

CITY OF ALACHUA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Prepared by
Department of Finance

**CITY OF ALACHUA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

List of Principal Officials..... i
 Letter of Transmittal..... ii-vii
 Organization Chartviii

II. FINANCIAL SECTION

Independent Auditors' Report 1-2

Management's Discussion and Analysis..... 3-16

Basic Financial Statements

Government-wide Financial Statements:
 Statement of Net Assets 17-18
 Statement of Activities..... 19
 Fund Financial Statements:
 Balance Sheet - Governmental Funds 20
 Reconciliation of the Balance Sheet of Governmental Funds to the
 Statement of Net Assets 21
 Statement of Revenues, Expenditures, and Changes in Fund
 Balances - Governmental Funds 22
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds to the
 Statement of Activities 23
 Statement of Fund Net Assets - Proprietary Funds 24-25
 Statement of Revenues, Expenses, and Changes in Fund Net
 Assets - Proprietary Funds 26-27
 Statement of Cash Flows - Proprietary Funds..... 28-29
 Notes to Financial Statements 30-53

Required Supplementary Information

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

**CITY OF ALACHUA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**TABLE OF CONTENTS
 (Continued)**

II. FINANCIAL SECTION (Concluded)

Combining and Individual Fund Information and Other Supplementary Information

Combining Balance Sheet - Nonmajor Governmental Funds.....	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	59
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	60-61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	62-63
Combining Balance Sheet - Nonmajor Capital Projects Funds	64-65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Project Funds	66-67
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Debt Service Fund - Nonmajor	68
Special Revenue Funds - Nonmajor.....	69-72
Capital Project Funds - Nonmajor	73-74

III. STATISTICAL SECTION (UNAUDITED)

Financial Trends Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

Demographic and Economic Information

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

Operating Information

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

**CITY OF ALACHUA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**TABLE OF CONTENTS
(Concluded)**

IV. OTHER INDEPENDENT AUDITORS' REPORTS AND SCHEDULES

Schedule of Expenditures of Federal Awards and State Financial Assistance	99
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.....	100
Schedule of Findings and Questioned Costs Federal Programs	101-103
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	104-105
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	106-107
Management Letter	108-110
Management Response	111-113

INTRODUCTORY SECTION

CITY OF ALACHUA, FLORIDA

PRINCIPAL OFFICIALS

September 30, 2010

Mayor

Gib Coerper

Vice Mayor

Gary Hardacre

City Commissioners

Ben Boukari, Jr.
Orien Hills
Robert Wilford

City Manager

Traci L. Cain

City Attorney

Marian Rush

Assistant City Manager

Danielle J. Judd

Department Directors

Administrative Services Director
Compliance and Risk Management
Deputy City Clerk
Finance Director
Grants and Contracts Director
Human Resources Director
Information Technology Director
Police Chief
Planning and Community Development Director
Public Services Director
Recreation and Parks Director

Frank Sodek, III
Grafton Wilson
Alan Henderson
Marcian K. Brown
Danielle J. Judd
Christy Foley
Jeffrey Morgan, Jr.
Joel DeCoursey, Jr.
Kathy Winburn
Mike New
Hal Brady



City of Alachua

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

OFFICE OF THE CITY MANAGER
TRACI L. CAIN

March 28, 2011

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, 2010, 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, 2010, 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, 2010, 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 9,500 as of September 30, 2010. 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 2009-2010 five year Capital Improvement Plan, covering the period from October 1, 2009 through September 30, 2014, has earmarked funding estimated at \$88.0 million for 148 projects throughout the City. Wastewater system projects account for the largest portion of the total Capital Improvement Plan funding at \$29.6 million or 34%. Public Works projects are the second largest, accounting for \$26.8 million, or 30%, and Parks and Recreation projects are the third largest accounting for \$7.5 million, or 9%, of the Capital Improvement Plan.

City loans represent the largest share of funding for the Capital Improvement Plan, accounting for 35% of the value. Capital project revenues (capital facility charges, utility charges, etc.) account for 6% of the funding, and the remaining 59% of the funding is from Federal, State, Local, and other private donations.

MAJOR INITIATIVES

ECONOMIC ENVIRONMENT

The City completed Phase 1 of the NW 150 Avenue Road reconstruction project. Phase I included the reconstruction of NW 150 Avenue from State Road 235 to Main Street. The project also included the addition of sidewalks, curbs and gutters, as well as lighting on this stretch of road. Funding for the project came from Tax Increment funds (\$117K) from the City's Community Redevelopment Agency (CRA).

TRANSPORTATION

The City began operation of its new transit system CATS on February 22, 2010. The bus ran a fixed north-south loop through the heart of the City with 21 fixed stops, connecting the citizens of Alachua on the route with restaurants, shopping, medical services, post office, City Hall, and recreation centers, between the hours of 9:30 a.m. to 3:30 p.m. Monday through Friday. The cash fare was \$1 per one-way trip, and passes were available. The City spent \$35,450 to operate the system in fiscal year 2010. On October 1, 2010, the service was discontinued.

PUBLIC SAFETY HAZARD MITIGATION

The second and final phase (construction) for drainage improvements for the Lincoln Gardens neighborhood, the Wastewater Treatment Plant roadway and the Mulberry Landing parking lot was completed in 2010. The improvements helped alleviate severe drainage problems in these areas. The projects were funded through the Department of Community Affairs Hazard Mitigation Grant program and City matching funds. The total spent during the construction phase was \$395,197 for fiscal year 2010.

PUBLIC SAFETY POLICE RADIO COMMUNICATIONS

The Alachua Police Department upgraded its radio communications to an 800 MHz system. This new radio system enabled them to communicate with surrounding agencies. Also, the system assisted officers in response times and provided a safer response and orientation to critical incidents. Equipment purchased for the system included portable radios, charges, mobile radios for vehicles, and analogue to digital interface connection units. The new system was funded through a private donation, a Florida Department of Law Enforcement Edward Byrne grant, and a Department of Justice Edward Byrne grant. The total cost for the equipment was \$214,135.

PARKS AND RECREATION

The construction phase of the San Felasco Conservation Corridor improvements began in 2010. Facilities and improvements constructed included a pond overlook, multi-use trail, restroom/concession facilities, and a parking lot. The improvements were funded through a Florida Recreation Development Assistance Program (FRDAP) grant and Recreation Sales Surtax collections. Construction of the facilities and improvements will continue through fiscal years 2011 and 2012.

UTILITIES

The construction phase of the wastewater treatment plant expansion began in 2010. The total project will cost approximately \$22 million. The construction is funded with several sources which include American Recovery and Reinvestment Act of 2009 funds, State Revolving Fund Loan, 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 2011.

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.

CASH MANAGEMENT

The City has adopted a formal investment policy in accordance with Section 218.415 of the Florida Statutes. The purpose of the policy is to set forth the investment objectives and parameters for the management of public funds of the City of Alachua. They are designed to ensure prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices. The foremost objective of the City's investment program is the safety of the principal of those funds within the portfolios. The secondary objectives are maintenance of liquidity and achieving a fair return on investment.

AWARDS AND ACKNOWLEDGEMENTS

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

Respectfully submitted,

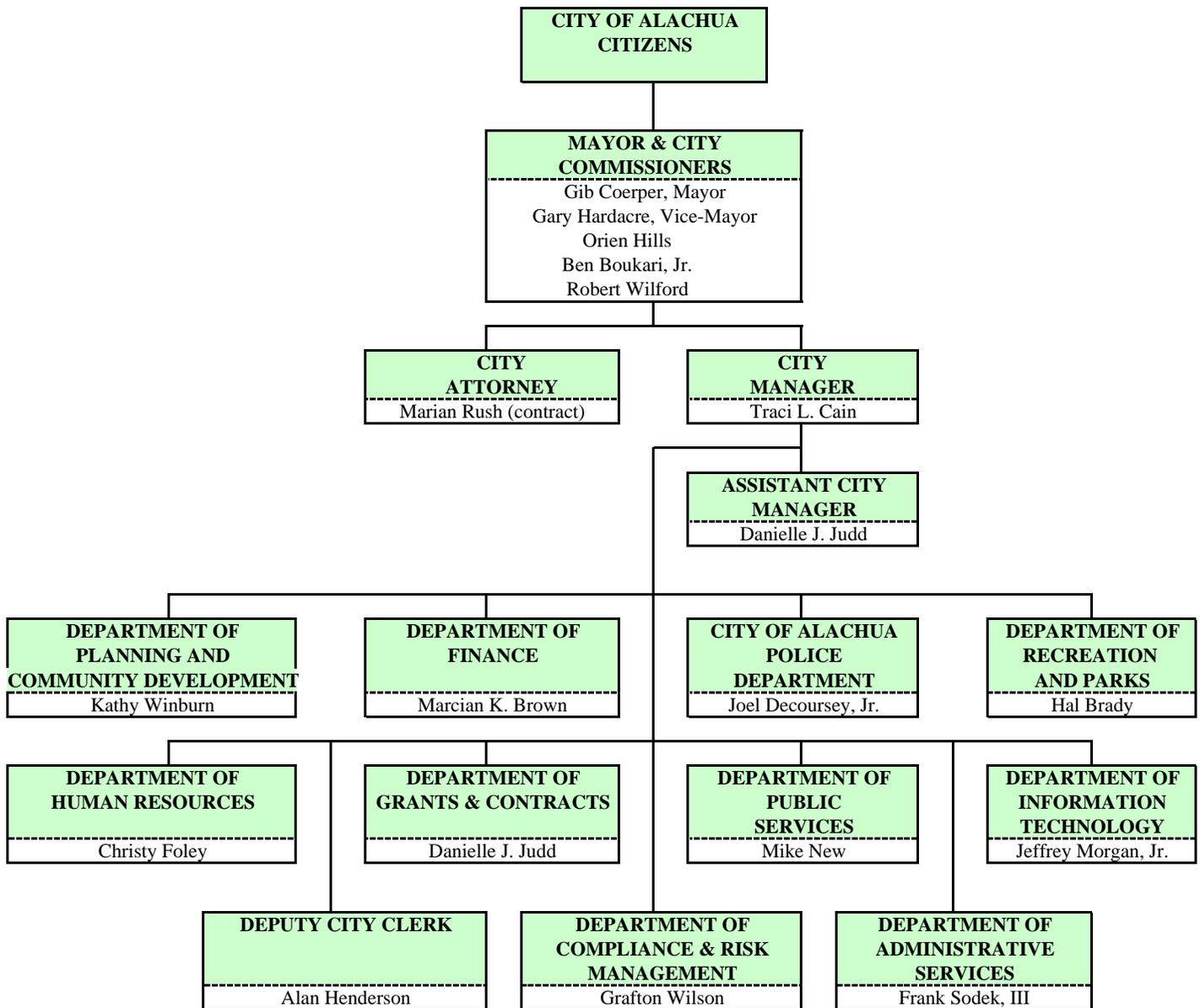


Traci L. Cain
City Manager



Marcian K. Brown, MBA
Finance Director

CITY OF ALACHUA GOVERNMENT



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable Mayor
City Commissioners and City Manager
City of 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, 2010, 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 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, 2010, 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.

As discussed in Note 4 to the financial statements, the City has a restricted cash deficit of \$15,771 and has no unrestricted cash on hand as of September 30, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2011, on our consideration of the City's internal control over financial reporting and 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 the 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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Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
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5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mayor
City Commissioners and City Manager
City of 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 16 and 54 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic 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 taken 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 it.



March 28, 2011
Gainesville, Florida

CITY OF ALACHUA, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

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 17). Please note the City provides prior year comparative financial formation as required by GASB 34.

Financial Highlights

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

Required components of City's Annual Financial Report			
Management's Discussion and Analysis			
Basic Financial Statements			
Government-wide Financial Statements		Fund Financial Statements	
Notes to Financial Statements			
Required Supplementary Information			

Government-wide Statements

- The City of Alachua’s assets exceeded its liabilities at September 30, 2010 by \$37.5 million. Unrestricted net assets were at negative \$475 thousand, an improvement of \$1.1 million from the prior year. This increase was accomplished through expense reductions and increased business activity fees during the current fiscal year. This trend should continue into next fiscal year eventually eliminating the unrestricted net assets deficit. Proceeds from either the sale or leasing of unused city parcels will also help reduce this negative amount.
- The City’s total net assets increased by \$14,526,670 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 \$3,745,003 during the current fiscal year. This increase is due to debt related to the State Revolving Fund Loan for the wastewater treatment plant expansion.

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

- Total net assets (\$37.5 million) are comprised of the following:
 1. \$34.1 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. \$3.9 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. \$-475 thousand of unrestricted net assets.

Fund Statements

- At September 30, 2010, the City's governmental funds reported combined ending fund balances of \$2.7 million, an increase of \$1.3 million, in comparison with the prior fiscal year.
- Governmental fund revenues were \$9,568,817 or \$1.9 million more than the previous fiscal year. Higher collections in Taxes and Intergovernmental Revenues were the reason for this increase.

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 (police, fire), physical environment (solid waste), transportation (streets and roads), economic environment, and parks and recreation. The business-type activities of the City include electric, water, and wastewater utilities, and mosquito control.

CITY OF ALACHUA, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

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 20 and 22).

The government-wide financial statements can be found on pages 17-19 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.

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

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 21 and 23) 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 twenty-two 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, 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 required supplementary information section for the General Fund and the Community Redevelopment Agency to demonstrate budgetary compliance. Budgetary comparison schedules have been provided for all of the other governmental funds that have adopted budgets in the supplementary information section.

The basic governmental fund statements can be found on pages 20 and 22 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, and postage services. These services have been included within the government-wide financial statements as business type activities.

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

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 24-29.

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 30 through 53 of this report.

Other Information

The combining statements referred to earlier, present a more detailed view of the non-major governmental funds. Also included are budgetary comparison schedules for the debt service, special revenue, and capital project funds. The combining statements and budgetary comparisons can be found on pages 58 through 74 of this report.

Government-wide Financial Analysis

Net 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 \$37.5 million at the close of the fiscal year ended September 30, 2010.

A portion of the City's net assets, \$3,917,370, represents resources that are subject to external restriction on how they may be used.

The largest portion of the City's net assets (\$34,052,882 or 91%) 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 17 and 18.

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

City of Alachua
Statement of Net Assets
As of September 30, 2010 and 2009

	Governmental		Business-type		Total		Total %
	Activities		Activities				Change
	2010	2009	2010	2009	2010	2009	2009-2010
Current and other assets	\$ 3,389,911	2,204,424	10,506,260	6,916,584	13,896,171	9,121,008	52.4%
Capital Assets	22,027,931	21,264,056	35,434,579	18,568,614	57,462,510	39,832,670	44.3%
Total Assets	25,417,842	23,468,480	45,940,839	25,485,198	71,358,681	48,953,678	45.8%
Long-term liabilities outstanding	9,559,064	9,726,615	16,388,492	12,303,951	25,947,556	22,030,566	17.8%
Other liabilities	779,078	927,805	7,136,489	3,026,419	7,915,567	3,954,224	100.2%
Total Liabilities	10,338,142	10,654,420	23,524,981	15,330,370	33,863,123	25,984,790	30.3%
Net Assets							
Invested in capital assets, net of related debt	12,924,412	11,727,737	21,128,470	9,201,971	34,052,882	20,929,708	62.7%
Restricted	2,642,617	2,298,952	1,274,753	1,269,753	3,917,370	3,568,705	9.8%
Unrestricted	(487,329)	(1,212,629)	12,635	(316,896)	(474,694)	(1,529,525)	69.0%
Total Net Assets	15,079,700	12,814,060	22,415,858	10,154,828	37,495,558	22,968,888	63.2%

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 related 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 related 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 related debt.
- Reduction of Capital Assets through Depreciation: will reduce capital assets and invested in capital assets, net of related debt.

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

City of Alachua
Changes in Net Assets
For the Years Ended September 30, 2010 and 2009

	Governmental		Business-type		Totals		Totals %
	Activities		Activities				change
	2010	2009	2010	2009	2010	2009	2009-2010
Revenues:							
Program Revenues:							
Charges for Services	\$ 1,384,103	1,357,273	16,975,094	15,034,209	18,359,197	16,391,482	12.00%
Operating Grants and Contributions	342,416	291,160	-	-	342,416	291,160	17.60%
Capital grants and Contributions	1,590,710	783,967	11,420,846	325,635	13,011,556	1,109,602	1072.63%
General Revenues:							
Property Tax	4,241,001	3,464,378	-	-	4,241,001	3,464,378	22.42%
Other Tax	475,189	518,137	-	-	475,189	518,137	-8.29%
Utility Tax	959,321	666,161	-	-	959,321	666,161	44.01%
Intergovernmental	548,753	521,249	-	-	548,753	521,249	5.28%
Other	103,783	77,196	77,875	57,217	181,658	134,413	35.15%
Total Revenues	9,645,276	7,679,521	28,473,815	15,417,061	38,119,091	23,096,582	65.04%
Expenses:							
General Government	2,771,143	3,565,490	-	-	2,771,143	3,565,490	-22.28%
Public Safety	3,031,037	2,853,035	-	-	3,031,037	2,853,035	6.24%
Parks and Recreation	868,434	718,239	-	-	868,434	718,239	20.91%
Transportation	755,262	724,671	-	-	755,262	724,671	4.22%
Physical Environment	767,582	643,072	-	-	767,582	643,072	19.36%
Economic Environment	168,590	150,250	-	-	168,590	150,250	12.21%
Electric	-	-	11,841,903	11,805,050	11,841,903	11,805,050	0.31%
Water and Sewer	-	-	2,893,843	2,941,214	2,893,843	2,941,214	-1.61%
Mosquito Control	-	-	45,886	43,684	45,886	43,684	5.04%
Interest on long-term debt	448,741	457,511	-	-	448,741	457,511	-1.92%
Total Expenses	8,810,789	9,112,268	14,781,632	14,789,948	23,592,421	23,902,216	-1.30%
Increase (decrease) in net assets							
before transfers	834,487	(1,432,747)	13,692,183	627,113	14,526,670	(805,634)	-1903.14%
Capital asset transfers	-	-	-	-	-	-	0.00%
Transfers	1,431,153	2,087,990	(1,431,153)	(2,087,990)	-	-	0.00%
Increase (decrease) in net assets	2,265,640	655,243	12,261,030	(1,460,877)	14,526,670	(805,634)	-1903.14%
Net assets - beginning	12,814,060	12,158,817	10,154,828	11,615,705	22,968,888	23,774,522	-3.39%
Net assets - ending	\$ 15,079,700	12,814,060	22,415,858	10,154,828	37,495,558	22,968,888	63.24%

Governmental Activities

The City's total net assets increased \$14,526,670 over the previous year with an increase of \$2,265,640 resulting from governmental activities and an increase of \$12,261,030 resulting from business-type activities.

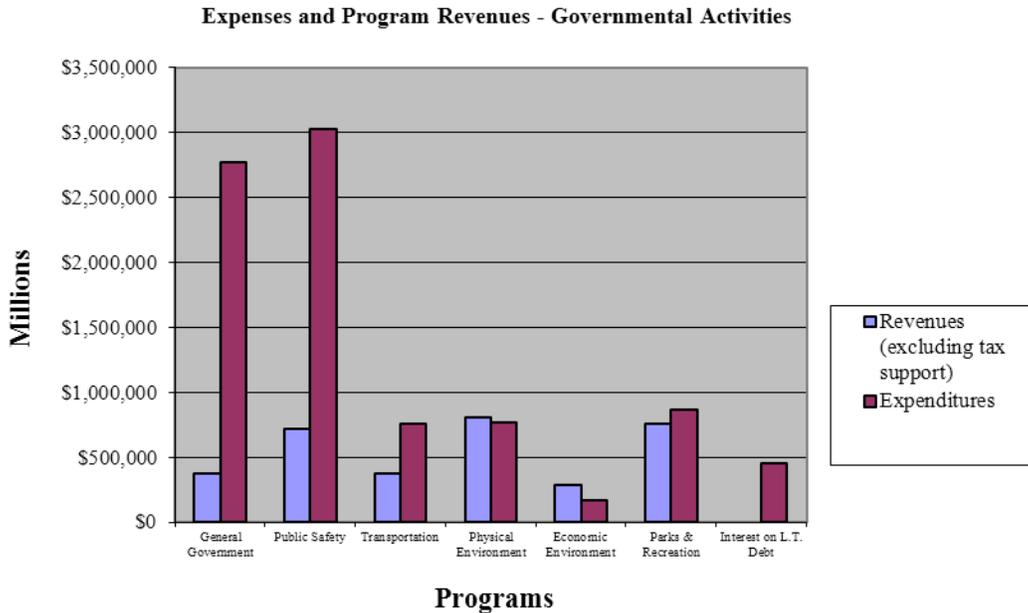
CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

Major changes in revenues were caused by the following:

- For fiscal year ending September 30, 2010, property taxes increased \$776,623 due to a millage rate increase. Operating grants and contributions increased by \$51,256 due to grants received for public safety projects. Capital grants and contributions increased by \$806,743 due to grants received for recreation projects relating to the San Felasco Conservation Corridor and Recreation Complex improvements and public safety grants.

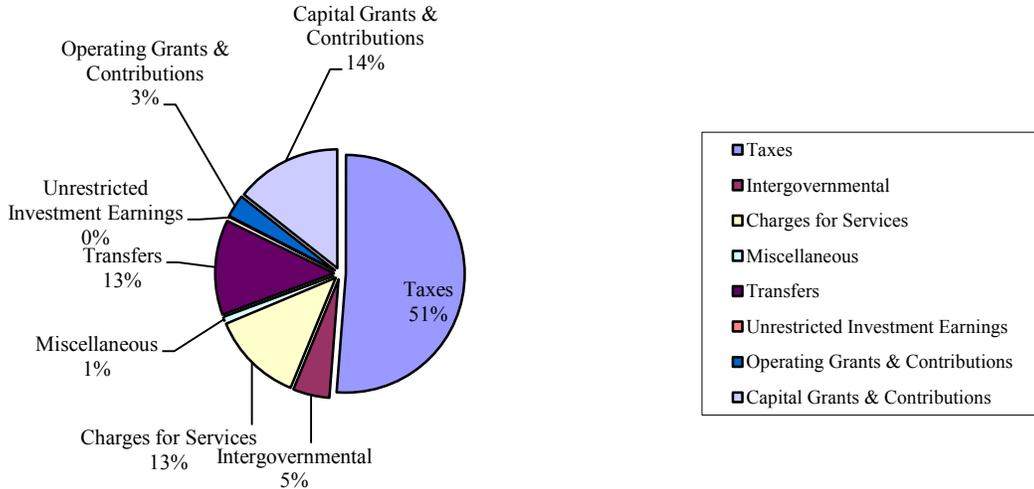
Major changes in expenses were caused by the following:

- Expenses for governmental activities decreased due to decreases in General Government expenses due to budget reductions and a hiring freeze.



CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

Revenue by Source - Governmental Activities



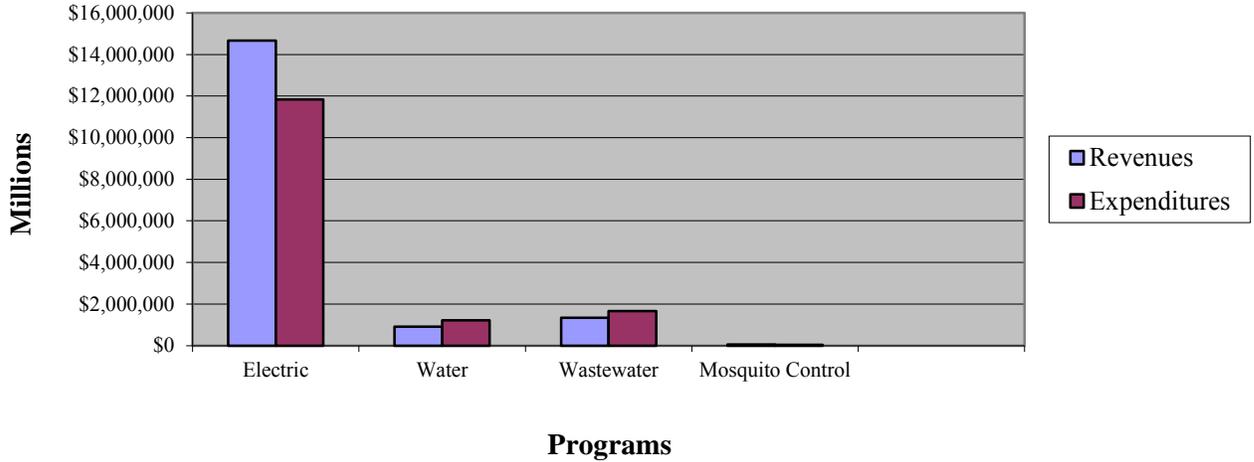
Business-type Activities

Net assets for business-type activities increased \$12,261,030. Business-type revenues increased \$13,056,754 due to more charges for services and Capital Grants and Contributions. Business-type expenses decreased \$8,316 largely due to decreases in wastewater expenditures.

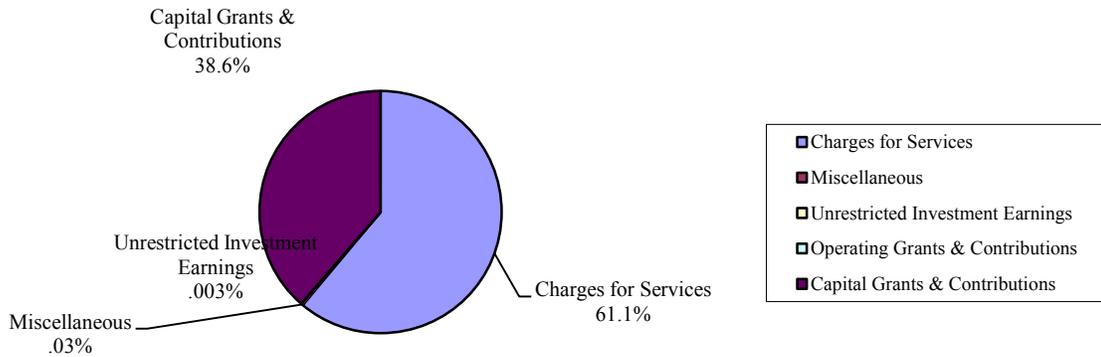
- The Electric Utility of the City operates at 7.2/12.47kV. The City purchases power from Gainesville Regional Utilities (GRU) at two different locations. The majority of the customers are supplied from the Alachua No.1 Substation, which is connected to GRU's 138 kV transmission system. The second point 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 16 to 39 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 600,000 gallons per day. The effluent from the treatment facility is chlorinated and disposed of by spray irrigation.

CITY OF ALACHUA, FLORIDA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2010

Expenses and Program Revenues - Business-Type Activities



Revenue by Source - Business-Type Activities



CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

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, *unreserved fund balance* may serve as a useful measure of a government's net resources, available for spending, at the end of the fiscal year.

**CITY OF ALACHUA
RESERVED AND UNRESERVED FUND BALANCE
FOR GOVERNMENTAL FUNDS**

	<u>09/30/10</u>	<u>09/30/09</u>	Total % Change
Total fund balance	\$ 2,729,957	1,397,286	95.38%
Less reserved fund balance:			
Encumbrances	32,517	74,151	-56.15%
Debt Service	19,066	28,056	-32.04%
Other Purposes	<u>2,493,602</u>	<u>1,428,926</u>	74.51%
Unreserved fund balance	<u>\$ 184,772</u>	<u>(133,847)</u>	238.05%

As of the end of fiscal year 2010, the City's governmental funds reported combined ending fund balances of \$2,729,957, an increase of \$1,332,671 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 \$91,229 from 2009. This increase was less than the increase from 2009 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 \$1,033,364. The total fund balance was \$2,083,887 of which \$(362,329) was unreserved. The cash balance at the end of the year was \$39,164. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund revenues. Unreserved fund balance represents -4.5% of the total General Fund operating revenue, while total fund balance also represents 26.3% of that same amount. The Government Finance Officers Association, Best Practices guidelines calls for an unreserved fund balance level of 5%-15% of General Fund operating revenues.

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

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, 2010, were \$48.7 million, total liabilities were \$26.7 million and net assets were \$22 million.

General Fund Budgetary Highlights with Variances

There were no differences between appropriations in the General Fund's original budget balances and final amended budget balances. There were no budget amendments increasing the General Fund.

General Fund Actual Results Highlights with Variances

At September 30, 2010, the City's General Fund experienced a positive variance between its final operating revenue budget and actual operating revenue in the amount of \$255,849. This was mainly due to increased taxes collected in the fiscal year ending September 30, 2010.

The City's General Fund experienced a positive variance between its final operating expenditure budget and actual operating expenditures in the amount of \$857,453. 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, 2010 totaled \$57.5 million (net of accumulated depreciation), and includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress.

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

**City of Alachua
Capital Assets
(in thousands)**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		<u>Total %</u>
	<u>Activities</u>		<u>Activities</u>				<u>Change</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2009-2010</u>
Land	\$ 6,114	6,139	256	256	6,370	6,395	-0.4%
Buildings	8,547	8,467	7,309	7,358	15,856	15,825	0.2%
Improvements other than buildings	2,458	1,243	2,870	2,676	5,328	3,919	36.0%
Infrastructure	8,877	8,877	16,653	16,474	25,530	25,351	0.7%
Furniture, fixtures, and equipment	2,541	2,154	2,091	2,055	4,632	4,209	10.0%
Construction in progress	82	293	19,837	2,515	19,919	2,808	609.4%
Less: accumulated depreciation	(6,591)	(5,908)	(13,580)	(12,765)	(20,171)	(18,673)	8.0%
Total Assets	<u>22,028</u>	<u>21,265</u>	<u>35,436</u>	<u>18,569</u>	<u>57,464</u>	<u>39,834</u>	44.3%

Major capital asset events during the current fiscal year for governmental activities include the purchase of a new radio system for the Alachua Police Department, 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 and Recreation Complex sites. Major capital asset events for the business-type activities included engineering, design, and 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 2010, the City had total long-term debt outstanding of \$23.8 million. The City's debt represents bonds, notes, and loans secured by specific revenue sources (i.e., revenue bonds/notes).

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

			<u>Total %</u>
	<u>2010</u>	<u>2009</u>	<u>Change</u>
Revenue Bonds	\$ 15,295,812	15,993,384	-4.36%
Revenue Notes	27,398	66,568	-58.84%
Loans	<u>7,324,755</u>	<u>2,843,010</u>	157.64%
TOTAL	<u>\$ 22,647,965</u>	<u>18,902,962</u>	19.81%

The City's outstanding debt increased \$3,745,003 during fiscal year 2010. Debt activity included a \$4,664,901 increase in the State Revolving Fund Loan and normal debt payments of \$977,326.

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

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Gainesville MSA at September 30, 2010, was 8.3%, which includes the City of Alachua. This is a 15% increase from the previous fiscal year's rate of 7.2%.
- The final certified citywide taxable value of property increased to \$801 million, representing a growth of 4.6%.
- The population increased approximately 2% from the prior year to an estimate of 9,500 at September 30, 2010.
- During the current fiscal year, ad valorem taxes increased by \$776,623 to \$4,241,001. 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, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables, Net of Allowance	147,880	2,482,640	2,630,520
Due from Other Governments	277,121	2,709,769	2,986,890
Inventories	0	516,369	516,369
Prepaid Items	21,516	16,693	38,209
Restricted Cash and Cash Equivalents	2,200,346	232,758	2,433,104
Total Current Assets	<u>2,646,863</u>	<u>5,958,229</u>	<u>8,605,092</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	602,668	3,836,717	4,439,385
Investments	0	553,581	553,581
Capital Assets Not Being Depreciated:			
Land	6,113,598	255,940	6,369,538
Construction in Progress	82,401	19,836,543	19,918,944
Capital Assets, Net of Accumulated Depreciation:			
Buildings	7,675,349	2,013,426	9,688,775
Improvements Other than Buildings	2,123,075	1,318,423	3,441,498
Infrastructure	4,924,001	11,051,256	15,975,257
Machinery and Equipment	1,109,507	958,991	2,068,498
Internal Balances	(59,555)	59,555	0
Unamortized Debt Issue Costs	199,935	98,178	298,113
Total Noncurrent Assets	<u>22,770,979</u>	<u>39,982,610</u>	<u>62,753,589</u>
Total Assets	<u><u>25,417,842</u></u>	<u><u>45,940,839</u></u>	<u><u>71,358,681</u></u>

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010
(Concluded)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 246,607	\$ 4,072,478	\$ 4,319,085
Construction Retainage Payable	0	1,059,777	1,059,777
Accrued Expenses	123,026	83,873	206,899
Due to Other Governments	55,611	81,929	137,540
Accrued Interest Payable	0	8,775	8,775
Unearned Revenue	34,775	0	34,775
Rate Stabilization Deferred Credit	0	1,301,898	1,301,898
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	184,126	172,758	356,884
Current Portion of Long-term Debt	134,933	355,001	489,934
Total Current Liabilities	779,078	7,136,489	7,915,567
Noncurrent Liabilities:			
Due Within One Year	296,302	510,499	806,801
Due in More Than One Year	9,237,693	12,690,092	21,927,785
Other Postemployment Benefits Liability	25,069	12,356	37,425
Noncurrent Liabilities Payable from Restricted Assets:			
Customer Deposit	0	997,243	997,243
Deferred Revenue	0	1,624,721	1,624,721
Deferred Credit - CR-3	0	553,581	553,581
Total Noncurrent Liabilities	9,559,064	16,388,492	25,947,556
Total Liabilities	10,338,142	23,524,981	33,863,123
Net Assets			
Invested in Capital Assets, Net of Related Debt	12,924,412	21,128,470	34,052,882
Restricted for:			
Debt Service	750,989	1,274,753	2,025,742
Capital Projects	464,396	0	464,396
Community Development	1,295,294	0	1,295,294
Other Purposes	131,938	0	131,938
Unrestricted	(487,329)	12,635	(474,694)
Total Net Assets	\$ 15,079,700	\$ 22,415,858	\$ 37,495,558

See accompanying notes.

**CITY OF ALACHUA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental Activities							
General Government	\$ 2,771,143	\$ 377,226	\$ 0	\$ 0	\$ (2,393,917)	\$ 0	\$ (2,393,917)
Public Safety	3,031,037	145,175	21,812	554,693	(2,309,357)	0	(2,309,357)
Physical Environment	767,582	806,932	0	0	39,350	0	39,350
Transportation	755,262	11,720	189,495	171,301	(382,746)	0	(382,746)
Economic Environment	168,590	0	0	282,302	113,712	0	113,712
Parks and Recreation	868,434	43,050	131,109	582,414	(111,861)	0	(111,861)
Interest on Long-term Debt	448,741	0	0	0	(448,741)	0	(448,741)
Total Governmental Activities	8,810,789	1,384,103	342,416	1,590,710	(5,493,560)	0	(5,493,560)
Business-type Activities							
Electric	11,841,903	14,673,991	0	72,990	0	2,905,078	2,905,078
Water	1,224,853	910,057	0	37,346	0	(277,450)	(277,450)
Wastewater	1,668,990	1,341,271	0	11,310,510	0	10,982,791	10,982,791
Mosquito Control	45,886	49,775	0	0	0	3,889	3,889
Total Business-type Activities	14,781,632	16,975,094	0	11,420,846	0	13,614,308	13,614,308
Total Primary Government	\$ 23,592,421	\$ 18,359,197	\$ 342,416	\$ 13,011,556	(5,493,560)	13,614,308	8,120,748
		General Revenues					
		Ad Valorem			4,241,001	0	4,241,001
		Utility Service Taxes			959,321	0	959,321
		Communication Service Taxes			428,155	0	428,155
		Business License Taxes			47,034	0	47,034
		Half-cent Sales Tax			420,756	0	420,756
		State Revenue Sharing			127,997	0	127,997
		Investment Earnings			31,071	7,931	39,002
		Miscellaneous			72,712	69,944	142,656
		Transfers			1,431,153	(1,431,153)	0
		Total General Revenues and Transfers			7,759,200	(1,353,278)	6,405,922
		Change in Net Assets			2,265,640	12,261,030	14,526,670
		Net Assets, Beginning of Year			12,814,060	10,154,828	22,968,888
		Net Assets, End of Year			\$ 15,079,700	\$ 22,415,858	\$ 37,495,558

See accompanying notes.

**CITY OF ALACHUA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalents	\$ 39,164	\$ 1,347,825	\$ 1,151,271	\$ 2,538,260
Cash with Fiscal Agent	0	0	264,754	264,754
Receivables:				
Accounts	93,152	0	158	93,310
Notes	570	0	0	570
Taxes	25,010	0	0	25,010
Franchise Fees	28,990	0	0	28,990
Due from Other Governments	128,977	0	148,144	277,121
Prepaid Items	18,511	3,005	0	21,516
Advances to Other Funds	2,362,069	11,047	59,806	2,432,922
Total Assets	<u>2,696,443</u>	<u>1,361,877</u>	<u>1,624,133</u>	<u>5,682,453</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	193,707	47,217	5,683	246,607
Accrued Expenses	119,818	0	3,208	123,026
Due to Other Governments	55,611	0	0	55,611
Deferred Revenue	33,975	0	800	34,775
Advances from Other Funds	209,445	300	2,282,732	2,492,477
Total Liabilities	<u>612,556</u>	<u>47,517</u>	<u>2,292,423</u>	<u>2,952,496</u>
Fund Balances				
Reserved for:				
Encumbrances	26,472	6,045	0	32,517
Prepays	18,511	3,005	0	21,516
Debt Service	0	19,066	0	19,066
Advances	2,362,069	11,047	59,806	2,432,922
Public Safety	39,164	0	0	39,164
Unreserved, Undesignated:				
General Fund	(362,329)	0	0	(362,329)
Debt Service Fund	0	0	103,379	103,379
Special Revenue Funds	0	1,275,197	(112,945)	1,162,252
Capital Projects Funds	0	0	(718,530)	(718,530)
Total Fund Balances	<u>2,083,887</u>	<u>1,314,360</u>	<u>(668,290)</u>	<u>2,729,957</u>
Total Liabilities and Fund Balances	<u>\$ 2,696,443</u>	<u>\$ 1,361,877</u>	<u>\$ 1,624,133</u>	<u>\$ 5,682,453</u>

See accompanying notes.

CITY OF ALACHUA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

Fund Balance - Total Governmental Funds \$ 2,729,957

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	\$ 28,619,234	
(Accumulated Depreciation)	<u>(6,591,303)</u>	22,027,931

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:

2000 Tax Increment Road Improvement Note	(27,398)	
2001A Section 108 Loan	(1,600,000)	
2006 Capital Improvement and Refunding Bonds	(7,710,000)	
Less Discount	33,943	
Compensated Absences	<u>(365,473)</u>	(9,668,928)

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. (25,069)

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		(184,126)
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Debt issue costs reported for governmental activities are not financial resources and, therefore, not reported in the governmental funds:

Unamortized Debt Issue Costs		<u>199,935</u>
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Net Assets of Governmental Activities \$ 15,079,700

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>General</u>	<u>Community Redevelopment Fund</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 5,899,476	\$ 0	\$ 441,859	\$ 6,341,335
Permits and Fees	303,255	0	85,001	388,256
Intergovernmental Revenues	635,215	282,302	592,194	1,509,711
Charges for Services	933,056	0	220	933,276
Fines and Forfeitures	46,307	0	4,764	51,071
Investment Income	24,658	3,886	2,527	31,071
Miscellaneous	75,831	0	238,266	314,097
Total Revenues	<u>7,917,798</u>	<u>286,188</u>	<u>1,364,831</u>	<u>9,568,817</u>
Expenditures				
Current:				
General Government	2,515,519	0	0	2,515,519
Public Safety	2,697,207	0	170,670	2,867,877
Physical Environment	748,023	0	0	748,023
Transportation	488,932	0	35,450	524,382
Economic Environment	0	162,431	0	162,431
Parks and Recreation	640,121	0	131,188	771,309
Debt Service:				
Principal	0	39,169	195,000	234,169
Interest and Fiscal Charges	0	2,916	439,050	441,966
Capital Outlay	174,473	175,482	1,096,178	1,446,133
(Total Expenditures)	<u>(7,264,275)</u>	<u>(379,998)</u>	<u>(2,067,536)</u>	<u>(9,711,809)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>653,523</u>	<u>(93,810)</u>	<u>(702,705)</u>	<u>(142,992)</u>
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital Assets	38,988	0	0	38,988
Transfers in	1,365,838	192,889	1,169,402	2,728,129
Transfers (out)	(1,024,985)	(7,850)	(258,619)	(1,291,454)
Total Other Financing Sources (Uses)	<u>379,841</u>	<u>185,039</u>	<u>910,783</u>	<u>1,475,663</u>
Net Change in Fund Balance	1,033,364	91,229	208,078	1,332,671
Fund Balance, Beginning of Year	<u>1,050,523</u>	<u>1,223,131</u>	<u>(876,368)</u>	<u>1,397,286</u>
Fund Balance, End of Year	<u>\$ 2,083,887</u>	<u>\$ 1,314,360</u>	<u>\$ (668,290)</u>	<u>\$ 2,729,957</u>

See accompanying notes.

**CITY OF ALACHUA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2010**

Net Change in Fund Balance - Total Governmental Funds \$ 1,332,671

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

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those assets
is depreciated over their estimated useful lives and reported as
depreciation expense:

Expenditures for Capital Assets	\$ 1,446,133	
Depreciation Expense	(703,184)	
Donated Capital Assets	76,459	
Capital Contributions	<u>(5,522)</u>	813,886

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	(38,988)	
(Loss) on Disposal of Capital Assets	<u>(11,023)</u>	(50,011)

Repayment of long-term liabilities are expenditures in the
governmental funds but the repayment reduces long-term
liabilities in the statement of net assets. 234,169

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	(1,305)	
Change in Accrued Interest Payable	2,220	
Change in Compensated Absences Liability	(45,636)	
Change in Other Postemployment Benefit Obligation	<u>(12,664)</u>	<u>(65,075)</u>

Net Change in Fund Balance of Governmental Activities \$ 2,265,640

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2010

	Business-type Activities - Enterprise Funds					Business-type Activities Internal Service Fund
	Major Funds			Nonmajor Fund	Total	
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	
Assets						
Current Assets:						
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivables	2,069,637	172,950	235,671	3,416	2,481,674	966
Prepaid Items	7,209	0	0	0	7,209	9,484
Due from Other Governments	0	0	2,709,769	0	2,709,769	0
Inventories	456,413	58,059	1,897	0	516,369	0
Restricted Assets:						
Cash with Fiscal Agent	101,353	62,288	69,117	0	232,758	0
Total Current Assets	2,634,612	293,297	3,016,454	3,416	5,947,779	10,450
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	1,538,770	239,527	2,058,420	0	3,836,717	0
Investment	553,581	0	0	0	553,581	0
Total Restricted Assets	2,092,351	239,527	2,058,420	0	4,390,298	0
Capital Assets:						
Land	92,630	0	163,310	0	255,940	0
Construction in Progress	173,699	605,842	19,057,002	0	19,836,543	0
Property, Plant and Equipment (Accumulated Depreciation)	11,036,981 (5,061,167)	6,202,721 (3,431,444)	11,429,466 (4,911,037)	51,708 (26,747)	28,720,876 (13,430,395)	200,775 (149,160)
Total Net Capital Assets	6,242,143	3,377,119	25,738,741	24,961	35,382,964	51,615
Other Assets:						
Advances to Other Funds	2,612,235	0	166,942	76,793	2,855,970	473,396
Unamortized Issuance Costs	67,515	4,891	25,772	0	98,178	0
Total Other Assets	2,679,750	4,891	192,714	76,793	2,954,148	473,396
Total Noncurrent Assets	11,014,244	3,621,537	27,989,875	101,754	42,727,410	525,011
Total Assets	\$ 13,648,856	\$ 3,914,834	\$ 31,006,329	\$ 105,170	\$ 48,675,189	\$ 535,461

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2010
(Concluded)

	Business-type Activities - Enterprise Funds					Business-type Activities Internal Service Fund
	Major Funds			Nonmajor Fund	Total	
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	
Liabilities						
Current Liabilities:						
Accounts Payable	\$ 859,223	\$ 6,607	\$ 3,191,950	\$ 32	\$ 4,057,812	\$ 14,666
Construction Retainage Payable	0	0	1,059,777	0	1,059,777	0
Accrued Expenses	32,764	15,432	12,302	22	60,520	23,353
Due to Other Governments	81,929	0	0	0	81,929	0
Accrued Interest Payable	0	8,775	0	0	8,775	0
Rate Stabilization Deferred						
Credit	1,301,898	0	0	0	1,301,898	0
Payable from Restricted Assets:						
Accrued Interest Payable	101,353	26,288	45,117	0	172,758	0
Current Portion of Long-term						
Debt	202,867	58,143	93,991	0	355,001	0
Compensated Absences	35,851	14,801	26,607	0	77,259	44,262
Current Portion of Long-term						
Debt	264,846	54,142	69,990	0	388,978	0
Total Current Liabilities	2,880,731	184,188	4,499,734	54	7,564,707	82,281
Other Noncurrent Liabilities:						
Payable from Restricted Assets:						
Customer Deposits	703,404	148,348	145,491	0	997,243	0
Deferred Revenue	0	0	1,624,721	0	1,624,721	0
Deferred Credit - CR-3						
Decommissioning Costs	553,581	0	0	0	553,581	0
Advances from Other Funds	258,331	1,649,459	1,362,021	0	3,269,811	0
Other Postemployment Benefits						
Liability	2,825	2,118	2,472	0	7,415	4,941
Compensated Absences	26,422	10,908	19,609	0	56,939	32,622
Long-term Debt	4,334,285	705,982	7,560,264	0	12,600,531	0
Total Other Noncurrent Liabilities	5,878,848	2,516,815	10,714,578	0	19,110,241	37,563
Total Liabilities	8,759,579	2,701,003	15,214,312	54	26,674,948	119,844
Net Assets						
Investment in Capital Assets,						
Net of Related Debt	1,507,660	2,563,743	16,980,491	24,961	21,076,855	51,615
Restricted for:						
Debt Service	835,366	127,179	312,208	0	1,274,753	0
Unrestricted	2,546,251	(1,477,091)	(1,500,682)	80,155	(351,367)	364,002
Total Net Assets	4,889,277	1,213,831	15,792,017	105,116	22,000,241	415,617
Total Liabilities and Net Assets	\$ 13,648,856	\$ 3,914,834	\$ 31,006,329	\$ 105,170	\$ 48,675,189	\$ 535,461
Net Assets - Above					\$ 22,000,241	
Internal Service Fund Net Assets in the Enterprise Funds					415,617	
Net Assets of Business-type Activities					\$ 22,415,858	

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, 2010

	Business-type Activities					
	Major Funds			Nonmajor Fund	Total	Internal
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	Service Fund
Operating Revenues						
Charges for Services	\$ 14,673,991	\$ 910,057	\$ 1,341,271	\$ 49,775	\$ 16,975,094	\$ 0
Interfund Charges	0	0	0	0	0	1,178,003
Total Operating Revenues	<u>14,673,991</u>	<u>910,057</u>	<u>1,341,271</u>	<u>49,775</u>	<u>16,975,094</u>	<u>1,178,003</u>
Operating Expenses						
Electric Power Expenses:						
Nuclear Power	259,106	0	0	0	259,106	0
Purchased Power	9,420,286	0	0	0	9,420,286	0
Personal Services	657,527	337,168	462,326	1,763	1,458,784	899,648
Contractual Services	78,313	37,951	30,342	0	146,606	64,679
Supplies	52,063	40,279	87,399	11,174	190,915	78,449
Repairs and Maintenance	160,570	71,791	73,929	532	306,822	12,977
Billing and Administrative	589,002	282,721	282,721	23,559	1,178,003	0
Depreciation	305,320	204,266	340,210	7,134	856,930	25,088
Other Expenses	80,099	178,210	278,650	2,495	539,454	58,627
(Total Operating Expenses)	<u>(11,602,286)</u>	<u>(1,152,386)</u>	<u>(1,555,577)</u>	<u>(46,657)</u>	<u>(14,356,906)</u>	<u>(1,139,468)</u>
Operating Income (Loss)	<u>3,071,705</u>	<u>(242,329)</u>	<u>(214,306)</u>	<u>3,118</u>	<u>2,618,188</u>	<u>38,535</u>
Nonoperating Revenues						
(Expenses):						
Investment Gain	304	0	2,312	1,068	3,684	4,247
Interest and Fiscal Charges	(252,134)	(78,676)	(112,541)	0	(443,351)	0
Amortization of Bond						
Issue Costs	(6,751)	(489)	(2,577)	0	(9,817)	0
Miscellaneous	45,136	26	1,075	0	46,237	23,707
(Loss) on Disposal of						
Capital Assets	0	(2,550)	(7,543)	0	(10,093)	0
Total Nonoperating Revenues						
(Expenses)	<u>(213,445)</u>	<u>(81,689)</u>	<u>(119,274)</u>	<u>1,068</u>	<u>(413,340)</u>	<u>27,954</u>
Income (Loss) Before Transfers	<u>2,858,260</u>	<u>(324,018)</u>	<u>(333,580)</u>	<u>4,186</u>	<u>2,204,848</u>	<u>66,489</u>

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, 2010
(Concluded)

	Business-type Activities					
	Major Funds			Nonmajor Fund	Total	
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	Internal Service Fund
Transfers and Capital Contributions						
Capital Contributions	\$ 72,990	\$ 37,346	\$ 11,310,510	\$ 0	\$ 11,420,846	\$ 5,522
Transfers in	0	0	0	0	0	0
Transfers (out)	(1,365,838)	0	(70,837)	0	(1,436,675)	0
Total Transfers and Capital Contributions	<u>(1,292,848)</u>	<u>37,346</u>	<u>11,239,673</u>	<u>0</u>	<u>9,984,171</u>	<u>5,522</u>
Change in Net Assets	<u>1,565,412</u>	<u>(286,672)</u>	<u>10,906,093</u>	<u>4,186</u>	<u>12,189,019</u>	<u>72,011</u>
Total Net Assets, Beginning of Year	<u>3,323,865</u>	<u>1,500,503</u>	<u>4,885,924</u>	<u>100,930</u>	<u>9,811,222</u>	<u>343,606</u>
Total Net Assets, End of Year	<u>\$ 4,889,277</u>	<u>\$ 1,213,831</u>	<u>\$ 15,792,017</u>	<u>\$ 105,116</u>	<u>\$ 22,000,241</u>	<u>\$ 415,617</u>
Change in Net Assets - Above					\$ 12,189,019	
Internal Service Fund Activities in the Enterprise Funds					<u>72,011</u>	
Change in Net Assets of Business-type Activities					<u>\$ 12,261,030</u>	

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities - Enterprise Funds					Business-type Activities Internal Service Fund
	Major Funds			Nonmajor Fund	Total	
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	
Cash Flows from Operating Activities						
Receipts from Customers	\$ 14,751,998	\$ 858,483	\$ 1,296,555	\$ 49,647	\$ 16,956,683	\$ 0
Receipts from Interfund Services Provided	0	0	0	0	0	1,178,003
Cash from Other Sources	45,136	26	1,075	0	46,237	22,994
Payments to Suppliers for Goods and Services	(10,059,225)	(333,291)	(481,657)	(14,468)	(10,888,641)	(214,211)
Payments for Interfund Services Used	(589,002)	(282,721)	(282,721)	(23,559)	(1,178,003)	0
Payments to Employees for Services	(641,783)	(330,428)	(454,532)	(1,763)	(1,428,506)	(878,229)
Net Cash Provided by (Used in) Operating Activities	3,507,124	(87,931)	78,720	9,857	3,507,770	108,557
Cash Flows from Noncapital Financing Activities						
Loans/Advances and Repayments from (to) Other Funds	(359,667)	416,533	352,849	7,365	417,080	(94,640)
Transfers (out)	(1,365,838)	0	(70,837)	0	(1,436,675)	0
Net Cash Provided by (Used in) Noncapital Financing Activities	(1,725,505)	416,533	282,012	7,365	(1,019,595)	(94,640)
Cash Flows from Capital and Related Financing Activities						
Acquisition and Construction of Fixed Assets	(239,168)	(17,105)	(13,267,403)	(18,290)	(13,541,966)	(18,164)
Capital Contributions	0	0	8,858,179	0	8,858,179	0
Debt Proceeds	0	0	4,597,880	0	4,597,880	0
Debt Principal Payments	(451,027)	(134,894)	(157,236)	0	(743,157)	0
Debt Interest Payments and Other Charges	(229,303)	(75,819)	(95,948)	0	(401,070)	0
Net Cash Provided by (Used in) Capital and Related Financing Activities	(919,498)	(227,818)	(64,528)	(18,290)	(1,230,134)	(18,164)
Cash Flows from Investing Activities						
Interest Received	304	0	2,312	1,068	3,684	4,247
Net Cash Provided by (Used in) Investing Activities	304	0	2,312	1,068	3,684	4,247
Net Increase (Decrease) in Cash and Cash Equivalents	862,425	100,784	298,516	0	1,261,725	0
Cash and Cash Equivalents, Beginning of Year	777,698	201,031	1,829,021	0	2,807,750	0
Cash and Cash Equivalents, End of Year	\$ 1,640,123	\$ 301,815	\$ 2,127,537	\$ 0	\$ 4,069,475	\$ 0

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(Concluded)

	Business-type Activities - Enterprise Funds					
	Major Funds			Nonmajor Fund	Total	Business-type
	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	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted Assets:						
Cash with Fiscal Agent	101,353	62,288	69,117	0	232,758	0
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	1,538,770	239,527	2,058,420	0	3,836,717	0
Total	\$ 1,640,123	\$ 301,815	\$ 2,127,537	\$ 0	\$ 4,069,475	\$ 0
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating Income (Loss)	\$ 3,071,705	\$ (242,329)	\$ (214,306)	\$ 3,118	\$ 2,618,188	\$ 38,535
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation and Amortization	305,320	204,266	340,210	7,134	856,930	25,088
Miscellaneous Nonoperating Income	45,136	26	1,075	0	46,237	23,707
(Increase) Decrease in:						
Accounts Receivable, Net	(138,904)	(60,082)	(56,161)	(128)	(255,275)	(713)
Prepaid Items	0	0	0	0	0	(9,204)
Inventory	6,293	(1,312)	244	0	5,225	0
(Increase) Decrease in:						
Accounts Payable	(8,272)	(11,989)	(12,800)	32	(33,029)	5,778
Accrued Expenses	(6,809)	8,241	1,219	(299)	2,352	3,947
Due to Other Governments	14,588	0	0	0	14,588	0
Rate Stabilization Deferred Credit	168,405	0	0	0	168,405	0
Compensated Absences	14,317	5,670	6,545	0	26,532	18,923
Customer Deposits	33,918	8,508	9,010	0	51,436	0
Deferred Revenue	0	0	2,435	0	2,435	0
OPEB Liability	1,427	1,070	1,249	0	3,746	2,496
Net Cash Provided by (Used in) Operating Activities	\$ 3,507,124	\$ (87,931)	\$ 78,720	\$ 9,857	\$ 3,507,770	\$ 108,557
Noncash Investing, Capital and Financing Activities						
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
Capital Contributions	\$ 72,990	\$ 37,346	\$ 68,197	\$ 0	\$ 178,533	\$ 5,522

See accompanying notes.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Reporting Entity (Concluded)

■ **Public Finance Authority for Affordable Housing**

The Public Finance Authority for Affordable Housing (the Authority) was created by the City Commission in 1992. The Authority is a separate legal entity capable of suing and being sued, and able to purchase property in its own name. By charter, the Authority's Board is composed of the City Commission and, the City Commission has oversight over all financial activities. Accordingly, the Authority is a component unit of the City. However, there have been no financial transactions by the Authority during 2010, 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 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.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

The government reports the following major governmental funds:

■ **General Fund**

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

■ **Community Redevelopment Agency**

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

The government reports the following major proprietary funds:

■ **Electric Fund**

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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.

Private sector and financial reporting standards issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private sector guidance.

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.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Assets or Equity (Continued)

■ **Deposits and Investments (Concluded)**

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

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as qualified public depositories, a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral for their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions providing full insurance for public deposits. The City had deposits only with qualifying institutions as of September 30, 2010.

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.

■ **Inventory**

Inventories in governmental funds are recorded as expenditures when purchased. If significant, the balance of inventory on hand at year-end is classified as reserved fund balance on the governmental funds balance sheet. For 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.

■ **Prepays**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are accounted for by use of the consumption method.

■ **Restricted Assets**

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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 application 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.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Assets, Liabilities and Net Assets or Equity (Concluded)

■ **Fund Equity/Net Assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose more narrow than the fund purpose. Designations of fund balances represent tentative management plans that are subject to change.

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.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 2 - Stewardship, Compliance and Accountability (Concluded)

Budgetary Information (Concluded)

- Budgets are adopted on a basis consistent with GAAP.

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

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation, is employed throughout the fiscal year as an operating tool for budgeted funds. Encumbrances outstanding at year-end are reported as reservations of fund balance in the governmental funds, since they do not constitute expenditures or liabilities.

Excess of Expenditures Over Appropriations

The Information Technology and Solid Waste departments in the general fund incurred expenditures over appropriations in the amount of \$886 and \$18,640, respectively, during the fiscal year ended September 30, 2010.

Deficit Fund Equity

At September 30, 2010, the following funds had deficit fund balances:

<u>Fund</u>	<u>Type</u>	<u>Deficit</u>
Building Operations Fund	Nonmajor Governmental	\$ (54,746)
Alachua Transit Corridor	Nonmajor Governmental	(132,648)
Hazard Mitigation Grants	Nonmajor Governmental	(10,980)
Neighborhood Community Center	Nonmajor Governmental	(195,141)
Municipal Complex	Nonmajor Governmental	(935,324)

The City anticipates that the deficit 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, Alachua Transit Corridor Fund, and Hazard Mitigation Grants 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, 2010, are classified in the accompanying financial statements as follows:

Statement of Net Assets

Current:		
Cash and Cash Equivalents	\$	0
Restricted:		
Cash and Cash Equivalents		2,433,104
Noncurrent:		
Restricted:		
Cash and Cash Equivalents		4,439,385
Investments		553,581
Total Cash and Investments	\$	<u>7,426,070</u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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

Deposits and investments consist of the following:

Cash Deposits	\$ 6,345,242
Investments	<u>1,080,828</u>
Total Cash and Investments	<u>\$ 7,426,070</u>

Deposits

All of the City's cash deposits are held in banks that qualify as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes. Qualified public depositories are required to pledge collateral to the State Treasurer with a market value equal to 50% of the average daily balance of all public deposits in excess of any federal deposit insurance. In addition, to the extent that total public deposits exceeds the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a savings association, the required collateral shall have a market value equal to 125% of the deposits. 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

The City limits its investments of government and enterprise 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.

Securities are held with a third party custodian, and all securities purchased, and all collateral obtained by, the City are properly designated as assets of the City. The custodians are primarily bank trust departments, insurance companies, brokerage firms, the State of Florida, and the SBA.

As of September 30, 2010, the City had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
			<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Total</u>
Florida PRIME	AAAm	\$ 461,850	\$ 461,850	\$ 0	\$ 0	\$ 461,850
Fund B Surplus Trust Funds						
Investment Pool	Unrated	65,397	0	0	65,397	65,397
FMPA CR-3 Pooled Investments	Unrated	<u>553,581</u>	<u>553,581</u>	<u>0</u>	<u>0</u>	<u>553,581</u>
Total		<u>\$ 1,080,828</u>	<u>\$ 1,015,431</u>	<u>\$ 0</u>	<u>\$ 65,397</u>	<u>\$ 1,080,828</u>

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,

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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

Investments (Concluded)

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, 2010, the fair value factor for Fund B is .707058094. 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.

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.

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, 2010, are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Cash and Cash Equivalents		
Debt Service Reserve and Sinking Funds	\$ 670,361	\$ 1,214,753
Unspent State Appropriations	0	1,624,721
Cash with Fiscal Agent	264,754	232,758
Customer Deposit	0	997,243
Community Development	1,328,759	0
Capital Projects	423,131	0
Public Safety	68,445	0
Other	<u>63,335</u>	<u>0</u>
Total	2,818,785	4,069,475
Restricted Cash and Cash Equivalents		
Used in Operations	<u>(15,771)</u>	<u>0</u>
Net Restricted Cash and Cash Equivalents	<u>\$ 2,803,014</u>	<u>\$ 4,069,475</u>
Investments		
CR-3 Decommissioning	<u>\$ 0</u>	<u>\$ 553,581</u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 4 - Restricted Assets (Concluded)

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

As of September 30, 2010 the City had no available unrestricted cash, and a restricted cash deficit of \$15,771.

Note 5 - Inventory

Inventory related to the City's business-type activities at September 30, 2010, consists of the following:

Business-type Activities	Balance
Electric Utility Supplies	\$ 254,690
Transformers	132,851
Meters	9,264
Nuclear Fuel	44,076
Nuclear Plant Materials	15,532
Water/Wastewater Supplies	59,956
Total	\$ 516,369

Note 6 - Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended September 30, 2010:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 6,138,603	\$ 0	\$ (25,005)	\$ 6,113,598
Construction in Progress	292,964	770,167	(980,730)	82,401
Total Capital Assets Not Being Depreciated	6,431,567	770,167	(1,005,735)	6,195,999
Capital Assets Being Depreciated:				
Building	8,466,969	82,226	(1,934)	8,547,261
Improvements Other Than Buildings	1,242,713	1,215,409	0	2,458,122
Infrastructure	8,876,807	0	0	8,876,807
Furniture, Fixtures, and Equipment	2,154,173	435,520	(48,648)	2,541,045
Total Capital Assets Being Depreciated	20,740,662	1,733,155	(50,582)	22,423,235
Less Accumulated Depreciation for:				
Building	(699,568)	(174,278)	1,934	(871,912)
Improvements Other Than Buildings	(212,988)	(122,059)	0	(335,047)
Infrastructure	(3,789,981)	(162,825)	0	(3,952,806)
Furniture, Fixtures, and Equipment	(1,205,636)	(244,022)	18,120	(1,431,538)
Total Accumulated Depreciation	(5,908,173)	(703,184)	20,054	(6,591,303)
Total Capital Assets, Being Depreciated, Net	14,832,489	1,029,971	(30,528)	15,831,932
Governmental Activities Capital Assets, Net	\$ 21,264,056	\$ 1,800,138	\$ (1,036,263)	\$ 22,027,931

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 6 - Capital Assets (Concluded)

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

Governmental Activities	
General Government	\$ 244,726
Public Safety	133,940
Physical Environment	54
Transportation	228,984
Economic Environment	8,515
Parks and Recreation	<u>86,965</u>
Total	\$ <u>703,184</u>

The following is a summary of changes in capital assets for the business-type activities for the year ended September 30, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 255,940	\$ 0	\$ 0	\$ 255,940
Construction in Progress	<u>2,514,716</u>	<u>17,321,827</u>	<u>0</u>	<u>19,836,543</u>
Total Capital Assets Not Being Depreciated	<u>2,770,656</u>	<u>17,321,827</u>	<u>0</u>	<u>20,092,483</u>
Capital Assets Being Depreciated:				
Building	7,358,291	8,650	(58,400)	7,308,541
Improvements Other Than Buildings	2,675,819	193,788	0	2,869,607
Infrastructure	16,474,199	178,533	0	16,652,732
Furniture, Fixtures, and Equipment	<u>2,055,139</u>	<u>67,244</u>	<u>(31,612)</u>	<u>2,090,771</u>
Total Capital Assets Being Depreciated	<u>28,563,448</u>	<u>448,215</u>	<u>(90,012)</u>	<u>28,921,651</u>
Less Accumulated Depreciation for:				
Building	(5,162,817)	(183,155)	50,857	(5,295,115)
Improvements Other Than Buildings	(1,454,834)	(96,350)	0	(1,551,184)
Infrastructure	(5,184,380)	(417,096)	0	(5,601,476)
Furniture, Fixtures, and Equipment	<u>(963,459)</u>	<u>(185,417)</u>	<u>17,096</u>	<u>(1,131,780)</u>
Total Accumulated Depreciation	<u>(12,765,490)</u>	<u>(882,018)</u>	<u>67,953</u>	<u>(13,579,555)</u>
Total Capital Assets, Being Depreciated, Net	<u>15,797,958</u>	<u>(433,803)</u>	<u>(22,059)</u>	<u>15,342,096</u>
Business-type Activities Capital Assets, Net	<u>\$ 18,568,614</u>	<u>\$ 16,888,024</u>	<u>\$ (22,059)</u>	<u>\$ 35,434,579</u>

Furniture, fixtures and equipment and related accumulated depreciation include \$175,386 of assets acquired through capital leases with accumulated amortization of \$66,206 as of September 30, 2010.

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, 2010:

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 7 - Long-term Liabilities (Continued)

Governmental Activities (Continued)

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Tax Incremental Road Improvement Revenue Note, Series 2000	\$ 66,568	\$ 0	\$ (39,170)	\$ 27,398	\$ 27,398
Section 108 Government Guaranteed Participation Certificates, Series HUD 2001A	1,695,000	0	(95,000)	1,600,000	100,000
Capital Improvement and Refunding Revenue Bonds, Series 2006 (Less Discount)	7,810,000 (35,249)	0	(100,000) 1,306	7,710,000 (33,943)	100,000 0
Compensated Absences	<u>319,837</u>	<u>227,494</u>	<u>(181,858)</u>	<u>365,473</u>	<u>203,837</u>
Total	<u>\$ 9,856,156</u>	<u>\$ 227,494</u>	<u>\$ (414,722)</u>	<u>\$ 9,668,928</u>	<u>\$ 431,235</u>

■ **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%. The City may prepay the note in whole or in part, at any time, without penalty.

■ **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.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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
2011	\$ 227,398	\$ 430,887	\$ 658,285
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
2016-2020	1,370,000	1,735,342	3,105,342
2021-2025	1,525,000	1,356,803	2,881,803
2026-2030	2,110,000	960,686	3,070,686
2031-2035	2,620,000	438,510	3,058,510
2036	595,000	13,388	608,388
Total	\$ 9,337,398	\$ 6,553,256	\$ 15,890,654

Business-type Activities

The following schedule summarizes the changes in the City's business-type long-term liabilities during the year ended September 30, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Utility Acquisition Bonds, Series 1993	\$ 780,000	\$ 0	\$ (55,000)	\$ 725,000	\$ 60,000
Utility Revenue Bond, Series 1979	381,000	0	(30,000)	351,000	32,000
1997 State Revolving Fund Loan - Florida					
Department of Environmental Protection	846,954	24,267	0	871,221	0
Utility Refunding Revenue Bonds, Series 2003	7,675,000	0	(570,000)	7,105,000	590,000
(Less Deferred Discount on Refunding)	(59,400)	0	5,400	(54,000)	0
(Less Deferred Loss on Refunding)	(557,967)	0	50,722	(507,245)	0
Promissory Note, Capital City Bank	271,946	0	(59,046)	212,900	61,979
2009 State Revolving Fund Loan - Florida					
Department of Environmental Protection	0	4,640,634	0	4,640,634	0
Dump Truck Capital Lease	29,110	0	(29,110)	0	0
Compensated Absences	165,627	166,552	(121,097)	211,082	121,521
Total	\$ 9,532,270	\$ 4,831,453	\$ (808,131)	\$ 13,555,592	\$ 865,500

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 7 - Long-term Liabilities (Continued)

Business-type Activities (Continued)

■ **Utility Acquisition Bonds, Series 1993**

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

The bonds were issued without premium or discount and are payable at 7% interest. Interest is payable 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, 2010 is \$69,896. Repayment is currently scheduled to commence on November 15, 2011, in the amount of \$28,445 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% and 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 rates 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.

■ **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.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 7 - Long-term Liabilities (Continued)

Business-type Activities (Concluded)

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

In June 2009 the City authorized a loan agreement to finance construction costs related to the wastewater control facility. The total loan available is \$20,000,000, of which 64.51% is forgiven with each loan disbursement, for total principal forgiveness of \$12,902,000. Capitalized interest added to the loan as of September 30, 2010 is \$42,754. Repayment is currently scheduled to commence on November 15, 2011, in the amount of \$229,309 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 of 2.24% and 2.60%.

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
2011	\$ 743,979	\$ 370,224	\$ 1,114,203
2012	1,288,567	477,953	1,766,520
2013	1,323,816	432,153	1,755,969
2014	1,300,121	384,844	1,684,965
2015	1,318,528	337,852	1,656,380
2016-2020	7,058,640	913,191	7,971,831
2021-2025	872,104	25,051	897,155
Total	\$ 13,905,755	\$ 2,941,268	\$ 16,847,023

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 rating of the bond insurer falls below Moody’s A, 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.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 7 - Long-term Liabilities (Concluded)

Debt Covenants (Concluded)

As of September 30, 2010, 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, 2010, the following conduit debt is outstanding in the City's name:

Industrial Development Revenue Bonds Series 1995 \$ 600,000

Note 8 - Pledged Revenues

The City has pledged certain revenues to repay bonds and notes outstanding as of September 30, 2010. 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, 2010:

<u>Pledged Revenue</u>	<u>Description of Bonds</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
Tax Increment Revenue	Tax Increment Road Improvement Revenue Note, Series 2000	<u>\$ 475,191</u>	<u>\$ 42,085</u>	8.86%	<u>\$ 28,599</u>	2011
Half-cent Sales Tax		\$ 420,756				
Utility Franchise Fees		303,255				
State Revenue Sharing		<u>180,303</u>				
	Section 108, HUD 2001A Series	<u>\$ 904,314</u>	<u>\$ 202,392</u>	22.38%	<u>\$ 2,292,625</u>	2021
Non-Ad Valorem Revenues	Capital Improvement and Refunding Revenue Bonds, Series 2006	<u>\$ 431,258</u>	<u>\$ 431,258</u>	100%	<u>\$ 13,569,429</u>	2036
Net Utility Revenues		\$ 3,464,866				
Excise Taxes		<u>1,387,476</u>				
	Utility Bonds - Series 1979, 1993, and 2003	<u>\$ 4,852,342</u>	<u>\$1,041,440</u>	21.46%	<u>\$ 10,307,445</u>	2020

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 9 - Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables at September 30, 2010:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,441,303
General Fund	Water Utility	471,326
General Fund	Wastewater Utility	449,440
Community Redevelopment Agency	Water Utility	11,047
Electric Utility	Community Redevelopment Agency	300
Electric Utility	Nonmajor Governmental Funds	824,126
Electric Utility	Water Utility	875,228
Electric Utility	Wastewater Utility	912,581
Wastewater Utility	General Fund	166,942
Nonmajor Enterprise Fund	Water Utility	76,793
Nonmajor Governmental Fund	General Fund	42,503
Nonmajor Governmental Funds	Nonmajor Governmental Funds	17,303
Internal Service Fund	Electric Utility	258,331
Internal Service Fund	Water Utility	<u>215,065</u>
Total		<u>\$ 5,762,288</u>

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

Interfund Transfers:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Community Redevelopment Agency</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	\$ 0	\$ 192,889	\$ 832,096	\$ 1,024,985
Community Redevelopment Agency	0	0	7,850	7,850
Electric Utility	1,365,838	0	0	1,365,838
Wastewater Utility	0	0	70,837	70,837
Nonmajor Governmental Funds	<u>0</u>	<u>0</u>	<u>258,619</u>	<u>258,619</u>
Total	<u>\$ 1,365,838</u>	<u>\$ 192,889</u>	<u>\$ 1,169,402</u>	<u>\$ 2,728,129</u>

Transfers are normally recurring and are approved by the City commission during the budget process. A transfer in the amount of \$1,365,838 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 \$562,812 from the general fund to the nonmajor governmental funds is for debt service requirements. A transfer in the amount of \$192,889 from the general fund to the community redevelopment agency is the City's required portion of tax incremental funding.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 10 - Contingent Liabilities

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

In December 2008, the Circuit Court for Eighth Judicial Circuit of Florida entered a final Summary Judgment in favor of the City regarding a two count complaint for Declaratory and Injunctive Relief alleging violations of the Florida Public Records and Sunshine Laws. The District Court of Appeal, First District of Florida, overturned one public records violation and one public meetings violation out of 148 alleged violations. The case was remanded for an award of fees and costs on successful claims only. The potential liability is estimated to be between \$10,000 and \$200,000, pending settlement with the plaintiff.

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 - Net Assets, Restricted

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Debt Service	\$ 750,989	\$ 1,274,753
Capital Projects	464,396	0
Community Development	1,295,294	0
Police Forfeitures	39,164	0
Public Safety	29,439	0
Economic Environment	5,092	0
Parks and Recreation	58,243	0
Total	<u>\$ 2,642,617</u>	<u>\$ 1,274,753</u>

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 December 31, 2008, extending the contract for an initial two-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 2010 were \$9,219,648.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 12 - Electric Power Agreements (Concluded)

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 2010 were \$259,106.

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 \$553,581 at September 30, 2010. The cash account is offset by a deferred credit on the balance sheet of \$553,581 at September 30, 2010.

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 2010 were \$182,190.

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.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Note 13 - Pension Plans (Concluded)

Florida Retirement System (Concluded)

The System provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after they have met one of the following: (1) 30 years of service, regardless of age (25 years if special risk); or (2) age 62 years and six years of service (age 55 and six years if special risk). Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. The FRS also offers eligible employees participation 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.

Benefits are computed based on age, average final compensation and service credit. Average final compensation is the average of the five highest years of earnings. The System also provides death and disability benefits. Benefits are estimated by Florida Statute and include cost-of-living adjustments. The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the City, be required to contribute 10.77% of the compensation for regular members, 14.57% for senior management and 23.25% for special risk as of September 30, 2010. The City's contributions to the System for the years ended September 30, 2010, 2009, and 2008 were \$643,189, \$642,565, and \$601,141, respectively, equal to the required contributions for each year.

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 Pension*, 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:	9/30/10
Retirees and Beneficiaries Receiving Benefits	1
Active Plan Members	106
Total	107

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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)		741
Adjustment to ARC		<u>(1,090)</u>
Annual OPEB Cost		29,246
Employer Contributions Made		<u>(10,340)</u>
Increase/Decrease in NOO		18,906
Net OPEB Obligation, Beginning of Year		<u>18,519</u>
Net OPEB Obligation, End of Year	\$	<u><u>37,425</u></u>

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/10	\$ 29,246	35.4%	\$ 37,425
9/30/09	28,148	34.2%	18,519

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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

Funded Status and Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Payroll</u>
9/30/09	\$ 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
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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Concluded)

Note 15 - Commitments

As of September 30, 2010, the City had the following commitments related to significant unfinished construction projects:

	Expended as of September 30, 2010	Remaining Commitment
Wastewater Treatment Expansion	<u>\$ 17,210,514</u>	<u>\$ 2,469,764</u>

Note 16 - 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.

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes	\$ 5,591,620	\$ 5,591,620	\$ 5,899,476	\$ 307,856
Permits and Fees	286,037	286,037	303,255	17,218
Intergovernmental Revenues	609,406	609,406	635,215	25,809
Charges for Services	1,021,503	1,021,503	933,056	(88,447)
Fines and Forfeitures	96,829	96,829	46,307	(50,522)
Investment Income	500	500	24,658	24,158
Miscellaneous	56,054	56,054	75,831	19,777
Total Revenues	<u>7,661,949</u>	<u>7,661,949</u>	<u>7,917,798</u>	<u>255,849</u>
Expenditures ¹				
Current:				
General Government:				
Legislative	154,210	154,210	144,217	9,993
Executive	308,744	308,744	300,086	8,658
City Clerk	176,184	176,184	161,965	14,219
Finance	374,553	374,553	303,931	70,622
Administrative Services	356,644	356,644	320,600	36,044
Human Resources	334,277	334,277	245,161	89,116
Grants and Contracts	191,663	191,663	165,872	25,791
Information Technology	145,785	145,785	146,671	(886)
Legal	271,285	271,285	177,633	93,652
Planning	517,968	517,968	343,188	174,780
Code Enforcement	124,431	124,431	100,011	24,420
Other	60,164	159,642	107,769	51,873
Public Safety:				
Police	2,319,791	2,319,791	2,243,958	75,833
Fire	683,250	683,250	586,264	96,986
Physical Environment:				
Solid Waste	729,383	729,383	748,023	(18,640)
Transportation:				
Streets and Roads	553,067	553,067	492,578	60,489
Parks and Recreation	720,851	720,851	676,348	44,503
(Total Expenditures)	<u>(8,022,250)</u>	<u>(8,121,728)</u>	<u>(7,264,275)</u>	<u>857,453</u>
Excess of Revenues Over Expenditures	<u>(360,301)</u>	<u>(459,779)</u>	<u>653,523</u>	<u>1,113,302</u>
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital				
Assets	0	0	38,988	38,988
Transfers in	1,821,117	1,821,117	1,365,838	(455,279)
Transfers (out)	(1,267,091)	(1,167,613)	(1,024,985)	142,628
Total Other Financing Sources (Uses)	<u>554,026</u>	<u>653,504</u>	<u>379,841</u>	<u>(273,663)</u>
Net Change in Fund Balance	193,725	193,725	1,033,364	839,639
Fund Balance, Beginning of Year	<u>1,050,523</u>	<u>1,050,523</u>	<u>1,050,523</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 1,244,248</u>	<u>\$ 1,244,248</u>	<u>\$ 2,083,887</u>	<u>\$ 839,639</u>

¹ Budgeted expenditures exclude a \$200,000 contribution to fund balance.

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 427,892	\$ 427,892	\$ 282,302	\$ (145,590)
Interest and Other Revenue	4,000	4,000	3,886	(114)
Total Revenues	<u>431,892</u>	<u>431,892</u>	<u>286,188</u>	<u>(145,704)</u>
Expenditures				
Current:				
Economic Environment	278,485	278,485	162,431	116,054
Debt Service:				
Principal	37,042	37,042	39,169	(2,127)
Interest and Fees	5,044	5,044	2,916	2,128
Capital Outlay	952,245	952,245	175,482	776,763
(Total Expenditures)	<u>(1,272,816)</u>	<u>(1,272,816)</u>	<u>(379,998)</u>	<u>892,818</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(840,924)</u>	<u>(840,924)</u>	<u>(93,810)</u>	<u>747,114</u>
Other Financing Sources (Uses)				
Transfers in	292,367	292,367	192,889	(99,478)
Transfers (out)	(27,929)	(27,929)	(7,850)	20,079
Total Other Financing Sources (Uses)	<u>264,438</u>	<u>264,438</u>	<u>185,039</u>	<u>(79,399)</u>
Net Change in Fund Balance	(576,486)	(576,486)	91,229	667,715
Fund Balance, Beginning of Year	<u>1,223,131</u>	<u>1,223,131</u>	<u>1,223,131</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 646,645</u>	<u>\$ 646,645</u>	<u>\$ 1,314,360</u>	<u>\$ 667,715</u>

**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, 2010

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 - Excess of Expenditures over Appropriations

The Information Technology and Solid Waste departments in the General Fund incurred expenditures over appropriations in the amount of \$886 and \$18,640, respectively, during the fiscal year ended September 30, 2010.

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
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 *Alachua Transit Corridor Fund*—is used to account for state grant revenues and expenditures related to funding a daily shuttle service between Alachua and Gainesville.
- The *Police Explorers Fund*—is used to account for the revenues and expenditures of funds received from the Alachua Police Explorers Program.
- The *Recovery Act Edward Byrne Grant Fund*—is used to account for federal grant revenues and expenditures related to the Edward Byrne Memorial Justice Assistance Program funded by the American Recovery and Reinvestment Act of 2009.
- The *Edward Byrne Community Policing Fund*—is used to account for federal grant revenues and expenditures related to the Edward Byrne Memorial Justice Assistance Program.
- The *Hazard Mitigation Grant Fund*—is used to account for federal grant revenues and expenditures for engineering, design, and environmental permitting associated with hazard mitigation projects.
- 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.

NONMAJOR GOVERNMENTAL FUNDS
(Concluded)

CAPITAL PROJECT FUNDS
(Concluded)

- 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.
- The *San Felasco Conservation Corridor Fund*—is used to account for improvements made to the San Felasco Corridor.
- The *Skate Park/Spray Pool Fund*—is used to account for grant revenues and expenditures for the construction of a skate park and spray pool.
- 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 *World Series Projects Fund*—is used to account for revenues and expenditures related to the 2010 Babe Ruth World Series.
- The *Project Legacy Fund*—is used to account for donations and expenditures for the acquisition and future development of land for recreation use.

**CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	Debt Service Fund	Special Revenue Fund	Capital Project Fund	Total
Assets				
Cash and Cash Equivalents	\$ 635,524	\$ 92,616	\$ 423,131	\$ 1,151,271
Cash with Fiscal Agent	264,754	0	0	264,754
Accounts Receivable	0	158	0	158
Due from Other Governments	0	145,526	2,618	148,144
Advances to Other Funds	0	7,345	52,461	59,806
Total Assets	<u>900,278</u>	<u>245,645</u>	<u>478,210</u>	<u>1,624,133</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	0	5,683	0	5,683
Accrued Expenses	0	3,208	0	3,208
Deferred Revenues	0	800	0	800
Advances from Other Funds	796,899	341,554	1,144,279	2,282,732
Total Liabilities	<u>796,899</u>	<u>351,245</u>	<u>1,144,279</u>	<u>2,292,423</u>
Fund Balances				
Reserved for:				
Advances	0	7,345	52,461	59,806
Unreserved, Undesignated in				
Debt Service Fund	103,379	0	0	103,379
Special Revenue Funds	0	(112,945)	0	(112,945)
Capital Projects Funds	0	0	(718,530)	(718,530)
Total Fund Balances	<u>103,379</u>	<u>(105,600)</u>	<u>(666,069)</u>	<u>(668,290)</u>
Total Liabilities and Fund Balances	<u>\$ 900,278</u>	<u>\$ 245,645</u>	<u>\$ 478,210</u>	<u>\$ 1,624,133</u>

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Debt Service Fund	Special Revenue Fund	Capital Project Fund	Total
Revenues				
Taxes	\$ 0	\$ 0	\$ 441,859	\$ 441,859
Permits and Fees	0	85,001	0	85,001
Intergovernmental Revenues	0	454,694	137,500	592,194
Charges for Services	0	220	0	220
Fines and Forfeitures	0	4,764	0	4,764
Investment Income	180	1,111	1,236	2,527
Miscellaneous	0	145,211	93,055	238,266
Total Revenues	180	691,001	673,650	1,364,831
Expenditures				
Current:				
Public Safety	0	170,670	0	170,670
Transportation	0	35,450	0	35,450
Parks and Recreation	0	37,669	93,519	131,188
Debt Service:				
Principal	195,000	0	0	195,000
Interest and Fiscal Charges	439,050	0	0	439,050
Capital Outlay	0	574,272	521,906	1,096,178
(Total Expenditures)	(634,050)	(818,061)	(615,425)	(2,067,536)
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	(633,870)	(127,060)	58,225	(702,705)
Other Financing Sources (Uses)				
Transfers in	633,649	137,230	398,523	1,169,402
Transfers (out)	0	0	(258,619)	(258,619)
Total Other Financing Sources (Uses)	633,649	137,230	139,904	910,783
Net Change in Fund Balance	(221)	10,170	198,129	208,078
Fund Balance, Beginning of Year	103,600	(115,770)	(864,198)	(876,368)
Fund Balance, End of Year	\$ 103,379	\$ (105,600)	\$ (666,069)	\$ (668,290)

**CITY OF ALACHUA, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2010**

	<u>Building Operations</u>	<u>Additional Court Costs</u>	<u>Donations</u>	<u>Tree Bank</u>
Assets				
Cash and Cash Equivalents	\$ 0	\$ 11,737	\$ 58,243	\$ 5,092
Accounts Receivable	0	158	0	0
Due from Other Governments	0	0	0	0
Advances to Other Funds	0	0	0	0
Total Assets	<u>0</u>	<u>11,895</u>	<u>58,243</u>	<u>5,092</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	1,947	0	0	0
Accrued Expenses	3,208	0	0	0
Deferred Revenues	0	0	0	0
Advances from Other Funds	49,591	0	0	0
Total Liabilities	<u>54,746</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Reserved for:				
Advances	0	0	0	0
Unreserved, Undesignated	(54,746)	11,895	58,243	5,092
Total Fund Balances	<u>(54,746)</u>	<u>11,895</u>	<u>58,243</u>	<u>5,092</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 11,895</u>	<u>\$ 58,243</u>	<u>\$ 5,092</u>

Alachua Transit Corridor	Police Explorers	Recovery Act Edward Byrne Grant	Edward Byrne Community Policing	Hazard Mitigation Grants	Public Assistance Grant	Total
\$ 0	\$ 4,043	\$ 0	\$ 0	\$ 0	\$ 13,501	\$ 92,616
0	0	0	0	0	0	158
0	0	0	0	145,526	0	145,526
7,345	0	0	0	0	0	7,345
<u>7,345</u>	<u>4,043</u>	<u>0</u>	<u>0</u>	<u>145,526</u>	<u>13,501</u>	<u>245,645</u>
3,736	0	0	0	0	0	5,683
0	0	0	0	0	0	3,208
0	0	0	0	800	0	800
136,257	0	0	0	155,706	0	341,554
<u>139,993</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>156,506</u>	<u>0</u>	<u>351,245</u>
7,345	0	0	0	0	0	7,345
(139,993)	4,043	0	0	(10,980)	13,501	(112,945)
<u>(132,648)</u>	<u>4,043</u>	<u>0</u>	<u>0</u>	<u>(10,980)</u>	<u>13,501</u>	<u>(105,600)</u>
<u>\$ 7,345</u>	<u>\$ 4,043</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 145,526</u>	<u>\$ 13,501</u>	<u>\$ 245,645</u>

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2010

	Building Operations	Additional Court Costs	Donations	Tree Bank
Revenues				
Permit and Fees	\$ 85,001	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	4,764	0	0
Investment Income	0	184	644	62
Miscellaneous	0	0	141,034	75
Total Revenues	85,001	4,948	141,678	137
Expenditures				
Current:				
Public Safety	123,876	9,486	25,591	0
Transportation	0	0	0	0
Parks and Recreation	0	0	37,669	0
Capital Outlay	0	0	34,798	0
Total (Expenditures)	(123,876)	(9,486)	(98,058)	0
(Deficiency) Excess of Revenues (Under) Over Expenditures	(38,875)	(4,538)	43,620	137
Other Financing Sources (Uses)				
Transfers in	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(38,875)	(4,538)	43,620	137
Fund Balance, Beginning of Year	(15,871)	16,433	14,623	4,955
Fund Balance, End of Year	\$ (54,746)	\$ 11,895	\$ 58,243	\$ 5,092

Alachua Transit Corridor	Police Explorers	Recovery Act Edward Byrne Grant	Edward Byrne Community Policing	Hazard Mitigation Grants	Public Assistance Grant	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,001
0	0	28,747	125,000	300,947	0	454,694
220	0	0	0	0	0	220
0	0	0	0	0	0	4,764
51	0	0	0	0	170	1,111
6	4,096	0	0	0	0	145,211
277	4,096	28,747	125,000	300,947	170	691,001
0	1,789	0	4,782	4,688	458	170,670
35,450	0	0	0	0	0	35,450
0	0	0	0	0	0	37,669
0	0	28,747	120,218	390,509	0	574,272
(35,450)	(1,789)	(28,747)	(125,000)	(395,197)	(458)	(818,061)
(35,173)	2,307	0	0	(94,250)	(288)	(127,060)
40,000	0	0	0	97,230	0	137,230
40,000	0	0	0	97,230	0	137,230
4,827	2,307	0	0	2,980	(288)	10,170
(137,475)	1,736	0	0	(13,960)	13,789	(115,770)
\$ (132,648)	\$ 4,043	\$ 0	\$ 0	\$ (10,980)	\$ 13,501	\$ (105,600)

**CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
SEPTEMBER 30, 2010**

	<u>Neighborhood Community Center</u>	<u>Municipal Complex</u>	<u>Recreation Center Improvements</u>	<u>San Felasco Conservation Corridor</u>
Assets				
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 25,857
Due from Other Governments	0	0	0	0
Advances to Other Funds	0	0	9,958	0
Total Assets	<u>0</u>	<u>0</u>	<u>9,958</u>	<u>25,857</u>
Liabilities and Fund Balances				
Liabilities				
Advances from Other Funds	195,141	935,324	9,939	0
Total Liabilities	<u>195,141</u>	<u>935,324</u>	<u>9,939</u>	<u>0</u>
Fund Balances				
Reserved for:				
Advances	0	0	9,958	0
Unreserved, Undesignated	(195,141)	(935,324)	(9,939)	25,857
Total Fund Balances	<u>(195,141)</u>	<u>(935,324)</u>	<u>19</u>	<u>25,857</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,958</u>	<u>\$ 25,857</u>

Skatepark/ Spraypool	CDBG - Economic Development Project	Recreation Surtax Fund	World Series Capital Projects	Project Legacy	Total
\$ 0	\$ 2,624	\$ 394,595	\$ 0	\$ 55	\$ 423,131
0	2,618	0	0	0	2,618
0	0	42,503	0	0	52,461
0	5,242	437,098	0	55	478,210
0	3,875	0	0	0	1,144,279
0	3,875	0	0	0	1,144,279
0	0	42,503	0	0	52,461
0	1,367	394,595	0	55	(718,530)
0	1,367	437,098	0	55	(666,069)
\$ 0	\$ 5,242	\$ 437,098	\$ 0	\$ 55	\$ 478,210

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
SEPTEMBER 30, 2010

	<u>Neighborhood Community Center</u>	<u>Municipal Complex</u>	<u>Recreation Center Improvements</u>	<u>San Felasco Conservation Corridor</u>
Revenues				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	112,500
Investment Income	0	0	0	263
Miscellaneous	0	0	0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>112,763</u>
Expenditures				
Current:				
Parks and Recreation	0	0	0	2,743
Capital Outlay	0	0	0	289,993
Total (Expenditures)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(292,736)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>(179,973)</u>
Other Financing Sources (Uses)				
Transfers in	0	0	9,958	182,419
Transfers (out)	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>9,958</u>	<u>182,419</u>
Net Change in Fund Balances	0	0	9,958	2,446
Fund Balance, Beginning of Year	<u>(195,141)</u>	<u>(935,324)</u>	<u>(9,939)</u>	<u>23,411</u>
Fund Balance, End of Year	<u>\$ (195,141)</u>	<u>\$ (935,324)</u>	<u>\$ 19</u>	<u>\$ 25,857</u>

<u>Skatepark/ Spraypool</u>	<u>CDBG - Economic Development Project</u>	<u>Recreation Surtax Fund</u>	<u>World Series Capital Projects</u>	<u>Project Legacy</u>	<u>Total</u>
\$ 0	\$ 0	\$ 441,859	\$ 0	\$ 0	\$ 441,859
0	0	0	25,000	0	137,500
0	33	803	137	0	1,236
0	0	0	3,000	90,055	93,055
0	33	442,662	28,137	90,055	673,650
0	0	0	776	90,000	93,519
0	0	0	231,913	0	521,906
0	0	0	(232,689)	(90,000)	(615,425)
0	33	442,662	(204,552)	55	58,225
1,594	0	0	204,552	0	398,523
0	0	(258,619)	0	0	(258,619)
1,594	0	(258,619)	204,552	0	139,904
1,594	33	184,043	0	55	198,129
(1,594)	1,334	253,055	0	0	(864,198)
<u>\$ 0</u>	<u>\$ 1,367</u>	<u>\$ 437,098</u>	<u>\$ 0</u>	<u>\$ 55</u>	<u>\$ (666,069)</u>

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND - NONMAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Interest	\$ 180	\$ 401	\$ 221
Total Revenues	<u>180</u>	<u>401</u>	<u>221</u>
Expenditures			
Debt Service:			
Principal	195,000	195,000	0
Interest and Fiscal Charges	439,050	439,050	0
(Total Expenditures)	<u>(634,050)</u>	<u>(634,050)</u>	<u>0</u>
(Deficiency) of Revenues (Under)			
Expenditures	<u>(633,870)</u>	<u>(633,649)</u>	<u>221</u>
Other Financing Sources (Uses)			
Transfers in	633,649	633,649	0
Total Other Financing Sources (Uses)	<u>633,649</u>	<u>633,649</u>	<u>0</u>
Net Change in Fund Balance	(221)	0	221
Fund Balance, Beginning of Year	<u>103,600</u>	<u>103,600</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 103,379</u>	<u>\$ 103,600</u>	<u>\$ 221</u>

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - NONMAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Building Operations</u>			<u>Additional Court Costs</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues						
Permits and Fees	\$ 171,838	\$ 85,001	\$ (86,837)	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	5,158	4,764	(394)
Investment Income (Loss)	0	0	0	0	184	184
Miscellaneous	0	0	0	0	0	0
Total Revenues	<u>171,838</u>	<u>85,001</u>	<u>(86,837)</u>	<u>5,158</u>	<u>4,948</u>	<u>(210)</u>
Expenditures						
Current:						
General Government	0	0	0	0	0	0
Public Safety	160,461	123,876	36,585	10,673	9,486	1,187
Transportation	0	0	0	0	0	0
Parks and Recreation	0	0	0	0	0	0
Capital Outlay	4,639	0	4,639	0	0	0
(Total Expenditures)	<u>(165,100)</u>	<u>(123,876)</u>	<u>41,224</u>	<u>(10,673)</u>	<u>(9,486)</u>	<u>1,187</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,738	(38,875)	(45,613)	(5,515)	(4,538)	977
Other Financing Sources (Uses)						
Transfers in	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	6,738	(38,875)	(45,613)	(5,515)	(4,538)	977
Fund Balance, Beginning of Year	<u>(15,871)</u>	<u>(15,871)</u>	<u>0</u>	<u>16,433</u>	<u>16,433</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ (9,133)</u>	<u>\$ (54,746)</u>	<u>\$ (45,613)</u>	<u>\$ 10,918</u>	<u>\$ 11,895</u>	<u>\$ 977</u>

Donations			Tree Bank			Alachua Transit Corridor		
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	76,684	0	(76,684)
0	0	0	0	0	0	0	220	220
0	0	0	0	0	0	0	0	0
0	644	644	0	62	62	0	51	51
118,890	141,034	22,144	0	75	75	0	6	6
118,890	141,678	22,788	0	137	137	76,684	277	(76,407)
2,334	0	2,334	5,000	0	5,000	0	0	0
67,867	25,591	42,276	0	0	0	0	0	0
0	0	0	0	0	0	40,000	35,450	4,550
28,909	37,669	(8,760)	0	0	0	0	0	0
34,819	34,798	21	0	0	0	76,684	0	76,684
(133,929)	(98,058)	35,871	(5,000)	0	5,000	(116,684)	(35,450)	81,234
(15,039)	43,620	58,659	(5,000)	137	5,137	(40,000)	(35,173)	4,827
0	0	0	0	0	0	40,000	40,000	0
0	0	0	0	0	0	40,000	40,000	0
(15,039)	43,620	58,659	(5,000)	137	5,137	0	4,827	4,827
14,623	14,623	0	4,955	4,955	0	(137,475)	(137,475)	0
\$ (416)	\$ 58,243	\$ 58,659	\$ (45)	\$ 5,092	\$ 5,137	\$ (137,475)	\$ (132,648)	\$ 4,827

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, 2010
(Concluded)

	<u>Explorers</u>			<u>Recovery Act Edward Byrne Grant</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues						
Intergovernmental Revenues	\$ 0	\$ 0	\$ 0	\$ 28,747	\$ 28,747	\$ 0
Investment Income (Loss)	0	0	0	0	0	0
Miscellaneous	4,096	4,096	0	0	0	0
Total Revenues	<u>4,096</u>	<u>4,096</u>	<u>0</u>	<u>28,747</u>	<u>28,747</u>	<u>0</u>
Expenditures						
Current:						
Public Safety	6,053	1,789	4,264	0	0	0
Economic Environment	0	0	0	0	0	0
Capital Outlay	0	0	0	28,747	28,747	0
(Total Expenditures)	<u>(6,053)</u>	<u>(1,789)</u>	<u>4,264</u>	<u>(28,747)</u>	<u>(28,747)</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,957)	2,307	4,264	0	0	0
Other Financing Sources (Uses)						
Transfers in	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(1,957)	2,307	4,264	0	0	0
Fund Balance, Beginning of Year	<u>1,736</u>	<u>1,736</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ (221)</u>	<u>\$ 4,043</u>	<u>\$ 4,264</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Edward Byrne Community Policing			Hazard Mitigation Grant			Public Assistance Grant		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
\$ 125,000	\$ 125,000	\$ 0	\$ 346,356	\$ 300,947	\$ (45,409)	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	170	170
0	0	0	0	0	0	0	0	0
<u>125,000</u>	<u>125,000</u>	<u>0</u>	<u>346,356</u>	<u>300,947</u>	<u>(45,409)</u>	<u>0</u>	<u>170</u>	<u>170</u>
4,780	4,782	(2)	9,376	4,688	4,688	0	458	(458)
0	0	0	0	0	0	0	0	0
<u>120,220</u>	<u>120,218</u>	<u>2</u>	<u>561,446</u>	<u>390,509</u>	<u>170,937</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(125,000)</u>	<u>(125,000)</u>	<u>0</u>	<u>(570,822)</u>	<u>(395,197)</u>	<u>175,625</u>	<u>0</u>	<u>(458)</u>	<u>(458)</u>
0	0	0	(224,466)	(94,250)	130,216	0	(288)	(288)
0	0	0	<u>224,466</u>	<u>97,230</u>	<u>(127,236)</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	<u>224,466</u>	<u>97,230</u>	<u>(127,236)</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	2,980	2,980	0	(288)	(288)
0	0	0	<u>(13,960)</u>	<u>(13,960)</u>	<u>0</u>	<u>13,789</u>	<u>13,789</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (13,960)</u>	<u>\$ (10,980)</u>	<u>\$ 2,980</u>	<u>\$ 13,789</u>	<u>\$ 13,501</u>	<u>\$ (288)</u>

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, 2010

	<u>San Felasco Conservation Corridor</u>			<u>CDBG - Economic Development Project</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues						
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	112,500	112,500	0	8,233	0	(8,233)
Investment Income (Loss)	0	263	263	0	33	33
Miscellaneous	0	0	0	0	0	0
Total Revenues	<u>112,500</u>	<u>112,763</u>	<u>263</u>	<u>8,233</u>	<u>33</u>	<u>(8,200)</u>
Expenditures						
Current:						
Economic Environment	0	0	0	8,233	0	8,233
Parks and Recreation	11,000	2,743	8,257	0	0	0
Capital Outlay	389,500	289,993	99,507	0	0	0
(Total Expenditures)	<u>(400,500)</u>	<u>(292,736)</u>	<u>107,764</u>	<u>(8,233)</u>	<u>0</u>	<u>8,233</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(288,000)	(179,973)	108,027	0	33	33
Other Financing Sources (Uses)						
Transfers in	271,836	182,419	(89,417)	0	0	0
Transfers (out)	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>271,836</u>	<u>182,419</u>	<u>(89,417)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(16,164)	2,446	18,610	0	33	33
Fund Balance, Beginning of Year	23,411	23,411	0	1,334	1,334	0
Fund Balance, End of Year	<u>\$ 7,247</u>	<u>\$ 25,857</u>	<u>\$ 18,610</u>	<u>\$ 1,334</u>	<u>\$ 1,367</u>	<u>\$ 33</u>

Recreation Surtax Fund			World Series Capital Projects			Project Legacy		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
\$ 391,703	\$ 441,859	\$ 50,156	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	25,000	25,000	0	0	0	0
58	803	745	0	137	137	0	0	0
0	0	0	50,000	3,000	(47,000)	90,000	90,055	55
391,761	442,662	50,901	75,000	28,137	(46,863)	90,000	90,055	55
0	0	0	0	0	0	0	0	0
0	0	0	776	776	0	90,000	90,000	0
274,715	0	274,715	356,197	231,913	124,284	0	0	0
(274,715)	0	274,715	(356,973)	(232,689)	124,284	(90,000)	(90,000)	0
117,046	442,662	325,616	(281,973)	(204,552)	77,421	0	55	55
0	0	0	281,973	204,552	(77,421)	0	0	0
(354,809)	(258,619)	96,190	0	0	0	0	0	0
(354,809)	(258,619)	96,190	281,973	204,552	(77,421)	0	0	0
(237,763)	184,043	421,806	0	0	0	0	55	55
253,055	253,055	0	0	0	0	0	0	0
\$ 15,292	\$ 437,098	\$ 421,806	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55	\$ 55

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION (UNAUDITED)

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	75
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source which are property taxes.	82
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.	87
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	94
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	96
Sources: <i>Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.</i>	

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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
Restricted	49,901	51,490	175,489	179,312	240,666	109,767	2,298,952	2,642,617
Unrestricted	1,245,857	1,051,216	1,193,543	586,454	104,323	33,531	(1,212,629)	(487,329)
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
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
Restricted	400,808	918,000	946,173	970,861	1,006,659	1,053,894	1,269,753	1,274,753
Unrestricted	6,955,837	6,656,764	6,990,100	7,036,767	3,492,497	1,553,135	(316,896)	12,635
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
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
Restricted	450,709	969,490	1,121,662	1,150,173	1,247,325	1,163,661	3,568,705	3,917,370
Unrestricted	8,201,694	7,707,980	8,183,643	7,623,221	3,596,820	1,586,666	(1,529,525)	(474,694)
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

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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
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
Physical environment	419,834	629,191	1,004,761	558,928	477,038	554,763	643,072	767,582
Transportation	566,466	644,394	772,815	701,492	754,008	840,867	724,671	755,262
Economic environment	--	699,843	82,049	608,385	1,258,609	150,543	150,250	168,590
Parks and recreation	--	494,500	564,972	609,993	746,943	776,645	718,239	868,434
Interest on long-term debt	306,206	246,730	197,744	395,514	474,453	467,028	457,511	448,741
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
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
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
Mosquito control	--	--	24,449	36,914	30,375	44,395	43,684	45,886
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
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
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
Public Safety	136,944	127,422	126,464	305,855	303,235	208,106	175,843	145,175
Physical environment	--	--	540,857	544,330	562,037	577,104	736,898	806,932
Transportation	--	--	--	--	--	70	11,165	11,720
Economic environment	--	--	--	--	--	--	--	--
Parks and recreation	--	--	62,779	29,070	57,014	60,078	70,666	43,050
Operating Grants and contributions	93,772	58,699	1,388,772	722,235	1,434,870	131,360	291,160	342,416
Capital grants and contributions	1,333,925	887,298	231,662	2,876,553	2,309,950	928,576	783,967	1,590,710
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
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
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
Mosquito Control	--	--	41,255	42,959	45,927	49,071	49,655	49,775
Operating grants and contributions	300,000	--	--	--	15,709	--	--	--
Capital grants and contributions	--	--	--	--	1,117,109	--	325,635	11,420,846
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
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
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)
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
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

Schedule 2 (Concluded)

**CITY OF ALACHUA, FLORIDA
CHANGE IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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
Communications services taxes	179,453	214,259	220,943	236,613	250,326	354,990	472,087	428,155
Utility taxes	541,404	543,939	643,971	582,241	638,777	632,621	666,161	959,321
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
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
Unrestricted investment earnings	33,592	27,886	61,391	125,389	149,747	56,825	(13,557)	31,071
Miscellaneous	124,757	51,935	252,132	181,171	77,746	112,202	90,752	72,712
Capital asset transfers	--	--	--	(827,839)	--	(694,401)	--	--
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
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
Business-type activities								
Unrestricted investment earnings	38,605	29,534	89,647	458,045	380,637	132,148	(26,740)	7,931
Miscellaneous	56,092	40,997	163,464	8,213	50,244	78,901	83,957	69,944
Capital asset transfers	--	--	--	827,839	--	694,401	--	--
Transfers	(911,799)	(955,329)	(992,475)	(1,100,595)	(1,765,801)	(2,708,025)	(2,087,990)	(1,431,153)
Total business-type activities	(817,102)	(884,798)	(739,364)	193,502	(1,334,920)	(1,802,575)	(2,030,773)	(1,353,278)
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
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
Business-type activities	1,150,226	340,996	(237,141)	1,198,946	(327,768)	(557,578)	(1,460,877)	12,261,030
Total primary government	\$ 1,363,450	274,322	32,134	3,058,031	1,365,280	(108,841)	(805,635)	14,526,670

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

	Fiscal Year			
	2001	2002	2003	2004
General Fund				
Reserved	\$ 16,675	206,786	2,953	3,451
Unreserved	814,900	742,084	1,206,801	1,210,629
Total General Fund	<u>\$ 831,575</u>	<u>948,870</u>	<u>1,209,754</u>	<u>1,214,080</u>
All Other Governmental Funds				
Reserved	\$ 49,982	123,480	46,948	48,039
Unreserved, reported in:				
Special revenue funds	--	--	40,166	232,448
Debt Service funds	265,046	--	--	--
Capital Projects funds	208,152	(63,385)	(1,110)	(1,110)
Total all other governmental funds	<u>\$ 523,180</u>	<u>60,095</u>	<u>86,004</u>	<u>279,377</u>

Fiscal Year					
2005	2006	2007	2008	2009	2010
6,178	46,537	47,493	562,704	1,451,124	2,446,216
<u>1,337,690</u>	<u>752,199</u>	<u>530,387</u>	<u>90,672</u>	<u>(400,601)</u>	<u>(362,329)</u>
<u>1,343,868</u>	<u>798,736</u>	<u>577,880</u>	<u>653,376</u>	<u>1,050,523</u>	<u>2,083,887</u>
314,306	4,532,175	240,239	317,736	110,241	98,969
212,809	410,974	739,239	746,922	1,034,916	1,162,252
--	--	--	--	103,600	103,379
<u>(139,632)</u>	<u>1,559,883</u>	<u>(967,350)</u>	<u>(1,331,239)</u>	<u>(901,994)</u>	<u>(718,530)</u>
<u>387,483</u>	<u>6,503,032</u>	<u>12,128</u>	<u>(266,581)</u>	<u>346,763</u>	<u>646,070</u>

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

	Fiscal Year				
	2001	2002	2003	2004	2005
Revenues					
Taxes	\$ 2,283,045	2,858,901	2,931,536	3,238,949	3,622,127
Licenses, permits, and fees	148,357	167,446	162,538	195,072	303,955
Fines and forfeitures	72,272	78,897	136,944	127,422	126,064
Intergovernmental revenues	1,089,542	1,202,310	1,956,830	1,578,295	2,038,632
Charges for services	373,166	422,838	563,113	677,855	702,875
Interest	168,524	255,824	33,591	27,886	61,391
Miscellaneous	--	--	124,757	51,935	408,064
Total revenues	<u>4,134,906</u>	<u>4,986,216</u>	<u>5,909,309</u>	<u>5,897,414</u>	<u>7,263,108</u>
Expenditures					
General government	930,457	1,550,743	1,608,858	1,931,534	2,124,477
Public safety	1,688,980	1,966,560	2,014,024	2,080,532	2,993,477
Physical environment	309,317	388,763	422,806	616,769	995,092
Transportation	407,935	374,374	401,292	425,937	494,320
Economic environment	976,422	661,642	1,271,579	696,733	78,459
Parks and recreation	281,332	358,860	323,319	422,163	514,504
Debt service					
Principal	1,144,068	143,899	161,072	170,941	190,455
Interest and fiscal charges	142,539	186,315	323,499	198,548	197,744
Capital outlay	172,942	141,184	112,698	111,887	703,303
Total expenditures	<u>6,053,992</u>	<u>5,772,340</u>	<u>6,639,147</u>	<u>6,655,044</u>	<u>8,291,831</u>
Excess (deficiency) of revenues over (under) expenditures	(1,919,086)	(786,124)	(729,838)	(757,630)	(1,028,723)
Other Financing Sources (uses)					
Proceeds from the sale of capital assets	--	--	--	--	--
Proceeds from borrowing	2,550,000	--	--	--	297,633
Payments to refunding bond escrow agent	--	--	--	--	--
Insurance proceeds	--	--	--	--	--
Transfers in	2,370,972	923,319	1,117,603	1,252,313	1,343,002
Transfers out	(1,494,936)	(378,152)	(205,804)	(296,984)	(350,527)
Total other financing sources (uses)	<u>3,426,036</u>	<u>545,167</u>	<u>911,799</u>	<u>955,329</u>	<u>1,290,108</u>
Net change in fund balances	<u>\$ 1,506,950</u>	<u>(240,957)</u>	<u>181,961</u>	<u>197,699</u>	<u>261,385</u>
Debt service as a percentage of noncapital expenditures	21.9%	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
3,936,747	4,341,099	4,300,903	5,173,394	6,341,335
255,117	271,210	414,749	388,187	388,256
89,005	70,338	64,719	115,367	51,071
4,225,378	3,290,350	1,645,224	1,001,259	1,509,711
722,183	803,424	847,308	902,484	933,276
125,389	149,747	56,825	(13,556)	31,071
251,754	192,354	185,912	112,386	314,097
<u>9,605,573</u>	<u>9,118,522</u>	<u>7,515,640</u>	<u>7,679,521</u>	<u>9,568,817</u>
2,447,896	3,499,993	3,124,553	3,304,566	2,515,519
2,532,882	2,732,214	2,771,926	2,698,133	2,867,877
557,059	478,017	554,710	643,018	748,023
541,820	533,781	603,818	477,657	524,382
607,006	1,257,028	144,962	143,358	162,431
564,733	685,953	672,312	638,051	771,309
369,310	2,195,202	222,409	227,525	234,169
457,336	471,080	461,570	452,212	441,966
<u>6,159,969</u>	<u>6,123,414</u>	<u>1,879,943</u>	<u>249,846</u>	<u>1,446,133</u>
<u>14,238,011</u>	<u>17,976,682</u>	<u>10,436,203</u>	<u>8,834,366</u>	<u>9,711,809</u>
(4,632,438)	(8,858,160)	(2,920,563)	(1,154,845)	(142,992)
--	--	9,325	15,397	38,988
9,786,096	--	--	--	--
(683,836)	--	--	--	--
--	380,599	--	--	--
1,883,777	2,855,631	3,567,534	2,950,565	2,728,129
<u>(783,182)</u>	<u>(1,089,830)</u>	<u>(859,509)</u>	<u>(858,575)</u>	<u>(1,291,454)</u>
<u>10,202,855</u>	<u>2,146,400</u>	<u>2,717,350</u>	<u>2,107,387</u>	<u>1,475,663</u>
<u>5,570,417</u>	<u>(6,711,760)</u>	<u>(203,213)</u>	<u>952,542</u>	<u>1,332,671</u>
10.2%	22.5%	8.0%	7.9%	8.2%

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
2001	190,083,500	34,843,200	16,367,400	25,317,400	41,880,700
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

Source: Alachua County Property Appraiser

Personal and Centrally Assessed Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
37,447,060	113,529,600	232,409,660	5.9000
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

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

Fiscal Year Ended Sept. 30,	Direct		Overlapping						
	City	Alachua BOCC	Alachua BOCC GO Debt	Alachua County Library District	Library Capital Outlay	Library Debt Service	School Board	Suwannee River Water Mgmt. District	St. Johns River Water Mgmt. District
2001	5.9000	8.7500	0.0150	1.4000	0.2751	0.2249	10.8030	0.4914	0.4720
2002	5.7000	8.9887	0.0122	1.5000	0.0000	0.1789	10.4360	0.4914	0.4620
2003	5.7000	8.9887	0.0000	1.5000	0.0000	0.1632	10.4660	0.4914	0.4620
2004	5.7000	8.9887	0.2500	1.5000	0.0000	0.1566	9.8390	0.4914	0.4620
2005	5.7000	8.9887	0.2500	1.5000	0.0000	0.1566	9.2240	0.4914	0.4620
2006	5.7000	8.9887	0.2500	1.4475	0.0000	0.1445	9.0340	0.4914	0.4620
2007	5.5000	8.8887	0.2500	1.4475	0.0000	0.1140	8.5710	0.4914	0.4620
2008	4.6480	7.6468	0.2500	1.2645	0.0000	0.0915	8.3950	0.4399	0.4158
2009	4.6966	7.5708	0.2500	1.2491	0.0000	0.0915	8.3590	0.4399	0.4158
2010	5.5000	8.0495	0.2500	1.2856	0.0000	0.0915	9.4080	0.4399	0.4158

Source: Alachua County Property Appraiser

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

Taxpayer	Fiscal Year 2010			Fiscal Year 2001		
	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	\$ 84,825,830	1	10.58%	--	--
Dolgencorp, Inc.	69,095,010	2	8.62%	--	--	--
Baugh Southeast Cooperative, Inc.	46,782,620	3	5.84%	--	--	--
Regeneration Technologies, Inc.	24,341,390	4	3.04%	3,223,560	4	1.39%
Alachua Development LLC	13,259,200	5	1.65%	--	--	--
Waco of Alabama Inc.	11,414,000	6	1.42%	--	--	--
Hunter Marine Corporation	6,874,270	7	0.86%	--	--	--
MAS Holding Company, Inc.	6,545,800	8	0.82%	--	--	--
Innovation Partners Ltd.	4,262,300	9	0.53%	--	--	--
Maronda Homes Inc.	4,121,500	10	0.51%	--	--	--
Sage Software	--	--	--	--	--	--
Innovation Partners Ltd.	--	--	--	--	--	--
Hipp Construction	--	--	--	1,739,140	10	0.75%
Malboro Industry Park, Inc.	--	--	--	3,626,900	3	1.56%
Sandvik Mining & Construction USA, LLC	--	--	--	3,092,670	5	1.33%
Alltel Florida Inc.	--	--	--	3,880,324	2	1.67%
Citizens & Southern	--	--	--	2,800,600	6	1.21%
Apalachee Development Co.	--	--	--	4,509,600	1	1.94%
Heritage Links Golf Co.	--	--	--	2,066,000	8	0.89%
Oakhill Plaza Associates LP	--	--	--	1,989,300	9	0.86%
Apalachee Development Co.	--	--	--	--	--	--
Curagen Corp.	--	--	--	2,470,660	7	1.06%
	<u>\$ 271,521,920</u>		<u>33.87%</u>	<u>29,398,754</u>		<u>12.66%</u>

Source: Alachua County Property Appraiser

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

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	1,371,217	1,287,943	93.9%	11,611	1,299,553	94.8%
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%

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

Fiscal Year	Governmental Activities				Business-Type Activities			
	General Government Bonds	Sales Tax Revenue Notes	Tax Increment Revenue Note	Financing Loans	Utility Acquisition Bonds	Utility Refunding Bonds	Utility Revenue Bonds	Loans/Capital Leases
2001	3,155,000	340,476	300,000	--	1,125,000	11,345,000	577,000	48,062
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	5,724,755

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
16,890,538	10.39%	2,566
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
23,243,154	7.17%	2,447

Schedule 10
CITY OF ALACHUA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
Capital Improvement and Refunding Revenue Bonds, 2006	\$ 7,710,000	100.00%	7,710,000
Tax Increment Road Improvement Note, 2000	27,399	100.00%	27,399
HUD Section 108 Loan	1,600,000	100.00%	1,600,000
Total direct debt			9,337,399
Overlapping:			
Alachua County Board of County Commissioners Alachua County Forever G.O. Bond Series, 2003	1,515,000	6.38%	96,685
Alachua County Library District, 2001	7,010,000	6.38%	447,366
Alachua County School Board District District Refunding G.O. Bonds: Series 2003, Refunding	9,305,000	6.38%	593,829
Total overlapping debt			1,137,880
Total direct and overlapping debt			\$ 10,475,279

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

Notes:

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

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

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

Fiscal Year	Pledged Revenue	Section 108 Loan Debt Service		Coverage
		Principal	Interest	
2001	--	--	--	0.00
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

Fiscal Year	Pledged Revenue	Series 2006 Capital Improvement Debt Service		Coverage
		Principal	Interest	
2001	--	--	--	0.00
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

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

<u>Fiscal Year</u>	<u>Sales Tax Revenue</u>	<u>Sales Tax Rev Note-1995 Debt Service</u>			<u>Sales Tax Rev Note-1999A Debt Service</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2001	325,550	23,769	18,077	7.78	274,966	15,417	0.98
2002	344,412	21,510	13,417	9.86	--	--	--
2003	360,858	24,826	15,317	8.99	--	--	--
2004	362,176	26,638	13,506	9.02	--	--	--
2005	394,033	28,466	11,677	9.82	--	--	--
2006	455,370	163,604	4,075	2.72	--	--	--
2007	--	--	--	--	--	--	--
2008	--	--	--	--	--	--	--
2009	--	--	--	--	--	--	--
2010	--	--	--	--	--	--	--

<u>Fiscal Year</u>	<u>Sales Tax Rev Note-1999B Debt Service</u>			<u>Sales Tax Rev Note-2000 Debt Service</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2001	798,767	38,197	-0.01	6,567	4,797	-74.24
2002	--	--	--	6,943	3,853	28.67
2003	--	--	--	7,159	4,204	28.22
2004	--	--	--	7,832	3,532	28.34
2005	--	--	--	8,418	2,945	31.14
2006	--	--	--	45,259	417	6.30
2007	--	--	--	--	--	--
2008	--	--	--	--	--	--
2009	--	--	--	--	--	--
2010	--	--	--	--	--	--

Notes:

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

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

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

Fiscal Year	Tax Increment Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	--	--	--	--	0.00
2002	87,017	21,014	21,071	42,084	2.07
2003	174,116	23,799	18,285	42,084	4.14
2004	181,443	25,267	16,818	42,084	4.31
2005	235,645	26,974	15,111	42,084	5.60
2006	329,358	28,697	13,388	42,084	7.83
2007	488,465	34,480	7,642	42,122	11.60
2008	511,952	35,951	6,134	42,085	12.16
2009	621,439	37,525	4,559	42,084	14.77
2010	475,191	39,169	2,915	42,084	11.29

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%.

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

Fiscal Year	Net Utility Revenue Available	Excise Taxes	Revenue Available for Debt Service	Net Debt Service Requirements	
				Total Debt	Coverage
2001	2,429,241	617,240	3,046,481	1,156,039	2.64
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	1,041,440	4.66

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
2001	6,582	219,327	24,704	162,601,728	3.30%
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%

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

Employer	Type of Business	Fiscal Year 2010		
		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	269	5	5.14%
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	114	10	2.18%
	Total City Employment	5,231		

Source: Individual Employers

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 EIGHT FISCAL YEARS

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

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 SEVEN FISCAL YEARS

Function/Program	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Public Safety:							
Arrests	246	272	327	330	356	209	197
Traffic Citations issued	3,265	4,068	3,199	2,815	2,745	1,968	2,594
Planning and Development:							
New local business tax receipts issued	97	117	106	102	93	88	90
Culture and Recreation:							
Participants in Summer Recreation Program	125	150	--	179	160	145	68
Electric Utility:							
Number of residential customers	2,711	2,846	2,927	3,385	3,421	3,478	3,561
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
Number of commercial customers	638	669	662	717	692	733	808
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
Water Utility:							
Number of residential customers	2,530	2,710	2,796	2,934	3,028	3,071	3,082
Gallons sold	209,567,335	213,915,676	267,896,498	183,969,192	201,898,486	195,906,950	232,781,197
Number of commercial customers	403	433	447	472	482	487	481
Gallons sold	162,760,459	149,569,513	165,785,625	209,969,524	275,192,218	208,061,665	187,245,207
Wastewater Utility:							
Number of customers	2,146	2,302	2,377	2,511	2,578	2,633	2,642
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
Solid Waste:							
Number of customers	2,792	2,949	3,031	3,162	3,198	3,238	3,247

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 SEVEN FISCAL YEARS

Function/Program	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Public Safety:							
Police:							
Police Stations	1	1	1	1	1	1	1
Police Sub-Stations	1	1	1	1	1	1	1
Fire:							
Fire Stations	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
Culture and Recreation:							
Parks	5	5	5	6	6	6	6
Tennis Courts	2	2	2	2	2	2	2
Ball Fields	9	9	9	11	11	11	11
Community Centers	3	3	3	3	3	3	3
Skate Park	--	--	--	--	1	1	1
Spray Pool	--	--	--	--	1	1	1
Electric Utility							
Substations	1	1	1	1	1	1	1
Water Utility							
Wells	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

Source: Various City Departments

Note: Information was not available prior to 2004.

**OTHER INDEPENDENT AUDITOR'S REPORTS
AND SCHEDULES**

CITY OF ALACHUA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Federal Awards</u>	<u>CFDA/ CSFA Number</u>	<u>Grant/Contract Number</u>	<u>Expenditures</u>
U. S. Department of Justice			
Direct Program:			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.803	2009-SB-B9-2572	\$ 28,747
Indirect Program:			
Passed Through Florida Department of Law Enforcement:			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.803	2010-ARRC-ALAC-4-W7-136	125,000
Subtotal Expenditures - CFDA No. 16.803			<u>153,747</u>
Passed Through Alachua County Sheriff's Office:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	NA	6,548
Total U. S. Department of Justice			<u>160,295</u>
U.S. Department of Housing and Urban Development			
Indirect Program:			
Passed Through Florida Department of Transportation:			
ARRA - Federal Transit Capital Investment Grant	20.500	42680419301	71,261
Total U.S. Department of Transportation			<u>71,261</u>
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	17,155,963
Total U.S. Department of Environmental Protection			<u>17,155,963</u>
U.S. Department of Homeland Security			
Indirect Programs:			
Passed Through Florida Department of Community Affairs:			
Hazard Mitigation Grant	97.039	10HM-12-03-11-02-003	29,289
Hazard Mitigation Grant	97.039	10HM-12-03-11-02-005	247,478
Hazard Mitigation Grant	97.039	10HM-12-03-11-02-006	24,178
Subtotal Expenditures - CFDA No. 97.039			<u>300,945</u>
Total U. S. Department of Homeland Security			<u>300,945</u>
Total Expenditures of Federal Awards			<u>\$ 17,688,464</u>
State Projects			
Florida Department of Environmental Protection			
Direct Programs:			
Florida Recreation Development Assistance Program	37.017	A08154	\$ 112,500
Total Florida Department of Environmental Protection			<u>112,500</u>
Total State Projects			<u>\$ 112,500</u>

CITY OF ALACHUA, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2010

Note 1 - General

The accompanying schedule of expenditures of federal awards and state financial assistance presents the federal awards and state financial assistance 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 and state financial assistance received directly from federal or state agencies, as well as federal awards or state financial assistance passed through other governmental agencies, are included in these schedules.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards and state financial assistance 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, 2010:

<u>Federal Program Name</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Section 108 Loan Guarantee	14.248	\$ 1,600,000
Capitalization Grants for Clean Water State Revolving Funds	66.458	5,511,855

**CITY OF ALACHUA, FLORIDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FEDERAL PROGRAMS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010**

A. 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. Significant deficiencies in internal control disclosed during the audit of the financial statements are reported in the 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*. These significant deficiencies are not considered material weaknesses.
3. Instances of noncompliance disclosed during the audit of the financial statements are reported in the 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*.
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 audit pursuant to OMB Circular A-133.

B. Findings – Financial Statements

10-1 Reconciliation of General Fixed Assets to General Ledger

Condition—During the audit we noted that the general fixed asset subsidiary records were not properly reconciled to the general ledger, resulting in a significant audit adjustment.

Effect—Auditors are prohibited from acting as a segment of the City’s internal control over financial reporting. If the errors corrected by audit adjustments had not been detected in our audit, which is designed only to provide reasonable assurance the financial statements are fairly presented, the City’s financial statements may have been materially misstated.

Recommendation—We recommend that subsidiary fixed asset records be reconciled to the general ledger to ensure accurate financial reporting.

CITY OF ALACHUA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(Continued)

B. Findings – Financial Statements (Concluded)

10-2 Enterprise Fixed Assets Subsidiary Records Detail

Condition—The fixed asset management system serves as the subsidiary ledger to support general ledger amounts. Accurate and detailed records are necessary in order to properly identify assets which are no longer in use or may be impaired. During the audit we noted that the City’s fixed asset management system does not contain sufficient detail to properly reconcile electric, water, and wastewater utility assets to a physical inventory.

Effect—Insufficient detail in subsidiary records may result in the improper disposal of assets which are still in use or in inaccurate carrying amounts for assets which have been disposed of or impaired.

Recommendation—We recommend that the City review the enterprise fixed asset subsidiary records and related historical records to determine whether assets listed on subsidiary records are still in service.

10-3 Safeguarding of Assets

Condition—During the audit we noted that planning department technicians keep planning and zoning applications along with the applicants’ checks in an unsecured file cabinet until the application process is complete, which takes an average of 5-6 days. Upon completion of the application process, checks are handed to cashiers for deposit.

Effect—Lack of controls over the safeguarding of checks increases the opportunity for the misappropriation of assets.

Recommendation—We recommend the City use a safe rather than an unsecured file cabinet until the application process is complete.

10-4 Payroll Process

Condition—It is the City’s policy that timesheets be prepared by hourly employees and that they be reviewed and approved by the employees’ supervisor or department head. During testing of controls over the payroll process, we noted several hourly employees’ timesheets with no supervisor or department head approval.

Effect—Lack of supervisor approval of timesheets may result in errors or irregularities that might otherwise go undetected.

Recommendation—We recommend that timesheets for all employees be reviewed and approved by the employee’s supervisor or department head.

CITY OF ALACHUA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(Concluded)

B. Findings – Financial Statements (Concluded)

10-5 Restricted Cash Deficit

Condition—The City’s restricted cash deficit decreased from \$1,732,424 as of September 30, 2009 to \$15,771 as of September 30, 2010. Despite the improvement from the previous fiscal year, the City continues to have a restricted cash deficit and no unrestricted cash on hand as of September 30, 2010.

Effect—The City’s use of restricted funds to finance its operations results in a continued violation of certain contracts or agreements.

Recommendation—We recommend the City continue to improve its financial position through the funding of its debt reserve plan and cash reserves. Further, we recommend that the City continue to develop and monitor short-term and long-term financial plans to avoid future depletion of unrestricted cash.

C. 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.

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, 2010. 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 City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2010.

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 in order 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.

Certified Public Accountants

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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

**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. 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 the Mayor and City Commissioners, management, the Florida Auditor General, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Purris, Gray and Company, LLP

March 28, 2011
Gainesville, 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***

Honorable Mayor, City Commissioners and
City Manager
City of 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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 28, 2011. 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 10-1, 10-2, 10-3, and 10-4, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mayor, City Commissioners and
City Manager
City of 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 10-5.

We noted certain matters that we reported to management of the City in a separate letter dated March 28, 2011

The City's response to the findings identified in our audit is described in the accompanying management response on pages 111-113. We did not audit the City's response, and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor and City Commissioners, management, the Florida Auditor General, and federal and state 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 28, 2011
Gainesville, Florida

MANAGEMENT LETTER

Honorable Mayor, City Commissioners and
City Manager
City of 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, 2010, and have issued our report thereon dated March 28, 2011.

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 28, 2011, 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 all significant findings and recommendations made in the preceding annual financial audit report, except for item 10-5, reported as Unrestricted Cash Deficit in the preceding annual financial audit report, as described in the accompanying schedule of findings and questioned costs.
- 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 have the following recommendations:

- **Fixed Asset Capitalization Policy**

Condition—The City currently does not have a written policy in place to officially address capitalization of fixed asset acquisitions and depreciation methods based on the useful lives of the assets.

Effect—Lack of written procedures may result in errors in accounting for capital purchases, included capital leases, and depreciation expense.

Recommendation—We recommend the City establish a written fixed asset capitalization policy.

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MANAGEMENT LETTER
(Continued)

- 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 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.
- Section 10.554(1)(i)5, *Rules of the Auditor General*, provides that the auditor may, based upon 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 considered the following deficiency in internal control to have an inconsequential effect on financial statements:
 - **Budget Compliance**
Condition—The City’s fiscal policies require the General Fund expenditures to be in compliance with the budget at the department level and all other funds at the fund level. The information technology and solid waste departments of the general fund were over expended by \$886 and \$18,640, respectively.

Effect—Over expenditure of the budget results in violations of laws and regulations.

Recommendation—We recommend that the City continue to monitor actual expenditures and recommend budget amendments or adjustments as needed to ensure compliance with fiscal policies, laws, and regulations.
- 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 as a result of a deteriorating financial condition, the City has met the condition described in Section 218.503(1)(e) of the Florida Statutes as follows:
 - After the elimination of interfund loans, the City reported deficit unreserved fund balance of \$221,581 in governmental funds and deficit unrestricted net assets of \$57,967 in proprietary funds. The City does not have sufficient resources available to cover the total deficit. According to Section 218.503(1)(e), resources available to cover reported deficits include net assets that are not otherwise restricted by federal, state, or local laws, bond covenants, contractual agreements, or other legal constraints.
- 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, 2010, 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, 2010. In connection with our audit, we determined that these two reports were in agreement.

Honorable Mayor, City Commissioners and
City Manager
City of Alachua, Florida

MANAGEMENT LETTER
(Concluded)

- 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.

- **Financial Condition Assessment**

Condition—Despite significant improvement in the City's financial position in the current year, the City continues to have a restricted cash deficit and no unrestricted cash on hand as of September 30, 2010. The Water and Wastewater funds have reported losses in each of the last five years, including a combined \$657,598 loss before transfers during the year ended September 30, 2010. Proprietary funds show an unrestricted net assets deficit of \$351,367, while the General Fund shows an unreserved fund balance deficit of \$362,329.

Effect—Due to the lack of unrestricted fund balance and net assets, the City has used restricted resources resulting in certain violations of contracts or agreements. The continued use of restricted resources could potentially lead to further action taken by creditors or others, and leave the City with insufficient funds to operate.

Recommendation— We recognize the City has begun taking certain measures to improve its financial position, including budgeting a \$200,000 contribution to fund balance in fiscal years 2010 and 2011, and increasing Water and Wastewater rates. We recommend the City continue to develop and monitor short-term and long-term financial plans to strengthen the City's financial condition, including the implementation of sufficient cost reductions and revenue enhancements to replenish fund balance and net assets and rebuild the restricted and operating cash reserves. We also recommend that City finance personnel continue to provide interim financial information to the Commission which includes key summary financial information for monitoring the City's overall financial condition.

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.

Purris, Gray and Company, LLP

March 28, 2011
Gainesville, Florida



City of Alachua

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

OFFICE OF THE CITY MANAGER
TRACI L. CAIN

March 28, 2011

The Honorable David W. Martin
State of Florida Auditor General
Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

RE: Management Letter Responses for 9/30/10 Audit

Dear Mr. Martin:

After reviewing the Independent Auditor's Management Letter, the City Commission and Staff have implemented the following recommendations in response to the Independent Auditor's comments.

If any further assistance is needed please contact me at (386) 418-6100 between the hours of 7:30 AM until 6:00 PM Monday - Thursday.

Sincerely,

Traci L. Cain
City Manager

The City of Alachua has taken action to implement the prior and current recommendations as follows:

Prior Year Findings and Recommendations

Restricted Cash Deficit:

Status: The City was able to reduce its deficit from \$1.7 million to \$15K as of September 30, 2010. The City Commission implemented increased property tax and utility (electric, water, and wastewater) rates during the current year which over time will decrease the unrestricted cash deficit. Also, measures were taken in the current year's budget to contribute to fund balance and decrease expenses. The Administration will continue to look at ways to decrease expenditures in the current year as well as in the upcoming budget year. The City still has its vacant parcels up for sale. Proceeds from the sales will also be used to decrease the deficit and build cash reserves. This issue should be resolved for the fiscal year ended 2011.

Financial Condition Assessment:

Status: The City Commission has implemented increased property tax and utility (electric, water, and wastewater) rates during the current year which over time will decrease the unreserved fund balance deficit. Also, measures were taken in the current year's budget to continue to contribute to fund balance and decrease expenses. The Administration continues to look at ways to decrease expenditures in the current year as well as in the upcoming budget year. The City still has its vacant parcels up for sale. Proceeds from the sales will also be used to decrease the deficit and build reserves.

Current Year Findings and Recommendations

Reconciliation of General Fixed Assets to General Ledger:

Status: The Finance Department does reconcile its subsidiary fixed asset records to the general ledger. There was an error within our Roll-Forward spreadsheet deletions column causing an incorrect journal entry to be entered at year end. The fixed asset totals on the Roll-Forward spreadsheet were in line with the general ledger at the end of the fiscal year. To prevent this occurrence from happening in the future, the Roll-Forward spreadsheet will be reviewed by either the Finance Director or Assistant Finance Director prior to the year-end entry to ensure that the spreadsheet is functioning properly.

Enterprise Fixed Assets Subsidiary Records Detail:

Status: During the City's conversion process to its current financial system, some Enterprise fixed asset information transferred over with very little detail. The Administration will review historical records (bond documents, invoices, etc.) associated with the City's Utility System to gain more accurate detailed information needed to determine if the assets listed on the subsidiary records are still in service.

Safeguarding of Assets:

Status: Upon receipt of an applicant's check, Planning Department staff will immediately forward the check to the cashiers for deposit into the City's bank account. This will significantly decrease the opportunity for the misappropriation of assets.

Payroll Process:

Status: The Administration's current procedure does require that a supervisor or department head review and approve hourly employees' timesheets. Continued emphasis on this requirement will be stressed to the supervisors and department heads. Also, an electronic timekeeping system where hourly employees log in to clock in and out and submit leave and overtime requests is in its initial implementation phase. Under this new system, supervisors and or department heads will then approve time cards electronically.

Fixed Asset Capitalization Policy:

Status: The Administration currently follows its unwritten internal procedures and policies for the capitalization of fixed assets. A formal written policy will be adopted as part of the City's Fiscal Policies.

Budget Compliance:

Status: Overall, the expenditures in the General Fund did not exceed the amended General Fund budget. However, there were two departments that did exceed their budgets for the year due to unanticipated circumstances during the fiscal year. In order to prevent this from occurring in the future, the Administration will perform its current mid-year budget adjustment no later than 60 days after the acceptance of the prior year audit. The end of year budget adjustment will occur within 30 days of the close of the fiscal year.