



Purvis  
Gray &  
Company

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**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

**CITY OF ALACHUA  
ALACHUA, FLORIDA**

**SEPTEMBER 30, 2001**

**FINANCIAL STATEMENTS  
AND  
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**CITY OF ALACHUA  
ALACHUA, FLORIDA  
SEPTEMBER 30, 2001**

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**FINANCIAL STATEMENTS  
AND  
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**CITY OF ALACHUA  
ALACHUA, FLORIDA  
SEPTEMBER 30, 2001**

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commission  
City of Alachua  
Alachua, Florida

We have audited the accompanying general-purpose financial statements of the City of Alachua, Florida as of and for the year ended September 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Alachua, Florida's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

Except as discussed in the following paragraph, 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not obtain sufficient evidential matter to determine if property, plant and equipment recorded in the proprietary fund types is fairly presented at cost or estimated historical cost, due to insufficient detail within the City of Alachua, Florida's property records.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to determine the propriety of amounts recorded as property, plant and equipment in the proprietary fund types, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the City of Alachua, Florida as of September 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Certified Public Accountants

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

Honorable Mayor and City Commission  
City of Alachua  
Alachua, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 26, 2002, on our consideration of the City of Alachua, Florida's compliance and on internal control over financial reporting based on an audit of general-purpose financial statements performed in accordance with *Government Auditing Standards*. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund statements and schedules listed in the table of contents, as well as the schedule of expenditures of federal awards and state financial assistance, as required by the U.S. Office of Management and Budget, Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General* of the State of Florida are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City of Alachua, Florida. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

February 26, 2002  
Gainesville, Florida

*Purvis, Gray and Company*

## **GENERAL-PURPOSE FINANCIAL STATEMENTS**

These basic statements provide a summary overview of the financial position of all funds and account groups as well as the operating results of all funds and cash flows of the proprietary fund types. They also serve as an introduction to and summary of the more detailed statements included in the accompanying information section.

**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**SEPTEMBER 30, 2001,**  
**WITH COMPARATIVE TOTALS FOR 2000**  
**CITY OF ALACHUA, FLORIDA**

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only)	
										2001	2000
<b>Assets</b>											
Cash and Cash Equivalents	\$ 780,890	\$ 121,225	\$ 181,017	\$ 208,152	\$ 2,110,428	\$ 103,946				\$ 3,505,658	\$ 2,770,502
Investments			84,029		30,000		\$ 513,867			627,896	566,103
Receivables (Net of Allowances For Uncollectibles Parenthetically Indicated):											
Accounts (\$36,098)	17,034				365,387					382,421	265,505
Other Receivables	67,170				15,355					82,525	69,777
Due From Other Funds	65,523				1,249,145					1,314,668	1,833,928
Due From Other Governments	78,421			16,000	932,231					1,026,652	512,045
Inventory of Utility Supplies					256,133					256,133	199,063
Prepays	42,825				544,623					587,448	121,758
Unbilled Revenue					630,354					630,354	471,259
Restricted Assets:											
Cash and Cash Equivalents					1,794,746					1,794,746	1,714,309
Investments					849,302					849,302	885,450
Property, Plant and Equipment - Cost Less Accumulated Depreciation For Proprietary Fund Types; Cost For General Fixed Assets Account Group					13,051,580	27,377		3,662,655		16,741,612	15,675,999
Unamortized Bond Issue Costs					329,829					329,829	350,775
Amount Available For Retirement of General Long-Term Debt									\$ 265,046	265,046	268,939
Amount to be Provided For Retirement of General Long-Term Debt									3,639,432	3,639,432	2,230,939
<b>Total Assets</b>	<u>\$ 1,051,863</u>	<u>\$ 121,225</u>	<u>\$ 265,046</u>	<u>\$ 224,152</u>	<u>\$ 22,159,113</u>	<u>\$ 131,323</u>	<u>\$ 513,867</u>	<u>\$ 3,662,655</u>	<u>\$ 3,904,478</u>	<u>\$ 32,033,722</u>	<u>\$ 27,936,351</u>

See accompanying notes.



**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**SEPTEMBER 30, 2001,**  
**WITH COMPARATIVE TOTALS FOR 2000**  
**CITY OF ALACHUA, FLORIDA**  
*(Concluded)*

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types Trust and Agency	Account Groups		Totals	
	General	Special	Debt	Capital	Internal		General	General	(Memorandum Only)	
		Revenue	Service	Projects	Enterprise		Fixed Assets	Long-Term Debt	2001	2000
<b>Liabilities and Fund Equity</b>										
<b>Liabilities</b>										
Accounts Payable	\$ 95,859	\$ 5,271			\$ 1,107,813	\$ 7,224			\$ 1,216,167	\$ 962,911
Other Accrued Expenses	86,444				26,233	6,645			119,322	142,739
Due to Other Funds		65,523		\$ 16,449	1,232,696				1,314,668	1,833,928
Payable From Restricted Assets:										
Accrued Interest					402,027				402,027	414,047
Current Portion of Bonds Payable					356,000				356,000	329,000
Customer Deposits					217,013				217,013	190,173
Deferred Revenues and Credits	37,985				214,111				252,096	205,934
Note Payable - Other					48,062				48,062	46,798
Note Payable - Arcadia								\$ 905,000	905,000	945,000
Notes Payable - Sales Tax								340,476	340,476	1,444,544
Notes Payable - Section 108								2,250,000	2,250,000	0
Notes Payable - Tax Increment								300,000	300,000	0
Revenue Bonds Payable					12,618,867				12,618,867	12,966,062
Accrued Compensated Absences					41,102	24,979		109,002	175,083	172,208
<b>Total Liabilities</b>	<u>220,288</u>	<u>70,794</u>	<u>\$ 0</u>	<u>16,449</u>	<u>16,263,924</u>	<u>38,848</u>	<u>\$ 0</u>	<u>\$ 3,904,478</u>	<u>20,514,781</u>	<u>19,653,344</u>
<b>Fund Equity</b>										
Contributed Capital					4,032,699				4,032,699	3,170,600
Investment in General Fixed Assets							3,662,655		3,662,655	3,489,133
Retained Earnings:										
Unreserved					1,862,490	92,475			1,954,965	1,332,288
Fund Balances (Deficit):										
Reserved For Pension Benefits							513,867		513,867	443,181
Other Reserves	16,675	50,431		(449)					66,657	168,789
Undesignated	814,900		265,046	208,152					1,288,098	(320,984)
<b>Total Fund Equity</b>	<u>831,575</u>	<u>50,431</u>	<u>265,046</u>	<u>207,703</u>	<u>5,895,189</u>	<u>92,475</u>	<u>513,867</u>	<u>3,662,655</u>	<u>11,518,941</u>	<u>8,283,007</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 1,051,863</u>	<u>\$ 121,225</u>	<u>\$ 265,046</u>	<u>\$ 224,152</u>	<u>\$ 22,159,113</u>	<u>\$ 131,323</u>	<u>\$ 513,867</u>	<u>\$ 3,662,655</u>	<u>\$ 32,033,722</u>	<u>\$ 27,936,351</u>

See accompanying notes.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED SEPTEMBER 30, 2001,  
WITH COMPARATIVE TOTALS FOR 2000  
CITY OF ALACHUA, FLORIDA**

	Governmental Fund Types				Totals	
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)	
					2001	2000
<b>Revenues</b>						
Taxes	\$ 2,213,982	\$ 69,063	\$ 0	\$ 0	\$ 2,283,045	\$ 2,056,022
Licenses and Permits	148,357	0	0	0	148,357	235,909
Intergovernmental	610,687	462,855	0	16,000	1,089,542	879,010
Charges For Services	373,166	0	0	0	373,166	370,450
Fines and Forfeitures	72,272	0	0	0	72,272	89,543
Interest and Miscellaneous	153,999	7,296	0	7,229	168,524	129,623
<b>Total Revenues</b>	<u>3,572,463</u>	<u>539,214</u>	<u>0</u>	<u>23,229</u>	<u>4,134,906</u>	<u>3,760,557</u>
<b>Expenditures</b>						
Current:						
General Government	937,726	0	0	0	937,726	929,545
Public Safety	1,820,539	0	0	0	1,820,539	1,800,699
Physical Environment	309,317	0	0	0	309,317	286,184
Transportation	415,935	0	0	0	415,935	410,777
Economic Environment	0	943,504	0	32,918	976,422	1,805,136
Parks and Recreation	307,446	0	0	0	307,446	400,690
Debt Service		0	1,286,607	0	1,286,607	83,930
<b>(Total Expenditures)</b>	<u>(3,790,963)</u>	<u>(943,504)</u>	<u>(1,286,607)</u>	<u>(32,918)</u>	<u>(6,053,992)</u>	<u>(5,716,961)</u>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over (Under) Expenditures</b>	<u>(218,500)</u>	<u>(404,290)</u>	<u>(1,286,607)</u>	<u>(9,689)</u>	<u>(1,919,086)</u>	<u>(1,956,404)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	880,106	0	1,282,714	208,152	2,370,972	600,727
Transfers Out	(321,022)	0	0	(1,173,914)	(1,494,936)	(199,061)
Proceeds From Debt	0	300,000	0	2,250,000	2,550,000	84,750
<b>Total Other Financing Sources (Uses)</b>	<u>559,084</u>	<u>300,000</u>	<u>1,282,714</u>	<u>1,284,238</u>	<u>3,426,036</u>	<u>486,416</u>
<b>Excess (Deficiency) of Revenues and Other</b>						
<b>Financing Sources Over (Under) Expenditures</b>						
<b>and Other Financing Uses</b>	<u>340,584</u>	<u>(104,290)</u>	<u>(3,893)</u>	<u>1,274,549</u>	<u>1,506,950</u>	<u>(1,469,988)</u>
<b>Fund Balances (Deficit), Beginning of Year</b>	491,271	154,441	268,939	(1,066,846)	(152,195)	1,317,793
<b>Residual Equity Transfer</b>	(280)	280	0	0	0	0
<b>Fund Balances (Deficit), End of Year</b>	<u>\$ 831,575</u>	<u>\$ 50,431</u>	<u>\$ 265,046</u>	<u>\$ 207,703</u>	<u>\$ 1,354,755</u>	<u>\$ (152,195)</u>

See accompanying notes.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED SEPTEMBER 30, 2001,  
WITH COMPARATIVE TOTALS FOR 2000  
CITY OF ALACHUA, FLORIDA**

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Taxes	\$ 2,037,532	\$ 2,213,982	\$ 176,450	\$ 35,000	\$ 69,063	\$ 34,063
Licenses and Permits	222,000	148,357	(73,643)	0	0	0
Intergovernmental	848,467	610,687	(237,780)	300,000	462,855	162,855
Charges For Services	365,000	373,166	8,166	0	0	0
Fines and Forfeitures	85,000	72,272	(12,728)	0	0	0
Interest and Miscellaneous	78,000	153,999	75,999	0	7,296	7,296
<b>Total Revenues</b>	<u>3,635,999</u>	<u>3,572,463</u>	<u>(63,536)</u>	<u>335,000</u>	<u>539,214</u>	<u>204,214</u>
<b>Expenditures</b>						
Current:						
General Government	1,001,003	937,726	63,277	0	0	0
Public Safety	1,935,462	1,820,539	114,923	0	0	0
Physical Environment	307,870	309,317	(1,447)	0	0	0
Transportation	410,720	415,935	(5,215)	0	0	0
Economic Environment	0	0	0	339,902	943,504	(603,602)
Parks and Recreation	406,058	307,446	98,612	0	0	0
Debt Service	0	0	0	0	0	0
<b>(Total Expenditures)</b>	<u>(4,061,113)</u>	<u>(3,790,963)</u>	<u>270,150</u>	<u>(339,902)</u>	<u>(943,504)</u>	<u>(603,602)</u>
<b>Excess (Deficiency) of Revenues</b>						
Over (Under) Expenditures	(425,114)	(218,500)	206,614	(4,902)	(404,290)	(399,388)
<b>Other Financing Sources (Uses)</b>						
Debt Proceeds	0	0	0	0	300,000	300,000
Transfers In	926,448	880,106	(46,342)	0	0	0
Transfers Out	(251,432)	(321,022)	(69,590)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>675,016</u>	<u>559,084</u>	<u>(115,932)</u>	<u>0</u>	<u>300,000</u>	<u>300,000</u>
<b>Excess (Deficiency) of Revenues and</b>						
<b>Other Financing Sources Over (Under)</b>						
<b>Expenditures and Other Financing</b>						
<b>Uses</b>	249,902	340,584	90,682	(4,902)	(104,290)	(99,388)
<b>Fund Balances (Deficit), Beginning of Year</b>	0	491,271	491,271	4,902	154,441	149,539
<b>Residual Equity Transfer</b>	0	(280)	(280)	0	280	280
<b>Fund Balances (Deficit), End of Year</b>	<u>\$ 249,902</u>	<u>\$ 831,575</u>	<u>\$ 581,673</u>	<u>\$ 0</u>	<u>\$ 50,431</u>	<u>\$ 50,431</u>

See accompanying notes.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED SEPTEMBER 30, 2001,  
WITH COMPARATIVE TOTALS FOR 2000  
CITY OF ALACHUA, FLORIDA  
(Concluded)**

	Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)	
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	2001	2000
<b>Revenues</b>								
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,283,045	\$ 2,056,022
Licenses and Permits	0	0	0	0	0	0	148,357	235,909
Intergovernmental	0	0	0	1,250,000	16,000	(1,234,000)	1,089,542	879,010
Charges For Services	0	0	0	0	0	0	373,166	370,450
Fines and Forfeitures	0	0	0	0	0	0	72,272	89,543
Interest and Miscellaneous	0	0	0	0	7,229	7,229	168,524	129,623
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,250,000</u>	<u>23,229</u>	<u>(1,226,771)</u>	<u>4,134,906</u>	<u>3,760,557</u>
<b>Expenditures</b>								
Current:								
General Government	0	0	0	0	0	0	937,726	929,545
Public Safety	0	0	0	0	0	0	1,820,539	1,800,699
Physical Environment	0	0	0	0	0	0	309,317	286,184
Transportation	0	0	0	0	0	0	415,935	410,777
Economic Environment	0	0	0	1,302,656	32,918	1,269,738	976,422	1,805,136
Parks and Recreation	0	0	0	0	0	0	307,446	400,690
Debt Service	1,363,541	1,286,607	76,934	0	0	0	1,286,607	83,930
<b>(Total Expenditures)</b>	<u>(1,363,541)</u>	<u>(1,286,607)</u>	<u>76,934</u>	<u>(1,302,656)</u>	<u>(32,918)</u>	<u>1,269,738</u>	<u>(6,053,992)</u>	<u>(5,716,961)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,363,541)</u>	<u>(1,286,607)</u>	<u>76,934</u>	<u>(52,656)</u>	<u>(9,689)</u>	<u>42,967</u>	<u>(1,919,086)</u>	<u>(1,956,404)</u>
<b>Other Financing Sources (Uses)</b>								
Debt Proceeds	0	0	0	2,250,000	2,250,000	0	2,550,000	84,750
Transfers In	251,430	1,282,714	1,031,284	0	208,152	208,152	2,370,972	600,727
Transfers Out	0	0	0	0	(1,173,914)	(1,173,914)	(1,494,936)	(199,061)
<b>Total Other Financing Sources (Uses)</b>	<u>251,430</u>	<u>1,282,714</u>	<u>1,031,284</u>	<u>2,250,000</u>	<u>1,284,238</u>	<u>(965,762)</u>	<u>3,426,036</u>	<u>486,416</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(1,112,111)</u>	<u>(3,893)</u>	<u>1,108,218</u>	<u>2,197,344</u>	<u>1,274,549</u>	<u>(922,795)</u>	<u>1,506,950</u>	<u>(1,469,988)</u>
<b>Fund Balances (Deficit), Beginning of Year</b>	268,939	268,939	0	0	(1,066,846)	(1,066,846)	(152,195)	1,317,793
<b>Residual Equity Transfer</b>	0	0	0	0	0	0	0	0
<b>Fund Balances (Deficit), End of Year</b>	<u>\$ (843,172)</u>	<u>\$ 265,046</u>	<u>\$ 1,108,218</u>	<u>\$ 2,197,344</u>	<u>\$ 207,703</u>	<u>\$ (1,989,641)</u>	<u>\$ 1,354,755</u>	<u>\$ (152,195)</u>

See accompanying notes.

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED SEPTEMBER 30, 2001,  
WITH COMPARATIVE TOTALS FOR 2000  
CITY OF ALACHUA, FLORIDA**

	Enterprise	Internal Service	Totals (Memorandum Only)	
			2001	2000
<b>Operating Revenues</b>				
Utility Service Fees	\$ 8,683,300	\$ 0	\$ 8,683,300	\$ 7,388,618
Interfund Charges	0	498,379	498,379	483,401
<b>Total Operating Revenues</b>	<u>8,683,300</u>	<u>498,379</u>	<u>9,181,679</u>	<u>7,872,019</u>
<b>Operating Expenses</b>				
Purchased Power Cost	4,522,764	0	4,522,764	3,747,799
Personal Services	656,076	303,680	959,756	985,580
Contractual Services	178,064	21,836	199,900	172,923
Supplies	78,129	32,682	110,811	126,074
Repairs and Maintenance	155,042	18,532	173,574	172,058
Billing and Administrative	458,510	0	458,510	444,730
Depreciation	554,332	1,903	556,235	528,430
Other Expenses	197,159	44,351	241,510	304,274
<b>(Total Operating Expenses)</b>	<u>(6,800,076)</u>	<u>(422,984)</u>	<u>(7,223,060)</u>	<u>(6,481,868)</u>
<b>Operating Income (Loss)</b>	<u>1,883,224</u>	<u>75,395</u>	<u>1,958,619</u>	<u>1,390,151</u>
<b>Nonoperating Revenue (Expenses)</b>				
Connection Charges	166,177	0	166,177	138,453
Interest Income	183,342	0	183,342	192,465
Interest on Long-Term Debt	(827,039)	0	(827,039)	(851,440)
Amortization of Bond Issue Costs	(20,946)	0	(20,946)	(20,900)
Miscellaneous Income	42,630	0	42,630	1,079
<b>Total Nonoperating Revenue (Expenses)</b>	<u>(455,836)</u>	<u>0</u>	<u>(455,836)</u>	<u>(540,343)</u>
<b>Income (Loss) Before Operating Transfers</b>	<u>1,427,388</u>	<u>75,395</u>	<u>1,502,783</u>	<u>849,808</u>
<b>(Operating Transfers Out)</b>	<u>(880,106)</u>	<u>0</u>	<u>(880,106)</u>	<u>(401,666)</u>
<b>Net Income (Loss)</b>	<u>547,282</u>	<u>75,395</u>	<u>622,677</u>	<u>448,142</u>
<b>Retained Earnings, Beginning of Year</b>	<u>1,315,208</u>	<u>17,080</u>	<u>1,332,288</u>	<u>884,146</u>
<b>Retained Earnings, End of Year</b>	<u>\$ 1,862,490</u>	<u>\$ 92,475</u>	<u>\$ 1,954,965</u>	<u>\$ 1,332,288</u>

See accompanying notes.

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED SEPTEMBER 30, 2001,  
WITH COMPARATIVE TOTALS FOR 2000  
CITY OF ALACHUA, FLORIDA**

			Totals (Memorandum Only)	
	Enterprise	Internal Service	2001	2000
<b>Cash Flows From Operating Activities</b>				
Operating Income (Loss)	\$ 1,883,224	\$ 75,395	\$ 1,958,619	\$ 1,390,151
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:				
Depreciation of Plant	554,332	1,903	556,235	528,430
Change in Current Assets - Decrease (Increase):				
Accounts Receivable and Unbilled Revenue	(273,514)	0	(273,514)	203,414
Due To/From Other Funds	1,469,101	0	1,469,101	(1,232,531)
Due From Other Governments	(862,100)	0	(862,100)	(20,040)
Inventory	(57,070)	0	(57,070)	31,384
Prepaid Expenses	(447,580)	0	(447,580)	45,042
Change in Current Liabilities - Increase (Decrease):				
Accounts Payable and Other Accrued Expenses	261,055	6,314	267,369	517,560
Customer Deposits	26,840	0	26,840	23,641
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>2,554,288</u>	<u>83,612</u>	<u>2,637,900</u>	<u>1,487,051</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Connection Charges	166,177	0	166,177	138,453
Operating Transfers Out to Other Funds	(880,106)	0	(880,106)	(401,666)
<b>Net Cash Provided By (Used In) Noncapital Financing Activities</b>	<u>(713,929)</u>	<u>0</u>	<u>(713,929)</u>	<u>(263,213)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Extension and Replacement of Plant - Net of				
Contributions Received in Aid of Construction	(578,980)	(7,247)	(586,227)	(302,150)
Principal Payments on Bonds	(329,000)	0	(329,000)	(313,000)
Note Proceeds	1,264	0	1,264	1,234
Interest Paid	(830,254)	0	(830,254)	(862,790)
Miscellaneous Income	42,630	0	42,630	1,079
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<u>(1,694,340)</u>	<u>(7,247)</u>	<u>(1,701,587)</u>	<u>(1,475,627)</u>
<b>Cash Flows From Investing Activities</b>				
Investments Purchased	(16,859)	0	(16,859)	(30,000)
Investments Matured	53,007	0	53,007	30,000
Interest Income	183,342	0	183,342	192,465
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>219,490</u>	<u>0</u>	<u>219,490</u>	<u>192,465</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	365,509	76,365	441,874	(59,324)
<b>Cash and Cash Equivalents, Beginning of Year</b>	3,539,665	27,581	3,567,246	3,626,570
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 3,905,174</u>	<u>\$ 103,946</u>	<u>\$ 4,009,120</u>	<u>\$ 3,567,246</u>
<b>Reconciliation of Cash and Cash Equivalents (Above) to Combined Balance Sheet</b>				
<b>Captions on Combined Balance Sheet</b>				
Cash and Cash Equivalents	\$ 2,110,428	\$ 103,946	\$ 2,214,374	\$ 1,852,937
Restricted Assets - Cash and Cash Equivalents	1,794,746	0	1,794,746	1,714,309
<b>Total</b>	<u>\$ 3,905,174</u>	<u>\$ 103,946</u>	<u>\$ 4,009,120</u>	<u>\$ 3,567,246</u>

See accompanying notes.

**COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS  
PENSION TRUST FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2001,  
WITH COMPARATIVE TOTALS FOR 2000  
CITY OF ALACHUA, FLORIDA**

	<b>General</b>	<b>Police</b>	<b>Totals (Memorandum Only)</b>	
			<b>2001</b>	<b>2000</b>
<b>Additions</b>				
Employer's Contributions	\$ 78,365	\$ 24,506	\$ 102,871	\$ 75,269
Employee's Contributions	0	2,014	2,014	1,945
State Contributions	0	4,289	4,289	0
Net Investment Income (Loss)	(11,686)	(23,124)	(34,810)	56,949
Operating Transfer In	1,138	2,932	4,070	0
<b>Total Additions</b>	<u>67,817</u>	<u>10,617</u>	<u>78,434</u>	<u>134,163</u>
<b>Deductions</b>				
Retirement Benefits and Refunds	0	2,968	2,968	0
Administrative Fees	1,114	3,666	4,780	798
<b>(Total Deductions)</b>	<u>(1,114)</u>	<u>(6,634)</u>	<u>(7,748)</u>	<u>(798)</u>
<b>Net Increase (Decrease)</b>	66,703	3,983	70,686	133,365
<b>Net Assets Held in Trust For Pension Benefits, Beginning of Year</b>	<u>117,717</u>	<u>325,464</u>	<u>443,181</u>	<u>309,816</u>
<b>Net Assets Held in Trust For Pension Benefits, End of Year</b>	<u>\$ 184,420</u>	<u>\$ 329,447</u>	<u>\$ 513,867</u>	<u>\$ 443,181</u>

See accompanying notes.

## NOTES TO FINANCIAL STATEMENTS CITY OF ALACHUA, FLORIDA

### **Note 1 - Summary of Significant Accounting Policies**

The City of Alachua, Florida (the City) is a political subdivision of the State of Florida 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 Commission-appointed City Manager.

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.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

#### **Reporting Entity**

As outlined in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, effective for financial statements for periods beginning after December 15, 1992, the financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each potential component unit is individually evaluated using specific criteria outlined in GASB Statement No. 14, to determine whether the entity is: a) part of the primary government; b) a component unit which should be included in the reporting entity (blended or discretely presented); or c) an organization which should be excluded from the reporting entity entirely. The principal criteria for classifying a potential component unit include: a) the legal separateness of the organization; and b) the financial accountability of the primary government for the potential component unit resulting from either the primary government's ability to impose its will on the potential component unit or the potential component unit's fiscal dependency on the primary government. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

#### **■ Community Redevelopment Agency**

The Community Redevelopment Agency (the Agency) was created by the City Commission in 1982. In evaluating this potential component unit, it was determined that the Agency is not a separate legal entity as it generally cannot transact business in its own name and, therefore, should be included as part of the primary government for reporting purposes. The Agency is presented in the general-purpose financial statements of the City as a special revenue fund.



**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

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

**Reporting Entity (Concluded)**

■ **Public Finance Authority For Affordable Housing (the Authority)**

This potential component unit 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. There have been no financial transactions in the Authority during 2001, or since its creation; therefore, no amounts related to the Authority are reported in the accompanying general-purpose financial statements.

**Fund Accounting**

The City's accounting records are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity, with a self-balancing set of accounts recording all financial resources with all related liabilities, reserves and residual equities, or balances or changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives. Amounts received from or payable to other funds are shown in the accounts of an individual fund and separately presented in the accompanying general-purpose financial statements until liquidated by payment or residual equity transfer.

The following fund types and account groups are used in accounting for the financial operations of the City.

■ **Governmental Fund Types**

- **General Fund** - to account for all financial resources not properly accounted for in another fund.
- **Special Revenue Funds** - to account for the proceeds of specific revenue resources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The City uses these funds to account for the activities of the Agency and to account for certain grant-funded projects.
- **Debt Service Fund** - to account for the accumulation of resources and payment of general obligation bond principal and interest from these resources. The City uses the debt service fund to account for the accumulation of resources and the payment of principal and interest on all general long-term debt.
- **Capital Projects Funds** - to account for the financial resources used in the acquisition or construction of major capital facilities (other than those financed by proprietary fund types).

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

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

**Fund Accounting (Concluded)**

■ **Proprietary Fund Types**

- **Enterprise Funds** - to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's electric, water and wastewater utility services and mosquito control activities are accounted for in these funds.
- **Internal Service Fund** - to account for the financing of goods or services provided by central services departments to other departments of the City on a cost-reimbursement basis. The City uses this fund to account for utility billing and administration.

■ **Fiduciary Fund Types**

- **Pension Trust Funds** - to account for pension assets held on behalf of employees and former employees. The City's defined contribution plan for general employees and defined benefit plan for police are accounted for in these funds.

■ **Account Groups**

- The account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt. These account groups are not considered funds since they do not reflect available financial resources and related liabilities.

**Measurement Focus**

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Governmental fund types are accounted for on a "spending" or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, such statements are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds, and long-term liabilities expected to be financed from governmental fund types are accounted for in the general long-term debt account group.

The proprietary fund types are accounted for on a "cost of services" or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on the balance sheet. The reported fund

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

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

**Measurement Focus (Concluded)**

equity (net total assets) is segregated into contributions and retained earnings components. The proprietary fund types operating statements present increases (revenues) and decreases (expenses) in net total assets.

**Basis of Accounting**

The governmental fund types are maintained on the modified accrual basis of accounting. Under this method of accounting, revenues are generally recognized when they become measurable and available as net current assets. Revenues which are susceptible to accrual, i.e., being recorded when earned, include property and utility taxes, refuse collection fees and lot clearing, and certain other fees. Expenditures are generally recorded on an accrual basis, i.e., when incurred, except as follows:

- Principal and interest on long-term debt are recognized when due; and
- accumulated vacation and sick pay is not recorded in the general fund since the current amount is immaterial.

The proprietary fund types are maintained on the accrual basis of accounting. This method of accounting relates costs and expenditures to the period in which benefits of the outlays are received. It is intended to provide an accurate matching of these benefits with associated revenues. Under the accrual basis of accounting, revenues are recognized when earned and measurable, and expenses are recognized when incurred.

Proprietary fund types follow all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board (FASB) Statements and Interpretations;
- Accounting Principles Board (APB) Opinions; and
- Accounting Research Bulletins.

Pursuant to GASB Statement No. 20, the City has elected not to apply all FASB Statements and Interpretations issued after November 30, 1989, to its proprietary fund type activities.

**Budgeting**

The City's procedures in preparing and adopting the annual budget 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.
- Public hearings are held to obtain taxpayer comments and suggestions. The budget is enacted through passage of a resolution, which sets spending limits by department.

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

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

**Budgeting (Concluded)**

- The City Manager is authorized to transfer budgeted amounts within any department in any fund, but may not revise total departmental expenditures without the approval of the City Commission. The budgetary information for the governmental fund types in the combined statement of revenues, expenditures and changes in fund balances is reported as amended.
- Budgets are adopted on a basis consistent with generally accepted accounting principles. Appropriations lapse at the end of the year. Encumbrances are not recorded.
- The budgets for the general and debt service funds that were adopted during the year by the City Commission were prepared on the same basis of accounting utilized by those specific fund types. Comparisons of budgetary data to actual are not required to be reported for proprietary fund types.

**Receivables**

Customer accounts receivable are recorded at their net realizable value reduced by an allowance for uncollectible accounts.

**Inventory**

Inventory in the general fund is charged to expenditures when purchased. Inventory in the proprietary fund types consists of supplies held for repairs or capital improvements, plus nuclear fuel.

**Property, Plant and Equipment and Depreciation**

Property, plant and equipment in the proprietary fund types are recorded at historical cost or at fair market value on the date donated. Ordinary maintenance and repairs are charged to expenses as incurred.

Provision has been made for the depreciation of such property, plant and equipment using the straight-line method. The straight-line rate is computed using the period of years considered as the normal service life of the property. Such rates are as follows:

Nuclear Plant and Equipment	2.7% to 3.6%
Electric Distribution Plan	2% to 4%
Water Plant	3% to 10%
Wastewater Plant	2.5%
Other Equipment	10% to 20%

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

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

**Property, Plant and Equipment and Depreciation (Concluded)**

Construction work in progress is not depreciated until completed and placed into service. Utility plant acquired through grants is depreciated along with other utility plant purchased or constructed.

All other property and equipment owned by the City is reflected at cost in the general fixed assets account group and shown as an expenditure in the fund purchasing the property or equipment. Certain improvements such as streets, sidewalks and other infrastructure assets are not capitalized along with other general fixed assets. No provision for depreciation is made for any general fixed assets.

**Bond Discount and Issue Costs Amortization**

The bond issue costs are being amortized over the lives of the bonds using the straight-line method. The bond discounts are being amortized over the life of the bonds using the effective interest method.

**Capitalized Interest During Construction**

The City accounts for capitalized interest during construction in accordance with Statement of Financial Accounting Standards No. 34, *Capitalization of Interest Costs*, and Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*. No interest expense was capitalized during 2001 on construction-in-progress in any fund or account group.

**Long-Term Liabilities**

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type liabilities. They are instead reported as liabilities in the general long-term debt account group.

**Compensated Absences**

The City accrues accumulated unpaid vacation and sick pay when incurred, if material, in the proprietary funds and the general long-term debt account group. Amounts representing the current liability for unused annual and sick leave in governmental fund types are immaterial. Therefore, the entire liability for governmental fund types is recorded in the general long-term debt account group.

Personnel policies allow permanent, full-time employees to accumulate a maximum of twenty-five days vacation leave. One week of vacation time is granted if sixty days sick leave is accumulated. Employees are paid the balance of their accumulated vacation leave, in full, upon termination. Also upon termination, employees are paid the balance of their accumulated sick leave, up to a maximum of eighty hours.

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

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

**Revenue Recognition**

Utility revenues are reported on the accrual basis of accounting in the accompanying financial statements. Restricted grant revenues which are received, but not expended, are recorded as deferred revenues in the liability section of the balance sheet.

**Property Taxes**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10.00 mills. The City's millage rate for the 2001 fiscal year was 5.9 mills.

The tax levy of the City is established by the City Commission prior to October 1 of each year and the Alachua County Property Appraiser incorporates the City millages into the total tax levy, which includes the County and the County School Board tax requirements.

All property is reassessed according to its fair market value January 1 of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

All taxes are levied on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the County Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount.

On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

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

**Total Columns on the Combined Statements**

Total columns on the combined statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. The data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. The totals for 2000 are presented for the purpose of additional analysis and are not a required part of the general-purpose financial statements.

**Note 2 - Deposits and Investments**

All monies collected by the City are required to be deposited in accordance with the laws of the State of Florida. Florida Statutes authorize the City to invest in the following:

- Direct obligations of, or obligations guaranteed by, the U.S. Government;
- Interest-bearing time deposits or savings accounts in qualified institutions;
- Obligations of the Federal Farm Credit Banks;
- Obligations of the Federal National Mortgage Association; and
- The Local Government Surplus Funds Trust Fund.

**Deposits**

At year end, the carrying amount of the City's deposits was \$3,010,749 and the bank balance was \$3,020,445. Deposits include \$30,000 of certificates of deposit, which are classified as "investments" on the balance sheet because the original maturities exceed ninety days. All deposits of the City are maintained in qualified public depositories. In addition, the City had \$417,602 deposited with fiscal agents as of September 30, 2001, for the payment of revenue bonds on October 1.

The Florida Security for Public Deposits Act; Chapter 280 of the Florida Statutes, provides that qualified public depositories must maintain eligible collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held by the depository during the twelve months immediately preceding the date of any computation of the balance. As such, the depository is not required to hold collateral in the City's name nor specify which collateral is held for the City's benefit. In the event of default, the Public Deposit Security Trust Fund, as created under the laws of the State of Florida, would be required to pay the City for any deposits not covered by depository insurance or collateral pledged by the depository as previously described.

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 2 - Deposits and Investments (Concluded)**

**Investments**

The carrying amount and market value of investments owned by the City at September 30, 2001, was as follows:

<u>Type of Investment</u>	<u>Balance 9/30/01</u>
State Board of Administration of Florida Local Government Pooled Investment Account, Variable Interest Rate (3.46% at September 30, 2001)	\$ 1,959,028
Florida Municipal Power Agency (FMPA) CR-3 Pooled Investment Account	214,110
United States Treasury Bonds, \$575,000 Par Value, 7.625% Interest, Maturing February 15, 2007	570,077
City of Arcadia - Debt Service Reserve	84,029
Florida Municipal Pension Trust Fund	513,867
<b>Total</b>	<u><u>\$ 3,341,111</u></u>

The State Board of Administration's deposits in Tallahassee are maintained in an investment pool which invests primarily in commercial paper, repurchase agreements, bankers' acceptance notes and U.S. Government obligations. The FMPA account represents a 2.087% interest in an investment pool which invests primarily in mid- and long-term U.S. Government obligations. The securities in the pool are registered in the name of SunTrust, N.A., as trustee for the FMPA (CR-3) participants. The U.S. Treasury Bonds are insured or registered, or held by the City or its agent in the City's name. The City of Arcadia debt service reserve account is an investment pool held by the Trustee for the City of Arcadia bond issue, which is invested in FNMA mortgage notes. The Florida Municipal Pension Trust Fund is an investment pool managed by the Florida League of Cities.

**Note 3 - Inventory**

Inventory in the proprietary fund types at September 30, 2001, consists of the following:

Electric Utility Supplies	\$ 167,640
Water/Sewer Supplies	16,083
Nuclear Fuel	56,124
Nuclear Plant Materials Inventory	16,286
<b>Total</b>	<u><u>\$ 256,133</u></u>

The utility supplies and plant inventory are valued at cost as determined by the average unit cost method. The City's portion of nuclear fuel inventory at the CR-3 nuclear generating facility is recorded at amortized cost.



**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 4 - Detail of Property, Plant and Equipment**

**General Fixed Assets Account Group**

A summary of changes in general fixed assets for the year follows:

	Balance 10/1/00	Additions	(Removals and Adjustments)	Balance 9/30/01
City Park - Structures and Improvements	\$ 22,328	\$ 0	\$ 0	\$ 22,328
City Hall - Building	159,089	0	0	159,089
City Hall - Equipment, Furnishings and Vehicles	93,684	6,373	13,175	113,232
Fire Station	129,249	0	0	129,249
Fire Trucks and Other Equipment	90,652	0	0	90,652
Police Station	66,497	0	0	66,497
Police Department - Vehicles and Equipment	418,390	117,816	0	536,206
Rolling Green - Land and Buildings	698,624	0	0	698,624
Rolling Green - Improvements	14,653	0	0	14,653
Parking Lots - Land	43,189	0	0	43,189
Street Paving and Sidewalks	1,047,205	0	0	1,047,205
Land - Other	171,791	0	0	171,791
Streets and Roads Equipment and Vehicles	102,277	8,000	0	110,277
Miscellaneous	11,326	0	0	11,326
Parks and Recreation - Buildings and Improvements	231,524	0	0	231,524
Parks and Recreation - Equipment	47,572	10,073	0	57,645
Physical Environment - Equipment	48,345	0	0	48,345
Building Department - Building	85,000	3,585	(1,500)	87,085
Building Department - Equipment	7,738	0	0	7,738
CWIP - CDBG Hitchcock Project	0	16,000	0	16,000
<b>Total Property, Plant and Equipment - At Cost</b>	<u>\$ 3,489,133</u>	<u>\$ 161,847</u>	<u>\$ 11,675</u>	<u>\$ 3,662,655</u>

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 4 - Detail of Property, Plant and Equipment (Concluded)**

**Proprietary Fund Types**

A summary of property, plant and equipment in the proprietary fund types at September 30, 2001, follows:

Nuclear Generating Plant and Equipment	\$ 651,961
Electric Distribution Plant and Equipment	6,907,028
Water Plant and Equipment	3,940,099
Wastewater Plant and Equipment	5,689,102
Turkey Creek Water and Wastewater Plant and Equipment	2,230,573
Mosquito Control Equipment	7,200
Utility Billing and Administration Equipment	38,058
	<u>19,464,021</u>
(Accumulated Depreciation)	<u>(7,659,434)</u>
	<u>11,804,587</u>
Wastewater Improvements - Construction in Progress	<u>1,274,370</u>
<b>Total Utility Plant - Cost Less Accumulated Depreciation</b>	<b><u>\$ 13,078,957</u></b>

Nuclear generating plant and equipment represents the cost of the City's 0.0779% undivided interest in Florida Power Corporation's Crystal River III (CR-3) Nuclear Plant.

**Note 5 - Long-Term Debt**

Listed below is a summary of all outstanding debt issues of the City at September 30, 2001, by issue and by fund:

Description	Interest Rate	Principal Balance 9/30/01	Final Maturity
1993 City of Arcadia Revenue Bonds	5.375%	\$ 905,000	2015
1995 First National Bank Note	5.20%	265,215	2010
1993 Utility Acquisition Bonds	7.0%	1,125,000	2019
1993 Utility Refunding Bonds	3.0% - 5.5%	8,850,000	2020
1986 Utility Refunding Bonds	6.15% - 7.8%	2,495,000	2008
1979 Utilities Revenue Bond	5.0%	577,000	2019
1998 State Revolving Fund Loan	2.70%	48,062	2021
2000 Sales Tax Revenue Note	6.00%	75,261	2010
2000 Tax Increment Road Improvement Note	6.50%	300,000	2010
2001A Section 108 Loan	3.66% to 6.67%	2,250,000	2021
<b>Total Debt</b>		<u>16,890,538</u>	
<b>(Unamortized Discounts)</b>		<u>(72,134)</u>	
<b>Net Carrying Amount</b>		<b><u>\$ 16,818,404</u></b>	

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 5 - Long-Term Debt (Continued)**

Total long-term debt by fund/account group:

General Long-Term Debt	\$ 3,795,476
Electric	7,394,713
Water	577,000
Wastewater	2,829,852
Turkey Creek	2,221,363
<b>Total Debt</b>	<u><u>\$ 16,818,404</u></u>

**General Long-Term Debt**

The following tabulation summarizes the changes in the City's general long-term debt account group during the year ended September 30, 2001:

	<u>Balance 10/1/00</u>	<u>New Debt</u>	<u>(Principal Paid)</u>	<u>Balance 9/30/01</u>
City of Arcadia, Florida, Dedicated Pool Local Government Revenue Bonds Series, 1993	\$ 945,000	\$ 0	\$ (40,000)	\$ 905,000
Sales Tax Revenue Note, Series 1995 - First National Bank of Alachua	288,983	0	(23,768)	265,215
Sales Tax Revenue Note, Series 1999A - First National Bank of Alachua	274,966	0	(274,966)	0
Sales Tax Revenue Note, Series 1999B - First National Bank of Alachua	798,767	0	(798,767)	0
Sales Tax Revenue Note, Series 2000 - First National Bank of Alachua	81,828	0	(6,567)	75,261
Tax Increment Road Improvement Revenue Note, Series 2000	0	300,000	0	300,000
Section 108 Government Guaranteed Participation Certificates, Series HUD 2001A	0	2,250,000	0	2,250,000
Compensated Absences	110,334	0	(1,332)	109,002
<b>Totals</b>	<u><u>\$ 2,499,878</u></u>	<u><u>\$ 2,550,000</u></u>	<u><u>\$ (1,145,400)</u></u>	<u><u>\$ 3,904,478</u></u>

■ **City of Arcadia, Florida - Dedicated Pool Local Government Revenue Bonds, Series 1993**

On July 1, 1993, the City executed a loan agreement with the City of Arcadia, Florida (the Sponsor), and NationsBank of Florida, N.A. (the Trustee), to borrow \$1,200,000 from the Sponsor's \$45,455,000 Local Government Revenue Bonds, Series 1993, Dedicated Pool. The Sponsor issued the bonds on August 10, 1993, and deposited the proceeds with the Trustee to fund the pool, available to governmental entities for financing and refinancing certain qualified projects. During 1996, the Trustee was changed to Bank of New York.

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 5 - Long-Term Debt (Continued)**

**General Long-Term Debt (Continued)**

■ **City of Arcadia, Florida - Dedicated Pool Local Government Revenue Bonds, Series 1993 (Concluded)**

The City used the proceeds to refinance the balance due on a loan from the City of Gulf Breeze, originally issued to finance street and drainage improvements. The City of Arcadia loan is evidenced by a Governmental Unit Note, which is payable solely from the City's local option gas tax revenues and guaranteed entitlement revenues.

■ **Sales Tax Revenue Note, Series 1995**

On May 24, 1995, the City adopted Resolution R-95-9, authorizing the issuance of a \$400,000 Sales Tax Revenue Note, Series 1995. The note was issued at the par amount of \$393,000, and used to refinance the City's outstanding FLGFA loan, plus pay note issuance and loan redemption costs.

The note is secured by a lien upon the pledge of the City's local government half-cent sales tax. Principal and interest are payable on the first of each month in level monthly installments for fifteen years. Interest accrues at a fixed rate of 5.20% (based on a 360-day year) for the first five years of the note, and is reset on June 1, 2000 and June 1, 2005, to the five-year U.S. Treasury index on those dates. The City may prepay the note in whole or in part, at any time, without penalty.

■ **Taxable Sales Tax Revenue Note, Series 1999A**

On September 1, 1999, the City issued a \$412,500 Taxable Sales Tax Revenue Note, Series 1999A to finance the City's purchase of land and other costs for economic development.

The note is secured by a lien upon the pledge of the City's local government half-cent sales tax. Principal and interest are payable on the first of each month in level monthly installments for three years. Interest accrues at a fixed rate of 8.00% (based on a 360-day year) The City repaid the outstanding balance on the note with proceeds from the Section 108 loan in August 2001.

■ **Sales Tax Revenue Note, Series 1999B**

On September 1, 1999, the City issued a \$798,676 Sales Tax Revenue Note, Series 1999B, to finance certain water and wastewater infrastructure improvements. The note is secured by a lien upon the pledge of the City's local government half-cent sales tax. Interest only is payable on the first of each month for the first three years. Thereafter, principal and interest are payable on the first of each month in level monthly installments for the next four years. Interest accrues at a fixed rate of 5.50% (based on a 360-day year) for the first five years of the note, and is reset on September 1, 2004, to the five-year U.S. Treasury index on that date. The City repaid the outstanding balance on the note with proceeds from the Section 108 loan in August 2001.

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 5 - Long-Term Debt (Continued)**

**General Long-Term Debt (Concluded)**

■ **Sales Tax Revenue Note, Series 2000**

On April 4, 2000, the City issued a \$85,000 Sales Tax Revenue Note, Series 2000, to finance a capital project.

The note is secured by a lien upon the pledge of the City's local government half-cent sales tax, which is junior and subordinate to the lien and pledge in favor of the City's outstanding Sales Tax Revenue Note, Series 1995, and Sales Tax Revenue Notes, Series 1999A and 1999B. Principal and interest are payable on the first of each month for the ten-year term of the note. Interest accrues at a fixed rate of 6.00%.

■ **Tax Increment Road Improvement Revenue Note, Series 2000**

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

The note is secured by the tax increment revenues of the Community Redevelopment District. Principal and interest are payable annually on the first day of February for ten years. Interest accrues at a fixed rate of 6.50% until February 2, 2006, at which time it is reset to the five-year U.S. Treasury index at that date. The City may prepay the note in whole or in part, at any time, without penalty.

■ **Section 108 Government Guaranteed Participation Certificates, Series HUD 2001A**

On August 2, 2001, the City executed a loan agreement with the U.S. Department of Housing and Urban Development (the Sponsor) to borrow \$2,250,000 from the Sponsor's \$313,756,000 Section 108 Government Guaranteed Participation Certificates, Series HUD 2001A. The Sponsor guarantees timely payment of the notes issued by local governmental agencies. The City used the proceeds of the note to repay the outstanding balances on its Taxable Sales Tax Revenue Note, Series, 1999A, and Sales Tax Revenue Note, Series 1999B and finance other costs related to economic development.

The note is secured by the City's local government half-cent sales tax (subordinate to the City's Sales Tax Revenue Note, Series 1995), utility franchise fees and state revenue sharing. Principal is payable annually and interest semiannually for twenty years. Interest accrues at the certificates rates which vary from 3.66% to 6.67% over the life of the note.

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 5 - Long-Term Debt (Continued)**

**General Long-Term Debt - Summary**

The following tabulation indicates the principal retirement of general long-term debt by fiscal year (excluding compensated absences):

<b>Fiscal Year Ending September 30,</b>	<b>City of Arcadia Loan</b>	<b>1995 Sales Tax Revenue Note</b>	<b>2000 Sales Tax Revenue Note</b>	<b>2000 Tax Increment Note</b>	<b>2001A Section 108 Loan</b>	<b>Total Principal</b>
2002	\$ 40,000	\$ 23,549	\$ 6,978	\$ 21,014	\$ 55,000	\$ 146,541
2003	45,000	25,131	7,414	23,698	60,000	161,243
2004	45,000	26,781	7,868	25,260	60,000	164,909
2005	50,000	28,618	8,370	26,883	65,000	178,871
2006	50,000	30,541	8,894	28,697	70,000	188,132
Thereafter	675,000	130,595	35,737	174,448	1,940,000	2,955,780
<b>Totals</b>	<b>\$ 905,000</b>	<b>\$ 265,215</b>	<b>\$ 75,261</b>	<b>\$ 300,000</b>	<b>\$ 2,250,000</b>	<b>\$ 3,795,476</b>

**Proprietary Fund Types**

■ **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 (the 1994 bonds) 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 gross revenues of the combined electric, water and wastewater utility systems of the City, but is 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, with interest payable semiannually beginning April 1, 1994, and principal payable annually beginning October 1, 1994.

■ **Utility Refunding Revenue Bonds, Series 1993**

On March 31, 1993, the City adopted Resolution R-93-3, authorizing the issuance of \$9,500,000 Utility Refunding Revenue Bonds, Series 1993. The bonds were issued at a par amount of \$9,000,000 to provide a portion of the funds required: a) to advance refund the City's outstanding Utility Revenue Bonds, Series 1990 and a portion of the City's outstanding Utility Refunding Revenue Bonds, Series 1986; b) to construct and install certain facilities constituting water and wastewater capital improvements; and c) to pay a portion of the costs of issuance.

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 5 - Long-Term Debt (Continued)**

**Proprietary Fund Types (Continued)**

■ **Utility Refunding Revenue Bonds, Series 1993 (Concluded)**

Gross revenues of the system, plus utilities service taxes are pledged as collateral for the revenue bonds on a parity and rank equally as to lien on, and source and security for payment with the City's outstanding Series 1979 bonds and the remaining Series 1986 bonds.

The \$9,000,000 issue consists of \$1,355,000 of serial bonds maturing from 1994 to 2009, with stated interest rates of 3% to 5.5%; \$1,635,000—5.625% Term Bonds due April 1, 2012, sold at a price of 98.5% of par; and \$6,010,000—5.75% Term Bonds, due April 1, 2020, at 99% of par.

■ **Utility Refunding Revenue Bonds of 1986**

On May 19, 1986, the City adopted a resolution to issue the Utilities Refunding Revenue Bonds, Series 1986. These bonds were issued pursuant to a multipurpose plan including the advance refunding of certain of the City's utility refunding and revenue bonds. The refunding portion of the proceeds was deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.

The 1986 bonds were issued on a parity and rank equally as to lien on and source and security for payment from gross revenues and excise taxes as the Utilities Revenue Bond of 1979. Gross revenues of the electric, water and wastewater utility systems, plus utilities service taxes are pledged as collateral for the refunding bonds which have a coupon rate ranging from 6.15% to 7.80%.

The \$7,750,000 issue consisted of \$1,795,000 of serial bonds maturing from 1991 to 2000, and \$5,955,000 of term bonds; \$2,495,000 due in 2007 and \$3,460,000 due in 2016, but which are subject to mandatory redemption in earlier years. All of the outstanding term bonds due in 2016, with the exception of \$255,000, subject to mandatory redemption in 2008, were advance refunded through the issuance of the \$9,000,000 Utility Refunding Revenue Bonds, Series 1993.

■ **Utilities Revenue Bond of 1979**

On August 6, 1979, the City adopted a resolution to issue the Utilities Revenue Bond of 1979. The bond was issued on December 17, 1979, to partially finance the cost of the construction of additions to the utility system.

Net utility revenues and utilities service taxes are pledged as collateral for the revenue bond which has a coupon rate of 5%. The lien on revenues by the 1979 bond is equal to the Utilities Refunding Revenue Bonds of 1986 and 1993.

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 5 - Long-Term Debt (Continued)**

■ **State Revolving Fund Loan - State of Florida Department of Environmental Protection**

This loan is to finance preconstruction wastewater control facility costs. The total loan available is \$125,732, of which \$48,062 had been drawn as of September 30, 2001. Repayment commences in May 2002, and is over a term of twenty years bearing a 2.70% interest rate.

The following tabulation indicates the principal retirement of the proprietary fund types' long-term debt by fiscal year:

Fiscal Year Ending September 30,	Utility Acquisition Bonds, Series 1993	Utility Refunding Revenue Bonds, Series 1993	Utility Refunding Revenue Bonds of 1986	Utility Revenue Bond of 1979	State Revolving Fund Loan	Totals
2002	\$ 35,000	\$ 25,000	\$ 275,000	\$ 21,000	\$ 2,500	\$ 358,500
2003	35,000	20,000	300,000	21,000	2,500	378,500
2004	40,000	25,000	320,000	23,000	2,500	410,500
2005	40,000	25,000	350,000	24,000	2,500	441,500
2006	45,000	25,000	375,000	25,000	2,500	472,500
Thereafter	930,000	8,730,000	875,000	463,000	35,562	11,033,562
<b>Totals</b>	<u>\$ 1,125,000</u>	<u>\$ 8,850,000</u>	<u>\$ 2,495,000</u>	<u>\$ 577,000</u>	<u>\$ 48,062</u>	<u>\$ 13,095,062</u>

■ **Defeased Bonds**

At September 30, 2001, the City has outstanding bonds that have been defeased by the purchase of qualifying securities in irrevocable trusts. The scheduled maturities and the interest earnings on the escrowed securities are sufficient to redeem these defeased bonds without further debt service costs to the City. Both defeased bonds and the escrowed securities are, as required by generally accepted accounting principles, omitted from the financial statements of the City.

The following bonds have been defeased by the City and no longer are included in the accompanying general-purpose financial statements.

	Balance September 30, 2001
Utility Revenue Bonds, Series 1974A	\$ 510,000
Utility Revenue Bonds, Series 1976	375,000
Utility Revenue and Refunding Bonds, Series 1978	1,900,000
Utility Revenue and Refunding Bonds, Series 1981	2,440,000
Utility Revenue and Refunding Bonds, Series 1981A	815,000
<b>Total</b>	<u>\$ 6,040,000</u>



**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 5 - Long-Term Debt (Concluded)**

**Proprietary Fund Types (Concluded)**

■ **Conduit Debt**

The City may assist nongovernmental entities in the obtainment of financing for capital facilities by issuing debt on behalf of the nongovernmental entity. This debt, known as conduit debt, allows the nongovernmental entity to borrow at tax-exempt rates. The nongovernmental entity, not the City, is responsible for repayment of the conduit debt obligation. At September 30, 2001, the following conduit debt is outstanding in the City's name:

	<b>Balance September 30, 2001</b>
Industrial Development Revenue Bonds, Series 1995	<u>\$ 1,400,000</u>

■ **Interest**

Interest paid (governmental fund types) or accrued (enterprise funds) amounted to \$124,060 in the debt service fund and \$827,039 in the proprietary fund types (including amortization of bond discounts) for the fiscal year ended September 30, 2001. All interest in the proprietary fund types was charged to interest expense.

**Note 6 - Restricted Assets**

Actual balances of the restricted cash and investment accounts in the enterprise funds at September 30, 2001, are as follows:

	<b>Electric</b>	<b>Water</b>	<b>Wastewater</b>	<b>Turkey Creek</b>	<b>Totals</b>
<b>Revenue Bond Accounts:</b>					
Sinking Fund	\$ 308,849	\$ 24,925	\$ 156,467	\$ 102,287	\$ 592,528
Debt Service Reserve	217,995	43,320	731,841	57,165	1,050,321
Bond Amortization Account	0	0	570,077	0	570,077
Customer Deposits	158,212	29,618	29,182	0	217,012
CR-3 Decommissioning Account	214,110	0	0	0	214,110
<b>Total</b>	<u>\$ 899,166</u>	<u>\$ 97,863</u>	<u>\$ 1,487,567</u>	<u>\$ 159,452</u>	<u>\$ 2,644,048</u>

The CR-3 Decommissioning Account is required by state law to accumulate funds for the City's share of the decommissioning costs of the CR-3 nuclear power plant. The City's contribution to this account was \$15,874 including interest during 2001. The required cash balance in the decommissioning account is offset by a deferred credit on the balance sheet.

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 7 - Interfund Receivables and Payables**

Interfund transactions are normally recorded through a consolidated cash account instead of interfund receivables and payables. Following is a summary of interfund receivables and payables at September 30, 2001:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Wastewater Fund	Electric Fund	\$ 1,232,696
Neighborhood Revitalization CDBG Fund	General Fund	65,523
Job Creation CDBG Fund	Water Fund	16,449
<b>Total</b>		<u><u>\$ 1,314,668</u></u>

Following is a summary of interfund transfers during 2001:

<u>Transfers Out</u>	<u>Amount</u>	<u>Fund Receiving Transfer</u>
General Fund	\$ 316,952	Debt Service Fund
General Fund	2,932	Police Pension Trust Fund
General Fund	1,138	General Pension Trust Fund
Project Gold Capital Projects Fund	965,762	Debt Service Fund
Project Gold Capital Projects Fund	208,152	Other Capital Projects Fund
Electric Fund	880,106	General Fund
<b>Total</b>	<u><u>\$2,375,042</u></u>	

**Note 8 - Fund Balances - Reserved**

Fund balances are reserved within the governmental fund types as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<b>Reserved</b>			
Economic Development	\$ 0	\$ 50,431	\$ 0
Police Department Operations	16,675	0	0
Job Creation Grant	0	0	(449)

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 8 - Fund Balances - Reserved (Concluded)**

Reserves earmark a portion of fund equity as: 1) not available for appropriation or expenditure; or 2) legally restricted to a specific future use.

**Note 9 - Changes in Contributed Capital**

Following is a summary of the changes in contributed capital for the year ended September 30, 2001:

<b>Contributed Capital - October 1, 2000</b>	\$ 3,170,600
Current Year Additions:	
Governor's Water Panel Wastewater Grant	1,688
EDA Public Works Grant (Sprayfield)	860,411
<b>Contributed Capital - September 30, 2001</b>	<u><u>\$ 4,032,699</u></u>

**Note 10 - Excess of Expenditures Over Budget and Deficit Equity Balances**

For excesses of actual expenditures over budgeted appropriations for governmental fund types, please see pages 6 and 7 of the financial statements.

The following individual funds show deficit equity balances at September 30, 2001, in the amounts shown:

<u>Fund</u>	<u>Type</u>	<u>Deficit 2001</u>
Neighborhood Revitalization Grant	Reserved Fund Balance	\$ 65,523
Job Creation Grant	Reserved Fund Balance	449
Wastewater	Unreserved Retained Earnings	372,715

**Note 11 - Segment Information - Proprietary Fund Types**

The City maintains enterprise funds to account for the activities of its electric, water, wastewater and Turkey Creek water/wastewater utilities and mosquito control. In addition, the City maintains an internal service fund to account for its utility billing and administration activities. Segment information for the year ended September 30, 2001, is as follows:

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 11 - Segment Information - Proprietary Fund Types (Concluded)**

	Electric Fund	Water Fund	Wastewater Fund	Turkey Creek Water/ Wastewater Fund	Mosquito Control Fund	Internal Service Fund
Operating Revenues	\$ 7,266,253	\$ 375,174	\$ 588,352	\$ 418,987	\$ 34,534	\$ 498,379
Depreciation	226,770	118,201	142,228	66,917	216	1,903
Operating Income (Loss)	1,828,068	(120,022)	27,120	139,959	8,099	75,395
Nonoperating Revenues (Expenses)	(354,914)	63,357	(89,542)	(74,737)	0	0
Operating Transfers (Out)	(880,106)	0	0	0	0	0
Net Income (Loss)	593,048	(56,665)	(62,422)	65,222	8,099	75,395
Property, Plant and Equipment Additions	234,867	42,324	1,133,671	23,017	7,200	7,247
Contributions - Current Year	0	0	862,099	0	0	0
Net Working Capital (Deficit)	3,710,450	168,590	(551,435)	389,935	8,272	65,098
Total Assets	10,048,198	2,383,082	7,303,635	2,406,780	17,418	131,323
Bonds Payable - Long-Term Portion	7,228,059	556,000	2,651,562	2,183,246	0	0
Total Equity (Deficit)	1,196,222	1,740,754	2,831,197	111,760	15,256	92,475
Total Retained Earnings (Deficit)	1,196,222	911,967	(372,715)	111,760	15,256	92,475

**Note 12 - Electric Power Agreements**

**City of Gainesville**

The City entered into a wholesale electric service contract with the City of Gainesville, Florida, on January 21, 1987, for the purchase of the majority of the City's electric power requirements beginning January 6, 1988. The City constructed a 138 x 69 - 12.47Y/7.2kV substation to receive the power, which was placed into operation on that date. The substation is located in such a manner that the City has reasonable access to the transmission lines of both the City of Gainesville and Florida Power Corporation. A portion of the substation is owned by the City of Gainesville. The initial term of the contract was five years, with options for additional annual extensions. The contract was renegotiated on October 2, 1992, and extended for an additional fifteen years, beginning on December 31, 1992. Provisions in the contract allow for price adjustments for increases and decreases in the City of Gainesville's fuel and operating costs. Total payments to the City of Gainesville for 2001 were \$4,222,121.

**Crystal River Unit #3 Participation Agreement**

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

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 12 - Electric Power Agreements (Concluded)**

**Crystal River Unit #3 Participation Agreement**

Florida Power Corporation has been appointed by the participants to act as their agent and has sole authority to manage, control, maintain and operate the unit. Operating costs of the unit, in general, are shared in proportion to each generation entitlement share on a monthly basis. Common and external facilities of the generating unit are solely owned by Florida Power Corporation and participants share in the operating and maintenance expenses of such facilities. Nuclear fuel payments and capital acquisition costs are required of participants in advance. Total payments for 2001 were \$121,460.

The City's share of plant decommissioning costs to be paid during the years 2015 through 2022 is being accumulated in an account administered by the FMPA. FMPA has determined the appropriate account balance to be \$214,110 at September 30, 2001. The cash account is offset by a deferred credit on the balance sheet of \$214,110 at September 30, 2001.

**St. Lucie No. 2 Power Purchase Agreement**

The City has negotiated a long-term agreement with Florida Power and Light Corporation through FMPA to purchase .3044 megawatts of generating capacity and a corresponding amount of energy monthly from the St. Lucie No. 2 nuclear generating plant. The plant became operational in 1984. Total payments for 2001 were \$176,574.

The City has signed certain documents with FMPA relating to the St. Lucie Project that provide that if the agency defaults on certain bond payments, the City would be required to satisfy payment on their share (.431%) of the bonds. The par amount of the outstanding bonds at September 30, 2001, was approximately \$291 million.

**Note 13 - Pension Plans**

All full-time employees of the City hired prior to January 1, 1996, participate in the Florida State Retirement System, a multiple-employer defined benefit public retirement system. Full-time employees hired on January 1, 1996, or later, participate in a retirement system administered by the Florida League of Cities, Inc.

**Florida Retirement System**

The Florida State Retirement System (the System) was created by the Florida Legislature and is administered by the State of Florida, Department of Administration, Division of Retirement and is a cost-sharing, multiple-employer defined benefit public retirement plan available to governmental units within the state of Florida. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Florida Retirement System, Division of Retirement, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706. At September 30, 2001, the City had twenty-six active participants in the System.

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 13 - Pension Plans (Continued)**

**Florida Retirement System (Concluded)**

The System provides vesting of benefits after ten years of creditable service. Members are eligible for normal retirement after they have met one of the following: 1) after thirty years of service, regardless of age (twenty-five years if special risk); or 2) age 62 and ten years of service (age 55 and ten years if special risk).

Early retirement may be taken any time after completing ten years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. Benefits are computed on the basis of age, average final compensation and service credit. Average final compensation is the average of the five highest years of earnings. The System also provides death and disability benefits. Benefits are estimated by Florida Statutes and include cost-of-living adjustments.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the City are required to contribute 7.30% of the compensation for regular members, 9.28% for senior management and 18.44% for special risk as of September 30, 2001. The City's contribution to the System for the years ended September 30, 2001, 2000, and 1999, were \$126,484, \$149,701 and \$184,512, respectively.

**Florida League of Cities Plans**

There are two retirement plans for employees hired on or after January 1, 1996: a defined contribution plan for general employees, and a Police Officers' Pension Plan, a local-law plan that follows Chapter 185 of the Florida State Statutes. Both plans are administered by the Florida League of Cities. At September 30, 2001, the City had thirty-four general employees and nine police officers participating in these plans.

The *Retirement Plan and Trust for the General Employees of the City of Alachua* is a defined contribution plan with a vesting schedule between five and ten years of service. The amount contributed to the plan by the City is at the City Commission's discretion, 11% for fiscal year 2001. The vesting schedules are as follows:

<b>Years of Service</b>	<b>Percent Vested</b>
0 - 4 Years	0%
5 Years	50%
6 Years	60%
7 Years	70%
8 Years	80%
9 Years	90%
10 or More Years	100%

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Continued)*

**Note 13 - Pension Plans (Concluded)**

**Florida League of Cities Plans (Concluded)**

The normal retirement date from this plan is the first day of the month coincident with or next following attainment of age 62. Distributions may be made at the participant's election on or after the anniversary date following termination of employment and a one year break in service. The administrator and the investment manager of this plan is the Florida League of Cities' Florida Municipal Pension Trust Fund (FMPTF). The City's contributions to this plan for the years ended September 30, 2001, 2000, and 1999, were \$78,365, \$52,247, and \$33,959, respectively.

The *Retirement Plan and Trust for the Police Officers of the City of Alachua* is a defined-benefit plan established under Chapter 185 of the Florida Statutes. Benefits are determined by the number of years of credited service multiplied by 2% and multiplied by final monthly compensation. Final monthly compensation is one-twelfth of the highest average earnings during the five best years out of the last ten years of creditable service prior to separation, or the career average, whichever is greater.

The normal retirement date is the first day of the month coincident with, or next following attainment of age 55 and 10 years of service or earlier attainment of age 52 and 25 years of service. The amount of accrued benefits will be reduced a maximum of 3% for each year before the normal retirement age. This plan requires a 1% contribution by all participants. If a member terminates before completing 10 years of credited service, all employee contributions are returned to the member, with no other benefits. Employees are 100% vested after ten years. The City's contributions are based on an actuarial study, 12.17% for fiscal year 2001. The administrator and investment manager is the Florida League of Cities' FMPTF. Claims procedures and plan administration is supervised by the City of Alachua Police Officers' Pension Trust Fund Board of Trustees. The Florida League of Cities, Inc. issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Florida League of Cities, Inc., P.O. Box 1757, Tallahassee, Florida 32302-1757, or by calling (850) 222-9684. Membership in this Board is established by the City Commission in compliance with Chapter 185, Florida Statutes. The City's contributions to this plan for the years ended September 30, 2001, 2000, and 1999, were \$24,506, \$23,022, and \$34,846, respectively.

**Note 14 - Risk Management**

The City is exposed to various risk 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. Insurance against losses are provided for the following types of risk with the following carriers:

**NOTES TO FINANCIAL STATEMENTS**  
**CITY OF ALACHUA, FLORIDA**  
*(Concluded)*

**Note 14 - Risk Management (Concluded)**

**Florida Municipal Insurance Trust**

- Workers' Compensation and Employer's Liability

**St. Paul Fire and Marine Insurance Company**

- General Liability and Automobile Liability
- Real and Personal Property Damage
- Automobile Physical Damage
- Public Employees' Blanket Bond
- Boiler and Machinery Policy - Electric Substation
- Public Officials' Liability
- Law Enforcement Officers' Professional Liability and Other Mandated Coverage
- Accidental Death and Dismemberment
- Auxiliary Reserve Policy
- Law Enforcement Officers' Professional Liability

The City's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to-date of the City's experience for this type of risk.

**Note 15 - Commitments and Contingencies**

As of September 30, 2001, the City had outstanding commitments on contracts in progress as follows:

<u>Project Type</u>	<u>Unexpended Contract Amounts</u>
Economic Development Project	\$ 534,000
Wastewater System Improvements	228,000
New City Hall	509,000

The City has entered into an economic development agreement with a corporation (developer) developing an industrial park within the City limits. The agreement provides that if, and when, the developer constructs a roadway within the industrial park, the City will provide water and wastewater services along the roadway within six months of road completion for up to five linear miles of road. The development agreement also prohibits the City from charging tap, impact or contribution in aid of construction fees for these improvements. The City may, at its discretion, pay the developer approximately \$1.7 million in lieu of meeting the contractual obligations.

In addition, various other claims and lawsuits arise against the City in the normal course of operations. In the opinion of management, the potential loss on these other claims and lawsuits will not be significant to the financial statements.



## **ACCOMPANYING INFORMATION**

## **COMBINING AND INDIVIDUAL FUND STATEMENTS**

These statements provide a more detailed view of the "general-purpose financial statements" presented in the previous section. Combining statements are presented when there is more than one fund of a given fund type. An individual fund statement is presented for the general fund to provide detail budgetary comparisons.

## **GENERAL FUND**

**BALANCE SHEETS**  
**GENERAL FUND**  
**SEPTEMBER 30, 2001 AND 2000**  
**CITY OF ALACHUA, FLORIDA**

	<u>2001</u>	<u>2000</u>
<b>Assets</b>		
Cash in Bank, Including Certificates of Deposit:		
Police Department Trust Fund	\$ 16,675	\$ 14,348
Other	764,215	153,864
Receivables:		
Customer Accounts	17,034	16,084
Other	67,170	52,875
Due From Other Funds	65,523	29,991
Due From Other Governments	78,421	411,879
Prepaid Expenses	42,825	24,715
<b>Total Assets</b>	<u>1,051,863</u>	<u>703,756</u>
 <b>Liabilities and Fund Balance</b>		
 <b>Liabilities</b>		
Accounts Payable	95,859	127,955
Other Accrued Expenses	86,444	76,832
Occupational Licenses Collected in Advance	16,084	4,918
Other Deferred Revenues	<u>21,901</u>	<u>2,780</u>
<b>Total Liabilities</b>	<u>220,288</u>	<u>212,485</u>
 <b>Fund Balance</b>		
Reserved Designated For Police Department Operations	16,675	14,348
Undesignated	<u>814,900</u>	<u>476,923</u>
<b>Total Fund Balance</b>	<u>831,575</u>	<u>491,271</u>
 <b>Total Liabilities and Fund Balance</b>	<u>\$1,051,863</u>	<u>\$ 703,756</u>

**STATEMENT OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2001,  
WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000  
CITY OF ALACHUA, FLORIDA**

	2001			2000
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
<b>Taxes</b>				
Property Taxes - Current	\$ 1,301,050	\$ 1,287,943	\$ (13,107)	\$ 1,099,635
Property Taxes - Delinquent	0	11,611	11,611	19,307
Franchise Fees	92,000	171,487	79,487	121,468
Utility Taxes	520,000	617,240	97,240	643,933
Local Option Gas Taxes	124,482	125,701	1,219	119,179
<b>Total Taxes</b>	<u>2,037,532</u>	<u>2,213,982</u>	<u>176,450</u>	<u>2,003,522</u>
<b>Licenses and Permits</b>				
Occupational Licenses	22,000	27,711	5,711	22,143
Building Permits	200,000	120,646	(79,354)	213,766
<b>Total Licenses and Permits</b>	<u>222,000</u>	<u>148,357</u>	<u>(73,643)</u>	<u>235,909</u>
<b>Intergovernmental</b>				
<b>Federal Grants:</b>				
U.S. Department of Justice - LLEBG	0	16,464	16,464	18,207
U.S. Department of Transportation				
In-Car Video	0	19,600	19,600	0
Passed Through Alachua County School				
Board - DARE	21,600	21,600	0	21,600
U.S. Department of Justice - COPS -				
School-Based Partnership	0	2,780	2,780	9,852
FEMA Assistance	145,000	15,012	(129,988)	157,121
<b>Total Federal Grants</b>	<u>166,600</u>	<u>75,456</u>	<u>(91,144)</u>	<u>206,780</u>
<b>State Grants:</b>				
Solid Waste	4,000	2,132	(1,868)	4,213
Florida Department of Transportation	59,000	48,477	(10,523)	9,130
Florida Department of Environmental				
Protection - FRDAP	150,000	7,630	(142,370)	138,772
<b>Total State Grants</b>	<u>213,000</u>	<u>58,239</u>	<u>(154,761)</u>	<u>152,115</u>
<b>State-Shared Revenue:</b>				
Cigarette Tax	0	0	0	12,655
State Revenue Sharing	139,279	136,143	(3,136)	130,148
Mobile Home Licenses	4,000	6,197	2,197	6,674
Alcoholic Beverage Tax	4,000	3,900	(100)	2,173
Half-Cent Sales Tax	317,588	325,550	7,962	301,719
Fuel Tax Refund	4,000	5,202	1,202	5,396
<b>Total State-Shared Revenue</b>	<u>468,867</u>	<u>476,992</u>	<u>8,125</u>	<u>458,765</u>
<b>Total Intergovernmental</b>	<u>848,467</u>	<u>610,687</u>	<u>(237,780)</u>	<u>817,660</u>

**STATEMENT OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2001,  
WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000  
CITY OF ALACHUA, FLORIDA  
(Concluded)**

	2001			2000
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues (Concluded)</b>				
<b>Charges For Services</b>				
Police Services	\$ 0	\$ 4,202	\$ 4,202	\$ 18,490
Zoning Fees	30,000	33,875	3,875	27,424
Sanitation Revenue	329,000	328,540	(460)	318,316
Penalty Revenue	6,000	6,549	549	6,220
<b>Total Charges For Services</b>	<u>365,000</u>	<u>373,166</u>	<u>8,166</u>	<u>370,450</u>
<b>Fines and Forfeitures</b>				
Court Fines	85,000	68,904	(16,096)	84,241
Forfeitures	0	3,368	3,368	5,302
<b>Total Fines and Forfeitures</b>	<u>85,000</u>	<u>72,272</u>	<u>(12,728)</u>	<u>89,543</u>
<b>Miscellaneous</b>				
Interest	27,000	14,668	(12,332)	21,586
Rents	9,500	14,379	4,879	10,390
Miscellaneous Revenue	4,500	98,835	94,335	11,565
Recreation Department Revenue	32,000	25,451	(6,549)	31,753
Insurance Reimbursement	0	0	0	19,729
Assets Sales	5,000	666	(4,334)	310
Contributions and Donations	0	0	0	10,525
<b>Total Miscellaneous</b>	<u>78,000</u>	<u>153,999</u>	<u>75,999</u>	<u>105,858</u>
<b>Total Revenues</b>	<u>\$ 3,635,999</u>	<u>\$ 3,572,463</u>	<u>\$ (63,536)</u>	<u>\$ 3,622,942</u>

**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2001,  
WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000  
CITY OF ALACHUA, FLORIDA**

	2001			2000
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Expenditures</b>				
<b>General Government</b>				
<b>Legislative:</b>				
Personal Services	\$ 39,046	\$ 34,404	\$ 4,642	\$ 30,445
Operations	24,450	19,965	4,485	27,640
<b>Total Legislative</b>	<u>63,496</u>	<u>54,369</u>	<u>9,127</u>	<u>58,085</u>
<b>Executive:</b>				
Personal Services	240,974	230,935	10,039	127,739
Operations	251,703	246,229	5,474	256,779
Capital Outlay	30,200	6,260	23,940	4,538
Debt Service	0	0	0	223,811
<b>Total Executive</b>	<u>522,877</u>	<u>483,424</u>	<u>39,453</u>	<u>612,867</u>
<b>Finance and Administration:</b>				
Personal Services	231,266	241,941	(10,675)	139,363
Operations	46,121	41,495	4,626	35,801
Capital Outlay	5,009	1,009	4,000	2,674
<b>Total Finance and Administration</b>	<u>282,396</u>	<u>284,445</u>	<u>(2,049)</u>	<u>177,838</u>
<b>Legal:</b>				
Operations	70,000	77,431	(7,431)	36,749
<b>Code Enforcement:</b>				
Personal Services	46,070	28,180	17,890	35,636
Operations	16,164	9,877	6,287	8,370
<b>Total Code Enforcement</b>	<u>62,234</u>	<u>38,057</u>	<u>24,177</u>	<u>44,006</u>
<b>Total General Government</b>	<u>1,001,003</u>	<u>937,726</u>	<u>63,277</u>	<u>929,545</u>
<b>Public Safety</b>				
<b>Law Enforcement:</b>				
Personal Services	1,052,167	970,374	81,793	878,834
Operations	139,587	128,312	11,275	145,163
Capital Outlay	121,150	127,975	(6,825)	92,733
<b>Total Law Enforcement</b>	<u>1,312,904</u>	<u>1,226,661</u>	<u>86,243</u>	<u>1,116,730</u>
<b>Fire Control:</b>				
Operations	291,107	291,227	(120)	241,085
<b>Protective Inspections:</b>				
Personal Services	240,393	214,279	26,114	131,562
Operations	80,783	80,264	519	214,016
Capital Outlay	2,900	3,584	(684)	90,688
<b>Total Protective Inspections</b>	<u>324,076</u>	<u>298,127</u>	<u>25,949</u>	<u>436,266</u>
<b>Animal Control:</b>				
Personal Services	5,500	3,544	1,956	4,990
Operations	1,875	980	895	1,628
<b>Total Animal Control</b>	<u>7,375</u>	<u>4,524</u>	<u>2,851</u>	<u>6,618</u>
<b>Total Public Safety</b>	<u>1,935,462</u>	<u>1,820,539</u>	<u>114,923</u>	<u>1,800,699</u>

**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2001,  
WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000  
CITY OF ALACHUA, FLORIDA  
(Concluded)**

	2001		2000	
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures (Concluded)				
Physical Environment				
Sanitation:				
Operations	\$ 307,870	\$ 309,317	\$ (1,447)	\$ 286,184
Transportation				
Personal Services	284,020	251,628	32,392	276,698
Operations	117,100	156,307	(39,207)	113,929
Capital Outlay	9,600	8,000	1,600	20,150
Total Transportation	410,720	415,935	(5,215)	410,777
Parks and Recreation				
Personal Services	120,038	119,770	268	117,566
Operations	167,520	161,562	5,958	109,752
Capital Outlay	118,500	26,114	92,386	173,372
Total Parks and Recreation	406,058	307,446	98,612	400,690
Total Expenditures	\$ 4,061,113	\$ 3,790,963	\$ 270,150	\$ 3,827,895



## **SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEETS  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2001,  
WITH COMPARATIVE TOTALS FOR 2000  
CITY OF ALACHUA, FLORIDA**

	<b>Community Redevelopment Agency</b>		<b>El Niño Grant</b>		<b>Neighborhood Revitalization Grant</b>		<b>Totals</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
<b>Assets</b>								
Cash and Cash Equivalents	\$ 121,225	\$ 154,567	\$ 0	\$ 0	\$ 0	\$ 0	\$ 121,225	\$ 154,567
Due From Other Governments	0	0	0	8,305	0	21,730	0	30,035
<b>Total Assets</b>	<u>121,225</u>	<u>154,567</u>	<u>0</u>	<u>8,305</u>	<u>0</u>	<u>21,730</u>	<u>121,225</u>	<u>184,602</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Accounts Payable	5,271	0	0	0	0	170	5,271	170
Due to Other Funds	0	0	0	8,585	65,523	21,406	65,523	29,991
<b>Total Liabilities</b>	<u>5,271</u>	<u>0</u>	<u>0</u>	<u>8,585</u>	<u>65,523</u>	<u>21,576</u>	<u>70,794</u>	<u>30,161</u>
<b>Fund Balances</b>								
Reserved For Community Redevelopment	115,954	154,567	0	0	0	0	115,954	154,567
Reserved For Economic Development	0	0	0	(280)	(65,523)	154	(65,523)	(126)
<b>Total Fund Balances</b>	<u>115,954</u>	<u>154,567</u>	<u>0</u>	<u>(280)</u>	<u>(65,523)</u>	<u>154</u>	<u>50,431</u>	<u>154,441</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 121,225</u>	<u>\$ 154,567</u>	<u>\$ 0</u>	<u>\$ 8,305</u>	<u>\$ 0</u>	<u>\$ 21,730</u>	<u>\$ 121,225</u>	<u>\$ 184,602</u>

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2001,  
WITH COMPARATIVE TOTALS FOR 2000  
CITY OF ALACHUA, FLORIDA**

	Community Redevelopment Agency		El Niño Grant		Neighborhood Revitalization Grant		Totals	
	2001	2000	2001	2000	2001	2000	2001	2000
<b>Revenues</b>								
Taxes	\$ 69,063	\$ 52,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,063	\$ 52,500
Intergovernmental Revenue:								
Federal Grants	0	0	0	8,305	462,855	53,045	462,855	61,350
Interest and Miscellaneous	7,296	4,014	0	0	0	0	7,296	4,014
<b>Total Revenues</b>	<u>76,359</u>	<u>56,514</u>	<u>0</u>	<u>8,305</u>	<u>462,855</u>	<u>53,045</u>	<u>539,214</u>	<u>117,864</u>
<b>Expenditures</b>								
Economic Environment	(414,972)	(3,593)	0	(8,573)	(528,532)	(52,770)	(943,504)	(64,936)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(338,613)	52,921	0	(268)	(65,677)	275	(404,290)	52,928
<b>Other Financing Sources (Uses)</b>								
Loan Proceeds	300,000	0	0	0	0	0	300,000	0
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	(38,613)	52,921	0	(268)	(65,677)	275	(104,290)	52,928
<b>Fund Balances (Deficit), Beginning of Year</b>	154,567	101,646	(280)	(12)	154	(121)	154,441	101,513
<b>Residual Equity Transfer</b>	0	0	280	0	0	0	280	0
<b>Fund Balances (Deficit), End of Year</b>	<u>\$ 115,954</u>	<u>\$ 154,567</u>	<u>\$ 0</u>	<u>\$ (280)</u>	<u>\$ (65,523)</u>	<u>\$ 154</u>	<u>\$ 50,431</u>	<u>\$ 154,441</u>

## **CAPITAL PROJECTS FUNDS**

**COMBINING BALANCE SHEETS  
CAPITAL PROJECTS FUNDS  
SEPTEMBER 30, 2001,  
WITH COMPARATIVE TOTALS FOR 2000  
CITY OF ALACHUA, FLORIDA**

	<b>Project Gold</b>		<b>Job Creation Grant</b>		<b>Other Capital Projects</b>		<b>Totals</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
<b>Assets</b>								
Cash and Cash Equivalents	\$ 0	\$ 418,769	\$ 0	\$ 0	\$ 208,152	\$ 0	\$ 208,152	\$ 418,769
Due From Other Governments	0	0	16,000	0	0	0	16,000	0
<b>Total Assets</b>	<u>0</u>	<u>418,769</u>	<u>16,000</u>	<u>0</u>	<u>208,152</u>	<u>0</u>	<u>224,152</u>	<u>418,769</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Accounts Payable	0	65	0	0	0	0	0	65
Due to Other Funds	0	1,485,550	16,449	0	0	0	16,449	1,485,550
<b>Total Liabilities</b>	<u>0</u>	<u>1,485,615</u>	<u>16,449</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,449</u>	<u>1,485,615</u>
<b>Fund Balances</b>								
Unreserved	0	0	0	0	208,152	0	208,152	0
Reserved For Economic Development	0	(1,066,846)	(449)	0	0	0	(449)	(1,066,846)
<b>Total Fund Balances</b>	<u>0</u>	<u>(1,066,846)</u>	<u>(449)</u>	<u>0</u>	<u>208,152</u>	<u>0</u>	<u>207,703</u>	<u>(1,066,846)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 0</u>	<u>\$ 418,769</u>	<u>\$ 16,000</u>	<u>\$ 0</u>	<u>\$ 208,152</u>	<u>\$ 0</u>	<u>\$ 224,152</u>	<u>\$ 418,769</u>

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
CAPITAL PROJECTS FUNDS  
SEPTEMBER 30, 2001,  
WITH COMPARATIVE TOTALS FOR 2000  
CITY OF ALACHUA, FLORIDA**

	<b>Project Gold</b>		<b>Job Creation Grant</b>		<b>Other Capital Projects</b>		<b>Totals</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
<b>Revenues</b>								
Intergovernmental Revenue:								
Federal Grants	\$ 0	\$ 0	\$ 16,000	\$ 0	\$ 0	\$ 0	\$ 16,000	\$ 0
Interest and Miscellaneous	7,229	15,528	0	0	0	0	7,229	15,528
<b>Total Revenues</b>	<u>7,229</u>	<u>15,528</u>	<u>16,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,229</u>	<u>15,528</u>
<b>Expenditures</b>								
Economic Environment	(16,469)	(1,740,200)	(16,449)	0	0	0	(32,918)	(1,740,200)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(9,240)</u>	<u>(1,724,672)</u>	<u>(449)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(9,689)</u>	<u>(1,724,672)</u>
<b>Other Financing Sources (Uses)</b>								
Operating Transfers In	0	0	0	0	208,152	0	208,152	0
Operating Transfers Out	(1,173,914)	0	0	0	0	0	(1,173,914)	0
Loan Proceeds	2,250,000	0	0	0	0	0	2,250,000	0
<b>Total Other Financing Sources (Uses)</b>	<u>1,076,086</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>208,152</u>	<u>0</u>	<u>1,284,238</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>1,066,846</u>	<u>(1,724,672)</u>	<u>(449)</u>	<u>0</u>	<u>208,152</u>	<u>0</u>	<u>1,274,549</u>	<u>(1,724,672)</u>
<b>Fund Balances (Deficit), Beginning of Year</b>	<u>(1,066,846)</u>	<u>657,826</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,066,846)</u>	<u>657,826</u>
<b>Fund Balances (Deficit), End of Year</b>	<u>\$ 0</u>	<u>\$(1,066,846)</u>	<u>\$ (449)</u>	<u>\$ 0</u>	<u>\$ 208,152</u>	<u>\$ 0</u>	<u>\$ 207,703</u>	<u>\$(1,066,846)</u>

## **ENTERPRISE FUNDS**

**COMBINING BALANCE SHEETS  
ENTERPRISE FUNDS  
SEPTEMBER 30, 2001,  
WITH COMPARATIVE TOTALS FOR 2000  
CITY OF ALACHUA, FLORIDA**

	Electric	Water	Wastewater	Turkey Creek Water/ Wastewater	Mosquito Control	Totals (Memorandum Only)	
						2001	2000
<b>Assets</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	\$ 1,574,555	\$ 133,921		\$ 392,863	\$ 9,089	\$ 2,110,428	\$ 1,825,356
Investments	30,000					30,000	30,000
Receivables (Net of Allowance For Uncollectibles as Parenthetically Indicated):							
Accounts (\$36,098)	309,241	22,045	\$ 32,756		1,345	365,387	249,421
Other Receivables	8,349	1,377	5,629			15,355	16,902
Due From Other Funds	1,232,696	16,449				1,249,145	1,803,937
Due From Other Governments			932,231			932,231	70,131
Inventory, At Cost	240,050	16,083				256,133	199,063
Prepaid Power Costs	537,414					537,414	89,834
Prepaid Expenses	7,209					7,209	7,209
Unbilled Revenue	630,354					630,354	471,259
<b>Total Current Assets</b>	<u>4,569,868</u>	<u>189,875</u>	<u>970,616</u>	<u>392,863</u>	<u>10,434</u>	<u>6,133,656</u>	<u>4,763,112</u>
<b>Restricted Assets</b>							
Cash and Cash Equivalents	685,056	97,863	852,375	159,452		1,794,746	1,714,309
Investments	214,110		635,192			849,302	885,450
<b>Total Restricted Assets</b>	<u>899,166</u>	<u>97,863</u>	<u>1,487,567</u>	<u>159,452</u>	<u>0</u>	<u>2,644,048</u>	<u>2,599,759</u>
<b>Property, Plant and Equipment</b>							
Utility Plant in Service	7,558,989	3,940,099	5,689,102	2,230,573	7,200	19,425,963	19,110,981
(Accumulated Depreciation)	(3,175,139)	(1,844,755)	(2,194,618)	(434,025)	(216)	(7,648,753)	(7,094,421)
Construction in Progress			1,274,370			1,274,370	148,273
<b>Total Property, Plant and Equipment - Cost Less Depreciation</b>	<u>4,383,850</u>	<u>2,095,344</u>	<u>4,768,854</u>	<u>1,796,548</u>	<u>6,984</u>	<u>13,051,580</u>	<u>12,164,833</u>
<b>Other Assets</b>							
Unamortized Bond Issue Costs	195,314	0	76,598	57,917	0	329,829	350,775
<b>Total Assets</b>	<u>\$ 10,048,198</u>	<u>\$ 2,383,082</u>	<u>\$ 7,303,635</u>	<u>\$ 2,406,780</u>	<u>\$ 17,418</u>	<u>\$ 22,159,113</u>	<u>\$ 19,878,479</u>



**COMBINING BALANCE SHEETS  
ENTERPRISE FUNDS  
SEPTEMBER 30, 2001,  
WITH COMPARATIVE TOTALS FOR 2000  
CITY OF ALACHUA, FLORIDA  
(Concluded)**

	Electric	Water	Wastewater	Turkey Creek Water/ Wastewater	Mosquito Control	Totals (Memorandum Only)	
						2001	2000
<b>Liabilities and Fund Equity</b>							
<b>Current Liabilities, Payable From Current Assets</b>							
Accounts Payable	\$ 819,750	\$ 7,793	\$ 275,389	\$ 2,928	\$ 1,953	\$ 1,107,813	\$ 831,948
Other Accrued Expenses	14,081	7,467	4,476		209	26,233	57,656
Due to Other Funds			1,232,696			1,232,696	318,387
Accrued Compensated Absences	25,587	6,025	9,490			41,102	40,364
<b>Total Current Liabilities, Payable From Current Assets</b>	<b>859,418</b>	<b>21,285</b>	<b>1,522,051</b>	<b>2,928</b>	<b>2,162</b>	<b>2,407,844</b>	<b>1,248,355</b>
<b>Current Liabilities, Payable From Restricted Assets</b>							
Accrued Interest	225,521	14,425	91,352	70,729		402,027	414,047
Bonds Payable - Current Portion	166,655	21,000	130,228	38,117		356,000	329,000
Customer Deposits	158,212	29,618	29,183			217,013	190,173
<b>Total Current Liabilities, Payable From Restricted Assets</b>	<b>550,388</b>	<b>65,043</b>	<b>250,763</b>	<b>108,846</b>	<b>0</b>	<b>975,040</b>	<b>933,220</b>
<b>Long-Term Liabilities</b>							
Note Payable			48,062			48,062	46,798
Deferred Credit - CR-3 Decommissioning Costs	214,111					214,111	198,236
Utilities Revenue Bond of 1979		556,000				556,000	577,000
Utility Refunding Revenue Bonds of 1986	1,197,967		1,006,204			2,204,171	2,475,069
Utility Refunding Revenue Bonds, Series 1993	6,030,092		1,645,358	1,093,246		8,768,696	8,788,993
Utility Acquisition Bonds, Series 1993				1,090,000		1,090,000	1,125,000
<b>Total Long-Term Liabilities</b>	<b>7,442,170</b>	<b>556,000</b>	<b>2,699,624</b>	<b>2,183,246</b>	<b>0</b>	<b>12,881,040</b>	<b>13,211,096</b>
<b>Total Liabilities</b>	<b>8,851,976</b>	<b>642,328</b>	<b>4,472,438</b>	<b>2,295,020</b>	<b>2,162</b>	<b>16,263,924</b>	<b>15,392,671</b>
<b>Fund Equity</b>							
Contributions:							
Customers		36,774	924,325			961,099	961,099
Capital Project Fund		37,758	844,478			882,236	882,236
EDA and HUD		135,050	1,247,171			1,382,221	521,810
Farmers Home Administration		246,900	180,400			427,300	427,300
Other		372,305	7,538			379,843	378,155
<b>Total Contributions</b>	<b>0</b>	<b>828,787</b>	<b>3,203,912</b>	<b>0</b>	<b>0</b>	<b>4,032,699</b>	<b>3,170,600</b>
Retained Earnings:							
Unreserved Retained Earnings (Deficit)	1,196,222	911,967	(372,715)	111,760	15,256	1,862,490	1,315,208
<b>Total Fund Equity</b>	<b>1,196,222</b>	<b>1,740,754</b>	<b>2,831,197</b>	<b>111,760</b>	<b>15,256</b>	<b>5,895,189</b>	<b>4,485,808</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 10,048,198</b>	<b>\$ 2,383,082</b>	<b>\$ 7,303,635</b>	<b>\$ 2,406,780</b>	<b>\$ 17,418</b>	<b>\$ 22,159,113</b>	<b>\$ 19,878,479</b>

**COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2001,  
WITH COMPARATIVE TOTALS FOR 2000  
CITY OF ALACHUA, FLORIDA**

	Electric	Water	Wastewater	Turkey Creek Water/ Wastewater	Mosquito Control	Totals (Memorandum Only)	
						2001	2000
<b>Operating Revenues</b>							
Utility Billings	\$ 7,018,854	\$ 361,789	\$ 575,336	\$ 363,232	\$ 33,877	\$ 8,353,088	\$ 7,108,232
Other Operating Charges	247,399	13,385	13,016	55,755	657	330,212	280,386
<b>Total Operating Revenues</b>	<u>7,266,253</u>	<u>375,174</u>	<u>588,352</u>	<u>418,987</u>	<u>34,534</u>	<u>8,683,300</u>	<u>7,388,618</u>
<b>Operating Expenses</b>							
Electric Power Expenses:							
Nuclear Power Generation and Transmission	115,257	0	0	0	0	115,257	166,912
Purchased Power and Other	4,407,507	0	0	0	0	4,407,507	3,580,887
Personal Services	331,182	104,890	132,843	80,298	6,863	656,076	607,573
Contractual Services	22,636	69,396	48,985	37,047	0	178,064	155,444
Supplies	11,948	28,073	21,117	8,945	8,046	78,129	99,557
Repairs and Maintenance	43,548	42,667	47,784	20,613	430	155,042	161,431
Billing and Administrative	249,189	74,757	74,757	49,838	9,969	458,510	444,730
Depreciation	226,770	118,201	142,228	66,917	216	554,332	524,041
Other Expenses	30,148	57,212	93,518	15,370	911	197,159	263,541
<b>(Total Operating Expenses)</b>	<u>(5,438,185)</u>	<u>(495,196)</u>	<u>(561,232)</u>	<u>(279,028)</u>	<u>(26,435)</u>	<u>(6,800,076)</u>	<u>(6,004,116)</u>
<b>Operating Income (Loss)</b>	<u>1,828,068</u>	<u>(120,022)</u>	<u>27,120</u>	<u>139,959</u>	<u>8,099</u>	<u>1,883,224</u>	<u>1,384,502</u>
<b>Nonoperating Revenues (Expenses)</b>							
Connection Charges	0	70,722	39,415	56,040	0	166,177	138,453
Interest Income	96,100	6,201	66,397	14,644	0	183,342	189,973
Interest and Fiscal Charges	(463,923)	(29,325)	(191,670)	(142,121)	0	(827,039)	(851,440)
Amortization of Bond Issue Costs	(11,570)	0	(6,048)	(3,328)	0	(20,946)	(20,900)
Miscellaneous Income	24,479	15,759	2,364	28	0	42,630	1,079
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(354,914)</u>	<u>63,357</u>	<u>(89,542)</u>	<u>(74,737)</u>	<u>0</u>	<u>(455,836)</u>	<u>(542,835)</u>
<b>Income (Loss) Before Operating Transfers</b>	<u>1,473,154</u>	<u>(56,665)</u>	<u>(62,422)</u>	<u>65,222</u>	<u>8,099</u>	<u>1,427,388</u>	<u>841,667</u>
<b>Operating Transfers In (Out)</b>	<u>(880,106)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(880,106)</u>	<u>(401,666)</u>
<b>Net Income (Loss)</b>	<u>593,048</u>	<u>(56,665)</u>	<u>(62,422)</u>	<u>65,222</u>	<u>8,099</u>	<u>547,282</u>	<u>440,001</u>
<b>Retained Earnings (Deficit), Beginning of Year</b>	<u>603,174</u>	<u>968,632</u>	<u>(310,293)</u>	<u>46,538</u>	<u>7,157</u>	<u>1,315,208</u>	<u>875,207</u>
<b>Retained Earnings (Deficit), End of Year</b>	<u>\$ 1,196,222</u>	<u>\$ 911,967</u>	<u>\$ (372,715)</u>	<u>\$ 111,760</u>	<u>\$ 15,256</u>	<u>\$ 1,862,490</u>	<u>\$ 1,315,208</u>

## **FIDUCIARY FUNDS**

**COMBINING BALANCE SHEETS  
FIDUCIARY FUND TYPES  
ALL FIDUCIARY FUNDS  
SEPTEMBER 30, 2001,  
WITH COMPARATIVE TOTALS FOR 2000  
CITY OF ALACHUA, FLORIDA**

	Pension Trust				Totals	
	General Employees		Police Officers		(Memorandum Only)	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<b>Assets</b>						
Investments	<u>\$ 184,420</u>	<u>\$ 117,717</u>	<u>\$ 329,447</u>	<u>\$ 325,464</u>	<u>\$ 513,867</u>	<u>\$ 443,181</u>
 <b>Net Assets Held in Trust For Pension Benefits</b>	 <u>\$ 184,420</u>	 <u>\$ 117,717</u>	 <u>\$ 329,447</u>	 <u>\$ 325,464</u>	 <u>\$ 513,867</u>	 <u>\$ 443,181</u>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2001  
CITY OF ALACHUA, FLORIDA**

	<u>CSFA Number</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Award Amount</u>	<u>(Receipts)</u>	<u>Expenses</u>	<u>City Match</u>
<b>Federal Awards</b>							
<b>U.S. Department of Housing and Urban Development</b>							
Passed Through Department of Community Affairs:							
Section 108 Loan Guarantee - Dollar General		14.228	010D-SE99-99-15-X01	\$ 2,250,000	\$ 0	\$ 2,250,000	\$ 0
Community Development Block Grant Program:							
Job Creation Project		14.228	01DB-79-03-11-02-E38	600,000	0	16,000	0
Neighborhood Revitalization		14.228	99DB-4Z-03-11-02-N17	600,000	(484,585)	473,670	39,460
El Niño		14.228	99DB-4Z-32-11-02-B17	228,275	(8,305)	0	0
<b>Total U.S. Department of Housing and Urban Development</b>					<u>(492,890)</u>	<u>2,739,670</u>	
<b>U.S. Department of Justice</b>							
Community-Oriented Policing Services -							
School-Based Partnership		16.710	98-SB-WX-0034	58,087	0	0	0
Law Enforcement Block Grant Program		16.592	00-LB-BX-2159	19,717	(19,717)	16,464	1,829
Law Enforcement Block Grant Program		16.592	01-LB-BX-0982	18,648	(18,648)	0	0
<b>Total U.S. Department of Justice</b>					<u>(38,365)</u>	<u>16,464</u>	
<b>U.S. Department of Transportation</b>							
Passed Through Florida Department of Transportation:			AJ777				
Alachua In-Car Video Project		20.600	AL-01-05-17-01	19,600	0	19,600	375
<b>Federal Emergency Management Agency</b>							
Passed Through Department of Community Affairs:							
Disaster Relief Funding		83.544	98RM-M9-03-11-02-018				
			FEMA-1195-DR-FL	109,086	(9,600)	0	0
Hazard Mitigation Grant Program		83.548	00HM-P4-03-11-15-034				
			FEMA-1195-0101	210,788	(157,121)	0	0
<b>Total Federal Emergency Management Agency</b>					<u>(166,721)</u>	<u>0</u>	
<b>U.S. Department of Commerce</b>							
Economic Development Administration:							
Public Works and Facilities Development Program Grant		11.300	04-01-04373	1,250,000	0	860,412	985,793
<b>U.S. Department of Environmental Protection</b>							
Passed Through Florida Department of Environmental Protection:							
Drinking Water State Revolving Fund Grant		66.468	DW0115010	75,718	(15,759)	25,662	0
<b>Total Federal Awards</b>					<u>\$ (713,735)</u>	<u>\$ 3,661,808</u>	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2001**  
**CITY OF ALACHUA, FLORIDA**  
*(Concluded)*

	<u>CSFA Number</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Award Amount</u>	<u>(Receipts)</u>	<u>Expenses</u>	<u>City Match</u>
<b>State Financial Assistance</b>							
<b>Florida Department of Environmental Protection</b>							
Florida Recreation Development Assistance Program	37.017		F9040	\$ 100,000	\$ (100,000)	\$ 0	\$ 0
Florida Recreation Development Assistance Program	37.017		F2101	50,000	(50,000)	0	0
Governor's Water Panel Wastewater Grant	37.039		SP790090	300,000	0	1,688	562
Florida Recreation Development Assistance Program	37.017		F1172	50,000	0	7,630	0
Florida Recreation Development Assistance Program	37.017		F0247	50,000	0	0	0
Florida Recreation Development Assistance Program	37.017		F0249	50,000	0	0	0
<b>Total Florida Department of Environmental Protection</b>					<u>(150,000)</u>	<u>9,318</u>	<u>0</u>
<b>Florida Department of Transportation</b>							
Highway Beautification Grant	55.003		AH-873	57,607	(45,477)	48,477	53,580
<b>Total State Financial Assistance</b>					<u>\$ (195,477)</u>	<u>\$ 57,795</u>	

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

Honorable Mayor and City Commission  
City of Alachua  
Alachua, Florida

We have audited the general-purpose financial statements of the City of Alachua, Florida (the City) as of and for the year ended September 30, 2001, and have issued our report thereon dated February 26, 2002. Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We did not obtain sufficient evidential matter to determine if property, plant and equipment recorded in the proprietary fund types is fairly presented at cost or estimated historical cost, due to insufficient detail within the City's property records.

**Compliance**

As part of obtaining reasonable assurance about whether the City's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the general-purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 01-1 and 01-2.

**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 and City Commission  
City of Alachua  
Alachua, Florida

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

**Internal Control Over Financial Reporting (Concluded)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above to be material weaknesses. In addition, we noted other matters involving the internal control over financial reporting that we have reported as items 01-3 through 01-6 to the City Commission in the management letter dated February 26, 2002.

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

February 26, 2002  
Gainesville, Florida

*Purvis, Gray and Company*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

Honorable Mayor and City Commission  
City of Alachua  
Alachua, Florida

**Compliance**

We have audited the compliance of the City of Alachua, Florida with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2001. The City of Alachua, Florida's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Alachua, Florida's management. Our responsibility is to express an opinion on the City of Alachua, Florida's compliance based on our audit.

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

In our opinion, the City of Alachua, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2001.

**Certified Public Accountants**

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Honorable Mayor and City Commission  
City of Alachua  
Alachua, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133  
(Concluded)**

**Internal Control Over Compliance**

The management of the City of Alachua, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to its major federal program. In planning and performing our audit, we considered the City of Alachua, Florida's internal control over compliance with requirements that could have a direct and material effect on its major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

February 26, 2002  
Gainesville, Florida

*Perris, Gray and Company*

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS IN  
ACCORDANCE WITH OMB CIRCULAR A-133  
CITY OF ALACHUA, FLORIDA  
ALACHUA, FLORIDA**

**Part A - Summary of Audit Results**

- I. Type of Audit Report Issued on General-Purpose Financial Statements**  
Qualified Opinion
- II. Reportable Conditions and/or Material Weaknesses in Internal Control**  
Two reportable conditions disclosed during the audit of the financial statements are reported in the "independent auditors' report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*." The conditions are reported as material weaknesses and are shown in this schedule as items 01-1 and 01-2.
- III. Noncompliance Material to Auditee General-Purpose Financial Statements**  
Audit disclosed no material instances of noncompliance
- IV. Reportable Conditions and/or Material Weaknesses in Internal Control Over the Major Programs**  
Audit disclosed no instances of reportable conditions in internal control over major federal programs or reportable conditions which were material weaknesses in internal control over major federal programs.
- V. Type of Audit Report Issued on Compliance With Requirements Applicable to the Major Programs**  
Unqualified Opinion
- VI. Audit Findings Relative to Section .510(a) of OMB Circular A-133**  
Audit disclosed no findings required to be reported under (Section .510(a) of OMB Circular A-133
- VII. Major Federal Programs**
  - U.S. Department of Housing and Urban Development
    - Passed Through Department of Community Affairs:
      - Section 108 Loan Guarantee (14.228)
  - U.S. Department of Commerce
    - Economic Development Administration:
      - Public Works and Facilities Development Grant Program (11.300)
- VIII. Dollar Threshold Used to Distinguish Between Type A and Type B Programs**  
\$300,000

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS IN  
ACCORDANCE WITH OMB CIRCULAR A-133  
CITY OF ALACHUA, FLORIDA  
ALACHUA, FLORIDA  
(Continued)**

**Part A - Summary of Audit Results (Concluded)**

**IX. Auditee Qualification as Low-Risk Auditee**

The auditee does not qualify as a low-risk auditee per criteria set forth in Section .530 of OMB Circular A-133

**Part B - Findings Related to the General-Purpose Financial Statements Required to be Reported Under GAGAS**

**01-1: Accounting Records\***

**Condition** - We are pleased to note the City's accounting records have improved as compared to our September 30, 2000, audit of the City's financial statements. During the September 30, 2001 audit, the City adequately reconciled accrued salaries, prepaids, inventory, interfund transfers and due to/froms and grants, all of which were included as areas needing improvement in the September 30, 2000 audit. However, the City still needs to improve its accounting for long-term debt, pooled cash, interest income, pension activity, work order additions and retirements, other fixed asset additions and retirements, depreciation, and payroll taxes.

**Criteria** - These reconciliations and entries should be normal control procedures to assure the accurate processing of monthly and annual financial information and are necessary to accurately reflect the City's financial position during the year.

**Effect on Condition** - Lack of monthly accounting procedures may result in errors and irregularities which go undetected for extended periods of time and may cause financial reports to be misstated.

**Recommendation** We recommend City staff formalize monthly procedures to assure these items are properly accounted for in a timely manner, and as a sound practice of internal control and financial management. Management may want to consider whether there are a sufficient number of personnel involved in the Finance Department to adequately account for the City's many activities.

**01-2: Capital Improvement Plan\***

**Condition** - The City continues to experience growth which may require significant improvements to the City's existing infrastructure. It was recommended in the September 30, 2000, audit report that the City develop a formal capital improvement plan. As of September 30, 2001, the plan is in a draft format outlining the City's needs but has not yet identified the funding sources to meet those needs.

**Criteria** - The City must plan for future infrastructure growth in a manner consistent with the goals and mission of the City as directed by the City Commission.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS IN  
ACCORDANCE WITH OMB CIRCULAR A-133  
CITY OF ALACHUA, FLORIDA  
ALACHUA, FLORIDA  
(Concluded)**

**Part B - Findings Related to the General-Purpose Financial Statements Required to be Reported Under GAGAS (Concluded)**

**01-2: Capital Improvement Plan\* (Concluded)**

**Effect on Condition** - Lack of a sufficient capital improvement plan may negatively affect the City's capacity to support growth in the near future.

**Recommendation** - We recommend the City complete the capital improvement and funding plan to meet the anticipated future infrastructure requirements of the City.

**Part C - Findings and Questioned Costs For Federal Awards Required to be Reported Under Section .510(a) of OMB Circular A-133**

No audit findings were disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)

\*Indicates finding was reported in prior year.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS IN  
ACCORDANCE WITH OMB CIRCULAR A-133  
CITY OF ALACHUA, FLORIDA  
ALACHUA, FLORIDA**

1. **Status of Prior Audit Findings**

There were no prior year audit findings related to federal award programs.

## MANAGEMENT LETTER

Honorable Mayor and City Commission  
City of Alachua  
Alachua, Florida

We have audited the general-purpose financial statements of the City of Alachua, Florida (the City) as of and for the fiscal year ended September 30, 2001, and have issued our report thereon dated February 26, 2002. In our report, our opinion was qualified because we were unable to obtain sufficient evidential matter to determine if property, plant and equipment recorded in the proprietary fund types were fairly presented at cost or estimated historical cost, due to insufficient detail within the City's property records.

We have issued our independent auditors' report on compliance and on internal control over financial reporting, independent auditors' report on compliance and internal control over compliance applicable to each major federal awards program, and schedule of findings and questioned costs based on an audit of financial statements performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, dated February 26, 2002. Disclosures in those reports, if any, should be considered in conjunction with this management letter.

Except as discussed in the first paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the state of Florida and require that certain items be addressed in this letter.

The *Rules of the Auditor General* [Section 10.554(1)(g)1.(a)] require that we comment as to whether or not inaccuracies, shortages, defalcations, fraud and violations of laws, rules and regulations reported in the preceding annual financial audit report have been corrected. Items of this nature which have not been completely corrected, are indicated by asterisk (\*) in this management letter or in the report on compliance and on internal control over financial reporting based on an audit in accordance with *Government Auditing Standards*.

The *Rules of the Auditor General* [Section 10.554(1)(g)1.(b)] require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. Items of this nature which have not been completely corrected are indicated by asterisk (\*) in this management letter or in the report on compliance and on internal control over financial reporting based on an audit in accordance with *Government Auditing Standards*.

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Honorable Mayor and City Commission  
City of Alachua  
Alachua, Florida

**MANAGEMENT LETTER**  
*(Continued)*

The *Rules of the Auditor General* [Section 10.554(1)(e)2.] require that we determine whether or not the City complied with Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit disclosed no matters requiring comment as outlined in Section 218.415, Florida Statutes.

The *Rules of the Auditor General* [Sections 10.554(1)(g)3. and 4.] require disclosure in the management letter of the following matters if not already addressed in the auditors' report on compliance and internal control: recommendations to improve financial management, accounting procedures, and internal controls; violations of laws, rules, and regulations which may or may not materially affect the financial statements; illegal or improper expenditures that may or may not materially affect the financial statements; improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); failures to properly record financial transactions; and other inaccuracies, shortages, and defalcations and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed the following matters required to be disclosed by the *Rules of the Auditor General* [Sections 10.554(1)(g)3. and 4.]:

**01-3 Budgets**

Due to an incomplete budget amendment, the City's September 30, 2001, financial statements reflect an \$843,172 deficit budgeted fund balance in the debt service fund. An additional budget amendment should have been made to transfer approximately \$1.1 million from the Project Gold capital project fund to the debt service fund. We recommend the City more closely monitor budget to actual variations to ensure an absence of budget deficits in the future.

**01-4 Wastewater Overdraft\***

The City's wastewater fund typically operates at an annual loss and has accumulated a net overdraft position in its unrestricted cash of \$1,232,696 and \$318,387 at September 30, 2001 and 2000, respectively. The City maintains operating cash for all funds in a pooled cash account, so the overdraft position represents amounts due other funds of the City, not amounts due the bank. However, we recommend this interfund liability be eliminated through Commission action by authorizing one-time and annual transfers from other funds to support these losses. The alternative would be to raise wastewater rates so that the fund is self-supporting. Note that the increase in the net overdraft position at September 30, 2001, is largely the result of delayed receipt of grant funds on a capital improvement project. Had those funds due the City been received as of September 30, 2001, the net overdraft position would have been \$300,465.

**01-5 Out of Balance Funds\***

During testing, we noted a number of funds that were out of balance. In the double entry accounting system, funds should never be out of balance. Management has identified the cause of the out of balance funds and, subsequent to audit fieldwork, has found a way to correct this condition. Management is currently working with the software vendor to prevent future occurrences.

Honorable Mayor and City Commission  
City of Alachua  
Alachua, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**01-6 Pooled Cash Reconciliation\***

The City utilizes a pooled cash fund to consolidate the investment of the City's excess cash and allocate each funds' portion based upon the fund's equity interest in pooled cash. Our testing revealed pooled cash was not being reconciled on a monthly basis to actual cash and investment balances, and the reconciliations which were prepared contained errors.

We recommend the City reconcile the pooled cash fund to actual investment balances and individual fund equity accounts on a monthly basis.

The *Rules of the Auditor General* [Section 10.554(1)(g)5.] also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements (please see note 1 to the accompanying financial statements). The City was established in 1908 under the legal authority of Chapter 165, Florida Statutes. There were no component units related to the City of Alachua, Florida.

As required by the *Rules of the Auditor General* [Section 10.554(1)(g)6.(b)], we determined that the financial report for the City of Alachua, Florida for the fiscal year ended September 30, 2001, filed with the Department of Banking and Finance pursuant to Section 218.32, Florida Statutes is in agreement with the annual financial audit report for the fiscal year ended September 30, 2001.

The *Rules of the Auditor General* [Section 10.554(1)(g)6.(c)] require that we disclose that we have applied financial condition assessment procedures pursuant to Rule 10.556(8).

This management letter is intended solely for the information and use of the City Commission, management, and the State of Florida, 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.

February 26, 2002  
Gainesville, Florida

*Purvis, Gray and Company*

*City of Alachua*



P.O. Box 9  
Alachua, Florida 32616-0009  
904/462-1231 - Phone ♦ 904/462-1985 - Fax

April 4, 2002

The Honorable William O Monroe  
Auditor General, State of Florida  
P.O. Box 1735  
Tallahassee, Florida 32302-1735

Please find enclosed two copies of the Financial Statements and Independent Auditors' Report for the City of Alachua for the audit period ended September 30, 2001. These reports were accepted by the City Commission of April 1, 2002.

The City of Alachua accepts the findings of our Independent Auditors, and the City Commission and the City Staff have commenced or will promptly commence to implement the recommendations identified in the "Independent Auditors' Report for the audit period ended September 30, 2001". Each response to the Independent Auditors' recommendations is attached for your review.

Please contact me if you require further clarification or additional information.

Sincerely,

A handwritten signature in cursive script, reading "Anthony Morgan".

Anthony Morgan  
Finance Director

**City of Alachua, Annual Financial Statements and Independent Auditors' Report for September 30, 2001, Response to Independent Auditors' Report on Compliance, Internal Control over Financial Reporting based on an audit of general – purpose financial statements performed in accordance with Governmental Auditing Standards, and Management Letter Comments**

**01-1 Accounting Records**

**Audit Comment:**

“We are pleased to note the City’s accounting records have improved as compared to our September 30, 2000 audit of the City’s financial statements. During the September 30, 2001 audit, the City adequately reconciled accrued salaries, prepaids, inventory, interfund transfers and due to/froms and grants, all of which were included as areas needing improvement in the September 30, 2000 audit. However, the City still needs to improve its accounting for long-term debt, pooled cash, interest income, pension activity, work order additions and retirements, other fixed asset additions and retirements, depreciation, and payroll taxes.”

**Audit Comment Response:**

City Staff commenced the development of a monthly closing schedule to identify tasks to be performed on a monthly, quarterly, and annual basis. One of the purposes of the closing schedule is to identify tasks previously performed by the City’s independent auditors that should be performed by City Staff. Management will sustain this improvement over the balance of this fiscal year to ensure that the Staff is able to perform all the accounting transactions prior to the audit.

**01-2 Capital Improvement Plan**

**Audit Comment:**

“The City continues to experience growth which may require significant improvements to the City’s existing infrastructure. It was recommended in the September 30, 2000 audit report that the City develop a formal capital improvement plan. As of September 30, 2001, the plan is in draft format, outlining the City’s needs but has not yet identified the funding sources to meet those needs.”

**Audit Comment Response:**

The City presented a draft of the capital improvement plan to the City Commission and will complete the capital improvement plan including funding during the formulation of the Fiscal Year 2002/2003 Budget. The capital improvement plan was utilized in the development of a new rate structure for water meter installations and water and wastewater capital facility charges.

**01-3 Budgets**

**Audit Comments:**

“Due to an incomplete budget amendment, the City’s September 30, 2001 financial statements reflect an \$843,172 deficit budgeted fund balance in the debt service fund. An additional budget amendment should have been made to transfer approximately \$1.1 million from the Project Gold capital project fund to the debt service fund. We recommend the City more closely monitor budget to actual variations to ensure an absence of budget deficits in the future.”

**Audit Comment Response:**

The repayments of the interim loans from First National Bank of Alachua were correctly reflected in the Advertised Budget but were not entered into the appropriate fund in the Budget column of the reports generated by the financial software. Management reconciled the FY01/02 Advertised Budget with the system generated budget reports to ensure accuracy.

**City of Alachua, Annual Financial Statements and Independent Auditors' Report for September 30, 2001, Response to Independent Auditors' Report on Compliance, Internal Control over Financial Reporting based on an audit of general – purpose financial statements performed in accordance with Governmental Auditing Standards, and Management Letter Comments**

**01-4 Wastewater Overdraft**

**Audit Comment:**

“The City’s wastewater fund typically operates at an annual loss and has accumulated a net overdraft position in its unrestricted cash of \$1,232,696 and \$318,387 at September 30, 2001 and 2000, respectively. The City maintains operating cash for all funds in a pooled cash account, so the overdraft position represents amounts due to other funds of the City, not amounts due to the bank. However, we recommend that this interfund liability be eliminated through Commission action by authorizing one-time and annual transfers from other funds to support these losses. The alternative would be to raise wastewater rates so that the fund is self-supporting. Note that the increase in the net overdraft position at September 30, 2001 is largely the result of delayed receipt of grant funds on a capital improvement project. Had these funds due the City been received as of September 30, 2001, the net overdraft position would have been \$300,465.”

**Audit Comment Response:**

The City has conducted water and wastewater studies with consultants from a professional engineering firm and with the City’s independent auditors. Ordinances to increase water and wastewater rates have been presented to the Commission. If rate increases are not authorized to provide self-sufficiency for the wastewater fund, the City will recommend that the Commission authorize transfers from other funds to eliminate the interfund liability. The City received on January 14, 2002, \$924,693 from the Economic Development Administration to reimburse the City for expenditures incurred on improvements to the wastewater treatment plant and sprayfield.

**01-5 Out of Balance Funds**

**Audit Comment:**

“During testing, we noted a number of funds that were out of balance. In the double entry accounting system, funds should never be out of balance. Management has identified the cause of the out of balance funds and, subsequent to audit fieldwork, has found a way to correct this condition. Management is currently working with the software vendor to prevent future occurrences.”

**Audit Comment Response:**

Management has identified the funds that were out of balance and had contacted the software vendor. The City, with the assistance of the software vendor, have eliminated the out of balance condition in the funds, and are working together to develop methods to preclude reoccurrence.

**01-6 Pooled Cash Reconciliation**

**Audit Comment:**

“The City utilizes a pooled cash to consolidate the investment of the City’s excess cash and allocate each fund’s portion based upon the fund’s equity interest in pooled cash. Our testing revealed pooled cash was not being reconciled on a monthly basis to actual cash and investment balances, and the reconciliations which were prepared contained errors.”

**Audit Comment Response:**

Pooled cash reconciliations were affected by entries creating the out of balance funds. In addition, staff personnel require further training as to the manner in which pooled cash is affected by transactions created by the financial software. Management and the software vendor will cooperate to develop software revisions that will identify and/or preclude these user errors.