CITY OF ALACHUA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

Prepared by
Department of Finance

CITY OF ALACHUA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

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INTRODUCTORY SECTION

CITY OF ALACHUA, FLORIDA

PRINCIPAL OFFICIALS

September 30, 2009

Mayor

Bonnie Burgess

Vice Mayor

Gib Coerper

City Commissioners

Jean Calderwood
Orien Hills
Gary Hardacre

City Manager

Clovis Watson, Jr., MBA

City Attorney

Marian Rush

Assistant City Managers

Danielle J. Judd
Traci Cain

Department Directors

Administrative Services Director	Frank Sodek, III
Deputy City Clerk	Alan Henderson
Finance Director	Marcian K. Brown
Grants and Contracts Director	Danielle J. Judd
Human Resources Director	Grafton Wilson
Information Technology Director	Jeffrey Morgan, Jr.
Police Chief	Joel DeCoursey, Jr.
Planning and Community Development Director	Kathy Winburn
Public Services Director	Mike New
Recreation and Parks Director	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

June 14, 2010

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, 2009, 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, 2009, 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, 2009, were presented fairly in conformity with GAAP.

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

PROFILE OF THE GOVERNMENT

The City of Alachua is geographically located in North Central Florida. The City's boundaries encompass 46 square miles. Alachua was established in 1884 on a railroad line, after the railroad had bypassed nearby Newnansville, Florida. Alachua got a post office in 1887, and was officially incorporated on April 12, 1905, at which time it had a population of 526 people. According to the United States Census Bureau, the City's population was approximately 9,306 as of September 30, 2009. 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 2008-2009 five year Capital Improvement Plan, covering the period from October 1, 2008 through September 30, 2013, has earmarked funding estimated at $56.9 million for 129 projects throughout the City. Wastewater system projects account for the largest portion of the total Capital Improvement Plan funding at $29.8 million or 52%. Parks and Recreation projects are the second largest, accounting for $7.4 million, or 13%, and electric system projects are the third largest accounting for $5.9 million, or 11%, of the Capital Improvement Plan.

City loans represent the largest share of funding for the Capital Improvement Plan, accounting for 57% of the value. Capital project revenues (capital facility charges, utility charges, etc.) account for 8% of the funding, and the remaining 35% of the funding is from Federal, State, Local, and other private donations.

MAJOR INITIATIVES

ECONOMIC ENVIRONMENT

The City purchased the Downtown Main Street Theatre Park. The park was then named and dedicated to Mr. Alan Hitchcock. This facility can be used as a picnic facility for patrons of the downtown eateries, or as a space to host special events. Funding for the purchase came from Tax Increment funds ($54K) from the City's Community Redevelopment Agency (CRA).

TRANSPORTATION

The City continued to operate its own transit system (AlachuaWay CATS). The service provided a reliable, affordable and safe way to get between Alachua and Gainesville for job opportunities or medical treatment at the Veteran's Administration and Shands hospitals. The City spent $13,453 to operate the system in fiscal year 2009. On November 3, 2008, the service ended. Future transportation services may be considered during fiscal year 2010 by the City Commission.

PUBLIC SAFETY HAZARD MITIGATION

The first phase (design and engineering) for drainage improvements for the Lincoln Gardens neighborhood, the Wastewater Treatment Plant roadway and the Mulberry Landing parking lot was completed in 2009. The improvements will help alleviate severe drainage problems in these areas. The projects are funded through the Department of Community Affairs Hazard Mitigation Grant program. The construction phase will begin and be completed during fiscal year 2010.

PARKS AND RECREATION

The first phase (planning and engineering) of the San Felasco Conservation Corridor improvements began in 2009. Some of the planned recreational facilities and improvements will consist of a boardwalk, multi-use trail, and restroom/concession facilities. The improvements will be funded through a Florida Recreation Development Assistance Program (FRDAP) grant and Recreation Sales Surtax collections. Construction of the facilities and improvements will begin in fiscal year 2010 and continue through fiscal years 2011 and 2012.

UTILITIES

The first phase (planning and engineering) of the wastewater treatment plant expansion was completed in 2009. The total project will cost approximately $22 million. The construction will be funded through 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. Construction will begin in fiscal year 2010 and 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 Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2008. This was the second year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must also satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Traci L. Cain
City Manager

Marcian K. Brown, MBA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alachua Florida

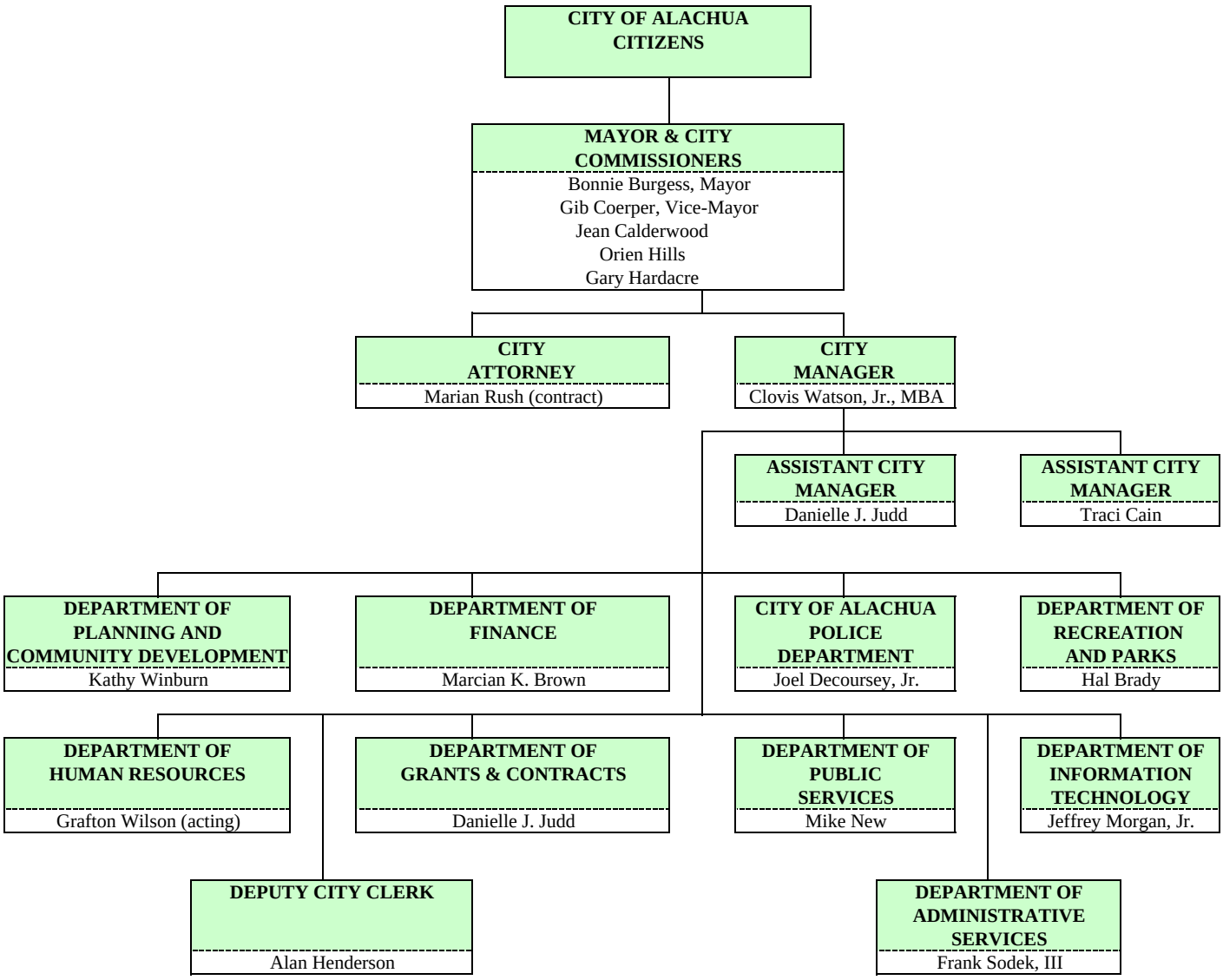
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

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

President

Executive Director

CITY OF ALACHUA GOVERNMENT



FINANCIAL SECTION

Purvis Gray & Company

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, 2009, 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, 2009, 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 Notes 5 and 8 to the financial statements, the City did not have sufficient unrestricted cash to finance its operations in the current fiscal year. As a result, funds legally restricted for other purposes were expended to finance ongoing City operations. It is estimated that $1,732,424 of restricted funds have been expended for other purposes. The City's use of restricted assets to finance its operations has resulted in underfunding of required reserves and violation of bond covenants.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2010, 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
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

The management's discussion and analysis, major fund budgetary comparison information, and other postemployment benefits information, as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, listed in the table contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis and is also not a required part of the basic 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are 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 express no opinion on them.

Purvis, Gray and Company, LLP

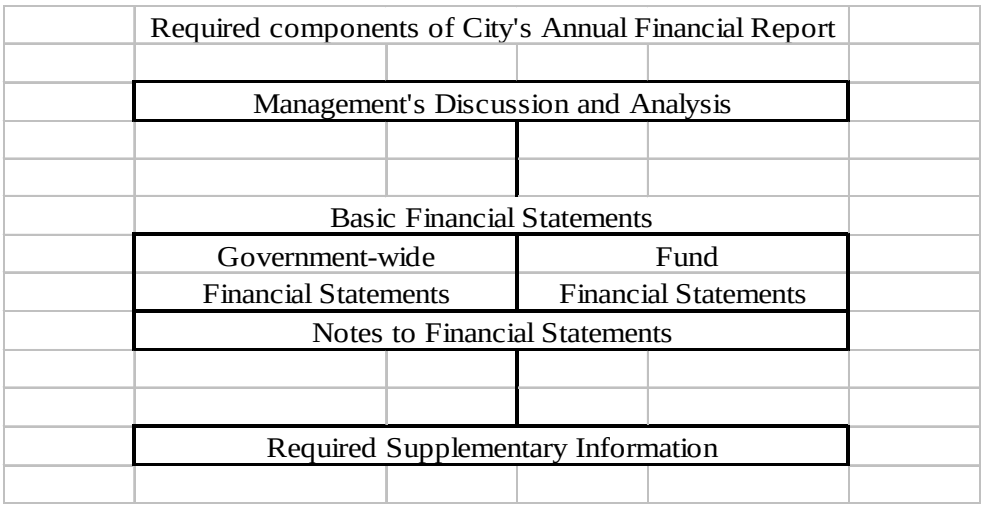
June 9, 2010
Gainesville, Florida

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

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the City's financial statements (beginning on page 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:



Government-wide Statements

- The City of Alachua's assets exceeded its liabilities at September 30, 2009 by $22.9 million. Unrestricted net assets were at negative $1.5 million. Proceeds from either the sale or leasing of unused city parcels and a review of the City's business activities fee schedules will help reduce this negative amount.
- The City's total net assets increased by $4,363,532 due to a prior period adjustment for land pertaining to right-of-ways.
- The City of Alachua's total long-term debt (due in more than one year) decreased by $561,542 during the current fiscal year.
- Total net assets ($22.9 million) are comprised of the following:
    1. $20.9 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. $3.5 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. $-1.5 million of unrestricted net assets.

Fund Statements

- At September 30, 2009, the City's governmental funds reported combined ending fund balances of $1.3 million, an increase of $1 million, in comparison with the prior fiscal year.

- Governmental fund revenues were $7,679,521 or $163 thousand more than the previous fiscal year. Higher collections in Taxes and Charges for Services 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 administration, police, parks and recreation, fire, transportation (streets and roads), physical environment (solid waste), and planning and development. The business-type activities of the City include physical environment (electric, water, and wastewater utilities).

The government-wide financial statements include not only the City itself (known as the primary government), but also one component unit. The City of Alachua Public Finance Authority for Affordable Housing, a legally separate entity created by the City Commission, has had no financial

transactions since its creation; therefore no amounts related to its operations are reported in the accompanying financial statements. The Community Redevelopment Agency, which is not a legally separate entity, was created by the City Commission and has been reported in the basic financial statements as a major governmental fund (pages 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.

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 nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Community Redevelopment Agency which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for non-major governmental funds is provided in the form of *combining statements* in the supplementary information section of this report.

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

The basic governmental fund statements can be found on pages 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.

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 56 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 61 through 77 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 $22.9 million at the close of the fiscal year ended September 30, 2009**.**

A portion of the City's net assets, $3,568,705, represents resources that are subject to external restriction on how they may be used.

The largest portion of the City's net assets ($20,929,708 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
Statement of Net Assets
As of September 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Total		Total % Change
	2009	2008	2009	2008	2009	2008	2008-2009
Current and other assets	$ 2,204,424	1,421,048	6,916,584	9,637,451	9,121,008	11,058,499	-17.5%
Capital Assets	21,264,056	17,758,359	18,568,614	17,228,674	39,832,670	34,987,033	13.8%
Total Assets	23,468,480	19,179,407	25,485,198	26,866,125	48,953,678	46,045,532	6.3%
Long-term liabilities outstanding	9,726,615	10,031,309	11,358,144	9,848,600	21,084,759	19,879,909	6.1%
Other liabilities	927,805	1,008,980	3,972,226	6,551,287	4,900,031	7,560,267	-35.2%
Total Liabilities	10,654,420	11,040,289	15,330,370	16,399,887	25,984,790	27,440,176	-5.3%
Net Assets							
Invested in capital assets, net of related debt	11,727,737	7,995,820	9,201,971	7,859,209	20,929,708	15,855,029	32.0%
Restricted	2,298,952	109,767	1,269,753	1,053,894	3,568,705	1,163,661	206.7%
Unrestricted	(1,212,629)	33,531	(316,896)	1,553,135	(1,529,525)	1,586,666	-196.4%
Total Net Assets	12,814,060	8,139,118	10,154,828	10,466,238	22,968,888	18,605,356	23.5%

Normal Impacts

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

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

City of Alachua
Changes in Net Assets
For the Years Ended September 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Totals		Totals % change
	2009	2008	2009	2008	2009	2008	2008-2009
Revenues:							
Program Revenues:							
Charges for Services	$ 1,357,273	1,055,214	15,034,209	16,865,529	16,391,482	17,920,743	-8.53%
Operating Grants and Contributions	291,160	131,360	-	-	291,160	131,360	121.65%
Capital grants and Contributions	783,967	928,576	325,635	-	1,109,602	928,576	19.50%
General Revenues:							
Property Tax	3,464,378	3,071,384	-	-	3,464,378	3,071,384	12.80%
Other Tax	518,137	596,898	-	-	518,137	596,898	-13.20%
Franchise Tax	-	271,562	-	-	-	271,562	-100.00%
Utility Tax	666,161	632,621	-	-	666,161	632,621	5.30%
Intergovernmental	521,249	658,998	-	-	521,249	658,998	-20.90%
Other	77,196	169,027	57,217	211,049	134,413	380,076	-64.64%
Total Revenues	7,679,521	7,515,640	15,417,061	17,076,578	23,096,582	24,592,218	-6.08%
Expenses:							
General Government	3,565,490	3,373,717	-	-	3,565,490	3,373,717	5.68%
Public Safety	2,853,035	2,916,964	-	-	2,853,035	2,916,964	-2.19%
Parks and Recreation	718,239	776,645	-	-	718,239	776,645	-7.52%
Transportation	724,671	840,867	-	-	724,671	840,867	-13.82%
Physical Environment	643,072	554,763	-	-	643,072	554,763	15.92%
Economic Environment	150,250	150,543	-	-	150,250	150,543	-0.19%
Electric	-	-	11,805,050	12,611,445	11,805,050	12,611,445	-6.39%
Water and Sewer			2,941,214	2,964,692	2,941,214	2,964,692	-0.79%
Mosquito Control			43,684	44,395	43,684	44,395	-1.60%
Interest on long-term debt	457,511	467,028	-	-	457,511	467,028	-2.04%
Total Expenses	9,112,268	9,080,527	14,789,948	15,620,532	23,902,216	24,701,059	-3.23%
Increase (decrease) in net assets before transfers	(1,432,747)	(1,564,887)	627,113	1,456,046	(805,634)	(108,841)	640.19%
Capital asset transfers	-	(694,401)	-	694,401	-	-	0.00%
Transfers	2,087,990	2,708,025	(2,087,990)	(2,708,025)	-	-	0.00%
Increase (decrease) in net assets	655,243	448,737	(1,460,877)	(557,578)	(805,634)	(108,841)	640.19%
Net assets - beginning (restated)	12,158,817	7,690,381	11,615,705	11,023,816	23,774,522	18,714,197	27.04%
Net assets - ending	$ 12,814,060	8,139,118	10,154,828	10,466,238	22,968,888	18,605,356	23.45%

Governmental Activities

The City's total net assets increased $4,363,532 over the previous year with an increase of $4,674,942 resulting from governmental activities and a decrease of $(311,410) resulting from business-type activities. The increase in governmental activities was mainly due to a prior period adjustment for land pertaining to right-of-ways.

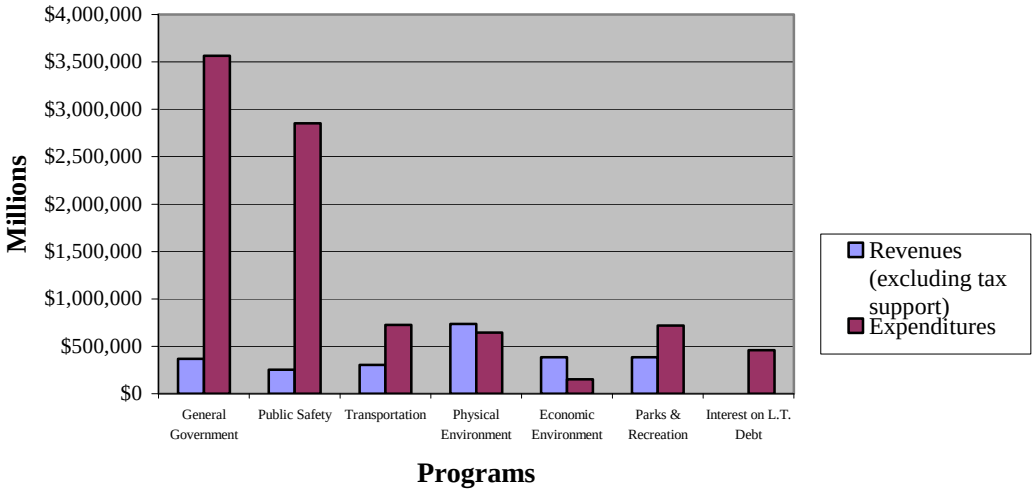
Major changes in revenues were caused by the following:

- For fiscal year ending September 30, 2009, charges for services increased $302,059 due to the reclassification of Franchise Taxes from General Revenues. Capital grants and contributions decreased $144,609, mainly due to the completion of recreation projects completed in 2008.

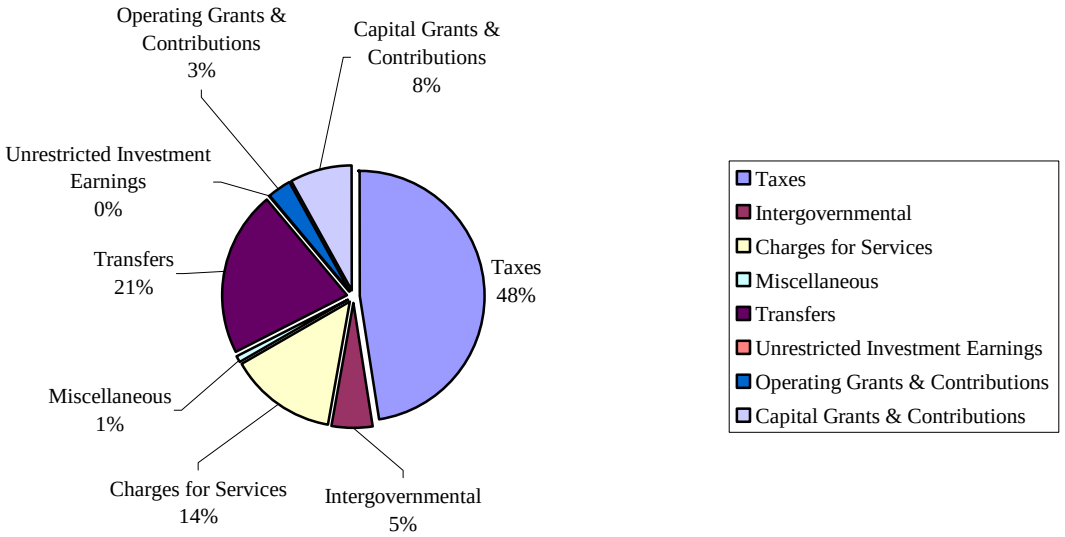
Major changes in expenses were caused by the following:

- Expenses for governmental activities increased due to increases in General Government expenses related to the severance payout for the former City Manager and increases in Physical Environment expenses related to higher solid waste contract rates.

Expenses and Program Revenues - Governmental Activities



Revenue by Source - Governmental Activities



Business-type Activities

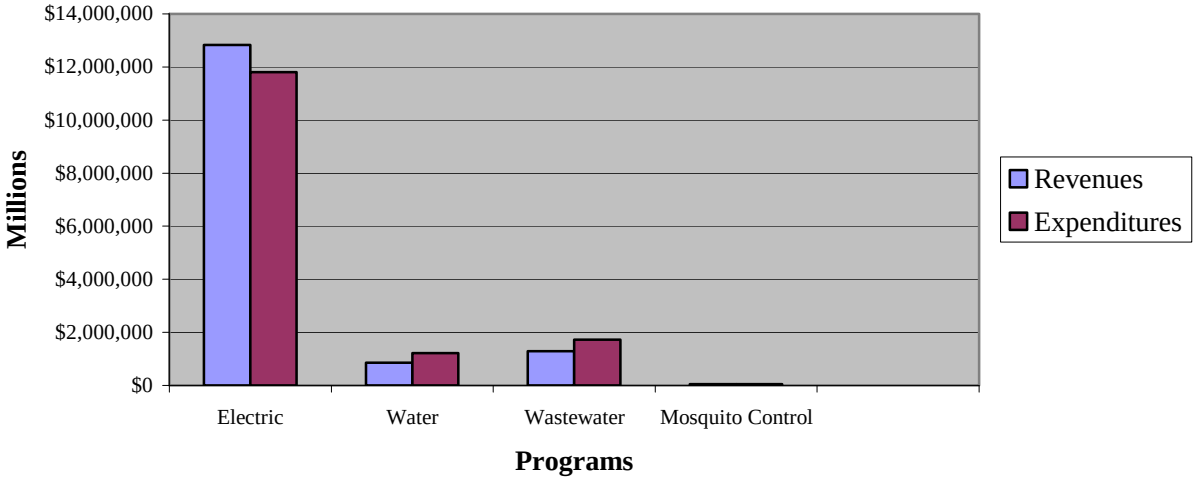
Net assets for business-type activities decreased $311,410. Business-type revenues decreased $1,659,517 due to less charges for services. Business-type expenses decreased $830,584 largely due to decreases in purchased power.

- 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.

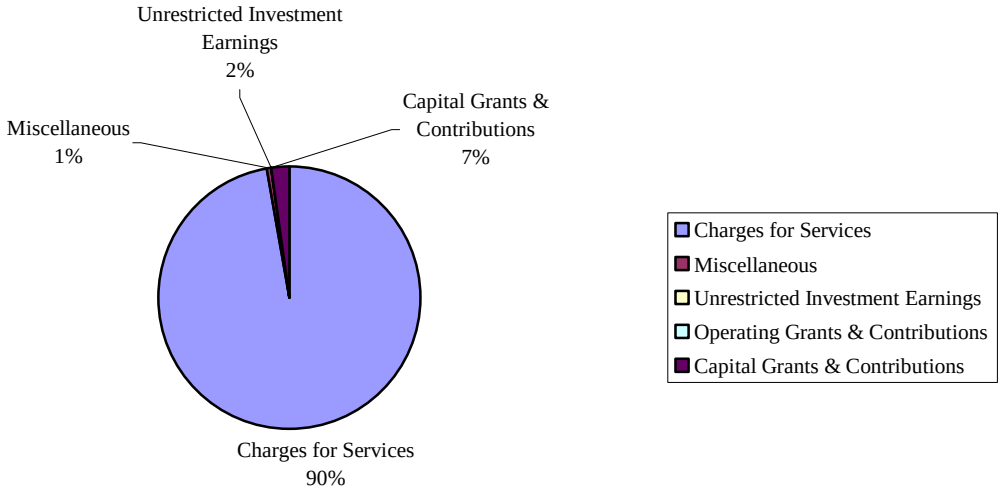
- The Water Utility obtains its water supply from the upper portion of the Florida Aquifer. Three wells with depths of approximately 365 feet withdraw water from the Ocala limestone and discharge it into the City's distribution system. The quality of the City's water supply is such that chlorination 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.

Expenses and Program Revenues - Business-Type Activities



Revenue by Source - Business-Type Activities



Fund Financial Analysis

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

Governmental Funds

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

	9/30/2009	9/30/2008	Total % Change
Total fund balance	$ 1,397,286	386,795	261.25%
Less reserved fund balance:			
Encumbrances	74,151	287,297	-74.19%
Debt Service	28,056	104,019	-73.03%
Other Purposes	1,428,926	489,124	192.14%
Unreserved fund balance	$ (133,847)	(493,645)	72.89%

As of the end of fiscal year 2009, the City's governmental funds reported combined ending fund balances of $1,397,286, an increase of $1,010,491 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 $304,012 from 2008. This was due to an increase in Tax Increment Finance funds provided from the City and Alachua County due to increased 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 $397,147. The total fund balance was $1,050,523 of which $(370,369) was unreserved. The cash balance at the end of the year was $65,969. 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 -5.4% of the total General Fund operating revenue, while total fund balance also represents 15.3% 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**.**

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, 2009, were $27.9 million, total liabilities were $18.1 million and net assets were $9.8 million.

General Fund Budgetary Highlights with Variances

The difference between the General Funds' original budget balances and final amended budget balances was an increase of $227,215 and was caused by the amendments listed below:

Revenues:

- $10,150: Increase from charges for services.
- $217,065: Increase from taxes, charges for services, and various miscellaneous revenue sources.

Expenditures:

- $10,150: Increase in Recreation to cover expenses related to the Summer Recreation program.
- $46,977: Increase in City Manager's Office, Human Resources, and City Attorney to cover expenses related to professional services.
- $25,625: Increase in Solid Waste division and Fire Rescue to cover expenses related to contractual services.
- $25,000: Increase in Information Technology to cover expenses related to communication services.
- $20,000: Increase in Recreation to cover expenses related to building and grounds repairs.
- $99,463: Increase in Special Expense to cover expenses related to unemployment compensation, settlement payments, and promotional activities.

General Fund Actual Results Highlights with Variances

At September 30, 2009, the City's General Fund experienced a negative variance between its final operating revenue budget and actual operating revenue in the amount of $226,986. This was mainly due to less intergovernmental revenue, charges for services, fine and forfeitures, and interest collected in the fiscal year ending September 30, 2009.

The City's General Fund experienced a positive variance between its final operating expenditure budget and actual operating expenditures in the amount of $606,225. This was due to unspent equipment funds and several vacancies carried throughout the fiscal year in the General Government 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, 2009 totaled $39.8 million (net of accumulated depreciation), and includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress.

City of Alachua
Capital Assets
(in thousands)

	Governmental Activities		Business-type Activities		Total		Total % Change
	2009	2008	2009	2008	2009	2008	2008-2009
Land	$ 6,139	917	256	256	6,395	1,173	445.2%
Buildings	8,467	8,558	7,358	7,358	15,825	15,916	-0.6%
Improvements other than buildings	1,243	1,021	2,676	2,560	3,919	3,581	9.4%
Infrastructure	8,877	8,999	16,474	16,373	25,351	25,372	-0.1%
Furniture, fixtures, and equipment	2,154	2,205	2,055	1,768	4,209	3,973	5.9%
Construction in progress	293	1,531	2,515	870	2,808	2,401	17.0%
Less: accumulated depreciation	(5,908)	(5,473)	(12,765)	(11,956)	(18,673)	(17,429)	7.1%
Total Assets	21,265	17,758	18,569	17,229	39,834	34,987	13.9%

Major capital asset events during the current fiscal year for governmental activities include the purchase of the Downtown Main Street Theatre Park, the repavement of NW 146 Avenue, and the engineering and design related to the NW 150 Avenue road reconstruction project. Also, there was a prior period adjustment increasing the value of land associated with the City's right-of-ways. Major capital asset events for the business-type activities included the purchase of two electric trucks (bucket and digger derrick), replacement of a water well pump, and engineering and design services related to the new wastewater treatment facility.

Additional information on the City's capital assets can be found in Note 7 starting on page 42 of this report.

Long Term Debt

At the end of fiscal year 2009, the City had total long-term debt outstanding of $18.9 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

	2009	2008	Total % Change
Revenue Bonds	$ 15,993,384	16,674,955	-4.09%
Revenue Notes	66,568	104,093	-36.05%
Loans	2,843,010	2,685,456	5.87%
TOTAL	$ 18,902,962	19,464,504	-2.88%

The City's outstanding debt decreased $561,000 during fiscal year 2009. Debt activity included a $340,000 increase in State Revolving Fund Loan and Capital City Bank Promissory Note proceeds and normal debt payments of $959,000.

Additional information on the City's debt can be found in Note 8 starting on page 43 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Gainesville MSA at September 30, 2009, was 7.2%, which includes the City of Alachua. This is a 60% increase from the previous fiscal year's rate of 4.5%.
- The final certified citywide taxable value of property increased to $766 million, representing a growth of 12%.
- The population increased approximately 2% from the prior year to an estimate of 9,306 at September 30, 2009.
- During the current fiscal year, ad valorem taxes increased by $392,994 to $3,464,378. The ad valorem tax rate was at 4.6966 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 SECTION

CITY OF ALACHUA, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
Assets			
Current Assets:			
Receivables, Net of Allowance	$ 170,079	$ 2,226,652	$ 2,396,731
Due from Other Governments	81,979	325,635	407,614
Inventories	0	521,594	521,594
Prepaid Items	1,723	7,489	9,212
Restricted Cash and Cash Equivalents	815,387	1,185,464	2,000,851
Total Current Assets	1,069,168	4,266,834	5,336,002
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	1,309,626	1,622,286	2,931,912
Investments	0	537,474	537,474
Capital Assets Not Being Depreciated:			
Land	6,138,603	255,940	6,394,543
Construction in Progress	292,964	2,514,716	2,807,680
Capital Assets, Net of Accumulated Depreciation:			
Buildings	7,767,401	2,195,474	9,962,875
Improvements Other than Buildings	1,029,725	1,220,985	2,250,710
Infrastructure	5,086,826	11,289,819	16,376,645
Machinery and Equipment	948,537	1,091,680	2,040,217
Internal Balances	(381,995)	381,995	0
Unamortized Debt Issue Costs	207,625	107,995	315,620
Total Noncurrent Assets	22,399,312	21,218,364	43,617,676
Total Assets	23,468,480	25,485,198	48,953,678

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009
(Concluded)

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
Liabilities			
Current Liabilities:			
Accounts Payable	$ 260,051	$ 1,212,636	$ 1,472,687
Accrued Expenses	127,704	77,574	205,278
Due to Other Governments	2,534	67,341	69,875
Accrued Interest Payable	0	10,718	10,718
Unearned Revenue	209,224	0	209,224
Internal Balances	0		0
Rate Stabilization Deferred Credit	0	1,133,493	1,133,493
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	186,346	184,657	371,003
Customer Deposit	0	945,807	945,807
Current Portion of Long-term Debt	141,946	340,000	481,946
Total Current Liabilities	927,805	3,972,226	4,900,031
Noncurrent Liabilities:			
Due Within One Year	318,998	443,950	762,948
Due in More Than One Year	9,395,212	8,748,320	18,143,532
Other Postemployment Benefits Liability	12,405	6,114	18,519
Noncurrent Liabilities Payable from Restricted Assets:			
Deferred Revenue	0	1,622,286	1,622,286
Deferred Credit - CR-3 Decommissioning Costs	0	537,474	537,474
Total Noncurrent Liabilities	9,726,615	11,358,144	21,084,759
Total Liabilities	10,654,420	15,330,370	25,984,790
Net Assets			
Invested in Capital Assets, Net of Related Debt	11,727,737	9,201,971	20,929,708
Restricted for:			
Debt Service	708,848	1,269,753	1,978,601
Capital Projects	277,800	0	277,800
Community Development	1,195,075	0	1,195,075
Other Purposes	117,229	0	117,229
Unrestricted	(1,212,629)	(316,896)	(1,529,525)
Total Net Assets	$ 12,814,060	$ 10,154,828	$ 22,968,888

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		
Function/Program	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental Activities							
General Government	$ 3,565,490	$ 362,701	$ 4,460	$ 0	$ (3,198,329)	$ 0	$ (3,198,329)
Public Safety	2,853,035	175,843	71,127	6,554	(2,599,511)	0	(2,599,511)
Physical Environment	643,072	736,898	0	0	93,826	0	93,826
Transportation	724,671	11,165	193,586	100,332	(419,588)	0	(419,588)
Economic Environment	150,250	0	0	386,138	235,888	0	235,888
Parks and Recreation	718,239	70,666	21,987	290,943	(334,643)	0	(334,643)
Interest on Long-term Debt	457,511	0	0	0	(457,511)	0	(457,511)
Total Governmental Activities	9,112,268	1,357,273	291,160	783,967	(6,679,868)	0	(6,679,868)
Business-type Activities							
Electric	11,805,050	12,835,626	0	0	0	1,030,576	1,030,576
Water	1,221,727	854,811	0	0	0	(366,916)	(366,916)
Wastewater	1,719,487	1,294,117	0	325,635	0	(99,735)	(99,735)
Mosquito Control	43,684	49,655	0	0	0	5,971	5,971
Total Business-type Activities	14,789,948	15,034,209	0	325,635	0	569,896	569,896
Total Primary Government	$ 23,902,216	$ 16,391,482	$ 291,160	$ 1,109,602	(6,679,868)	569,896	(6,109,972)
		General Revenues					
		Ad Valorem			3,464,378	0	3,464,378
		Utility Service Taxes			666,161	0	666,161
		Communication Service Taxes			472,087	0	472,087
		Business License Taxes			46,050	0	46,050
		Half-cent Sales Tax			392,230	0	392,230
		State Revenue Sharing			129,019	0	129,019
		Investment Earnings			(13,556)	(26,740)	(40,296)
		Miscellaneous			90,752	83,957	174,709
		Transfers			2,087,990	(2,087,990)	0
		Total General Revenues and Transfers			7,335,111	(2,030,773)	5,304,338
		Change in Net Assets			655,243	(1,460,877)	(805,634)
		Net Assets, Beginning of Year (Unadjusted)			8,139,118	10,466,238	18,605,356
		Prior Period Adjustment			4,019,699	1,149,467	5,169,166
		Net Assets, Beginning of Year (Restated)			12,158,817	11,615,705	23,774,522
		Net Assets, End of Year			$ 12,814,060	$ 10,154,828	$ 22,968,888

See accompanying notes.

CITY OF ALACHUA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	General	Community Redevelopment Agency	Nonmajor Governmental	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 65,969	$ 1,288,451	$ 504,089	$ 1,858,509
Cash with Fiscal Agent	0	0	266,504	266,504
Receivables:				
Accounts	59,771	0	41,771	101,542
Notes	6,373	0	0	6,373
Taxes	29,876	0	0	29,876
Franchise Fees	32,288	0	0	32,288
Due from Other Funds	0	0	0	0
Due from Other Governments	79,361	0	2,618	81,979
Prepaid Items	1,723	0	0	1,723
Advances to Other Funds	1,327,467	0	34,043	1,361,510
Total Assets	1,602,828	1,288,451	849,025	3,740,304
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	190,696	65,320	4,035	260,051
Accrued Expenses	125,382	0	2,322	127,704
Due to Other Governments	2,534	0	0	2,534
Deferred Revenue	32,708	0	176,516	209,224
Advances from Other Funds	200,985	0	1,542,520	1,743,505
Total Liabilities	552,305	65,320	1,725,393	2,343,018
Fund Balances				
Reserved for:				
Encumbrances	26,009	33,524	14,618	74,151
Prepaids	1,723	0	0	1,723
Community Development	0	0	0	0
Debt Service	0	28,056	0	28,056
Capital Projects	0	0		0
Advances	1,327,467	0	34,043	1,361,510
Public Safety	65,693	0	0	65,693
Unreserved, Undesignated:				
General Fund	(370,369)	0	0	(370,369)
Debt Service Fund	0	0	103,600	103,600
Special Revenue Funds	0	1,161,551	(126,635)	1,034,916
Capital Projects Funds	0	0	(901,994)	(901,994)
Total Fund Balances	1,050,523	1,223,131	(876,368)	1,397,286
Total Liabilities and Fund Balances	$ 1,602,828	$ 1,288,451	$ 849,025	$ 3,740,304

See accompanying notes.

CITY OF ALACHUA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

Fund Balance - Total Governmental Funds		$ 1,397,286
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	$ 27,172,229	
(Accumulated Depreciation)	(5,908,173)	21,264,056
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	(66,568)	
2001A Section 108 Loan	(1,695,000)	
2006 Capital Improvement and Refunding Bonds	(7,810,000)	
Less Discount	35,249	
Compensated Absences	(319,837)	(9,856,156)
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.		(12,405)
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		(186,346)
Debt issue costs reported for governmental activities are not financial resources and, therefore, not reported in the governmental funds:		
Unamortized Debt Issue Costs		207,625
Net Assets of Governmental Activities		$ 12,814,060

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	General	Community Redevelopment Fund	Nonmajor Governmental	Total Governmental Funds
Revenues				
Taxes	$ 4,882,985	$ 0	$ 290,409	$ 5,173,394
Permits and Fees	280,568	0	107,619	388,187
Intergovernmental Revenues	602,193	383,519	15,547	1,001,259
Charges for Services	902,484	0	0	902,484
Fines and Forfeitures	111,017	0	4,350	115,367
Investment (Loss) Income	(17,736)	3,922	258	(13,556)
Miscellaneous	85,693	0	26,693	112,386
Total Revenues	6,847,204	387,441	444,876	7,679,521
Expenditures				
Current:				
General Government	3,304,566	0	0	3,304,566
Public Safety	2,561,393	0	136,740	2,698,133
Physical Environment	643,018	0	0	643,018
Transportation	464,204	0	13,453	477,657
Economic Environment	0	140,740	2,618	143,358
Parks and Recreation	616,235	0	21,816	638,051
Debt Service:				
Principal	0	37,525	190,000	227,525
Interest and Fiscal Charges	0	4,559	447,653	452,212
Capital Outlay	79,403	135,201	35,242	249,846
(Total Expenditures)	(7,668,819)	(318,025)	(847,522)	(8,834,366)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(821,615)	69,416	(402,646)	(1,154,845)
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital Assets	15,397	0	0	15,397
Transfers in	2,021,117	237,919	691,529	2,950,565
Transfers (out)	(817,752)	(3,323)	(37,500)	(858,575)
Total Other Financing Sources (Uses)	1,218,762	234,596	654,029	2,107,387
Net Change in Fund Balance	397,147	304,012	251,383	952,542
Fund Balance, Beginning of Year (Unadjusted)	653,376	919,119	(1,185,700)	386,795
Prior Period Adjustment	0	0	57,949	57,949
Fund Balance, Beginning of Year (Restated)	653,376	919,119	(1,127,751)	444,744
Fund Balance, End of Year	$ 1,050,523	$ 1,223,131	$ (876,368)	$ 1,397,286

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, 2009

Net Change in Fund Balance - Total Governmental Funds		$ 952,542
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	$ 249,846	
Depreciation Expense	(683,794)	
Capital Contributions	(4,000)	(437,948)
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	(15,397)	
(Loss) on Disposal of Capital Assets	(2,708)	(18,105)
Repayment of long-term liabilities are expenditures in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.		227,525
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	3,696	
Change in Compensated Absences Liability	(51,067)	
Change in Other Postemployment Benefit Obligation	(12,405)	(68,771)
Net Assets of Governmental Activities		$ 655,243

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009

	Business-type Activities - Enterprise Funds					
	Major Funds			Nonmajor Fund	Total	Business-type Activities
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	Internal Service Fund
Assets						
Current Assets:						
Cash and Cash Equivalents	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Receivables	1,930,733	112,868	179,510	3,288	2,226,399	253
Prepaid Items	7,209	0	0	0	7,209	280
Due from Other Governments	0	0	325,635	0	325,635	0
Inventories	462,706	56,747	2,141	0	521,594	0
Restricted Assets:						
Cash and Cash Equivalents	669,486	139,840	136,481	0	945,807	0
Cash with Fiscal Agent	108,212	61,191	70,254	0	239,657	0
Total Current Assets	3,178,346	370,646	714,021	3,288	4,266,301	533
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	0	0	1,622,286	0	1,622,286	0
Investment	537,474	0	0	0	537,474	0
Total Restricted Assets	537,474	0	1,622,286	0	2,159,760	0
Capital Assets:						
Land	92,630	0	163,310	0	255,940	0
Construction in Progress	135,757	601,151	1,777,808	0	2,514,716	0
Property, Plant and Equipment	10,762,765	6,168,496	11,427,346	39,718	28,398,325	165,123
(Accumulated Depreciation)	(4,755,847)	(3,240,163)	(4,631,461)	(25,913)	(12,653,384)	(112,106)
Total Net Capital Assets	6,235,305	3,529,484	8,737,003	13,805	18,515,597	53,017
Other Assets:						
Advances to Other Funds	2,611,935	0	166,942	84,158	2,863,035	378,756
Unamortized Issuance Costs	74,266	5,380	28,349	0	107,995	0
Total Other Assets:	2,686,201	5,380	195,291	84,158	2,971,030	378,756
Total Noncurrent Assets	9,458,980	3,534,864	10,554,580	97,963	23,646,387	431,773
Total Assets	$ 12,637,326	$ 3,905,510	$ 11,268,601	$ 101,251	$ 27,912,688	$ 432,306

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009
(Concluded)

	Business-type Activities - Enterprise Funds					
	Major Funds			Nonmajor Fund	Total	Business-type Activities
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	Internal Service Fund
Liabilities						
Current Liabilities:						
Accounts Payable	$ 867,495	$ 18,596	$ 317,657	$ 0	$ 1,203,748	$ 8,888
Accrued Expenses	39,573	7,191	11,083	321	58,168	19,406
Due to Other Governments	67,341	0	0	0	67,341	0
Accrued Interest Payable	0	10,718	0	0	10,718	0
Rate Stabilization Deferred Credit	1,133,493	0	0	0	1,133,493	0
Payable from Restricted Assets:						
Accrued Interest Payable	108,212	28,191	48,254	0	184,657	0
Customer Deposits	669,486	139,840	136,481	0	945,807	0
Current Portion of Long-term Debt	195,990	54,392	89,618	0	340,000	0
Compensated Absences	14,568	2,829	11,044	0	28,441	12,352
Current Portion of Long-term Debt	255,037	80,502	67,618	0	403,157	0
Total Current Liabilities	3,351,195	342,259	681,755	321	4,375,530	40,646
Other Noncurrent Liabilities:						
Payable from Restricted Assets:						
Deferred Revenue	0	0	1,622,286	0	1,622,286	0
Deferred Credit - CR-3 Decommissioning Costs	537,474	0	0	0	537,474	0
Advances from Other Funds	617,698	1,232,926	1,009,172	0	2,859,796	0
Other Postemployment Benefits Liability	1,398	1,048	1,223	0	3,669	2,445
Compensated Absences	33,388	17,210	28,627	0	79,225	45,609
Long-term Debt	4,772,308	811,564	3,039,614	0	8,623,486	0
Total Other Noncurrent Liabilities	5,962,266	2,062,748	5,700,922	0	13,725,936	48,054
Total Liabilities	9,313,461	2,405,007	6,382,677	321	18,101,466	88,700
Net Assets						
Investment in Capital Assets, Net of Related Debt	1,011,970	2,583,026	5,540,153	13,805	9,148,954	53,017
Restricted for:						
Debt Service	835,366	124,179	310,208	0	1,269,753	0
Unrestricted	1,476,529	(1,206,702)	(964,437)	87,125	(607,485)	290,589
Total Net Assets	3,323,865	1,500,503	4,885,924	100,930	9,811,222	343,606
Total Liabilities and Net Assets	$ 12,637,326	$ 3,905,510	$ 11,268,601	$ 101,251	$ 27,912,688	$ 432,306

Net Assets - Above	$ 9,811,222
Internal Service Fund Net Assets in the Enterprise Funds	343,606
Net Assets of Business-type Activities	$ 10,154,828

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, 2009

	Business-type Activities					
	Major Funds			Nonmajor Fund	Total	
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	Internal Service Fund
Operating Revenues						
Charges for Services	$ 12,835,626	$ 854,811	$ 1,294,117	$ 49,655	$ 15,034,209	$ 385
Interfund Charges	0	0	0	0	0	1,089,793
Total Operating Revenues	12,835,626	854,811	1,294,117	49,655	15,034,209	1,090,178
Operating Expenses						
Electric Power Expenses:						
Nuclear Power	322,798	0	0	0	322,798	0
Purchased Power	9,280,212	0	0	0	9,280,212	0
Personal Services	671,602	329,037	470,676	3,930	1,475,245	821,358
Contractual Services	88,994	54,187	28,209	0	171,390	60,329
Supplies	48,032	35,509	101,502	11,427	196,470	67,333
Repairs and Maintenance	170,846	61,841	99,640	526	332,853	7,834
Billing and Administrative	544,897	261,550	261,550	21,796	1,089,793	0
Depreciation	291,312	207,616	348,840	4,498	852,266	26,214
Other Expenses	150,414	201,740	301,322	2,812	656,288	41,873
(Total Operating Expenses)	(11,569,107)	(1,151,480)	(1,611,739)	(44,989)	(14,377,315)	(1,024,941)
Operating Income (Loss)	1,266,519	(296,669)	(317,622)	4,666	656,894	65,237
Nonoperating Revenues (Expenses):						
Investment (Loss)	(16,888)	0	(6,691)	(896)	(24,475)	(2,265)
Interest and Fiscal Charges	(261,810)	(85,415)	(118,641)	0	(465,866)	0
Amortization of Bond Issue Costs	(6,751)	(489)	(2,577)	0	(9,817)	0
Miscellaneous	78,696	29	4,835	0	83,560	397
(Loss) on Disposal of Capital Assets	0	0	(2,187)	0	(2,187)	0
Total Nonoperating Revenues (Expenses)	(206,753)	(85,875)	(125,261)	(896)	(418,785)	(1,868)
Income (Loss) Before Transfers	1,059,766	(382,544)	(442,883)	3,770	238,109	63,369

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, 2009
(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	$ 0	$ 4,000	$ 325,635	$ 0	$ 329,635	$ 0
Transfers in	0	1,334	0	0	1,334	0
Transfers (out)	(2,021,784)	0	(71,540)	0	(2,093,324)	0
Total Transfers and Capital Contributions	(2,021,784)	5,334	254,095	0	(1,762,355)	0
Change in Net Assets	(962,018)	(377,210)	(188,788)	3,770	(1,524,246)	63,369
Total Net Assets, Beginning of Year (Unadjusted)	4,285,883	1,877,713	3,925,245	97,160	10,186,001	280,237
Prior Period Adjustment	0	0	1,149,467	0	1,149,467	0
Total Net Assets, Beginning of Year (Restated)	4,285,883	1,877,713	5,074,712	97,160	11,335,468	280,237
Total Net Assets, End of Year	$ 3,323,865	$ 1,500,503	$ 4,885,924	$ 100,930	$ 9,811,222	$ 343,606

Change in Net Assets - Above	$ (1,524,246)
Internal Service Fund Activities in the Enterprise Funds	63,369
Change in Net Assets of Business-type Activities	$ (1,460,877)

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities - Enterprise Funds					
	Major Funds			Nonmajor Fund	Total Enterprise Funds	Business-type Activities Internal Service Fund
	Electric	Water	Wastewater	Mosquito Control		
Cash Flows from Operating Activities						
Receipts from Customers	$ 14,827,652	$ 895,898	$ 1,018,778	$ 49,570	$ 16,791,898	$ 1,089,925
Cash from Other Sources	78,696	29	4,835	0	83,560	397
Payments to Suppliers for Goods and Services	(12,996,046)	(704,971)	(880,125)	(36,450)	(14,617,592)	(165,810)
Payments to Employees for Services	(665,887)	(323,506)	(464,190)	(3,930)	(1,457,513)	(813,984)
Net Cash Provided by (Used in) Operating Activities	1,244,415	(132,550)	(320,702)	9,190	800,353	110,528
Cash Flows from Noncapital Financing Activities						
Loans/Advances and Repayments from (to) Other Funds	617,698	357,698	96,590	(84,158)	987,828	(378,756)
Transfers in	0	1,334	0	0	1,334	0
Transfers (out)	(2,021,784)	0	(71,540)	0	(2,093,324)	0
Net Cash Provided by (Used in) Noncapital Financing Activities	(1,404,086)	359,032	25,050	(84,158)	(1,104,162)	(378,756)
Cash Flows from Capital and Related Financing Activities						
Acquisition and Construction of Fixed Assets	(450,728)	(44,763)	(371,269)	0	(866,760)	(2,199)
Capital Contributions	0	0	325,635	0	325,635	0
Debt Proceeds	316,555	0	0	0	316,555	0
Debt Principal Payments	(426,273)	(151,642)	(153,677)	0	(731,592)	0
Debt Interest Payments and Other Charges	(238,323)	(83,457)	(108,510)	(896)	(431,186)	(2,265)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(798,769)	(279,862)	(307,821)	(896)	(1,387,348)	(4,464)
Cash Flows from Investing Activities						
Purchase of Investments	(35,308)	0	0	0	(35,308)	0
Net Cash Provided by (Used in) Investing Activities	(35,308)	0	0	0	(35,308)	0
Net Increase (Decrease) in Cash and Cash Equivalents	(993,748)	(53,380)	(603,473)	(75,864)	(1,726,465)	(272,692)
Cash and Cash Equivalents, Beginning of Year (Unadjusted)	1,771,446	254,411	2,074,603	75,864	4,176,324	272,692
Prior Period Adjustment	0	0	357,891	0	357,891	0
Cash and Cash Equivalents, Beginning of Year (Restated)	1,771,446	254,411	2,432,494	75,864	4,534,215	272,692
Cash and Cash Equivalents, End of Year	$ 777,698	$ 201,031	$ 1,829,021	$ 0	$ 2,807,750	$ 0

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(Concluded)

	Business-type Activities - Enterprise Funds					
	Major Funds			Nonmajor Fund	Total Enterprise Funds	Business-type Activities Internal Service Fund
	Electric	Water	Wastewater	Mosquito Control		
Reconciliation of Cash and Cash Equivalents to Balance Sheet						
Current Assets:						
Restricted Assets:						
Cash and Cash Equivalents	$ 669,486	$ 139,840	$ 136,481	$ 0	$ 945,807	$ 0
Cash with Fiscal Agent	108,212	61,191	70,254	0	239,657	0
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	0	0	1,622,286	0	1,622,286	0
Total	$ 777,698	$ 201,031	$ 1,829,021	$ 0	$ 2,807,750	$ 0
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating Income (Loss)	$ 1,266,519	$ (296,669)	$ (317,622)	$ 4,666	$ 656,894	$ 65,237
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation and Amortization	309,732	207,616	348,840	4,498	870,686	26,214
Miscellaneous Nonoperating Income	78,696	29	4,835	0	83,560	397
(Increase) Decrease in:						
Accounts Receivable, Net	190,618	1,466	4,736	(85)	196,735	(253)
Prepaid Items	0	0	0	0	0	5,613
Due from Other Governments	0	0	(325,635)	0	(325,635)	0
Inventory	119,061	(5,374)	(400)	0	113,287	0
(Increase) Decrease in:						
Accounts Payable	(2,538,979)	(84,977)	(87,838)	0	(2,711,794)	2,808
Accrued Expenses	11,645	207	336	111	12,299	3,138
Due to Other Governments	3,467	0	0	0	3,467	0
Rate Stabilization Deferred Credit	1,628,099	0	0	0	1,628,099	0
Deferred Revenue	0	0	5,645	0	5,645	0
Customer Deposits	169,842	39,621	39,915	0	249,378	0
Compensated Absences	4,317	4,483	5,263	0	14,063	4,929
OPEB Liability	1,398	1,048	1,223	0	3,669	2,445
Net Cash Provided by (Used in) Operating Activities	$ 1,244,415	$ (132,550)	$ (320,702)	$ 9,190	$ 800,353	$ 110,528
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	$ 29,689	$ 6,703	$ 19,732	$ 0	$ 56,124	$ 0
Capital Asset Transfers	$ 0	$ 4,000	$ 0	$ 0	$ 4,000	$ 0

See accompanying notes.

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

- **Community Redevelopment Agency**

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

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

Reporting Entity *(Concluded)*

- **Public Finance Authority for Affordable Housing**
  The Public Finance Authority for Affordable Housing (the Authority) was created by the City Commission in 1992. The Authority is a separate legal entity capable of suing and being sued, and able to purchase property in its own name. By charter, the Authority's Board is composed of the City Commission and, the City Commission has oversight over all financial activities. Accordingly, the Authority is a component unit of the City. However, there have been no financial transactions by the Authority during 2009, 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 are 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.

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

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

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

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

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

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

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

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

In addition, the government reports the following fund type:

- **Internal Service Fund**
  The internal service fund accounts for administrative services provided to the electric fund, water fund, wastewater fund, and mosquito control fund.

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. Each fund's portion of this pool is presented on the statement of net assets as "equity in pooled cash." Interest income earned as a result of pooling is distributed monthly to the appropriate funds based on average daily balances.

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, 2009.

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 relating to governmental activities are recorded as expenditures when purchased. For business-type activities, utility supplies and plant inventory are valued at cost as determined by the average unit cost method. The City's portion of nuclear fuel inventory at the CR-3 nuclear generating facility is recorded at amortized cost.

- **Prepaids**

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

- **Restricted Assets**

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

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

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

- **Capital Assets**

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

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

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

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

- **Compensated Absences**

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

- **Long-term Obligations**

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

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. 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 limitation 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 (e.g., 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.

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

Budgetary Information *(Concluded)*

- Unused appropriations lapse at the end of the year.

- Budgets are adopted on a basis consistent with GAAP.

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

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

Deficit Fund Equity

At September 30, 2009, the following funds had deficit fund balances:

Fund	Type	Deficit
Building Operations Fund	Nonmajor Governmental	$ (15,871)
Alachua Transit Corridor	Nonmajor Governmental	(137,475)
Hazard Mitigation Grants	Nonmajor Governmental	(13,960)
Neighborhood Community Center	Nonmajor Governmental	(195,141)
Municipal Complex	Nonmajor Governmental	(935,324)
Recreation Center Improvements	Nonmajor Governmental	(9,939)
Skatepark/Spraypool	Nonmajor Governmental	(1,594)

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, Hazard Mitigation Grants Fund, Recreation Center Improvements Fund, and Skate Park/Spray Pool Fund will be recovered through future transfers from the General Fund.

Note 3 - Restatement of Prior Year's Net Assets and Fund Balance

The following information resulted in restatements of the prior year's net assets and fund balance:

- Beginning net assets in governmental activities were adjusted to include the estimated cost of the land associated with right-of-ways.

- Effective October 1, 2008, the City reclassified the Wastewater Treatment Plant Expansion Fund from a governmental capital projects fund to the Wastewater Enterprise Fund. The use of capital projects funds is to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. A significant portion of the wastewater treatment plant expansion will be financed by Wastewater Enterprise Fund operating revenues and capital contributions.

Note 3 - Restatement of Prior Year's Net Assets *(Concluded)*

- Certain prior year expenditures were not capitalized in the previous year in accordance with the City's capitalization policy. Net assets were adjusted to reflect capitalization of those expenditures.

- Interest earned on the funds received from the Florida Department of Environmental Protection is to be used solely as a pledged revenue source for repayment of the State Revolving Fund loan. Interest on these funds recognized as income in prior years has been deferred and recorded as a liability of the Wastewater Enterprise Fund.

These changes were recorded as direct adjustments to beginning net assets and fund balances as follows:

	Statement of Net Assets		
	Governmental Activities	Business-type Activities	Total
Net Assets - September 30, 2008	$ 8,139,118	$ 10,466,238	$ 18,605,356
Restatements:			
Land and Right-of-Ways	5,221,866	0	5,221,866
Reclassification of Capital Projects Fund to Enterprise Fund	(1,202,167)	1,202,167	0
Capitalization of Prior Year Expenditures	0	63,941	63,941
Interest Earnings on Deferred Revenues	0	(116,641)	(116,641)
Restated Net Assets - September 30, 2008	$ 12,158,817	$ 11,615,705	$ 23,774,522

Governmental Activities:

	Fund Statements	
	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance - September 30, 2008	$ (1,185,700)	$ 386,795
Cash and Cash Equivalents	(357,891)	(357,891)
Accounts Payable	371,693	371,693
Due to Other Funds	44,147	44,147
Restated Fund Balance - September 30, 2008	$ (1,127,751)	$ 444,744

Business-type Activities:

	Wastewater Enterprise Funds	Total Enterprise Funds
Net Assets - September 30, 2008	$ 3,925,245	$ 10,186,001
Cash and Cash Equivalents	357,891	357,891
Due from Other Funds	(44,147)	(44,147)
Construction in Progress	1,324,057	1,324,057
Accounts Payable	(371,693)	(371,693)
Deferred Revenue	(116,641)	(116,641)
Restated Net Assets - September 30, 2008	$ 5,074,712	$ 11,335,468

Note 4 - Cash, Cash Equivalents, and Investments

Deposits and investments as of September 30, 2009, are classified in the accompanying financial statements as follows:

Statement of Net Assets	
Current:	
Cash and Cash Equivalents	$ 0
Restricted:	
Cash and Cash Equivalents	2,000,851
Noncurrent:	
Restricted:	
Cash and Cash Equivalents	2,931,912
Investments	537,474
Total Cash and Investments	$ 5,470,237

Deposits and investments consist of the following:

Cash Deposits	$ 4,433,544
Investments	1,036,693
Total Cash and Investments	$ 5,470,237

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.

Note 4 - Cash, Cash Equivalents, and Investments *(Concluded)*

Investments *(Concluded)*

As of September 30, 2009, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities: Less Than 1	1-5	6-10	Total
Florida PRIME	AAAm	$ 433,557	$ 433,557	$ 0	$ 0	$ 433,557
Fund B Surplus Trust Funds Investment Pool	Unrated	65,662	0	0	65,662	65,662
FMPA CR-3 Pooled Investments	Unrated	537,474	537,474	0	0	537,474
Total		$ 1,036,693	$ 971,031	$ 0	$ 65,662	$ 1,036,693

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 funds and are being distributed to participants as they become available from maturities, sales, and received income. Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio. 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 5 - Restricted Assets

Restricted cash and investments at September 30, 2009, are as follows:

	Governmental Activities	Business-type Activities
Cash and Cash Equivalents		
Debt Service Reserve and Sinking Funds	$ 629,000	$ 1,214,753
Unspent State Appropriations	0	1,622,286
Cash with Fiscal Agent	266,504	239,657
Customer Deposit	0	945,807
Community Development	1,260,395	0
Capital Projects	203,737	0
Public Safety	263,271	0
Other	19,777	0
Total	2,642,684	4,022,503
Restricted Cash and Cash Equivalents Used in Operations	(517,671)	(1,214,753)
Net Restricted Cash and Cash Equivalents	2,125,013	2,807,750
Investments		
CR-3 Decommissioning	$ 0	$ 537,474

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.

During the year, $1,732,424 of restricted assets were used for the operating expenses of the City, resulting in violations of debt covenant requirements as discussed in Note 8, Long-term Liabilities.

Note 6 - Inventory

Inventory related to the City's business-type activities at September 30, 2009, consists of the following:

Business-type Activities	Balance
Electric Utility Supplies	$ 253,045
Transformers	142,559
Meters	7,494
Nuclear Fuel	44,076
Nuclear Plant Materials	15,532
Water/Wastewater Supplies	58,888
Total	$ 521,594

Note 7 - Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended September 30, 2009:

	Beginning Balance (As Restated)	Additions	Disposals	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 6,138,603	$ 0	$ 0	$ 6,138,603
Construction in Progress	270,966	70,710	(48,712)	292,964
Total Capital Assets Not Being Depreciated	6,409,569	70,710	(48,712)	6,431,567
Capital Assets Being Depreciated:				
Building	8,557,675	50,512	(141,218)	8,466,969
Improvements Other Than Buildings	1,144,029	109,699	(11,015)	1,242,713
Infrastructure	8,876,807	0	0	8,876,807
Furniture, Fixtures, and Equipment	2,205,131	67,637	(118,595)	2,154,173
Total Capital Assets Being Depreciated	20,783,642	227,848	(270,828)	20,740,662
Less Accumulated Depreciation for:				
Building	(665,945)	(174,669)	141,046	(699,568)
Improvements Other Than Buildings	(172,451)	(51,552)	11,015	(212,988)
Infrastructure	(3,573,029)	(216,952)	0	(3,789,981)
Furniture, Fixtures, and Equipment	(1,061,677)	(240,621)	96,662	(1,205,636)
Total Accumulated Depreciation	(5,473,102)	(683,794)	248,723	(5,908,173)
Total Capital Assets, Being Depreciated, Net	15,310,540	(455,946)	(22,105)	14,832,489
Governmental Activities Capital Assets, Net	$ 21,720,109	$ (385,236)	$ (70,817)	$ 21,264,056

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

Governmental Activities	
General Government	$ 243,957
Public Safety	117,267
Physical Environment	54
Transportation	237,298
Economic Environment	6,892
Parks and Recreation	78,326
Total	$ 683,794

The beginning balances of certain capital assets and accumulated depreciation in the governmental activities were adjusted to reflect a reclassification of assets as follows:

- As described in Note 3, a prior period adjustment was made to include the estimated cost of land associated with right-of-ways, resulting in an increase of $5,221,866 to land.

- As described in Note 3, a prior period adjustment was made to reclassify a nonmajor capital projects fund to an enterprise fund. This resulted in a reclassification of $1,260,116 of Construction in Progress from governmental to business-type activities.

- Assets previously included in Infrastructure in the amount of $122,575 and depreciation of $24,555 were reclassified to Improvements Other Than Buildings.

Note 7 - Capital Assets *(Concluded)*

The following is a summary of changes in capital assets for the business-type activities for the year ended September 30, 2009:

	Beginning Balance (As Restated)	Additions	Disposals	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 255,940	$ 0	$ 0	$ 255,940
Construction in Progress	2,194,162	422,031	(101,477)	2,514,716
Total Capital Assets Not Being Depreciated	2,450,102	422,031	(101,477)	2,770,656
Capital Assets Being Depreciated:				
Building	7,358,291	0	0	7,358,291
Improvements Other Than Buildings	2,559,514	116,305	0	2,675,819
Infrastructure	16,372,721	101,478	0	16,474,199
Furniture, Fixtures, and Equipment	1,768,525	362,711	(76,097)	2,055,139
Total Capital Assets Being Depreciated	28,059,051	580,494	(76,097)	28,563,448
Less Accumulated Depreciation for:				
Building	(4,976,670)	(186,147)	0	(5,162,817)
Improvements Other Than Buildings	(1,363,257)	(91,577)	0	(1,454,834)
Infrastructure	(4,755,461)	(428,919)	0	(5,184,380)
Furniture, Fixtures, and Equipment	(861,034)	(171,837)	69,412	(963,459)
Total Accumulated Depreciation	(11,956,422)	(878,480)	69,412	(12,765,490)
Total Capital Assets, Being Depreciated, Net	16,102,629	(297,986)	(6,685)	15,797,958
Business-type Activities Capital Assets, Net	$ 18,552,731	$ 124,045	$ (108,162)	$ 18,568,614

The beginning balances of certain capital assets and accumulated depreciation in the business-type activities were adjusted to reflect a reclassification of assets as follows:

- As described in Note 3, a prior period adjustment was made to reclassify a capital projects fund to an enterprise fund. In addition, certain expenses from a prior year were capitalized in accordance with the City's capitalization policy. This resulted in a prior period adjustment of $1,324,057 to Construction in Progress.

Note 8 - 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, 2009:

Note 8 - Long-term Liabilities *(Continued)*

Governmental Activities *(Continued)*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Tax Incremental Road Improvement Revenue Note, Series 2000	$ 104,093	$ 0	$ (37,525)	$ 66,568	$ 39,169
Section 108 Government Guaranteed Participation Certificates, Series HUD 2001A	1,785,000	0	(90,000)	1,695,000	95,000
Capital Improvement and Refunding Revenue Bonds, Series 2006	7,910,000	0	(100,000)	7,810,000	100,000
(Less Discount)	(36,554)	0	1,305	(35,249)	
Compensated Absences	268,770	320,262	(269,195)	319,837	226,775
Total	$ 10,031,309	$ 320,262	$ (495,415)	$ 9,856,156	$ 460,944

- **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.

Note 8 - 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):

Fiscal Year Ending September 30,	Principal	Interest	Total
2010	$ 234,169	$ 441,565	$ 675,734
2011	227,399	430,887	658,286
2012	210,000	420,387	630,387
2013	215,000	410,225	625,225
2014	225,000	399,420	624,420
2015-2019	1,310,000	1,805,695	3,115,695
2020-2024	1,455,000	1,430,449	2,885,449
2025-2029	2,020,000	1,049,978	3,069,978
2030-2034	2,510,000	553,225	3,063,225
2035-2036	1,165,000	52,988	1,217,988
Total	$ 9,571,568	$ 6,994,819	$ 16,566,387

Business-type Activities

The following schedule summarizes the changes in the City's business-type long-term liabilities during the year ended September 30, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Utility Acquisition Bonds, Series 1993	$ 835,000	$ 0	$ (55,000)	$ 780,000	$ 55,000
Utility Revenue Bond, Series 1979	410,000	0	(29,000)	381,000	30,000
State Revolving Fund Loan - State of Florida Department of Environmental Protection	823,363	23,591	0	846,954	0
Utility Refunding Revenue Bonds, Series 2003	8,230,000	0	(555,000)	7,675,000	570,000
(Less Deferred Discount on Refunding)	(64,800)	0	5,400	(59,400)	0
(Less Deferred Loss on Refunding)	(608,691)	0	50,724	(557,967)	0
Promissory Note, Capital City Bank	0	316,555	(44,609)	271,946	59,047
Backhoe Capital Lease	20,242	0	(20,242)	0	0
Dump Truck Capital Lease	56,851	0	(27,741)	29,110	29,110
Compensated Absences	146,635	199,535	(180,543)	165,627	40,793
Total	$ 9,848,600	$ 539,680	$ (856,011)	$ 9,532,270	$ 783,950

Note 8 - 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.

- **State Revolving Fund Loan – State of 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, of which $798,930 has been drawn down as of September 30, 2009, in addition to a loan service fee of $2,395. Capitalized interest added to the loan as of September 30, 2009 is $45,629. 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%. The Department of Environmental Protection has not provided the City with a final debt service schedule as of September 30, 2009.

- **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.

Note 8 - Long-term Liabilities *(Continued)*

Business-type Activities *(Concluded)*

- **Promissory Note, Capital City Bank**

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

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2010	$ 714,047	$ 398,632	$ 1,112,679
2011	743,979	370,224	1,114,203
2012	829,949	362,966	1,192,915
2013	865,198	328,834	1,194,032
2014	841,503	293,194	1,134,697
2015-2019	4,678,550	894,834	5,573,384
2020-2024	1,174,550	78,329	1,252,879
2025-2026	107,124	3,699	110,823
Total	$ 9,954,900	$ 2,730,712	$ 12,685,612

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.

Note 8 - Long-term Liabilities *(Concluded)*

Debt Covenants *(Concluded)*
As of September 30, 2009, the City has met its rate covenant, but not its sinking fund or reserve account requirements.

Capital Leases
The City has entered into two lease agreements as lessee for financing the acquisition of a backhoe and a dump truck. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital leases are as follows:

	Business-type Activities
Assets	
Furniture, Fixtures, and Equipment	$ 175,386
(Less Accumulated Depreciation)	(48,667)
Total	$ 126,719

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009, were as follows:

Fiscal Year Ending September 30,	Net Minimum Lease Payment	Imputed Interest	Present Value of Net Minimum Lease Payment
2010	$ 30,547	$ (1,437)	$ 29,110

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, 2009, the following conduit debt is outstanding in the City's name:

Industrial Development Revenue Bonds Series 1995	$ 700,000

Note 9 - Pledged Revenues

The City has pledged certain revenues to repay bonds and notes outstanding as of September 30, 2009. 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, 2009:

Note 9 - Pledged Revenues *(Concluded)*

Pledged Revenue	Description of Bonds	Revenue Received	Principal and Interest Paid	Estimated Percentage Pledged	Outstanding Principal and Interest	Pledged Through
Tax Increment Revenue	Tax Increment Road Improvement Revenue Note, Series 2000	$ 621,439	$ 42,084	6.77%	$ 70,683	2011
Half-cent Sales Tax		$ 392,230				
Utility Franchise Fees		280,569				
State Revenue Sharing		180,395				
	Section 108, HUD 2001A Series	$ 853,194	$ 202,495	23.73%	$ 2,495,017	2021
Non-Ad Valorem Revenues	Capital Improvement and Refunding Revenue Bonds, Series 2006	$ 434,758	$ 434,758	100%	$ 14,000,686	2036
Net Utility Revenues		$ 1,503,665				
Excise Taxes		1,138,248				
	Utility Bonds - Series 1979, 1993, and 2003	$ 2,641,913	$ 1,048,778	39.70%	$ 11,348,885	2020

Note 10 - Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables at September 30, 2009:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 718,394
General Fund	Electric Utility	154,784
General Fund	Water Utility	357,698
General Fund	Wastewater Utility	96,591
Electric Utility	Water Utility	875,228
Electric Utility	Wastewater Utility	912,581
Electric Utility	Nonmajor Governmental Funds	824,126
Wastewater Utility	General Fund	166,942
Internal Service Fund	Electric Utility	378,756
Nonmajor Enterprise Fund	Electric Utility	84,158
Nonmajor Governmental Funds	General Fund	34,043
Total		$ 4,603,301

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

Note 10 - Interfund Receivables, Payables, and Transfers *(Concluded)*

Interfund Transfers:

	Transfers In				
Transfers Out	General Fund	Community Redevelopment Agency	Water Utility	Nonmajor Governmental Funds	Total
General Fund	$ 0	$ 237,919	$ 0	$ 579,833	$ 817,752
Community Redevelopment Agency	0	0	0	3,323	3,323
Electric Utility	2,021,117	0	0	667	2,021,784
Wastewater Utility	0	0	1,334	70,206	71,540
Nonmajor Governmental Funds	0	0	0	37,500	37,500
Total	$ 2,021,117	$ 237,919	$ 1,334	$ 691,529	$ 2,951,899

Transfers are normally recurring and are approved by the City commission during the budget process. A transfer in the amount of $2,021,117 from the electric fund to the general fund is in support of general government operations to the extent monies are available after paying operating expenses and debt service on outstanding bonds. A transfer in the amount of $579,833 from the general fund to the nonmajor governmental funds is for debt service requirements. A transfer in the amount of $237,919 from the general fund to the community redevelopment agency is the City's required portion of tax incremental funding.

Note 11 - 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.

On December 17, 2008, the Circuit Court for the Eighth Judicial Circuit of Florida rendered two Final Judgments 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 Plaintiffs appealed these rulings with the District Court of Appeal, First District of Florida, which overturned the previous ruling. 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 12 - Net Assets, Restricted

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

	Governmental Activities	Business-type Activities
Debt Service	$ 708,848	$ 1,269,753
Capital Projects	277,800	0
Community Development	1,195,075	0
Police Forfeitures	65,693	0
Public Safety	31,958	0
Economic Environment	4,955	0
Parks and Recreation	14,623	0
Total	$ 2,298,952	$ 1,269,753

Note 13 - 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 2009 were $9,090,028.

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 an 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 2009 were $304,377.

Note 13 - Electric Power Agreements *(Concluded)*

Crystal River Unit No. 3 Participation Agreement *(Concluded)*
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 $537,474 at September 30, 2009. The cash account is offset by a deferred credit on the balance sheet of $537,474 at September 30, 2009.

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 2009 were $136,658.

Note 14 - 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.

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. 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.

Note 14 - Pension Plans *(Concluded)*

Florida Retirement System *(Concluded)*
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 9.85% of the compensation for regular members, 13.12% for senior management and 20.92% for special risk as of September 30, 2009. The City's contributions to the System for the years ended September 30, 2009, 2008, and 2007 were $642,565, $601,141, and $559,474, respectively, equal to the required contributions for each year.

Note 15 - Other Postemployement 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:	**9/30/09**
Retirees and Beneficiaries Receiving Benefits	1
Active Plan Members	106
Total	107

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.

Note 15 - Other Postemployement Benefits (OPEB) *(Continued)*

Funding Policy *(Concluded)*

State of Florida Law prohibits the City from separately rating retirees and active employees specifically for medical plan benefits. The City, therefore, assigns eligible active employees and eligible retirees equal, blended-rate premiums and makes available to both groups the same plan options. Although both groups are assigned the same blended rate premiums, generally accepted auditing principles (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)	$ 28,148
Interest on Net OPEB Obligation (NOO)	0
Adjustment to ARC	0
Annual OPEB Cost	28,148
Employer Contributions Made	(9,629)
Increase/Decrease in NOO	18,519
Net OPEB Obligation, Beginning of Year	0
Net OPEB Obligation, End of Year	$ 18,519

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/09	$ 28,148	34.2%	$ 18,519

Note 15 - Other Postemployement Benefits (OPEB) *(Concluded)*

Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Overfunded) Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
9/30/09	$ 0	$ 262,411	$ 262,411	0.0%	$4,686,463	5.6%

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

Actuarial Methods and Assumptions

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

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

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

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

Note 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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	$ 4,796,843	$ 4,872,630	$ 4,882,985	$ 10,355
Permits and Fees	255,371	255,371	280,568	25,197
Intergovernmental Revenues	669,153	669,153	602,193	(66,960)
Charges for Services	982,492	1,029,869	902,484	(127,385)
Fines and Forfeitures	80,000	139,930	111,017	(28,913)
Investment Income (Loss)	30,500	30,500	(17,736)	(48,236)
Miscellaneous	44,000	76,737	85,693	8,956
Total Revenues	6,858,359	7,074,190	6,847,204	(226,986)
Expenditures				
Current:				
General Government:				
Legislative	158,844	158,844	154,988	3,856
Executive	373,292	578,952	572,102	6,850
City Clerk	155,976	155,976	151,215	4,761
Finance	421,670	421,670	373,382	48,288
Administrative Services	442,313	445,313	398,608	46,705
Human Resources	316,775	322,775	322,035	740
Grants and Contracts	213,705	213,705	197,070	16,635
Information Technology	151,669	176,669	176,163	506
Legal	306,983	421,217	421,217	0
Planning	542,133	378,758	347,195	31,563
Code Enforcement	114,029	114,029	111,372	2,657
Other	58,500	161,338	95,261	66,077
Public Safety:				
Police	2,298,264	2,298,264	2,048,792	249,472
Fire	534,429	547,576	547,576	0
Physical Environment:				
Solid Waste	633,540	643,018	643,018	0
Transportation:				
Streets and Roads	569,067	569,067	482,015	87,052
Parks and Recreation	637,723	667,873	626,810	41,063
(Total Expenditures)	(7,928,912)	(8,275,044)	(7,668,819)	606,225
(Deficiency) of Revenues (Under) Expenditures	(1,070,553)	(1,200,854)	(821,615)	379,239
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital Assets	0	11,384	15,397	4,013
Transfers in	2,021,117	2,021,117	2,021,117	0
Transfers (out)	(606,380)	(869,534)	(817,752)	51,782
Total Other Financing Sources (Uses)	1,414,737	1,162,967	1,218,762	55,795
Net Change in Fund Balance	344,184	(37,887)	397,147	435,034
Fund Balance, Beginning of Year	653,376	653,376	653,376	0
Fund Balance, End of Year	$ 997,560	$ 615,489	$ 1,050,523	$ 435,034

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, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Intergovernmental	$ 424,535	$ 424,535	$ 383,519	$ (41,016)
Interest and Other Revenue	14,400	14,400	3,922	(10,478)
Total Revenues	438,935	438,935	387,441	(51,494)
Expenditures				
Current:				
Economic Environment	233,622	233,622	140,740	92,882
Debt Service:				
Principal	34,732	34,732	37,525	(2,793)
Interest and Fees	7,352	7,352	4,559	2,793
Capital Outlay	1,236,480	1,236,480	135,201	1,101,279
(Total Expenditures)	(1,512,186)	(1,512,186)	(318,025)	1,194,161
Excess of Revenues Over Expenditures	(1,073,251)	(1,073,251)	69,416	1,142,667
Other Financing Sources (Uses)				
Transfers in	260,638	260,638	237,919	(22,719)
Transfers (out)	0	0	(3,323)	(3,323)
Total Other Financing Sources	260,638	260,638	234,596	(26,042)
Net Change in Fund Balance	(812,613)	(812,613)	304,012	1,116,625
Fund Balance, Beginning of Year	919,119	919,119	919,119	0
Fund Balance, End of Year	$ 106,506	$ 106,506	$ 1,223,131	$ 1,116,625

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, 2009

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 or amendments.

Note 2 - 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 *Alachua Justice Assistance Grant Fund*—is used to account for federal grant revenues and expenditures related to the Edward Byrne Memorial Justice Assistance Program.

- The *Police Explorers Fund*—is used to account for the revenues and expenditures of funds received from the Alachua Police Explorers 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.

CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	Debt Service Fund	Special Revenue Fund	Capital Project Fund	Total
Assets				
Cash and Cash Equivalents	$ 83,273	$ 217,079	$ 203,737	$ 504,089
Cash with Fiscal Agent	266,504	0	0	266,504
Accounts Receivable	0	494	41,277	41,771
Due from Other Governments	0	0	2,618	2,618
Advances to Other Funds	0	0	34,043	34,043
Total Assets	349,777	217,573	281,675	849,025
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	0	4,035	0	4,035
Accrued Expenses	0	2,322	0	2,322
Deferred Revenues	0	176,516	0	176,516
Advances from Other Funds	246,177	150,470	1,145,873	1,542,520
Total Liabilities	246,177	333,343	1,145,873	1,725,393
Fund Balances				
Reserved for:				
Encumbrances	0	10,865	3,753	14,618
Advances	0	0	34,043	34,043
Unreserved, Undesignated in				
Debt Service Fund	103,600	0	0	103,600
Special Revenue Funds	0	(126,635)	0	(126,635)
Capital Projects Funds	0	0	(901,994)	(901,994)
Total Fund Balances	103,600	(115,770)	(864,198)	(876,368)
Total Liabilities and Fund Balances	$ 349,777	$ 217,573	$ 281,675	$ 849,025

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Debt Service Fund	Special Revenue Fund	Capital Project Fund	Total
Revenues				
Taxes	$ 0	$ 0	$ 290,409	$ 290,409
Intergovernmental Revenues	0	12,394	3,153	15,547
Permits and Fees	0	107,619	0	107,619
Fines and Forfeitures	0	4,350	0	4,350
Investment (Loss) Income	(19)	13	264	258
Miscellaneous	0	26,693	0	26,693
Total Revenues	(19)	151,069	293,826	444,876
Expenditures				
Current:				
Public Safety	0	136,740	0	136,740
Transportation	0	13,453	0	13,453
Economic Environment	0	0	2,618	2,618
Parks and Recreation	0	20,797	1,019	21,816
Debt Service:				
Principal	190,000	0	0	190,000
Interest and Fiscal Charges	447,653	0	0	447,653
Capital Outlay	0	23,661	11,581	35,242
(Total Expenditures)	(637,653)	(194,651)	(15,218)	(847,522)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(637,672)	(43,582)	278,608	(402,646)
Other Financing Sources (Uses)				
Transfers in	637,253	16,776	37,500	691,529
Transfers (out)	0	0	(37,500)	(37,500)
Total Other Financing Sources (Uses)	637,253	16,776	0	654,029
Net Change in Fund Balance	(419)	(26,806)	278,608	251,383
Fund Balance, Beginning of Year (As Restated)	104,019	(88,964)	(1,142,806)	(1,127,751)
Fund Balance, End of Year	$ 103,600	$ (115,770)	$ (864,198)	$ (876,368)

CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2009

	Building Operations	Additional Court Costs	Donations	Tree Bank
Assets				
Cash and Cash Equivalents	$ 0	$ 15,939	$ 14,822	$ 4,955
Accounts Receivable	0	494	0	0
Total Assets	0	16,433	14,822	4,955
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	554	0	199	0
Accrued Expenses	2,322	0	0	0
Deferred Revenues	0	0	0	0
Advances from Other Funds	12,995	0	0	0
Total Liabilities	15,871	0	199	0
Fund Balances				
Reserved for Encumbrances	4,639	0	0	0
Unreserved, Undesignated	(20,510)	16,433	14,623	4,955
Total Fund Balances	(15,871)	16,433	14,623	4,955
Total Liabilities and Fund Balances	$ 0	$ 16,433	$ 14,822	$ 4,955

Alachua Transit Corridor	Justice Assistance Grant	Police Explorers	Hazard Mitigation Grants	Public Assistance Grant	Total
$ 0	$ 0	$ 1,736	$ 165,838	$ 13,789	$ 217,079
0	0	0	0	0	494
0	0	1,736	165,838	13,789	217,573
0	0	0	3,282	0	4,035
0	0	0	0	0	2,322
0	0	0	176,516	0	176,516
137,475	0	0	0	0	150,470
137,475	0	0	179,798	0	333,343
0	0	0	6,226	0	10,865
(137,475)	0	1,736	(20,186)	13,789	(126,635)
(137,475)	0	1,736	(13,960)	13,789	(115,770)
$ 0	$ 0	$ 1,736	$ 165,838	$ 13,789	$ 217,573

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2009

	Building Operations	Additional Court Costs	Donations	Tree Bank
Revenues				
Permit and Fees	$ 107,619	$ 0	$ 0	$ 0
Intergovernmental Revenues	0	0	0	0
Fines and Forfeitures	0	4,350	0	0
Investment (Loss) Income	(137)	(135)	(115)	(45)
Miscellaneous	0	0	24,237	0
Total Revenues	107,482	4,215	24,122	(45)
Expenditures				
Current:				
Public Safety	129,454	153	0	0
Transportation	0	0	0	0
Parks and Recreation	0	0	20,797	0
Capital Outlay	17,361	0	0	0
Total (Expenditures)	(146,815)	(153)	(20,797)	0
(Deficiency) Excess of Revenues (Under) Over Expenditures	(39,333)	4,062	3,325	(45)
Other Financing Sources (Uses)				
Transfers in	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(39,333)	4,062	3,325	(45)
Fund Balance, Beginning of Year	23,462	12,371	11,298	5,000
Fund Balance, End of Year	$ (15,871)	$ 16,433	$ 14,623	$ 4,955

Alachua Transit Corridor	Justice Assistance Grant	Police Explorers	Hazard Mitigation Grants	Public Assistance Grant	Total
$ 0	$ 0	$ 0	$ 0	$ 0	$ 107,619
0	1,381	0	6,553	4,460	12,394
0	0	0	0	0	4,350
0	0	0	363	82	13
0	0	2,456	0	0	26,693
0	1,381	2,456	6,916	4,542	151,069
0	1,381	720	5,032	0	136,740
13,453	0	0	0	0	13,453
0	0	0	0	0	20,797
0	0	0	6,300	0	23,661
(13,453)	(1,381)	(720)	(11,332)	0	(194,651)
(13,453)	0	1,736	(4,416)	4,542	(43,582)
13,453	0	0	3,323	0	16,776
13,453	0	0	3,323	0	16,776
0	0	1,736	(1,093)	4,542	(26,806)
(137,475)	0	0	(12,867)	9,247	(88,964)
$ (137,475)	$ 0	$ 1,736	$ (13,960)	$ 13,789	$ (115,770)

CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
SEPTEMBER 30, 2009

	Neighborhood Community Center	Municipal Complex	Recreation Center Improvements
Assets			
Cash and Cash Equivalents	$ 0	$ 0	$ 0
Accounts Receivable	0	0	0
Due from Other Governments	0	0	0
Advances to Other Funds	0	0	0
Total Assets	0	0	0
Liabilities and Fund Balances			
Liabilities			
Advances from Other Funds	195,141	935,324	9,939
Total Liabilities	195,141	935,324	9,939
Fund Balances			
Reserved for:			
Encumbrances	0	0	0
Advances	0	0	0
Unreserved, Undesignated	(195,141)	(935,324)	(9,939)
Total Fund Balances	(195,141)	(935,324)	(9,939)
Total Liabilities and Fund Balances	$ 0	$ 0	$ 0

San Felasco Conservation Corridor	Skatepark/ Spraypool	CDBG - Economic Development Project	Recreation Surtax Fund	Total
$ 23,411	$ 0	$ 2,591	$ 177,735	$ 203,737
0	0	0	41,277	41,277
0	0	2,618	0	2,618
0	0	0	34,043	34,043
23,411	0	5,209	253,055	281,675
0	1,594	3,875	0	1,145,873
0	1,594	3,875	0	1,145,873
3,753	0	0	0	3,753
0	0	0	34,043	34,043
19,658	(1,594)	1,334	219,012	(901,994)
23,411	(1,594)	1,334	253,055	(864,198)
$ 23,411	$ 0	$ 5,209	$ 253,055	$ 281,675

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
SEPTEMBER 30, 2009

	Neighborhood Community Center	Municipal Complex	Recreation Center Improvements
Revenues			
Taxes	$ 0	$ 0	$ 0
Intergovernmental Revenues	0	0	0
Investment Income (Loss)	0	0	0
Total Revenues	0	0	0
Expenditures			
Current:			
Economic Environment	0	0	0
Parks and Recreation	0	0	0
Capital Outlay	0	0	0
Total (Expenditures)	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Other Financing Sources (Uses)			
Transfers in	0	0	0
Transfers (out)	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balances	0	0	0
Fund Balance, Beginning of Year (As Restated)	(195,141)	(935,324)	(9,939)
Fund Balance, End of Year	$ (195,141)	$ (935,324)	$ (9,939)

San Felasco Conservation Corridor	Skatepark/ Spraypool	CDBG - Economic Development Project	Recreation Surtax Fund	Total
$ 0	$ 0	$ 0	$ 290,409	$ 290,409
0	535	2,618	0	3,153
154	(10)	(26)	146	264
154	525	2,592	290,555	293,826
0	0	2,618	0	2,618
0	1,019	0	0	1,019
9,881	1,700	0	0	11,581
(9,881)	(2,719)	(2,618)	0	(15,218)
(9,727)	(2,194)	(26)	290,555	278,608
37,500	0	0	0	37,500
0	0	0	(37,500)	(37,500)
37,500	0	0	(37,500)	0
27,773	(2,194)	(26)	253,055	278,608
(4,362)	600	1,360	0	(1,142,806)
$ 23,411	$ (1,594)	$ 1,334	$ 253,055	$ (864,198)

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, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues			
Interest	$ 1,200	$ (19)	$ (1,219)
Total Revenues	1,200	(19)	(1,219)
Expenditures			
Debt Service:			
Principal	190,000	190,000	0
Interest and Fiscal Charges	448,453	447,653	800
(Total Expenditures)	(638,453)	(637,653)	800
(Deficiency) of Revenues (Under) Expenditures	(637,253)	(637,672)	(419)
Other Financing Sources (Uses)			
Transfers in	637,253	637,253	0
Total Other Financing Sources (Uses)	637,253	637,253	0
Net Change in Fund Balance	0	(419)	(419)
Fund Balance, Beginning of Year	104,019	104,019	0
Fund Balance, End of Year	$ 104,019	$ 103,600	$ (419)

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, 2009

	Building Operations			Additional Court Costs		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Permits and Fees	$ 224,664	$ 107,619	$ (117,045)	$ 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	6,005	4,350	(1,655)
Investment Income (Loss)	0	(137)	(137)	100	(135)	(235)
Miscellaneous	0	0	0	0	0	0
Total Revenues	224,664	107,482	(117,182)	6,105	4,215	(1,890)
Expenditures						
Current:						
General Government	0	0	0	0	0	0
Public Safety	209,491	129,454	80,037	5,800	153	5,647
Transportation	0	0	0	0	0	0
Parks and Recreation	0	0	0	0	0	0
Capital Outlay	22,000	17,361	4,639	0	0	0
(Total Expenditures)	(231,491)	(146,815)	84,676	(5,800)	(153)	5,647
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,827)	(39,333)	(32,506)	305	4,062	3,757
Other Financing Sources (Uses)						
Transfers in	0	0	0	0	0	0
Transfers (out)	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Net Change in Fund Balance	(6,827)	(39,333)	(32,506)	305	4,062	3,757
Fund Balance, Beginning of Year	23,462	23,462	0	12,371	12,371	0
Fund Balance, End of Year	$ 16,635	$ (15,871)	$ (32,506)	$ 12,676	$ 16,433	$ 3,757

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	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	(115)	(115)	0	(45)	(45)	0	0	0
21,390	24,237	2,847	0	0	0	0	0	0
21,390	24,122	2,732	0	(45)	(45)	0	0	0
2,334	0	2,334	5,000	0	5,000	0	0	0
2,686	0	2,686	0	0	0	0	0	0
	0	0	0	0	0	40,000	13,453	26,547
27,069	20,797	6,272	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
(32,089)	(20,797)	11,292	(5,000)	0	5,000	(40,000)	(13,453)	26,547
(10,699)	3,325	14,024	(5,000)	(45)	4,955	(40,000)	(13,453)	26,547
0	0	0	0	0	0	40,000	13,453	(26,547)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	40,000	13,453	(26,547)
(10,699)	3,325	14,024	(5,000)	(45)	4,955	0	0	0
11,298	11,298	0	5,000	5,000	0	(137,475)	(137,475)	0
$ 599	$ 14,623	$ 14,024	$ 0	$ 4,955	$ 4,955	$ (137,475)	$ (137,475)	$ 0

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, 2009
(Concluded)

	Justice Assistance Grant			Explorers		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Intergovernmental Revenues	$ 1,381	$ 1,381	$ 0	$ 0	$ 0	$ 0
Investment Income (Loss)	0	0	0	0	0	0
Miscellaneous	0	0	0	1,569	2,456	887
Total Revenues	1,381	1,381	0	1,569	2,456	887
Expenditures						
Current:						
Public Safety	1,381	1,381	0	1,569	720	849
Economic Environment	0	0	0	0	0	0
Capital Outlay	0	0	0		0	0
(Total Expenditures)	(1,381)	(1,381)	0	(1,569)	(720)	849
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0	1,736	1,736
Other Financing Sources (Uses)						
Transfers in	0	0	0	0	0	0
Transfers (out)	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Net Change in Fund Balance	0	0	0	0	1,736	1,736
Fund Balance, Beginning of Year	0	0	0	0	0	0
Fund Balance, End of Year	$ 0	$ 0	$ 0	$ 0	$ 1,736	$ 1,736

Hazard Mitigation Grant			Public Assistance Grant		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
$ 517,409	$ 6,553	$ (510,856)	$ 4,460	$ 4,460	$ 0
0	363	363	0	82	82
0	0	0	0	0	0
517,409	6,916	(510,493)	4,460	4,542	82
38,165	5,032	33,133	4,460	0	4,460
0	0	0	0	0	0
651,712	6,300	645,412	0	0	0
(689,877)	(11,332)	678,545	(4,460)	0	4,460
(172,468)	(4,416)	168,052	0	4,542	4,542
172,468	3,323	(169,145)	0	0	0
0	0	0	0	0	0
172,468	3,323	(169,145)	0	0	0
0	(1,093)	(1,093)	0	4,542	4,542
(12,867)	(12,867)	0	9,247	9,247	0
$ (12,867)	$ (13,960)	$ (1,093)	$ 9,247	$ 13,789	$ 4,542

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, 2009

	San Felasco Conservation Corridor		
	Final Budget	Actual	Variance With Final Budget
Revenues			
Intergovernmental Revenues	$ 112,500	$ 0	$ (112,500)
Investment Income (Loss)	0	154	154
Miscellaneous	0	0	0
Total Revenues	112,500	154	(112,346)
Expenditures			
Current:			
General Government	0	0	0
Physical Environment	0	0	0
Economic Environment	0	0	0
Parks and Recreation	11,090	0	11,090
Capital Outlay	138,910	9,881	129,029
(Total Expenditures)	(150,000)	(9,881)	140,119
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,500)	(9,727)	27,773
Other Financing Sources (Uses)			
Transfers in	37,500	37,500	0
Transfers (out)	0	0	0
Total Other Financing Sources (Uses)	37,500	37,500	0
Net Change in Fund Balance	0	27,773	27,773
Fund Balance, Beginning of Year	(4,362)	(4,362)	0
Fund Balance, End of Year	$ (4,362)	$ 23,411	$ 27,773

Skatepark/Spraypool			CDBG - Economic Development Project		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
$ 535	$ 535	$ 0	$ 8,233	$ 2,618	$ (5,615)
0	(10)	(10)	0	(26)	(26)
0	0	0	0	0	0
535	525	(10)	8,233	2,592	(5,641)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	8,233	2,618	5,615
1,019	1,019	0	0	0	0
1,700	1,700	0	0	0	0
(2,719)	(2,719)	0	(8,233)	(2,618)	5,615
(2,184)	(2,194)	(10)	0	(26)	(26)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(2,184)	(2,194)	(10)	0	(26)	(26)
600	600	0	1,360	1,360	0
$ (1,584)	$ (1,594)	$ (10)	$ 1,360	$ 1,334	$ (26)

STATISTICAL SECTION
(UNAUDITED)

CITY OF ALACHUA, FLORIDA
STATISTICAL SECTION
(Unaudited)

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

Contents **Page**

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 78

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. 85

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. The City has no legal debt margin, thus it is not reported in these schedules. 90

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. 97

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. 99

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

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

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

Note:
Due to a prior period adjustment to record the land associated with right-of-ways, the Primary government "Invested in capital assets, net of related debt" increased from 2008 to 2009.

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

	Fiscal Year						
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
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
Public Safety	2,062,896	2,227,148	3,202,102	2,621,162	2,869,023	2,916,964	2,853,035
Physical environment	419,834	629,191	1,004,761	558,928	477,038	554,763	643,072
Transportation	566,466	644,394	772,815	701,492	754,008	840,867	724,671
Economic environment	--	699,843	82,049	608,385	1,258,609	150,543	150,250
Parks and recreation	--	494,500	564,972	609,993	746,943	776,645	718,239
Interest on long-term debt	306,206	246,730	197,744	395,514	474,453	467,028	457,511
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
Business-type activities							
Electric	--	7,499,525	8,946,756	10,122,932	11,111,055	12,611,445	11,805,050
Water & Sewer	8,395,054	1,749,977	2,771,163	2,518,848	2,793,493	2,964,692	2,941,214
Mosquito control	--	--	24,449	36,914	30,375	44,395	43,684
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
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
Program Revenues							
Governmental activities:							
Charges for services:							
General government	725,653	872,927	394,028	177,492	222,686	209,856	362,701
Public Safety	136,944	127,422	126,464	305,855	303,235	208,106	175,843
Physical environment	--	--	540,857	544,330	562,037	577,104	736,898
Transportation	--	--	--	--	--	70	11,165
Economic environment	--	--	--	--	--	--	--
Parks and recreation	--	--	62,779	29,070	57,014	60,078	70,666
Operating Grants and contributions	93,772	58,699	1,388,772	722,235	1,434,870	131,360	291,160
Capital grants and contributions	1,333,925	887,298	231,662	2,876,553	2,309,950	928,576	783,967
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
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
Water & Sewer	10,062,382	1,905,263	2,097,604	2,045,446	2,412,960	2,252,644	2,148,928
Mosquito Control	--	--	41,255	42,959	45,927	49,071	49,655
Operating grants and contributions	300,000	--	--	--	15,709	--	--
Capital grants and contributions	--	--	--	--	1,117,109	--	325,635
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
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
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)
Business-type activities	1,967,328	1,225,794	502,223	1,005,444	1,007,152	1,244,997	569,896
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)

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

	Fiscal Year						
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
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
Communications services taxes	179,453	214,259	220,943	236,613	250,326	354,990	472,087
Utility taxes	541,404	543,939	643,971	582,241	638,777	632,621	666,161
Local option gas tax	119,376	134,516	140,829	145,771	142,317	197,363	--
Business license tax	--	--	--	--	--	44,545	46,050
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
Unrestricted investment earnings	33,592	27,886	61,391	125,389	149,747	56,825	(13,557)
Miscellaneous	124,757	51,935	252,132	181,171	77,746	112,202	90,752
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
Total governmental activities	4,530,814	4,906,397	5,543,132	5,204,235	7,381,735	7,414,114	7,335,110
Business-type activities							
Unrestricted investment earnings	38,605	29,534	89,647	458,045	380,637	132,148	(26,740)
Miscellaneous	56,092	40,997	163,464	8,213	50,244	78,901	83,957
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)
Total business-type activities	(817,102)	(884,798)	(739,364)	193,502	(1,334,920)	(1,802,575)	(2,030,773)
Total primary government	$ 3,713,712	4,021,599	4,803,768	5,397,737	6,046,815	5,611,539	5,304,337
Change in Net Assets							
Governmental activities	$ 213,224	(66,674)	269,275	1,859,085	1,693,048	448,737	655,242
Business-type activities	1,150,226	340,996	(237,141)	1,198,946	(327,768)	(557,578)	(1,460,877)
Total primary government	$ 1,363,450	274,322	32,134	3,058,031	1,365,280	(108,841)	(805,635)

Notes:
(1) Local Option Gas taxes have been reclassified to Operating Grants and Contributions in 2009.

(2) Franchise Fees have been reclassified to General Government Charges for Services in 2009.

Schedule 3

CITY OF ALACHUA, FLORIDA

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year				
	2000	**2001**	**2002**	**2003**	**2004**
General Fund					
Reserved	$ 14,348	16,675	206,786	2,953	3,451
Unreserved	476,923	814,900	742,084	1,206,801	1,210,629
Total General Fund	$ 491,271	831,575	948,870	1,209,754	1,214,080
All Other Governmental Funds					
Reserved	$ 154,441	49,982	123,480	46,948	48,039
Unreserved, reported in:					
Special revenue funds	--	--	--	40,166	232,448
Debt Service funds	268,939	265,046	--	--	--
Capital Projects funds	(1,066,846)	208,152	(63,385)	(1,110)	(1,110)
Total all other governmental funds	$ (643,466)	523,180	60,095	86,004	279,377

Schedule 3 ***(Concluded)***

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

Fiscal Year				
2005	**2006**	**2007**	**2008**	**2009**
6,178	46,537	47,493	562,704	1,420,892
1,337,690	752,199	530,387	90,672	(370,369)
1,343,868	798,736	577,880	653,376	1,050,523
314,306	4,532,175	240,239	317,736	110,241
212,809	410,974	739,239	746,922	1,034,916
--	--	--		103,600
(139,632)	1,559,883	(967,350)	(1,331,239)	(901,994)
387,483	6,503,032	12,128	(266,581)	346,763

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

	Fiscal Year				Fiscal Year
	2000	**2001**	**2002**	**2003**	**2004**
Revenues					
Taxes	$ 2,056,022	2,283,045	2,858,901	2,931,536	3,238,949
Licenses, permits, and fees	235,909	148,357	167,446	162,538	195,072
Fines and forfeitures	89,543	72,272	78,897	136,944	127,422
Intergovernmental revenues	879,010	1,089,542	1,202,310	1,956,830	1,578,295
Charges for services	370,450	373,166	422,838	563,113	677,855
Interest	129,623	168,524	255,824	33,591	27,886
Miscellaneous	--	--	--	124,757	51,935
Total revenues	3,760,557	4,134,906	4,986,216	5,909,309	5,897,414
Expenditures					
General government	922,333	930,457	1,550,743	1,608,858	1,931,534
Public safety	1,617,278	1,688,980	1,966,560	2,014,024	2,080,532
Physical environment	286,184	309,317	388,763	422,806	616,769
Transportation	474,557	407,935	374,374	401,292	425,937
Economic environment	1,805,136	976,422	661,642	1,271,579	696,733
Parks and recreation	227,318	281,332	358,860	323,319	422,163
Debt service					
Principal	--	1,144,068	143,899	161,072	170,941
Interest and fiscal charges	--	142,539	186,315	323,499	198,548
Capital outlay	384,155	172,942	141,184	112,698	111,887
Total expenditures	5,716,961	6,053,992	5,772,340	6,639,147	6,655,044
Excess (deficiency) of revenues over (under) expenditures	(1,956,404)	(1,919,086)	(786,124)	(729,838)	(757,630)
Other Financing Sources (uses)					
Proceeds from the sale of capital assets	--	--	--	--	--
Proceeds from borrowing	84,750	2,550,000	--	--	--
Payments to refunding bond escrow agent	--	--	--	--	--
Insurance proceeds	--	--	--	--	--
Transfers in	600,727	2,370,972	923,319	1,117,603	1,252,313
Transfers out	(199,061)	(1,494,936)	(378,152)	(205,804)	(296,984)
Total other financing sources (uses)	486,416	3,426,036	545,167	911,799	955,329
Net change in fund balances	$ (1,469,988)	1,506,950	(240,957)	181,961	197,699
Debt service as a percentage of noncapital expenditures	0.0%	21.9%	5.9%	7.4%	5.6%

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.

Schedule 4 *(Concluded)*

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

2005	2006	2007	2008	2009
3,622,127	3,936,747	4,341,099	4,300,903	5,173,394
303,955	255,117	271,210	414,749	388,187
126,064	89,005	70,338	64,719	115,367
2,038,632	4,225,378	3,290,350	1,645,224	1,001,259
702,875	722,183	803,424	847,308	902,484
61,391	125,389	149,747	56,825	(13,556)
408,064	251,754	192,354	185,912	112,386
7,263,108	9,605,573	9,118,522	7,515,640	7,679,521
2,124,477	2,447,896	3,499,993	3,124,553	3,304,566
2,993,477	2,532,882	2,732,214	2,771,926	2,698,133
995,092	557,059	478,017	554,710	643,018
494,320	541,820	533,781	603,818	477,657
78,459	607,006	1,257,028	144,962	143,358
514,504	564,733	685,953	672,312	638,051
190,455	369,310	2,195,202	222,409	227,525
197,744	457,336	471,080	461,570	452,212
703,303	6,159,969	6,123,414	1,879,943	249,846
8,291,831	14,238,011	17,976,682	10,436,203	8,834,366
(1,028,723)	(4,632,438)	(8,858,160)	(2,920,563)	(1,154,845)
--	--	--	9,325	15,397
297,633	9,786,096	--	--	--
--	(683,836)	--	--	--
--	--	380,599	--	--
1,343,002	1,883,777	2,855,631	3,567,534	2,950,565
(350,527)	(783,182)	(1,089,830)	(859,509)	(858,575)
1,290,108	10,202,855	2,146,400	2,717,350	2,107,387
261,385	5,570,417	(6,711,760)	(203,213)	952,542
5.1%	10.2%	22.5%	8.0%	7.9%

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
2000	174,373,100	31,583,300	14,571,200	22,658,600	41,036,500
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

Source: Alachua County Property Appraiser

Schedule 5 ***(Concluded)***

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

Personal and Centrally Assessed Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
37,984,163	109,221,755	212,985,108	5.5000
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

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

	Direct	Overlapping							
Fiscal Year Ended Sept. 30,	**City**	**Alachua BOCC**	**Alachua BOCC GO Debt**	**Alachua County Library District**	**Library Capital Outlay**	**Library Debt Service**	**School Board**	**Suwannee River Water Mgmt. District**	**St. Johns River Water Mgmt. District**
2000	5.5000	8.7500	0.0200	1.4000	0.2531	0.2469	10.9560	0.4914	0.4820
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

Source: Alachua County Property Appraiser

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

	Fiscal Year 2009			Fiscal Year 2000		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Wal-Mart Stores East LP	$ 84,454,800	1	11.02%			
Dolgencorp, Inc.	72,560,400	2	9.47%	--		--
Regeneration Technologies, Inc.	22,669,680	3	2.96%	3,513,160	4	1.88%
Alachua Development LLC	11,865,100	4	1.55%			
Waco of Alabama Inc.	11,469,200	5	1.50%			
Hunter Marine Corporation	7,231,220	6	0.94%			
MAS Holding Company, Inc.	6,922,500	7	0.90%	--		--
Baugh Southeast Cooperative, Inc.	6,831,400	8	0.89%			
Innovation Partners Ltd.	4,311,900	9	0.56%	--		--
Maronda Homes Inc.	4,121,500	10	0.54%	--		--
Sage Software	--		--	--		--
Innovation Partners Ltd.	--		--	--		--
Hipp Construction	--		--	1,906,600	10	1.02%
Malboro Industry Park, Inc.	--		--	3,626,900	2	1.94%
Sandvik Mining & Construction USA, LLC	--		--	3,554,850	3	1.90%
Alltel Florida Inc.	--		--	3,294,070	5	1.76%
Citizens & Southern	--		--	2,800,600	6	1.50%
Apalachee Development Co.	--		--	4,458,600	1	2.39%
Heritage Links Golf Co.	--		--	2,066,000	8	1.11%
Oakhill Plaza Associates LP	--		--	1,980,200	9	1.06%
Apalachee Development Co.	--		--	--		
Curagen Corp.	--		--	2,664,550	7	1.43%
	$ 232,437,700		30.34%	29,865,530		15.99%

Source: Alachua County Property Appraiser

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

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended September 30	**Taxes Levied for the Fiscal Year**	**Amount**	**Percentage of Levy**	**Collections in Subsequent Years**	**Amount**	**Percentage of Levy**
2000	$ 1,171,418	1,099,635	93.9%	19,307	1,118,942	95.5%
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%

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

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

	Governmental Activities				Business-Type Activities			
Fiscal Year	**General Government Bonds**	**Sales Tax Revenue Notes**	**Tax Increment Revenue Note**	**Financing Loans**	**Utility Acquisition Bonds**	**Utility Refunding Bonds**	**Utility Revenue Bonds**	**Loans/ Capital Leases**
2000	$ 945,000	1,444,544	--	--	1,155,000	11,625,000	596,000	46,798
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

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

Schedule 9 ***(Concluded)***

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

Total Primary Government	Percentage of Personal Income	Per Capita
15,812,342	9.82%	2,439
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

Schedule 10
CITY OF ALACHUA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
Capital Improvement and Refunding Revenue Bonds, 2006	$ 7,810,000	100.00%	7,810,000
Tax Increment Road Improvement Note, 2000	66,568	100.00%	66,568
HUD Section 108 Loan	1,695,000	100.00%	1,695,000
Total direct debt			9,571,568
Overlapping:			
Alachua County Board of County Commissioners			
Alachua County Forever G.O. Bond			
Series, 2003	3,970,000	6.05%	240,027
Alachua County Library District, 2001	7,840,000	6.05%	474,008
Alachua County School Board District			
District Refunding G.O. Bonds:			
Series 2001, Refunding	3,425,000	6.05%	207,076
Series 2003, Refunding	13,710,000	6.05%	828,909
Total overlapping debt			1,750,020
Total direct and overlapping debt			$ 11,321,588

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	
2000	$ --	--	--	0.00
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

Fiscal Year	Pledged Revenue	Series 2006 Capital Improvement Debt Service		Coverage
		Principal	Interest	
2000	$ --	--	--	0.00
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

Notes:
(1) Pledged revenue for the Section 108 Loan consists of Half Cent Sales Tax, Franchise Fees and Guaranteed Entitlement Revenue.

(2) Pledged revenue for the Series 2006 bonds consists of various non ad valorem revenue.

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

Fiscal Year	Sales Tax Revenue	Sales Tax Rev Note-1995 Debt Service			Sales Tax Rev Note-1999A Debt Service		
		Principal	Interest	Coverage	Principal	Interest	Coverage
2000	$ 301,719	22,108	15,870	7.94	127,336	28,046	1.70
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	--	--	--	--	--	--	--

Fiscal Year	Sales Tax Rev Note-1999B Debt Service			Sales Tax Rev Note-2000 Debt Service		
	Principal	Interest	Coverage	Principal	Interest	Coverage
2000	$ --	44,664	2.43	--	--	--
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	--	--	--	--	--	--

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	
2000	$ --	--	--	--	0.00
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

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

				Net Debt Service Requirements	
Fiscal Year	**Net Utility Revenue Available**	**Excise Taxes**	**Revenue Available for Debt Service**	**Total Debt**	**Coverage**
2000	$ 1,901,386	643,933	2,545,319	1,164,440	2.19
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	1,503,665	1,138,248	2,641,913	1,100,762	2.40

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
2000	6,483	218,295	24,842	161,050,686	2.90%
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%

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.

(3) Per Capital Personal Income for 2007 and 2008 is an estimate based on the average increase from 1999-2008.

Schedule 16
CITY OF ALACHUA, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR

	Fiscal Year 2009			
Employer	**Type of Business**	**Number of Employees**	**Rank**	% of **Total**
Walmart Distribution Center	Retail	736	1	16.69%
Dollar General Distribution Center	Retail	624	2	14.15%
Regeneration Technologies, Inc.	Orthopedic/Cardio Implants	500	3	11.34%
Hunter Marine Corporation	Sailboats	325	4	7.37%
School Board of Alachua County	Public Education	300	5	6.80%
Sandvik Mining & Construction USA, LLC*	Manufacturing	227	6	5.15%
Sage Software**	Healthcare Management	220	7	4.99%
State of Florida	State Government	210	8	4.76%
Baugh Southeast Cooperative, Inc.	Retail	200	9	4.53%
Hitchcock & Sons, Inc.	Grocery	129	10	2.92%
	Total City Employment	4,411		

Source: Individual Employers

Notes: Employer information was not available in 1999
* Formerly Drilltech
** Formerly Medical Manager
Total City Employment figure from 2000 Census figures

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

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

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 SIX FISCAL YEARS

	Fiscal Year					
Function/Program	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Public Safety:						
Arrests	246	272	327	330	356	209
Traffic Citations issued	3,265	4,068	3,199	2,815	2,745	1,968
Planning and Development:						
New occupational licenses issued	97	117	106	102	93	88
Culture and Recreation:						
Participants in Summer Recreation Program	125	150	--	179	160	145
Electric Utility:						
Number of residential customers	2,711	2,846	2,927	3,385	3,421	3,478
Kilowatts per hour sold-residential	37,374,945	35,808,522	38,600,040	38,666,688	39,462,034	41,447,673
Number of commercial customers	638	669	662	717	692	733
Kilowatts per hour sold-commercial	54,115,884	59,570,598	62,878,622	66,665,752	73,845,006	79,247,962
Water Utility:						
Number of residential customers	2,530	2,710	2,796	2,934	3,028	3,071
Gallons sold	209,567,335	213,915,676	267,896,498	183,969,192	201,898,486	195,906,950
Number of commercial customers	403	433	447	472	482	487
Gallons sold	162,760,459	149,569,513	165,785,625	209,969,524	275,192,218	208,061,665
Wastewater Utility:						
Number of customers	2,146	2,302	2,377	2,511	2,578	2,633
Gallons of wastewater treated	156,082,000	173,470,000	168,627,000	269,296,043	272,736,513	299,531,166
Solid Waste:						
Number of customers	2,792	2,949	3,031	3,162	3,198	3,238

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 SIX FISCAL YEARS

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

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, 2009

Federal Awards	CFDA/ CSFA Number	Grant/Contract Number	Expenditures
U.S. Department of Housing and Urban Development			
Indirect Program:			
Passed Through Florida Department of Community Affairs Community Development Block Grant - State Program	14.228	07DB-3R-03-11-02-E05	$ 2,618
Total U.S. Department of Housing and Urban Development			2,618
U.S. Department of Homeland Security			
Indirect Programs:			
Passed Through Florida Department of Community Affairs:			
Disaster Grants - Public Assistance	97.036	09-PA-B9-03-11-00-584	4,460
Hazard Mitigation Grant	97.039	07HM-4@-03-11-02-037	900
Hazard Mitigation Grant	97.039	07HM-4@-03-11-01-051	614
Hazard Mitigation Grant	97.039	07HM-4@-03-11-02-073	5,040
Subtotal Expenditures - CFDA No. 97.039			6,554
Total U. S. Department of Homeland Security			11,014
U. S. Department of Justice			
Indirect Program:			
Passed Through Florida Department of Law Enforcement Block Grant Program	16.592	2009-JAGD-ALAC-2-T8-117	1,381
Total U. S. Department of Justice			1,381
Total Expenditures of Federal Awards			$ 15,013
State Projects			
Florida Department of Environmental Protection			
Direct Programs:			
Florida Recreation Development Assistance Program	37.017	F07173	$ 535
State-wide Surface Water Restoration and Wastewater Projects	37.039	SG790100	325,635
Total Florida Department of Environmental Protection			326,170
Total State Projects			$ 326,170

CITY OF ALACHUA, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES
SEPTEMBER 30, 2009

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 modified 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, 2009:

Federal Program Name	CFDA Number	Amount Outstanding
Section 108 Loan Guarantee	14.248	$ 1,695,000
Capitalization Grants for Clean Water State Revolving Funds	66.458	846,954

Purvis Gray & Company

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

Honorable Mayor
City Commissioners and City Manager
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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 9, 2010. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the following deficiency to be a material weakness:

Certified Public Accountants
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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* *(Continued)*

Internal Control Over Financial Reporting *(Continued)*

- **Payroll Process**

  Condition—One of the basic tenants of a sound system of internal control is proper separation of incompatible duties. During the audit we noted that the two individuals in the Human Resources department also perform the payroll function. Therefore, individuals with the ability to process payroll also perform other incompatible functions normally attributable to human resources, such as creating new employees and changing pay rates, deductions, and benefits. Although the two individuals review each other's work, there is no review by a person who does not have access to both human resources and payroll functions.

  Effect—Lack of separation of incompatible duties and ineffective detection controls could result in errors or irregularities that will not be prevented or detected on a timely basis.

  Recommendation—We recommend that the City review the processes of the payroll function and either separate incompatible duties or implement effective compensating controls to mitigate risks.

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. We consider the following deficiencies to be significant deficiencies:

- **Cash Receipts Process**

  Condition—One of the basic tenants of a sound system of internal control is proper separation of incompatible duties. During review of the City's cash receipts function, it was noted that the Billing Supervisor authorizes account adjustments and acts as a backup cashier, resulting in incompatible duties. Currently, there is no secondary review of account adjustments.

  Effect—Lack of separation of incompatible duties could result in errors or irregularities that will not be prevented, or detected and corrected, on a timely basis.

  Recommendation—We recommend that the City review the processes of the cash receipts function and either separate incompatible duties or implement compensating controls to mitigate risks.

- **Cash Disbursement and Wire Transfers Process**

  Condition—It was noted that the position of Finance Director has the ability to both authorize and execute check disbursements out of the operating account. Additionally, the City's operating bank account allows for the initiation and authorization of a wire transfer by only one individual.

  Effect—Lack of separation of incompatible duties could result in errors or irregularities that will not be prevented, or detected and corrected, on a timely basis.

  Recommendation—We recommend that the City review the duties of the Finance Director and either separate incompatible duties or implement compensating controls to mitigate risks. It is also recommended that the wire transfer process be modified so transfers must be authorized by a secondary individual.

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* *(Continued)*

Internal Control Over Financial Reporting *(Concluded)*

- **Significant Audit Adjustments**

  Condition—Proper internal control over financial reporting is designed to allow management or employees to prevent, or detect and correct, material misstatements on a timely basis. During our audit we noted several accounts which were materially misstated, including accounts payable, infrastructure, construction in progress, and deferred revenues.

  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—Although no system of internal control can guarantee accurate financial reporting at all times, we recommend the City review the causes of audit adjustments proposed and determine what changes should be made to its system of internal control over financial reporting.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below:

- **Calculation of Utility Tax**

  Condition—City Ordinance 1977-17 provides for the levy of a ten percent utility tax on all utility services, including sales of electricity provided within the boundaries of the City. The Ordinance and Florida Statute 166.231 provide that a portion of fuel cost is exempt from the utility tax which the City calculates each month (the nontaxable factor). The City's calculation of the nontaxable factor on sales of electricity overestimated the nontaxable portion of customer utility invoices. As a result, the City has under-taxed its electric utility customers throughout the current fiscal year and, apparently, in past fiscal years.

  Effect—The overestimation of the nontaxable factor has resulted in an under-billing of the utility tax to the City's electric utility customers and loss of revenues to the City. It is roughly estimated the City may have under-billed utility tax of $300,000 for the fiscal year ended September 30, 2009.

  Recommendation—We recommend the City correct the error in calculation of the nontaxable factor and put in place additional controls to prevent a recurrence of this type of error.

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 *(Concluded)*

- **Unrestricted Cash Deficit**

  Condition—The City did not have sufficient unrestricted cash to finance its operations in the current fiscal year. As a result, funds legally restricted for other purposes were expended to finance ongoing City operations. It is estimated that $1,732,424 of restricted funds have been expended for other purposes.

  Effect—The City's use of restricted assets to finance its operations has resulted in underfunding of required reserves and violation of bond covenants.

  Recommendation—We recommend the City implement sufficient cost cuts and revenue enhancements to replenish required reserves as quickly as possible.

- **Material Events Notices**

  Condition—The City is responsible for disclosing material events related to its outstanding bond issues to each nationally recognized municipal securities information repository (NRMSIR) or to the Municipal Securities Rulemaking Board (MSRB) established by the SEC. The City's unscheduled use of debt service reserves reflecting financial difficulties is considered to be a material event, as was the November 2008 downgrade of Ambac Assurance Corporation from whom the City purchased a debt service reserve surety. Upon the downgrade of Ambac, the City was also required to fund the debt service reserve; however, there were insufficient unrestricted funds to do so.

  Effect—The City is not in compliance with reporting requirements of material events as required by its bond documents.

  Recommendation—We recommend the City review its system of tracking and reporting material events related to its outstanding bond issues and file all required notices as soon as possible.

We noted certain other matters that we reported to management of the City in a separate letter dated June 9, 2010.

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

June 9, 2010
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, 2009, and have issued our report thereon dated June 9, 2010.

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. We have issued our report on internal control over financial reporting and compliance and other matters. Disclosures in that report, which is dated June 9, 2010, 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:

- 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 controls over wire transfers process reported as a significant deficiency on page 105.

- 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:

  - **Controls Over Investment Process**
    Condition—The City adopted a fiscal policy during the year which requires that a system of internal controls and written investment operational procedures be established. As of September 30, 2009, there were no written procedures to document controls over the investment process.

    Effect—Lack of written procedures can result in violations of laws and regulations and/or errors or irregularities which are not prevented, or detected and corrected, on a timely basis.

    Recommendation—We recommend the City establish written investment procedures in accordance with its fiscal policies.

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MANAGEMENT LETTER
(Continued)

- **Electric Rate Stabilization Fund**
  Condition—The City's electric utility rate structure provides for the creation and funding of a rate stabilization fund which is intended to stabilize unusual fluctuations in customer bills due to changing fuel costs. The City's bulk power cost adjustment rate sheet indicates the rate stabilization fund is to be used at the Commission's discretion to offset sudden and temporary increases and decreases in power costs or for other lawful purposes. Currently, City finance personnel determine the desired funding level of the rate stabilization fund and adjust the power cost adjustment each month at their discretion, taking into account the current balance in the fund and anticipated power costs and usage for the next billing cycle.

  Effect—The City Commission is not currently involved in determining the desired balance in the rate stabilization fund or in determining when to use funds in the rate stabilization fund to offset power cost fluctuations.

  Recommendation—We recommend the City Commission approve guidelines for use by City staff in setting the rate stabilization fund balance and monthly power cost adjustment, and/or approve the actual monthly power cost adjustment.

- **Hedging of Natural Gas Pricing**
  Condition—The City purchases the majority of its electric power for use and resale pursuant to a wholesale electric service contract (the power contract). The power contract specifies that the City's fuel charge, which represents the majority of the City's purchased power cost, is fifty percent based upon the end of month NYMEX price of natural gas.

  Effect—While the natural gas component of the City's purchased power contract has generally been favorable to the City due to relatively low cost of natural gas at the current time, the City is exposed to price increases based upon the NYMEX price of gas. Recent history has indicated that natural gas prices can be extremely volatile and a significant increase in the NYMEX price of gas would result in a significant increase in the City's cost of purchased gas and, eventually, in a significant increase in customer electric rates.

  Recommendation—Since the City's power cost for use and resale is tied to the NYMEX cost of gas, we recommend the City Commission consider if a natural gas hedging program would be an appropriate risk mitigation strategy.

- 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 statement, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

MANAGEMENT LETTER
(Continued)

- 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:

  - The City reported deficit unreserved fund balance of $1,690,538 in governmental funds and deficit unrestricted net assets of $316,896 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, 2009, 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, 2009. In connection with our audit, we determined that these two reports were in agreement.

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

  - **Financial Condition Assessment**
    Condition—The City's financial position continues to deteriorate. The General Fund shows a deficiency of revenues under expenditures of $821,615 and an unreserved fund balance deficit of $400,601. The Water and Wastewater funds have reported losses in each of the last five years, including a combined $614,291 operating loss during the year ended September 30, 2009. Proprietary funds show an unrestricted net assets deficit of $607,485.

    There is a lack of unrestricted funds available to pay the City's current operating expenses, as evidenced by the City's use of $1,732,424 of restricted cash in the current year.

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

MANAGEMENT LETTER
(Concluded)

- **Financial Condition Assessment *(Concluded)***
  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 recommend the City develop 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. In addition, City finance personnel should 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.

Purvis, Gray and Company, LLP

June 9, 2010
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

June 14, 2010

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 9/30/09 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 8:00 AM until 5:00 PM Monday - Friday.

Sincerely,

Traci L. Cain

Traci L. Cain
City Manager

PO Box 9
Alachua, Florida 32616-0009

"The Good Life Community"
www.cityofalachua.com

Phone: (386) 418-6100
Fax: (386) 418-6175

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

Current Year Findings and Recommendations

Payroll Process:

Status: The Administration has reviewed and implemented new procedures for processing payroll in the current fiscal year. The new procedures include the Assistant to the City Manager position who will be responsible for creating new employees, changing pay rates, deductions, and benefits. This position will help proof payroll but will not have access to process payroll. The Human Resources Manager will process payroll, but will not have access to creating new employees, changing pay rates, deductions, and benefits. This will provide a separation of duties.

Cash Receipts Process:

Status: The Utility Billing Supervisor on occasion serves as the back-up to the Customer Services Clerks. We have since hired a Customer Services Clerk which should decrease the times that the Supervisor has to serve as a back-up. This position also has the capability to process billing and authorize account adjustments. In order to separate incompatible duties and implement compensating controls, account adjustments will now be reviewed by the Finance Director or designee prior to updating by the Utility Billing Supervisor. This should provide additional internal controls.

Cash Disbursement and Wire Transfers Process:

Status: Although there were no unauthorized disbursements out of the operating account during the fiscal year, the Finance Director has access to input invoices and check disbursements in the financial system. It is this way because the Finance Director serves as the back-up for invoice input when the Accounts Payable Accountant is absent. In order to provide better controls, invoice input capability will be taken from the Finance Director. The Administration reworked the wire transfer process in order to prevent unauthorized transactions. Wire transactions still require the written approval of a Commissioner and the City Manager. The current procedure with our bank still requires two individuals to create and transmit a wire transaction. The first person will only have the ability to create the wire, but will not be able to transmit the wire. The second person will have the capability to only transmit the wire but not create a wire. Due to staffing issues, the Finance Director had the capability to create and transmit a wire transaction. The ability to create a wire transaction will now be removed from the Finance Director. There were no unauthorized wire transmittals during the fiscal year.

Significant Audit Adjustments:

Status: During the course of the audit, the auditors noted several accounts which were materially misstated. These accounts included accounts payable, infrastructure, construction in progress and deferred revenues. The accounts payable account included an adjustment made in the prior fiscal year which should have been reversed at the start of the new fiscal year. Normally, this reversal is done as part of the year end closing procedures but was missed. It was included in the adjusting journal entries for fiscal year 2009 and has since been reversed. The Administration will revise its current year end procedures so that more than one individual is responsible for identifying and making such adjustments. This should enhance the City's internal control of this process, and thus reduce the possibility of this occurring again.

The infrastructure and construction in progress accounts included an adjustment due to the reclassification of the Wastewater Treatment Facility Expansion fund from a Governmental Fund to a Business-type activity fund where it is more properly classified. This required a prior period adjustment.

The deferred revenue account was understated because interest earned on the state appropriation for the wastewater treatment plant expansion project was not classified as deferred revenue. The Finance Department has now included this adjustment in its end of year procedures, and will process adjustment from this point forward.

Calculation of Utility Tax:

Status: The Administration has corrected the error in calculation of the nontaxable factor. The correct calculation methodology went into effect with the utility billings in April 2010.

Unrestricted Cash Deficit:

Status: The City Commission has implemented increased property tax and utility (electric, water, and wastewater) rates during the current year which over time should help to 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.

Material Events Notices:

Status: The Administration will work with Digital Assurance Corporation, the vendor who files the City's continuing disclosure information for its outstanding bond issues to ensure that the City files all required notices in a timely manner.

Controls Over Investment Process:

Status: The City's current investment policy already provides a list of permissible investment vehicles. The Administration will prepare written investment procedures detailing the individuals who may initiate investment transactions (purchasing or selling) as well as how the transactions will occur.

Electric Rate Stabilization Fund:

Status: The Administration will research peer group rate stabilization policies to see how other entities set their desired rate stabilization fund balance. Once reviewed, the Administration will draft policies and procedures for the City Commission to discuss and approve.

Hedging of Natural Gas Pricing:

Status: The Administration will work with its wholesale power provider GRU to develop a hedging program for the City Commission to discuss and implement if they choose to do so.

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 should help to decrease the unreserved fund balance 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 reserves.