

2025

City of Alachua, Florida

Annual Comprehensive Financial Report

For the Fiscal Year Ended
September 30, 2025

CITY OF ALACHUA, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Prepared by:
Finance and Administrative Services

CITY OF ALACHUA, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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INTRODUCTORY SECTION

City of Alachua

Mayor and City Commissioners

Walter Welch, Mayor
Shirley Green Brown, Vice-Mayor
Jacob Fletcher, Commissioner
Jennifer Ringersen, Commissioner
Dayna Williams, Commissioner

Rodolfo Valladares, City Manager
Scott Walker, City Attorney



Government Finance Officers Association

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

Presented to

**City of Alachua
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO



City of Alachua

MAYOR WALTER WELCH
Vice-Mayor Shirley Green Brown
Commissioner Jacob Fletcher
Commissioner Jennifer Ringersen
Commissioner Dayna Williams

OFFICE OF THE CITY MANAGER
RODOLFO VALLADARES

March 31, 2026

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

Dear Honorable Mayor Welch:

The Annual Financial Report of the City of Alachua, Florida (the "City") for the fiscal year ended September 30, 2025, is respectfully submitted as required by Florida Statutes. This report was prepared by the City's Finance and Administrative Services Department in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants. The responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data presented in this report is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position as measured by the financial activities of its various funds, and all disclosures that are necessary to enable the reader to gain a general understanding of the City's financial activities have been included.

INDEPENDENT AUDIT

Purvis, Gray and Company, a firm of licensed certified public accountants, has audited the City's basic financial statements. The goal of an independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence of supporting amounts and disclosures in the basic financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's basic financial statements for the fiscal year ended September 30, 2025, are presented fairly and in conformity with GAAP.

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

PROFILE OF THE GOVERNMENT

The City of Alachua is geographically located in North Central Florida. The City's boundaries encompass about 36.5 square miles. Alachua was established in 1884 on a railroad line, after the railroad had bypassed nearby Newnansville, Florida. Alachua got a post office in 1887, and was officially incorporated on April 12, 1905, at which time it had a population of 526 people. According to the University of Florida Bureau of Economic and Business Research (BEBR), the City's population was approximately 11,353 as of September 30, 2025. The City has a charter government structure approved by referendum of the electors pursuant to the Constitution and laws of the State of Florida. The City operates under the City Manager form of government with a commission comprised of an elected Mayor and four elected Commissioners. The elections are non-partisan and each Commissioner represents the entire City.

REPORTING ENTITY AND ITS SERVICES

The City provides a variety of services including road maintenance, utility (electric, water, and wastewater) services, police, community development, solid waste collection (via contract), and recreational-cultural activities. Fire protection is provided within municipal boundaries by Alachua County and is funded through a county-imposed assessment.

This Annual Financial Report includes the funds of the primary government and the following component units:

- The Community Redevelopment Agency (CRA). The CRA is a separate legal entity created in accordance with Chapter 163, Florida Statutes to carry out community redevelopment activities and is a blended component unit of the City due to the existence of a financial benefit/burden relationship. The City Commission sits as the board of this organization and approves its budget.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and

maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived therefrom and the evaluation of costs and benefits requires estimates and judgments by management. We believe all internal control evaluations occur within this framework and that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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

MAJOR FUND PRESENTATION

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

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

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

ECONOMIC CONDITION AND OUTLOOK

LOCAL ECONOMY

The area's economic expansion is evidenced by the City's growth indicators. Particularly, the indicators related to infrastructure (water and wastewater) connections, when compared to prior levels, as this growth results in an increased demand for utility services. The City continues to pursue increasing the commercial, technology, and industrial customer base by attracting firms to locate their enterprises within City limits. This helps create additional jobs and provides for a stable tax base.

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

LONG-TERM FINANCIAL PLANNING

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

The City's Fiscal Year 2024-2025 five-year Capital Improvement Plan (CIP), covering the period from October 1, 2024, through September 30, 2029, has earmarked funding approximately of \$31.7 million for 49 projects throughout the City. Electric utility system projects account for the largest portion of the total Capital Improvement Plan funding at \$9.4 million or 29.8%. The Water utility system projects are the second largest, accounting for \$7.7 million, or 24.2%, and the Wastewater utility system projects are the third largest accounting for \$3.9 million, or 12.4%, of the Capital Improvement Plan.

City utility revenues (capital facility charges, utility charges, etc.) represent the largest share of funding for the five-year Capital Improvement Plan, accounting for 64.0% of the value. General government funding represents 23.4% of CIP funding. Surtax funding for the CIP is 6.5% and the remaining 6.1% of the funding is provided by other Federal, State, Local, assessment, and private sources.

MAJOR INITIATIVES

ECONOMIC ENVIRONMENT

The Community Redevelopment Agency (CRA) continued the implementation of the recommendations of the CRA Market Study & Economic Development Implementation Plan. Marketing costs were approximately \$29,379.

Additionally, efforts to restore Theatre Park were underway. Construction costs during the fiscal year were \$395,611 at about 67% of total completion.

TRANSPORTATION

The City's major transportation-related efforts during FY 2024-2025 centered around the updating of maintenance equipment. This included several mowers, a pickup truck, a dump trailer and a compact excavator. The cost of this equipment totaled \$184,729.

Additionally, roadway improvement projects included the subsurface repair of NW 135 Terrace and NW 154 Avenue for \$215,075 and the new construction completion of NW 86 Drive within the biotech and innovation corridor. Total project cost for NW 86 Drive was approximately \$1 million with \$975,595 being expended during the fiscal year.

GENERAL GOVERNMENT

In fiscal year 2024-2025, City staff continued to expand on communication efforts to inform and engage the community. Approximately \$11,536 was expended on these efforts.

A pool vehicle and pickup trucks were replaced at a cost of \$93,793. The planned replacement of a heating, ventilation, and air-conditioning (HVAC) units within the municipal complex continued. An HVAC unit replacement at City Hall was completed at a cost of \$91,389 with another \$48,178 towards the replacement of an HVAC unit for the Alachua Police Department in FY 27.

Additionally, \$56,246 was spent towards land acquisition and design of a future new Cleather Hathcock, Sr. Community Center building.

PUBLIC SAFETY

First, and foremost, the Alachua Police Department (APD) completed the process for reaccreditation by the Commission for Florida Law Enforcement Accreditation. APD modernized their fleet with the purchase of eight sport utility vehicles (SUV) for both patrol and non-patrol purposes for approximately \$562,931. Additionally, the City entered into a five (5) year capital lease for in-car cameras, body worn cameras and tasers with Axon to ensure equipment modernization and bring efficiency to video evidence storage and retrieval at a cost of approximately \$200,000 per year.

Another element of the City's public safety functions, building inspections, experienced almost \$130,000 reduction in revenues due to a decrease in residential development permitting.

RECREATION AND CULTURE

This fiscal year, the Recreation and Culture Department continued providing the community with programming that includes a myriad of community interests. These include many events that

revolve around athletic, musical, theatrical, competitive and senior programming at Legacy Park, the Hal Brady Recreation Center, and the Cleather Hathcock, Sr. Center. Over \$27,000 was expended on activities related the provision of Zumba, crafts, and dance classes. Athletic programming and events included baseball, basketball, football, gymnastics, pickleball, soccer, table tennis, and volleyball.

Additionally, the Recreation and Culture Department completed five significant projects during the fiscal year totaling over \$450,000 with the main funding derived from the county-imposed surtax. These projects included: 1) renovation of the skatepark; 2) construction of berms at the Hal Brady Recreation Complex (HBRC) world series field; 3) placement of awnings at the Legacy Park multipurpose building to minimize water intrusion; 4) replacement of shade structures at the HBRC softball triplex; and, 5) establishment of a disc golf course.

PHYSICAL ENVIRONMENT

Improvement and expansion of infrastructure continue to be at the forefront of the City's utilities activities. The electric utility continued its purchase power agreements with Florida Municipal Power Agency (FMPA) and Florida Power & Light (FPL) while maintaining the lowest municipal electric utility rate in Florida. Additionally, about \$1.32 million was expended toward projects designed to upgrade and improve the electric distribution grid and \$371 thousand was utilized to purchase a power generator.

The water utility continued the construction of a new wellfield that was begun during fiscal year 2023-2024. This \$7.55 million project utilizes both Florida Department of Environmental Protection (FDEP) and American Rescue Plan Act (ARPA) funding. Expenses for the fiscal year were approximately \$2.7 million.

The wastewater utility continued its emphasis on collection system improvements. Continuation from prior year of a project adding 9,000 linear feet of pressurized main to re-route and improve liftstation functioning was completed. Fiscal year expenses were \$262,484.

Additionally, a vacuum industrial tank truck was purchased for approximately \$145,000 to replace an aging unit and enable better incident response.

CREDIT RATING

The City of Alachua's Aa2 credit rating was affirmed by Moody's Investor Service during the 2024-2025 fiscal year.

RELEVANT FINANCIAL INFORMATION

The readers of this report should also review the MD&A. The MD&A gives basic financial information about the City and a summary of the City's activities. The Government-wide Financial Statements, consisting of a Statement of Net Position and a Statement of Activities,

offer an across-the-board financial depiction of the City, divided between governmental and business-type activities.

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

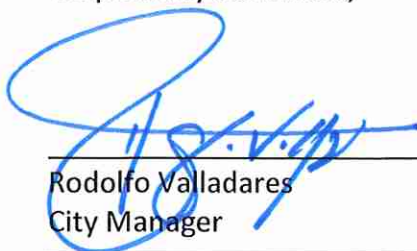
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alachua for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. This was the fifteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

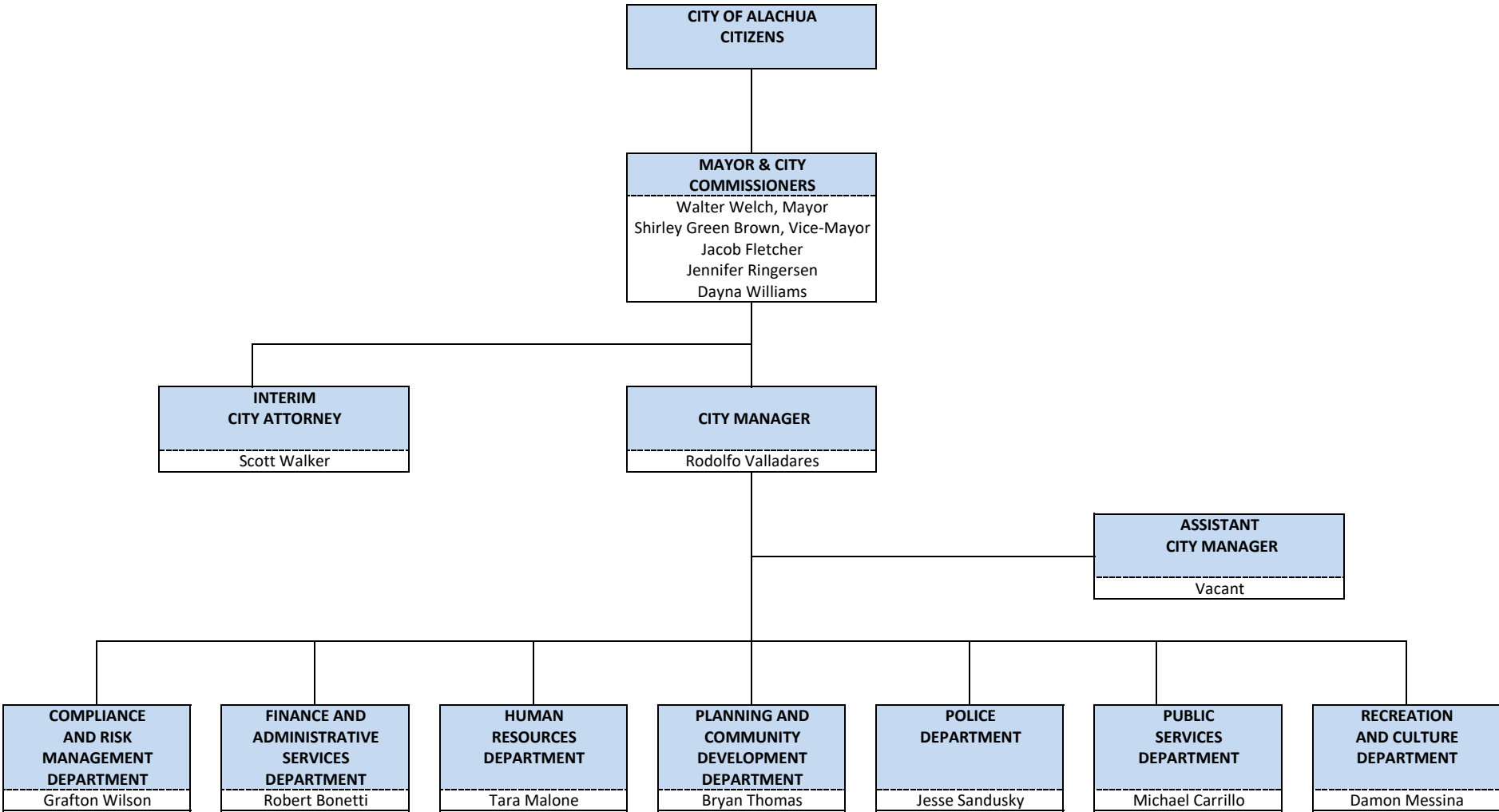


Rodolfo Valladares
City Manager



Robert A. Bonetti
Finance & Administrative Services Director

CITY OF ALACHUA GOVERNMENT



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alachua, Florida (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, effective October 1, 2024. As a result, net position has been restated. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

INDEPENDENT AUDITOR'S REPORT

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of change in other postemployment benefit and related ratios, schedules of proportionate share of the net pension liability, and schedule of contributions on pages 5 through 16 and 59 through 64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual non-major fund financial statements and budgetary schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and budgetary schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Purvis Gray

March 31, 2026
Gainesville, Florida

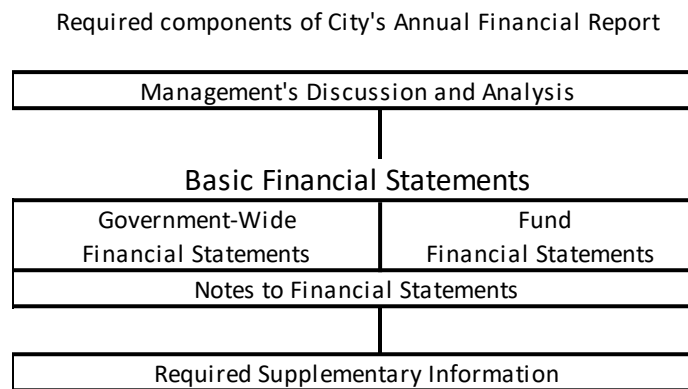
CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

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

Since the MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the City's financial statements (beginning on page 17). Please note the City provides prior year comparative financial information as required by Governmental Accounting Standards Board (GASB) Statement No. 34.

Financial Highlights

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



Government-Wide Financial Statements

- The City of Alachua's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources on September 30, 2025, by \$109.9 million, which is an 8.73% increase from the previous year. Unrestricted net position was at \$16.6 million, a 12.03% increase from the previous year.
- Total net position increased by \$8,830,419 over the prior reported period. An increased net position was primarily achieved through net operating activity and investment in capital assets.
- The City of Alachua's total long-term debt (due in more than one year) increased by \$703,900 during the current fiscal year. This increase is due to the net effect of the reduction of outstanding debt due to the normal debt payments, and the addition of a 5-year equipment lease agreement.
- Other Postemployment Benefits (OPEB) and Net Pension Liability decreased by \$1,996,680 due primarily, to a decrease in the Net Pension Liability.
- Total net position of \$109.9 million is comprised of the following:
 1. The \$89.7 million net investment in capital assets includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of those capital assets.

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

2. \$3.6 million of net position is restricted by constraints imposed from outside of the City such as debt covenants, grantors, laws, or regulations, or by enabling legislation.
3. \$16.6 million of unrestricted net position.

Fund Financial Statements

- At September 30, 2025, the City's governmental funds reported combined ending fund balances of \$13.6 million, an increase of \$86 thousand, in comparison with the prior fiscal year. This increase is primarily from a reduction of accounts payable for ongoing projects.
- Governmental fund revenues were \$17,496,057, or \$653 thousand more than the previous fiscal year. This was the result of an increase in General Fund property tax and other taxes.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of the following components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also one component unit. The Community Redevelopment Agency, a legally separate entity created by the City Commission, has been reported in the basic financial statements as a special revenue fund (pages 19 and 21).

The government-wide financial statements can be found on pages 17-18 of this report.

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Fund Financial Statements

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

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of *spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Because of the different measurement focus (current financial resources versus total economic resources), a reconciliation of the governmental fund Balance Sheet to the government-wide Statement of Net Position and a reconciliation of the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances to the government-wide Statement of Activities is provided (see pages 20

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

and 22) to facilitate the comparison between governmental funds and governmental activities. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column (in the Government-wide statements).

The City reports fourteen (14) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for non-major governmental funds is provided in the form of *combining statements* in the supplementary information section of this report.

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

The basic governmental fund statements can be found on pages 19 and 21 of this report.

Proprietary Funds

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

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The Enterprise Fund financial statements provide separate information for the Public Utility System. The Internal Service Fund is also presented in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 23-28.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 through 58 of this report.

Other Information

The combining statements referred to earlier present a more detailed view of the non-major governmental funds. Also included are budgetary comparison schedules for the debt service, special revenue, and capital project funds. The combining statements and budgetary comparisons can be found on pages 65 through 78 of this report.

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$109.9 million at the close of the fiscal year ended September 30, 2025.

A portion of the City's net position, \$3,658,243, represents resources that are subject to external restrictions on how they may be used.

The largest portion of the City's net position \$89,686,530, or 81%, reflects its investment in capital assets (e.g., land, infrastructure, buildings, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Reported below is a condensed Statement of Net Position to demonstrate the changes from year to year. For more detailed information, see the Statement of Net Position on page 17.

City of Alachua Statement of Net Position As of September 30, 2025 and 2024							
	Governmental Activities		Business-Type Activities		Total		Total % Change
	2025	2024	2025	2024	2025	2024	2024-2025
Current Assets & Other Assets	\$ 14,942,078	15,022,063	24,744,487	25,788,981	39,686,565	40,811,044	-2.76%
Capital Assets	55,135,165	53,322,672	60,216,955	55,736,106	115,352,120	109,058,778	5.77%
Total Assets	\$ 70,077,243	68,344,735	84,961,442	81,525,087	155,038,685	149,869,822	3.45%
Deferred Outflows	\$ 2,425,067	2,987,932	836,132	950,958	3,261,199	3,938,890	-17.21%
Total Assets and Deferred Outflows	\$ 72,502,310	71,332,667	85,797,574	82,476,045	158,299,884	153,808,712	2.92%
Long-Term Liabilities Outstanding	\$ 20,946,878	22,341,772	16,433,460	17,356,623	37,380,338	39,698,395	-5.84%
Other Liabilities	1,463,746	1,641,550	7,195,650	9,897,289	8,659,396	11,538,839	-24.95%
Total Liabilities	\$ 22,410,624	23,983,322	23,629,110	27,253,912	46,039,734	51,237,234	-10.14%
Deferred Inflows	\$ 1,697,475	1,074,875	582,691	347,038	2,280,166	1,421,913	60.36%
Total Liabilities and Deferred Inflows	\$ 24,108,099	25,058,197	24,211,801	27,600,950	48,319,900	52,659,147	-8.24%
Net Position							
Net Investment in Capital Assets	\$ 43,768,267	42,142,370	45,918,263	41,759,157	89,686,530	83,901,527	6.89%
Restricted	3,658,243	2,399,562	-	-	3,658,243	2,399,562	52.45%
Unrestricted	967,701	1,732,538	15,667,510	13,115,938	16,635,211	14,848,476	12.03%
Total Net Position	\$ 48,394,211	46,274,470	61,585,773	54,875,095	109,979,984	101,149,565	8.73%

Normal Impacts

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

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

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

- Principal Payment on Debt: will reduce current assets and reduce long-term debt, reduce unrestricted net position, and increase net investment in capital assets.
- Reduction of Capital Assets through Depreciation: will reduce net investment in capital assets.

City of Alachua
Changes in Net Position
For the Years Ended September 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Totals		Totals % Change
	2025	2024	2025	2024	2025	2024	2024-2025
Revenues:							
Program Revenues:							
Charges for Services	\$ 2,968,336	3,195,418	23,805,129	21,645,948	26,773,465	24,841,366	7.78%
Operating Grants and Contributions	590,959	367,362	-	-	590,959	367,362	60.87%
Capital Grants and Contributions	875,438	1,779,443	3,151,849	2,945,157	4,027,287	4,724,600	-14.76%
General Revenues:							
Property Tax	7,770,157	7,028,964	-	-	7,770,157	7,028,964	10.54%
Utility Tax	1,699,060	1,608,058	-	-	1,699,060	1,608,058	5.66%
Other Tax	2,002,675	1,951,267	-	-	2,002,675	1,951,267	2.63%
Intergovernmental	1,158,878	1,171,086	-	-	1,158,878	1,171,086	-1.04%
Other	430,554	332,902	216,222	254,518	646,776	587,420	10.10%
Total Revenues	\$ 17,496,057	17,434,500	27,173,200	24,845,623	44,669,257	42,280,123	5.65%
Expenses:							
General Government	\$ 5,568,939	5,726,684	-	-	5,568,939	5,726,684	-2.75%
Public Safety	5,821,703	5,954,156	-	-	5,821,703	5,954,156	-2.22%
Physical Environment	1,378,452	1,118,274	-	-	1,378,452	1,118,274	23.27%
Transportation	1,766,538	1,693,097	-	-	1,766,538	1,693,097	4.34%
Economic Environment	501,969	448,591	-	-	501,969	448,591	11.90%
Human Services	-	65,222	-	-	-	65,222	-100.00%
Parks and Recreation	2,012,783	1,825,706	-	-	2,012,783	1,825,706	10.25%
Electric	-	-	12,606,675	11,234,221	12,606,675	11,234,221	12.22%
Water and Sewer	-	-	5,768,276	5,016,452	5,768,276	5,016,452	14.99%
Mosquito Control	-	-	87,571	58,559	87,571	58,559	49.54%
Interest on Long-Term Debt	325,932	347,544	-	-	325,932	347,544	-6.22%
Total Expenses	\$ 17,376,316	17,179,274	18,462,522	16,309,232	35,838,838	33,488,506	7.02%
Increase (Decrease) in Net Position Before Transfers	\$ 119,741	255,226	8,710,678	8,536,391	8,830,419	8,791,617	0.44%
Transfers	\$ 2,000,000	2,000,000	(2,000,000)	(2,000,000)	-	-	0.00%
Increase (Decrease) in Net Position	\$ 2,119,741	2,255,226	6,710,678	6,536,391	8,830,419	8,791,617	0.44%
Net Position - Beginning	47,175,650	44,920,424	55,308,846	48,772,455	102,484,496	93,692,879	9.38%
Adjustment to Net Position	(901,180)	-	(433,751)	-	(1,334,931)	-	100.00%
Net Position - Beginning, as Restated	46,274,470	44,920,424	54,875,095	48,772,455	101,149,565	93,692,879	7.96%
Net Position - Ending	\$ 48,394,211	47,175,650	61,585,773	55,308,846	109,979,984	102,484,496	7.31%

Significant Accounting Changes

The City implemented GASB Statement no. 101, *Compensated Absences*, effective for the fiscal year ending September 30, 2025. This Statement establishes a new, unified model for measuring and recognizing compensated absences, replacing GASB Statement No. 16. The new standard changes the recognition criteria to include leave that is attributable to services already rendered, accumulates, and is more likely than not to be used as time off or paid in cash.

The most significant impact of this change is the accrual of unused sick leave that is anticipated to be used as time off by employees, regardless of whether that leave vests or is paid upon termination. As a result, the beginning net position for governmental activities was restated by a decrease of \$901,180, to reflect a higher liability. The impact on proprietary funds resulted in a decrease to beginning net position of \$433,751. The new standard also required the inclusion of directly related salary-related payments, such as Medicare and Social Security taxes, in the total liability calculation.

Government-Wide Net Position

The City's total net position at the end of fiscal year 2025 improved by \$8,830,419 resulting from an increase of \$2,119,741 in governmental activities and an increase of \$6,710,678 in business-type activities.

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Additional information regarding the restatements can be found in Note 18, starting on page 57 of this report.

Governmental Activities

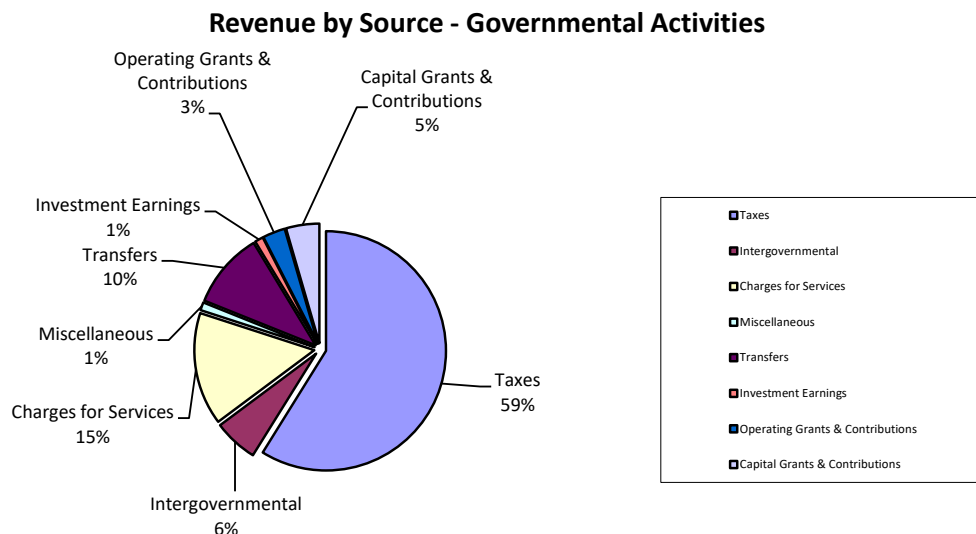
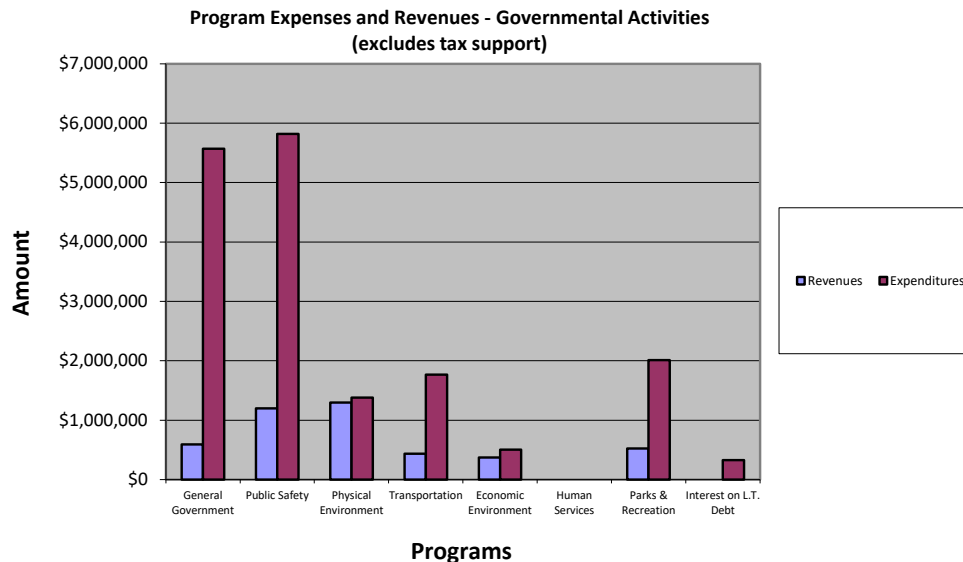
The City's net position within governmental activities was improved by \$2,119,741 during fiscal year 2025. This net position increase was, primarily, the result of an increase within sources of funding.

Major changes in revenues were caused by the following:

- For the fiscal year ending September 30, 2025, property taxes increased by \$741,193, due to the increased property valuation. Utility taxes increased by \$91,002, due to additional utility usage. Other tax revenues, such as discretionary sales and communication taxes, increased by \$51,408. Other revenues increased by \$59,356 for donations and insurance claim proceeds.

Major changes in expenses were caused by the following:

- Expenses for governmental activities experienced an increase of \$197,042. This increase was, in large part, the result of increase of solid waste and storm debris removal services along with supplementary summer recreation program expenses.



CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

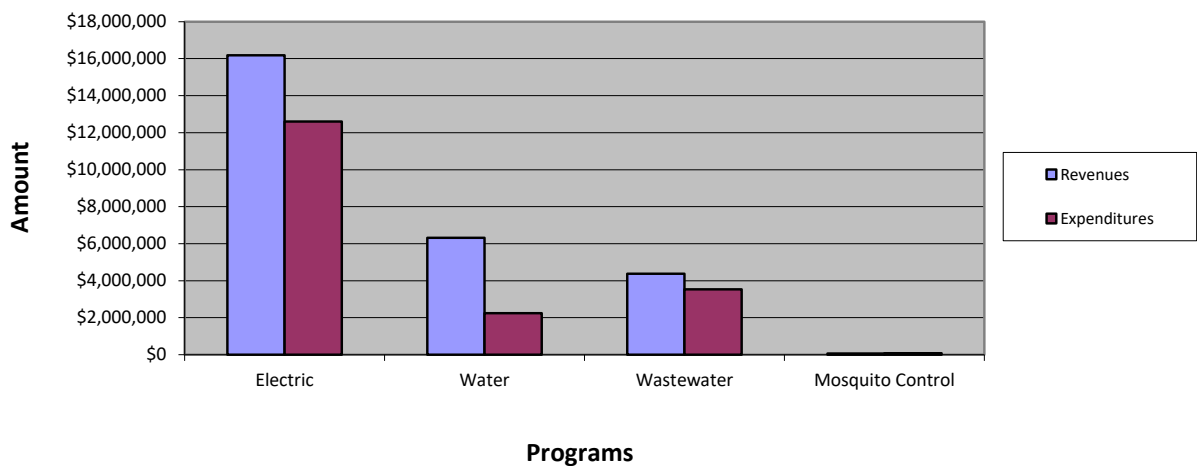
Business-Type Activities

The City's net position within business-type activities was improved by \$6,710,678 during fiscal year 2025.

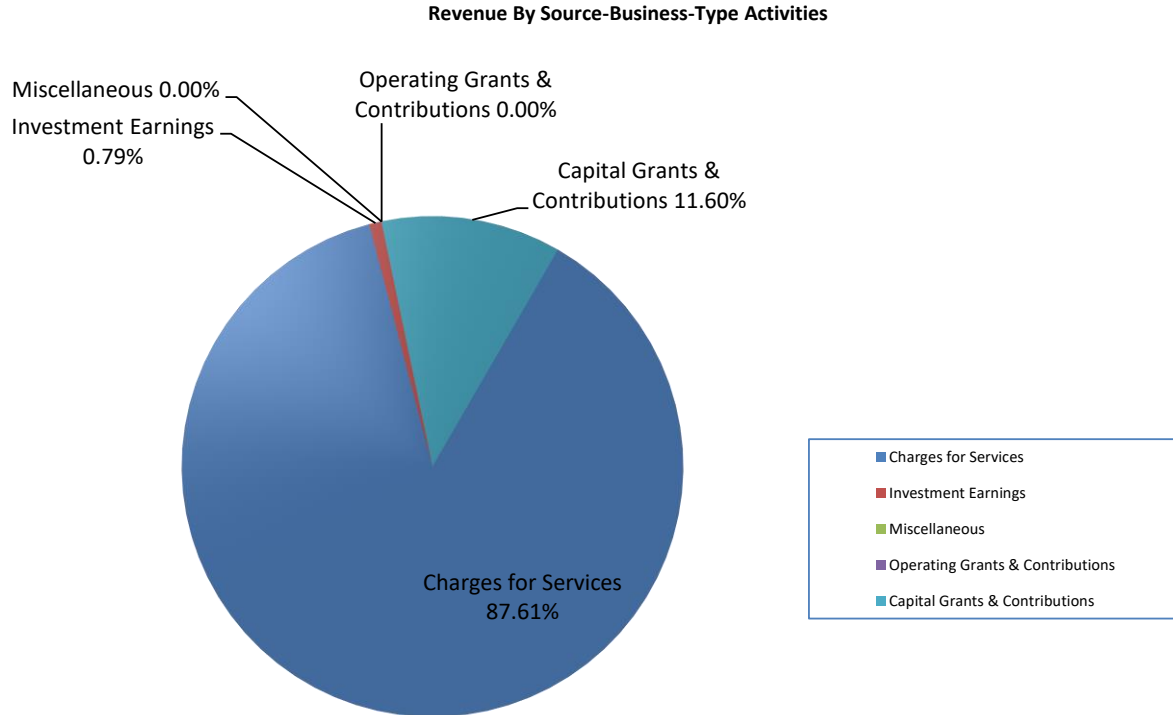
Net position increased overall due to investment in capital, increased electric usage, and increased water and sewer rates. Charges for services increased by \$2,159,181. Capital grants and contributions increased by \$206,692 while other revenues decreased by \$38,296 in 2025. Business-type expenses increased by \$2,153,290 largely due to purchase power during the fiscal year.

- The Electric Utility of the City purchases power from Florida Power & Light (FPL) and Florida Municipal Power Agency (FMPA). The majority of the customers are supplied from the Alachua Substation, which receives power from FPL and is connected via the FPL and the Gainesville Regional Utilities transmission systems and operates at 12.47Y/138kV. The second source is the Legacy Substation, which became operational in the latter part of fiscal year 2021, operates at 12.47Y/69kV, and receives power from FMPA via the Duke Energy of Florida transmission system.
- The Water Utility obtains its water supply from the upper portion of the Floridan Aquifer. Three wells with depths of approximately 365 feet withdraw water from the Ocala limestone and discharge it into the City's distribution system. The quality of the City's water supply is such that chlorination is the only treatments required before public distribution. The system's wells range in age from 33 to 56 years old.
- Wastewater generated through the utility is collected through a gravity sewer system and pumped to the City's wastewater treatment plant. The collected wastewater is treated in an activated sludge treatment facility, which has a current capacity of 1,500,000 gallons per day. The effluent from the treatment facility is chlorinated and disposed of by spray irrigation and is also available to be resold as reclaimed water.

Expenses and Program Revenues - Business-Type Activities



CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025



Fund Financial Analysis

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

Governmental Funds

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

As of the end of fiscal year 2025, the City's governmental funds reported combined ending fund balances of \$13,652,902, an increase of \$86,903 in comparison with the prior year.

Major Funds

The General Fund is the only major governmental fund.

The General Fund is the chief operating fund of the City. The General Fund had a decrease in fund balance of \$1,239,919. This decrease was the result of increase in capital outlay. The total fund balance was \$9,257,276 of which \$5,435,132 was unassigned. The cash balance at the end of the year was \$9,827,715. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund revenues. Unassigned fund balance represents 36.3% of the total General Fund operating revenue, while total fund balance represents 61.8% of that same figure. The Government Finance Officers Association (GFOA), Best Practices guidelines call for an unassigned fund balance level of two (2) months of operating revenues. Total fund balance includes committed, restricted, assigned, and unassigned fund balances.

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail. The Electric, Water, and Wastewater Funds are reported as major funds.

The major utility system funds are used to account for the operations of the City's electric, water, and wastewater utilities. Each utility operates like a business where the rates established by the City generally generate sufficient funds to pay the costs of current operations and provide for long-term asset acquisitions. Total assets and deferred outflows of resources as of September 30, 2025, were \$78.5 million, total liabilities and deferred inflows were \$18.3 million. Net position was \$60.2 million.

General Fund Budgetary Highlights with Variances

The General Fund operating budget was \$14,230,961 at the beginning of fiscal year 2025. The final amended budget amount of \$14,256,881 was brought about by the following amendments:

- \$25,920: Increase to provide budget for expenses of the Alachua Police Department related to an Edward Byrne Memorial Justice Assistance Grant (JAG).

General Fund Actual Results Highlights with Variances

At September 30, 2025, the City's General Fund experienced a positive variance between its final operating revenue budget and actual operating revenue of \$709,674. This was due to increased taxes, intergovernmental, and interest earnings relative to the budgetary forecast. The City's General Fund experienced a positive variance between its final operating expenditure budget and actual operating expenditures of \$1,430,442. This was primarily due to unspent operating and capital expense appropriations in the general government, and transportation functions of the City.

Capital Asset and Debt Administration

The City's capital assets for its governmental and business-type activities as of September 30, 2025, totaled \$115.3 million (net of accumulated depreciation) and includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress.

City of Alachua
Capital Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2025	2024	2025	2024	2025	2024	2024-2025
Land	\$ 7,841	7,841	586	586	8,427	8,427	0.0%
Buildings	16,904	16,904	9,991	9,991	26,895	26,895	0.0%
Improvements other than buildings	18,788	15,920	14,529	12,926	33,317	28,846	15.5%
Infrastructure	26,911	26,911	54,237	54,237	81,148	81,148	0.0%
Furniture, fixtures, and equipment	6,146	5,535	4,811	4,550	10,957	10,085	8.6%
Right-to-Use Lease	1,000	-	-	-	1,000	-	100.0%
Construction in progress	567	1,217	10,138	5,294	10,705	6,511	64.4%
Less: accumulated depreciation	(23,022)	(21,006)	(34,076)	(31,848)	(57,098)	(52,854)	8.0%
Total Assets	\$ 55,135	53,322	60,216	55,736	115,351	109,058	5.8%

CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

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

Major capital asset events during the current fiscal year for governmental activities included 86th Drive roadway improvement, construction initiated for Theatre Park renovations, and new berms installed at the World Series Field. Additionally, another heating, ventilation and air conditioning unit was installed for the Commission Chambers and an additional unit was ordered for APD, along with the purchase of nine police sport utility vehicles, and a truck for facilities.

Major capital asset events for the business-type activities included electrical undergrounding projects, generator and construction of a new wellhead, Alachua West wastewater improvement, and the purchase of an electric gear.

Additional information on the City's capital assets can be found in Note 7 starting on page 40 of this report.

Long-Term Debt

At the end of fiscal year 2025, the City had total long-term debt outstanding of approximately \$22.6 million. The City's debt represents bonds, notes, and loans secured by specific revenue sources (i.e., revenue bonds/notes).

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

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2025	2024	2025	2024	2025	2024	2024-2025
Revenue Bonds	\$ 9,828,875	10,806,249	3,697,250	3,859,539	13,526,125	14,665,788	-7.8%
Revenue Notes	-	-	3,045,000	3,275,000	3,045,000	3,275,000	-7.0%
Loans	-	-	6,037,334	6,343,063	6,037,334	6,343,063	-4.8%
Total Debt	\$ 9,828,875	10,806,249	12,779,584	13,477,602	22,608,459	24,283,851	-6.9%

The City's outstanding principal debt decreased \$1,675,392 during fiscal year 2025. Debt activity included normal principal/interest payments.

The City of Alachua's credit rating by Moody's Investor Service remained at Aa2 for the fiscal year.

Additional information on the City's debt can be found in Note 8 starting on page 41 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Gainesville MSA was 4.5%, which includes the City of Alachua. This is a 28.57% increase from the previous fiscal year's rate of 3.5%.
- The final certified City-wide taxable value of property increased to \$1.26 billion, representing an increase of 4.01%.
- The population increased approximately 2.55% from the prior year to an estimate of 11,296.
- During the current fiscal year, ad valorem taxes increased by \$741,192 to \$7,770,157 due, primarily, to increased property values.
- Next fiscal year property tax revenue is based on the millage rate of 6.2500 mills.

**CITY OF ALACHUA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Requests for Information

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Finance and Administrative Services, P.O. Box 9, Alachua, Florida 32616-0009. Additional information can be found on our website: www.cityofalachua.com.

BASIC FINANCIAL STATEMENTS

CITY OF ALACHUA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Assets			
Cash and Cash Equivalents	\$ 10,311,829	\$ 14,885,951	\$ 25,197,780
Receivables, Net of Allowance	221,334	2,771,418	2,992,752
Due from Other Governments	340,691	-	340,691
Inventories	4,961	4,054,316	4,059,277
Prepaid and Other Assets	127,820	149,992	277,812
Restricted Assets:			
Cash and Cash Equivalents	3,935,443	2,882,810	6,818,253
Capital Assets Not Being Depreciated:			
Land	7,841,280	586,447	8,427,727
Construction in Progress	566,781	10,138,705	10,705,486
Depreciable Capital Assets, Net	46,727,104	49,491,803	96,218,907
Total Assets	70,077,243	84,961,442	155,038,685
Deferred Outflows of Resources			
OPEB Related	110,762	52,088	162,850
Pension Related	2,314,305	784,044	3,098,349
Total Deferred Outflows of Resources	2,425,067	836,132	3,261,199
Liabilities			
Accounts Payable	501,394	2,384,161	2,885,555
Accrued Expenses	579,621	179,930	759,551
Due to Other Governments	173,728	82,591	256,319
Unearned Revenue	34,433	-	34,433
Rate Stabilization Credit	-	2,224,318	2,224,318
Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	174,570	166,200	340,770
Customer Deposit	-	2,158,450	2,158,450
Non-Current Liabilities:			
Due Within One Year	950,578	883,802	1,834,380
Due in More Than One Year	11,781,689	12,722,811	24,504,500
Net Pension Liability	7,880,845	2,669,887	10,550,732
Total OPEB Liability	333,766	156,960	490,726
Total Liabilities	22,410,624	23,629,110	46,039,734
Deferred Inflows of Resources			
OPEB Related	57,935	27,245	85,180
Pension Related	1,639,540	555,446	2,194,986
Total Deferred Inflows of Resources	1,697,475	582,691	2,280,166
Net Position			
Net Investment in Capital Assets	43,768,267	45,918,263	89,686,530
Restricted for:			
Law Enforcement	16,333	-	16,333
Physical Environment	2,468,085	-	2,468,085
Economic Environment	595,593	-	595,593
Human Services	7,627	-	7,627
Parks and Recreation	570,605	-	570,605
Unrestricted	967,701	15,667,510	16,635,211
Total Net Position	\$ 48,394,211	\$ 61,585,773	\$ 109,979,984

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental Activities							
General Government	\$ 5,568,939	\$ 590,590	\$ 16,337	\$ -	\$ (4,962,012)	\$ -	\$ (4,962,012)
Public Safety	5,821,703	868,506	330,768	-	(4,622,429)	-	(4,622,429)
Physical Environment	1,378,452	1,285,159	-	9,585	(83,708)	-	(83,708)
Transportation	1,766,538	51,978	223,854	160,032	(1,330,674)	-	(1,330,674)
Economic Environment	501,969	-	-	372,488	(129,481)	-	(129,481)
Parks and Recreation	2,012,783	172,103	20,000	333,333	(1,487,347)	-	(1,487,347)
Interest on Long-Term Debt	325,932	-	-	-	(325,932)	-	(325,932)
Total Governmental Activities	17,376,316	2,968,336	590,959	875,438	(12,941,583)	-	(12,941,583)
Business-Type Activities							
Electric	12,606,675	16,092,860	-	93,815	-	3,580,000	3,580,000
Water	2,243,318	3,307,200	-	3,016,363	-	4,080,245	4,080,245
Wastewater	3,524,958	4,336,687	-	41,671	-	853,400	853,400
Mosquito Control	87,571	68,382	-	-	-	(19,189)	(19,189)
Total Business-Type Activities	18,462,522	23,805,129	-	3,151,849	-	8,494,456	8,494,456
Total Primary Government	\$ 35,838,838	\$ 26,773,465	\$ 590,959	\$ 4,027,287	(12,941,583)	8,494,456	(4,447,127)
General Revenues							
Ad Valorem					7,770,157	-	7,770,157
Utility Service Taxes					1,699,060	-	1,699,060
Discretionary Sales Surtax					1,611,536	-	1,611,536
Communication Service Taxes					341,018	-	341,018
Business License Taxes					50,121	-	50,121
Half-Cent Sales Tax					715,311	-	715,311
State Revenue Sharing					443,567	-	443,567
Investment Earnings					219,970	214,464	434,434
Miscellaneous					210,584	1,758	212,342
Transfers					2,000,000	(2,000,000)	-
Total General Revenues and Transfers					15,061,324	(1,783,778)	13,277,546
Change in Net Position					2,119,741	6,710,678	8,830,419
Net Position, Beginning of Year (as Originally Reported)					47,175,650	55,308,846	102,484,496
Change in Accounting Principle (see Note 18)					(901,180)	(433,751)	(1,334,931)
Net Position, Beginning of Year (Restated)					46,274,470	54,875,095	101,149,565
Net Position, End of Year					\$ 48,394,211	\$ 61,585,773	\$ 109,979,984

See accompanying notes.

CITY OF ALACHUA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General	Non-Major Governmental	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 9,827,715	\$ 4,419,557	\$ 14,247,272
Receivables:			
Accounts, Net of Allowance	128,237	-	128,237
Taxes	46,164	-	46,164
Franchise Fees	46,933	-	46,933
Due from Other Governments	141,613	199,078	340,691
Inventory	-	4,961	4,961
Prepaid Items	124,660	3,160	127,820
Advances to Other Funds	11,249	-	11,249
Total Assets	10,326,571	4,626,756	14,953,327
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	291,881	209,513	501,394
Accrued Liabilities	569,253	10,368	579,621
Due to Other Governments	173,728	-	173,728
Unearned Revenue	34,433	-	34,433
Advances from Other Funds	-	11,249	11,249
Total Liabilities	1,069,295	231,130	1,300,425
Fund Balances			
Non-Spendable:			
Prepays	124,660	3,160	127,820
Inventory	-	4,961	4,961
Advances to Other Funds	11,249	-	11,249
Restricted for:			
Law Enforcement	3,392	12,941	16,333
Physical Environment		2,468,085	2,468,085
Economic Environment		595,593	595,593
Human Services	-	7,627	7,627
Parks and Recreation	-	570,605	570,605
Assigned for:			
Subsequent Year Budget	3,682,843	-	3,682,843
Debt Service	-	732,654	732,654
Unassigned	5,435,132	-	5,435,132
Total Fund Balances	9,257,276	4,395,626	13,652,902
Total Liabilities and Fund Balances	\$ 10,326,571	\$ 4,626,756	\$ 14,953,327

See accompanying notes.

CITY OF ALACHUA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Fund Balance - Total Governmental Funds	\$ 13,652,902
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Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

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

Cost of Assets	\$ 78,157,493	
(Accumulated Depreciation)	<u>(23,022,328)</u>	55,135,165

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

2016 Capital Improvement and Refunding Bonds	(9,828,875)	
Bond Issuance Premium	(516,740)	
Leases	(800,000)	
Compensated Absences	<u>(1,586,652)</u>	(12,732,267)

Other postemployment benefits liability does not require the use of current financial resources and, therefore, is not reported as a liability in the governmental funds.	(333,766)
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The net pension obligation is reported in the government-wide financial statements but not reported in the governmental fund financial statements.	(7,880,845)
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Deferred outflows and inflows of resources are not available in the current period and, therefore, are not reported in the governmental funds. Deferred outflows and inflows of resources at year-end consist of:

Deferred Outflows Related to Pensions	2,314,305	
Deferred Inflows Related to Pensions	(1,639,540)	
Deferred Outflows Related to OPEB	110,762	
Deferred Inflows Related to OPEB	<u>(57,935)</u>	727,592

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

Accrued Interest Payable	<u>(174,570)</u>
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Net Position of Governmental Activities	<u>\$ 48,394,211</u>
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See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General	Non-Major Governmental	Total Governmental Funds
Revenues			
Taxes	\$ 10,218,983	\$ 1,611,536	\$ 11,830,519
Permits, Fees, and Special Assessments	969,326	9,585	978,911
Intergovernmental Revenues	1,522,838	732,158	2,254,996
Charges for Services	1,887,857	40,313	1,928,170
Fines and Forfeitures	66,464	4,376	70,840
Investment Income	175,324	44,646	219,970
Miscellaneous	125,763	86,888	212,651
Total Revenues	<u>14,966,555</u>	<u>2,529,502</u>	<u>17,496,057</u>
Expenditures			
Current:			
General Government	5,400,682	-	5,400,682
Public Safety	5,643,520	7,492	5,651,012
Physical Environment	1,332,150	46,302	1,378,452
Transportation	948,380	10,000	958,380
Economic Environment	22,500	407,804	430,304
Parks and Recreation	1,393,150	64,922	1,458,072
Debt Service:			
Principal	200,000	436,600	636,600
Interest and Fiscal Charges	-	360,881	360,881
Capital Outlay	3,214,592	920,179	4,134,771
(Total Expenditures)	<u>(18,154,974)</u>	<u>(2,254,180)</u>	<u>(20,409,154)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,188,419)</u>	<u>275,322</u>	<u>(2,913,097)</u>
Other Financing Sources (Uses)			
Transfers in	2,036,087	1,087,587	3,123,674
Transfers (out)	(1,087,587)	(36,087)	(1,123,674)
Other Finance Sources - Leases	1,000,000	-	1,000,000
Total Other Financing Sources (Uses)	<u>1,948,500</u>	<u>1,051,500</u>	<u>3,000,000</u>
Net Change in Fund Balance	(1,239,919)	1,326,822	86,903
Fund Balance, Beginning of Year	<u>10,497,195</u>	<u>3,068,804</u>	<u>13,565,999</u>
Fund Balance, End of Year	<u>\$ 9,257,276</u>	<u>\$ 4,395,626</u>	<u>\$ 13,652,902</u>

See accompanying notes.

**CITY OF ALACHUA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Net Change in Fund Balance - Total Governmental Funds \$ 86,903

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense:

Expenditures for Capital Assets	\$ 4,134,771	
Depreciation Expense	<u>(2,303,649)</u>	1,831,122

Governmental funds report proceeds from sales of capital assets as current financial resources. The gain or loss on disposal of capital assets is not reflected in the governmental funds:

Loss on Disposal of Capital Assets	(18,628)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Leases	(1,000,000)
Repayments of Principal	636,600

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Amortization of Premium	24,034	
Change in Accrued Interest Payable	10,915	
Change in Compensated Absences Liability	<u>47,938</u>	82,887

The net change in other postemployment benefit obligation liability and deferred inflows and outflows related to pensions is reported in the statement of activities, but not in the fund statements.	(35,661)
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The net change in the net pension liability and deferred inflows and outflows related to pensions is reported in the statement of activities, but not in the fund statements.	<u>536,518</u>
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Change in Net Position of Governmental Activities	<u>\$ 2,119,741</u>
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See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-Type Activities - Enterprise Funds					Business-Type Activities Internal Service Fund
	Major Funds			Non-Major Fund	Total Enterprise Funds	
	Electric	Water	Wastewater	Mosquito Control		
Assets						
Current Assets:						
Cash and Cash Equivalents	\$ 8,072,604	\$ 1,911,526	\$ 3,073,501	\$ 273,421	\$ 13,331,052	\$ 1,554,899
Receivables, Net of Allowance	2,003,252	343,608	409,359	6,762	2,762,981	8,437
Prepaid Items	26,096	11,313	31,193	385	68,987	27,472
Inventories	3,661,189	382,485	10,642	-	4,054,316	-
Total Current Assets	13,763,141	2,648,932	3,524,695	280,568	20,217,336	1,590,808
Non-Current Assets:						
Restricted Assets:						
Cash and Cash Equivalents	1,451,094	503,365	867,015	-	2,821,474	61,336
Total Restricted Assets	1,451,094	503,365	867,015	-	2,821,474	61,336
Capital Assets:						
Land	92,630	-	163,310	-	255,940	330,507
Construction in Progress	1,554,126	7,085,990	1,498,589	-	10,138,705	-
Property, Plant and Equipment	28,064,431	11,228,410	38,029,064	125,966	77,447,871	6,120,327
(Accumulated Depreciation)	(11,327,132)	(6,225,853)	(15,037,007)	(109,279)	(32,699,271)	(1,377,124)
Total Net Capital Assets	18,384,055	12,088,547	24,653,956	16,687	55,143,245	5,073,710
Other Assets:						
Unamortized Bond Insurance	-	-	-	-	-	53,533
Total Other Assets	-	-	-	-	-	53,533
Total Non-Current Assets	19,835,149	12,591,912	25,520,971	16,687	57,964,719	5,188,579
Total Assets	33,598,290	15,240,844	29,045,666	297,255	78,182,055	6,779,387
Deferred Outflows of Resources						
OPEB Related	11,974	2,994	5,388	-	20,356	31,732
Pension Related	238,038	39,079	113,980	3,045	394,142	389,902
Total Deferred Outflows of Resources	250,012	42,073	119,368	3,045	414,498	421,634
Total Assets and Deferred Outflows	33,848,302	15,282,917	29,165,034	300,300	78,596,553	7,201,021

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025
(Concluded)

	Business-Type Activities - Enterprise Funds					Business-Type Activities Internal Service Fund
	Major Funds			Non-Major Fund	Total Enterprise Funds	
	Electric	Water	Wastewater	Mosquito Control		
Liabilities						
Current Liabilities:						
Accounts Payable	\$ 766,616	\$ 1,522,106	\$ 71,123	\$ -	\$ 2,359,845	\$ 24,316
Accrued Expenses	54,497	9,676	22,904	1,067	88,144	91,786
Due to Other Governments	82,591	-	-	-	82,591	-
Rate Stabilization Credit	2,224,318	-	-	-	2,224,318	-
Compensated Absences	57,712	8,610	39,934	-	106,256	50,597
Current Portion of Long-Term Debt	-	-	-	-	-	168,789
Payable from Restricted Assets:						
Accrued Interest Payable	-	25,045	79,819	-	104,864	61,336
Current Portion of Long-Term Debt	-	122,500	435,660	-	558,160	-
Total Current Liabilities	3,185,734	1,687,937	649,440	1,067	5,524,178	396,824
Non-Current Liabilities:						
Total OPEB Liability	36,083	9,021	16,237	-	61,341	95,619
Compensated Absences	198,686	38,865	192,534	-	430,085	240,091
Net Pension Liability	810,585	133,074	388,133	10,370	1,342,162	1,327,725
Long-Term Debt	-	1,400,000	7,124,176	-	8,524,176	3,528,459
Payable from Restricted Assets:						
Customer Deposits	1,451,094	355,820	351,536	-	2,158,450	-
Total Non-Current Liabilities	2,496,448	1,936,780	8,072,616	10,370	12,516,214	5,191,894
Total Liabilities	5,682,182	3,624,717	8,722,056	11,437	18,040,392	5,588,718
Deferred Inflows of Resources						
OPEB Related	6,264	1,566	2,818	-	10,648	16,597
Pension Related	168,635	27,685	80,748	2,157	279,225	276,221
Total Deferred Inflows of Resources	174,899	29,251	83,566	2,157	289,873	292,818
Net Position						
Net Investment in Capital Assets	18,371,655	9,059,339	17,094,120	16,687	44,541,801	1,376,462
Unrestricted	9,619,566	2,569,610	3,265,292	270,019	15,724,487	(56,977)
Total Net Position	27,991,221	11,628,949	20,359,412	286,706	60,266,288	1,319,485
Total Liabilities, Deferred Inflows, and Net Position	\$ 33,848,302	\$ 15,282,917	\$ 29,165,034	\$ 300,300	\$ 78,596,553	\$ 7,201,021
Net Position - Above					\$ 60,266,288	
Internal Service Fund Net Position in the Enterprise Funds					<u>1,319,485</u>	
Net Position of Business-Type Activities					<u>\$ 61,585,773</u>	

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities - Enterprise Funds					Business-Type Activities Internal Service Fund
	Major Funds			Non-Major Fund	Total	
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	
Operating Revenues						
Charges for Services	\$ 16,036,908	\$ 3,295,892	\$ 4,336,687	\$ 68,382	\$ 23,737,869	\$ -
Interfund Charges	-	-	-	-	-	2,311,180
Other Operating Revenue	55,952	11,308	-	-	67,260	8,932
Total Operating Revenues	<u>16,092,860</u>	<u>3,307,200</u>	<u>4,336,687</u>	<u>68,382</u>	<u>23,805,129</u>	<u>2,320,112</u>
Operating Expenses						
Electric Power Expenses:						
Purchased Power	8,120,220	-	-	-	8,120,220	-
Personal Services	1,551,736	274,581	618,664	18,355	2,463,336	2,389,301
Contractual Services	222,071	106,563	241,854	1,725	572,213	123,974
Supplies	125,981	29,525	122,030	23,454	300,990	147,926
Repairs and Maintenance	403,528	15,366	145,349	1,433	565,676	228,261
Billing and Administrative	795,080	912,634	580,357	23,109	2,311,180	-
Depreciation	805,746	271,820	1,038,444	6,187	2,122,197	166,731
Other Expenses	206,339	151,228	304,940	2,380	664,887	240,549
(Total Operating Expenses)	<u>(12,230,701)</u>	<u>(1,761,717)</u>	<u>(3,051,638)</u>	<u>(76,643)</u>	<u>(17,120,699)</u>	<u>(3,296,742)</u>
Operating Income	<u>3,862,159</u>	<u>1,545,483</u>	<u>1,285,049</u>	<u>(8,261)</u>	<u>6,684,430</u>	<u>(976,630)</u>
Non-Operating Revenues						
(Expenses)						
Investment Earnings	93,493	34,193	47,377	4,183	179,246	35,218
Intergovernmental Revenue	92,739	2,981,752	41,193	-	3,115,684	36,165
Interest and Fiscal Charges	-	(50,038)	(198,883)	-	(248,921)	(116,272)
Gain (Loss) on Disposal of Capital Assets	1,758	-	-	-	1,758	-
Total Non-Operating Revenues						
(Expenses)	<u>187,990</u>	<u>2,965,907</u>	<u>(110,313)</u>	<u>4,183</u>	<u>3,047,767</u>	<u>(44,889)</u>
Income Before Capital Contributions and Transfers	<u>4,050,149</u>	<u>4,511,390</u>	<u>1,174,736</u>	<u>(4,078)</u>	<u>9,732,197</u>	<u>(1,021,519)</u>

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(Concluded)

	Business-Type Activities - Enterprise Funds					Business-Type Activities Internal Service Fund
	Major Funds			Non-Major Fund	Total	
	Electric	Water	Wastewater	Mosquito Control	Enterprise Funds	
Contributions and Transfers						
Transfers (out)	\$ (2,000,000)	\$ -	\$ -	\$ -	\$ (2,000,000)	\$ -
Total Contributions and Transfers	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>
Change in Net Position	2,050,149	4,511,390	1,174,736	(4,078)	7,732,197	(1,021,519)
Net Position, Beginning of Year	26,068,161	7,146,983	19,345,325	290,784	52,851,253	2,457,593
Prior Period Adjustment	<u>(127,089)</u>	<u>(29,424)</u>	<u>(160,649)</u>	<u>-</u>	<u>(317,162)</u>	<u>(116,589)</u>
Net Position, Beginning of Year (Restated)	<u>25,941,072</u>	<u>7,117,559</u>	<u>19,184,676</u>	<u>290,784</u>	<u>52,534,091</u>	<u>2,341,004</u>
Net Position, End of Year	<u>\$ 27,991,221</u>	<u>\$ 11,628,949</u>	<u>\$ 20,359,412</u>	<u>\$ 286,706</u>	<u>\$ 60,266,288</u>	<u>\$ 1,319,485</u>
Change in Net Position - Above					\$ 7,732,197	
Internal Service Fund Activities in the Enterprise Funds					<u>(1,021,519)</u>	
Change in Net Position of Business-Type Activities					<u>\$ 6,710,678</u>	

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities - Enterprise Funds					Business-Type Activities Internal Service Fund
	Major Funds			Non-Major Fund	Total Enterprise Funds	
	Electric	Water	Wastewater	Mosquito Control		
Cash Flows from Operating Activities						
Receipts from Customers	\$ 15,166,659	\$ 3,247,612	\$ 4,886,275	\$ 67,660	\$ 23,368,206	\$ -
Receipts from Interfund Services Provided	-	-	-	-	-	2,314,605
Cash from Other Sources	55,952	11,308	-	-	67,260	8,932
Payments to Suppliers for Goods and Services	(9,085,226)	635,709	(819,464)	(29,005)	(9,297,986)	(743,308)
Payments for Interfund Services Used	(795,080)	(912,634)	(580,357)	(23,109)	(2,311,180)	-
Payments to Employees for Services	(1,495,364)	(257,429)	(616,916)	(14,271)	(2,383,980)	(2,343,323)
Net Cash Provided by (Used in) Operating Activities	3,846,941	2,724,566	2,869,538	1,275	9,442,320	(763,094)
Cash Flows from Non-Capital Financing Activities						
Loans/Advances and Repayments from (to) Other Funds	1,302,343	(695,957)	(1,057,115)	-	(450,729)	215,065
Transfers in (out)	(2,000,000)	-	-	-	(2,000,000)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	(697,657)	(695,957)	(1,057,115)	-	(2,450,729)	215,065
Cash Flows from Capital and Related Financing Activities						
Intergovernmental Revenue	92,739	2,713	41,193	-	136,645	36,165
Acquisition and Construction of Capital Assets	(1,894,980)	(4,298,372)	(502,044)	-	(6,695,396)	(74,635)
Proceeds from Disposal of Capital Assets	2,012	-	-	-	2,012	-
Debt Principal Payments	-	(115,000)	(420,728)	-	(535,728)	(162,290)
Debt Interest Payments and Other Charges	-	(51,930)	(203,545)	-	(255,475)	(117,618)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,800,229)	(4,462,589)	(1,085,124)	-	(7,347,942)	(318,378)
Cash Flows from Investing Activities						
Interest Received	93,493	34,193	47,377	4,183	179,246	35,218
Net Cash Provided by (Used in) Investing Activities	93,493	34,193	47,377	4,183	179,246	35,218
Net Increase (Decrease) in Cash and Cash Equivalents	1,442,548	(2,399,787)	774,676	5,458	(177,105)	(831,189)
Cash and Cash Equivalents, Beginning of Year	8,081,150	4,814,678	3,165,840	267,963	16,329,631	2,447,424
Cash and Cash Equivalents, End of Year	\$ 9,523,698	\$ 2,414,891	\$ 3,940,516	\$ 273,421	\$ 16,152,526	\$ 1,616,235

See accompanying notes.

CITY OF ALACHUA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(Concluded)

	Business-Type Activities - Enterprise Funds					Business-Type Activities Internal Service Fund
	Major Funds			Non-Major Fund	Total Enterprise Funds	
	Electric	Water	Wastewater	Mosquito Control		
<u>Reconciliation of Cash and Cash Equivalents to Statement of Net Position</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 8,072,604	\$ 1,911,526	\$ 3,073,501	\$ 273,421	\$ 13,331,052	\$ 1,554,899
Restricted Assets:						
Non-Current Assets:						
Cash and Cash Equivalents	1,451,094	503,365	867,015	-	2,821,474	61,336
Total	\$ 9,523,698	\$ 2,414,891	\$ 3,940,516	\$ 273,421	\$ 16,152,526	\$ 1,616,235
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>						
Operating Income (Loss)	\$ 3,862,159	\$ 1,545,483	\$ 1,285,049	\$ (8,261)	\$ 6,684,430	\$ (976,630)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation	805,746	271,820	1,038,444	6,187	2,122,197	166,731
(Increase) Decrease in:						
Accounts Receivable, Net	(116,962)	(45,959)	(34,519)	(726)	(198,166)	(5,528)
Due from Other Governments	-	-	574,081	-	574,081	-
Prepaid Items	107	(1,579)	(20)	4	(1,488)	8,953
Inventory	12,394	(120,871)	-	-	(108,477)	-
Increase (Decrease) in:						
Accounts Payable	34,177	1,060,440	(1,267)	(435)	1,092,915	(3,160)
Accrued Expenses	(43,873)	(1,178)	(4,024)	422	(48,653)	562
Due to Other Governments	(9,785)	-	-	-	(9,785)	-
Rate Stabilization Credit	(751,075)	-	-	-	(751,075)	-
Compensated Absences	31,359	620	10,077	-	42,056	43,157
Customer Deposits	(2,319)	(742)	10,046	-	6,985	-
Net Pension Liability	21,158	15,568	(10,064)	4,084	30,746	(7,394)
Total OPEB Liability	3,855	964	1,735	-	6,554	10,215
Net Cash Provided by (Used in) Operating Activities	\$ 3,846,941	\$ 2,724,566	\$ 2,869,538	\$ 1,275	\$ 9,442,320	\$ (763,094)
<u>Non-Cash Investing, Capital and Financing Activities</u>						
Amortization of Discount and Refunding Loss	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,490

See accompanying notes.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

■ **Community Redevelopment Agency**

The Community Redevelopment Agency (the CRA) was created by the City Commission in 1982 pursuant to Ordinance 82-5 to carry out the community redevelopment purposes of Florida Statute, Chapter 163. Subsequent amendments were made to the CRA through Ordinances 98-14, 98-24, 99-03, and 13-07. The City Commission serves as the CRA board and the City maintains operational responsibility for the CRA's activity. Although legally separate, the CRA is appropriately blended as a governmental fund type component unit into the primary government. Separate financial statements for the CRA are prepared and are available by contacting the City at P.O. Box 9, Alachua, Florida 32616.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

The government reports the following major governmental funds:

■ **General Fund**

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

The government reports the following major proprietary funds:

■ **Electric Fund**

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

■ **Water Fund**

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

■ **Wastewater Fund**

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

In addition, the government reports the following fund type:

■ **Internal Service Fund**

The Internal Service Fund accounts for goods or services provided by programs that provide support to the Electric, Water, Wastewater, and Mosquito Control Funds. These activities include Utility Administration, Utility Operations, Utility Billing, Warehouse Operations, Water Distribution and Collection, Safety and Compliance, and Information Technology.

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

■ **Deposits and Investments**

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

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

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as qualified public depositories, a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral for their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions providing full insurance for public deposits. The City had deposits only with qualifying institutions as of September 30, 2025.

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

■ **Receivable and Payables**

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

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

■ **Inventory**

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

■ **Prepays**

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

■ **Restricted Assets**

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

■ **Capital Assets**

Capital assets, which include property, plant and equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value rather than fair value.

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

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

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

■ **Compensated Absences**

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

■ **Long-Term Obligations**

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

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

■ **Deferred Inflows and Outflows of Resources**

Deferred outflows of resources represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources until that future time. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources until that future time. Deferred outflows have a positive effect on net position, similar to assets, while deferred inflows have a negative effect on net position, similar to liabilities. The City reports deferred outflows of resources related to unamortized refunding losses, as well as pension and other postemployment benefits (OPEB) related deferred inflows and outflows of resources.

- **Unavailable Revenues**—In the governmental funds, revenues not received within the City's availability period are considered unavailable and, therefore, reported as deferred inflows. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.
- **Pension and OPEB Related**—The difference between expected and actual experience with regard to economic or demographic factors and changes to assumption in the measurement of total pension and OPEB liability, the differences between expected and actual earnings on pension plan and OPEB investments, and the change in the proportionate share of the net pension liability and OPEB liability resulting from a change in proportion are reported as deferred inflows or outflows of resources, to be recognized in expense. Contributions made subsequent to the measurement date, but prior to the reporting date, are reported as deferred outflows of resources.

■ **Fund Balance**

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

- **Non-Spendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items and principal (corpus) of an endowment fund. On the governmental funds balance sheet, the prepaid balances reported is offset by a non-spendable fund balance classification, which indicates it does not constitute "available spendable resources" even though it is a component of current assets.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (i.e., by ordinance) of the City Commission. These committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action employed to constrain those amounts.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

- **Assigned**—This component of fund balance consists of amounts that the City intends to use for a specific purpose as determined by the City Commission in accordance with the City’s fiscal policies. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund, as approved by the City Commission through the budget process.
- **Unassigned**—This classification is used for: (a) deficit unrestricted fund balances in any governmental fund; or (b) fund balances within the General Fund that are not restricted, committed, or assigned.

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

■ **Net Position**

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

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as needed.

Accounting Estimates

The preparation of financial statements in conformity with GAAP as applied to governmental units, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Leases

When the City is a lessee, the City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Upcoming GASB Pronouncements

The GASB has issued new accounting and financial reporting pronouncements, which will become effective for the City's 2026 fiscal year reporting period:

- GASB Statement No. 103, *Financial Reporting Model Improvement* was issued in April 2024. This Statement's objective is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Included in the scope is the MD&A, unusual and infrequent items, presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, major component unit information and budgetary comparison information. This Statement is effective for fiscal years beginning after June 15, 2025.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Note 3 - Cash, Cash Equivalents, and Investments

Deposits and investments as of September 30, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and Cash Equivalents	\$ 25,197,780
Restricted:	
Cash and Cash Equivalents	<u>6,818,253</u>
Net Restricted Cash and Cash Equivalents	<u>\$ 32,016,033</u>

Deposits and investments consist of the following:

Cash Deposits	\$ 30,763,502
Investments	<u>1,252,531</u>
Total Cash and Investments	<u>\$ 32,016,033</u>

Deposits

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

Investments

The City's investments are summarized below, at September 30, 2025:

	<u>Fair Value</u>	<u>Fair Market Value Level</u>
Florida PRIME, at Amortized Costs	\$ 1,252,531	N/A

Fair Value Hierarchy

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Florida PRIME

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

Credit Risk—The City's policy limits investments of governmental and business-type funds to U.S. Treasury and agency obligations, federal instrumentalities, interest-bearing time deposit or saving accounts, repurchase agreements, money market funds, and intergovernmental investment pools. Investments in mutual funds must maintain a rating of Aam or Aam-G or better by Standard & Poor's, or the equivalent by another rating agency. Florida PRIME is rated by Standards & Poor's and has a rating at September 30, 2025, of AAAm.

Interest Rate Risk—The City's investment policy permits the investment of current operating funds with maturities of no longer than two years. Investments of non-operating funds such as bond reserves shall have a term appropriate to the need for funds and in accordance with debt covenants but not exceeding five years. Custodians are primarily bank trust departments, insurance companies, brokerage firms, the State of Florida, and SBA. The dollar weighted-average days to maturity of the Florida PRIME at September 30, 2025, is 47 days. The weighted average life of Florida PRIME at September 30, 2025, is 73 days.

Custodial Credit Risk—For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City generally utilizes third-party custodians to help manage custodial credit risk.

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

Note 4 - Restricted Assets

Restricted cash and investments at September 30, 2025, are as follows:

CITY OF ALACHUA, FLORIDA
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SEPTEMBER 30, 2025

	Governmental Activities	Business-Type Activities
Cash and Cash Equivalents		
Debt Service Reserve and Sinking Funds	\$ -	\$ 232,012
Cash with Fiscal Agent	629,671	295,090
Customer Deposit	-	2,294,372
Economic Environment	809,317	-
Parks and Recreation	473,497	-
Physical Environment	2,014,397	-
Infrastructure	4,325	61,336
Other	4,236	-
Net Restricted Cash and Cash Equivalents	\$ 3,935,443	\$ 2,882,810

Note 5 - Inventory

Inventory at September 30, 2025, consists of the following:

	Balance
Governmental Activities	
Materials and Supplies	\$ 4,961
Total	\$ 4,961
Business-Type Activities	
Electric Utility Supplies	\$ 1,497,159
Transformers	1,988,937
Meters	175,093
Water/Wastewater Supplies	393,127
Total	\$ 4,054,316

Note 6 - Leases

The City is lessee on one reportable lease for police equipment, which was executed in 2025. The lease terms is 5 years with annual payments of \$200,000. Because the amount of interest over the life of the lease is immaterial, the City has elected to record all payments completely towards principal. The following table summarizes the principal and interest requirements for the remaining term of the lease:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 200,000	\$ -	\$ 200,000
2027	200,000	-	200,000
2028	200,000	-	200,000
2029	200,000	-	200,000
Total Governmental	\$ 800,000	\$ -	\$ 800,000

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Note 7 - Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended September 30, 2025:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 7,841,280	\$ -	\$ -	\$ 7,841,280
Construction in Progress	1,216,967	542,591	(1,192,777)	566,781
Total Capital Assets Not Being Depreciated	9,058,247	542,591	(1,192,777)	8,408,061
Capital Assets Being Depreciated:				
Buildings and Improvements	16,904,239	-	-	16,904,239
Improvements Other Than Building	15,920,393	2,906,383	(38,469)	18,788,307
Infrastructure	26,911,054	-	-	26,911,054
Furniture, Fixtures, and Equipment	5,534,981	878,573	(267,722)	6,145,832
Right-to-Use Leases	-	1,000,000	-	1,000,000
Total Capital Assets Being Depreciated	65,270,667	4,784,956	(306,191)	69,749,432
Less Accumulated Depreciation:				
Building	(4,477,298)	(338,586)	-	(4,815,884)
Improvements Other Than Buildings	(4,395,500)	(724,535)	19,841	(5,100,194)
Infrastructure	(8,508,363)	(541,808)	-	(9,050,171)
Furniture, Fixtures, and Equipment	(3,625,081)	(548,720)	267,722	(3,906,079)
Right-to-Use Leases	-	(150,000)	-	(150,000)
Total Accumulated Depreciation	(21,006,242)	(2,303,649)	287,563	(23,022,328)
Total Capital Assets Being Depreciated, Net	44,264,425	2,481,307	(18,628)	46,727,104
Total Governmental Activities Capital Assets Depreciated, Net	\$ 53,322,672	\$ 3,023,898	\$ (1,211,405)	\$ 55,135,165

The following is a summary of changes in capital assets for the business-type activities for the year ended September 30, 2025:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 586,447	\$ -	\$ -	\$ 586,447
Construction in Progress	5,293,718	6,131,052	(1,286,065)	10,138,705
Total Capital Assets Not Being Depreciated	5,880,165	6,131,052	(1,286,065)	10,725,152
Capital Assets Being Depreciated:				
Buildings and Improvements	9,990,737	-	-	9,990,737
Improvements Other Than Building	12,926,417	1,603,634	(1,217)	14,528,834
Infrastructure	54,237,343	-	-	54,237,343
Furniture, Fixtures, and Equipment	4,549,878	321,410	(60,004)	4,811,284
Total Capital Assets Being Depreciated	81,704,375	1,925,044	(61,221)	83,568,198
Less Accumulated Depreciation:				
Buildings and Improvements	(5,077,265)	(156,388)	-	(5,233,653)
Improvements Other Than Building	(4,747,164)	(612,209)	965	(5,358,408)
Infrastructure	(19,156,872)	(1,225,100)	-	(20,381,972)
Furniture, Fixtures, and Equipment	(2,867,133)	(295,231)	60,002	(3,102,362)
Total Accumulated Depreciation	(31,848,434)	(2,288,928)	60,967	(34,076,395)
Total Capital Assets Being Depreciated, Net	49,855,941	(363,884)	(254)	49,491,803
Total Business-Type Activities Capital Assets Depreciated, Net	\$ 55,736,106	\$ 5,767,168	\$ (1,286,319)	\$ 60,216,955

CITY OF ALACHUA, FLORIDA
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Depreciation expense was charged to functions of the governmental activities as follows:

Governmental Activities	
General Government	\$ 375,969
Public Safety	432,177
Transportation	832,784
Economic Environment	106,250
Parks and Recreation	556,469
Total	\$ 2,303,649

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

Business-Type Activities	
Electric	\$ 805,746
Water	271,820
Wastewater	1,038,444
Mosquito	6,187
Internal Service	166,731
Total	\$ 2,288,928

Note 8 - Long-Term Liabilities

Governmental Activities

The following schedule summarizes the changes in the City's governmental long-term liabilities during the year ended September 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital Improvement and Refunding					
Revenue Bonds, Series 2016	\$ 10,265,475	\$ -	\$ (436,600)	\$ 9,828,875	\$ 455,100
Plus Premium	540,774	-	(24,034)	516,740	24,035
Lease Liability	-	1,000,000	(200,000)	800,000	200,000
Compensated Absences	1,638,194	297,890	(349,432)	1,586,652	271,443
Total	\$ 12,444,443	\$ 1,297,890	\$ (1,010,066)	\$ 12,732,267	\$ 950,578

■ **Capital Improvement Revenue and Revenue Refunding Bonds, Series 2016 – Direct Placement**

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

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

■ **Compensated Absences**

Compensated absences reported as governmental activities in the statement of net position are liquidated by the fund which pays the employee's payroll expenses.

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

Fiscal Year Ending	Principal	Interest	Total
2026	\$ 679,135	\$ 337,764	\$ 1,016,899
2027	708,734	314,269	1,023,003
2028	730,934	289,479	1,020,413
2029	756,834	266,150	1,022,984
2030	555,000	244,394	799,394
2031-2035	3,187,472	941,678	4,129,150
2036-2040	1,951,672	534,056	2,485,728
2041-2045	1,799,972	272,780	2,072,752
2046-2050	775,862	25,724	801,586
Total	\$ 11,145,615	\$ 3,226,294	\$ 14,371,909

Business-Type Activities

The following schedule summarizes the changes in the City's business-type long-term liabilities during the year ended September 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2009 State Revolving Fund					
Loan – Florida Department of Environmental Protection	\$ 6,343,063	\$ -	\$ (305,729)	\$ 6,037,334	\$ 313,160
2016 Capital Improvement and Refunding Revenue Bonds	3,659,525	-	(153,400)	3,506,125	159,900
Series 2016 Plus Premium	200,014	-	(8,889)	191,125	8,889
Capital Improvement Revenue Note, Series 2019	3,275,000	-	(230,000)	3,045,000	245,000
Compensated Absences	741,816	225,689	(140,476)	827,029	156,853
Total	\$ 14,219,418	\$ 225,689	\$ (838,494)	\$ 13,606,613	\$ 883,802

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

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

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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■ **Capital Improvement Revenue and Revenue Refunding Bonds, Series 2016 – Direct Placement**

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

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

■ **Capital Improvement Revenue Note, Series 2019 – Direct Placement**

On January 14, 2019, the City adopted Resolution R-19-03, authorizing the issuance of the Capital Improvement Revenue Note, Series 2019. The note was issued at a par amount of \$4,500,000 to finance the cost of certain capital improvements related to the City's water and wastewater capital improvement projects. Revenues pledged to cover the debt service related to the note include all non-ad valorem revenues of the City. The note carries a fixed interest rate of 3.29% payable semiannually on April 1 and October 1 of each year with a maturity date of October 1, 2035.

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

Fiscal Year Ending	Principal	Interest	Total
2026	\$ 726,949	\$ 359,007	\$ 1,085,956
2027	739,963	335,160	1,075,123
2028	770,563	310,507	1,081,070
2029	792,654	285,848	1,078,502
2030	813,640	261,382	1,075,022
2031-2035	4,430,888	940,100	5,370,988
2036-2040	3,103,577	389,072	3,492,649
2041-2045	1,083,816	104,016	1,187,832
2046-2050	317,534	9,038	326,572
Total	\$ 12,779,584	\$ 2,994,130	\$ 15,773,714

Interest

During the year, the City incurred \$726,073 of interest costs.

Debt Covenants

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

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

As of September 30, 2025, the City has met its debt covenants.

Note 9 - Pledged Revenues

The City has pledged certain revenues to repay bonds and notes outstanding as of September 30, 2025. The following table reports the revenues, sometimes net of related operating expenses, pledged for each debt issue, the amounts of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2025:

Pledged Revenue	Description of Bonds	Revenue Received	Principal and Interest Paid	Estimated Percentage Pledged	Outstanding Principal and Interest	Pledged Through
Non-Ad Valorem	Capital Improvement and Refunding Revenue Bonds, Series 2016	\$ 13,231,747	\$ 1,076,563	8%	\$ 18,402,693	2047
Non-Ad Valorem	Capital Improvement Revenue Note, Series 2019	13,231,747	356,506	3%	3,625,438	2036
Net Utility Revenues	State Revolving Fund Loan - 2009	6,173,867	457,343	7%	7,317,492	2041

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

Note 10 - Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables at September 30, 2025:

Receivable Fund	Payable Fund	Amount
General Fund	Non-Major Govt. Funds	\$ 11,249
Total		<u>\$ 11,249</u>

The outstanding balances between funds result from the time lag between the dates that: (1) interfund goods and services are provided, or reimbursable expenditures occur; (2) transactions are recorded in the accounting system; and (3) payments between funds are made. Additionally, certain interfund loans were made to fund deficit unrestricted equity in pooled cash. All outstanding interfund balances are reported as long-term advances as of September 30, 2025.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Interfund Transfers:

Transfers (Out)	Transfers In		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 1,087,587	\$ 1,087,587
Non-Major Govt. Funds	36,087	-	36,087
Electric Utility	2,000,000	-	2,000,000
Total	<u>\$ 2,036,087</u>	<u>\$ 1,087,587</u>	<u>\$ 3,123,674</u>

Transfers are normally recurring and are approved by the City Commission during the budget process. A transfer in the amount of \$2,000,000 from the Electric Fund to the General Fund is in support of general government operations to the extent moneys are available after paying operating expenses and debt service on outstanding bonds. A transfer in the amount of \$1,087,587 from the General Fund to the Non-Major Governmental Funds is for debt service and the City's required portion of tax incremental funding, neighborhood revitalization, and additional funding for construction projects being completed by the CRA.

Note 11 - Contingent Liabilities

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

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

Note 12 - Restricted Net Position

Net position is restricted within governmental activities as follows:

	Governmental Activities
Law Enforcement	\$ 16,333
Physical Environment	2,468,085
Economic Environment	595,593
Human Services	7,627
Parks and Recreation	570,605
Total	<u>\$ 3,658,243</u>

The City's restricted net position includes \$603,715 restricted by enabling legislation.

CITY OF ALACHUA, FLORIDA
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SEPTEMBER 30, 2025

Note 13 - Power Purchase Agreements

Florida Power & Light Company (FPL)

Effective July 26, 2021, the City entered into an agreement for FPL to provide wholesale electric service to the Alachua Substation. The Alachua Substation was built in 1988 and has dual 138 x 69 - 12.47Y/7.2kV transformers to receive power. Load supply commenced on April 1, 2022, and the contract extends through December 31, 2029. Power from FPL is received via Gainesville Regional Utilities (GRU) and FPL transmission lines. Total purchase power payments to FPL for 2025 were \$4,419,142.

Florida Municipal Power Agency (FMPA)

Effective July 26, 2021, the City entered into an agreement for FMPA to provide wholesale electric service to the Legacy Substation. Construction of the Legacy Substation was completed in 2021 with a 138 x 69 - 12.47Y/7.2kV transformer. Primary load supply commenced on April 1, 2022, and the contract extends through December 31, 2027. Power from FMPA is received via Duke Energy (Duke) transmission lines. Total purchase power payments to FMPA for 2025 were \$2,195,259.

St. Lucie No. 2 Power Purchase Agreement

The City has negotiated a long-term agreement with FPL through FMPA to purchase 0.3044 megawatts of generating capacity and a corresponding amount of energy monthly from the St. Lucie No. 2 nuclear generating plant. The plant became operational in 1984. Total payments for 2025 were \$167,455.

Other Power Costs

The City incurs other miscellaneous costs for the provision of purchased power, including transmission costs for energy received through FPL, Duke, and GRU transmission lines and net meter purchased power. Total other power costs for 2025 were \$1,338,363.

Note 14 - Defined Benefit Pension Plan

General Information About the Florida Retirement System (FRS)

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

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

CITY OF ALACHUA, FLORIDA
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The City's pension expense totaled \$1,168,947 for the fiscal year ended September 30, 2025. This included \$1,035,514 of expenses related to the FRS Pension Plan and \$133,433 related to HIS.

FRS Pension Plan

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

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

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

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

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total

CITY OF ALACHUA, FLORIDA
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value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates for the FRS during the City's 2024-2025 fiscal year were as follows:

Class	Year Ended June 30, 2025		Year Ended June 30, 2026	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer⁽¹⁾	Employee	Employer⁽¹⁾
Regular	3.00	11.57	3.00	11.97
Elected Officers	3.00	56.62	3.00	52.51
Senior Management				
Service	3.00	32.46	3.00	31.18
Special Risk Regular	3.00	30.73	3.00	33.18
DROP	N/A	19.13	N/A	20.02

⁽¹⁾ These rates include the normal cost and unfunded actuarial liability contributions but do not include the contribution for the Retiree Health Insurance Subsidy of 2.00% and the fee of 0.06% for administration of the FRS Investment Plan and provision of education tools for both plans.

CITY OF ALACHUA, FLORIDA
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SEPTEMBER 30, 2025

The City's contributions to the Plan totaled \$1,489,929 for the fiscal year ended September 30, 2025. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2025, the City reported a liability of \$7,776,803 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The City's proportionate share of the net pension liability was based on the City's contributions during the Plan's fiscal year relative to the contributions of all participating members in the same fiscal year. At June 30, 2025, the City's proportion was .025058063%, which was an increase of .000609364% from its proportion measured as of June 30, 2024.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions After Measurement Date	\$ 342,570	\$ -
Difference Between Expected and Actual Experience	830,644	-
Changes of Assumptions	903,089	-
Changes in Proportion and Difference Between City's Contributions and Proportionate Share of Contributions	622,207	159,790
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,298,416
Total	<u><u>\$ 2,698,510</u></u>	<u><u>\$ 1,458,206</u></u>

The deferred outflows of resources related to pensions, totaling \$342,570, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2026	\$ 1,413,423
2027	(117,302)
2028	(196,808)
2029	(201,579)
Total	<u><u>\$ 897,734</u></u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Actuarial Assumptions. The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.50% Average, Including Inflation
Discount Rate	6.70%
Investment Rate of Return	6.70%

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021.

The actuarial assumptions used in the July 1, 2025, valuation were based on the results of the actuarial experience study of the FRS for the period July 1, 2018 – June 30, 2023.

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

Asset Class	Annual Target Allocation ⁽¹⁾	Annual Arithmetic Return	Geometric Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed Income	29.0%	5.5%	5.4%	4.0%
Global Equity	45.0%	8.5%	6.9%	18.3%
Real Estate	12.0%	8.4%	7.1%	16.8%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.5%	6.1%	8.7%
Total	100%			
Assumed Inflation – Mean				2.4%
				1.5%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.70%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate was 6.70% in the July 1, 2025, valuation.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.70%) or 1-percentage-point higher (7.70%) than the current rate:

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City's Proportionate Share of the Net Pension Liability	\$ 15,261,856	\$ 7,776,803	\$ 1,501,443

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately-issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report. The effect of FRS on the City's net position has been determined on the same basis used by FRS.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS-participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Plan fiscal years ended June 30, 2025 and 2026, respectively the contribution rates were 2.00% of payroll, pursuant to Section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS Plan totaled \$192,184 for the fiscal year ended September 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2025, the City reported a net pension liability of \$2,773,929 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The City's proportionate share of the net pension liability was based on the City's contributions during the Plan's fiscal year relative to the contributions of all participating members in the same fiscal year. At June 30, 2025, the City's proportion was .021641825%, which was an increase of .000581971% from its proportion measured as of June 30, 2024.

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions After Measurement Date	\$ 43,187	\$ -
Difference Between Expected and Actual		
Experience	16,558	4,400
Changes of Assumptions	24,552	670,941
Changes in Proportion and Difference Between City's		
Contributions and Proportionate Share of Contributions	315,542	59,130
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	2,309
Total	<u><u>\$ 399,839</u></u>	<u><u>\$ 736,780</u></u>

The deferred outflows of resources related to pensions, totaling \$43,187, resulting from City contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2026	\$ (68,263)
2027	(110,702)
2028	(95,524)
2029	(58,837)
2030	(46,802)
Thereafter	-
Total	<u><u>\$ (380,128)</u></u>

Actuarial Assumptions. The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.50% Average, Including Inflation

Mortality rates were based on the Generational PUB-2010 with Projected Scale MP-2021.

The actuarial assumptions used in the July 1, 2025, valuation were based on the results of the actuarial experience study of the FRS for the period July 1, 2018 – June 30, 2023.

Discount Rate. The discount rate used to measure the total pension liability was 5.20%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered

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SEPTEMBER 30, 2025

to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 5.20%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
City's Proportionate Share of the Net Pension Liability	\$ 3,128,051	\$ 2,773,929	\$ 2,476,933

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately-issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report. The effect of FRS on the City's net position has been determined on the same basis used by FRS.

FRS - Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts (employer and employee) during the 2024-2025 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	8.30%
FRS, Elected County Officers	13.34%
FRS, Senior Management Service	9.67%
FRS, Special Risk Regular	16.00%

CITY OF ALACHUA, FLORIDA
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SEPTEMBER 30, 2025

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-Vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

The City's Investment Plan expense totaled \$288,418 for the fiscal year ended September 30, 2025.

Note 15 - Other Postemployment Benefits (OPEB)

The City of Alachua's Retiree Health Care Plan (OPEB Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the City. The OPEB Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans to continue medical, vision, and dental insurance coverage as a participant in the City's Plan. For purposes of applying Paragraph 4 under GASB Statement No. 75, the OPEB Plan does not meet the requirements for an OPEB plan administered through a trust.

The City subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The City does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The authority for establishing and amending the funding policy rests with the City Commission. The OPEB Plan does not issue a stand-alone financial report.

Membership of the OPEB Plan consisted of the following:

<u>Date of Actuarial Valuation</u>	<u>September 30, 2024</u>
Retirees and Beneficiaries Receiving Benefits	3
Active Plan Members	141
Total	<u>144</u>

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Changes in the Total OPEB Plan Liability

The following table shows the change in the City's OPEB Plan liability:

	Increase/ (Decrease) in Total OPEB Liability
Reporting Period Ending September 30, 2024	\$ 421,047
Changes for the Year:	
Service Cost	39,086
Interest	21,908
Changes of Assumptions	29,472
Benefit Payments	(20,787)
Net Changes	69,679
Reporting Period Ending September 30, 2025	\$ 490,726

As of September 30, 2025, the total OPEB Plan liability was \$490,723, and assets held in trust were \$0, resulting in a funded ratio of 0 percent. The portion of the total OPEB Plan liability that is due within one year is immaterial and, therefore, the entire amount has been classified with non-current liabilities. The covered payroll (annual payroll of active participating employees) was \$7,743,647, and the ratio of the total OPEB Plan liability to the covered payroll was 6.34%. Covered employee payroll was projected one year forward from the valuation date of September 30, 2024, for the reporting period ended September 30, 2025.

Actuarial Assumptions and Methods

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

Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2023, actuarial valuation of the FRS Benefit Pension Plan.

The mortality rates are mandated by Chapter 2015-157, Florida Statutes for pension plans. This law mandates the use of the assumptions used in either of the two most recent valuations of the FRS. The rates are those outlined in Milliman's July 1, 2023, FRS valuation report.

Healthcare inflation rates reflect recent healthcare trend rate surveys, blended with the long-term rates from the Getzen model published by the Society of Actuaries.

The discount rate used has been updated to utilize the mandated discount rate based on the 20-year Municipal Bond Rate as of the measurement date, as required under GASB Statement No. 75.

CITY OF ALACHUA, FLORIDA
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SEPTEMBER 30, 2025

The valuation results were calculated using the entry age cost method. This is required cost method under GASB Statement Nos. 74 and 75 standards.

On September 30, 2025, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,230	\$ 38,161
Changes of Assumptions	134,276	47,019
Employer Contributions Subsequent to the Measurement Date	24,344	-
Total	\$ 162,850	\$ 85,180

The deferred Outflows of Resources related to OPEB, totaling \$24,344, resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2026. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows:

Year Ended September 30,	Amount
2026	\$ 9,477
2027	10,492
2028	9,901
2029	5,746
2030	2,621
Thereafter	15,089
Total	\$ 53,326

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Total OPEB Liability	\$ 528,933	\$ 490,726	\$ 454,546

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.00%-6.00%	Healthcare Cost Trend 4.00%-7.00%	1% Increase 5.00%-8.00%
Total OPEB Liability	\$ 427,184	\$ 490,726	\$ 567,335

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Note 16 - Risk Management

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

■ **Florida Municipal Insurance Trust**

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

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

Note 17 - Commitments and Contingencies

As of September 30, 2025, the City had the following commitments related to significant unfinished projects:

	Expended as of September 30, 2025	Remaining Commitment
Hathcock Community Center Design	\$ 49,854	\$ 362,029
Police Department HVAC Replacement	48,177	78,779
Waste Water Industrial Pretreatment Program	136,883	127,117
Legacy Substation Buildout	-	159,050
Water Quality and Resiliency Improvements	7,036,507	1,127,264
Total	\$ 7,271,421	\$ 1,854,239

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

Note 18 – Restatements

During the year ended September 30, 2025, the City implemented GASB Statement No. 101 *Compensated Absences* (GASB 101). This statement updates the recognition and measurement guidance for compensated absences by requiring that liabilities for compensated absences be recognized for leave that

CITY OF ALACHUA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid. The statement also requires that liabilities for compensated absences be recognized for leave that has been used but not yet paid and amends certain previously required disclosures. The restatements of beginning net position related to the implementation of GASB 101 are summarized below:

	Net Position As Previously Reported	Adjustment to Update Compensated Absences for GASB 101	Fund Balance As Restated
Governmental Funds			
Governmental Activities	\$ 47,175,650	\$ (901,180)	\$ 46,274,470
Enterprise Funds			
Electric Fund	\$ 26,068,161	\$ (127,089)	\$ 25,941,072
Water Fund	7,146,983	(29,424)	7,117,559
Wastewater Fund	19,345,325	(160,649)	19,184,676
Internal Service Fund	2,457,593	(116,589)	2,341,004
Business-Type Activities	55,308,846	(433,751)	54,875,095

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 9,882,225	\$ 9,882,225	\$ 10,218,983	\$ 336,758
Permits, Fees, and Special Assessments	1,035,000	1,035,000	969,326	(65,674)
Intergovernmental Revenues	1,213,334	1,239,254	1,522,838	283,584
Charges for Services	1,866,202	1,866,202	1,887,857	21,655
Fines and Forfeitures	47,000	47,000	66,464	19,464
Investment Income	-	-	175,324	175,324
Miscellaneous	187,200	187,200	125,763	(61,437)
Total Revenues	14,230,961	14,256,881	14,966,555	709,674
Expenditures				
Current:				
General Government:				
Legislative	159,021	160,876	160,872	4
Executive	1,185,878	1,185,878	1,083,527	102,351
Finance	1,229,351	1,236,798	1,137,418	99,380
Information Technology	540,306	540,306	418,845	121,461
Legal	321,059	395,641	365,431	30,210
Planning and Zoning	1,334,455	1,334,455	1,055,791	278,664
Other	1,823,396	1,823,396	1,514,178	309,218
Public Safety:				
Police	5,937,175	5,963,095	6,936,995	(973,900)
Protective Inspections	510,230	510,230	356,046	154,184
Physical Environment:				
Solid Waste	1,230,030	1,390,011	1,332,150	57,861
Transportation:				
Streets and Roads	3,426,503	3,426,503	2,370,544	1,055,959
Economic Environment	54,000	54,000	22,500	31,500
Parks and Recreation	1,408,092	1,426,172	1,400,677	25,495
Reserve for Contingency	400,000	138,055	-	138,055
(Total Expenditures)	(19,559,496)	(19,585,416)	(18,154,974)	1,430,442
Excess (Deficiency) of Revenues				
 Over (Under) Expenditures	(5,328,535)	(5,328,535)	(3,188,419)	2,140,116
Other Financing Sources (Uses)				
Transfers in	-	-	2,036,087	2,036,087
Transfers (out)	(1,087,586)	(1,087,586)	(1,087,587)	(1)
Other Finance Sources - Leases	1,966,088	1,966,088	1,000,000	(966,088)
Total Other Financing Sources (Uses)	878,502	878,502	1,948,500	1,069,998
Net Change in Fund Balance	(4,450,033)	(4,450,033)	(1,239,919)	3,210,114
Fund Balance, Beginning of Year	4,450,033	4,450,033	10,497,195	6,047,162
Fund Balance, End of Year	\$ -	\$ -	\$ 9,257,276	\$ 9,257,276

Notes to Schedule

The GASB 87 requirement to record new leases entered into during the year as capital outlay expenditures resulted in total Police expenditures exceeding the final budget. However, these expenditures of \$1,000,000 did not result in an actual outlay of funds, but are instead offset by other finance source revenues. Police expenditures resulting from actual outlays of funds were less than the total final budget.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE IN OTHER POSTEMPLOYMENT BENEFIT (OPEB)
LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*
CITY OF ALACHUA, FLORIDA

Reporting Period Ending Measurement Date	9/30/2025 9/30/2024	9/30/2024 9/30/2023	9/30/2023 9/30/2022	9/30/2022 9/30/2021	9/30/2021 9/30/2020	9/30/2020 9/30/2019	9/30/2019 9/30/2018	9/30/2018 9/30/2017
Changes for the Year:								
Service Cost	\$ 39,086	\$ 27,734	\$ 38,083	\$ 36,658	\$ 28,250	\$ 19,067	\$ 19,968	\$ 21,024
Interest	21,908	16,710	9,671	7,214	9,390	9,118	7,584	6,074
Differences Between Expected and Actual Experience	-	(37,308)	-	8,458	-	(40,714)	-	-
Changes of Assumptions	29,472	99,105	(70,316)	16,558	33,226	53,674	(9,227)	(9,152)
Benefit Payments	(20,787)	(15,379)	(14,306)	(4,591)	(4,271)	(7,987)	(7,361)	(6,769)
Net Change in Total OPEB Liability	69,679	90,862	(36,868)	64,297	66,595	33,158	10,964	11,177
Total OPEB Liability - Beginning	421,047	330,185	367,053	302,756	236,161	203,003	192,039	180,862
Total OPEB Liability - Ending	\$ 490,726	\$ 421,047	\$ 330,185	\$ 367,053	\$ 302,756	\$ 236,161	\$ 203,003	\$ 192,039
Covered-Employee Payroll**	\$ 7,743,647	\$ 7,445,814	\$ 6,747,589	\$ 6,488,066	\$ 6,837,698	\$ 6,574,710	\$ 6,240,140	\$ 6,000,134
Sponsor's Total OPEB Liability as Percentage of Covered-Employee Payroll	6.34%	5.65%	4.89%	5.66%	4.43%	3.59%	3.25%	3.20%

* GASB No. 75 was implemented in 2017. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

** Covered-Employee Payroll was projected one year forward from the valuation date for the reporting period ended September 30, 2025.

Notes to Schedule

Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

Fiscal Year 2025	4.06%	Fiscal Year 2020	3.58%
Fiscal Year 2024	4.87%	Fiscal Year 2019	4.18%
Fiscal Year 2023	4.77%	Fiscal Year 2018	3.64%
Fiscal Year 2022	2.43%	Fiscal Year 2017	3.06%
Fiscal Year 2021	2.14%		

There are no assets accumulated in a trust to pay related benefits.

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

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	September 30, 2025	September 30, 2024	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016
Proportion of the FRS Net Pension Plan	0.025058063%	0.024448699%	0.022491638%	0.023788079%	0.023108466%	0.022337822%	0.020788355%	0.020641302%	0.020019883%	0.018830837%
Proportionate Share of the FRS Net Pension Plan	\$ 7,776,803	\$ 9,457,907	\$ 8,962,206	\$ 8,851,077	\$ 1,745,582	\$ 9,681,541	\$ 7,159,220	\$ 6,217,267	\$ 5,921,747	\$ 4,754,801
Covered Payroll*	9,528,404	8,917,108	7,727,439	7,437,315	7,092,748	6,722,238	6,241,681	5,939,507	5,642,229	5,284,260
Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	81.62%	106.06%	115.98%	119.01%	24.61%	144.02%	114.70%	104.68%	104.95%	89.98%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

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

HEALTH INSURANCE SUBSIDY PENSION PLAN

	September 30, 2025	September 30, 2024	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016
Proportion of the HIS Net Pension Plan	0.021641825%	0.021059854%	0.019412016%	0.020408098%	0.019850710%	0.019367462%	0.018662965%	0.018194623%	0.017692579%	0.017117360%
Proportionate Share of the HIS Net Pension Plan	\$ 2,773,929	\$ 3,159,184	\$ 3,082,887	\$ 2,161,543	\$ 2,434,988	\$ 2,364,736	\$ 2,088,199	\$ 1,925,739	\$ 1,891,772	\$ 1,994,957
Covered Payroll*	9,528,404	8,917,108	7,727,439	7,437,315	7,092,748	6,722,238	6,241,681	5,939,507	5,642,229	5,284,260
Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	29.11%	35.43%	39.90%	29.06%	34.33%	35.18%	33.46%	32.42%	33.53%	37.75%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	6.36%	4.80%	4.12%	4.81%	3.65%	3.00%	2.63%	2.15%	1.64%	0.97%

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

CITY OF ALACHUA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
LAST 10 FISCAL YEARS

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 1,489,929	\$ 1,436,647	\$ 1,081,992	\$ 1,015,081	\$ 880,333	\$ 742,187	\$ 644,589	\$ 588,261	\$ 521,167	\$ 459,220
FRS Contribution in Relation to the Contractually Required Contribution	(1,489,929)	(1,436,647)	(1,081,992)	(1,015,081)	(880,333)	(742,187)	(644,589)	(588,261)	(521,167)	(459,220)
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (FYE 9/30)	\$ 9,453,283	\$ 9,225,978	\$ 7,908,962	\$ 7,240,836	\$ 7,174,623	\$ 6,770,144	\$ 6,434,997	\$ 5,929,911	\$ 5,783,990	\$ 5,338,129
FRS Contributions as a Percentage of Covered Payroll	15.76%	15.57%	13.68%	14.02%	12.27%	10.96%	10.02%	9.92%	9.01%	8.60%

HEALTH INSURANCE SUBSIDY PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 192,184	\$ 184,477	\$ 127,696	\$ 123,486	\$ 116,683	\$ 111,606	\$ 103,634	\$ 98,670	\$ 93,634	\$ 87,737
HIS Contribution in Relation to the Contractually Required Contribution	(192,184)	(184,477)	(127,696)	(123,486)	(116,683)	(111,606)	(103,634)	(98,670)	(93,634)	(87,737)
HIS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (FYE 9/30)	\$ 9,453,283	\$ 9,225,978	\$ 7,908,962	\$ 7,240,836	\$ 7,174,623	\$ 6,770,144	\$ 6,434,997	\$ 5,929,911	\$ 5,783,990	\$ 5,338,129
HIS Contributions as a Percentage of Covered Payroll	2.03%	2.00%	1.61%	1.71%	1.63%	1.65%	1.61%	1.66%	1.62%	1.64%

CITY OF ALACHUA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2025

Note 1 - Basis of Presentation

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

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

Note 2 - Legally Adopted Budgets

The City of Alachua, Florida legally adopted budgets for all funds with activity during the year.

Note 3 - Pension Liability

A. Changes in Benefit Terms

There were no significant changes in benefit terms during the Pension Plan's fiscal year ended June 30, 2025 or 2024.

B. Changes in Assumption

- In the July 1, 2016 actuarial valuation, the long-term expected rate of return, net of investment expense decreased from 7.60% to 7.50%.
- In the July 1, 2017 actuarial valuation, the long-term expected rate of return, net of investment expense decreased from 7.50% to 7.40%.
- In the July 1, 2018 actuarial valuation, the long-term expected rate of return, net of investment expense decreased from 7.40% to 7.20%.
- In the July 1, 2019 actuarial valuation, the long-term expected rate of return, net of investment expense decreased from 7.20% to 6.90%.
- In the July 1, 2020 actuarial valuation, the long-term expected rate of return, net of investment expense decreased from 6.90 to 6.80%.
- In the July 1, 2021 actuarial valuation, the maximum amortization period was decreased to 20 years for all current and future amortization bases.
- In the July 1, 2022 actuarial valuation, the long-term expected rate of return, net of investment expense decreased from 6.80% to 6.70%.
- In the July 1, 2023 actuarial valuation, there were no significant changes in actuarial assumptions.
- In the July 1, 2024 actuarial valuation, there were no significant changes in actuarial assumptions.
- In the July 1, 2025 actuarial valuation, there were no significant changes in actuarial assumptions.

CITY OF ALACHUA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2025

- In the July 1, 2016 actuarial valuation, the municipal rate used to determine total pension liability decreased from 3.80% to 2.85%.
- In the July 1, 2017 actuarial valuation, the municipal rate used to determine total pension liability increased from 2.85% to 3.58%.
- In the July 1, 2018 actuarial valuation, the municipal rate used to determine total pension liability increased from 3.58% to 3.87%.
- In the July 1, 2019 actuarial valuation, the municipal rate used to determine total pension liability decreased from 3.87% to 3.50%.
- In the July 1, 2020 actuarial valuation, the municipal rate used to determine total pension liability decreased from 3.50% to 2.21%.
- In the July 1, 2021 actuarial valuation, the municipal rate used to determine total pension liability decreased from 2.21% to 2.16%.
- In the July 1, 2022 actuarial valuation, the municipal rate used to determine total pension liability increased from 2.16% to 3.54%, the demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB007, HB689, and SB838, and the election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.
- In the July 1, 2023 actuarial valuation, the discount rate was modified to reflect the change in the value of the municipal bond index between Governmental Accounting Standards Board (GASB) measurement dates. Additionally, Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5.00 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.
- In the July 1, 2024 actuarial valuation, all demographic assumptions and methods were reviewed as part of the 2024 Experience Study. The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.
- In the July 1, 2025 actuarial valuation, all demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 Florida Retirement System (FRS) Actuarial Assumption Conference during its meetings in October 2024. The assumption changes were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2025 FRS Actuarial Assumption Conference during its October 2025 meeting. The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

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

DEBT SERVICE FUND

The *Debt Service Fund* accounts for the resources accumulated and payments made for the principal and interest on long-term debt of government funds.

SPECIAL REVENUE FUNDS

The *Special Revenue Funds* are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- *Community Redevelopment Fund*—is used to account for the expenditure of incremental tax funds contributed by Alachua County and the City of Alachua, Florida for the CRA district.
- *Wild Spaces Public Places Fund*—is a special revenue fund used to account for the revenues and expenditures of the half-cent discretionary sales surtax for recreation activities.
- *Infrastructure Surtax Fund*—is a special revenue fund used to account for the revenues and expenditures of the half-cent discretionary sales surtax for recreation activities.
- The *Additional Court Costs Fund*—is used to account for the revenues and expenditures of funds received from court costs assessed under Florida Statute 318.18(11)(d) for certain non-criminal traffic infractions. These revenues will be used to fund criminal justice education degree programs and training courses.
- The *Donations Fund*—is used to account for the revenues and expenditures of donated funds from private sources for the intended purpose designated by the donor.
- The *Police Explorers Fund*—is used to account for the revenues and expenditures of funds received from the Alachua Police Explorers Program.
- The *TK Basin Special Assessment Fund*—is used to account for the revenues and expenditures of funds received from a special assessment to property owners for stormwater maintenance services.
- The *Children's Trust Grant*—is used to account for the revenues and expenditures of funds received from the Children's Trust of Alachua County.
- The *Tree Bank Fund*—is used to account for revenues and expenditures related to violations of Ordinance 06-11. The revenue received will be used for tree mitigation related to development.

CAPITAL PROJECT FUNDS

The *Capital Project Funds* are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

- The *Heritage Oaks Improvement Fund*—is used to account for expenditures for infrastructure improvements in the Heritage Oaks subdivision.
- *CDBG Economic Development*—is used to account for grant revenues and capital expenditures for projects approved under the Community Development Block Grant – Economic Development category.
- *CDBG Neighborhood Revitalization*—is used to account for grant revenues and capital expenditures for projects approved under the Community Development Block Grant – Neighborhood Revitalization category.

CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total
Assets				
Cash and Cash Equivalents	\$ 732,654	\$ 3,682,578	\$ 4,325	\$ 4,419,557
Due from Other Governments	-	189,078	10,000	199,078
Inventory	-	4,961	-	4,961
Prepaid Items	-	3,160	-	3,160
Total Assets	<u>732,654</u>	<u>3,879,777</u>	<u>14,325</u>	<u>4,626,756</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	-	209,513	-	209,513
Accrued Liabilities	-	10,368	-	10,368
Advances from Other Funds	-	1,249	10,000	11,249
Total Liabilities	<u>-</u>	<u>221,130</u>	<u>10,000</u>	<u>231,130</u>
Fund Balances				
Non-Spendable:				
Prepays	-	3,160	-	3,160
Inventory	-	4,961	-	4,961
Restricted for:				
Law Enforcement	-	12,941	-	12,941
Physical Environment	-	2,463,760	4,325	2,468,085
Economic Environment	-	595,593	-	595,593
Human Services	-	7,627	-	7,627
Parks and Recreation	-	570,605	-	570,605
Assigned	732,654	-	-	732,654
Total Fund Balances	<u>732,654</u>	<u>3,658,647</u>	<u>4,325</u>	<u>4,395,626</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 732,654</u>	<u>\$ 3,879,777</u>	<u>\$ 14,325</u>	<u>\$ 4,626,756</u>

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total
Revenues				
Taxes	\$ -	\$ 1,611,536	\$ -	\$ 1,611,536
Permits, Fees, and Special Assessments	-	9,585	-	9,585
Intergovernmental Revenues	-	722,158	10,000	732,158
Charges for Services	-	40,313	-	40,313
Fines and Forfeitures	-	4,376	-	4,376
Investment Income	107	44,539	-	44,646
Miscellaneous	-	86,888	-	86,888
Total Revenues	<u>107</u>	<u>2,519,395</u>	<u>10,000</u>	<u>2,529,502</u>
Expenditures				
Current:				
Public Safety	-	7,492	-	7,492
Physical Environment	-	46,302	-	46,302
Transportation	-	-	10,000	10,000
Economic Environment	-	407,804	-	407,804
Parks and Recreation	-	64,922	-	64,922
Debt Service:				
Principal	436,600	-	-	436,600
Interest	360,881	-	-	360,881
Capital Outlay	-	920,179	-	920,179
(Total Expenditures)	<u>(797,481)</u>	<u>(1,446,699)</u>	<u>(10,000)</u>	<u>(2,254,180)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(797,374)</u>	<u>1,072,696</u>	<u>-</u>	<u>275,322</u>
Other Financing Sources (Uses)				
Transfers in	796,657	290,930	-	1,087,587
Transfers (out)	-	-	(36,087)	(36,087)
Total Other Financing Sources (Uses)	<u>796,657</u>	<u>290,930</u>	<u>(36,087)</u>	<u>1,051,500</u>
Net Change in Fund Balance	(717)	1,363,626	(36,087)	1,326,822
Fund Balance, Beginning of Year	<u>733,371</u>	<u>2,295,021</u>	<u>40,412</u>	<u>3,068,804</u>
Fund Balance, End of Year	<u>\$ 732,654</u>	<u>\$ 3,658,647</u>	<u>\$ 4,325</u>	<u>\$ 4,395,626</u>

CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2025

	Community Redevelopment	Wild Spaces Public Places	Infrastructure Surtax	Additional Court Costs	Donations	Police Explorers	TK Basin Special Assessment	Children's Trust Grant	Tree Bank	Total
Assets										
Cash and Cash										
Equivalents	\$ 809,317	\$ 473,497	\$ 1,997,521	\$ 4,045	\$ 4,236	\$ 9,115	\$ 16,876	\$ 7,627	\$ 360,344	\$ 3,682,578
Due from Other										
Governments	956	94,061	94,061	-	-	-	-	-	-	189,078
Inventory	4,961	-	-	-	-	-	-	-	-	4,961
Prepaid Items	3,160	-	-	-	-	-	-	-	-	3,160
Total Assets	818,394	567,558	2,091,582	4,045	4,236	9,115	16,876	7,627	360,344	3,879,777
Liabilities and Fund Balances										
Liabilities										
Accounts Payable	203,063	1,189	5,042	219	-	-	-	-	-	209,513
Accrued Liabilities	10,368	-	-	-	-	-	-	-	-	10,368
Advances from										
Other Funds	1,249	-	-	-	-	-	-	-	-	1,249
Total Liabilities	214,680	1,189	5,042	219	-	-	-	-	-	221,130
Fund Balances										
Non-Spendable:										
Prepays	3,160	-	-	-	-	-	-	-	-	3,160
Inventory	4,961	-	-	-	-	-	-	-	-	4,961
Restricted for:										
Law Enforcement	-	-	-	3,826	-	9,115	-	-	-	12,941
Economic										
Environment	595,593	-	-	-	-	-	-	-	-	595,593
Physical										
Environment	-	-	2,086,540	-	-	-	16,876	-	360,344	2,463,760
Human										
Services	-	-	-	-	-	-	-	7,627	-	7,627
Parks and										
Recreation	-	566,369	-	-	4,236	-	-	-	-	570,605
Total Fund Balances	603,714	566,369	2,086,540	3,826	4,236	9,115	16,876	7,627	360,344	3,658,647
Total Liabilities and Fund Balances	\$ 818,394	\$ 567,558	\$ 2,091,582	\$ 4,045	\$ 4,236	\$ 9,115	\$ 16,876	\$ 7,627	\$ 360,344	\$ 3,879,777

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Community Redevelopment	Wild Spaces Public Places	Infrastructure Surtax	Additional Court Costs	Donations	Police Explorers	TK Basin Special Assessment	Children's Trust Grant	Tree Bank	Total
Revenues										
Taxes	\$ -	\$ 805,768	\$ 805,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,611,536
Permits, Fees, and Special Assessments	-	-	-	-	-	-	9,585	-	-	9,585
Intergovernmental Revenues	388,825	333,333	-	-	-	-	-	-	-	722,158
Charges for Service	-	-	-	-	-	-	-	-	40,313	40,313
Fines and Forfeitures	-	-	-	4,376	-	-	-	-	-	4,376
Investment Income	10,824	3,445	24,398	110	109	-	331	-	5,322	44,539
Miscellaneous	71,888	-	-	-	15,000	-	-	-	-	86,888
Total Revenues	471,537	1,142,546	830,166	4,486	15,109	-	9,916	-	45,635	2,519,395
Expenditures										
Current:										
Economic Environment	407,804	-	-	-	-	-	-	-	-	407,804
Public Safety	-	-	-	7,492	-	-	-	-	-	7,492
Physical Environment	-	-	-	-	-	-	13,261	-	33,041	46,302
Parks and Recreation	-	52,547	-	-	12,375	-	-	-	-	64,922
Capital Outlay	407,268	456,665	56,246	-	-	-	-	-	-	920,179
Total (Expenditures)	(815,072)	(509,212)	(56,246)	(7,492)	(12,375)	-	(13,261)	-	(33,041)	(1,446,699)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(343,535)	633,334	773,920	(3,006)	2,734	-	(3,345)	-	12,594	1,072,696
Other Financing Sources (Uses)										
Transfers in	290,930	-	-	-	-	-	-	-	-	290,930
Total Other Financing Sources (Uses)	290,930	-	-	-	-	-	-	-	-	290,930
Net Change in Fund Balances	(52,605)	633,334	773,920	(3,006)	2,734	-	(3,345)	-	12,594	1,363,626
Fund Balance, Beginning of Year	656,319	(66,965)	1,312,620	6,832	1,502	9,115	20,221	7,627	347,750	2,295,021
Fund Balance, End of Year	\$ 603,714	\$ 566,369	\$ 2,086,540	\$ 3,826	\$ 4,236	\$ 9,115	\$ 16,876	\$ 7,627	\$ 360,344	\$ 3,658,647

**CITY OF ALACHUA, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2025**

	Heritage Oaks Improvement	CDBG Economic Development	CDBG Neighborhood Revitalization	Total
Assets				
Cash and Cash Equivalents	\$ 4,325	\$ -	\$ -	\$ 4,325
Due from Other Governments	-	10,000	-	10,000
Total Assets	<u>4,325</u>	<u>10,000</u>	<u>-</u>	<u>14,325</u>
Fund Balances				
Liabilities				
Advances from Other Funds	-	10,000	-	10,000
Total Liabilities	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Fund Balances				
Restricted for:				
Physical Environment	4,325	-	-	4,325
Total Fund Balances	<u>4,325</u>	<u>-</u>	<u>-</u>	<u>4,325</u>
Total Liabilities and Fund Balances	<u>\$ 4,325</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 14,325</u>

CITY OF ALACHUA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Heritage Oaks Improvement	CDBG Economic Development	CDBG Neighborhood Revitalization	Total
Revenues				
Intergovernmental Revenues	\$ -	\$ 10,000	\$ -	\$ 10,000
Total Revenues	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Expenditures				
Transportation	-	10,000	-	10,000
(Total Expenditures)	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>
Other Financing Sources (Uses)				
Transfers (out)	-	-	(36,087)	(36,087)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(36,087)</u>	<u>(36,087)</u>
Net Change in Fund Balances	-	-	(36,087)	(36,087)
Fund Balance, Beginning of Year	<u>4,325</u>	<u>-</u>	<u>36,087</u>	<u>40,412</u>
Fund Balance, End of Year	<u><u>\$ 4,325</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,325</u></u>

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Investment Income	\$ -	\$ 107	\$ 107
Total Revenues	<u>-</u>	<u>107</u>	<u>107</u>
Expenditures			
Debt Service:			
Principal	436,600	436,600	-
Interest and Fiscal Charges	361,057	360,881	176
(Total Expenditures)	<u>(797,657)</u>	<u>(797,481)</u>	<u>176</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(797,657)</u>	<u>(797,374)</u>	<u>283</u>
Other Financing Sources (Uses)			
Transfers in	796,657	796,657	-
Total Other Financing Sources (Uses)	<u>796,657</u>	<u>796,657</u>	<u>-</u>
Net Change in Fund Balance	(1,000)	(717)	283
Fund Balance, Beginning of Year	<u>1,000</u>	<u>733,371</u>	<u>732,371</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 732,654</u>	<u>\$ 732,654</u>

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - NON-MAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Wild Spaces Public Places			Additional Court Costs		
	Final		Variance	Final		Variance
	Budget	Actual	With	Budget	Actual	With
			Final Budget			Final Budget
Revenues						
Taxes	\$ 763,714	\$ 805,768	\$ 42,054	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	333,333	333,333	-	-	-
Fines and Forfeitures	-	-	-	4,900	4,376	(524)
Investment Income	1,000	3,445	2,445	100	110	10
Miscellaneous	-	-	-	-	-	-
Total Revenues	764,714	1,142,546	377,832	5,000	4,486	(514)
Expenditures						
Current:						
Public Safety	-	-	-	9,000	7,492	1,508
Parks and Recreation	114,000	52,547	61,453	-	-	-
Capital Outlay	843,946	456,665	387,281	-	-	-
(Total Expenditures)	(957,946)	(509,212)	448,734	(9,000)	(7,492)	1,508
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(193,232)	633,334	826,566	(4,000)	(3,006)	994
Net Change in Fund Balance	(193,232)	633,334	826,566	(4,000)	(3,006)	994
Fund Balance, Beginning of Year	193,232	(66,965)	(260,197)	4,000	6,832	2,832
Fund Balance, End of Year	\$ -	\$ 566,369	\$ 566,369	\$ -	\$ 3,826	\$ 3,826

Donations			Police Explorers		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	109	109	-	-	-
15,000	15,000	-	-	-	-
15,000	15,109	109	-	-	-
-	-	-	4,315	-	4,315
16,465	12,375	4,090	-	-	-
-	-	-	-	-	-
(16,465)	(12,375)	4,090	(4,315)	-	4,315
(1,465)	2,734	4,199	(4,315)	-	4,315
(1,465)	2,734	4,199	(4,315)	-	4,315
1,465	1,502	37	4,315	9,115	4,800
\$ -	\$ 4,236	\$ 4,236	\$ -	\$ 9,115	\$ 9,115

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - NON-MAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(Continued)

	TK Basin Special Assessment			Children's Trust Grant		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Permits, Fees, and Special Assessments	\$ 9,800	\$ 9,585	\$ (215)	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-
Investment Income	250	331	81	-	-	-
Total Revenues	<u>10,050</u>	<u>9,916</u>	<u>(134)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Current:						
Economic Environment	-	-	-	-	-	-
Physical Environment	17,000	13,261	3,739	-	-	-
Human Services	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Reserve for Contingency	10,000	-	10,000	-	-	-
(Total Expenditures)	<u>(27,000)</u>	<u>(13,261)</u>	<u>13,739</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,950)	(3,345)	13,605	-	-	-
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(16,950)	(3,345)	13,605	-	-	-
Fund Balance, Beginning of Year	16,950	20,221	3,271	-	7,627	7,627
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 16,876</u>	<u>\$ 16,876</u>	<u>\$ -</u>	<u>\$ 7,627</u>	<u>\$ 7,627</u>

Tree Bank			Community Redevelopment Fund		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	40,313	40,313	372,487	388,825	16,338
-	-	-	-	10,824	10,824
3,000	5,322	2,322	80,300	71,888	(8,412)
3,000	45,635	42,635	452,787	471,537	18,750
-	-	-	483,049	407,804	75,245
350,444	33,041	317,403	-	-	-
-	-	-	-	-	-
-	-	-	588,650	407,268	181,382
-	-	-	20,000	-	20,000
(350,444)	(33,041)	317,403	(1,091,699)	(815,072)	276,627
(347,444)	12,594	360,038	(638,912)	(343,535)	295,377
-	-	-	290,929	290,930	1
-	-	-	290,929	290,930	1
(347,444)	12,594	360,038	(347,983)	(52,605)	295,378
347,444	347,750	306	347,983	656,319	308,336
\$ -	\$ 360,344	\$ 360,344	\$ -	\$ 603,714	\$ 603,714

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - NON-MAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(Concluded)

	Infrastructure Surtax		
	Final Budget	Actual	Variance With Final Budget
Revenues			
Taxes	\$ 763,714	\$ 805,768	\$ 42,054
Intergovernmental Revenues	333,333	-	(333,333)
Investment Income	14,000	24,398	10,398
Total Revenues	<u>1,111,047</u>	<u>830,166</u>	<u>(280,881)</u>
Expenditures			
Capital Outlay	<u>2,383,047</u>	<u>56,246</u>	<u>2,326,801</u>
(Total Expenditures)	<u>(2,383,047)</u>	<u>(56,246)</u>	<u>2,326,801</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,272,000)</u>	<u>773,920</u>	<u>2,045,920</u>
Net Change in Fund Balance	<u>(1,272,000)</u>	<u>773,920</u>	<u>2,045,920</u>
Fund Balance, Beginning of Year	<u>1,272,000</u>	<u>1,312,620</u>	<u>40,620</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 2,086,540</u>	<u>\$ 2,086,540</u>

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUNDS - NON-MAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Heritage Oaks Improvement			CDBG Economic Development		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
Total Revenues	-	-	-	-	10,000	10,000
Expenditures						
Physical Environment	4,326	-	4,326	-	-	-
Transportation	-	-	-	-	10,000	(10,000)
(Total Expenditures)	(4,326)	-	4,326	-	(10,000)	(10,000)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,326)	-	4,326	-	-	-
Net Change in Fund Balance	(4,326)	-	4,326	-	-	-
Fund Balance, Beginning of Year	4,326	4,325	(1)	-	-	-
Fund Balance, End of Year	\$ -	\$ 4,325	\$ 4,325	\$ -	\$ -	\$ -

CITY OF ALACHUA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUNDS - NON-MAJOR
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	CDBG Neighborhood Revitalization		
	Final Budget	Actual	Variance With Final Budget
Other Financing Sources (Uses)			
Transfers (out)	\$ (36,088)	\$ (36,087)	\$ 1
Total Other Financing Sources (Uses)	(36,088)	(36,087)	1
Net Change in Fund Balance	(36,088)	(36,087)	1
Fund Balance, Beginning of Year	36,088	36,087	(1)
Fund Balance, End of Year	\$ -	\$ -	\$ -

STATISTICAL SECTION

(unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends Information	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	79
Revenue Capacity Information	
These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, which is property taxes.	89
Debt Capacity Information	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. The City has no legal debt margin, thus it is not reported in these schedules.	94
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	101
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	104
Sources:	
<i>Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.</i>	

FINANCIAL TRENDS INFORMATION

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

	Fiscal Year			
	2016	2017	2018	2019
Governmental Activities				
Net Investment in Capital Assets	\$ 19,616,277	22,463,590	23,893,386	31,404,781
Restricted	697,533	965,855	1,118,805	720,643
Unrestricted	1,596,788	34,697	1,170,134	(228,560)
Total governmental activities net position	<u>\$ 21,910,598</u>	<u>23,464,142</u>	<u>26,182,325</u>	<u>31,896,864</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 26,925,962	27,105,739	27,305,901	30,545,539
Restricted	803,328	829,815	845,867	766,948
Unrestricted	7,524,704	8,213,058	10,039,192	8,850,939
Total business-type activities net position	<u>\$ 35,253,994</u>	<u>36,148,612</u>	<u>38,190,960</u>	<u>40,163,426</u>
Primary Government				
Net Investment in Capital Assets	\$ 46,542,239	49,569,329	51,199,287	61,950,320
Restricted	1,500,861	1,795,670	1,964,672	1,487,591
Unrestricted	9,121,492	8,247,755	11,209,326	8,622,379
Total primary government net position	<u>\$ 57,164,592</u>	<u>59,612,754</u>	<u>64,373,285</u>	<u>72,060,290</u>

Fiscal Year					
2020	2021	2022	2023	2024	2025
38,811,346	39,709,937	39,845,824	40,727,323	42,890,476	43,768,267
824,515	877,524	1,067,693	1,734,624	2,399,562	3,658,243
(1,331,158)	(292,015)	1,365,613	2,458,477	1,885,612	967,701
<u>38,304,703</u>	<u>40,295,446</u>	<u>42,279,130</u>	<u>44,920,424</u>	<u>47,175,650</u>	<u>48,394,211</u>
32,375,147	36,157,170	36,263,333	37,275,117	42,757,851	45,918,263
497,822	0	0	0	0	0
<u>8,714,790</u>	<u>7,501,011</u>	<u>9,599,477</u>	<u>11,497,338</u>	<u>12,550,995</u>	<u>15,667,510</u>
<u>41,587,759</u>	<u>43,658,181</u>	<u>45,862,810</u>	<u>48,772,455</u>	<u>55,308,846</u>	<u>61,585,773</u>
71,186,493	75,867,107	76,109,157	78,002,440	85,648,327	89,686,530
1,322,337	877,524	1,067,693	1,734,624	2,399,562	3,658,243
<u>7,383,632</u>	<u>7,208,996</u>	<u>10,965,090</u>	<u>13,955,815</u>	<u>14,436,607</u>	<u>16,635,211</u>
<u>79,892,462</u>	<u>83,953,627</u>	<u>88,141,940</u>	<u>93,692,879</u>	<u>102,484,496</u>	<u>109,979,984</u>

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

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental activities:				
General government	\$ 3,028,258	3,486,727	3,599,652	3,929,844
Public safety	3,610,483	4,085,731	3,654,092	4,005,543
Physical environment	828,282	724,084	728,897	697,179
Transportation	918,754	982,780	1,009,907	1,146,987
Economic environment	239,226	237,578	347,468	361,475
Parks and recreation	741,416	730,895	1,113,466	1,240,993
Human Services	0	0	0	0
Interest on long-term debt	567,472	472,693	458,943	441,643
Total governmental activities expenses	9,933,891	10,720,488	10,912,425	11,823,664
Business-type Activities				
Electric	11,250,351	10,487,281	10,421,132	10,993,671
Water and sewer	3,403,639	3,974,417	3,861,470	4,376,020
Mosquito control	43,026	33,859	43,389	64,968
Total business-type activities	14,697,016	14,495,557	14,325,991	15,434,659
Total primary government expenses	24,630,907	25,216,045	25,238,416	27,258,323
Program Revenues				
Governmental activities:				
Charges for services:				
General government	398,171	356,558	424,864	465,209
Public safety	294,121	334,904	320,734	460,845
Physical environment	864,936	805,619	796,313	811,177
Transportation	23,104	33,871	34,790	40,108
Economic environment	0	0	0	0
Parks and recreation	30,654	34,865	73,653	113,726
Human Services	0	0	0	0
Operating grants and contributions	266,003	300,985	243,010	399,811
Capital grants and contributions	1,032,140	763,611	1,864,531	5,292,668
Total governmental activities program revenues	\$ 2,909,129	2,630,413	3,757,895	7,583,544
Business-type activities:				
Charges for services:				
Electric	\$ 15,129,466	13,736,261	14,066,610	14,098,831
Water and sewer	3,969,605	3,852,329	4,089,464	4,158,288
Mosquito control	57,991	58,909	59,831	60,487
Operating grants and contributions	0	0	0	75,407
Capital grants and contributions	0	0	350,000	768,000
Total business-type activities program revenues	19,157,062	17,647,499	18,565,905	19,161,013
Total primary government program revenues	22,066,191	20,277,912	22,323,800	26,744,557
Net (Expense) Revenue				
Governmental activities	(7,024,762)	(8,090,075)	(7,154,530)	(4,240,120)
Business-type activities	4,460,046	3,151,942	4,239,914	3,726,354
Total primary government net expense	\$ (2,564,716)	(4,938,133)	(2,914,616)	(513,766)

Fiscal Year					
2020	2021	2022	2023	2024	2025
4,312,382	4,279,253	4,390,990	5,104,557	5,726,684	5,568,939
4,448,401	3,808,353	4,596,139	5,625,838	5,954,156	5,821,703
709,120	739,350	751,599	1,100,907	1,118,274	1,378,452
1,132,041	1,319,813	1,374,633	1,574,783	1,693,097	1,766,538
348,111	366,847	466,375	502,830	448,591	501,969
1,354,105	1,545,586	1,632,577	1,911,392	1,825,706	2,012,783
51,787	129,547	86,665	79,110	65,222	0
425,762	409,116	391,626	369,497	347,544	325,932
12,781,709	12,597,865	13,690,604	16,268,914	17,179,274	17,376,316
10,973,016	11,363,594	15,257,771	11,414,410	11,234,221	12,606,675
4,496,164	4,716,240	4,906,437	5,212,628	5,016,452	5,768,276
41,531	46,369	47,856	51,278	58,559	87,571
15,510,711	16,126,203	20,212,064	16,678,316	16,309,232	18,462,522
28,292,420	28,724,068	33,902,668	32,947,230	33,488,506	35,838,838
499,375	528,747	691,202	662,254	595,543	590,590
557,469	760,854	853,988	896,118	1,079,414	868,506
819,832	831,301	844,814	1,183,392	1,215,622	1,285,159
41,157	45,230	46,463	47,723	50,504	51,978
0	0	0	0	0	0
48,268	172,483	336,928	157,276	254,335	172,103
0	0	0	0	0	0
277,541	508,954	258,650	320,283	367,362	590,959
7,004,740	1,207,760	1,455,383	1,430,620	1,779,443	875,438
9,248,382	4,055,329	4,487,428	4,697,666	5,342,223	4,434,733
14,454,678	14,899,859	18,612,142	14,788,541	14,054,132	16,092,860
4,366,496	5,146,692	5,384,942	5,893,278	7,526,827	7,643,887
60,786	61,889	62,142	63,654	64,989	68,382
6,266	15,000	0	0	0	0
0	138,665	341,422	722,280	2,945,157	3,151,849
18,888,226	20,262,105	24,400,648	21,467,753	24,591,105	26,956,978
28,136,608	24,317,434	28,888,076	26,165,419	29,933,328	31,391,711
(3,533,327)	(8,542,536)	(9,203,176)	(11,571,248)	(11,837,051)	(12,941,583)
3,377,515	4,135,902	4,188,584	4,789,437	8,281,873	8,494,456
(155,812)	(4,406,634)	(5,014,592)	(6,781,811)	(3,555,178)	(4,447,127)

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

	2016	2017	2018	2019
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 3,982,499	4,171,075	4,090,645	4,280,381
Utility taxes	1,387,113	1,423,860	1,450,979	1,506,043
Discretionary Sales Surtax	0	368,655	605,530	609,820
Communications services taxes	338,750	311,859	323,331	332,749
Local option gas tax	0	0	0	0
Business license tax	48,398	48,649	49,970	51,497
Franchise fees	0	0	0	0
Intergovernmental revenue	743,242	801,244	823,041	853,502
Unrestricted investment earnings	25,692	32,812	58,385	114,730
Miscellaneous	194,070	103,364	97,195	140,609
Capital asset transfers	0	0	0	0
Gain on disposal of capital assets	0	0	0	0
Special item	(123,628)	0	0	0
Transfers	2,200,859	2,382,101	2,362,597	2,065,328
Total governmental activities	<u>8,796,995</u>	<u>9,643,619</u>	<u>9,861,673</u>	<u>9,954,659</u>
Business-type activities:				
Unrestricted investment earnings	7,166	23,498	99,537	187,324
Miscellaneous	74,219	101,279	58,336	124,115
Capital asset transfers	0	0	0	0
Gain on disposal of capital assets	0	0	0	0
Special item	0	0	0	0
Transfers	(2,200,859)	(2,382,101)	(2,362,597)	(2,065,328)
Total business-type activities	<u>(2,119,474)</u>	<u>(2,257,324)</u>	<u>(2,204,724)</u>	<u>(1,753,889)</u>
Total primary government	<u>\$ 6,677,521</u>	<u>7,386,295</u>	<u>7,656,949</u>	<u>8,200,770</u>
Change in Net Position				
Governmental activities	\$ 1,772,233	1,553,544	2,707,143	5,714,539
Business-type activities	2,340,572	894,618	2,035,190	1,972,465
Total primary government	<u>\$ 4,112,805</u>	<u>2,448,162</u>	<u>4,742,333</u>	<u>7,687,004</u>

Fiscal Year					
2020	2021	2022	2023	2024	2025
4,489,384	4,726,998	5,079,266	5,585,088	7,028,964	7,770,157
1,481,057	1,608,171	1,670,498	1,742,543	1,608,058	1,699,060
571,527	684,556	774,727	1,273,912	1,576,194	1,611,536
361,901	321,121	313,796	327,756	326,359	341,018
0	0	0	0	0	0
47,733	39,549	48,153	42,317	48,714	50,121
0	0	0	0	0	0
790,075	1,019,001	1,189,151	1,202,264	1,171,086	1,158,878
30,281	5,407	10,524	107,924	224,893	219,970
101,531	57,535	100,045	1,930,738	108,009	210,584
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,067,677	2,071,641	2,000,000	2,000,000	2,000,000	2,000,000
9,941,166	10,533,979	11,186,160	14,212,542	14,092,277	15,061,324
58,977	6,161	12,051	118,924	223,443	214,464
55,518	0	3,994	1,284	31,075	1,758
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(2,067,677)	(2,071,641)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
(1,953,182)	(2,065,480)	(1,983,955)	(1,879,792)	(1,745,482)	(1,783,778)
7,987,984	8,468,499	9,202,205	12,332,750	12,346,795	13,277,546
6,407,839	1,991,443	1,982,984	2,641,294	2,255,226	2,119,741
1,424,333	2,070,422	2,204,629	2,909,645	6,536,391	6,710,678
7,832,172	4,061,865	4,187,613	5,550,939	8,791,617	8,830,419

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

	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable	\$ 1,128,744	627,675	750,470	3,104,103
Restricted	26,167	10,448	3,693	12,824
Assigned	2,050,825	306,543	2,354,747	1,228,534
Unassigned	2,931,335	3,813,331	2,774,649	2,705,928
Reserved	0	0	0	0
Unreserved	0	0	0	0
Total general fund	<u>\$ 6,137,071</u>	<u>4,757,997</u>	<u>5,883,559</u>	<u>7,051,389</u>
All Other Governmental Funds				
Nonspendable	\$ 12,226	21,826	5,693	597
Restricted	4,635,975	955,407	1,115,112	707,819
Assigned	697,959	559,861	494,228	491,462
Unassigned	(667,489)	(300,000)	(95,699)	(2,802,715)
Reserved	0	0	0	0
Unreserved, reported in:				
Special revenue funds	0	0	0	0
Debt service funds	0	0	0	0
Capital projects funds	0	0	0	0
Total all other governmental funds	<u>\$ 4,678,671</u>	<u>1,237,094</u>	<u>1,519,334</u>	<u>(1,602,837)</u>

Fiscal Year					
2020	2021	2022	2023	2024	2025
3,022,285	1,634,204	918,680	334,093	408,054	135,909
12,427	0	0	0	3,390	3,392
1,597,253	1,454,295	2,087,212	3,359,902	4,450,033	3,682,843
2,516,089	3,888,829	4,905,716	6,519,909	5,635,718	5,435,132
0	0	0	0	0	0
0	0	0	0	0	0
7,148,054	6,977,328	7,911,608	10,213,904	10,497,195	9,257,276
589	5,613	5,784	5,898	6,226	8,121
812,088	878,224	1,067,693	1,734,624	2,396,172	3,654,851
502,343	537,640	717,979	725,835	733,371	732,654
(2,539,356)	(1,098,942)	(301,593)	0	(66,965)	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(1,224,336)	322,535	1,489,863	2,466,357	3,068,804	4,395,626

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

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Taxes	\$ 6,004,417	6,574,325	6,771,785	7,039,344
Permits, fees, and special assessments	491,381	491,187	536,096	564,860
Intergovernmental revenues	1,796,689	1,594,494	1,241,335	3,723,450
Charges for services	1,067,509	982,949	1,060,719	1,217,916
Fines and forfeitures	34,312	64,531	29,230	78,810
Interest	25,692	32,812	58,385	114,730
Miscellaneous	192,843	107,699	89,425	137,858
Total revenues	<u>9,612,843</u>	<u>9,847,997</u>	<u>9,786,975</u>	<u>12,876,968</u>
Expenditures				
General government	2,741,395	3,064,460	3,156,600	3,332,416
Public safety	3,283,396	3,555,867	3,133,453	3,261,173
Physical environment	828,228	724,030	728,843	697,125
Transportation	566,945	563,055	562,857	667,209
Economic environment	197,743	186,235	294,475	300,062
Human Services	0	0	0	0
Parks and recreation	640,079	592,608	793,078	876,510
Debt service:				
Principal	418,711	482,911	534,888	464,197
Interest and fiscal charges	474,815	486,444	489,477	471,882
Capital outlay	<u>4,339,117</u>	<u>7,395,139</u>	<u>1,048,099</u>	<u>6,826,063</u>
Total expenditures	<u>13,490,429</u>	<u>17,050,749</u>	<u>10,741,770</u>	<u>16,896,637</u>
Excess (deficiency) of revenues over (under) expenditures	(3,877,586)	(7,202,752)	(954,795)	(4,019,669)
Other Financing Sources (Uses)				
Proceeds from the sale of capital assets	0	0	0	0
Proceeds from borrowing	13,207,453	0	0	0
Payments to refunding bond escrow agent	(7,100,000)	0	0	0
Insurance proceeds	0	0	0	0
Transfers in	3,437,126	5,478,044	3,398,431	3,015,805
Transfers out	(1,236,267)	(3,095,943)	(1,035,834)	(950,476)
Issuance of leases	0	0	0	0
Total other financing sources (uses)	<u>8,308,312</u>	<u>2,382,101</u>	<u>2,362,597</u>	<u>2,065,329</u>
Net change in fund balances	<u>\$ 4,430,726</u>	<u>(4,820,651)</u>	<u>1,407,802</u>	<u>(1,954,340)</u>
Debt service as a percentage of noncapital expenditures	9.8%	10.0%	10.6%	9.3%

Source: City of Alachua Financial Reports

Note:

A) Section 108, Series 2001A loan refinanced in FY 2015 and paid off in FY2021.

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

Fiscal Year					
2020	2021	2022	2023	2024	2025
7,197,160	7,661,926	8,201,819	9,307,638	10,947,312	11,830,519
581,834	797,763	1,005,843	1,057,984	1,071,191	978,911
8,201,739	2,908,312	2,495,080	1,769,540	2,345,295	2,254,996
1,312,746	1,459,927	1,735,312	1,859,938	2,051,809	1,928,170
40,987	46,308	56,253	48,080	82,030	70,840
30,283	5,407	10,524	107,924	224,893	219,970
47,637	47,324	86,681	1,962,732	119,843	212,651
17,412,386	12,926,967	13,591,512	16,113,836	16,842,373	17,496,057
3,604,814	4,131,805	3,951,708	4,170,933	5,065,538	5,400,682
3,513,424	3,771,476	4,216,129	4,556,215	5,485,617	5,651,012
709,066	739,296	751,545	1,100,853	1,118,274	1,378,452
592,393	684,572	699,970	775,977	873,827	958,380
233,817	315,730	410,344	336,762	411,851	430,304
51,787	129,547	86,665	79,110	65,222	0
954,871	1,136,982	1,176,277	1,455,210	1,369,849	1,458,072
479,892	515,433	324,918	497,251	418,100	636,600
456,514	440,173	422,102	404,245	382,034	360,881
8,408,319	1,757,449	1,450,246	1,458,490	2,766,323	4,134,771
19,004,897	13,622,463	13,489,904	14,835,046	17,956,635	20,409,154
(1,592,511)	(695,496)	101,608	1,278,790	(1,114,262)	(2,913,097)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
3,033,621	3,048,523	3,248,809	3,035,007	3,073,523	3,123,674
(965,944)	(976,882)	(1,248,809)	(1,035,007)	(1,073,523)	(1,123,674)
0	0	0	0	0	1,000,000
2,067,677	2,071,641	2,000,000	2,000,000	2,000,000	3,000,000
475,166	1,376,145	2,101,608	3,278,790	885,738	86,903
8.8%	8.1%	6.2%	6.7%	5.3%	6.1%

REVENUE CAPACITY INFORMATION

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

Fiscal Year Ended September 30	Residential Property	Commercial Property	Agricultural Property	Industrial Property
2016	\$ 298,701,155	\$ 107,851,700	\$ 57,903,000	\$ 120,895,840
2017	309,304,486	113,985,346	53,879,730	121,952,410
2018	335,714,108	103,460,140	54,743,787	176,570,660
2019	357,724,814	106,719,620	60,071,970	179,366,290
2020	375,232,012	117,826,179	58,052,873	176,592,913
2021	384,017,832	121,199,899	59,666,304	194,476,724
2022	409,264,640	129,231,583	61,894,175	210,246,042
2023	460,164,061	147,124,615	62,321,063	223,287,162
2024	524,832,029	157,032,950	62,289,395	259,996,967
2025	583,504,189	173,984,349	71,388,620	290,558,139

Source: Alachua County Property Appraiser

Non-Taxable Real Property		Personal and Centrally Assessed Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate			
\$	287,466,114	\$	100,745,527	\$	285,472,955	\$	688,090,381	5.9900
	291,778,105		107,092,736		286,363,129		711,629,684	5.9900
	306,847,540		107,354,328		302,079,280		782,611,283	5.3900
	323,835,410		110,932,918		318,382,990		820,268,032	5.3900
	329,621,158		124,683,997		325,488,330		856,520,802	5.3900
	349,185,630		129,653,433		331,380,488		906,819,334	5.3900
	357,686,564		142,274,830		335,026,671		975,571,163	5.3900
	369,369,192		148,544,616		342,036,425		1,068,774,284	5.3900
	390,213,187		178,706,392		355,072,495		1,217,998,425	5.9500
	386,884,507		196,053,017		351,372,027		1,351,000,794	5.9500

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

Fiscal Year Ended Sept. 30,	Direct			Overlapping							
	Basic Rate	General Obligation Debt Service	Total City	Alachua BOCC	Alachua BOCC GO Debt	Alachua County Library District	Library Debt Service	Alachua County Children's Trust	School Board	Suwannee River Water Management District	St. Johns River Water Management District
2016	5.9900	0.0000	5.9900	8.7950	0.1595	1.4538	0.0900	0.0000	8.3420	0.4104	0.3023
2017	5.9900	0.0000	5.9900	8.9290	0.0000	1.3371	0.0750	0.0000	7.9360	0.4093	0.2885
2018	5.3900	0.0000	5.3900	8.4648	0.0000	1.2655	0.0000	0.0000	7.6250	0.4027	0.2724
2019	5.3900	0.0000	5.3900	8.2829	0.0000	1.2303	0.0000	0.0000	7.2640	0.3948	0.2562
2020	5.3900	0.0000	5.3900	8.2729	0.0000	1.1825	0.0000	0.5000	7.1440	0.3840	0.2414
2021	5.3900	0.0000	5.3900	7.8935	0.0000	1.1289	0.0000	0.5000	6.9150	0.3696	0.2287
2022	5.3900	0.0000	5.3900	7.8662	0.0000	1.0856	0.0000	0.5000	6.8430	0.3615	0.2189
2023	5.3900	0.0000	5.3900	7.7662	0.0000	1.0565	0.0000	0.4612	6.4980	0.3368	0.1974
2024	5.9500	0.0000	5.9500	7.6414	0.0000	1.0339	0.0000	0.4612	6.4320	0.3113	0.1793
2025	5.9500	0.0000	5.9500	7.6180	0.0000	1.0000	0.0000	0.4500	6.2610	0.2936	0.1793

Source: Alachua County Property Appraiser

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

Taxpayer	Fiscal Year 2025				Fiscal Year 2016			
	Taxable Assessed Value		Percentage of Total City Taxable Assessed Value		Taxable Assessed Value		Percentage of Total City Taxable Assessed Value	
		Rank				Rank		
Alachua Government Services (Resilience)	\$ 96,937,198	1	7.18%					
Wal-Mart Stores East LP	76,388,685	2	5.65%	\$ 60,019,210	1	8.73%		
Dolgencorp, Inc.	56,825,353	3	4.21%	49,602,200	2	7.21%		
Regeneration Technologies, Inc.	38,821,628	4	2.87%	23,981,160	4	3.49%		
Baugh Southeast Cooperative, Inc. (Sysco)	36,175,393	5	2.68%	30,330,400	3	4.41%		
Alachua Development, LLC	25,812,043	6	1.91%	11,223,400	6	1.63%		
Waco Properties, Inc.	18,776,450	7	1.39%	10,775,100	7	1.57%		
Alachua Copeland Park Investments LLC	13,932,125	8	1.03%					
Alachua Highpoint LLC	12,791,005	9	0.95%					
CEGM Alachua LLC	10,493,248	10	0.78%					
SNH Medical Office Properties				16,463,560	5	2.39%		
South Redistribution Center Inc.				7,407,470	8	1.08%		
Lowes Home Centers, Inc.				7,398,150	9	1.08%		
MAS Holding Company, Inc.				5,125,000	10	0.75%		
	<u>\$ 386,953,128</u>		<u>28.64%</u>	<u>\$ 222,325,650</u>		<u>32.34%</u>		

Source: Alachua County Tax Collector

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

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 4,130,829	\$ 3,975,018	96.2%	\$ 7,481	\$ 3,982,499	96.4%
2017	4,262,662	4,164,772	97.7%	6,303	4,171,075	97.9%
2018	4,230,837	4,085,398	96.6%	5,247	4,090,645	96.7%
2019	4,404,414	4,296,687	97.6%	(16,306)	4,280,381	97.2%
2020	4,539,399	4,475,397	98.6%	13,987	4,489,384	98.9%
2021	4,892,610	4,719,365	96.5%	7,636	4,727,001	96.6%
2022	5,274,051	5,066,133	96.1%	13,135	5,079,268	96.3%
2023	5,785,556	5,584,523	96.5%	565	5,585,088	96.5%
2024	7,213,157	7,026,942	97.4%	2,023	7,028,965	97.4%
2025	7,981,458	7,770,343	97.4%	(186)	7,770,157	97.4%

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

DEBT CAPACITY INFORMATION

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

Fiscal Year	Governmental Activities				
	Gen. Govt. Revenue Bonds	Gen. Govt. Participation Certificates	Sales Tax Revenue Notes	Financing Loans	Capital Leases
2016	\$ 12,937,326	\$ 875,000	\$ -	\$ 1,140,370	\$ 180,085
2017	12,839,292	725,000	0	971,501	90,043
2018	12,622,858	560,000	0	467,389	0
2019	12,399,024	385,000	0	377,995	0
2020	12,171,488	200,000	0	286,601	0
2021	11,925,453	0	0	193,168	0
2022	11,672,019	0	0	97,651	0
2023	11,248,384	0	0	0	0
2024	10,806,249	0	0	0	0
2025	10,345,615	0	0	0	800,000

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

Business-Type Activities							
Utility Acquisition Bonds	Utility Refunding Bonds	Utility Revenue Bonds	Financing Loans	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 290,000	\$ 2,750,000	\$ 4,611,853	\$ 8,229,683	\$ -	\$ 31,014,317	7.91%	\$ 3,135
200,000	2,085,000	4,576,964	8,086,990	0	29,574,790	7.36%	2,977
105,000	1,405,000	4,500,471	7,917,275	0	27,577,993	6.51%	2,716
0	710,000	4,421,382	12,220,079	0	30,513,479	6.95%	2,963
0	0	4,340,996	11,995,158	0	28,994,243	5.57%	2,769
0	0	4,254,106	11,327,436	0	27,709,054	5.45%	2,576
0	0	4,164,617	10,637,957	0	26,483,483	4.82%	2,442
0	0	4,015,328	10,136,566	0	25,400,278	4.53%	2,306
0	0	3,859,539	9,618,063	0	24,283,851	3.97%	2,150
0	0	3,697,250	9,082,334	0	23,925,199	3.58%	2,107

Schedule 10
CITY OF ALACHUA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
Capital Improvement Revenue and Revenue Refunding Bonds, 2016	\$ 9,828,875	100.00%	\$ 9,828,875
Plus Premium	516,740	100.00%	516,740
Leases Payables	800,000	100.00%	800,000
Total direct debt	11,145,615		11,145,615
Overlapping:			
Alachua County Board of County Commissioners:			
Capital Improvement Revenue Note, 2015A	419,000	5.81%	24,361
Public Improvement Revenue Refunding Note, 2015B	2,972,000	5.81%	172,797
Public Improvement Revenue Refunding Note, 2016	4,010,000	5.81%	233,148
Public Improvement Revenue Note, 2017	372,000	5.81%	21,629
Local Option Gas Tax Revenue Note, 2018	3,595,000	5.81%	209,019
Capital Improvement Revenue Note, 2020A	1,950,000	5.81%	113,376
Capital Improvement Revenue Note, 2020C	7,140,000	5.81%	415,131
Tourist Development Tax Revenue Note, 2021AB	29,535,000	5.81%	1,717,213
Capital Improvement Revenue Note, 2022	31,465,000	5.81%	1,829,427
Capital Improvement Revenue Note, 2023	7,480,000	5.81%	434,899
Public Improvement Revenue Note, 2025	85,500,000	5.81%	4,971,110
Finance Purchases	1,152,436	5.81%	67,005
Leases Payables	5,552,167	5.81%	322,812
Subscription Payables	3,500,937	5.81%	203,550
School Board of Alachua County:			
Certificates of Participation	72,376,065	5.04%	3,647,785
Qualified School Construction Bonds	11,211,997	5.04%	565,089
Build America Bonds	1,535,291	5.04%	77,379
Total overlapping debt	269,766,893		15,025,730
Total direct and overlapping debt	\$ 280,912,508		\$ 26,171,345

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

Notes:

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

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

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

Fiscal Year	Pledged Revenue	Section 108 Loan Debt Service	
		Principal	Interest
2016	\$ 1,133,662	\$ 140,000	\$ 16,405
2017	1,190,516	150,000	15,242
2018	1,235,434	165,000	13,848
2019	1,310,196	175,000	11,654
2020	1,272,267	185,000	8,363
2021	1,428,992	200,000	3,917
2022	0	0	0
2023	0	0	0
2024	0	0	0
2025	0	0	0

Fiscal Year	Pledged Revenue	Series 2006 Capital Improvement Debt Service	
		Principal	Interest
2016	\$ 6,402,248	\$ 110,000	\$ 304,448
2017	0	0	0
2018	0	0	0
2019	0	0	0
2020	0	0	0
2021	0	0	0
2022	0	0	0
2023	0	0	0
2024	0	0	0
2025	0	0	0

Notes:

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

(2) Original Section 108 Loan Series 2001A was refinanced by HUD in FY 2014-2015 and paid off in FY 2021.

(3) Pledged revenue for the Series 2006 bonds consists of various non ad valorem revenue. This issue was refunded in FY 2016 by the covenant-to-budget Series 2016 Capital Improvement and Revenue Refunding bonds.

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

Fiscal Year	Sales Tax Revenue	Sales Tax Rev Note-1995 Debt Service		Sales Tax Rev Note-1999A Debt Service		Coverage
		Principal	Interest	Principal	Interest	
2016	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00
2017	0	0	0	0	0	0.00
2018	0	0	0	0	0	0.00
2019	0	0	0	0	0	0.00
2020	0	0	0	0	0	0.00
2021	0	0	0	0	0	0.00
2022	0	0	0	0	0	0.00
2023	0	0	0	0	0	0.00
2024	0	0	0	0	0	0.00
2025	0	0	0	0	0	0.00

Fiscal Year	Sales Tax Revenue	Sales Tax Rev Note-1999B Debt Service		Sales Tax Rev Note-2000 Debt Service		Coverage
		Principal	Interest	Principal	Interest	
2016	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00
2017	0	0	0	0	0	0.00
2018	0	0	0	0	0	0.00
2019	0	0	0	0	0	0.00
2020	0	0	0	0	0	0.00
2021	0	0	0	0	0	0.00
2022	0	0	0	0	0	0.00
2023	0	0	0	0	0	0.00
2024	0	0	0	0	0	0.00
2025	0	0	0	0	0	0.00

Notes:

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

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

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

Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2016	\$ 446,504	\$ 83,668	\$ 15,612	\$ 99,280	4.50
2017	461,807	85,535	13,744	99,279	4.65
2018	442,610	87,445	11,835	99,280	4.46
2019	459,275	89,397	9,882	99,279	4.63
2020	466,184	91,392	7,887	99,279	4.70
2021	470,975	93,433	5,847	99,280	4.74
2022	490,008	95,518	3,761	99,279	4.94
2023	549,266	97,651	1,629	99,280	5.53
2024	603,666	0	0	0	0.00
2025	663,418	0	0	0	0.00

Notes:

- (1) The Tax Increment Revenue Notes are backed by the property tax revenue produced by the property tax rate of the City of Alachua and Alachua County applied to the increase in taxable assessed values above the base year taxable assessed valued multiplied by 95%.
- (2) 2013 Redevelopment Note was paid of Fiscal Year 2023.

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

Net Debt Service Requirements

Fiscal Year	Net Utility Revenue Available	Excise Taxes	Revenue Available for Debt Service	Total Debt	Coverage
2016	\$ 3,949,967	\$ 1,725,863	\$ 5,675,830	\$ 1,142,493	4.97
2017	3,042,563	1,735,719	4,778,282	1,158,811	4.12
2018	3,587,827	1,774,310	5,362,137	1,184,685	4.53
2019	3,137,138	1,838,792	4,975,930	1,214,577	4.10
2020	3,711,173	1,842,958	5,554,131	1,132,122	4.91
2021	4,003,398	1,929,292	5,932,690	1,059,513	5.60
2022	3,958,469	1,984,294	5,942,880	990,900	6.00
2023	3,473,484	2,070,299	5,543,783	785,803	7.05
2024	5,920,122	1,934,417	7,854,539	788,710	9.96
2025	8,710,678	2,040,078	10,750,756	791,202	13.59

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Year	City Population	Gainesville MSA Population	Per Capita Personal Income	Total Personal Income	Unemployment Rate
2016	9,892	277,163	\$ 39,650	\$ 392,217,800	4.40%
2017	9,936	280,708	40,444	401,851,584	4.50%
2018	10,155	280,715	41,718	423,646,290	3.40%
2019	10,298	285,072	42,663	439,343,574	2.50%
2020	10,470	289,857	49,689	520,243,830	4.30%
2021	10,756	328,517	47,302	508,780,312	5.20%
2022	10,844	351,001	50,623	548,955,812	2.40%
2023	11,015	357,446	50,892	560,575,380	3.00%
2024	11,296	361,661	54,166	611,859,136	3.50%
2025	11,353	364,471	58,873	668,385,169	4.50%

Notes:

A) Per Capita Personal Income figures were based on Gainesville Metropolitan Statistical Area through 2024 until information was discontinued. 2025 Per Capita Personal Income figures are based on Alachua County data provided by the Federal Reserve Bank of St. Louis (FRED).

B) Unemployment rate figures are based on data for the Gainesville Metropolitan Statistical Area provided by Federal Reserve Bank of St. Louis (FRED).

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

Schedule 16
CITY OF ALACHUA, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS PRIOR

Employer	Fiscal Year 2025			
	Type of Business	Number of Employees	Rank	% of Total
Walmart Distribution Center	Retail	744	1	23.79%
Dollar General Distribution Center	Retail	699	2	22.35%
School Board of Alachua County	Public Education	314	3	10.04%
Regeneration Technologies, Inc.	Orthopedic/Cardio Implants	300	4	9.59%
Publix Supermarkets	Retail	246	5	7.86%
Sandvik Mining & Construction USA, LLC	Manufacturing	210	6	6.71%
JonesEdmunds	Engineering	175	7	5.59%
City of Alachua	City Government	153	8	4.89%
Baugh Southeast Cooperative, Inc. (Sysco)	Retail	151	9	4.83%
Lowe's	Retail	136	10	4.35%
Total City Employment		3,128		

Source: Individual Employers

Employer	Fiscal Year 2016			
	Type of Business	Number of Employees	Rank	% of Total
Walmart Distribution Center	Retail	738	1	25.20%
Dollar General Distribution Center	Retail	600	2	20.49%
Regeneration Technologies, Inc.	Orthopedic/Cardio Implants	518	3	17.69%
School Board of Alachua County	Public Education	304	4	10.38%
State of Florida	State Government	151	5	5.16%
Lowe's	Retail	140	6	4.78%
Baugh Southeast Cooperative, Inc.	Retail	132	7	4.51%
Sandvik Mining & Construction USA, LLC	Manufacturing	128	8	4.37%
City of Alachua	City Government	114	9	3.89%
Greenway Health (Vitera)	Healthcare Management	103	10	3.52%
	Total City Employment	2,928		

Source: Individual Employers

OPERATING INFORMATION

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

Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Administration	13.00	12.00	13.00	13.00	13.00	13.00	15.00	15.00	15.00	16.00
Culture and Recreation	7.00	5.00	6.00	7.00	8.00	8.00	8.00	12.00	10.00	10.00
Finance/Administrative Services	20.00	25.00	26.00	26.00	27.00	28.00	29.00	26.00	30.00	30.00
Police	31.50	32.50	34.50	34.50	36.50	36.50	38.50	41.50	41.50	43.50
Community Development and Planning	10.50	11.00	13.00	13.00	13.00	13.00	12.00	13.00	14.00	14.00
Public Services	38.00	38.00	40.00	40.00	41.00	43.00	48.00	50.00	53.00	59.00
Total	120.00	123.50	132.50	133.50	138.50	141.50	150.50	157.50	163.50	172.50

Source: City of Alachua Annual Budget

Notes:

A) Community Development and Planning includes Compliance and Risk Management - 3.5 FTE in FY 2016.

B) Purchasing, IT, and Facilities consolidated under Finance & Administrative Services during FY 2016.

C) FTE for Electric System Planner added to Public Services during FY 2016.

D) Recreation maintenance staff consolidated with Facilities in FY 2017, transferred back to

Culture Recreation in FY2023 and reassigned to Facilities again in FY2024- 3 FTE.

E) Safety Specialist transferred to Human Resources from Compliance and Risk Management in FY 2022.

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety:										
Arrests	217	247	320	304	228	183	343	242	402	373
Traffic citations issued	2,196	1,889	1,144	1,813	1,567	1,861	1,682	1,192	1,444	1,346
Planning and Development:										
New local business tax receipts issued	58	42	49	54	35	41	47	60	47	41
Building permits issued	605	531	948	668	716	641	952	1,095	1,038	1,004
Culture and Recreation:										
Participants in Summer Recreation Program	0	0	42	165	62	194	190	177	144	146
Electric Utility:										
Number of residential customers	3,866	3,855	3,828	3,881	3,901	3,988	4,034	4,046	4,210	4,503
Kilowatts per hour sold-residential	44,908,136	49,536,179	43,899,437	45,432,789	44,486,790	46,932,453	47,876,451	45,066,429	49,224,047	51,166,850
Number of commercial customers	850	833	939	1,086	1,102	1,134	1,157	1,158	1,163	1,174
Kilowatts per hour sold-commercial	76,684,358	88,739,370	85,042,289	86,828,532	77,724,048	86,999,274	96,251,278	98,827,071	104,229,140	98,738,570
Water Utility:										
Number of residential customers	3,455	3,435	3,481	3,532	3,569	3,676	3,756	3,833	4,010	4,304
Gallons sold	195,392,511	239,218,578	190,649,990	203,401,990	210,642,294	201,998,290	215,566,410	215,908,840	234,132,650	242,591,469
Number of commercial customers	544	524	526	534	547	570	573	572	597	615
Gallons sold	183,371,258	151,993,571	185,630,701	192,225,666	184,659,250	196,476,140	212,258,580	215,379,015	231,003,762	230,310,677
Wastewater Utility:										
Number of customers	2,977	2,953	2,984	3,035	3,073	3,133	3,211	3,271	3,445	3,766
Gallons of wastewater billed to customers	239,973,349	271,199,248	266,929,170	281,685,710	271,043,085	285,272,510	305,450,040	311,847,795	334,420,510	325,534,118
Reclaimed Water:										
Number of customers	1	1	1	1	1	1	1	1	1	1
Gallons of wastewater billed to customers	220,200	58,655,900	177,262,500	173,520,740	25,575	31,930	6,102,000	0	0	0
Solid Waste:										
Number of customers	3,532	3,554	3,604	3,685	3,695	3,774	3,834	3,891	4,059	4,348

Source: Various City Departments

Notes:

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

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police sub-stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	1	1	1	1	1	1	1	1	1	0
Public Services:										
Streets (miles)	48.00	49.10	49.97	52.00	52.00	56.00	56.00	56.00	56.00	56.00
Culture and Recreation:										
Parks	6	7	7	7	7	7	7	7	7	7
Tennis courts	2	2	2	2	2	2	2	2	2	2
Ball fields	11	11	11	11	11	11	11	11	11	11
Community centers	3	3	3	3	3	3	3	3	3	3
Skate park	1	1	1	1	1	1	1	1	1	1
Spray pool	1	1	1	1	1	1	1	1	1	1
Electric Utility:										
Substations	1	1	1	1	1	1	2	2	2	2
Water Utility:										
Wells	3	3	3	3	3	3	3	3	3	3
Wastewater Utility:										
Treatment capacity (millions of gallons per day)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5

Source: Various City Departments

Notes:

(A) Fire Station 21 moved to new facility owned by Alachua County Fire Rescue in 2025.

OTHER INDEPENDENT AUDITOR'S REPORTS

CITY OF ALACHUA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal and State Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing No.	Grant/Contract Number	Expenditures
Federal Awards			
U.S. Department of Housing and Urban Redevelopment			
Passed-Through Florida Department of Economic Opportunity:			
Community Development Block Grant - Neighborhood Revitalization	14.228	H2593	\$ 10,000
Total U.S. Department of Housing and Urban Redevelopment			<u>10,000</u>
U.S. Department of Justice			
Passed-Through Florida Department of Law Enforcement:			
Law Enforcement Equipment	16.738	C-6N206	25,920
Total U.S. Department of Housing and Urban Redevelopment			<u>25,920</u>
U.S. Department of Treasury			
Passed-Through Florida Division of Emergency Management:			
COVID-19 American Rescue Plan			
Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5000	2,979,039
Total U.S. Department of Treasury			<u>2,979,039</u>
U.S. Department of Homeland Security			
Passed-Through Florida Division of Emergency Management:			
Disaster Grants - Public Assistance			
(Presidentially Declared Disasters):			
Public Assistance - Hurricane Helene	97.036	DR4828	363,135
Public Assistance - Hurricane Milton	97.036	DR4834	84,523
Total U.S. Department of Treasury			<u>447,658</u>
Total Expenditures of Federal Awards			<u>\$ 3,462,617</u>

CITY OF ALACHUA, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the City of Alachua, Florida (the City).

The City reporting entity is defined in Note 1 to the City's basic financial statements for the year ended September 30, 2025. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included in the schedule.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note 1 to the City's financial statements.

Note 3 - De Minimis Indirect Cost Rate Election

The City did not elect to use the 15% de minimis indirect cost rate as covered in § 200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
CITY OF ALACHUA, FLORIDA**

1. Summary of Audit Results

Financial Statements

I. Type of Audit Report Issued on Financial Statements

Unmodified Opinion

II. Significant Deficiency and/or Material Weaknesses in Internal Control

Audit disclosed no significant deficiencies in internal control over financial reporting.

III. Non-Compliance Material to Auditee Financial Statements

Audit disclosed no material instances of non-compliance.

Federal Programs

IV. Significant Deficiencies and/or Material Weaknesses in Internal Control Over Major Federal Programs

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

V. Type of Audit Report Issued on Compliance with Requirements Applicable to Major Federal Programs

Unmodified Opinion

VI. Audit Findings Relative to Major Federal Programs

The audit disclosed no findings required to be reported.

VII. Programs Tested as Major Federal Programs Included

■ **Federal Programs**

Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing No.

21.027

VIII. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs

■ **Federal Programs**

\$1,000,000

IX. Low-Risk Auditee

The City did not qualify as a low-risk auditee.

X. Financial Statement Findings

No matters are reported.

XI. Federal Awards Findings and Questioned Costs

No matters are reported.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Alachua, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* the could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City has complied, in all material respects, with the types of compliance requirements referred to above that could have a material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Purvis Gray

March 31, 2026
Gainesville, Florida

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alachua, Florida (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 31, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Purvis Gray

March 31, 2026
Gainesville, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES – INVESTMENT OF PUBLIC FUNDS

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

We have examined the City of Alachua, Florida's (the City) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2025. City management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination of the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

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

Purvis Gray

March 31, 2026
Gainesville, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Alachua, Florida (the City) as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 31, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with the American Institute of Certified Public Accountants Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 31, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

CERTIFIED PUBLIC ACCOUNTANTS

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

MANAGEMENT LETTER

Financial Condition and Management

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

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

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the City must state whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the City's geographical boundaries during the fiscal year under audit, and provide contact information for any such programs. Management affirms the following program administrators operated PACE programs within the City's geographic boundaries during the year ended September 30, 2025:

- Ygrene Energy Fund Florida LLC
6303 Blue Lagoon Drive
Suite 400
Miami, Florida 33126
Customer.care@ygrene.com
866-634-1358
- Florida PACE Funding Agency
6650 Professional Parkway
Suite 102
Sarasota, Florida 34240
Info@FloridaPACE.gov
850-400-7223

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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

MANAGEMENT LETTER

Specific Information

The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the City of Alachua Community Redevelopment Agency (the CRA) have been reported in the separately-issued audited financial statements of the CRA.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

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

Purvis Gray

March 31, 2026
Gainesville, Florida