12,835,626	14,673,991	14,392,269
Water & Sewer	10,062,382	1,905,263	2,097,604	2,045,446	2,412,960	2,252,644	2,148,928	2,251,328	3,257,081
Mosquito Control	--	--	41,255	42,959	45,927	49,071	49,655	49,775	49,877
Operating grants and contributions	300,000	--	--	--	15,709	--	--	--	1,627,198
Capital grants and contributions	--	--	--	--	1,117,109	--	325,635	11,420,846	2,139,510
Total business-type activities program revenues	10,362,382	10,475,296	12,244,591	13,684,138	14,942,075	16,865,529	15,359,844	28,395,940	21,465,935
Total primary government program revenues	12,652,676	12,421,642	14,989,153	18,339,673	19,831,867	18,980,679	17,792,244	31,713,169	24,232,187
Net (Expense) Revenue									
Governmental activities	(4,317,590)	(4,973,071)	(5,273,857)	(3,345,150)	(5,688,687)	(6,965,377)	(6,679,868)	(5,493,560)	(5,794,824)
Business-type activities	1,967,328	1,225,794	502,223	1,005,444	1,007,152	1,244,997	569,896	13,614,308	7,393,858
Total primary government net expense	$ (2,350,262)	(3,747,277)	(4,771,634)	(2,339,706)	(4,681,535)	(5,720,380)	(6,109,972)	8,120,748	1,599,034

Schedule 2 *(Concluded)*
CITY OF ALACHUA, FLORIDA
CHANGE IN NET ASSETS
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	$ 1,960,196	2,172,994	2,389,945	2,721,884	3,072,173	3,071,384	3,464,378	4,241,001	4,051,946
Communications services taxes	179,453	214,259	220,943	236,613	250,326	354,990	472,087	428,155	408,414
Utility taxes	541,404	543,939	643,971	582,241	638,777	632,621	666,161	959,321	1,233,554
Local option gas tax	119,376	134,516	140,829	145,771	142,317	197,363	--	--	--
Business license tax	--	--	--	--	--	44,545	46,050	47,034	48,780
Franchise fees	131,107	173,241	226,439	250,238	237,505	271,562	--	--	--
Intergovernmental revenue	529,130	632,298	615,007	688,172	666,744	658,998	521,249	548,753	565,093
Unrestricted investment earnings	33,592	27,886	61,391	125,389	149,747	56,825	(13,557)	31,071	11,159
Miscellaneous	124,757	51,935	252,132	181,171	77,746	112,202	90,752	72,712	90,378
Capital asset transfers	--	--	--	(827,839)	--	(694,401)	--	--	--
Gain on Disposal of Capital Assets	--	--	--	--	--	--	--	--	10,775
Special item - insurance claim proceeds	--	--	--	--	380,599	--	--	--	--
Transfers	911,799	955,329	992,475	1,100,595	1,765,801	2,708,025	2,087,990	1,431,153	1,691,792
Total governmental activities	4,530,814	4,906,397	5,543,132	5,204,235	7,381,735	7,414,114	7,335,110	7,759,200	8,111,891
Business-type activities									
Unrestricted investment earnings	38,605	29,534	89,647	458,045	380,637	132,148	(26,740)	7,931	10,154
Miscellaneous	56,092	40,997	163,464	8,213	50,244	78,901	83,957	69,944	83,366
Capital asset transfers	--	--	--	827,839	--	694,401	--	--	--
Gain on Disposal of Capital Assets	--	--	--	--	--	--	--	--	752
Special item	--	--	--	--	--	--	--	--	(921,611)
Transfers	(911,799)	(955,329)	(992,475)	(1,100,595)	(1,765,801)	(2,708,025)	(2,087,990)	(1,431,153)	(1,691,792)
Total business-type activities	(817,102)	(884,798)	(739,364)	193,502	(1,334,920)	(1,802,575)	(2,030,773)	(1,353,278)	(2,519,131)
Total primary government	$ 3,713,712	4,021,599	4,803,768	5,397,737	6,046,815	5,611,539	5,304,337	6,405,922	5,592,760
Change in Net Assets									
Governmental activities	$ 213,224	(66,674)	269,275	1,859,085	1,693,048	448,737	655,242	2,265,640	2,317,067
Business-type activities	1,150,226	340,996	(237,141)	1,198,946	(327,768)	(557,578)	(1,460,877)	12,261,030	4,874,727
Total primary government	$ 1,363,450	274,322	32,134	3,058,031	1,365,280	(108,841)	(805,635)	14,526,670	7,191,794

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

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
Nonspendable	$ --	--	--	--
Restricted	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
Reserved	206,786	2,953	3,451	6,178
Unreserved	742,084	1,206,801	1,210,629	1,337,690
Total General Fund	$ 948,870	1,209,754	1,214,080	1,343,868
All Other Governmental Funds				
Nonspendable	$ --	--	--	--
Restricted	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
Reserved	123,480	46,948	48,039	314,306
Unreserved, reported in:				
Special revenue funds	--	40,166	232,448	212,809
Debt Service funds	--	--	--	--
Capital Projects funds	(63,385)	(1,110)	(1,110)	(139,632)
Total all other governmental funds	$ 60,095	86,004	279,377	387,483

Fiscal Year					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
--	--	--	--	--	1,754,694
--	--	--	--	--	44,769
--	--	--	--	--	162,624
--	--	--	--	--	1,438,093
46,537	47,493	562,704	1,451,124	2,446,216	--
752,199	530,387	90,672	(400,601)	(362,329)	--
798,736	577,880	653,376	1,050,523	2,083,887	3,400,180
--	--	--	--	--	18,285
--	--	--	--	--	2,884,071
--	--	--	--	--	--
--	--	--	--	--	(1,646,843)
4,532,175	240,239	317,736	110,241	98,969	--
410,974	739,239	746,922	1,034,916	1,162,252	--
--	--	--	103,600	103,379	--
1,559,883	(967,350)	(1,331,239)	(901,994)	(718,530)	--
6,503,032	12,128	(266,581)	346,763	646,070	1,255,513

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

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
Revenues				
Taxes	$ 2,858,901	2,931,536	3,238,949	3,622,127
Permits, Fees and Special Assessments	167,446	162,538	195,072	303,955
Fines and forfeitures	78,897	136,944	127,422	126,064
Intergovernmental revenues	1,202,310	1,956,830	1,578,295	2,038,632
Charges for services	422,838	563,113	677,855	702,875
Interest	255,824	33,591	27,886	61,391
Miscellaneous	--	124,757	51,935	408,064
Total revenues	4,986,216	5,909,309	5,897,414	7,263,108
Expenditures				
General government	1,550,743	1,608,858	1,931,534	2,124,477
Public safety	1,966,560	2,014,024	2,080,532	2,993,477
Physical environment	388,763	422,806	616,769	995,092
Transportation	374,374	401,292	425,937	494,320
Economic environment	661,642	1,271,579	696,733	78,459
Parks and recreation	358,860	323,319	422,163	514,504
Debt service	--	--	--	--
Principal	143,899	161,072	170,941	190,455
Interest and fiscal charges	186,315	323,499	198,548	197,744
Capital outlay	141,184	112,698	111,887	703,303
Total expenditures	5,772,340	6,639,147	6,655,044	8,291,831
Excess (deficiency) of revenues over (under) expenditures	(786,124)	(729,838)	(757,630)	(1,028,723)
Other Financing Sources (uses)				
Proceeds from the sale of capital assets	--	--	--	--
Proceeds from borrowing	--	--	--	297,633
Payments to refunding bond escrow agent	--	--	--	--
Insurance proceeds	--	--	--	--
Transfers in	923,319	1,117,603	1,252,313	1,343,002
Transfers out	(378,152)	(205,804)	(296,984)	(350,527)
Total other financing sources (uses)	545,167	911,799	955,329	1,290,108
Net change in fund balances	$ (240,957)	181,961	197,699	261,385
Debt service as a percentage of noncapital expenditures	5.9%	7.4%	5.6%	5.1%

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					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
3,936,747	4,341,099	4,300,903	5,173,394	6,341,335	6,111,452
255,117	271,210	414,749	388,187	388,256	426,656
89,005	70,338	64,719	115,367	51,071	47,813
4,225,378	3,290,350	1,645,224	1,001,259	1,509,711	953,409
722,183	803,424	847,308	902,484	933,276	904,161
125,389	149,747	56,825	(13,556)	31,071	11,159
251,754	192,354	185,912	112,386	314,097	145,019
9,605,573	9,118,522	7,515,640	7,679,521	9,568,817	8,599,669
2,447,896	3,499,993	3,124,553	3,304,566	2,515,519	2,667,416
2,532,882	2,732,214	2,771,926	2,698,133	2,867,877	2,755,777
557,059	478,017	554,710	643,018	748,023	761,580
541,820	533,781	603,818	477,657	524,382	454,041
607,006	1,257,028	144,962	143,358	162,431	176,300
564,733	685,953	672,312	638,051	771,309	624,179
--	--	--	--	--	--
369,310	2,195,202	222,409	227,525	234,169	227,398
457,336	471,080	461,570	452,212	441,966	431,476
6,159,969	6,123,414	1,879,943	249,846	1,446,133	435,301
14,238,011	17,976,682	10,436,203	8,834,366	9,711,809	8,533,468
(4,632,438)	(8,858,160)	(2,920,563)	(1,154,845)	(142,992)	66,201
--	--	9,325	15,397	38,988	167,743
9,786,096	--	--	--	--	--
(683,836)	--	--	--	--	--
--	380,599	--	--	--	--
1,883,777	2,855,631	3,567,534	2,950,565	2,728,129	2,852,909
(783,182)	(1,089,830)	(859,509)	(858,575)	(1,291,454)	(1,161,117)
10,202,855	2,146,400	2,717,350	2,107,387	1,475,663	1,859,535
5,570,417	(6,711,760)	(203,213)	952,542	1,332,671	1,925,736
10.2%	22.5%	8.0%	7.9%	8.2%	8.1%

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

Fiscal Year Ended September 30	Residential Property	Commercial Property	Agricultural Property	Industrial Property	Non-Taxable Real Property
2002	211,484,100	38,229,500	18,718,100	63,055,000	43,821,300
2003	227,386,000	44,350,400	20,204,900	67,373,700	48,823,200
2004	258,303,000	53,966,300	23,216,800	71,367,800	50,426,100
2005	304,669,400	58,459,200	24,485,700	81,063,300	52,295,000
2006	365,001,800	67,234,800	30,265,500	86,254,300	62,440,300
2007	449,024,100	85,797,400	32,490,500	85,250,300	72,842,900
2008	535,100,200	102,112,900	35,005,500	100,646,800	77,307,900
2009	569,343,300	111,092,400	37,888,600	163,769,900	97,840,300
2010	531,600,770	113,537,800	69,227,500	158,400,600	108,260,600
2011	319,077,965	104,257,104	60,791,620	145,987,301	261,136,703

Source: Alachua County Property Appraiser

Personal and Centrally Assessed Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
60,539,257	121,888,953	313,958,304	5.7000
77,671,333	130,371,980	355,437,553	5.7000
80,831,902	142,109,470	396,002,432	5.7000
79,854,354	164,686,240	436,140,714	5.7000
82,886,340	199,049,550	495,033,490	5.7000
93,854,996	235,711,400	583,548,796	5.5000
99,036,273	265,998,252	683,211,321	4.6480
127,181,206	340,977,840	766,137,866	4.6966
141,482,934	321,027,840	801,482,364	5.5000
144,519,173	272,288,306	763,481,560	5.5000

Schedule 6
CITY OF ALACHUA, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per $1,000 of assessed value)

	City Direct Rates							Overlapping Rates	
Fiscal Year Ended Sept. 30,	City	Alachua BOCC	Alachua BOCC GO Debt	Alachua County Library District	Library Debt Service	School Board	Total Direct	St. Johns River Water Mgmt. District	Suwannee River Water Mgmt. District
2002	5.7000	8.9887	0.0122	1.5000	0.1789	10.4360	26.8158	0.4620	0.4914
2003	5.7000	8.9887	0.0000	1.5000	0.1632	10.4660	26.8179	0.4620	0.4914
2004	5.7000	8.9887	0.2500	1.5000	0.1566	9.8390	26.4343	0.4620	0.4914
2005	5.7000	8.9887	0.2500	1.5000	0.1566	9.2240	25.8193	0.4620	0.4914
2006	5.7000	8.9887	0.2500	1.4475	0.1445	9.0340	25.5647	0.4620	0.4914
2007	5.5000	8.8887	0.2500	1.4475	0.1140	8.5710	24.7712	0.4620	0.4914
2008	4.6480	7.6468	0.2500	1.2645	0.0915	8.3950	22.2958	0.4158	0.4399
2009	4.6966	7.5708	0.2500	1.2491	0.0915	8.3590	22.2170	0.4158	0.4399
2010	5.5000	8.0495	0.2500	1.2856	0.0915	9.4080	24.5846	0.4158	0.4399
2011	5.5000	8.3763	0.2500	1.3638	0.1098	9.1070	24.7069	0.4158	0.4399

Source: Alachua County Property Appraiser

Note: Overlapping rates are those of local and county governments that apply to property owners within the City.
Not all overlapping rates apply to all City property owners.

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

	Fiscal Year 2011			Fiscal Year 2002		
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	$ 80,112,810	1	10.49%	--		--
Dolgencorp, Inc.	63,865,630	2	8.37%	20,254,620	2	6.45%
Baugh Southeast Cooperative, Inc.	46,350,580	3	6.07%	--		--
Regeneration Technologies, Inc.	23,082,150	4	3.02%	8,630,340	3	2.75%
Waco of Alabama Inc.	11,316,900	5	1.48%	--		--
Lowes Home Centers Inc.	10,165,510	6	1.33%	--		--
Alachua Development LLC	8,448,990	7	1.11%	--		--
Hunter Marine Corporation	6,119,610	8	0.80%	--		--
MAS Holding Company, Inc.	5,908,300	9	0.77%	2,708,300	7	0.86%
Wigshaw LLC	4,185,800	10	0.55%	--		--
Maronda Homes Inc.	--		--	--		--
Atlantic Financial Group, Ltd.	--		--	35,689,000	1	11.37%
Sage Software	--		--	--		--
Innovation Partners Ltd.	--		--	2,682,300	8	0.85%
Hipp Construction	--		--	--		0.00%
Malboro Industry Park, Inc.	--		--	3,626,400	4	1.16%
Sandvik Mining & Construction USA, LLC	--		--	3,314,800	5	1.06%
Alltel Florida Inc.	--		--	2,555,530	9	0.81%
Citizens & Southern	--		--	2,783,100	6	0.89%
Apalachee Development Co.	--		--	--		0.00%
Heritage Links Golf Co.	--		--	--		0.00%
Oakhill Plaza Associates LP	--		--	--		0.00%
Plantation Oaks GC, Inc.	--		--	2,067,300	10	0.66%
Apalachee Development Co.	--		--	--		--
Curagen Corp.	--		--	--		0.00%
	$ 259,556,280		34.00%	84,311,690		26.85%

Source: Alachua County Property Appraiser

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

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2002	1,789,562	1,726,899	96.5%	4,754	1,731,653	96.8%
2003	2,025,994	1,947,182	96.1%	13,014	1,960,197	96.8%
2004	2,257,214	2,167,283	96.0%	5,711	2,172,993	96.3%
2005	2,486,002	2,376,834	95.6%	13,112	2,389,946	96.1%
2006	2,821,691	2,715,521	96.2%	6,363	2,721,884	96.5%
2007	3,209,518	3,063,926	95.5%	13,648	3,077,574	95.9%
2008	3,175,566	3,056,030	96.2%	15,354	3,071,384	96.7%
2009	3,598,243	3,459,305	96.1%	5,073	3,464,378	96.3%
2010	4,408,153	4,234,528	96.1%	6,473	4,241,001	96.2%
2011	4,199,149	4,042,368	96.3%	9,578	4,051,947	96.5%

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

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

	Governmental Activities				Business-Type Activities			
Fiscal Year	General Government Bonds	Sales Tax Revenue Notes	Tax Increment Revenue Note	Financing Loans	Utility Acquisition Bonds	Utility Refunding Bonds	Utility Revenue Bonds	Loans/ Capital Leases
2002	3,060,000	312,591	278,986	--	1,090,000	11,060,000	556,000	49,360
2003	2,955,000	280,217	255,288	--	1,055,000	11,020,000	535,000	50,692
2004	2,850,000	245,747	230,028	41,965	1,015,000	10,570,000	514,000	50,692
2005	2,735,000	208,863	203,220	327,835	975,000	10,030,000	488,000	55,990
2006	10,035,000	--	174,523	2,007,180	930,000	9,460,000	463,000	57,501
2007	9,875,000	--	140,043	6,459	885,000	8,860,000	437,000	323,522
2008	9,695,000	--	104,093	--	835,000	8,230,000	410,000	900,456
2009	9,505,000	--	66,568	--	780,000	7,675,000	381,000	1,148,009
2010	9,310,000	--	27,399	--	725,000	7,105,000	351,000	6,839,409
2011	9,110,000	--	--	--	665,000	6,515,000	319,000	9,504,289

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

Total Primary Government	Percentage of Personal Income	Per Capita
16,406,937	9.83%	2,460
16,151,197	9.08%	2,331
15,517,432	7.56%	2,139
15,023,908	6.53%	1,988
23,127,205	9.62%	3,020
20,527,024	7.65%	2,415
20,174,549	6.81%	2,213
19,555,576	6.38%	2,101
24,357,808	7.51%	2,564
26,113,289	7.80%	2,771

Schedule 10
CITY OF ALACHUA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
Capital Improvement and Refunding Revenue Bonds, 2006	$ 7,610,000	100.00%	7,610,000
Tax Increment Road Improvement Note, 2000	--	100.00%	--
HUD Section 108 Loan	1,500,000	100.00%	1,500,000
Total direct debt			9,110,000
Overlapping:			
Alachua County Library District, 2001	6,140,000	6.54%	401,779
Alachua County School Board District			
District Refunding G.O. Bonds:			
Series 2003, Refunding	4,735,000	6.00%	284,169
Total overlapping debt			685,948
Total direct and overlapping debt			$ 9,795,948

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

Notes:

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

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

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

		Section 108 Loan Debt Service		
Fiscal Year	**Pledged Revenue**	**Principal**	**Interest**	**Coverage**
2002	596,119	55,000	132,066	3.19
2003	630,354	60,000	133,055	3.27
2004	684,225	60,000	130,565	3.59
2005	823,125	65,000	127,787	4.27
2006	916,839	70,000	124,557	4.71
2007	886,115	75,000	120,917	4.52
2008	902,277	80,000	116,919	4.58
2009	853,193	90,000	112,495	4.21
2010	904,314	95,000	107,392	4.47
2011	928,496	100,000	101,930	4.60

		Series 2006 Capital Improvement Debt Service		
Fiscal Year	**Pledged Revenue**	**Principal**	**Interest**	**Coverage**
2002	--	--	--	0.00
2003	--	--	--	0.00
2004	--	--	--	0.00
2005	--	--	--	0.00
2006	3,890,878	--	63,793	60.99
2007	2,437,562	85,000	341,389	5.72
2008	2,929,220	100,000	338,258	6.68
2009	1,536,087	100,000	334,758	3.53
2010	14,871,989	100,000	331,258	34.49
2011	8,681,466	100,000	327,758	20.30

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

		Sales Tax Rev Note-1995 Debt Service			Sales Tax Rev Note-2000 Debt Service		
Fiscal Year	Sales Tax Revenue	Principal	Interest	Coverage	Principal	Interest	Coverage
2002	344,412	21,510	13,417	9.86	6,943	3,853	28.67
2003	360,858	24,826	15,317	8.99	7,159	4,204	28.22
2004	362,176	26,638	13,506	9.02	7,832	3,532	28.34
2005	394,033	28,466	11,677	9.82	8,418	2,945	31.14
2006	455,370	163,604	4,075	2.72	45,259	417	6.30
2007	--	--	--	--	--	--	--
2008	--	--	--	--	--	--	--
2009	--	--	--	--	--	--	--
2010	--	--	--	--	--	--	--
2011	--	--	--	--	--	--	--

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

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	
2002	87,017	21,014	21,071	42,085	2.07
2003	174,116	23,799	18,285	42,084	4.14
2004	181,443	25,267	16,818	42,085	4.31
2005	235,645	26,974	15,111	42,085	5.60
2006	329,358	28,697	13,388	42,085	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

Notes:
(1) Debt Service payments began in Fiscal Year 2002.

(2) The Tax Increment Revenue Notes are backed by the property tax revenue produced by the property tax rate of the City of Alachua and Alachua County applied to the increase in taxable assessed values above the base year taxable assessed valued multiplied by 95%.

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

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

				Net Debt Service Requirements	
Fiscal Year	Net Utility Revenue Available	Excise Taxes	Revenue Available for Debt Service	Total Debt	Coverage
2002	2,631,066	786,907	3,417,973	1,173,939	2.91
2003	2,827,590	720,857	3,548,447	1,020,937	3.48
2004	2,624,016	758,198	3,382,214	1,129,118	3.00
2005	2,874,358	864,914	3,739,272	1,150,648	3.25
2006	2,201,610	818,854	3,020,464	1,150,215	2.63
2007	1,067,072	889,103	1,956,175	1,144,753	1.71
2008	2,474,525	987,610	3,462,135	1,153,438	3.00
2009	1,499,996	1,138,248	2,638,244	1,100,762	2.40
2010	3,464,866	1,387,476	4,852,342	1,143,225	4.24
2011	5,035,639	1,641,968	6,677,607	1,114,203	5.99

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

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
2002	6,669	220,472	25,037	166,971,753	2.60%
2003	6,930	221,287	25,661	177,830,730	2.40%
2004	7,253	222,568	28,300	205,259,900	2.60%
2005	7,557	240,764	30,435	229,997,295	2.90%
2006	7,657	243,779	31,391	240,360,887	2.70%
2007	8,500	243,985	32,766	268,438,500	3.20%
2008	9,115	257,099	32,510	296,328,650	4.50%
2009	9,306	273,625	32,928	306,427,968	7.20%
2010	9,500	277,030	34,122	324,159,000	8.30%
2011	9,424	281,475	35,543	334,957,232	7.70%

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 2011			
Employer	**Type of Business**	**Number of Employees**	**Rank**	% of **Total**
Walmart Distribution Center	Retail	736	1	14.07%
Dollar General Distribution Center	Retail	624	2	11.93%
Regeneration Technologies, Inc.	Orthopedic/Cardio Implants	365	3	6.98%
Hunter Marine Corporation	Sailboats	325	4	6.21%
School Board of Alachua County	Public Education	261	5	4.99%
Sage Software**	Healthcare Management	220	6	4.21%
Sandvik Mining & Construction USA, LLC*	Manufacturing	150	7	2.87%
State of Florida	State Government	144	8	2.75%
Hitchcock & Sons, Inc.	Grocery	129	9	2.47%
City of Alachua	City Government	115	10	2.20%
	Total City Employment	5,231		

Source: Individual Employers, Council for Economic Opportunity

Notes: Employer information was not available in 1999
* Formerly Drilltech
** Formerly Medical Manager
Total City Employment figure from 2005-2009 Census figures estimates

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

Program	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Administration	11.00	11.50	13.00	14.00	19.50	22.50	23.50	21.50	18.00
Culture and Recreation	6.00	7.00	7.00	8.00	7.50	7.50	7.50	7.50	6.00
Finance	11.00	11.00	10.00	10.00	8.50	9.00	9.00	13.00	14.00
Police	30.00	31.00	32.50	34.50	35.25	35.50	35.50	34.50	29.50
Community Development and Planning	7.00	7.00	7.00	8.00	9.00	9.00	8.42	8.00	10.00
Public Services	28.00	29.00	29.50	34.00	39.00	41.00	41.00	38.00	38.00
Total	93.00	96.50	99.00	108.50	118.75	124.50	124.92	122.50	115.50

Source: City of Alachua Annual Budget Book

Note: Information was not available prior to 2003.

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

	Fiscal Year							
Function/Program	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Public Safety:								
Arrests	246	272	327	330	356	209	197	191
Traffic Citations issued	3,265	4,068	3,199	2,815	2,745	1,968	2,594	2,516
Planning and Development:								
New local business tax receipts issued	97	117	106	102	93	88	90	121
Building permits issued	N/A	553	567	475	443	388	482	348
Culture and Recreation:								
Participants in Summer Recreation Program	125	150	--	179	160	145	68	0
Electric Utility:								
Number of residential customers	2,711	2,846	2,927	3,385	3,421	3,478	3,561	3,569
Kilowatts per hour sold-residential	37,374,945	35,808,522	38,600,040	38,666,688	39,462,034	41,447,673	43,832,940	42,672,474
Number of commercial customers	638	669	662	717	692	733	808	801
Kilowatts per hour sold-commercial	54,115,884	59,570,598	62,878,622	66,665,752	73,845,006	79,247,962	80,307,626	79,834,390
Water Utility:								
Number of residential customers	2,530	2,710	2,796	2,934	3,028	3,071	3,082	3,127
Gallons sold	209,567,335	213,915,676	267,896,498	183,969,192	201,898,486	195,906,950	232,781,197	232,392,400
Number of commercial customers	403	433	447	472	482	487	481	481
Gallons sold	162,760,459	149,569,513	165,785,625	209,969,524	275,192,218	208,061,665	187,245,207	174,406,479
Wastewater Utility:								
Number of customers	2,146	2,302	2,377	2,511	2,578	2,633	2,642	2,656
Gallons of wastewater billed to customers	156,082,000	173,470,000	168,627,000	269,296,043	272,736,513	299,531,166	275,937,716	270,628,629
Solid Waste:								
Number of customers	2,792	2,949	3,031	3,162	3,198	3,238	3,247	3,269

Source: Various City Departments

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

(2) Information was not available prior to 2004.

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

	Fiscal Year							
Function/Program	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Public Safety:								
Police:								
Police Stations	1	1	1	1	1	1	1	1
Police Sub-Stations	1	1	1	1	1	1	1	1
Fire:								
Fire Stations	1	1	1	1	1	1	1	1
Public Services								
Streets (Miles)	42.06	42.06	42.06	42.06	42.06	50.37	50.37	55.77
Culture and Recreation:								
Parks	5	5	5	6	6	6	6	6
Tennis Courts	2	2	2	2	2	2	2	2
Ball Fields	9	9	9	11	11	11	11	11
Community Centers	3	3	3	3	3	3	3	3
Skate Park	--	--	--	--	1	1	1	1
Spray Pool	--	--	--	--	1	1	1	1
Electric Utility								
Substations	1	1	1	1	1	1	1	1
Water Utility								
Wells	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	0.97	1.5

Source: Various City Departments

Note: Information was not available prior to 2004.

OTHER INDEPENDENT AUDITOR'S REPORTS AND SCHEDULES

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

CITY OF ALACHUA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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	2011-JAGC-ALAC-1-B2-217	$ 16,109
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2011-JAGD-ALAC-1-B3-025	3,863
Passed Through Alachua County Sheriff's Office:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	NA	4,000
Subtotal CFDA 16.738			23,972
Total U. S. Department of Justice			23,972
U.S. Department of Housing and Urban Development			
Indirect Program:			
Passed Through Florida Department of Economic Opportunity			
Community Development Block Grant	14.228	07DB-3R-03-11-02-E 05	4,908
Total U.S. Department of Housing and Urban Development			4,908
U.S. Department of Environmental Protection			
Indirect Program:			
Passed Through Florida Department of Environmental Protection:			
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	WW790080	3,394,111
Capitalization Grants for Clean Water State Revolving Funds	66.458	WW790081	759,654
Subtotal CFDA 66.458			4,153,765
Total U.S. Department of Environmental Protection			4,153,765
Total Expenditures of Federal Awards			$ 4,182,645

CITY OF ALACHUA, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2011

Note 1 - General

The accompanying schedule of expenditures of federal 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 awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included in these schedules.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal 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, 2011:

Federal Program Name	CFDA Number	Amount Outstanding
Section 108 Loan Guarantee	14.248	$ 1,500,000
Capitalization Grants for Clean Water State Revolving Funds	66.458	9,353,392

CITY OF ALACHUA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Summary of Auditor's Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the City of Alachua, Florida (the City).

2. The audit disclosed no significant deficiencies and/or material weakness in internal control over financial reporting.

3. The audit disclosed no material instances of noncompliance.

4. The audit disclosed no significant deficiencies and/or material weaknesses in internal control over major federal programs that are required to be reported in the schedule of findings and questioned costs.

5. The report on compliance with requirements applicable to the major federal programs for the City expresses an unqualified opinion.

6. Our audit disclosed no findings required to be reported related to federal programs under Section .510(a) of OMB Circular A-133.

7. The program tested as a major program was as follows:

Federal Program	Federal CFDA No.
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458

8. The threshold for distinguishing Type A and B programs was $300,000 for major federal programs.

9. The City was determined not to be a low-risk auditee pursuant to OMB Circular A-133.

Findings – Financial Statements

The audit disclosed no findings that are required to be reported under generally accepted *Government Auditing Standards* (GAGAS).

Findings and Questioned Costs - Major Federal Programs

The audit disclosed no findings for major federal programs required to be reported under OMB Circular A-133.

Status of Prior Audit Findings

There were no prior year findings required to be reported in accordance with OMB Circular A-133.

Purvis Gray & Company

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

Compliance

We have audited the compliance of the City of Alachua, Florida (the City) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2011. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Concluded)

Internal Control Over Compliance *(Concluded)*
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, City Council, others within the entity, the Florida Auditor General, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

March 29,2012
Gainesville, Florida

Purvis Gray & Company

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 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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 29, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* *(Concluded)*

Compliance and Other Matters

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

This report is intended solely for the information and use of management, City Council, others within the entity, the Florida Auditor General, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

March 29, 2012
Gainesville, Florida

Purvis Gray & Company

MANAGEMENT LETTER

Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

We have audited the financial statements of the City of Alachua, Florida (the City), as of and for the year ended September 30, 2011, and have issued our report thereon dated March 29, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our report on internal control over financial reporting and compliance and other matters, report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance, and schedule of findings and questioned costs. Disclosures in those reports, which are dated March 29, 2012, should be considered in conjunction with this management letter**.**

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

- Section 10.554(1)(i)1, *Rules of the Auditor General,* requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit reports. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

- Section 10.554(1)(i)2, *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3, *Rules of the Auditor General,* requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

- Section 10.554(1)(i)4, *Rules of the Auditor General,* requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

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Honorable Mayor, City Commissioners and
City Manager
Alachua, Florida

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)5, *Rules of the Auditor General,* provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)6, *Rules of the Auditor General,* requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is included in Note 1 to the financial statements.

- Section 10.554(1)(i)7.(a), *Rules of the Auditor General*, requires a statement to be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet one or more of the conditions described in Section 218.503(1), Florida Statutes. Although the City reported a net assigned and unassigned fund balance deficit of $46,126 as of September 30, 2011, the City had unrestricted net assets of $2,294,312, as reported on the proprietary fund financial statements, available to cover the reported deficit.

- Section 10.554(1)(i)7.(b), *Rules of the Auditor General,* requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2011, 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, 2011. In connection with our audit, we determined that these two reports were in agreement.

- Pursuant to Sections 10.554(1)(i)7(c) and 10.556(7), *Rules of the Auditor General,* we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

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

Purvis, Gray and Company, LLP

March 29, 2012
Gainesville, Florida