

CITY OF ALACHUA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

Prepared by
Department of Finance

**CITY OF ALACHUA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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INTRODUCTORY SECTION

City of Alachua

Mayor and City Commissioners

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

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



Government Finance Officers Association

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

Presented to

**City of Alachua
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO



City of Alachua

MAYOR GIB COERPER

Vice-Mayor Shirley Green Brown
Commissioner Gary Hardacre.
Commissioner Dayna Miller
Commissioner Robert Wilford

OFFICE OF THE CITY MANAGER

TRACI L. GRESHAM

March 30, 2018

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

Dear Honorable Mayor Coerper:

The Comprehensive Annual Financial Report of the City of Alachua, Florida (the “City”) for the fiscal year ended September 30, 2017, is respectfully submitted as required by Florida Statutes. This report was prepared by the City’s Finance and Administrative Services Department in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants. The responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data presented in this report is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position as measured by the financial activities of its various funds, and all disclosures that are necessary to enable the reader to gain a general understanding of the City’s financial activities have been included.

INDEPENDENT AUDIT

Purvis Gray and Company, a firm of licensed certified public accountants, has audited the City’s basic financial statements. The goal of an independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in the basic financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City’s basic financial statements for the fiscal year ended September 30, 2017, are presented fairly and 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 University of Florida Bureau of Economic and Business Research (BEBR), the City's population was approximately 9,936 as of September 30, 2017. The City has a charter government structure approved by referendum of the electors pursuant to the Constitution and laws of the State of Florida. The City operates under the City Manager form of government with a commission comprised of an elected Mayor and four elected Commissioners. The elections are non-partisan and each Commissioner represents the entire City.

REPORTING ENTITY AND ITS SERVICES

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

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

- The Community Redevelopment Agency (CRA). The CRA is a separate legal entity created in accordance to Chapter 163, Florida Statutes to carry out community redevelopment activities and is a blended component unit of the City due to the existence of a financial benefit/burden relationship. The City Commission sits as the board of this organization and approves its budget.
- The Public Finance Authority for Affordable Housing. The Authority is a separate legal entity and is a component unit of the City. There have been no financial transactions by the Authority; therefore, no amounts related to the Authority are reported in the basic financial statements.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

The annual budget serves as the foundation for the City's financial planning and control. All departments and component units of the City are required to submit requests for appropriation to the

City's Finance and Administrative Services Department. The City Manager submits to the City Commission a proposed operating budget by fund, except for the General Fund which is at the department level, for the fiscal year commencing the following October 1. The City Commission is required to hold public hearings on the proposed budget and to adopt the final budget no later than September 30, the close of the City's fiscal year. The budget is legally enacted through the passage of a resolution and adoption of the budget document. Management may not make changes to the adopted budget without the approval of a majority vote of the City Commission. Budgets are monitored at varying levels of detail; however, budgetary control is legally maintained at the fund level, except for the General Fund which is maintained at the department level.

MAJOR FUND PRESENTATION

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

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

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

ECONOMIC CONDITION AND OUTLOOK

LOCAL ECONOMY

The area's economy continues to show some growth despite a slight decrease in the City's growth indicators related to building permits and infrastructure (water and wastewater) connections as compared to the 2016 levels. This growth comes as a result of increased demand for utility services. The City continues to pursue increasing the 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, businesses 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 2016-2017 five-year Capital Improvement Plan (CIP), covering the period from October 1, 2017 through September 30, 2021, has earmarked funding estimated at \$47.7 million for 145 projects throughout the City. Electric system projects account for the largest portion of the total Capital Improvement Plan funding at \$11.5 million or 24.1%. Recreation projects are the second largest, accounting for \$9.4 million, or 19.7%, and Water system projects are the third largest accounting for \$7.4 million, or 15.5%, of the Capital Improvement Plan.

City utility revenues (capital facility charges, utility charges, etc.) represent the largest share of funding for the five-year Capital Improvement Plan, accounting for 40% of the value. Loans represent 22% of CIP funding and the remaining 38% of the CIP funding is provided by Federal, State, Local, Tax Increment, assessment, and private sources.

MAJOR INITIATIVES

ECONOMIC ENVIRONMENT

The Community Redevelopment Agency (CRA) began the implementation of the recommendations of the CRA Market Study & Economic Development Implementation Plan. The initial step was taken with the hiring of the CRA Coordinator and the organizational structure change of its board. This position will pursue goals established by way of the market study completed the prior fiscal year. Additionally, costs of \$5,375 for engineering design of a downtown parking lot along N. W. 142 Terrace and N. W. 150 Avenue and \$8,524 for streetscaping along Main Street were expended during the fiscal year.

TRANSPORTATION

The City completed the Community Development Block Grant (CDBG) FFY 2013 project. This project consisted of the repaving of neighborhood roads in a moderate to low income area in the northeast part of the City. The City expended \$329,985 of the total project costs of \$782,177 during FY 2016-2017. The City also completed the paving of the previously unpaved NW 157 Street. Total cost of this project was \$233,767.

GENERAL GOVERNMENT

The City continued the construction of the Public Works Operations Center and Warehouse facility. This project is funded by proceeds from the Capital Improvement Revenue and Revenue Refunding Bonds, Series 2016. This facility is intended to replace multiple aging structures/facilities and consolidate most Public Services operational personnel and the warehouse in one central location. The \$4.5 million project will be completed during first part of the upcoming fiscal year..

PUBLIC SAFETY

The Alachua Police Department continued to upgrade its technology and equipment in order to more efficiently process operations of the department. Equipment purchased included three pursuit patrol vehicles, five patrol tablets, four tasers and eight Automated External Defibrillators (AEDs). The total cost for the equipment and vehicles was \$126,256.

PARKS AND RECREATION

Substantial completion of planned improvements related to the construction of a multipurpose facility at the Project Legacy site was achieved. This facility will allow for indoor sporting events, primarily basketball and volleyball, as well as diverse public activities ranging to art and theater productions. This project was partially funded by proceeds from the Capital Improvement Revenue and Revenue Refunding Bonds, Series 2016. Additional funding in the amount of \$2.25 million from General Fund and \$74 thousand from Wild Spaces Public Places surtax provided for the total project costs of approximately \$8.4 million. Project expenses for the fiscal year totaled \$6,275,206.

PHYSICAL ENVIRONMENT

The City continued to improve its utility infrastructure while looking ahead to overall infrastructure expansion. Enhancements made included improvements to the electric substation and expansion of the underground distribution system, wastewater lift station improvements and replacement of water distribution lines. Total cost for these improvements was \$468,729.

RELEVANT FINANCIAL INFORMATION

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

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

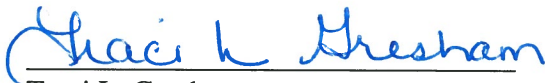
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2016. This was the seventh consecutive 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.

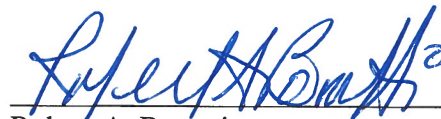
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we will submit it to the GFOA to determine its eligibility for another certificate.

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 and Administrative Services 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. Sincere appreciation is also expressed to the Mayor, Commissioners, Department Directors, and all City employees for their cooperation and assistance in all matters pertaining to the financial affairs of the City.

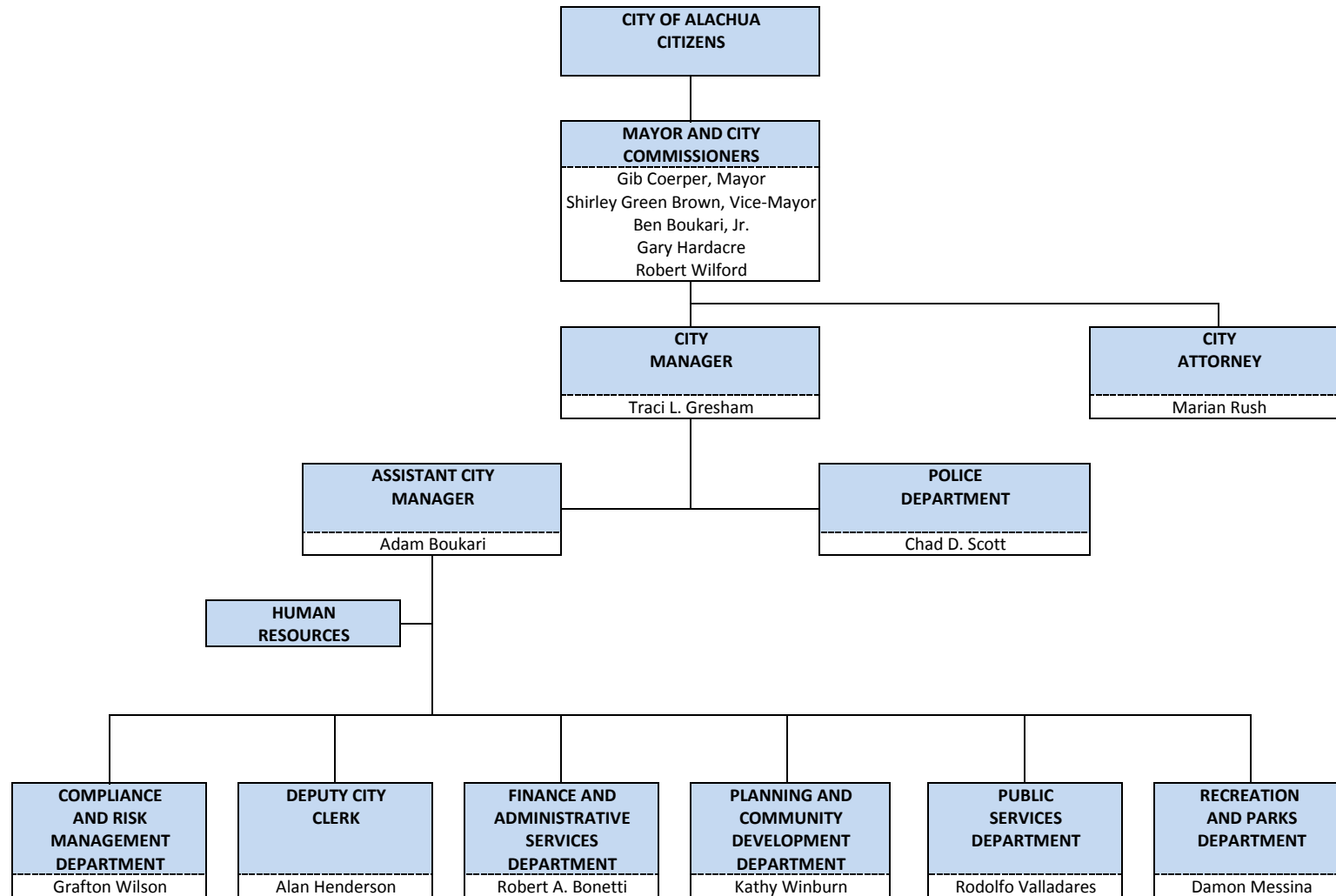
Respectfully submitted,



Traci L. Gresham
City Manager



Robert A. Bonetti
Finance & Administrative Services Director



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alachua, Florida (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Certified Public Accountants

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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
Alachua, Florida

INDEPENDENT AUDITORS' REPORT *(Continued)*

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules of proportionate share of the net pension liability and schedule of contributions, and the other postemployment benefits schedule of funding progress on pages 4 through 15 and 63 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary schedules, major fund budgetary schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary schedules and major fund budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, and major fund budgetary schedules are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



March 30, 2018
Gainesville, Florida

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

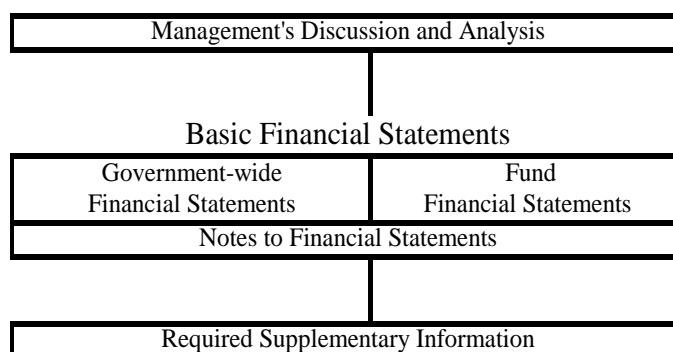
The City of Alachua's (the "City") Management's Discussion and Analysis (MD&A) is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the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

Since the MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the City's financial statements (beginning on page 16). Please note the City provides prior year comparative financial information as required by Governmental Accounting Standards Board (GASB) Statement No. 34.

Financial Highlights

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

Required components of City's Annual Financial Report



Government-wide Financial Statements

- The City of Alachua's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2017, by \$59.6 million, which is a 4.28% increase from the previous year. Unrestricted net position was at \$8.2 million, which is a 10.58% decrease from the previous year.
- The City's total net position increased by \$2,448,162 over the prior reported period. This increase was accomplished by maintaining the property tax rate from the prior year of 5.9900 mills, the increase in utility charges for services, and reduced expenses resulting from the continuance of lower wholesale power costs.
- The City of Alachua's total long-term debt (due in more than one year) decreased by \$315,823 during the current fiscal year. This decrease is due to the reduction of outstanding debt as a result of the normal debt payments made through the course of the fiscal year. This reduction was lessened due to increases in Other Post-Employment Benefits (OPEB), Net Pension Liability, and Compensated Absences.
- Total net position (\$59.6 million) is comprised of the following:
 1. The \$49.6 million net investment in capital assets includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of those capital assets.
 2. \$1.8 million of net position is restricted by constraints imposed from outside of the City such as debt covenants, grantors, laws, or regulations, or by enabling legislation.
 3. \$8.2 million of unrestricted net position.

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

Fund Financial Statements

- At September 30, 2017, the City's governmental funds reported combined ending fund balances of \$5.99 million, a decrease of \$4.82 million, in comparison with the prior fiscal year. This decrease is largely due to the use of approximately \$2.25 million of existing balance to augment existing funding related to the construction of the multi-purpose recreation facility within the Project Legacy Fund.
- Governmental fund revenues were \$9,847,997 or \$235 thousand more than the previous fiscal year. General Fund revenues increased by \$74 thousand, primarily, due to an increase of revenues resulting from increased property values.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business, and consist of the following two statements:

- The *statement of net position* presents information on all of the City's assets, liabilities, deferred outflows of resources, and deferred inflows of resources, with the difference between these elements reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is strengthening or weakening.
- The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

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

The government-wide financial statements include not only the City itself (known as the primary government), but also several component units. 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, a legally separate entity created by the City Commission has been reported in the basic financial statements as a major governmental fund (pages 18 and 20).

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

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Fund Financial Statements

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

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Because of the different measurement focus (current financial resources versus total economic resources), a reconciliation of the governmental fund Balance Sheet to the government-wide Statement of Net Position and a reconciliation of the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances to the government-wide Statement of Activities is provided (see pages 19 and 21) to facilitate

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

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

The City reports fourteen (14) 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, and Project Legacy Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for non-major governmental funds is provided in the form of *combining statements* in the supplementary information section of this report.

The City adopts an annual budget for its general, special revenue, debt service, and capital projects funds. Budgetary comparison schedules have been provided as required supplementary information for the General Fund, Community Redevelopment Fund, and Project Legacy Fund to demonstrate budgetary compliance. Budgetary comparison schedules have been provided for all of the other governmental funds that have adopted budgets in the supplementary information section.

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

Proprietary Funds

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 62 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 69 through 82 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$59.6 million at the close of the fiscal year ended September 30, 2017.

A portion of the City's net position, \$1,795,670, represents resources that are subject to external restriction on how they may be used.

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

The largest portion of the City's net position (\$49,569,329 or 83.2%) reflects its investment in capital assets (e.g., land, infrastructure, buildings and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

City of Alachua
Statement of Net Position
As of September 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total		Total % Change
	2017	2016	2017	2016	2017	2016	2016-2017
Current Assets & Other Assets	\$ 6,672,875	11,571,377	13,876,901	19,394,511	20,549,776	30,965,888	-33.64%
Capital Assets	36,672,759	30,284,449	44,636,757	38,172,333	81,309,516	68,456,782	18.77%
Total Assets	\$ 43,345,634	41,855,826	58,513,658	57,566,844	101,859,292	99,422,670	2.45%
Deferred Outflows	\$ 2,601,272	2,019,522	921,272	822,210	3,522,544	2,841,732	23.96%
Total Deferred Outflows	\$ 2,601,272	2,019,522	921,272	822,210	3,522,544	2,841,732	23.96%
Long-term liabilities outstanding	\$ 21,299,675	20,942,775	16,984,209	17,656,932	38,283,884	38,599,707	-0.82%
Other liabilities	916,608	984,176	6,221,506	5,467,116	7,138,114	6,451,292	10.65%
Total Liabilities	\$ 22,216,283	21,926,951	23,205,715	23,124,048	45,421,998	45,050,999	0.82%
Deferred Inflows	\$ 266,481	37,799	80,603	11,012	347,084	48,811	611.08%
Total Liabilities and Deferred Inflows	\$ 22,482,764	21,964,750	23,286,318	23,135,060	45,769,082	45,099,810	1.48%
Net Position							
Net Investment in Capital Assets	\$ 22,463,590	19,616,277	27,105,739	26,925,962	49,569,329	46,542,239	6.50%
Restricted	965,855	697,533	829,815	803,328	1,795,670	1,500,861	19.64%
Unrestricted	34,697	1,596,788	8,213,058	7,524,704	8,247,755	9,121,492	-9.58%
Total Net Position	\$ 23,464,142	21,910,598	36,148,612	35,253,994	59,612,754	57,164,592	4.28%

Normal Impacts

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

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

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

City of Alachua
Changes in Net Position
For the Years Ended September 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Totals		Totals % change
	2017	2016	2017	2016	2017	2016	2016-2017
Revenues:							
Program Revenues:							
Charges for Services	\$ 1,565,817	1,610,986	17,647,499	19,157,062	19,213,316	20,768,048	-7.49%
Operating Grants and Contributions	300,985	266,003	-	-	300,985	266,003	13.15%
Capital Grants and Contributions	763,611	1,032,140	-	-	763,611	1,032,140	-26.02%
General Revenues:							
Property Tax	4,171,075	3,982,499	-	-	4,171,075	3,982,499	4.74%
Utility Tax	1,423,860	1,387,113	-	-	1,423,860	1,387,113	2.65%
Other Tax	729,163	387,148	-	-	729,163	387,148	88.34%
Intergovernmental	801,244	743,242	-	-	801,244	743,242	7.80%
Other	136,176	219,762	124,777	81,385	260,953	301,147	-13.35%
Total Revenues	\$ 9,891,931	9,628,893	17,772,276	19,238,447	27,664,207	28,867,340	-4.17%
Expenses:							
General Government	\$ 3,486,727	3,028,258	-	-	3,486,727	3,028,258	15.14%
Public Safety	4,085,731	3,610,483	-	-	4,085,731	3,610,483	13.16%
Physical Environment	724,084	828,282	-	-	724,084	828,282	-12.58%
Transportation	982,780	918,754	-	-	982,780	918,754	6.97%
Economic Environment	237,578	239,226	-	-	237,578	239,226	-0.69%
Parks and Recreation	730,895	741,416	-	-	730,895	741,416	-1.42%
Electric	-	-	10,487,281	11,250,351	10,487,281	11,250,351	-6.78%
Water and Sewer	-	-	3,974,417	3,403,639	3,974,417	3,403,639	16.77%
Mosquito Control	-	-	33,859	43,026	33,859	43,026	-21.31%
Interest on long-term debt	472,693	567,472	-	-	472,693	567,472	-16.70%
Total Expenses	\$ 10,720,488	9,933,891	14,495,557	14,697,016	25,216,045	24,630,907	2.38%
Increase (decrease) in net position before transfers	\$ (828,557)	(304,998)	3,276,719	4,541,431	2,448,162	4,236,433	-42.21%
Transfers	\$ 2,382,101	2,200,859	(2,382,101)	(2,200,859)	-	-	0.00%
Increase (decrease) in net position	\$ 1,553,544	1,895,861	894,618	2,340,572	2,448,162	4,236,433	-42.21%
Net position - beginning	21,910,598	20,138,365	35,253,994	32,913,422	57,164,592	53,051,787	7.75%
Adjustment to net position	-	(123,628)	-	-	-	(123,628)	-100.00%
Net position - beginning, as restated	21,910,598	20,014,737	35,253,994	32,913,422	57,164,592	52,928,159	8.00%
Net position - ending	\$ 23,464,142	21,910,598	36,148,612	35,253,994	59,612,754	57,164,592	4.28%

Government-wide Net Position

The City's total net position at the end of fiscal year 2017 improved by \$2,448,162 resulting from an increase of \$1,553,544 in governmental activities and an increase of \$894,618 in business-type activities.

Governmental Activities

The City's net position within governmental activities was improved by \$1,553,544 during fiscal year 2017. This net position increase was, primarily, the result of an increase within governmental sources of funding.

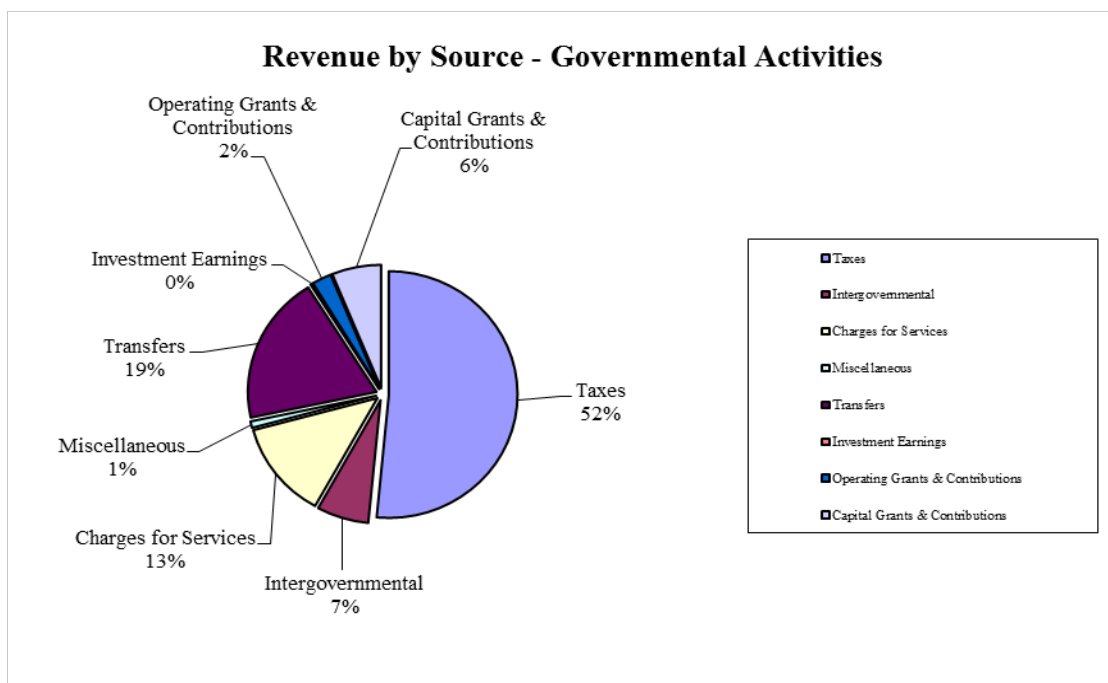
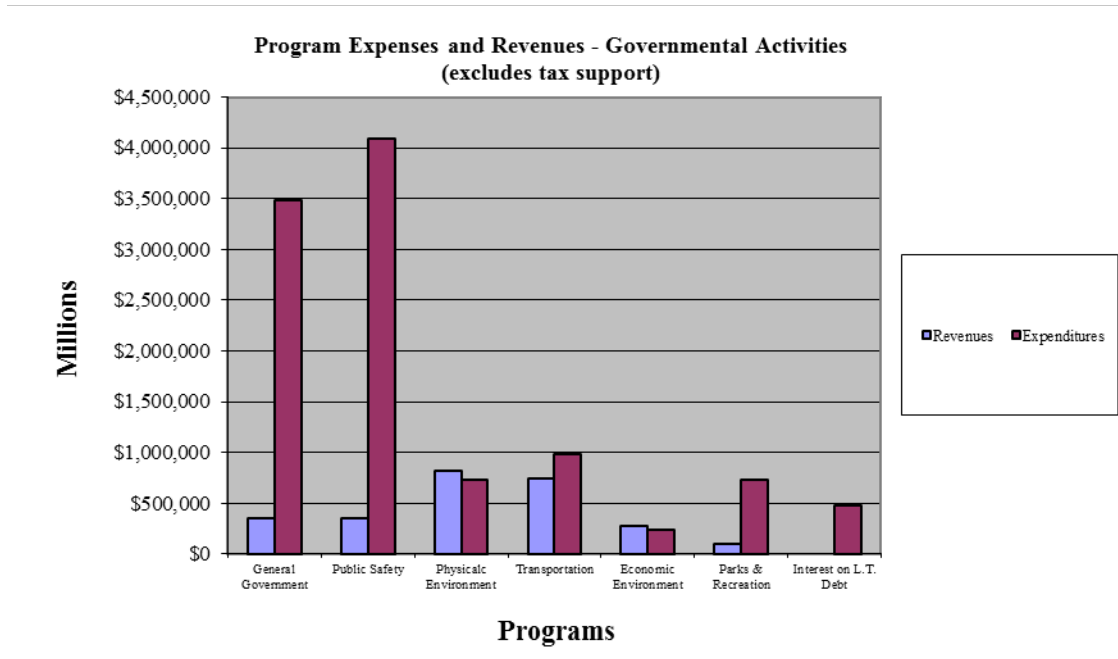
Major changes in revenues were caused by the following:

- For fiscal year ending September 30, 2017, property taxes increased by \$188,576 due to increases in assessed property valuation and other taxes increased by \$368,655 due to the receipt of a referendum enacted discretionary sales surtax.

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Major changes in expenses were caused by the following:

- Expenses for governmental activities experienced an increase of \$786,597. This increase was largely the result of across-the-board increases in staffing costs related to increased levels of service and benefit costs, an increased investment towards transportation infrastructure maintenance and an increase due to additional long-term debt payments resulting from the \$16,545,000 Capital Improvement Revenue and Revenue Refunding Bonds, Series 2016.



**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

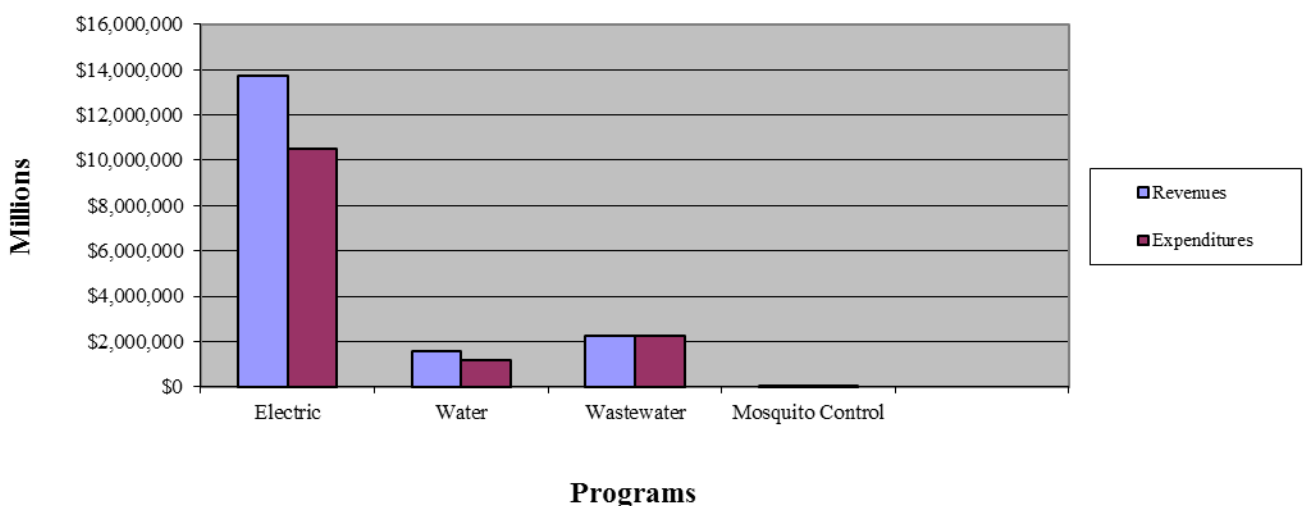
Business-type Activities

The City's net position within business-type activities was improved by \$894,618 during fiscal year 2017.

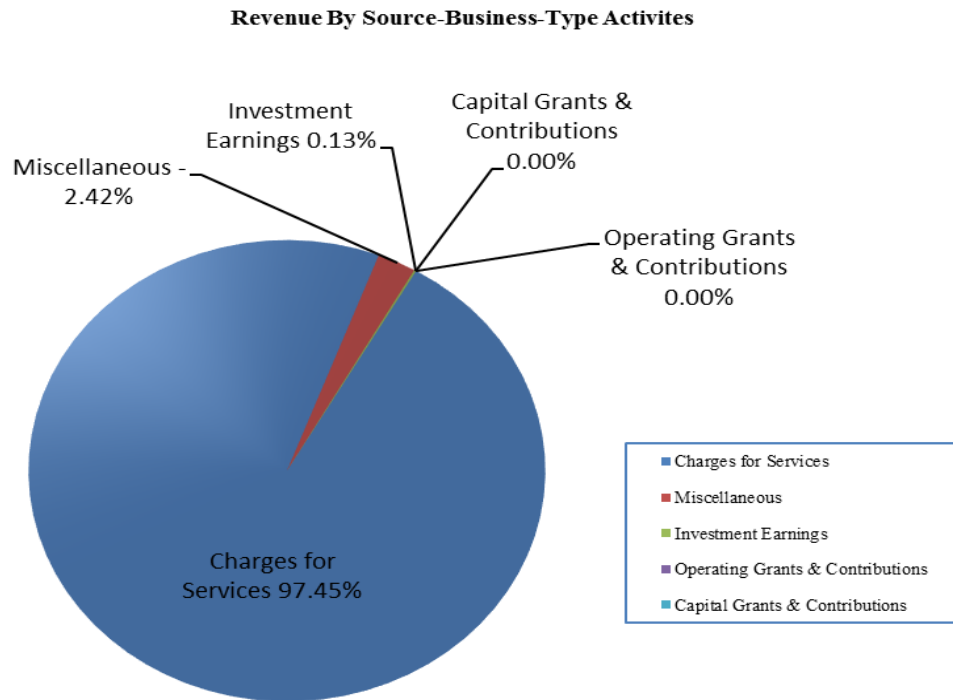
Net position increased despite a decrease of business-type charges for services of \$1,509,563. Other revenues also decreased by \$414,401 due to a write-off of non-viable water utility infrastructure. This was largely due to the lower wholesale power costs that were in place due to the renegotiated wholesale power contract from the prior fiscal year. This contract is a multi-year agreement with a fixed rate of \$58 per megawatt hour (MWh) that expires in the year 2022. Business-type expenses decreased by \$740,637 largely due to these lower power costs.

- The Electric Utility of the City operates at 7.2/12.47kV. The City purchases power from Gainesville Regional Utilities (GRU) at two different locations. The majority of the customers are supplied from the Alachua No. 1 Substation, which is connected to GRU's 138 kV transmission system. The second point of services, identified as Hague Point of Service, exists as a distribution source supplied by GRU.
- The Water Utility obtains its water supply from the upper portion of the Floridan Aquifer. Three wells with depths of approximately 365 feet withdraw water from the Ocala limestone and discharge it into the City's distribution system. The quality of the City's water supply is such that chlorination and fluoridation are the only treatments required prior to distribution. The system's wells range in age from 26 to 49 years old.
- Wastewater generated through the utility is collected through a gravity sewer system and pumped to the City's wastewater treatment plant. The collected wastewater is treated in an activated sludge treatment facility, which has a current capacity of 1,500,000 gallons per day. The effluent from the treatment facility is chlorinated and disposed of by spray irrigation, and is also resold as reclaimed water.

Expenses and Program Revenues - Business-Type Activities



**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**



Fund Financial Analysis

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

Governmental Funds

The primary purpose of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. In particular, *assigned and unassigned fund balance* may serve as a useful measure of a government's net resources, available for spending, at the end of the fiscal year.

As of the end of fiscal year 2017, the City's governmental funds reported combined ending fund balances of \$5,995,091, a decrease of \$4,820,651 in comparison with the prior year.

Major Funds

The General Fund, the Community Redevelopment Agency Fund, and the Project Legacy Fund are major governmental funds.

The General Fund is the chief operating fund of the City. The General Fund had a decrease in fund balance of \$1,379,074. The total fund balance was \$4,757,997 of which \$3,813,331 was unassigned. The cash balance at the end of the year was \$4,350,555. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund revenues. Unassigned fund balance represents 43.5% of the total General Fund operating revenue, while total fund balance represents 54.4% of that same figure. The Government Finance Officers Association (GFOA), Best Practices guidelines calls for an unassigned fund balance level of two (2) months of operating revenues. Total fund balance includes committed, assigned, and unassigned fund balance.

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

The Project Legacy Fund is reported as a major fund this year as a result of proceeds received from the Series 2016 Bonds and construction costs of the multi-purpose recreation facility. Fund balance decreased by \$3,933,052 from that of fiscal year 2016 as a result of the substantial completion of the facility.

Fund balance for the Community Redevelopment Agency (CRA) increased by \$169,804 from fiscal year 2016. The increase was due to a slight increase in revenues combined with a reduction of expenditures resulting from the completion projects in fiscal year 2016. Fund balance within the CRA is restricted for uses that relate to CRA purposes.

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 major utility system funds are used to account for the operations of the City's electric, water, and wastewater utilities. Each utility operates like a business, where the rates established by the City generally generate sufficient funds to pay the costs of current operations and provide for long-term asset acquisitions. Total assets and deferred outflows of resources as of September 30, 2017, were \$54.7 million, total liabilities and deferred inflows were \$19.9 million. Net position was \$34.7 million.

General Fund Budgetary Highlights with Variances

The General Fund Budget was \$8,511,795 at the beginning of fiscal year 2017. The final amended budget amount of \$8,668,029 was brought about by the following amendments:

- \$11,400: Increase to appropriate funds related to Justice Assistance Grant (JAG).
- \$19,030: Increase to appropriate developer-provided funding related to infrastructure improvements to N. W. 157 Street.
- \$95,804: Increase to recognize unanticipated utility tax revenue.

General Fund Actual Results Highlights with Variances

At September 30, 2017, the City's General Fund experienced a positive variance between its final operating revenue budget and actual operating revenue in the amount of \$79,272. This was mainly due to conservative budgetary projection pertaining to tax revenue. Also, the revenue received from Utility Taxes exceeded the budgetary forecast. The City's General Fund experienced a positive variance between its final operating expenditure budget and actual operating expenditures in the amount of \$541,144. This was due to unspent operating and capital expense appropriations. Additionally, there were several vacancies carried throughout the fiscal year in the General Government and Public Safety-related programs.

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

Capital Asset and Debt Administration

The City's capital assets for its governmental and business-type activities as of September 30, 2017, totaled \$77.2 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
	2017	2016	2017	2016	2017	2016	2016-2017
Land	\$ 7,413	7,413	586	256	7,999	7,669	4.3%
Buildings	16,800	8,510	4,872	4,872	21,672	13,382	61.9%
Improvements other than buildings	6,943	4,681	5,657	4,979	12,600	9,660	30.4%
Infrastructure	12,259	12,259	40,871	40,871	53,130	53,130	0.0%
Furniture, fixtures, and equipment	3,419	3,268	2,621	2,834	6,040	6,102	-1.0%
Construction in progress	1,142	4,489	5,741	2,782	6,883	7,271	-5.3%
Less: accumulated depreciation	(11,303)	(10,335)	(19,791)	(18,422)	(31,094)	(28,757)	8.1%
Total Assets	\$ 36,673	30,285	40,557	38,172	77,230	68,457	12.8%

The City of Alachua continued to focus on expanding and maintaining its current infrastructure capabilities both in the governmental and business-type activities.

Major capital asset events during the current fiscal year for governmental activities include the substantial completion of a multi-purpose recreation facility, and the paving improvements made to N. W. 157 Street.

Major capital asset events for the business-type activities included improvements to the electric substation and expansion of the underground distribution system, wastewater lift station improvements and replacement of water distribution lines.

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

Long-term Debt

At the end of fiscal year 2017, the City had total long-term debt outstanding of approximately \$28.6 million. The City's debt represents bonds, notes, and loans secured by specific revenue sources (i.e., revenue bonds/notes).

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

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

	2017	2016	Total % Change
Revenue Bonds	\$ 18,730,000	19,585,000	-4.37%
Revenue Notes	554,834	640,370	-13.36%
Loans	9,318,700	9,784,768	-4.76%
TOTAL	\$ 28,603,534	30,010,138	-4.69%

The City's outstanding principal debt decreased \$1,406,604 during fiscal year 2017. Debt activity included normal principal and interest payments.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Gainesville MSA at September 30, 2017, was 4.5%, which includes the City of Alachua. This is a 2.27% increase from the previous fiscal year's rate of 4.4%.
- The final certified citywide taxable value of property increased to \$711 million, representing an increase of 3.42%.
- The population increased approximately 0.44% from the prior year to an estimate of 9,936 at September 30, 2017.
- During the current fiscal year, ad valorem taxes increased by \$188,576 to \$4,171,075 despite the rate remaining constant from the prior fiscal year. The ad valorem tax rate was 5.9900 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 and Administrative Department, P.O. Box 9, Alachua, Florida, 32616-0009. Additional information can be found on our website: www.cityofalachua.com.

BASIC FINANCIAL STATEMENTS

CITY OF ALACHUA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 5,027,438	\$ 10,696,599	\$ 15,724,037
Receivables, Net of Allowance	109,329	2,382,489	2,491,818
Due from Other Governments	152,523	0	152,523
Inventories	0	838,617	838,617
Prepaid and Other Assets	70,825	120,107	190,932
Restricted Assets:			
Cash and Cash Equivalents	1,151,849	4,078,822	5,230,671
Capital Assets Not Being Depreciated:			
Land	7,412,904	586,447	7,999,351
Construction in Progress	1,142,709	5,740,741	6,883,450
Depreciable Capital Assets, Net	28,117,146	34,230,747	62,347,893
Internal Balances	160,911	(160,911)	0
Total Assets	43,345,634	58,513,658	101,859,292
Deferred Outflows of Resources			
Unamortized Refunding Loss	0	155,917	155,917
Pension Related	2,601,272	765,355	3,366,627
Total Deferred Outflows of Resources	2,601,272	921,272	3,522,544
Liabilities			
Accounts Payable	281,960	1,395,297	1,677,257
Accrued Expenses	263,879	37,211	301,090
Due to Other Governments	82,889	74,251	157,140
Accrued Interest Payable	4,410	0	4,410
Unearned Revenue	49,056	0	49,056
Rate Stabilization Credit	0	2,832,168	2,832,168
Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	234,414	179,267	413,681
Customer Deposit	0	1,703,312	1,703,312
Noncurrent Liabilities:			
Due Within One Year	870,497	1,151,108	2,021,605
Due in More Than One Year	14,258,533	13,997,937	28,256,470
Net Pension Liability	6,042,598	1,770,920	7,813,518
Other Postemployment Benefits Liability	128,047	64,244	192,291
Total Liabilities	22,216,283	23,205,715	45,421,998
Deferred Inflows of Resources			
Pension Related	266,481	80,603	347,084
Total Deferred Inflows of Resources	266,481	80,603	347,084
Net Position			
Net Investment in Capital Assets	22,463,590	27,105,739	49,569,329
Restricted for:			
Debt Service	29,808	579,815	609,623
Renewal and Replacement	0	250,000	250,000
Economic Environment	526,895	0	526,895
Physical Environment	50,010	0	50,010
Parks and Recreation	340,070	0	340,070
Law Enforcement	19,072	0	19,072
Unrestricted	34,697	8,213,058	8,247,755
Total Net Position	\$ 23,464,142	\$ 36,148,612	\$ 59,612,754

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 3,486,727	\$ 356,558	\$ 0	\$ 0	\$ (3,130,169)	\$ 0	\$ (3,130,169)
Public Safety	4,085,731	334,904	13,001	0	(3,737,826)	0	(3,737,826)
Physical Environment	724,084	805,619	0	6,721	88,256	0	88,256
Transportation	982,780	33,871	231,188	480,499	(237,222)	0	(237,222)
Economic Environment	237,578	0	0	276,391	38,813	0	38,813
Parks and Recreation	730,895	34,865	56,796	0	(639,234)	0	(639,234)
Interest on Long-term Debt	472,693	0	0	0	(472,693)	0	(472,693)
Total Governmental Activities	10,720,488	1,565,817	300,985	763,611	(8,090,075)	0	(8,090,075)
Business-type Activities							
Electric	10,487,281	13,736,261	0	0	0	3,248,980	3,248,980
Water	1,711,560	1,582,495	0	0	0	(129,065)	(129,065)
Wastewater	2,262,857	2,269,834	0	0	0	6,977	6,977
Mosquito Control	33,859	58,909	0	0	0	25,050	25,050
Total Business-type Activities	14,495,557	17,647,499	0	0	0	3,151,942	3,151,942
Total Primary Government	\$ 25,216,045	\$ 19,213,316	\$ 300,985	\$ 763,611	(8,090,075)	3,151,942	(4,938,133)
General Revenues							
Ad Valorem					4,171,075	0	4,171,075
Utility Service Taxes					1,423,860	0	1,423,860
Discretionary Sales Surtax					368,655	0	368,655
Communication Service Taxes					311,859	0	311,859
Business License Taxes					48,649	0	48,649
Half-cent Sales Tax					597,493	0	597,493
State Revenue Sharing					203,751	0	203,751
Investment Earnings					32,812	23,498	56,310
Miscellaneous					103,364	101,279	204,643
Transfers					2,382,101	(2,382,101)	0
Total General Revenues and Transfers					9,643,619	(2,257,324)	7,386,295
Change in Net Position					1,553,544	894,618	2,448,162
Net Position, Beginning of Year					21,910,598	35,253,994	57,164,592
Net Position, End of Year					\$ 23,464,142	\$ 36,148,612	\$ 59,612,754

See accompanying notes.

CITY OF ALACHUA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General	Community Redevelopment Agency	Project Legacy Fund	Nonmajor Governmental	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 4,350,555	\$ 561,157	\$ 31,557	\$ 811,512	\$ 5,754,781
Cash with Fiscal Agent	0	0	0	424,506	424,506
Receivables:					
Accounts	43,696	0	0	108	43,804
Taxes	34,540	0	0	0	34,540
Franchise Fees	30,985	0	0	0	30,985
Due from Other Governments	109,855	0	0	42,668	152,523
Prepaid Items	61,943	5,882	0	0	67,825
Advances to Other Funds	565,732	0	0	15,944	581,676
Other Assets	3,000	0	0	0	3,000
Total Assets	5,200,306	567,039	31,557	1,294,738	7,093,640
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	150,861	8,618	0	122,481	281,960
Accrued Liabilities	159,503	1,778	0	102,598	263,879
Due to Other Governments	82,889	0	0	0	82,889
Unearned Revenue	49,056	0	0	0	49,056
Advances from Other Funds	0	23,866	0	396,899	420,765
Total Liabilities	442,309	34,262	0	621,978	1,098,549
Fund Balances					
Nonspendable:					
Prepays	61,943	5,882	0	0	67,825
Advances to Other Funds	565,732	0	0	15,944	581,676
Restricted for:					
Law Enforcement	10,448	0	0	8,624	19,072
Physical Environment	0	0	0	50,010	50,010
Economic Environment	0	526,895	0	0	526,895
Parks and Recreation	0	0	0	340,070	340,070
Debt Service	0	0	0	29,808	29,808
Assigned for:					
Subsequent Year Budget	306,543	0	0	0	306,543
Debt Service	0	0	0	528,304	528,304
Parks and Recreation	0	0	31,557	0	31,557
Unassigned	3,813,331	0	0	(300,000)	3,513,331
Total Fund Balances	4,757,997	532,777	31,557	672,760	5,995,091
Total Liabilities and Fund Balances	\$ 5,200,306	\$ 567,039	\$ 31,557	\$ 1,294,738	\$ 7,093,640

See accompanying notes.

CITY OF ALACHUA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Fund Balance - Total Governmental Funds \$ 5,995,091

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

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

Cost of Assets	\$ 47,976,051	
(Accumulated Depreciation)	<u>(11,303,292)</u>	36,672,759

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

2015A Section 108 Loan	(725,000)	
2016 Capital Improvement and Refunding Bonds	(12,130,275)	
Bond Issuance Premium	(709,017)	
2013 Redevelopment Note	(554,835)	
Due to Alachua County	(416,667)	
Motorola Solutions Capital Lease	(90,042)	
Compensated Absences	<u>(503,194)</u>	(15,129,030)

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.		(128,047)
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The Net Pension Obligation is reported in the government-wide financial statements but not reported in the governmental fund financial statements.		(6,042,598)
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Deferred Outflows and Inflows of Resources are not available in the current period and, therefore, are not reported in the governmental funds. Deferred Outflows and Inflows of Resources at year-end consist of:

Deferred Outflows Related to Pensions	2,601,272	
Deferred Inflows Related to Pensions	<u>(266,481)</u>	2,334,791

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

Accrued Interest Payable		<u>(238,824)</u>
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Net Position of Governmental Activities		<u>\$ 23,464,142</u>
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See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General	Community Redevelopment Fund	Project Legacy Fund	Nonmajor Governmental	Total Governmental Funds
Revenues					
Taxes	\$ 6,205,670	\$ 0	\$ 0	\$ 368,655	\$ 6,574,325
Permits, Fees, and Special Assessments	484,466	0	0	6,721	491,187
Intergovernmental Revenues	944,754	276,391	0	373,349	1,594,494
Charges for Services	982,949	0	0	0	982,949
Fines and Forfeitures	31,156	0	0	33,375	64,531
Investment Income	13,323	294	18,485	710	32,812
Miscellaneous	84,983	7,116	0	15,600	107,699
Total Revenues	8,747,301	283,801	18,485	798,410	9,847,997
Expenditures					
Current:					
General Government	3,063,424	0	0	1,036	3,064,460
Public Safety	3,553,295	0	0	2,572	3,555,867
Physical Environment	707,532	0	0	16,498	724,030
Transportation	563,055	0	0	0	563,055
Economic Environment	0	186,235	0	0	186,235
Parks and Recreation	581,904	0	4,341	6,363	592,608
Debt Service:					
Principal	0	85,535	0	397,376	482,911
Interest and Fiscal Charges	0	13,744	0	472,700	486,444
Capital Outlay	561,222	13,899	6,197,196	622,822	7,395,139
(Total Expenditures)	(9,030,432)	(299,413)	(6,201,537)	(1,519,367)	(17,050,749)
(Deficiency) of Revenues (Under) Expenditures	(283,131)	(15,612)	(6,183,052)	(720,957)	(7,202,752)
Other Financing Sources (Uses)					
Transfers in	2,000,000	185,416	2,250,000	1,042,628	5,478,044
Transfers (out)	(3,095,943)	0	0	0	(3,095,943)
Total Other Financing Sources (Uses)	(1,095,943)	185,416	2,250,000	1,042,628	2,382,101
Net Change in Fund Balance	(1,379,074)	169,804	(3,933,052)	321,671	(4,820,651)
Fund Balance, Beginning of Year	6,137,071	362,973	3,964,609	351,089	10,815,742
Fund Balance, End of Year	\$ 4,757,997	\$ 532,777	\$ 31,557	\$ 672,760	\$ 5,995,091

See accompanying notes.

CITY OF ALACHUA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Net Change in Fund Balance - Total Governmental Funds \$ (4,820,651)

**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	\$ 7,395,139	
Depreciation Expense	<u>(1,034,394)</u>	6,360,745

Donations of capital assets are not recorded in governmental funds

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

11,196

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:

Gain on Disposal of Capital Assets		16,369
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Repayment of long-term liabilities are expenditures in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.

482,911

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 Premium	24,034	
Change in Accrued Interest Payable	(10,283)	
Change in Compensated Absences Liability	(35,887)	
Change in Other Postemployment Benefit Obligation	<u>(12,373)</u>	(34,509)

The net change in the net pension liability and deferred inflows and outflows related to pensions is reported in the statement of activities, but not in the fund statements.

(462,517)

Change in Net Position of Governmental Activities		<u><u>\$ 1,553,544</u></u>
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See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	Business-type Activities - Enterprise Funds					Business-type Activities Internal Service Fund
	Major Funds			Nonmajor Fund	Total	
				Mosquito Control	Enterprise Funds	
	Electric	Water	Wastewater			
Assets						
Current Assets:						
Cash and Cash Equivalents	\$ 7,785,139	\$ 1,117,409	\$ 995,264	\$ 61,447	\$ 9,959,259	\$ 737,340
Receivables	1,951,914	166,834	258,083	5,425	2,382,256	233
Prepaid Items	6,724	6,354	18,164	133	31,375	12,280
Inventories	751,936	83,226	3,455	0	838,617	0
Restricted Assets:						
Cash and Cash Equivalents	227,609	42,462	319,358	0	589,429	1,536,081
Total Current Assets	10,723,322	1,416,285	1,594,324	67,005	13,800,936	2,285,934
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	1,351,594	265,624	336,094	0	1,953,312	0
Total Restricted Assets	1,351,594	265,624	336,094	0	1,953,312	0
Capital Assets:						
Land	92,630	0	163,310	0	255,940	330,507
Construction in Progress	1,139,289	167,784	263,152	0	1,570,225	4,170,516
Property, Plant and Equipment	14,451,813	6,516,894	32,542,569	79,156	53,590,432	431,428
(Accumulated Depreciation)	(7,321,716)	(4,561,108)	(7,619,120)	(68,878)	(19,570,822)	(220,291)
Total Net Capital Assets	8,362,016	2,123,570	25,349,911	10,278	35,845,775	4,712,160
Other Assets:						
Advances to Other Funds	2,355,343	64,290	0	76,793	2,496,426	217,635
Unamortized Bond						
Insurance Cost	0	0	0	0	0	73,452
Other Assets	0	0	0	0	0	3,000
Total Other Assets	2,355,343	64,290	0	76,793	2,496,426	294,087
Total Noncurrent Assets	12,068,953	2,453,484	25,686,005	87,071	40,295,513	5,006,247
Total Assets	22,792,275	3,869,769	27,280,329	154,076	54,096,449	7,292,181
Deferred Outflows of Resources						
Unamortized Refunding Loss	34,327	33,837	87,753	0	155,917	0
Pension Related	232,037	97,379	115,266	1,869	446,551	318,804
Total Deferred Outflows of Resources	266,364	131,216	203,019	1,869	602,468	318,804
Total Assets and Deferred Outflows	\$ 23,058,639	\$ 4,000,985	\$ 27,483,348	\$ 155,945	\$ 54,698,917	\$ 7,610,985

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017
(Concluded)

	Business-type Activities - Enterprise Funds					Business-type Activities Internal Service Fund
	Major Funds			Nonmajor Fund	Total	
				Mosquito	Enterprise	
	Electric	Water	Wastewater	Control	Funds	
Liabilities						
Current Liabilities:						
Accounts Payable	\$ 745,680	\$ 6,796	\$ 4,481	\$ 264	\$ 757,221	\$ 638,076
Accrued Expenses	11,527	2,340	5,050	352	19,269	17,942
Due to Other Governments	74,251	0	0	0	74,251	0
Rate Stabilization Credit	2,832,168	0	0	0	2,832,168	0
Payable from Restricted Assets:						
Accrued Interest Payable	11,406	2,068	84,242	0	97,716	81,551
Current Portion of Long-term Debt	216,203	40,394	235,116	0	491,713	0
Compensated Absences	36,455	7,096	25,936	0	69,487	60,416
Current Portion of Long-term Debt	229,306	40,394	183,303	0	453,003	76,489
Unearned Revenue	0	0	0	0	0	0
Total Current Liabilities	4,156,996	99,088	538,128	616	4,794,828	874,474
Noncurrent Liabilities:						
Payable from Restricted Assets:						
Customer Deposits	1,187,804	235,923	279,585	0	1,703,312	0
Advances from Other Funds	0	1,087,749	1,771,279	0	2,859,028	15,944
Other Postemployment Benefits Liability	15,411	10,208	10,897	0	36,516	27,728
Compensated Absences	19,697	3,834	14,014	0	37,545	32,645
Net Pension Liability	533,509	240,159	271,422	4,475	1,049,565	721,355
Long-term Debt	927,155	157,969	8,342,148	0	9,427,272	4,500,475
Total Noncurrent Liabilities	2,683,576	1,735,842	10,689,345	4,475	15,113,238	5,298,147
Total Liabilities	6,840,572	1,834,930	11,227,473	5,091	19,908,066	6,172,621
Deferred Inflows of Resources						
Pension Related	25,506	5,573	10,651	149	41,879	38,724
Total Deferred Inflows of Resources	25,506	5,573	10,651	149	41,879	38,724
Net Position						
Net Investment in Capital Assets	7,023,679	1,918,650	16,677,097	10,278	25,629,704	1,476,035
Restricted for:						
Renewal and Replacement Fund	163,790	29,701	56,509	0	250,000	0
Debt Service	222,754	40,394	235,116	0	498,264	81,551
Unrestricted	8,782,338	171,737	(723,498)	140,427	8,371,004	(157,946)
Total Net Position	16,192,561	2,160,482	16,245,224	150,705	34,748,972	1,399,640
Total Liabilities, Deferred Inflows, and Net Position	\$ 23,058,639	\$ 4,000,985	\$ 27,483,348	\$ 155,945	\$ 54,698,917	\$ 7,610,985
Net Position - Above					\$ 34,748,972	
Internal Service Fund Net Position in the Enterprise Funds					1,399,640	
Net Position of Business-type Activities					\$ 36,148,612	

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-type Activities - Enterprise Funds					
	Major Funds			Nonmajor Fund	Total	Business-type
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	Internal Service Fund
Operating Revenues						
Charges for Services	\$ 13,736,261	\$ 1,582,495	\$ 2,269,834	\$ 58,909	\$ 17,647,499	\$ 0
Interfund Charges	0	0	0	0	0	2,202,992
Total Operating Revenues	<u>13,736,261</u>	<u>1,582,495</u>	<u>2,269,834</u>	<u>58,909</u>	<u>17,647,499</u>	<u>2,202,992</u>
Operating Expenses						
Electric Power Expenses:						
Purchased Power	7,891,243	0	0	0	7,891,243	0
Personal Services	948,646	160,432	386,415	3,913	1,499,406	1,309,467
Contractual Services	77,082	79,888	78,168	0	235,138	79,371
Supplies	48,196	20,593	86,648	15,318	170,755	91,324
Repairs and Maintenance	192,225	79,467	50,095	1,031	322,818	59,739
Billing and Administrative	1,096,052	711,668	381,147	14,125	2,202,992	0
Depreciation	361,496	139,107	842,041	1,468	1,344,112	31,701
Other Expenses	78,758	156,590	299,577	1,696	536,621	49,180
(Total Operating Expenses)	<u>(10,693,698)</u>	<u>(1,347,745)</u>	<u>(2,124,091)</u>	<u>(37,551)</u>	<u>(14,203,085)</u>	<u>(1,620,782)</u>
Operating Income	<u>3,042,563</u>	<u>234,750</u>	<u>145,743</u>	<u>21,358</u>	<u>3,444,414</u>	<u>582,210</u>
Nonoperating Revenues						
(Expenses)						
Investment Gain	15,440	2,660	2,571	144	20,815	2,683
Interest and Fiscal Charges	(80,062)	(10,648)	(238,388)	0	(329,098)	(6,407)
Loss on Disposal of						
Capital Assets	0	(539,178)	0	0	(539,178)	0
Miscellaneous	94,010	6,158	211	0	100,379	901
Total Nonoperating Revenues						
(Expenses)	<u>29,388</u>	<u>(541,008)</u>	<u>(235,606)</u>	<u>144</u>	<u>(747,082)</u>	<u>(2,823)</u>
Income Before Capital						
Contributions and Transfers	<u>3,071,951</u>	<u>(306,258)</u>	<u>(89,863)</u>	<u>21,502</u>	<u>2,697,332</u>	<u>579,387</u>

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(Concluded)

	Business-type Activities - Enterprise Funds					Business-type Activities Internal Service Fund
	Major Funds			Nonmajor Fund	Total	
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	
Transfers (out)	\$ (2,324,126)	\$ 0	\$ (57,975)	\$ 0	\$ (2,382,101)	\$ 0
Total Contributions and Transfers	(2,324,126)	0	(57,975)	0	(2,382,101)	0
Change in Net Position	747,825	(306,258)	(147,838)	21,502	315,231	579,387
Total Net Position, Beginning of Year	15,444,736	2,466,740	16,393,062	129,203	34,433,741	820,253
Total Net Position, End of Year	<u>\$ 16,192,561</u>	<u>\$ 2,160,482</u>	<u>\$ 16,245,224</u>	<u>\$ 150,705</u>	<u>\$ 34,748,972</u>	<u>\$ 1,399,640</u>
Change in Net Position - Above					\$ 315,231	
Internal Service Fund Activities in the Enterprise Funds					579,387	
Change in Net Position of Business-type Activities					<u>\$ 894,618</u>	

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-type Activities - Enterprise Funds					Business-type Activities Internal Service Fund
	Major Funds			Nonmajor Fund	Total Enterprise Funds	
	Electric	Water	Wastewater	Mosquito Control		
Cash Flows from Operating Activities						
Receipts from Customers	\$ 14,048,377	\$ 1,606,292	\$ 2,278,916	\$ 59,025	\$ 17,992,610	\$ 0
Receipts from Interfund Services Provided	0	0	0	0	0	2,202,992
Cash from Other Sources	94,010	6,158	211	0	100,379	649
Payments to Suppliers for Goods and Services	(8,435,591)	(361,633)	(533,054)	(16,603)	(9,346,881)	(277,005)
Payments for Interfund Services Used	(1,096,052)	(711,668)	(381,147)	(14,125)	(2,202,992)	0
Payments to Employees for Services	(898,512)	(164,826)	(367,731)	(5,062)	(1,436,131)	(1,221,704)
Net Cash Provided by (Used in) Operating Activities	<u>3,712,232</u>	<u>374,323</u>	<u>997,195</u>	<u>23,235</u>	<u>5,106,985</u>	<u>704,932</u>
Cash Flows from Noncapital Financing Activities						
Loans/Advances and Repayments from (to) Other Funds	420,243	(344,953)	(52,334)	0	22,956	13,374
Transfers in (out)	(2,324,126)	0	(57,975)	0	(2,382,101)	0
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(1,903,883)</u>	<u>(344,953)</u>	<u>(110,309)</u>	<u>0</u>	<u>(2,359,145)</u>	<u>13,374</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition and Construction of Capital Assets	(268,412)	(39,565)	(159,560)	(3,581)	(471,118)	(3,144,314)
Debt Principal Payments	(435,681)	(79,005)	(383,007)	0	(897,693)	(34,889)
Debt Interest Payments and Other Charges	(30,088)	(5,456)	(225,573)	0	(261,117)	(150,294)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(734,181)</u>	<u>(124,026)</u>	<u>(768,140)</u>	<u>(3,581)</u>	<u>(1,629,928)</u>	<u>(3,329,497)</u>
Cash Flows from Investing Activities						
Interest Received	15,440	2,660	2,571	144	20,815	2,683
Net Cash Provided by (Used in) Investing Activities	<u>15,440</u>	<u>2,660</u>	<u>2,571</u>	<u>144</u>	<u>20,815</u>	<u>2,683</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,089,608	(91,996)	121,317	19,798	1,138,727	(2,608,508)
Cash and Cash Equivalents, Beginning of Year	8,274,734	1,517,491	1,529,399	41,649	11,363,273	4,881,929
Cash and Cash Equivalents, End of Year	<u>\$ 9,364,342</u>	<u>\$ 1,425,495</u>	<u>\$ 1,650,716</u>	<u>\$ 61,447</u>	<u>\$ 12,502,000</u>	<u>\$ 2,273,421</u>

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(Concluded)

	Business-type Activities - Enterprise Funds					Business-type Activities Internal Service Fund
	Major Funds			Nonmajor Fund	Total Enterprise Funds	
	Electric	Water	Wastewater	Mosquito Control		
<u>Reconciliation of Cash and Cash Equivalents to Statement of Net Position</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 7,785,139	\$ 1,117,409	\$ 995,264	\$ 61,447	\$ 9,959,259	\$ 737,340
Restricted Assets:						
Cash and Cash Equivalents	227,609	42,462	319,358	0	589,429	1,536,081
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	1,351,594	265,624	336,094	0	1,953,312	0
Total	\$ 9,364,342	\$ 1,425,495	\$ 1,650,716	\$ 61,447	\$ 12,502,000	\$ 2,273,421
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>						
Operating Income (Loss)	\$ 3,042,563	\$ 234,750	\$ 145,743	\$ 21,358	\$ 3,444,414	\$ 582,210
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation and Amortization	361,496	139,107	842,041	1,468	1,344,112	31,701
Miscellaneous Income (Expense)	56,510	6,158	211	0	62,879	902
(Increase) Decrease in:						
Accounts Receivable, Net	65,145	20,440	3,398	116	89,099	(252)
Prepaid Items	(6,724)	(6,354)	(17,009)	(133)	(30,220)	(5,780)
Inventory	(104,966)	(18,101)	408	0	(122,659)	0
Increase (Decrease) in:						
Accounts Payable	(14,182)	6,252	4,132	92	(3,706)	2,451
Accrued Expenses	(22,215)	(6,892)	(6,097)	93	(35,111)	5,937
Due to Other Governments	1,087	0	0	0	1,087	0
Rate Stabilization Credit	244,992	0	0	0	244,992	0
Compensated Absences	3,700	(12,731)	(24)	0	(9,055)	14,702
Customer Deposits	38,392	3,357	5,684	0	47,433	0
Net Pension Liability	44,943	7,964	18,037	241	71,185	69,558
OPEB Liability	1,491	373	671	0	2,535	3,503
Net Cash Provided by (Used in) Operating Activities	\$ 3,712,232	\$ 374,323	\$ 997,195	\$ 23,235	\$ 5,106,985	\$ 704,932
<u>Noncash Investing, Capital and Financing Activities</u>						
Amortization of Discount and Refunding Loss	\$ 53,612	\$ 5,852	\$ 18,496	\$ 0	\$ 77,960	\$ 0

See accompanying notes.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

■ **Community Redevelopment Agency**

The Community Redevelopment Agency (the CRA) 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 CRA through Ordinances 98-14, 98-24, 99-03, and 13-07. The City Council serves as the CRA board and the City maintains operational responsibility for the CRA's activity. Although legally separate, the CRA is appropriately blended as a governmental fund type component unit into the primary government. Separate financial statements for the CRA are not presently developed.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Reporting Entity (Concluded)

■ **Public Finance Authority for Affordable Housing**

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, postemployment benefits, claims and judgments, and pension benefits are recorded only when payment is due.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

The government reports the following major governmental funds:

■ **General Fund**

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

■ **Community Redevelopment Agency Fund (CRA)**

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

■ **Project Legacy Fund**

This capital project fund is used to account for donations and expenditures for the acquisition and future development of land for recreation use related to Legacy Park.

The government reports the following major proprietary funds:

■ **Electric Fund**

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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

■ **Water Fund**

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

■ **Wastewater Fund**

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

In addition, the government reports the following fund type:

■ **Internal Service Fund**

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

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

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

■ **Deposits and Investments**

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

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

■ **Deposits and Investments (Concluded)**

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, 2017.

Investments of the City are held in the Florida PRIME portion of the State Investment Pool. These investments are classified as cash and cash equivalents and reported at amortized cost, which approximates fair value.

■ **Receivable and Payables**

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

Receivables are reported net of an allowance of uncollectibles. The City has recorded a \$36,098 allowance for uncollectibles in the Electric Fund and \$56,140 in the General Fund.

■ **Inventory**

Inventories are valued at cost, which approximates market value, using the first-in, first-out (FIFO) method. Generally, the costs of governmental fund type inventories are recorded as expenditures when consumed (consumption method) rather than when purchased.

■ **Prepays**

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

■ **Restricted Assets**

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

■ **Capital Assets**

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 acquisition value rather than fair value.

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

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

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

■ **Compensated Absences**

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

■ **Long-term Obligations**

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

In the fund financial statements, governmental fund types record bond premiums and discounts, as well as bond issuance costs in the year incurred. The face amount of debt issued is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

■ **Deferred Inflows and Outflows of Resources**

Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period and will not be recognized as an outflow of resources until that future time. Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period and will not be recognized as an inflow of resources until that future time. Deferred outflows have a positive effect on net position, similar to assets, while deferred inflows have a negative effect on net position, similar to liabilities. The City reports deferred outflows of resources related to unamortized refunding losses, as well as pension-related deferred inflows and outflows of resources.

- **Unamortized Refunding Loss**—Losses resulting from the refunding of debt are reported as a deferred outflow of resources and recognized as a component of interest expense over the remaining life of the refunded debt or the new debt, whichever is shorter.
- **Pension Related**—The difference between expected and actual experience with regard to economic or demographic factors and changes to assumption in the measurement of total pension liability, the differences between expected and actual earnings on pension plan investments, and the change in the proportionate share of the net pension liability resulting from a change in proportion are reported as deferred inflows or outflows of resources, to be recognized in expense. Contributions made subsequent to the measurement date, but prior to the reporting date, are reported as deferred outflows of resources.

■ **Fund Balance**

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

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. On the governmental funds balance sheet, the inventory balance reported is offset by a nonspendable fund balance classification which indicates it does not constitute “available spendable resources” even though it is a component of current assets.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Concluded)

■ **Fund Balance (Concluded)**

- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (i.e., by ordinance) of the organization's governing authority (the City Council). These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action employed to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that the City intends to use for a specific purpose as determined by the City Council in accordance with the City's fiscal policies. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund, as approved by the City Council through the budget process.
- **Unassigned**—This classification is used for: (a) deficit unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed, or assigned.

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

■ **Net Position**

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

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.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Future GASB Pronouncement Implementations

- **GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***, replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, including the recognition and measurement of liabilities, deferred outflows of resources, deferred inflows of resources, and expense. For each qualifying plan providing postemployment benefits other than pensions, employers are required to report the difference between the actuarial OPEB liability and the related plan's fiduciary net position as the net OPEB liability on the statement of net position. Additionally, Statement No. 75 sets forth note disclosure and required supplementary disclosure requirements for defined contribution OPEB. This standard will be adopted in fiscal year ending September 30, 2018. The City is currently evaluating the impact that adoption of this Statement will have on its financial statements.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

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

Budgetary Information (Concluded)

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

Deficit Fund Equity

At September 30, 2017, the following funds had deficit fund balances:

<u>Fund</u>	<u>Type</u>	<u>Deficit</u>
Municipal Complex	Nonmajor Governmental	\$ (300,000)

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

Note 3 - Cash, Cash Equivalents, and Investments

Deposits and investments as of September 30, 2017, are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and Cash Equivalents	\$ 15,724,037
Restricted:	
Cash and Cash Equivalents	<u>5,230,671</u>
Total Cash and Investments	<u>\$ 20,954,708</u>

Deposits and investments consist of the following:

Cash Deposits	\$ 19,944,480
Investments	<u>1,010,228</u>
Total Cash and Investments	<u>\$ 20,954,708</u>

Deposits

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

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

Investments

The City's investment are summarized below, at September 30, 2017:

	<u>Fair Value</u>	<u>FMV Level</u>
Florida PRIME, at Amortized Costs	\$ 1,010,228	N/A

Fair Market Value Hierarchy

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value; Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Florida PRIME

The City's investments in the Florida Prime Investment Pool (Florida PRIME) are similar to money market funds in which units are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and meet the requirements of GASB Statement No.31, as amended by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There is no limitation or restrictions on withdrawals from Florida PRIME; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the funds' executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours.

Credit Risk—The City's policy limits investments of governmental and business-type funds to U.S. Treasury and agency obligations, federal instrumentalities, interest-bearing time deposit or saving accounts, repurchase agreements, money market funds, and intergovernmental investment pools. Investments in mutual funds must maintain a rating of AAm or AAm-G or better by Standard & Poor's, or the equivalent by another rating agency. Florida PRIME is rated by Standards & Poor's and has a rating at September 30, 2017, of AAAM.

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

Custodial Credit Risk—For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City generally utilizes third party custodians to help manage custodial credit risk. Custodians are primarily bank trust departments, insurance companies, brokerage firms, the State of Florida, and SBA. The dollar weighted-average days to maturity (WAM) of the Florida PRIME at September 30, 2017, is 51 days.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

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

Florida PRIME (Concluded)

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

Note 4 - Restricted Assets

Restricted cash and investments at September 30, 2017, are as follows:

	Governmental Activities	Business-type Activities
Cash and Cash Equivalents		
Debt Service Reserve and Sinking Funds	\$ 29,808	\$ 557,574
Cash with Fiscal Agent	0	227,065
Customer Deposit	0	1,703,312
Renewal and Replacement	0	250,000
Economic Environment	561,157	0
Parks and Recreation	258,737	0
Public Safety	19,864	0
Physical Environment	13,673	0
Infrastructure	229,025	0
Capital Projects	0	1,340,871
Other	39,585	0
Net Restricted Cash and Cash Equivalents	\$ 1,151,849	\$ 4,078,822

Note 5 - Inventory

Inventory at September 30, 2017, consists of the following:

Business-type Activities	Balance
Electric Utility Supplies	\$ 417,808
Transformers	318,568
Meters	15,560
Water/Wastewater Supplies	86,681
Total	\$ 838,617

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 6 - Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended September 30, 2017:

	Beginning Balance	Increases	(Decreases)	Transfers	Ending Balance
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	\$ 7,412,904	\$ 0	\$ 0	\$ 0	\$ 7,412,904
Construction in Progress	4,489,001	7,075,472	(10,421,764)	0	1,142,709
Total Capital Assets Not Being Depreciated	11,901,905	7,075,472	(10,421,764)	0	8,555,613
Capital Assets Being Depreciated:					
Buildings and Improvements	8,509,583	8,290,528	0	0	16,800,111
Improvements Other Than Building	4,681,114	2,261,462	0	0	6,942,576
Infrastructure	12,259,073	0	0	0	12,259,073
Furniture, Fixtures, and Equipment	3,268,200	222,367	(71,889)	0	3,418,678
Total Capital Assets Being Depreciated	28,717,970	10,774,357	(71,889)	0	39,420,438
Less Accumulated Depreciation:					
Building	(1,927,501)	(190,784)	0	0	(2,118,285)
Improvements Other Than Buildings	(1,038,022)	(261,080)	0	0	(1,299,102)
Infrastructure	(5,388,588)	(275,457)	0	0	(5,664,045)
Furniture, Fixtures, and Equipment	(1,981,315)	(307,074)	66,529	0	(2,221,860)
Total Accumulated Depreciation	(10,335,426)	(1,034,395)	66,529	0	(11,303,292)
Total Capital Assets Being Depreciated, Net	18,382,544	9,739,962	(5,360)	0	28,117,146
Governmental Activities Capital Depreciated, Net	<u>\$ 30,284,449</u>	<u>\$16,815,434</u>	<u>\$ (10,427,124)</u>	<u>\$ 0</u>	<u>\$ 36,672,759</u>

The following is a summary of changes in capital assets for the business-type activities for the year ended September 30, 2017:

	Beginning Balance	Increases	(Decreases)	Transfers	Ending Balance
Business-type Activities					
Capital Assets Not Being Depreciated:					
Land	\$ 255,940	\$ 0	\$ 0	\$ 330,507	\$ 586,447
Construction in Progress	2,782,102	3,995,153	(1,036,514)	0	5,740,741
Total Capital Assets Not Being Depreciated	3,038,042	3,995,153	(1,036,514)	330,507	6,327,188
Capital Assets Being Depreciated:					
Buildings and Improvements	4,872,383	0	0	0	4,872,383
Improvements Other Than Building	4,978,511	678,581	0	0	5,657,092
Infrastructure	40,870,912	0	0	0	40,870,912
Furniture, Fixtures, and Equipment	2,834,456	127,135	(9,614)	(330,507)	2,621,470
Total Capital Assets Being Depreciated	53,556,262	805,716	(9,614)	(330,507)	54,021,857
Less Accumulated Depreciation:					
Buildings and Improvements	(3,901,450)	(108,787)	0	0	(4,010,237)
Improvements Other Than Building	(2,298,290)	(150,961)	0	0	(2,449,251)
Infrastructure	(10,468,784)	(979,682)	0	0	(11,448,466)
Furniture, Fixtures, and Equipment	(1,753,447)	(136,383)	6,674	0	(1,883,156)
Total Accumulated Depreciation	(18,421,971)	(1,375,813)	6,674	0	(19,791,110)
Total Capital Assets Being Depreciated, Net	35,134,291	(570,097)	(2,940)	(330,507)	34,230,747
Total Business-type Activities Capital Assets, Net	<u>\$ 38,172,333</u>	<u>\$ 3,425,056</u>	<u>\$ (1,039,454)</u>	<u>\$ 0</u>	<u>\$ 40,557,935</u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 6 - Capital Assets (Concluded)

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

Governmental Activities

General Government	\$	236,599
Public Safety		221,911
Physical Environment		54
Transportation		401,712
Economic Environment		45,661
Parks and Recreation		128,458
Total	\$	<u>1,034,395</u>

Depreciation expense was charged to functions of the Business-type activities as follows:

Business-type Activities

Electric	\$	361,496
Water		139,106
Wastewater		842,041
Mosquito		1,468
Internal Service		31,702
Total	\$	<u>1,375,813</u>

Note 7 - Long-term Liabilities

Governmental Activities

The following schedule summarizes the changes in the City's governmental long-term liabilities during the year ended September 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Section 108 Government Guaranteed Participation Certificates, Series HUD 2015A	\$ 875,000	\$ 0	\$ (150,000)	\$ 725,000	\$ 165,000
Capital Improvement and Refunding					
Revenue Bonds, Series 2016	12,204,275	0	(74,000)	12,130,275	192,400
Plus Premium	733,051	0	(24,034)	709,017	24,034
2013 Redevelopment Note	640,370	0	(85,536)	554,834	87,445
Due to Alachua County	500,000	0	(83,333)	416,667	83,333
Motorola Solutions Capital Lease	180,085	0	(90,042)	90,043	90,043
OPEB	115,674	12,373	0	128,047	0
Net Pension Liability	5,227,013	815,585	0	6,042,598	0
Compensated Absences	467,307	230,984	(195,097)	503,194	228,242
Total	<u>\$ 20,942,775</u>	<u>\$ 1,058,942</u>	<u>\$ (702,042)</u>	<u>\$21,299,675</u>	<u>\$ 870,497</u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 7 - Long-term Liabilities (Continued)

Governmental Activities (Continued)

■ **Section 108 Government Guaranteed Participation Certificates, Series HUD 2015A**

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. On May 28, 2015, the remaining principal balance was refinanced with Section 108 Government Guaranteed Participation Certificates, Series HUD 2015A. This refinancing was made at the request of the Sponsor and had no significant changes to annual debt service or economic gains to disclose.

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 0.28% to 2.35% over the life of the note.

■ **Redevelopment Revenue Note, Series 2013**

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

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

■ **Capital Improvement Revenue and Revenue Refunding Bonds, Series 2016**

On April 11, 2016, the City issued bonds in the amount of \$16,545,000 to pay the cost of: (1) the construction of the new recreation facility at Legacy Park, including the acquisition and installation of furniture, fixtures, and equipment; (2) the construction of the City's new operations center, including acquisition and installation of furniture, fixtures, and equipment; (3) the refunding of the City's outstanding Capital Improvement and Refunding Revenue Bonds, Series 2006; and (4) to pay certain costs of issuance incurred with respect to the issue.

The refunding portion of this bond reduced the present value of future debt service payments. The savings were available due to improved municipal bond market conditions (i.e., lower interest rates) during the year. The transaction resulted in a reduction in debt service payments of \$1,250,757, and an economic gain (difference between the present value of the debt service on the old and the new bonds) of approximately \$931,852.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 7 - Long-term Liabilities (Continued)

Governmental Activities (Concluded)

■ **Capital Improvement Revenue and Revenue Refunding Bonds, Series 2016 (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 semiannually on April 1 and October 1, each year at interest rates ranging from 3.00% to 5.00%. Principal payments are due annually on October 1 with a maturity date of October 1, 2046.

■ **Due to Alachua County**

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

■ **Compensated Absences, OPEB, and Net Pension Liability**

Compensated absences, OPEB, and Net Pension Liabilities reported as governmental activities in the statement of net position are liquidated by the fund which pays the employee's payroll expenses, retirement contributions, and health insurance expenses.

The following schedule summarizes the retirement of the governmental long-term debt by fiscal year (excluding compensated absences, premium, OPEB, and net pension liability):

Fiscal Year Ending September 30,	Principal	Interest	Total
2018	\$ 618,221	\$ 514,257	\$ 1,132,478
2019	547,530	495,434	1,042,964
2020	563,226	479,521	1,042,747
2021	598,766	462,606	1,061,372
2022	408,252	443,925	852,177
2023-2027	2,291,751	1,894,056	4,185,807
2028-2032	2,763,900	1,298,340	4,062,240
2033-2037	2,845,300	795,773	3,641,073
2038-2042	1,520,700	455,162	1,975,862
2043-2047	1,759,173	164,137	1,923,310
Total	\$ 13,916,819	\$ 7,003,211	\$ 20,920,030

Business-type Activities

The following schedule summarizes the changes in the City's business-type long-term liabilities during the year ended September 30, 2017:

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 7 - Long-term Liabilities (Continued)

Business-type Activities (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Utility Acquisition Bonds, Series 1993	\$ 290,000	\$ 0	\$ (90,000)	\$ 200,000	\$ 95,000
2009 State Revolving Fund Loan – Florida Department of Environmental Protection	8,229,683	0	(142,693)	8,086,990	169,715
Utility Refunding Bonds, 2013	2,750,000	0	(665,000)	2,085,000	680,000
2016 Capital Improvement and Refunding Revenue Bonds, Series 2016 Plus Premium	4,340,725	0	(26,000)	4,314,725	67,600
	271,128	0	(8,889)	262,239	8,889
OPEB	58,206	6,038	0	64,244	0
Net Pension Liability	1,522,746	248,174	0	1,770,920	0
Compensated Absences	194,444	123,748	(118,101)	200,091	129,904
Total	<u>\$ 17,656,932</u>	<u>\$ 377,960</u>	<u>\$ (1,050,683)</u>	<u>\$ 16,984,209</u>	<u>\$ 1,151,108</u>

■ **Utility Acquisition Bonds, Series 1993**

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

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

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

In June 2009, the City authorized a loan agreement to finance construction costs related to the wastewater control facility in the amount of \$10,000,000 with additional increases in 2010 and 2011 of \$10,000,000 and \$550,074, respectively. The total loan was \$20,550,074, of which \$11,841,733 was forgiven pursuant to the loan agreement. Principal and interest are payable semiannually on November 15 and May 15 of each year until all amounts due under the agreement have been fully paid. Interest is payable at rates ranging from 2.24% to 2.67%.

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

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

On January 30, 2013, the City adopted Resolution R-13-07, authorizing the issuance of the Utility Systems Utility Revenue Bonds, Series 2013. The bonds were issued at a par amount of \$4,800,000 to provide the funds required to refund the City's outstanding

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 7 - Long-term Liabilities (Continued)

Business-type Activities (Concluded)

■ **Utility Systems Utility Revenue Bonds, Series 2013 (Concluded)**

Utilities Revenue Bond of 1979 and Utility Refunding Revenue Bonds, Series 2003 and to pay certain expenses related to the issuance of the Series 2013 bonds. The bonds bear interest from 1.67% and mature annually on April 1 until final maturity April 1, 2020. Interest is payable semiannually on April 1 and October 1 of each year.

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

■ **Capital Improvement Revenue and Revenue Refunding Bonds, Series 2016**

On April 11, 2016, the City issued bonds in the amount of \$16,545,000 to pay the cost of: (1) the construction of the new recreation facility at Legacy Park, including the acquisition and installation of furniture, fixtures, and equipment; (2) the construction of the City's new operations center, including acquisition and installation of furniture, fixtures, and equipment; (3) the refunding of the City's outstanding Capital Improvement and Refunding Revenue Bonds, Series 2006; and (4) to pay certain costs of issuance incurred with respect to the issue.

The bonds are secured by a lien upon and pledge of the legally available non-ad valorem revenues of the City. Interest is payable semiannually on April 1 and October 1, each year at interest rates ranging from 3.00% to 5.00%. Principal payments are due annually on October 1 with a maturity date of October 1, 2046.

The following schedule summarizes the principal retirement for bonds and notes for business-type debt by fiscal year (excluding compensated absences, premium, OPEB, and net pension liability):

Fiscal Year Ending September 30,	Principal	Interest	Total
2018	\$ 1,012,315	\$ 376,548	\$ 1,388,863
2019	1,067,393	351,047	1,418,440
2020	1,006,421	327,867	1,334,288
2021	355,731	307,116	662,847
2022	365,079	297,013	662,092
2023-2027	2,300,425	1,290,951	3,591,376
2028-2032	2,695,856	928,157	3,624,013
2033-2037	2,944,770	566,094	3,510,864
2038-2042	2,267,897	224,154	2,492,051
2043-2047	670,828	46,295	717,123
Total	<u>\$ 14,686,715</u>	<u>\$ 4,715,242</u>	<u>\$ 19,401,957</u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 7 - Long-term Liabilities (Concluded)

Interest

During the year, the City incurred \$972,243 of interest costs, of which \$150,294 was capitalized and \$821,949 was charged to expense.

Debt Covenants

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

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

The City has also covenanted to establish a special fund called the “Bond and Interest Sinking Fund,” to be used exclusively for debt service payments on certain bonds.

As of September 30, 2017, the City has met its debt covenants.

Note 8 - Pledged Revenues

The City has pledged certain revenues to repay bonds and notes outstanding as of September 30, 2017. 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, 2017:

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 8 - Pledged Revenues (Concluded)

Pledged Revenue	Description of Bonds	Revenue Received	Principal and Interest Paid	Estimated Percentage Pledged	Outstanding Principal and Interest	Pledged Through
Half-cent Sales Tax		\$ 597,493				
Utility Franchise Fees		309,591				
State Revenue Sharing		<u>283,432</u>				
	Section 108, HUD 2015A Series	<u>\$ 1,190,516</u>	<u>\$ 165,243</u>	14%	<u>\$ 763,564</u>	2021
Non-Ad Valorem	Capital Improvement and Refunding Revenue Bonds, Series 2016	<u>\$ 4,966,120</u>	<u>\$ 712,249</u>	14%	<u>\$ 25,303,451</u>	2047
Incremental Tax Revenue	2013 Redevelopment Note	<u>\$ 461,807</u>	<u>\$ 99,279</u>	21%	<u>\$ 595,676</u>	2023
Net Utility Revenues		\$ 4,315,938				
Excise Taxes		<u>1,735,719</u>				
	Utility Bonds - Series 1993 and 2013	<u>\$ 6,051,657</u>	<u>\$ 818,075</u>	12%	<u>\$ 2,369,490</u>	2020
Net Utility Revenues	State Revolving Fund Loan - 2009	<u>\$ 4,315,938</u>	<u>\$ 340,736</u>	8%	<u>\$ 10,766,094</u>	2041

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

Note 9 - Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables at September 30, 2017:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 96,899
General Fund	Water Utility	235,663
General Fund	Wastewater Utility	211,874
General Fund	Community Redevelopment Agency	21,296
Nonmajor Governmental Funds	Internal Service Fund	15,944
Electric Utility	Nonmajor Governmental Funds	300,000
Electric Utility	Water Utility	560,228
Electric Utility	Wastewater Utility	1,495,115
Water Utility	Wastewater Utility	64,290
Nonmajor Enterprise Fund	Water Utility	76,793
Internal Service Fund	Water Utility	215,065
Internal Service Fund	Community Redevelopment Agency	<u>2,570</u>
Total		<u><u>\$ 3,295,737</u></u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

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

The outstanding balances between funds result from the time lag between the dates that: (1) interfund goods and services are provided, or reimbursable expenditures occur; (2) transactions are recorded in the accounting system; and (3) payments between funds are made. Additionally, certain interfund loans were made to fund deficit unrestricted equity in pooled cash. All outstanding interfund balances are reported as long-term advances as of September 30, 2017.

Interfund Transfers:

Transfers Out	Transfers In				Total
	General	Community	Project	Nonmajor	
	Fund	Redevelopment Agency	Legacy Fund	Governmental Funds	
General Fund	\$ 0	\$ 185,416	\$ 2,250,000	\$ 660,527	\$ 3,095,943
Electric Utility	2,000,000	0	0	324,126	2,324,126
Wastewater Utility	0	0	0	57,975	57,975
Total	<u>\$ 2,000,000</u>	<u>\$ 185,416</u>	<u>\$ 2,250,000</u>	<u>\$ 1,042,628</u>	<u>\$ 5,478,044</u>

Transfers are normally recurring and are approved by the City commission during the budget process. A transfer in the amount of \$2,000,000 from the Electric Fund to the General Fund is in support of general government operations to the extent moneys are available after paying operating expenses and debt service on outstanding bonds. A transfer in the amount of \$660,527 from the General Fund to the Nonmajor Governmental Funds is for debt service. Additional transfers of \$324,126 to the Nonmajor Governmental Funds were to reduce deficit net position in the Municipal Complex capital projects fund. A transfer in the amount of \$2,250,000 from the General Fund to the Project Legacy Fund were to fund the Legacy Park capital project. A transfer in the amount of \$185,416 from the General Fund to the Community Redevelopment Agency is the City's required portion of tax incremental funding and additional funding for construction projects being completed by the Community Redevelopment Agency. A transfer in the amount of \$57,975 from the Wasterwater Utility Fund to the Nonmajor Governmental Fund is for debt service.

Note 10 - Contingent Liabilities

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

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 11 - Restricted Net Position

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

	Governmental Activities	Business-type Activities
Debt Service	\$ 29,808	\$ 579,815
Renewal and Replacement	0	250,000
Economic Environment	526,895	0
Law Enforcement	19,072	0
Physical Environment	50,010	0
Parks and Recreation	340,070	0
Total	\$ 965,855	\$ 829,815

The City's restricted net position includes \$526,895 restricted by enabling legislation.

Note 12 - Power Purchase Agreements

City of Gainesville

The City entered into a wholesale electric service contract with the City of Gainesville, Florida, on January 21, 1987, for the purchase of the majority of the City's electric power requirements beginning January 6, 1988. The City constructed a 138 x 69 - 12.47Y/7.2kV substation to receive the power, which was placed into operation on that date. The substation is located in such a manner that the City has reasonable access to the transmission lines of both the City of Gainesville and Florida Power Corporation. A portion of the substation is owned by the City of Gainesville. The initial term of the contract was five years, with options for additional annual extensions. The contract was renegotiated on October 2, 1992, and extended for an additional fifteen years, beginning on December 31, 1992, with automatic extensions for succeeding periods of one year each. This contract was amended again on November 22, 2010, extending the contract for an initial ten-year term, with automatic extensions for up to three succeeding periods of one year each. Effective April 1, 2016, the City renewed its wholesale electric contract with the City of Gainesville. Provisions of the new agreement changed the pricing structure to a flat fifty-eight dollars per megawatt/hour. Total payments to the City of Gainesville for 2017 were \$7,648,058.

St. Lucie No. 2 Power Purchase Agreement

The City has negotiated a long-term agreement with Florida Power and Light Corporation through FMPA to purchase 0.3044 megawatts of generating capacity and a corresponding amount of energy monthly from the St. Lucie No. 2 nuclear generating plant. The plant became operational in 1984. Total payments for 2017 were \$241,338.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 13 - Defined Benefit Pension Plan

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the HIS Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the City are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

The City's pension expense totaled \$1,324,439 for the fiscal year ended September 30, 2017. This included \$1,065,110 of expenses related to the FRS Pension Plan, \$152,947 related to the Health Insurance Subsidy Plan (HIS), and \$106,382 related to the FRS Investment Plan.

FRS Pension Plan

Plan Description. The FRS Pension Plan (the Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the City are as follows:

- *Regular Class*—Members of the FRS who do not qualify for membership in the other classes.
- *Elected Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)*—Members in senior management level positions.
- *Special Risk Class*—Members who are employed in special risk careers, such as law enforcement or fire rescue, and meet the criteria to qualify for this class.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 13 - Defined Benefit Pension Plan (Continued)

FRS Pension Plan (Continued)

Plan Description. (Concluded)

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 13 - Defined Benefit Pension Plan (Continued)

FRS Pension Plan (Continued)

Benefits Provided. (Concluded)

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
Regular Class Members Initially Enrolled Before July 1, 2011:	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class Members Initially Enrolled on or After July 1, 2011:	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Elected Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates for FRS during the City's 2016-17 fiscal year were as follows:

Class	Year Ended June 30, 2017 Percent of Gross Salary		Year Ended June 30, 2018 Percent of Gross Salary	
	Employee	Employer ⁽¹⁾	Employee	Employer ⁽¹⁾
Regular	3.00	5.80	3.00	6.20
Elected Officers	3.00	40.75	3.00	43.78
Senior Management Service	3.00	20.05	3.00	20.99
Special Risk Regular	3.00	20.85	3.00	21.55
DROP	N/A	11.33	N/A	11.60

⁽¹⁾ These rates include the normal cost and unfunded actuarial liability contributions but do not include the contribution for the Retiree Health Insurance Subsidiary of 1.66% and the fee of 0.06% for administration of the FRS Investment Plan and provision of education tools for both plans.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 13 - Defined Benefit Pension Plan (Continued)

FRS Pension Plan (Continued)

Contributions. (Concluded)

The City's contributions, to the Plan totaled \$521,167 for the fiscal year ended September 30, 2017. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2017, the City reported a liability of \$5,921,747 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportionate share of the net pension liability was based on the City's contributions during the Plan's fiscal year relative to the contributions of all participating members in the same fiscal year. At June 30, 2017, the City's proportionate share increased 0.001188996% from its proportion measured as of June 30, 2016.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>(Deferred Inflows of Resources)</u>
Employer Contributions after Measurement Date	\$ 158,798	\$ 0
Difference Between Expected and Actual		
Experience	543,474	32,803
Changes of Assumptions	1,990,125	0
Changes in Proportion and Difference Between City's		
Contributions and Proportionate Share of Contributions	317,649	0
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	0	146,758
Total	<u>\$ 3,010,046</u>	<u>\$ 179,561</u>

The deferred outflows of resources related to pensions, totaling \$158,798, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2018	\$ 393,505
2019	902,925
2020	629,722
2021	158,489
2022	427,746
2023	159,300
Total	<u>\$ 2,671,687</u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 13 - Defined Benefit Pension Plan (Continued)

FRS Pension Plan (Continued)

Actuarial Assumptions. The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	7.10% Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Annual Target Allocation ⁽¹⁾	Annual Arithmetic Return	Geometric Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.8%
Fixed Income	18%	4.5%	4.4%	4.6%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate (Property)	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%
Total	100%			
Assumed Inflation – Mean		2.6%		1.9%

⁽¹⁾ As Outlined in the FRS Pension Plan's Investment Policy.

Discount Rate. The discount rate used to measure the total pension liability was 7.10%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate was 7.10% in the July 1, 2017 valuation.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 13 - Defined Benefit Pension Plan (Continued)

FRS Pension Plan (Concluded)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
City's Proportionate Share of the Net Pension Liability	\$ 10,718,005	\$ 5,921,747	\$ 1,939,754

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS-participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Plan fiscal years ending June 30, 2018 and 2017, the contribution rates were both 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS Plan totaled \$93,634 for the fiscal year ended September 30, 2017.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 13 - Defined Benefit Pension Plan (Continued)

HIS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2017, the City reported a net pension liability of \$1,891,772 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportionate share of the net pension liability was based on the City's contributions during the Plan's fiscal year relative to the contributions of all participating members in the same fiscal year. At June 30, 2017, the City's proportionate share was increased 0.000575219% from its proportionate share measured as of June 30, 2016.

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions after Measurement Date	\$ 26,855	\$ 0
Difference Between Expected and Actual		
Experience	0	3,939
Changes of Assumptions	265,918	163,584
Changes in Proportion and Difference between		
City Contributions and Proportionate Share of		
Contributions	62,755	0
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	1,049	0
Total	<u>\$ 356,577</u>	<u>\$ 167,523</u>

The deferred outflows of resources related to pensions, totaling \$26,855, resulting from City contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2018	\$ 42,603
2019	42,404
2020	42,309
2021	32,799
2022	17,694
2023	(15,610)
Total	<u>\$ 162,199</u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 13 - Defined Benefit Pension Plan (Continued)

HIS Pension Plan (Concluded)

Actuarial Assumptions. The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

The actuarial assumptions used in the July 1, 2017 valuation, were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate. The discount rate used to measure the total pension liability was 3.58%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 3.58%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
City's Proportionate Share of the Net Pension Liability	\$ 2,158,763	\$ 1,891,772	\$ 1,699,384

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

FRS - Defined Contribution Pension Plan

The City contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 13 - Defined Benefit Pension Plan (Concluded)

FRS - Defined Contribution Pension Plan (Concluded)

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts (employer and employee) during the 2016-17 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's Investment Plan expense totaled \$106,382 for the fiscal year ended September 30, 2017.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

Note 14 - Other Postemployment Benefits (OPEB)

Plan Description

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

Membership of the Plan consisted of the following:

Date of Actuarial Valuation:	September 30, 2015
Retirees and Beneficiaries Receiving Benefits	3
DROP Participant	9
Active Plan Members	95
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.

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

Annual OPEB Costs and Net OPEB Obligation

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

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

Annual OPEB Costs and Net OPEB Obligation (Concluded)

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

Annual Required Contribution (ARC)	\$ 31,407
Interest on Net OPEB Obligation (NOO)	2,942
Adjustment to ARC	<u>(3,064)</u>
Annual OPEB Cost	31,285
Employer Contributions Made	<u>(12,874)</u>
Increase/Decrease in NOO	18,411
Net OPEB Obligation, Beginning of Year	<u>173,880</u>
Net OPEB Obligation, End of Year	<u><u>\$ 192,291</u></u>

Net OPEB obligation reported in governmental activities in the statement of net position is generally liquidated by the fund which pays the related employee's payroll expenses, retirement contributions, and health insurance expenses.

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/17	\$ 31,285	41.2%	\$ 192,291
9/30/16	31,317	37.2%	173,880
9/30/15	36,749	51.0%	154,200

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
9/30/14	\$ 0	\$ 284,548	\$ 284,548	0.0%	\$ 4,620,542	6.16%

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.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

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

Actuarial Methods and Assumptions (Concluded)

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

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

Valuation Date	October 1, 2014
Actuarial Cost Method	Projected Unit Credit Cost
Amortization Method	Level Percentage of Projected Payroll
Remaining Amortization Period	24-Years, Closed
Asset Valuation Method	N/A
Actuarial Assumptions:	
Payroll Inflation Rate	4.0%
Investment Return	4.0%
Healthcare Cost Trend Rate	Gradually Decreasing from 7% to 5% by 2025

Note 15 - Risk Management

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

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

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.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Concluded)

Note 16 - Commitments

As of September 30, 2017, the City had the following commitments related to significant unfinished capital projects:

	Expended as of September 30, 2017	Remaining Commitment
City Works Software Implementation	\$ 70,000	\$ 38,338
Water/Wastewater Infrastructure Design US 441/I-75	26,979	43,859
Downtown Parking Design	0	32,222
Project Legacy	6,201,537	203,935
Public Services Operations Center/Warehouse	3,592,755	555,821
Total	<u>\$ 9,891,271</u>	<u>\$ 874,175</u>

The City utilizes encumbrance accounting in its governmental funds. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which a purchase order, contract, or other commitment is issued. Unexpended items at year-end must be reappropriated in the subsequent year.

Note 17 - Subsequent Events

The City received \$500,000 of Alachua County Tourist Development Tax funds in November of 2011 to assist in the acquisition of the Legacy Park property. The funds received were to be used within three years of receipt. The City did not meet this required time frame and therefore was required to pay back the funds over a six-year time period with the first payment being made in December of 2016. Subsequent to year end, Alachua County forgave the outstanding principal of \$416,667 to be reinvested in additional capital projects related to Legacy Park.

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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 5,998,056	\$ 6,093,860	\$ 6,205,670	\$ 111,810
Permits, Fees, and Special Assessments	503,800	503,800	484,466	(19,334)
Intergovernmental Revenues	900,589	911,989	944,754	32,765
Charges for Services	1,039,350	1,039,350	982,949	(56,401)
Fines and Forfeitures	32,000	51,030	31,156	(19,874)
Investment Income	5,000	5,000	13,323	8,323
Miscellaneous	33,000	63,000	84,983	21,983
Total Revenues	8,511,795	8,668,029	8,747,301	79,272
Expenditures				
Current:				
General Government:				
Legislative	144,798	144,798	137,188	7,610
Executive	606,176	606,176	592,226	13,950
Finance	495,577	501,422	480,162	21,260
Information Technology	213,192	213,192	205,692	7,500
Legal	171,494	213,107	213,106	1
Planning and Zoning	799,982	800,682	680,839	119,843
Other	995,275	995,275	891,050	104,225
Public Safety:				
Police	2,783,296	2,823,363	2,823,358	5
Fire	703,616	703,616	667,811	35,805
Protective Inspections	197,708	197,008	187,625	9,383
Physical Environment:				
Solid Waste	666,300	714,733	707,532	7,201
Transportation:				
Streets and Roads	937,010	967,010	857,303	109,707
Parks and Recreation	605,017	605,017	586,540	18,477
Reserve for Contingency	100,000	86,177	0	86,177
(Total Expenditures)	(9,419,441)	(9,571,576)	(9,030,432)	541,144
(Deficiency) of Revenues (Under)				
Expenditures	(907,646)	(903,547)	(283,131)	620,416
Other Financing Sources (Uses)				
Transfers in	2,000,000	2,000,000	2,000,000	0
Transfers (out)	(3,091,844)	(3,095,943)	(3,095,943)	0
Total Other Financing Sources (Uses)	(1,091,844)	(1,095,943)	(1,095,943)	0
Net Change in Fund Balance	(1,999,490)	(1,999,490)	(1,379,074)	620,416
Fund Balance, Beginning of Year	4,209,622	4,209,622	6,137,071	1,927,449
Fund Balance, End of Year	\$ 2,210,132	\$ 2,210,132	\$ 4,757,997	\$ 2,547,865

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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental	\$ 266,222	\$ 266,222	\$ 276,391	\$ 10,169
Interest and Other Revenue	200	200	294	94
Miscellaneous	0	0	7,116	7,116
Total Revenues	<u>266,422</u>	<u>266,422</u>	<u>283,801</u>	<u>17,379</u>
Expenditures				
Current:				
Economic Environment	289,180	293,279	186,235	107,044
Debt Service:				
Principal	85,535	85,535	85,535	0
Interest and Fiscal Charges	13,745	13,745	13,744	1
Capital Outlay	256,100	256,100	13,899	242,201
(Total Expenditures)	<u>(644,560)</u>	<u>(648,659)</u>	<u>(299,413)</u>	<u>349,246</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(378,138)</u>	<u>(382,237)</u>	<u>(15,612)</u>	<u>366,625</u>
Other Financing Sources (Uses)				
Transfers in	181,317	185,416	185,416	0
Total Other Financing Sources (Uses)	<u>181,317</u>	<u>185,416</u>	<u>185,416</u>	<u>0</u>
Net Change in Fund Balance	(196,821)	(196,821)	169,804	366,625
Fund Balance, Beginning of Year	<u>196,821</u>	<u>196,821</u>	<u>362,973</u>	<u>166,152</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 532,777</u>	<u>\$ 532,777</u>

CITY OF ALACHUA, FLORIDA
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2017

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
9/30/2014	\$ 0	\$ 284,548	\$ 284,548	0.00%	\$ 4,620,542	6.16%
9/30/2011	0	307,455	307,455	0.00%	4,670,165	6.58%
9/30/2009	0	262,411	262,411	0.00%	4,686,463	5.60%

CITY OF ALACHUA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
LAST 10 FISCAL YEARS*
(UNAUDITED)

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Proportion of the FRS Net Pension Plan	0.0200198830%	0.0188308370%	0.0183379490%
Proportionate Share of the FRS Net Pension Plan	\$ 5,921,747	\$ 4,754,801	\$ 2,368,592
Covered-Employee Payroll**	5,642,229	5,284,260	5,024,124
Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered-Employee Payroll	104.95%	89.98%	47.14%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.89%	84.88%	92.00%

* GASB No. 68 was adopted for the 2015 Fiscal Year and 10-year trend information will be developed from 2015 forward.

**The amounts shown above as reported on the date indicated, have a measurement date three months prior. Covered-employee payroll is for the year shown.

HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Proportion of the HIS Net Pension Plan	0.0176925790%	0.0171173600%	0.0170734730%
Proportionate Share of the HIS Net Pension Plan	\$ 1,891,772	\$ 1,994,957	\$ 1,741,226
Covered-Employee Payroll**	5,642,229	5,284,260	5,024,124
Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered-Employee Payroll	33.53%	37.75%	34.66%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	1.64%	0.97%	0.50%

* GASB No. 68 was adopted for the 2015 Fiscal Year and 10-year trend information will be developed from 2015 forward.

** The amounts shown above as reported on the date indicated, have a measurement date three months prior. Covered-employee payroll is for the year shown.

CITY OF ALACHUA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
SEPTEMBER 30, 2017

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 521,167	\$ 459,220	\$ 447,095
FRS Contribution in Relation to the Contractually Required Contribution	<u>(521,167)</u>	<u>(459,220)</u>	<u>(447,095)</u>
FRS Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-Employee Payroll (FYE 9/30)	\$ 5,783,990	\$ 5,338,129	\$ 5,222,630
FRS Contributions as a Percentage of Covered-Employee Payroll	9%	9%	9%

* GASB No. 68 was adopted for the 2015 Fiscal Year and 10-year trend information will be developed from 2015 forward.

HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 93,634	\$ 87,737	\$ 65,265
HIS Contribution in Relation to the Contractually Required Contribution	<u>(93,634)</u>	<u>(87,737)</u>	<u>(65,265)</u>
HIS Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-Employee Payroll (FYE 9/30)	\$ 5,783,990	\$ 5,338,129	\$ 5,222,630
HIS Contributions as a Percentage of Covered-Employee Payroll	1.62%	1.64%	1.25%

* GASB No. 68 was adopted for the 2015 Fiscal Year and 10-year trend information will be developed from 2015 forward.

CITY OF ALACHUA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2017

Note 1 - Basis of Presentation

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

Expenditures were controlled at the department level. All annual appropriations lapse at year-end.

Note 2 - Legally Adopted Budgets

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

Note 3 - Other Postemployment Benefit Plan

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

Valuation Date	October 1, 2014
Actuarial Cost Method	Projected Unit Credit Cost
Amortization Method	Level Percentage of Projected Payroll
Remaining Amortization Period	24-Years, Closed
Asset Valuation Method	N/A
Actuarial Assumptions:	
Payroll Inflation Rate	4.00%
Investment Return	4.00%
Healthcare Cost Trend Rate	Gradually Decreasing from 7% to 5% by 2025

Note 4 - Pension Liability

A. Changes in Benefit Terms

There were no significant changes in benefit terms during the Pension Plan's fiscal year ended June 30, 2017.

B. Changes in Assumption

- FRS—In the July 1, 2014 actuarial valuation, the inflation rate assumption was decreased from 3.00% to 2.60%, the real payroll growth assumption was decreased from 1.00% to 0.65%, and the overall payroll growth rate assumption was decreased from 4.00% to 3.25%. The long-term expected rate of return decreased from 7.75% to 7.65%.

In the July 1, 2015 actuarial valuation, the long-term expected rate of return, net of investment expense, decreased from 7.65% to 7.60%.

In the July 1, 2016 actuarial valuation, the long-term expected rate of return, net of investment expense, decreased from 7.60% to 7.50%.

- HIS—In the July 1, 2014 actuarial valuation, the municipal rate used to determine total pension liability decreased from 4.29% to 3.80%.

In the July 1, 2015 actuarial valuation, the municipal rate used to determine total pension liability decreased from 3.80% to 2.85%.

In the July 1, 2016 actuarial valuation, the municipal rate used to determine total pension liability increased from 2.85% to 3.58%.

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

NONMAJOR GOVERNMENTAL FUNDS CITY OF ALACHUA, FLORIDA

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 government 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 *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 *Police Explorers Fund*—is used to account for the revenues and expenditures of funds received from the Alachua Police Explorers Program.
- The *TK Basin Special Assessment Fund*—is used to account for the revenues and expenditures of funds received from a special assessment to property owners for stormwater maintenance services.
- The *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 *Wild Spaces Public Places Fund*—is used to account for revenues and expenditures of funds from discretionary sales surtax to be used for recreation purposes.

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 *Municipal Complex Fund*—is used to account for the bond proceeds and construction expenditures related to the new municipal complex.
- The *San Felasco Conservation Corridor Fund*—is used to account for improvements made to the San Felasco Corridor.
- The *Heritage Oaks Improvement Fund*—is used to account for expenditures for infrastructure improvements in the Heritage Oaks subdivision.
- The *CDBG Neighborhood Revitalization Fund*—is used to account for grant revenues and capital expenditures for projects approved under the Community Development Block Grant.

CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total
Assets				
Cash and Cash Equivalents	\$ 230,505	\$ 346,855	\$ 234,152	\$ 811,512
Cash with Fiscal Agent	424,506	0	0	424,506
Accounts Receivable	0	108	0	108
Due from Other Governments	0	42,668	0	42,668
Due from Other Funds	15,944	0	0	15,944
Total Assets	<u>670,955</u>	<u>389,631</u>	<u>234,152</u>	<u>1,294,738</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	0	1,820	120,661	122,481
Accrued Liabilities	0	0	102,598	102,598
Advances from Other Funds	96,899	0	300,000	396,899
Total Liabilities	<u>96,899</u>	<u>1,820</u>	<u>523,259</u>	<u>621,978</u>
Fund Balances				
Nonspendable:				
Advances to Other Funds	15,944	0	0	15,944
Restricted for:				
Law Enforcement	0	8,624	0	8,624
Physical Environment	0	44,244	5,766	50,010
Parks and Recreation	0	334,943	5,127	340,070
Debt Service	29,808	0	0	29,808
Assigned	528,304	0	0	528,304
Unassigned	0	0	(300,000)	(300,000)
Total Fund Balances	<u>574,056</u>	<u>387,811</u>	<u>(289,107)</u>	<u>672,760</u>
Total Liabilities and Fund Balances	<u>\$ 670,955</u>	<u>\$ 389,631</u>	<u>\$ 234,152</u>	<u>\$ 1,294,738</u>

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total
Revenues				
Taxes	\$ 0	\$ 368,655	\$ 0	\$ 368,655
Permits, Fees, and Special Assessments	0	6,721	0	6,721
Intergovernmental Revenues	0	0	373,349	373,349
Fines and Forfeitures	0	33,375	0	33,375
Investment Income	131	566	13	710
Miscellaneous	0	15,600	0	15,600
Total Revenues	<u>131</u>	<u>424,917</u>	<u>373,362</u>	<u>798,410</u>
Expenditures				
Current:				
General Government	0	1,036	0	1,036
Public Safety	0	2,572	0	2,572
Physical Environment	0	4,910	11,588	16,498
Parks and Recreation	0	4,963	1,400	6,363
Debt Service:				
Principal	397,376	0	0	397,376
Interest	472,700	0	0	472,700
Capital Outlay	0	96,316	526,506	622,822
(Total Expenditures)	<u>(870,076)</u>	<u>(109,797)</u>	<u>(539,494)</u>	<u>(1,519,367)</u>
(Deficiency) Excess of Revenues				
(Under) Over Expenditures	<u>(869,945)</u>	<u>315,120</u>	<u>(166,132)</u>	<u>(720,957)</u>
Other Financing Sources (Uses)				
Transfers in	718,502	0	324,126	1,042,628
Total Other Financing Sources (Uses)	<u>718,502</u>	<u>0</u>	<u>324,126</u>	<u>1,042,628</u>
Net Change in Fund Balance	(151,443)	315,120	157,994	321,671
Fund Balance, Beginning of Year	<u>725,499</u>	<u>72,691</u>	<u>(447,101)</u>	<u>351,089</u>
Fund Balance, End of Year	<u><u>\$ 574,056</u></u>	<u><u>\$ 387,811</u></u>	<u><u>\$ (289,107)</u></u>	<u><u>\$ 672,760</u></u>

CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2017

	Additional Court Costs	Donations	Police Explorers	TK Basin Special Assessment	Tree Bank	Wild Spaces Public Places	Total
Assets							
Cash and Cash							
Equivalents	\$ 1,607	\$ 39,585	\$ 7,809	\$ 13,673	\$ 30,571	\$ 253,610	\$ 346,855
Accounts Receivable	108	0	0	0	0	0	108
Due from Other							
Government	0	0	0	0	0	42,668	42,668
Total Assets	<u>1,715</u>	<u>39,585</u>	<u>7,809</u>	<u>13,673</u>	<u>30,571</u>	<u>296,278</u>	<u>389,631</u>
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	0	0	900	0	0	920	1,820
Total Liabilities	<u>0</u>	<u>0</u>	<u>900</u>	<u>0</u>	<u>0</u>	<u>920</u>	<u>1,820</u>
Fund Balances							
Restricted for:							
Law Enforcement	1,715	0	6,909	0	0	0	8,624
Physical							
Environment	0	0	0	13,673	30,571	0	44,244
Parks and							
Recreation	0	39,585	0	0	0	295,358	334,943
Total Fund Balances	<u>1,715</u>	<u>39,585</u>	<u>6,909</u>	<u>13,673</u>	<u>30,571</u>	<u>295,358</u>	<u>387,811</u>
Total Liabilities and Fund Balances	<u>\$ 1,715</u>	<u>\$ 39,585</u>	<u>\$ 7,809</u>	<u>\$ 13,673</u>	<u>\$ 30,571</u>	<u>\$ 296,278</u>	<u>\$ 389,631</u>

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Additional Court Costs	Donations	Police Explorers	TK Basin Special Assessment	Tree Bank	Wild Spaces Public Places	Total
Revenues							
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 368,655	\$ 368,655
Permits, Fees, and Special Assessments	0	0	0	6,721	0	0	6,721
Fines and Forfeitures	2,852	0	0	0	30,523	0	33,375
Investment Income	2	104	0	40	48	372	566
Miscellaneous	0	15,600	0	0	0	0	15,600
Total Revenues	<u>2,854</u>	<u>15,704</u>	<u>0</u>	<u>6,761</u>	<u>30,571</u>	<u>369,027</u>	<u>424,917</u>
Expenditures							
Current:							
General Government	0	1,036	0	0	0	0	1,036
Public Safety	2,572	0	0	0	0	0	2,572
Physical Environment	0	0	0	4,910	0	0	4,910
Parks and Recreation	0	4,963	0	0	0	0	4,963
Capital Outlay	0	22,647	0	0	0	73,669	96,316
Total (Expenditures)	<u>(2,572)</u>	<u>(28,646)</u>	<u>0</u>	<u>(4,910)</u>	<u>0</u>	<u>(73,669)</u>	<u>(109,797)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>282</u>	<u>(12,942)</u>	<u>0</u>	<u>1,851</u>	<u>30,571</u>	<u>295,358</u>	<u>315,120</u>
Net Change in Fund Balances	<u>282</u>	<u>(12,942)</u>	<u>0</u>	<u>1,851</u>	<u>30,571</u>	<u>295,358</u>	<u>315,120</u>
Fund Balance, Beginning of Year	<u>1,433</u>	<u>52,527</u>	<u>6,909</u>	<u>11,822</u>	<u>0</u>	<u>0</u>	<u>72,691</u>
Fund Balance, End of Year	<u>\$ 1,715</u>	<u>\$ 39,585</u>	<u>\$ 6,909</u>	<u>\$ 13,673</u>	<u>\$ 30,571</u>	<u>\$ 295,358</u>	<u>\$ 387,811</u>

CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2017

	Municipal Complex	San Felasco Conservation Corridor	Heritage Oaks Improvement	CDBG Neighborhood Revitalization	Total
Assets					
Cash and Cash Equivalents	\$ 0	\$ 5,127	\$ 229,025	\$ 0	\$ 234,152
Total Assets	<u>0</u>	<u>5,127</u>	<u>229,025</u>	<u>0</u>	<u>234,152</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	0	0	120,661	0	120,661
Accrued Liabilities	0	0	102,598	0	102,598
Advances from Other Funds	300,000	0	0	0	300,000
Total Liabilities	<u>300,000</u>	<u>0</u>	<u>223,259</u>	<u>0</u>	<u>523,259</u>
Fund Balances					
Restricted for:					
Physical Environment	0	0	5,766	0	5,766
Parks and Recreation	0	5,127	0	0	5,127
Unassigned	(300,000)	0	0	0	(300,000)
Total Fund Balances	<u>(300,000)</u>	<u>5,127</u>	<u>5,766</u>	<u>0</u>	<u>(289,107)</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 5,127</u>	<u>\$ 229,025</u>	<u>\$ 0</u>	<u>\$ 234,152</u>

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Municipal Complex	San Felasco Conservation Corridor	Heritage Oaks Improvement	CDBG Neighborhood Revitalization	Total
Revenues					
Intergovernmental Revenues	\$ 0	\$ 0	\$ 0	\$ 373,349	\$ 373,349
Investment Income	0	13	0	0	13
Total Revenues	<u>0</u>	<u>13</u>	<u>0</u>	<u>373,349</u>	<u>373,362</u>
Expenditures					
Current:					
Physical Environment	0	0	0	11,588	11,588
Parks and Recreation	0	1,400	0	0	1,400
Capital Outlay	0	0	208,108	318,398	526,506
(Total Expenditures)	<u>0</u>	<u>(1,400)</u>	<u>(208,108)</u>	<u>(329,986)</u>	<u>(539,494)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>0</u>	<u>(1,387)</u>	<u>(208,108)</u>	<u>43,363</u>	<u>(166,132)</u>
Other Financing Sources (Uses)					
Transfers in	324,126	0	0	0	324,126
Total Other Financing Sources (Uses)	<u>324,126</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>324,126</u>
Net Change in Fund Balances	324,126	(1,387)	(208,108)	43,363	157,994
Fund Balance, Beginning of Year	<u>(624,126)</u>	<u>6,514</u>	<u>213,874</u>	<u>(43,363)</u>	<u>(447,101)</u>
Fund Balance, End of Year	<u>\$ (300,000)</u>	<u>\$ 5,127</u>	<u>\$ 5,766</u>	<u>\$ 0</u>	<u>\$ (289,107)</u>

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PROJECT LEGACY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Interest and Other Revenue	\$ 35,000	\$ 18,485	\$ (16,515)
Total Revenues	<u>35,000</u>	<u>18,485</u>	<u>(16,515)</u>
Expenditures			
Current:			
Parks and Recreation	1,579	4,341	(2,762)
Capital Outlay	6,555,465	6,197,196	358,269
(Total Expenditures)	<u>(6,557,044)</u>	<u>(6,201,537)</u>	<u>355,507</u>
(Deficiency) of Revenues (Under)			
Expenditures	<u>(6,522,044)</u>	<u>(6,183,052)</u>	<u>338,992</u>
Other Financing Sources (Uses)			
Transfers in	2,250,000	2,250,000	0
Total Other Financing Sources (Uses)	<u>2,250,000</u>	<u>2,250,000</u>	<u>0</u>
Net Change in Fund Balance	(4,272,044)	(3,933,052)	338,992
Fund Balance, Beginning of Year	<u>4,272,044</u>	<u>3,964,609</u>	<u>(307,435)</u>
Fund Balance, End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 31,557</u></u>	<u><u>\$ 31,557</u></u>

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Interest and Other Revenue	\$ 0	\$ 131	\$ 131
Total Revenues	<u>0</u>	<u>131</u>	<u>131</u>
Expenditures			
Debt Service:			
Principal	401,376	397,376	4,000
Interest and Fiscal Charges	575,590	472,700	102,890
(Total Expenditures)	<u>(976,966)</u>	<u>(870,076)</u>	<u>106,890</u>
(Deficiency) of Revenues (Under)			
Expenditures	<u>(976,966)</u>	<u>(869,945)</u>	<u>107,021</u>
Other Financing Sources (Uses)			
Transfers in	718,502	718,502	0
Total Other Financing Sources (Uses)	<u>718,502</u>	<u>718,502</u>	<u>0</u>
Net Change in Fund Balance	(258,464)	(151,443)	107,021
Fund Balance, Beginning of Year	<u>258,464</u>	<u>725,499</u>	<u>467,035</u>
Fund Balance, End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 574,056</u></u>	<u><u>\$ 574,056</u></u>

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - NONMAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Additional Court Costs		
	Final Budget	Actual	Variance With Final Budget
Revenues			
Charges for Services	\$ 0	\$ 0	\$ 0
Fines and Forfeitures	2,660	2,852	192
Investment Income (Loss)	0	2	2
Miscellaneous	0	0	0
Total Revenues	<u>2,660</u>	<u>2,854</u>	<u>194</u>
Expenditures			
Current:			
General Government	0	0	0
Public Safety	2,800	2,572	228
Physical Environment	0	0	0
Parks and Recreation	0	0	0
Capital Outlay	0	0	0
(Total Expenditures)	<u>(2,800)</u>	<u>(2,572)</u>	<u>228</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	(140)	282	422
Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(140)	282	422
Fund Balance, Beginning of Year	<u>140</u>	<u>1,433</u>	<u>1,293</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 1,715</u>	<u>\$ 1,715</u>

Donations			Police Explorers		
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	104	104	0	0	0
2,500	15,600	13,100	0	0	0
2,500	15,704	13,204	0	0	0
2,500	1,036	1,464	0	0	0
0	0	0	6,800	0	6,800
0	0	0	0	0	0
25,106	4,963	20,143	0	0	0
22,648	22,647	1	0	0	0
(50,254)	(28,646)	21,608	(6,800)	0	6,800
(47,754)	(12,942)	34,812	(6,800)	0	6,800
0	0	0	0	0	0
(47,754)	(12,942)	34,812	(6,800)	0	6,800
47,754	52,527	4,773	6,800	6,909	109
\$ 0	\$ 39,585	\$ 39,585	\$ 0	\$ 6,909	\$ 6,909

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, 2017
(Concluded)

	TK Basin Special Assessment		
	Final Budget	Actual	Variance With Final Budget
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Permits, Fees, and Special Assessments	6,650	6,721	71
Fines and Forfeitures	0	0	0
Investment Income (Loss)	0	40	40
Total Revenues	<u>6,650</u>	<u>6,761</u>	<u>111</u>
Expenditures			
Current:			
Physical Environment	17,920	4,910	13,010
Capital Outlay	0	0	0
(Total Expenditures)	<u>(17,920)</u>	<u>(4,910)</u>	<u>13,010</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	(11,270)	1,851	13,121
Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(11,270)	1,851	13,121
Fund Balance, Beginning of Year	<u>11,270</u>	<u>11,822</u>	<u>552</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 13,673</u>	<u>\$ 13,673</u>

Tree Bank			Wild Spaces Public Places		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
\$ 0	\$ 0	\$ 0	\$ 316,000	\$ 368,655	\$ 52,655
0	0	0	0	0	0
30,523	30,523	0	0	0	0
0	48	48	0	372	372
30,523	30,571	48	316,000	369,027	53,027
30,523	0	30,523	0	0	0
0	0	0	316,000	73,669	242,331
(30,523)	0	30,523	(316,000)	(73,669)	242,331
0	30,571	30,571	0	295,358	295,358
0	0	0	0	0	0
0	30,571	30,571	0	295,358	295,358
0	0	0	0	0	0
\$ 0	\$ 30,571	\$ 30,571	\$ 0	\$ 295,358	\$ 295,358

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUNDS - NONMAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Municipal Complex			San Felasco Conservation Corridor		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Intergovernmental Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Investment Income (Loss)	0	0	0	0	13	13
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>13</u>
Expenditures						
Current:						
Physical Environment	0	0	0	0	0	0
Parks and Recreation	0	0	0	6,508	1,400	5,108
Capital Outlay	0	0	0	0		0
(Total Expenditures)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,508)</u>	<u>(1,400)</u>	<u>5,108</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,508)</u>	<u>(1,387)</u>	<u>5,121</u>
Other Financing Sources (Uses)						
Transfers in	324,126	324,126	0	0	0	0
Total Other Financing Sources (Uses)	<u>324,126</u>	<u>324,126</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	324,126	324,126	0	(6,508)	(1,387)	5,121
Fund Balance, Beginning of Year	<u>(324,126)</u>	<u>(624,126)</u>	<u>(300,000)</u>	<u>6,508</u>	<u>6,514</u>	<u>6</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	<u>\$ 0</u>	<u>\$ 5,127</u>	<u>\$ 5,127</u>

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUNDS - NONMAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(Concluded)

	Heritage Oaks Improvement			CDBG Neighborhood Revitalization		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Intergovernmental Revenues	\$ 0	\$ 0	\$ 0	\$ 353,545	\$ 373,349	\$ 19,804
Investment Income (Loss)	0	0	0	0	0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>353,545</u>	<u>373,349</u>	<u>19,804</u>
Expenditures						
Current:						
Physical Environment	120,066	0	120,066	11,500	11,588	(88)
Parks and Recreation	0	0	0	0	0	0
Capital Outlay	213,874	208,108	5,766	342,045	318,398	23,647
(Total Expenditures)	<u>(333,940)</u>	<u>(208,108)</u>	<u>125,832</u>	<u>(353,545)</u>	<u>(329,986)</u>	<u>23,559</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(333,940)</u>	<u>(208,108)</u>	<u>125,832</u>	<u>0</u>	<u>43,363</u>	<u>43,363</u>
Other Financing Sources (Uses)						
Transfers in	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	<u>(333,940)</u>	<u>(208,108)</u>	<u>125,832</u>	<u>0</u>	<u>43,363</u>	<u>43,363</u>
Fund Balance, Beginning of Year	<u>333,940</u>	<u>213,874</u>	<u>(120,066)</u>	<u>0</u>	<u>(43,363)</u>	<u>(43,363)</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 5,766</u>	<u>\$ 5,766</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION

(unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends Information	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	83
Revenue Capacity Information	
These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, which is property taxes.	93
Debt Capacity Information	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. The City has no legal debt margin, thus it is not reported in these schedules.	98
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.	105
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.	108

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

FINANCIAL TRENDS INFORMATION

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

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities				
Invested in capital assets, net of related debt	\$ 7,995,820	11,727,737	12,924,412	13,306,758
Restricted	109,767	2,298,952	2,642,617	2,768,100
Unrestricted	33,531	(1,212,629)	(487,329)	1,321,909
Total governmental activities net position	<u>\$ 8,139,118</u>	<u>12,814,060</u>	<u>15,079,700</u>	<u>17,396,767</u>
 Business-type Activities				
Invested in capital assets, net of related debt	\$ 7,859,209	9,201,971	21,128,470	22,062,135
Restricted	1,053,894	1,269,753	1,274,753	2,934,138
Unrestricted	1,553,135	(316,896)	12,635	2,294,312
Total business-type activities net position	<u>\$ 10,466,238</u>	<u>10,154,828</u>	<u>22,415,858</u>	<u>27,290,585</u>
 Primary Government				
Invested in capital assets, net of related debt	\$ 15,855,029	20,929,708	34,052,882	35,368,893
Restricted	1,163,661	3,568,705	3,917,370	5,702,238
Unrestricted	1,586,666	(1,529,525)	(474,694)	3,616,221
Total primary government net position	<u>\$ 18,605,356</u>	<u>22,968,888</u>	<u>37,495,558</u>	<u>44,687,352</u>

Note: Net position for FY 2015, in both Governmental and Business-type Activities, includes a prior period adjustment of beginning net position as a result of the GASB 68 implementation. The effect of GASB 68 resulted in a change in net position in Governmental Activities by \$(3,186,541) and in Business-type Activities of \$(807,347).

Fiscal Year					
2012	2013	2014	2015	2016	2017
14,518,014	15,054,392	15,864,924	17,393,955	19,616,277	22,463,590
2,302,270	2,104,955	1,328,668	1,933,806	697,533	965,855
2,461,909	3,250,642	3,752,120	810,604	1,596,788	34,697
<u>19,282,193</u>	<u>20,409,989</u>	<u>20,945,712</u>	<u>20,138,365</u>	<u>21,910,598</u>	<u>23,464,142</u>
21,041,023	25,448,736	26,121,070	27,034,352	26,925,962	27,105,739
2,927,873	1,067,119	688,818	737,724	803,328	829,815
2,992,216	3,139,610	4,979,974	5,141,346	7,524,704	8,213,058
<u>26,961,112</u>	<u>29,655,465</u>	<u>31,789,862</u>	<u>32,913,422</u>	<u>35,253,994</u>	<u>36,148,612</u>
35,559,037	40,503,128	41,985,994	44,428,307	46,542,239	49,569,329
5,230,143	3,172,074	2,017,486	2,671,530	1,500,861	1,795,670
5,454,125	6,390,252	8,732,094	5,951,950	9,121,492	8,247,755
<u>46,243,305</u>	<u>50,065,454</u>	<u>52,735,574</u>	<u>53,051,787</u>	<u>57,164,592</u>	<u>59,612,754</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities:				
General government	\$ 3,373,717	3,565,490	2,771,143	2,897,711
Public safety	2,916,964	2,853,035	3,031,037	2,882,263
Physical environment	554,763	643,072	767,582	761,634
Transportation	840,867	724,671	755,262	675,861
Economic environment	150,543	150,250	168,590	185,242
Parks and recreation	776,645	718,239	868,434	722,994
Interest on long-term debt	467,028	457,511	448,741	435,371
Total governmental activities expenses	9,080,527	9,112,268	8,810,789	8,561,076
Business-type Activities				
Electric	12,611,445	11,805,050	11,841,903	10,903,730
Water and sewer	2,964,692	2,941,214	2,893,843	3,121,021
Mosquito control	44,395	43,684	45,886	47,326
Total business-type activities	15,620,532	14,789,948	14,781,632	14,072,077
Total primary government expenses	24,701,059	23,902,216	23,592,421	22,633,153
Program Revenues				
Governmental activities:				
Charges for services:				
General government	209,856	362,701	377,226	395,496
Public safety	208,106	175,843	145,175	155,580
Physical environment	577,104	736,898	806,932	785,330
Transportation	70	11,165	11,720	11,843
Economic environment	0	0	0	0
Parks and recreation	60,078	70,666	43,050	31,174
Operating grants and contributions	131,360	291,160	342,416	218,571
Capital grants and contributions	928,576	783,967	1,590,710	1,168,258
Total governmental activities program revenues	\$ 2,115,150	2,432,400	3,317,229	2,766,252
Business-type activities:				
Charges for services:				
Electric	\$ 14,563,814	12,835,626	14,673,991	14,392,269
Water and sewer	2,252,644	2,148,928	2,251,328	3,257,081
Mosquito control	49,071	49,655	49,775	49,877
Operating grants and contributions	0	0	0	1,627,198
Capital grants and contributions	0	325,635	11,420,846	2,139,510
Total business-type activities program revenues	16,865,529	15,359,844	28,395,940	21,465,935
Total primary government program revenues	18,980,679	17,792,244	31,713,169	24,232,187
Net (Expense) Revenue				
Governmental activities	(6,965,377)	(6,679,868)	(5,493,560)	(5,794,824)
Business-type activities	1,244,997	569,896	13,614,308	7,393,858
Total primary government net expense	\$ (5,720,380)	(6,109,972)	8,120,748	1,599,034

Fiscal Year					
2012	2013	2014	2015	2016	2017
3,080,777	2,813,888	2,719,659	2,690,754	3,028,258	3,486,727
3,009,977	3,085,939	3,164,017	3,215,211	3,610,483	4,085,731
737,191	795,886	789,404	840,642	828,282	724,084
708,219	694,479	758,198	813,619	918,754	982,780
148,614	176,463	212,978	192,386	239,226	237,578
748,726	758,883	1,318,191	892,715	741,416	730,895
426,780	435,587	418,674	413,851	567,472	472,693
8,860,284	8,761,125	9,381,121	9,059,178	9,933,891	10,720,488
9,745,061	10,083,138	11,863,813	12,377,194	11,250,351	10,487,281
4,715,831	3,634,733	3,621,216	3,365,172	3,403,639	3,974,417
55,105	49,446	53,461	41,815	43,026	33,859
14,515,997	13,767,317	15,538,490	15,784,181	14,697,016	14,495,557
23,376,281	22,528,442	24,919,611	24,843,359	24,630,907	25,216,045
346,639	495,774	317,475	371,184	398,171	356,558
156,036	54,418	297,144	237,108	294,121	334,904
816,165	809,118	823,782	842,168	864,936	805,619
12,200	12,565	13,370	14,656	23,104	33,871
0	0	0	0	0	0
40,295	32,615	27,243	31,901	30,654	34,865
217,569	270,027	251,953	485,404	266,003	300,985
1,033,364	756,335	577,993	1,029,007	1,032,140	763,611
2,622,268	2,430,852	2,308,960	3,011,428	2,909,129	2,630,413
12,519,393	13,073,827	15,171,323	15,693,189	15,129,466	13,736,261
2,952,806	3,144,427	3,350,473	3,429,227	3,969,605	3,852,329
50,073	54,585	56,291	57,115	57,991	58,909
0	551,284	24,527	24,527	0	0
138,066	1,321,644	662,887	0	0	0
15,660,338	18,145,767	19,265,501	19,204,058	19,157,062	17,647,499
18,282,606	20,576,619	21,574,461	22,215,486	22,066,191	20,277,912
(6,238,016)	(6,330,273)	(7,072,161)	(6,047,750)	(7,024,762)	(8,090,075)
1,144,341	4,378,450	3,727,011	3,419,877	4,460,046	3,151,942
(5,093,675)	(1,951,823)	(3,345,150)	(2,627,873)	(2,564,716)	(4,938,133)

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

	Fiscal Year			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 3,071,384	3,464,378	4,241,001	4,051,946
Utility taxes	632,621	666,161	959,321	1,233,554
Discretionary Sales Surtax	0	0	0	0
Communications services taxes	354,990	472,087	428,155	408,414
Local option gas tax	197,363	0	0	0
Business license tax	44,545	46,050	47,034	48,780
Franchise fees	271,562	0	0	0
Intergovernmental revenue	658,998	521,249	548,753	565,093
Unrestricted investment earnings	56,825	(13,557)	31,071	11,159
Miscellaneous	112,202	90,752	72,712	90,378
Capital asset transfers	(694,401)	0	0	0
Gain on disposal of capital assets	0	0	0	10,775
Special item	0	0	0	0
Transfers	2,708,025	2,087,990	1,431,153	1,691,792
Total governmental activities	<u>7,414,114</u>	<u>7,335,110</u>	<u>7,759,200</u>	<u>8,111,891</u>
Business-type activities:				
Unrestricted investment earnings	132,148	(26,740)	7,931	10,154
Miscellaneous	78,901	83,957	69,944	83,366
Capital asset transfers	694,401	0	0	0
Gain on disposal of capital assets	0	0	0	752
Special item	0	0	0	(921,611)
Transfers	(2,708,025)	(2,087,990)	(1,431,153)	(1,691,792)
Total business-type activities	<u>(1,802,575)</u>	<u>(2,030,773)</u>	<u>(1,353,278)</u>	<u>(2,519,131)</u>
Total primary government	<u>\$ 5,611,539</u>	<u>5,304,337</u>	<u>6,405,922</u>	<u>5,592,760</u>
Change in Net Position				
Governmental activities	\$ 448,737	655,242	2,265,640	2,317,067
Business-type activities	(557,578)	(1,460,877)	12,261,030	4,874,727
Total primary government	<u>\$ (108,841)</u>	<u>(805,635)</u>	<u>14,526,670</u>	<u>7,191,794</u>

Note: Net position for FY 2015, in both Governmental and Business-type Activities, includes a prior period adjustment of beginning net position as a result of the GASB 68 implementation. The effect of GASB 68 resulted in a change in net position in Governmental Activities by \$(3,186,541) and in Business-type Activities of \$(807,347).

Fiscal Year					
2012	2013	2014	2015	2016	2017
3,695,306	3,650,565	3,650,563	3,638,572	3,982,499	4,171,075
1,191,592	1,120,707	1,118,050	1,165,926	1,387,113	1,423,860
0	0	0	0	0	368,655
379,347	333,439	313,826	346,275	338,750	311,859
0	0	0	0	0	0
49,898	49,723	46,691	49,645	48,398	48,649
0	0	0	0	0	0
600,600	626,460	657,312	703,123	743,242	801,244
15,289	13,401	8,321	6,617	25,692	32,812
637,528	150,228	114,923	902,230	194,070	103,364
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	(3,186,541)	(123,628)	0
1,553,882	1,698,102	1,698,198	1,614,556	2,200,859	2,382,101
8,123,442	7,642,625	7,607,884	5,240,403	8,796,995	9,643,619
17,395	11,665	7,330	4,280	7,166	23,498
62,673	80,881	98,254	117,079	74,219	101,279
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	(803,120)	0	0
(1,553,882)	(1,698,102)	(1,698,198)	(1,614,556)	(2,200,859)	(2,382,101)
(1,473,814)	(1,605,556)	(1,592,614)	(2,296,317)	(2,119,474)	(2,257,324)
6,649,628	6,037,069	6,015,270	2,944,086	6,677,521	7,386,295
1,885,426	1,312,352	535,723	(807,347)	1,772,233	1,553,544
(329,473)	2,772,894	2,134,397	1,123,560	2,340,572	894,618
1,555,953	4,085,246	2,670,120	316,213	4,112,805	2,448,162

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

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Nonspendable	\$ 0	0	0	1,754,694
Restricted	0	0	0	44,769
Assigned	0	0	0	162,624
Unassigned	0	0	0	1,438,093
Reserved	562,704	1,451,124	2,446,216	0
Unreserved	90,672	(400,601)	(362,329)	0
Total general fund	<u>\$ 653,376</u>	<u>1,050,523</u>	<u>2,083,887</u>	<u>3,400,180</u>
All Other Governmental Funds				
Nonspendable	\$ 0	0	0	18,285
Restricted	0	0	0	2,884,071
Assigned	0	0	0	0
Unassigned	0	0	0	(1,646,843)
Reserved	317,736	110,241	98,969	0
Unreserved, reported in:				
Special revenue funds	746,922	1,034,916	1,162,252	0
Debt service funds	0	103,600	103,379	0
Capital projects funds	(1,331,239)	(901,994)	(718,530)	0
Total all other governmental funds	<u>\$ (266,581)</u>	<u>346,763</u>	<u>646,070</u>	<u>1,255,513</u>

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
1,768,547	1,819,012	1,411,513	1,726,625	1,128,744	627,675
15,478	12,626	15,462	26,154	26,167	10,448
157,490	653,673	727,248	549,035	2,050,825	306,543
2,384,803	2,689,621	3,434,709	3,324,514	2,931,335	3,813,331
0	0	0	0	0	0
0	0	0	0	0	0
4,326,318	5,174,932	5,588,932	5,626,328	6,137,071	4,757,997
9,549	13,621	23,607	10,999	12,226	21,826
2,453,267	2,072,294	1,459,511	2,065,728	4,635,975	955,407
0	0	0	0	697,959	559,861
(1,402,080)	(1,216,869)	(1,282,361)	(1,194,361)	(667,489)	(300,000)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,060,736	869,046	200,757	882,366	4,678,671	1,237,094

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

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Taxes	\$ 4,300,903	5,173,394	6,341,335	6,111,452
Permits, fees, and special assessments	414,749	388,187	388,256	426,656
Intergovernmental revenues	1,645,224	1,001,259	1,509,711	953,409
Charges for services	847,308	902,484	933,276	904,161
Fines and forfeitures	64,719	115,367	51,071	47,813
Interest	56,825	(13,556)	31,071	11,159
Miscellaneous	185,912	112,386	314,097	145,019
Total revenues	<u>7,515,640</u>	<u>7,679,521</u>	<u>9,568,817</u>	<u>8,599,669</u>
Expenditures				
General government	3,124,553	3,304,566	2,515,519	2,667,416
Public safety	2,771,926	2,698,133	2,867,877	2,755,777
Physical environment	554,710	643,018	748,023	761,580
Transportation	603,818	477,657	524,382	454,041
Economic environment	144,962	143,358	162,431	176,300
Parks and recreation	672,312	638,051	771,309	624,179
Debt service:				
Principal	222,409	227,525	234,169	227,398
Interest and fiscal charges	461,570	452,212	441,966	431,476
Capital outlay	1,879,943	249,846	1,446,133	435,301
Total expenditures	<u>10,436,203</u>	<u>8,834,366</u>	<u>9,711,809</u>	<u>8,533,468</u>
Excess (deficiency) of revenues over (under) expenditures	(2,920,563)	(1,154,845)	(142,992)	66,201
Other Financing Sources (Uses)				
Proceeds from the sale of capital assets	9,325	15,397	38,988	167,743
Proceeds from borrowing	0	0	0	0
Payments to refunding bond escrow agent	0	0	0	0
Insurance proceeds	0	0	0	0
Transfers in	3,567,534	2,950,565	2,728,129	2,852,909
Transfers out	(859,509)	(858,575)	(1,291,454)	(1,161,117)
Total other financing sources (uses)	<u>2,717,350</u>	<u>2,107,387</u>	<u>1,475,663</u>	<u>1,859,535</u>
Net change in fund balances	<u>\$ (203,213)</u>	<u>952,542</u>	<u>1,332,671</u>	<u>1,925,736</u>
Debt service as a percentage of noncapital expenditures	8.0%	7.9%	8.2%	8.1%

Source: City of Alachua Financial Reports

Note:

A) Section 108, Series 2001A loan refinanced in FY 2015.

B) Capital Improvement Revenue and Revenue Refunding Bonds, Series 2016 issued in FY 2016. Issue refunded \$7.1 million of outstanding Capital Improvement and Refunding Revenue Bonds, Series 2006.

Fiscal Year					
2012	2013	2014	2015	2016	2017
5,531,359	5,364,716	5,344,809	5,430,545	6,004,417	6,574,325
410,673	448,531	507,102	495,716	491,381	491,187
1,481,397	1,038,824	1,149,737	1,887,631	1,796,689	1,594,494
918,349	906,021	902,045	947,960	1,067,509	982,949
41,023	48,181	63,393	43,769	34,312	64,531
15,289	13,401	8,321	6,617	25,692	32,812
793,738	174,019	171,720	998,455	192,843	107,699
9,191,828	7,993,693	8,147,127	9,810,693	9,612,843	9,847,997
2,798,685	2,534,198	2,511,783	2,560,365	2,741,395	3,064,460
2,869,912	2,916,255	3,004,179	3,128,641	3,283,396	3,555,867
737,137	795,832	789,349	840,588	828,228	724,030
475,306	473,721	474,618	488,529	566,945	563,055
136,857	161,923	197,491	172,559	197,743	186,235
645,313	657,592	710,454	789,635	640,079	592,608
210,000	215,000	304,621	321,840	418,711	482,911
420,787	430,470	421,513	424,885	474,815	486,444
1,733,572	1,746,650	1,685,606	1,979,202	4,339,117	7,395,139
10,027,569	9,931,641	10,099,614	10,706,244	13,490,429	17,050,749
(835,741)	(1,937,948)	(1,952,487)	(895,551)	(3,877,586)	(7,202,752)
13,220	11,270	0	0	0	0
0	885,500	0	1,150,000	13,207,453	0
0	0	0	(1,150,000)	(7,100,000)	0
0	0	0	0	0	0
3,182,229	2,454,088	2,557,976	2,979,434	3,437,126	5,478,044
(1,628,347)	(755,986)	(859,778)	(1,364,878)	(1,236,267)	(3,095,943)
1,567,102	2,594,872	1,698,198	1,614,556	8,308,312	2,382,101
731,361	656,924	(254,289)	719,005	4,430,726	(4,820,651)
7.6%	7.9%	8.6%	8.6%	9.8%	10.0%

REVENUE CAPACITY INFORMATION

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

Fiscal Year Ended September 30	Residential Property	Commercial Property	Agricultural Property	Industrial Property
2008	\$ 535,100,200	\$ 102,112,900	\$ 35,005,500	\$ 100,646,800
2009	569,343,300	111,092,400	37,888,600	163,769,900
2010	531,600,770	113,537,800	69,227,500	158,400,600
2011	319,077,965	104,257,104	60,791,620	145,987,301
2012	275,660,490	104,238,080	59,247,070	129,060,290
2013	279,161,950	106,282,970	57,665,520	130,863,550
2014	281,698,170	106,926,610	56,734,615	128,789,230
2015	287,733,692	106,342,560	57,151,050	122,327,400
2016	298,701,155	107,851,700	57,903,000	120,895,840
2017	309,304,486	113,985,346	53,879,730	121,952,410

Source: Alachua County Property Appraiser

Non-Taxable Real Property	Personal and Centrally Assessed Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 77,307,900	\$ 99,036,273	\$ 265,998,252	\$ 683,211,321	4.6480
97,840,300	127,181,206	340,977,840	766,137,866	4.6966
108,260,600	141,482,934	321,027,840	801,482,364	5.5000
261,136,703	144,519,173	272,288,306	763,481,560	5.5000
260,266,024	146,380,912	272,929,424	701,923,442	5.5000
286,179,813	103,588,381	281,978,533	681,763,651	5.5000
285,937,360	108,914,101	281,927,200	687,072,886	5.5000
290,459,714	103,433,849	284,232,894	683,215,371	5.5000
287,466,114	100,745,527	285,472,955	688,090,381	5.9900
291,778,105	107,092,736	286,363,129	711,629,684	5.9900

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

Fiscal Year Ended Sept. 30,	Direct			Overlapping							
	Basic Rate	General Obligation Debt Service	Total City	Alachua BOCC	Alachua BOCC GO Debt	Alachua County Library District	Library Capital Outlay	Library Debt Service	School Board	Suwannee River Water Management District	St. Johns River Water Management District
2008	4.6480	0.0000	4.6480	7.6468	0.2500	1.2645	0.0000	0.0915	8.3950	0.4399	0.4158
2009	4.6966	0.0000	4.6966	7.5708	0.2500	1.2491	0.0000	0.0915	8.3590	0.4399	0.4158
2010	5.5000	0.0000	5.5000	8.0495	0.2500	1.2856	0.0000	0.0915	9.4080	0.4399	0.4158
2011	5.5000	0.0000	5.5000	8.3763	0.2500	1.3638	0.0000	0.1098	9.1070	0.4399	0.4158
2012	5.5000	0.0000	5.5000	8.5956	0.2500	1.3638	0.0000	0.1152	9.0920	0.4143	0.3313
2013	5.5000	0.0000	5.5000	8.5956	0.2500	1.3638	0.0000	0.1130	8.5490	0.4143	0.3313
2014	5.5000	0.0000	5.5000	8.7990	0.2500	1.3638	0.0000	0.0950	8.4020	0.4143	0.3283
2015	5.5000	0.0000	5.5000	8.7990	0.2500	1.3638	0.0000	0.0950	8.4100	0.0420	0.3164
2016	5.9900	0.0000	5.9900	8.7950	0.1595	1.4538	0.0000	0.0900	8.3420	0.4104	0.3023
2017	5.9900	0.0000	5.9900	8.9290	0.0000	1.3371	0.0000	0.0750	7.9360	0.4093	0.2885

Source: Alachua County Property Appraiser

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

Taxpayer	Fiscal Year 2017			Fiscal Year 2008		
	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	\$ 59,151,360	1	26.38%	\$ 4,149,000	9	3.04%
Dolgencorp, Inc.	50,914,720	2	22.71%	76,763,210	1	56.19%
Baugh Southeast Cooperative, Inc.	27,394,700	3	12.22%	5,724,400	4	4.19%
Regeneration Technologies, Inc.	26,228,770	4	11.70%	21,852,260	2	16.00%
SNH Medical Office Properties, Trust	16,546,680	5	7.38%	0		0.00%
Alachua Development, LLC	12,292,110	6	5.48%	0		0.00%
Waco Properties, Inc.	10,784,100	7	4.81%	0		0.00%
Sysco Merchandising & Supply	8,737,930	8	3.90%	0		0.00%
Lowes Home Centers, Inc.	7,546,370	9	3.37%	0		0.00%
MAS Holding Company, Inc.	4,599,410	10	2.05%	6,493,400	3	4.75%
Hunter Marine Corporation	0		0	4,692,400	5	3.43%
Sage Software	0		0	4,409,740	6	3.23%
Innovation Partners, Ltd.	0		0	4,241,200	7	3.10%
Hipp Construction	0		0	4,166,530	8	3.05%
Maronda Homes	0		0	4,121,500	10	3.02%
	<u>\$ 224,196,150</u>		<u>100.00%</u>	<u>\$ 136,613,640</u>		<u>100.00%</u>

Source: Alachua County Property Appraiser

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

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 3,175,566	\$ 3,056,030	96.2%	\$ 15,354	\$ 3,071,384	96.7%
2009	3,598,243	3,459,305	96.1%	5,073	3,464,378	96.3%
2010	4,408,153	4,234,528	96.1%	6,473	4,241,001	96.2%
2011	4,199,149	4,042,368	96.3%	9,578	4,051,947	96.5%
2012	3,860,579	3,688,577	95.5%	6,729	3,695,307	95.7%
2013	3,749,700	3,612,853	96.4%	37,712	3,650,565	97.4%
2014	3,778,901	3,643,042	96.4%	7,521	3,650,563	96.6%
2015	3,757,685	3,632,904	96.7%	5,669	3,638,573	96.8%
2016	4,130,829	3,975,018	96.2%	7,481	3,982,499	96.4%
2017	4,262,662	4,164,772	97.7%	6,303	4,171,075	97.9%

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

DEBT CAPACITY INFORMATION

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

Fiscal Year	Governmental Activities			
	General Government Bonds	Sales Tax Revenue Notes	Tax Increment Revenue Note	Financing Loans / Capital Leases
2008	\$ 9,695,000	\$ 0	\$ 104,093	\$ 0
2009	9,505,000	0	66,568	0
2010	9,310,000	0	27,399	0
2011	9,110,000	0	0	0
2012	8,900,000	0	0	0
2013	8,685,000	0	885,500	0
2014	8,460,000	0	805,879	500,000
2015	8,220,000	0	724,038	500,000
2016	13,079,275	0	640,370	680,085
2017	12,855,275	0	554,835	506,709

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

Business-Type Activities						
Utility Acquisition Bonds	Utility Refunding Bonds	Utility Revenue Bonds	Loans/ Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 835,000	\$ 8,230,000	\$ 410,000	\$ 900,456	\$ 20,174,549	6.81%	2,213
780,000	7,675,000	381,000	1,148,009	19,555,576	6.38%	2,101
725,000	7,105,000	351,000	6,839,409	24,357,808	7.51%	2,564
665,000	6,515,000	319,000	9,504,289	26,113,289	7.80%	2,771
600,000	5,905,000	286,000	10,193,010	25,884,010	8.15%	2,842
530,000	4,695,000	0	8,362,905	23,158,405	7.01%	2,535
455,000	4,060,000	0	8,411,411	22,692,289	6.41%	2,440
375,000	3,410,000	0	8,845,992	22,075,030	6.00%	2,309
290,000	2,750,000	0	12,570,408	30,010,138	7.65%	3,034
200,000	2,085,000	0	12,401,715	28,603,534	7.12%	2,879

Schedule 10
CITY OF ALACHUA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
Capital Improvement Revenue and Revenue Refunding Bonds, 2016	\$ 12,130,275	100.00%	\$ 12,130,275
Redevelopment Revenue Note, 2013	554,835	100.00%	554,835
HUD Section 108 Loan, 2015	725,000	100.00%	725,000
Motorola APD Radio Capital Lease, 2016	90,043	100.00%	90,043
Alachua County BOCC TD Tax Loan, 2011	416,667	100.00%	416,667
Total direct debt			13,916,820
Overlapping:			
Alachua County Board of County Commissioners:			
Local Option Gas Tax Bank Loan, 2011	2,645,000	5.22%	138,088
Public Improvement Revenue Note, 2014	8,081,000	5.22%	421,886
Capital Improvement Revenue Note, 2015A	3,457,000	5.22%	180,480
Public Improvement Revenue Refunding Note, 2015B	12,507,000	5.22%	652,954
Public Improvement Revenue Refunding Note, 2016	23,545,000	5.22%	1,229,216
Gas Tax Revenue Note, 2016	8,360,000	5.22%	436,451
Public Improvement Revenue Note, 2017	2,120,000	5.22%	110,679
Capital Improvement Revenue Refunding Note, 2017	3,791,000	5.22%	197,917
Capital Lease Payable ACSO Radio, 2014	271,220	5.22%	14,160
School Board of Alachua County:			
State Board of Education Bonds	225,000	4.65%	10,467
Certificates of Participation	54,393,724	4.65%	2,530,496
Certificates of Participation	1,794,000	4.65%	83,460
Total overlapping debt			6,006,254
Total direct and overlapping debt			\$ 19,923,074

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

Notes:

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

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

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

		Section 108 Loan		
		Debt Service		
Fiscal Year	Pledged Revenue	Principal	Interest	Coverage
2008	\$ 902,277	\$ 80,000	\$ 116,919	4.58
2009	853,193	90,000	112,495	4.21
2010	904,314	95,000	107,392	4.47
2011	928,496	100,000	101,930	4.60
2012	946,444	110,000	96,130	4.59
2013	966,702	115,000	89,530	4.73
2014	1,006,475	125,000	82,538	4.85
2015	1,057,098	135,000	77,762	4.97
2016	1,133,662	140,000	16,405	7.25
2017	1,190,516	150,000	15,010	7.21
		Series 2006 Capital Improvement		
		Debt Service		
Fiscal Year	Pledged Revenue	Principal	Interest	Coverage
2008	\$ 2,929,220	\$ 100,000	\$ 338,258	6.68
2009	1,536,087	100,000	334,758	3.53
2010	14,871,989	100,000	331,258	34.49
2011	8,681,466	100,000	327,758	20.30
2012	3,795,453	100,000	324,258	8.95
2013	6,255,215	100,000	320,695	14.87
2014	6,123,156	100,000	316,883	14.69
2015	6,024,910	105,000	312,783	14.42
2016	6,402,248	110,000	304,448	15.45
2017	0	0	0	N/A

Notes:

- (1) Pledged revenue for the Section 108 Loan consists of Half Cent Sales Tax, Franchise Fees, and Guaranteed Entitlement Revenue.
- (2) Original Section 108 Loan Series 2001A was refinanced by HUD in FY 2014-2015.
- (3) Pledged revenue for the Series 2006 bonds consists of various non ad valorem revenue. This issue refunded during FY 2016.

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
2008	\$ 0	\$ 0	\$ 0	0.00	\$ 0	\$ 0	0.00
2009	0	0	0	0.00	0	0	0.00
2010	0	0	0	0.00	0	0	0.00
2011	0	0	0	0.00	0	0	0.00
2012	0	0	0	0.00	0	0	0.00
2013	0	0	0	0.00	0	0	0.00
2014	0	0	0	0.00	0	0	0.00
2015	0	0	0	0.00	0	0	0.00
2016	0	0	0	0.00	0	0	0.00
2017	0	0	0	0.00	0	0	0.00

Fiscal Year	Sales Tax Revenue	Sales Tax Rev Note-1999B Debt Service			Sales Tax Rev Note-2000 Debt Service		
		Principal	Interest	Coverage	Principal	Interest	Coverage
2008	\$ 0	\$ 0	\$ 0	0.00	\$ 0	\$ 0	0.00
2009	0	0	0	0.00	0	0	0.00
2010	0	0	0	0.00	0	0	0.00
2011	0	0	0	0.00	0	0	0.00
2012	0	0	0	0.00	0	0	0.00
2013	0	0	0	0.00	0	0	0.00
2014	0	0	0	0.00	0	0	0.00
2015	0	0	0	0.00	0	0	0.00
2016	0	0	0	0.00	0	0	0.00
2017	0	0	0	0.00	0	0	0.00

Notes:

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

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

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

Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2008	\$ 511,952	\$ 35,951	\$ 6,134	\$ 42,085	12.16
2009	621,439	37,525	4,559	42,084	14.77
2010	475,191	39,169	2,915	42,084	11.29
2011	461,621	27,399	1,389	28,788	16.04
2012	451,046	0	0	0	N/A
2013	440,175	0	0	0	N/A
2014	445,355	79,622	19,658	99,279	4.49
2015	430,915	81,840	17,440	99,280	4.34
2016	446,504	81,840	17,440	99,280	4.50
2017	461,807	81,840	17,440	99,280	4.65

Notes:

- (1) The Tax Increment Revenue Notes are backed by the property tax revenue produced by the property tax rate of the City of Alachua and Alachua County applied to the increase in taxable assessed values above the base year taxable assessed valued multiplied by 95%.
- (2) 2000 Tax Increment Note paid off during FY 2010-2011.
- (3) 2013 Redevelopment Note Debt Service payment began in FY 2013-2014.

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
2008	\$ 2,474,525	\$ 987,610	\$ 3,462,135	\$ 1,153,438	3.00
2009	1,499,996	1,138,248	2,638,244	1,100,762	2.40
2010	3,464,866	1,387,476	4,852,342	1,143,225	4.24
2011	5,035,639	1,641,968	6,677,607	1,114,203	5.99
2012	3,921,653	1,570,939	5,492,592	1,040,865	5.28
2013	4,555,312	1,454,146	6,009,458	1,162,198	5.17
2014	3,840,677	1,431,876	5,272,553	1,000,935	5.27
2015	3,295,525	1,512,201	4,807,726	1,120,818	4.29
2016	3,949,967	1,725,863	5,675,830	1,142,493	4.97
2017	3,042,563	1,735,719	4,778,282	1,158,811	4.12

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Year	City Population	Gainesville MSA Population	Per Capita Personal Income	Total Personal Income	Unemployment Rate
2007	8,500	243,985	\$ 32,766	\$ 268,438,500	3.20%
2008	9,115	257,099	32,510	296,328,650	4.50%
2009	9,306	273,625	32,928	306,427,968	7.20%
2010	9,500	277,030	34,122	324,159,000	8.30%
2011	9,424	281,475	35,543	334,957,232	7.70%
2012	9,108	266,369	34,859	317,495,772	6.90%
2013	9,134	268,232	36,179	330,458,986	4.80%
2014	9,300	270,382	38,045	353,818,500	5.50%
2015	9,561	273,377	38,462	367,735,182	4.20%
2016	9,892	277,163	39,650	392,217,800	4.40%
2017	9,936	280,708	40,444	401,851,584	4.50%

Notes:

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

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

C) Population estimate as published by University of Florida Bureau of Economic and Business Research (BEBR).

Schedule 16
CITY OF ALACHUA, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

Employer	Type of Business	Fiscal Year 2017		
		Number of Employees	Rank	% of Total
Walmart Distribution Center	Retail	874	1	28.02%
Dollar General Distribution Center	Retail	630	2	20.20%
Regeneration Technologies, Inc.	Orthopedic/Cardio Implants	522	3	16.74%
School Board of Alachua County	Public Education	280	4	8.98%
Publix Supermarkets	Retail	168	5	5.39%
Lowe's	Retail	147	6	4.71%
Baugh Southeast Cooperative, Inc.	Retail	135	7	4.33%
Greenway Health (Vitera)	Healthcare Management	134	8	4.30%
City of Alachua	City Government	123	9	3.94%
State of Florida	State Government	106	10	3.40%
Total City Employment		3,119		

Source: Individual Employers, Council for Economic Opportunity

Employer	Type of Business	Fiscal Year 2008		
		Number of Employees	Rank	% of Total
Walmart Distribution Center	Retail	736	1	23.60%
Dollar General Distribution Center	Retail	624	2	20.01%
Regeneration Technologies, Inc.	Orthopedic/Cardio Implants	500	3	16.03%
Hunter Marine	Manufacturing	325	4	10.42%
School Board of Alachua County	Public Education	300	4	9.62%
Sandvik Mining & Construction USA, LLC	Manufacturing	227	6	7.28%
Sage Software*	Healthcare Management	220	5	7.05%
State of Florida	State Government	210	7	6.73%
Hitchcock & Sons, Inc.	Grocery	129	9	4.14%
City of Alachua	City Government	114	10	3.66%
	Total City Employment	3,385		

OPERATING INFORMATION

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

Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Administration	22.50	23.50	21.50	18.00	18.00	18.00	18.00	19.00	13.00	12.00
Culture and Recreation	7.50	7.50	7.50	6.00	6.00	7.00	7.00	7.00	7.00	5.00
Finance/Administrative Services	9.00	9.00	13.00	14.00	14.00	14.00	14.00	14.00	20.00	25.00
Police	35.50	35.50	34.50	29.50	29.50	29.50	29.50	30.00	31.50	32.50
Community Development and Planning	9.00	8.42	8.00	10.00	10.00	10.00	10.00	10.00	10.50	11.00
Public Services	41.00	41.00	38.00	38.00	38.00	38.00	38.00	37.00	38.00	38.00
Total	124.50	124.92	122.50	115.50	115.50	116.50	116.50	117.00	120.00	123.50

Source: City of Alachua Annual Budget

Notes:

- A) Community Development and Planning includes Compliance and Risk Management - 3.5 FTE in FY 2016.
- B) Purchasing, IT, and Facilities consolidated under Finance & Administrative Services during FY 2016.
- C) FTE for Electric System Planner added to Public Services during FY 2016.
- D) Recreation maintenance staff consolidated with Facilities in FY 2017.

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

Function/Program	2008	2009	2010	2011
Public Safety:				
Arrests	356	209	197	191
Traffic citations issued	2,745	1,968	2,594	2,516
Planning and Development:				
New local business tax receipts issued	93	88	90	121
Building permits issued	443	388	482	348
Culture and Recreation:				
Participants in Summer Recreation Program	160	145	68	0
Electric Utility:				
Number of residential customers	3,421	3,478	3,561	3,569
Kilowatts per hour sold-residential	39,462,034	41,447,673	43,832,940	42,672,474
Number of commercial customers	692	733	808	801
Kilowatts per hour sold-commercial	73,845,006	79,247,962	80,307,626	79,834,390
Water Utility:				
Number of residential customers	3,028	3,071	3,082	3,127
Gallons sold	201,898,486	0	232,781,197	232,392,400
Number of commercial customers	482	487	481	481
Gallons sold	275,192,218	208,061,665	187,245,207	174,406,479
Wastewater Utility:				
Number of customers	2,578	2,633	2,642	2,656
Gallons of wastewater billed to customers	272,736,513	299,531,166	275,937,716	270,628,629
Reclaimed Water:				
Number of customers	0	0	0	0
Gallons of wastewater billed to customers	0	0	0	0
Solid Waste:				
Number of customers	3,198	3,238	3,247	3,269

Source: Various City Departments

Notes:

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

2012	2013	2014	2015	2016	2017
162	228	161	206	217	247
2,307	3,149	3,491	1,941	2,196	1,889
83	73	46	76	58	42
441	489	539	642	605	531
0	0	0	0	0	0
3,605	3,645	3,721	3,790	3,866	3,855
39,334,834	39,441,390	41,192,449	42,873,312	44,908,136	49,536,179
819	855	868	845	850	833
78,085,867	73,371,218	75,053,504	76,684,358	76,684,358	88,739,370
3,166	3,244	3,296	3,377	3,455	3,435
208,178,387	184,798,177	205,179,769	181,027,654	195,392,511	239,218,578
493	505	530	534	544	524
162,035,512	146,422,961	150,610,000	160,707,699	183,371,258	151,993,571
2,702	2,755	2,820	2,886	2,977	2,953
251,098,965	240,707,541	240,160,431	238,979,271	239,973,349	271,199,248
0	0	1	1	1	1
0	0	103,205,640	138,011,490	220,200	58,655,900
3,300	3,343	3,411	3,490	3,532	3,554

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police sub-stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	1	1	1	1	1	1	1	1	1	1
Public Services:										
Streets (miles)	42.06	50.37	50.37	55.77	55.77	48.00	48.00	48.00	48.00	49.10
Culture and Recreation:										
Parks	6	6	6	6	6	6	6	6	6	6
Tennis courts	2	2	2	2	2	2	2	2	2	2
Ball fields	11	11	11	11	11	11	11	11	11	11
Community centers	3	3	3	3	3	3	3	3	3	3
Skate park	1	1	1	1	1	1	1	1	1	1
Spray pool	1	1	1	1	1	1	1	1	1	1
Electric Utility:										
Substations	1	1	1	1	1	1	1	1	1	1
Water Utility:										
Wells	3	3	3	3	3	3	3	3	3	3
Wastewater Utility:										
Treatment capacity (millions of gallons per day)	0.97	0.97	0.97	1.5	1.5	1.5	1.5	1.5	1.5	1.5

Source: Various City Departments

**OTHER INDEPENDENT AUDITORS'
REPORTS AND SCHEDULES**

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alachua, Florida (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 30, 2018
Gainesville, Florida

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

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

We have examined the City of Alachua, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2017, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

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

Purvis, Gray and Company, LLP

March 30, 2018
Gainesville, Florida

Certified Public Accountants

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Alachua, Florida (the City) as of and for the year ended September 30, 2017, and have issued our report thereon dated March 30, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Reports

We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards* and independent accountants' report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C 315, regarding compliance requirements in accordance with Section 10.556(10)(a), *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 30, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. These disclosures can be found in Note 1 to the financial statements.

Financial Condition

- Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Certified Public Accountants

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

MANAGEMENT LETTER
(Concluded)

Financial Condition (Concluded)

- Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had no such findings.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

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



March 30, 2018
Gainesville, Florida