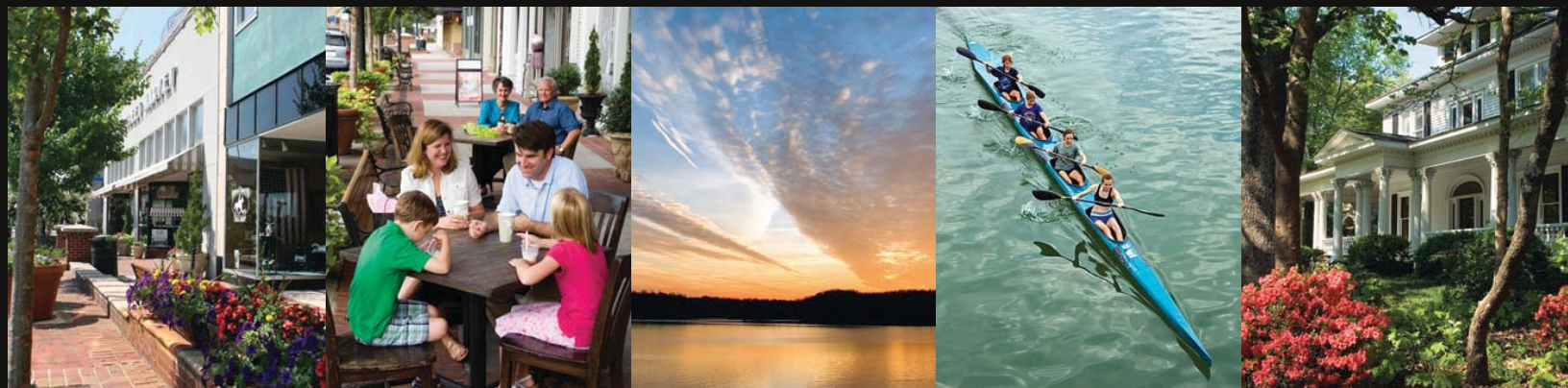


Gainesville, Georgia

Since 1821



COMPREHENSIVE ANNUAL FINANCIAL REPORT 2011

THE CITY OF GAINESVILLE, GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

CITY OF GAINESVILLE, GEORGIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011



CITY OF GAINESVILLE, GEORGIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011

***Prepared by the Administrative Services Department, Financial Services Group
Melody N. Marlowe,
Chief Financial Officer***



CITY OF GAINESVILLE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2011

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OFFICIALS OF THE CITY OF GAINESVILLE

LEGISLATIVE BRANCH CITY COUNCIL

Ruth Bruner (Ward 5)	Mayor
Danny Dunagan (Ward 1)	Mayor Pro Tem
Robert Hamrick (Ward 2)	Council Member
Myrtle Figueras (Ward 3)	Council Member
George Wangemann (Ward 4)	Council Member

OFFICERS OF THE COUNCIL

Denise Jordan	City Clerk
James E. Palmour, III	City Attorney

JUDICIAL BRANCH

G. Hammond Law, III	Municipal Court Judge and Administrative Hearing Officer
Leonard C. Parks, Jr.	City Solicitor

EXECUTIVE BRANCH CITY MANAGER AND DEPARTMENT DIRECTORS

Kipling D. Padgett	City Manager
Angela Sheppard	Assistant City Manager
Melody N. Marlowe	Chief Financial Officer
Rodger Hogan	Director of Chattahoochee Golf Course
Catiel Felts	Director of Communication and Tourism
Perry R. Ligon	Director of Community Development
Phillippa L. Moss	Director of Community Service Center
Jonathan D. Canada	Fire Chief
Carol Moore	Director of Georgia Mountains Center
J. Melvin Cooper	Director of Parks and Recreation
Brian Kelly	Chief of Police
Kelly J. Randall	Director of Public Utilities
David Dockery	Director of Public Works

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Gainesville
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



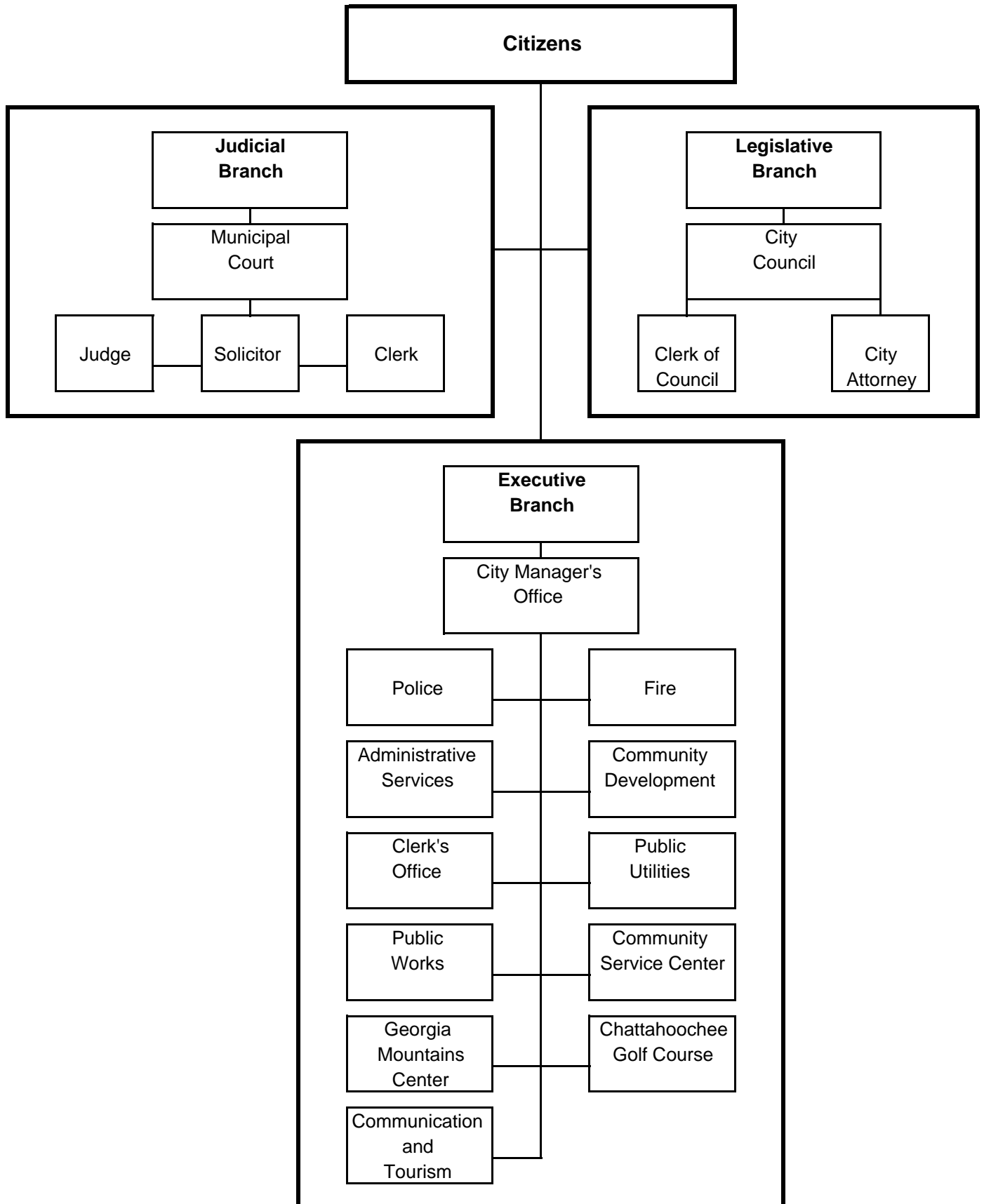
Linda C. Dandson

President

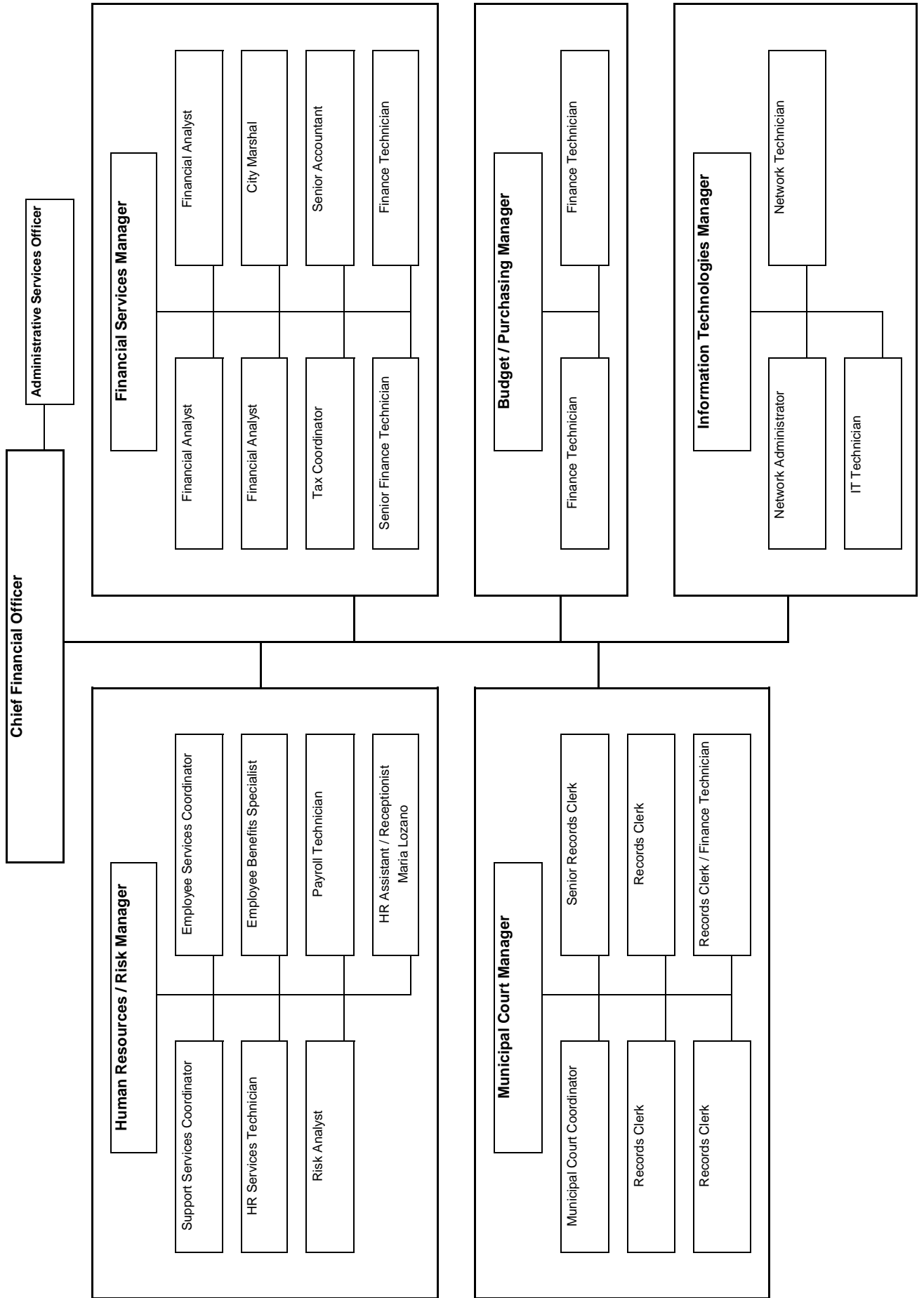
Jeffrey R. Emen

Executive Director

**Gainesville City Government
Organizational Chart
By Governmental Branch and Department**



**CITY OF GAINESVILLE
ADMINISTRATIVE SERVICES DEPARTMENT
ORGANIZATION CHART 2011**





CITY OF GAINESVILLE

**OFFICE OF
FINANCIAL SERVICES
AND
INFORMATION
TECHNOLOGIES**

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November 18, 2011

**To the Honorable Mayor, Distinguished Members of the City Council and
Citizens of the City of Gainesville:**

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. These statements are to be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, it is our pleasure to present the Comprehensive Annual Financial Report (CAFR) of the City of Gainesville (City) for the fiscal year ended June 30, 2011.

This report is published to provide you and other interested parties with detailed information concerning the financial condition of the City of Gainesville. The report consists of management's representations concerning the finances of the City of Gainesville, and was prepared by the staff of the Financial Services Group, which is a part of the City's Administrative Services Department. This report was prepared using the requirements as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Gainesville's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the financial report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City.

Rushton and Company, LLC, a firm of certified public accountants has audited the City of Gainesville's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Gainesville for the fiscal year ended June 30, 2011, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by Management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Gainesville's financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.



The independent audit of the financial statements of the City of Gainesville was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit section of this report.

Generally accepted accounting principles require 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 of Gainesville’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Gainesville is located in Northeast Georgia, approximately 50 miles northeast of Atlanta. Gainesville is the principal city and county seat of Hall County. Bordered on the west by Lake Sidney Lanier, Hall County lies at the

southern edge of the Chattahoochee National Forest and the foothills of the Blue Ridge Mountains. According to the 2000 U.S. Census, Gainesville has a population of 25,578, while Hall County’s population is 139,277. Census Bureau estimates for 2010 show Gainesville with a population of 33,804 and Hall County with a population of 180,253. Estimated daytime population for the City of Gainesville is considerably higher, with approximately 100,000 people either living or employed in the City during workday hours. The City of Gainesville is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Gainesville was incorporated on November 30, 1821 and operates under a Council-Manager form of government. Gainesville’s City Council is composed of a Mayor and four council members responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards and the City Manager. The City Manager is the chief executive officer of the City and is responsible for enforcement of laws and ordinances, as well as appointments and supervision of the various department directors of the municipal government. The City, under the guidance of the City Manager and the Council, provides a full

range of services. These services include police and fire protection; the maintenance of streets and infrastructure; parks; municipal golf course; recreational activities and cultural events; planning, zoning, and building inspection services; water and water pollution control services; solid waste collection; and an airport.

The Comprehensive Annual Financial Report includes all funds and activities directly under the control of the City Council. The City provides a full range of municipal services to the citizens of Gainesville and water and sewer services to most of Hall County.

The Gainesville Parks and Recreation Board meets the current guidelines of GASB Statement No. 14, and is, therefore, included as a component unit in the CAFR as part of the City of Gainesville's reporting entity. City Council appoints the Board members, exercises budgetary review, and establishes a designated tax levy. However, Gainesville Parks and Recreation serves both the residents of the City and Hall County with its program activities. Additional information on this legally separate entity can be found in the Notes to the Financial Statements.

The Community Service Center is jointly funded by the City and Hall County, but is included in this report because of the City's ability to impose its will, as all employees of the Center are City of Gainesville employees.

In addition, the City exercises fiduciary responsibility over the Employees' Pension Trust Fund.

The annual budget serves as the foundation for the City of Gainesville's financial planning and control. The City of Gainesville budget is adopted by City Council on or before June 30 at a regular Council meeting that is open to the public. The level of legal budgetary control is the department level. Department directors may request budget adjustments through the Administrative Services Department, provided that the budget adjustment does not increase the overall budget or personal

services allocation for that department. Equipment adjustments under \$5,000 must be approved by the City Manager, while equipment adjustments over \$5,000 and changes in personal services budgets require City Council approval.

Local Economy

Although most certainly impacted by the nationwide economic woes, Gainesville Hall County has been fortunate to experience several waves of good news during the 2011 fiscal year. Regionally, economic news for fiscal year 2011 hit a positive note with the generation of \$249 million in capital investment from new and expanded businesses. During the 2010-2011 period, approximately 1,140 jobs were created and 780 existing jobs retained due to the expansion of industry from companies such as ZF, IMS Gear, Kubota, Atex, Yazake, GMI and ElringKlinger. ZF Windpower alone invested over \$100 million into its manufacturing facility and headquarters based in the Gainesville Business Park, generating 215 jobs and earning the "Georgia Manufacturer of the Year 2011" title, which was bestowed by Governor Nathan Deal. Several new and developing office parks in the Gainesville area make it easier for new business to locate in our city, deemed in June 2011 as one of the "Best 100 Cities in the US for Job Growth" by Newgeography.com., and cited for three straight years by Forbes's Magazine as one of the "Best Small Places for Businesses and Careers". New retail growth has also been evident within the past year, with the advent of establishments such as Michaels, Ulta, Aldi and Jo-Ann's Fabrics, along with the opening of high end restaurants such as Olive Garden and Cheddars. Although unemployment numbers remain high, business expansions such as these have helped the local job picture; June 2011 numbers clocked in at 7.9%, down from last June's 9.2% rate and less than the 9.9% state rate for June 2011.

Gainesville-Hall County holds the privilege of being the medical nucleus for the 14 county Northeast Georgia area with its top ranked hospital, Northeast Georgia Medical Center, and a number of highly recognized



physician group practices. Northeast Georgia Medical Center has won a myriad of awards in recent years; Healthgrades has rated it as both the #1 hospital in Georgia and in the top 5% nationwide for health care, while Thomas Reuters named the facility as a top 100 hospital in the country. The medical facility had 72 new physicians join the business in 2011; over 50 specialties are served by more than 500 doctors on staff. Gainesville-Hall County has also been recognized as one of the best places to practice medicine by the physician's monthly magazine, Medical Economics.

Business development and increasing employment brings population expansion, and the Gainesville Hall County area has certainly experienced growth in recent years. The County recognized a 29% population increase over the past decade, according to 2010 Census numbers. The Gainesville Hall County community ranked as the top growing MSA (Metropolitan Statistical Area) for the state while holding honors as the third most rapidly growing MSA nationwide. Job growth, affordable housing and the aforementioned excellent medical facilities make the Gainesville area appealing to both new families and retirees. A number of organizations have recently recognized the City as an excellent place to retire, including AARP the Magazine, Barron's Magazine and Where to Retire Magazine. The sense of community found

in Gainesville, coupled with easy access to large metropolitan areas makes Gainesville an attractive place to call home.

Major Initiatives. Gainesville leadership remains focused on maintaining an expanding economic base, all while supporting a healthy quality of life for those who work and live in the region. In order to both grow the City's economy and create a more attractive central business area, the City designated a 270 acre tax allocation district five years ago, comprising a formerly industrial section of downtown Gainesville known as Midtown. The Tax Allocation District was established as a tool to foster redevelopment and provide funding to assist with the revitalization of Midtown. In addition, both the Midtown area and a portion of Downtown reside in a Georgia Opportunity Zone, a designation allowing employers a \$3,500 job tax credit for each new position generated, if they create two jobs. These financial tools combine to offer powerful incentives for business growth, with considerable progress being made during the FY11 year.

The relocation of the City's public safety complex, identified as a primary component of the Midtown project was completed during fiscal year 2011. The new facility comprises two buildings, one each for Police and Fire, which combine to a total 55,000 square feet at a projected cost of approximately \$25 million. The cost of the



project is being paid for with the 1 per cent sales tax voted on by citizens in March 2009. Located on 13 acres, the Public Safety complex houses the City's Municipal Court and has room for future expansion when needed. Most importantly, the new site will afford a much better response time to emergencies, being located in an area with less traffic and more desirable street access within the Midtown area.

The demolition of the old Public Safety facility allows the new construction of the much anticipated Gainesville City View Center, a high rise office and hotel complex which will change the complexion of the Midtown area significantly. The \$35 million development will be located on 5.46 acres. Along with the aforementioned hotel and office space, the center will include retail space, conference area and parking. Considered a vital part of the Midtown project, the Center will connect to a pedestrian bridge crossing over busy Jesse Jewell Parkway. The 450 foot long, 10 foot wide bridge will provide easy access for pedestrians wanting to navigate between downtown and the City View Center, as well as Midtown businesses and homes. Major construction of the bridge was completed in fall 2011, with final touches involving landscaping and fencing extending the anticipated "walk on" date to 2012. While waiting for an improved business climate, developers are postponing the office building portion of the venture and focusing on the hotel aspect of the project.

The Midtown Redevelopment program also continues to gain impetus as the Gainesville

Midtown Greenway project begins to show major signs of progress. Completion of the aforementioned pedestrian bridge helps to link the existing Rock Creek Greenway near the City Square to the new Midtown Greenway. The one mile multiuse trail is the first of its kind constructed in Georgia, utilizing stream restoration and an old rail line as a walkway, all in an urban setting. The stream has been covered for many years and most people were not aware of its existence. Plants are being added along the newly uncovered stream, and it's anticipated that in time the stream will be back operating in its indigenous state. The greenway will eventually encompass more than 6.5 miles when completed, spanning from Lake Lanier's Longwood Cove through downtown, tracking through Midtown, the Elachee trails and ending at Gainesville State College. The greenway will feature an outdoor venue, along with benches and a playground area. Grants have been obtained to assist with various phases of the project, including a \$400,000 grant obtained in FY2011 from the GA DOT, as well as other grants acquired to assist with tree planting along the new trails. Considered a keystone of the Midtown redevelopment project, it is anticipated that the greenway, as well as the pedestrian bridge, hotel and new police facility will create private investment in the downtown area.

Meanwhile, the City's plans for the development of the Cedar Creek water treatment plant have been put on hold after the state's June 2011 decisive victory in the eleven-year fight over water withdrawal rights. Construction on the Cedar Creek



Reservoir was to begin in the fall of 2011, but the Court's decision, indicating that Lake Lanier was constructed with the intent of providing drinking water, halted the construction of the \$23.0 million plant, projected for completion in late 2012. The ruling created a sigh of relief for the three million Georgians reliant on Lake Lanier as a primary source of drinking water, and addressed the lake's role in providing recreation and power generation as well. Although the Court decision was decisive and clearly overruled prior decisions imposing serious restrictions on the area's use of Lake Lanier, appeals to the June 2011 decision are likely, and negotiated resolutions with neighboring states Alabama and Florida are still needed. Water remains a concern for the area, but the June 2011 ruling clearly created reason to celebrate.

Long-term Financial Planning. The City of Gainesville maintains a flexible, yet thorough five year capital improvement plan whereby capital needs are identified several years before funding and implementation, to allow adequate time for planning. This plan also provides for the orderly replacement of facilities and equipment. The distressed economy emphasizes the importance of long term planning, as fewer funds are available to purchase, repair and upkeep the City's capital needs.

The City's current five year plan, excluding Public Utilities, has identified \$54.3 million in projected expenditures through fiscal year 2015; \$9.9 million of this is budgeted for the 2012 fiscal year. Leading the way in 2012 projected expenditures is \$7.0 million allotted to the Debt Service fund, in payment of the borrowing associated with the new Public Safety facility, as well as \$1.3 million assigned for street resurfacing,

\$590,000 set aside for Police vehicle replacement, along with \$370,000 allocated for the Fire Department fleet replacement.

The City of Gainesville Public Utilities department maintains a separate capital improvement plan. The most recently adopted plan indicates that \$102.3 million will be required over the next five years to construct facilities to maintain, with some allowance for growth, the City's water and wastewater systems. For 2012, \$12.5 million in water system improvements are projected, with estimated wastewater advancements anticipated at \$8.2 million.

Relevant Financial Policies. In accordance to GASB 54 requirements, the City adopted a new Fund Balance Reporting policy that became effective June 30, 2011. The policy applies to the City's General Fund and all of its governmental funds, and states that fund balance shall be composed of nonspendable, restricted, committed, assigned, and unassigned amounts, as defined within the guidelines. The objective of the policy is to improve the usefulness and understandability of governmental fund balance, as well as improve the comparability of governmental fund financial statements by establishing clearly defined categories of fund balance. Greater transparency and clarity will be provided to the readers of financial reports due to increased detail and information established by the new Fund Balance Reporting policy. GASB 54 requires that special revenue funds have a continuance of restricted or committed proceeds from specific revenue sources that are expected to continue to comprise a substantial portion of the inflows reported in the fund.

Due to these constraints which were adopted as a part of the City's GASB 54 policy, the Community Development fund, which had been previously reported as a special revenue fund, was folded into the City's general fund effective June 30, 2011.

Awards and Acknowledgement

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 Gainesville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This was the twentieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. This 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 that our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and

Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Gainesville for its annual budget for the fiscal year beginning July 1, 2010. This was the 18th year the City achieved this prestigious award. In order to receive this honor, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

A Distinguished Budget Presentation Award is valid for a period of one year only. We believe our current budget continues to conform to the standards of the Distinguished Budget Presentation Award Program's requirements, and we are submitting it to GFOA to determine its eligibility for another award.

The preparation of this report could not have been accomplished without the efficient and dedicated services of our entire staff of the Financial Services Group, who contributed to its preparation. Special recognition is given to the City's Financial Services Manager, Beverly Williams, who is the person primarily responsible for the CAFR preparation. Enormous thanks go to the staff of our accounting firm, Rushton and Company, CPAs (especially Chris Hollifield and John Holden) for their technical guidance and assistance to make this a quality report.

We would like to also thank the City Council for their consistent support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Kipling D. Padgett
City Manager



Melody N. Marlowe
Chief Financial Officer



Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Gainesville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Gainesville, Georgia, management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Georgia, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011, on our consideration of the City of Gainesville, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and, not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gainesville, Georgia's financial statements as a whole. The introductory section, combining and individual fund financial statements, the state reporting section with the special purpose local option sales tax report, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements, the local option sales tax report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia

November 18, 2011

CITY OF GAINESVILLE



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Gainesville, it is our pleasure to present this narrative discussion and analysis of the City of Gainesville's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2011. The purpose of this narrative is to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Gainesville. This analytical information is designed to be read in conjunction with the Letter of Transmittal located on pages xv-xxi of this Comprehensive Annual Financial Report and with the City's financial statements, which follow this section.

Financial Highlights

- The City of Gainesville's assets exceeded its liabilities at June 30, 2011, by \$407.7 million (reported as *net assets*). Of this amount, \$35.9 million (reported as *unrestricted net assets*) may be used to meet the City's ongoing obligations.
- As of June 30, 2011, Gainesville's governmental funds reported combined ending fund balances of \$30.9 million. Approximately 16.5% of this total amount, \$5.1 million, is unassigned fund balance in the General Fund, which is available for spending at the City Council's discretion.

More detailed information regarding these activities and funds begins on page 8.

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to the City of Gainesville's basic financial statements. The City of Gainesville's basic financial statements are composed of three elements: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

Government-wide Financial Statements (Reporting the City as a whole)

The focus of the government-wide financial statements is on the overall financial position and activities of the City of Gainesville and is designed to provide readers with an overview of the City's financial activities in a manner similar to a private business enterprise.

The City's government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These two statements report information about the City of Gainesville using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the **Statement of Net Assets** (pages 19-20) is to attempt to report all of the assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net assets*. Although the purpose of the City is not to accumulate net assets, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The **Statement of Activities** (page 21), on the other hand, presents the revenues and expenses of the City. This statement is prepared using the accrual basis of accounting mentioned earlier, where revenues are recognized when earned and expenses when incurred. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net assets*. The primary focus of the Statement of Activities is on the *net cost* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, or other sources.

In the Statement of Net Assets and the Statement of Activities, we divide the City of Gainesville into three types of activities:

- **Governmental activities** – Most of the City's basic services are reported under this category, including police, fire, public works, and general administration. Sales tax, property taxes, and intergovernmental revenues finance most of these services.
- **Business-type activities** – The City charges fees to customers to assist in covering all or most of the cost for certain services it provides. The City's water and sewer system and garbage collection fees are reported in this category.
- **Discretely Presented Component Unit** – Component units are legally separate organizations for which the elected officials of the City are financially accountable. The Parks and Recreation Department, although legally separate, functions for all practical purposes as a department of the City of Gainesville, and therefore has been included as an integral part of the primary government.

The City's government-wide financial statements are presented on pages 19-21.

Fund Financial Statements (Reporting the City's Major Funds)

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City's non-major funds can be found beginning on page 85. The City's funds are divided into three broad categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

- **Governmental Funds** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental fund financial statements focus on the short-term view of the City's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for 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. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided at the bottom of each statement.

The City of Gainesville maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and SPLOST Capital Project Fund, which are considered major funds.

Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 85-88 of this report.

The City of Gainesville adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The City's basic governmental fund financial statements are presented on pages 22-26 of this report.

- **Proprietary Funds** – When the City charges customers for the services it provides – whether to outside customers or to other departments of the City – these services are generally reported in proprietary funds. The City maintains two different types of proprietary funds: Enterprise funds and Internal Service funds. These proprietary funds are prepared using the same accrual basis of accounting as the government-wide financial statements.

Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. The City of Gainesville uses enterprise funds to account for its Water and Sewer system, which is considered a major fund, for its Solid Waste functions, as well as the Lee Gilmer Airport and Chattahoochee Golf Course.

Internal service funds are an accounting device used to account for services provided and billed on an internal basis. The City utilizes internal services funds for Vehicle Services, General Insurance, and Employee Benefits. Because of the nature of the City's internal services funds, they are reported as governmental activities on the government-wide statement.

The City's proprietary fund financial statements are presented on pages 27-31.

- **Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Gainesville's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City acts as a trustee or fiduciary for its employee pension plan. It is also responsible for other assets that, because of the nature of the trust or agency arrangement, can be used only for the trust or agent beneficiaries. These include the Community Private-Purpose Trust and Municipal Court.

Fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements.

The City's fiduciary fund financial statements are presented on pages 32-33.

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 34-84 of this report.

Other Supplementary Information

Following the basic financial statements is other supplementary information, which includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 23 and 25), which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.
- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement but are reported as deferred revenue on the fund statements.
- Internal service funds are reported as governmental activities on the government-wide statements but are reported as proprietary funds in the fund financial statements.
- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Bond and note proceeds result in liabilities on the government-wide statements but are recorded as other financing sources on the governmental fund financial statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.
- Intergovernmental revenues for reimbursement payments of long-term debt are not reported on the governmental fund financial statements.
- Transfers of capital assets between governmental activities and business-type activities are not recorded in the governmental fund financial statements.

The City's overall financial position and operations for this fiscal year is summarized as follows based on the information included in the government-wide financial statements (see pages 19-21):

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2011	2010	2011	2010	2011	2010
Current assets	\$ 37.7	\$ 45.5	\$ 69.9	\$ 68.1	\$ 107.6	\$ 113.6
Capital assets	99.5	93.8	499.2	503.3	598.7	597.1
Other noncurrent assets	1.0	1.4	6.2	7.0	7.2	8.4
Total assets	138.2	140.7	575.3	578.4	713.5	719.1
Current liabilities	10.7	14.6	21.3	22.3	32.0	36.9
Noncurrent liabilities	39.2	43.8	234.7	248.8	273.9	292.6
Total liabilities	49.9	58.4	256.0	271.1	305.9	329.5
Net assets:						
Invested in capital assets, net of related debt	63.7	60.2	259.5	248.5	323.2	308.7
Restricted	4.9	19.5	43.7	44.5	48.6	64.0
Unrestricted	19.7	2.5	16.2	14.3	35.9	16.8
Total net assets	\$ 88.3	\$ 82.2	\$ 319.4	\$ 307.3	\$ 407.7	\$ 389.5

Net assets may serve over time as a useful indicator of a government's financial position. The City of Gainesville reported positive net asset growth for both governmental and business type activities, and experienced an overall \$18.2 million in growth from fiscal year 2010 to close the current fiscal year with \$407.7 million in net assets. However, much of these net assets either are restricted as to the purposes for which they can be used, or are invested in capital assets.

The largest portion of the City of Gainesville's net assets (79.3%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire the assets. Investment capital increased by \$14.5 million between the end of fiscal years 2010 and 2011, from \$308.7 million to \$323.2 million.

The City uses 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.

Restricted net assets are the next largest component, comprising 11.9% of total assets. Restricted net assets experienced a decrease during the past year, declining from \$64.0 million to \$48.6 million at the end of fiscal year 2011. Restricted net assets represent amounts that are subject to limitation in the manner which funds may be spent; these constraints are imposed by external sources, enabling legislation or constitutional provision.

The remaining balance represents unrestricted net assets. The statement reveals a \$35.9 million surplus at the end of this year, an increase of \$19.1 million from fiscal year 2010. The evidence of a surplus does not mean that the City has resources available beyond its long-term commitments. Rather, it is the result of having currently available resources that are greater than long-term commitments.

Unrestricted net assets for both governmental and business type activities increased in 2011, with governmental unrestricted net assets increasing from \$2.5 million in fiscal year 2010 to \$19.7 million in 2011, and business-type activities jumping from \$14.3 million to \$16.2 million. Although the unrestricted net assets of the City's business-type activities represents 45.1% of total unrestricted net assets, these resources cannot be used to add to the net asset surplus in governmental activities. The City generally can only use the \$16.2 million in business-type unrestricted net assets to finance the ongoing operations of the business-type activities, while the \$19.7 million balance in unrestricted net assets for governmental activities is available to meet the continuing obligations of governmental type activities.

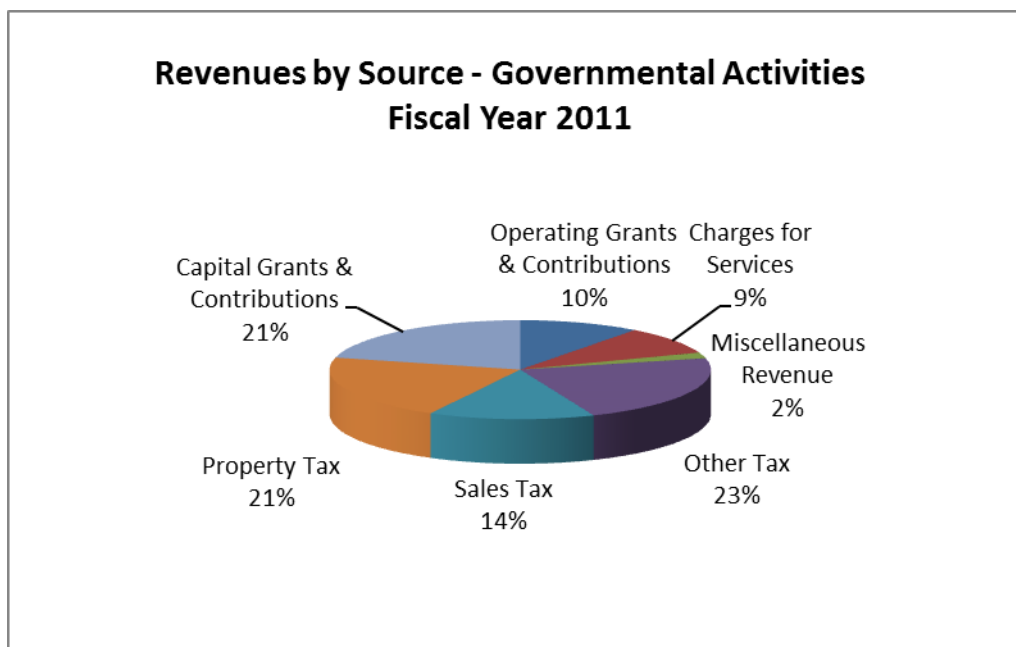
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Gainesville's net assets changed during the fiscal year.

**City of Gainesville
Changes in Net Assets
Fiscal Years 2011 and 2010**

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 3.3	\$ 2.9	\$ 59.3	\$ 53.6	\$ 62.6	\$ 56.5
Operating grants and contributions	3.8	3.8	0.0	0.1	3.8	3.9
Capital grants and contributions	7.7	8.2	4.0	3.8	11.7	12.0
General revenues:						
Property taxes	7.9	7.2	0.0	0.0	7.9	7.2
Sales tax	5.0	4.9	0.0	0.0	5.0	4.9
Other taxes	8.1	7.8	0.0	0.0	8.1	7.8
Miscellaneous revenue	0.7	0.9	1.4	1.4	2.1	2.3
Total revenues	36.5	35.7	64.7	58.9	101.2	94.6
Expenses						
General government	2.6	2.4	0.0	0.0	2.6	2.4
Judicial	0.4	0.4	0.0	0.0	0.4	0.4
Public safety	16.2	16.9	0.0	0.0	16.2	16.9
Public works	6.6	7.0	0.0	0.0	6.6	7.0
Health and social services	3.4	3.7	0.0	0.0	3.4	3.7
Culture and recreation	1.2	1.9	0.0	0.0	1.2	1.9
Housing and development	1.3	2.1	0.0	0.0	1.3	2.1
Interest on long-term debt	1.7	1.9	0.0	0.0	1.7	1.9
Water and sewer	0.0	0.0	45.1	45.9	45.1	45.9
Airport	0.0	0.0	1.2	1.0	1.2	1.0
Solid waste	0.0	0.0	1.9	2.2	1.9	2.2
Golf course	0.0	0.0	1.4	1.3	1.4	1.3
Total expenses	33.4	36.3	49.6	50.4	83.0	86.7
Increase in net assets						
before transfers	3.1	(0.6)	15.1	8.5	18.2	7.9
Transfers	3.0	2.2	(3.0)	(2.2)	0.0	0.0
Increase in net assets	6.1	1.6	12.1	6.3	18.2	7.9
Net assets - beginning (original)	82.2	84.1	307.3	294.4	389.5	378.5
Prior period adjustment	0.0	(3.5)	0.0	(0.1)	0.0	(3.6)
Net assets - beginning (restated)	82.2	80.6	307.3	294.3	389.5	374.9
Net assets - ending	\$ 88.3	\$ 82.2	\$ 319.4	\$ 300.6	\$ 407.7	\$ 382.8

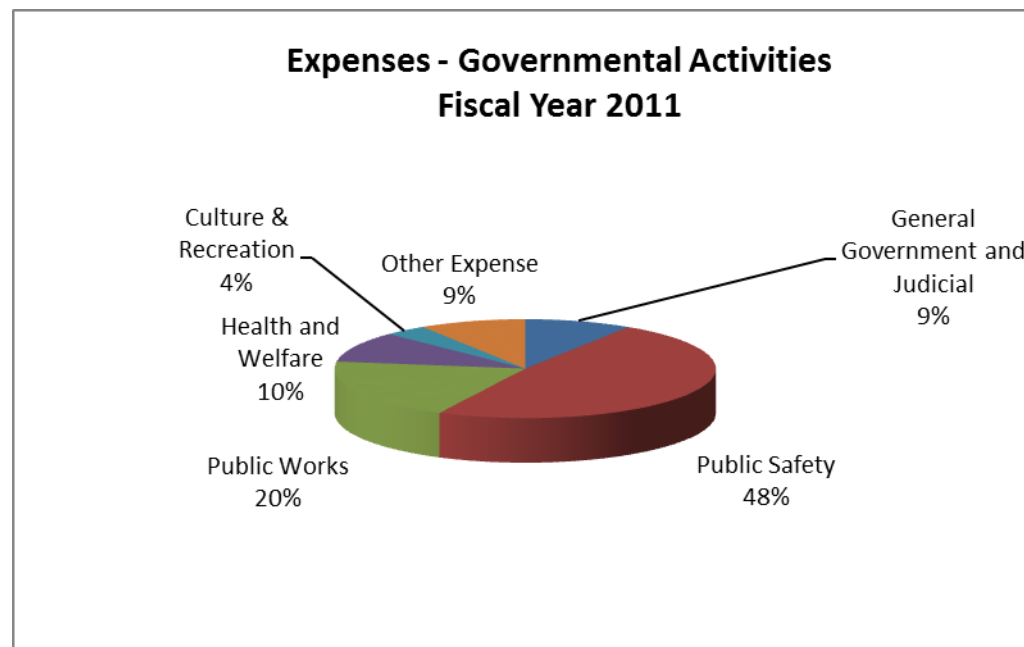
Governmental Activities –

The following chart depicts revenues of the governmental activities for the fiscal year:



The revenue chart indicates that other tax, followed by property tax and capital grants and contributions were the largest sources of revenue for governmental activities during the fiscal year 2011. Other tax, which includes franchise, insurance premium and occupation taxes rose by \$254,751 over FY10 collections; the majority of this growth was due to a \$205,596 jump in franchise tax receipts from Georgia Power. Property tax revenue increased \$632,867 from FY10 collections, due mainly to an increased millage rate established to cover local match requirements mandated by the SAFER grant, which allowed the City to hire 18 additional firefighters. Capital grant and contribution revenue dropped \$459,057 from FY10 totals. Prior year health and welfare capital grants for the Hall Area Transit building remodeling project and HAT buses, as well as FY10 culture and recreation capital grants for the Rock Creek Parkway combined to total \$915,654 in revenue in FY10, while capital grant revenue in these two activities totaled only \$112,498 in FY11. This capital grant revenue decline was tempered with a \$389,967 jump in housing and development grant receipts, comprised predominantly of \$183,130 in GEFA Energy Grant revenue, along with \$153,559 in first year tax allocation district revenue paid by the Gainesville City Schools. Charges for services revenue showed a \$447,026 growth over FY10 totals, with the majority of this surge originating from a \$270,397 jump in Public Safety revenues, stemming mainly from a rise in Municipal Court receipts. Housing and development charges for services were \$106,714 above FY2010 totals, a result of a \$43,056 jump in impact fees as well as increased revolving loan payments totaling \$61,097. Culture and recreation charges for services totals also experienced a \$70,795 upsurge due to increased collections from the Georgia Mountains Center facility.

The following chart depicts the expenses of the governmental activities for the fiscal year:



The expense chart illustrates that the most significant governmental activities expense for the City of Gainesville during fiscal year 2011 was providing public safety services such as fire and police protection, followed by public works. Overall, expenses were down by \$2.9 million from 2010, with all governmental activities showing decreased cost from the prior year, with the exception of the general government, which showed a \$249,251 jump. Other expense, which includes housing and development as well as interest on long term debt expense, was down \$914,520, due mainly to a \$700,000 decrease in Midtown project costs from 2010, while a reduction of long term interest costs contributed another \$169,245 to the decline. Public safety showed a \$770,301 downturn in spending, due mainly to savings experienced in health insurance costs. Culture and recreation indicated a \$672,528 drop in expenses due to a \$325,000 reduction in transfers for capital projects combined with a \$208,000 decrease attributed to the reclassification of TV18 costs; TV18 expense was classified as culture and recreation in 2010, but changed to general government activity in 2011. This \$208,000 reclassification made up the majority of the aforementioned \$249,251 increase in general government expense from prior year costs.

Business-type Activities –

Business-type activities increased the City of Gainesville's assets by \$12.1 million, accounting for 66.5% of the total growth in the City's net assets. Key elements involving business-type activities are as follows:

- Total revenue for business-type activities was \$5.8 million higher in FY11 than collections made in FY10. This increase is due predominantly to a \$5.7 million rise in charges for services revenue. Public Utilities contributed \$5.3 million of this increase, which was due predominantly to a 5% rate increase that became effective January 2011. Solid Waste charges for services showed a \$288,554

jump, resulting from a \$7 monthly bill increase, also effective in January 2011. In addition, Chattahoochee Golf Course charges for services came in \$105,217 above FY10 numbers.

- Capital grants and contributions showed a \$215,637 jump, due predominantly to the Overlay Runway and Taxiway Airport grant that was in effect FY11. In addition, miscellaneous revenue showed a \$57,269 decline, due mainly to decreased interest rates on City deposits.
- Overall, expenses for business-type activities were \$845,862 below expenses recorded in 2010. Public Utilities had an \$846,988 drop in costs, due to reduced personal services expense; this was also the case with Solid Waste, which showed a \$204,425 in reduced personnel costs. The Chattahoochee Golf Course showed a \$49,882 increase in overall expenses; personnel savings of \$144,488 were tempered by the \$162,000 purchase of golf carts. The Airport showed a \$155,669 increase over last year's costs; \$81,832 of this jump is due to rising depreciation costs while indirect allocation costs paid to the City jumped \$100,000 from 2010.

Financial Analysis of the City's Funds

As noted earlier, the City of Gainesville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Gainesville'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, 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 the City completed this year, its governmental funds reported a combined ending fund balance of \$30.9 million. Of this amount, \$5.1 million or 16.5% constitutes unassigned fund balance, meaning that that no constraints have been placed on how this money may be spent. The General Fund is the only governmental fund that can have positive unassigned fund balance. The remainder of fund balance is either nonspendable, restricted by a third party, committed to be spent in a specified matter by formal resolution, or assigned for a specific purpose, including the 2012 budget.

The **General Fund** is the chief operating fund of the City. Again, at the end of the current fiscal year, the unassigned fund balance of the General Fund was \$5.1 million, while total fund balance reached \$8.5 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22.2% of total General Fund expenditures, while total fund balance represents 37.0% of that same amount.

The General Fund's fund balance increased by \$4.3 million during the current fiscal year. Key factors regarding the increase are as follows:

- Rising revenues of \$1.5 million, led by a \$985,428 increase in tax collections and a \$359,180 jump in charges for services, were tempered by a \$648,022 rise in expenditure costs. Expenditure increases were due mainly to increasing firefighter costs that the City assumes associated with the 2009 hiring of eighteen firefighters, as mandated by the SAFER grant. Otherwise, personnel costs remain stable as the salary freeze imposed by the City in the fall of 2008 remains in effect.
- Transfers to the general fund from nonmajor funds increased by \$2.1 million in FY11, while transfers out from the General Fund to nonmajor funds dropped by \$895,334. \$1.7 million of this \$2.1 million inflow resulted from the closing and transfer of assets from the Community Development fund into the General Fund, due to Community Development no longer qualifying as a special revenue fund based on the City's GASB 54 policy. Of this \$1.7 million transfer, \$1.3 million was assigned for community betterment in the General Fund.

The **Special Purpose Local Option Sales Tax (SPLOST) Capital Project Fund** has an \$8.9 million fund balance at year end, which is down \$7.4 million from the prior year balance. This decrease is due to \$14.4 million in outflows, including \$7.4 million for the construction of the new Public Safety facility and a transfer of \$7.0 million to the Debt Service fund in payment of the capital lease principal and interest on the facility, compared with intergovernmental inflows of SPLOST tax revenue of \$7.0 million for the year. Restricted fund balance totals 83.8% of the total fund balance; this \$7.5 million restriction is comprised of \$5.9 million in debt service obligations and \$1.6 million in unspent SPLOST tax revenue.

The **Debt Service Fund** has a \$1.4 million fund balance at fiscal year end, with \$1.2 million of that total identified as restricted and due to third parties. FY11 inflows to the Debt Service fund totaled \$9.9 million, and include \$1.7 million in tax revenue and a \$995,794 transfer from the Gainesville School Board, along with the aforementioned \$7.0 million transfer from the SPLOST fund. Outflows were comprised of principal and interest payments on the Public Safety facility and Gainesville School bond, as well as various other debt obligations of the City.

General Fund Budget Highlights

The original budget for the General Fund was amended by various appropriations approved after the beginning of the fiscal year. In addition, Council approved several adjustments to prevent budget overruns. The following highlights the differences between the original and the final budget amount:

- Increased Public Works repair and maintenance expenditures for \$55,000 to allow the resurfacing of Industrial Boulevard.
- Increased transfer to the Golf Course by \$71,000 to cover the purchase of two mowers and replace the HVAC unit.

- Increased transfer to the General Government Capital project fund by \$89,250 for the acquisition of land adjacent to one of the City's fire stations, allowing the possibility of future expansion.
- Increased budgeted fund balance to cover FY10 reappropriations.
- Increased/decreased various expenditure budgets for adjustments as needed.
- Contingency funds budget was decreased and reallocated as needed.

General Fund expenditures for fiscal 2011 were \$23.1 million, 94.8% of the final amended budget, and there were no net overexpenditures by General Fund departments. Total actual expenditures in the General Fund were lower than the final amended budget total by \$1.3 million; General Fund expenditures as a whole were less than the original budget numbers as well. The majority of savings was achieved by personal services costs coming in under budget.

Total actual revenues exceeded the final amended budget by a total of \$1.5 million. Taxes made up \$1.1 million of this excess, with property, local option and franchise taxes exceeding their budget by \$263,966, \$508,618 and \$312,511, respectively.

Enterprise Funds

The City of Gainesville's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the City's four enterprise funds totaled as follows:

▪ Public Utilities Department	\$14,175,909
▪ Nonmajor Funds (Airport, Solid Waste, Golf Course)	<u>1,002,632</u>
Total	<u>\$15,178,541</u>

The total increase in unrestricted net assets for all four enterprise funds was \$1.2 million. The combined net assets for the enterprise funds increased \$11.4 million.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Capital Assets and Debt Administration

Capital Assets. The City of Gainesville has invested \$598.7 million in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 83.3% of this investment is related to business-type activities while only 16.7% relates to governmental activities.

Capital assets held by the City at the end of the current fiscal year are summarized as follows:

City of Gainesville
Capital Assets (net of accumulated depreciation)
Fiscal Years 2011 and 2010

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2011	2010	2011	2010	2011	2010
Land	\$ 24.7	\$ 24.6	\$ 19.3	\$ 18.4	\$ 44.0	\$ 43.0
Buildings	48.6	26.5	73.1	73.1	121.7	99.6
Improvements other than buildings	3.1	3.2	16.3	15.8	19.4	19.0
Water and sewer facilities and lines	0.0	0.0	505.2	487.0	505.2	487.0
Vehicles and equipment	15.2	14.3	15.2	14.9	30.4	29.2
Infrastructure	28.8	28.4	0.0	0.0	28.8	28.4
Intangibles	1.8	1.8	5.6	5.6	7.4	7.4
Construction in progress	7.0	22.3	3.4	13.6	10.4	35.9
Total	129.2	121.1	638.1	628.4	767.3	749.5
Accumulated depreciation	(29.7)	(27.3)	(138.9)	(125.1)	(168.6)	(152.4)
Net Capital Assets	\$ 99.5	\$ 93.8	\$ 499.2	\$ 503.3	\$ 598.7	\$ 597.1

Major capital asset expenditures during the current fiscal year for governmental activities included the following:

- Public Safety Facility, \$7.4 million
- Fire Engine Replacement, \$522,047
- Midtown Greenway Project, \$117,840
- 4 New Police Vehicles, \$136,711
- Network Upgrade, \$101,968

Major capital asset expenses during the current fiscal year for business-type activities included the following:

- Water Main Replacement Program, \$2.4 million
- Cedar Creek Water Treatment Plant, \$1.2 million
- Automated Meter Reading Project, \$740,913
- Airport Overlay 11-29 Runway and Taxiway, \$511,852
- Thurmond Tanner Utilities Relocation, \$507,346
- Flat Creek Restoration Project, \$470,157

Additional information on the City of Gainesville's capital assets can be found in Note 9 on pages 57-59 of this report.

Long-term debt. At June 30, 2011, the City of Gainesville had \$278.8 million in bonds, notes, and capital leases outstanding, net of unamortized bond premium and discount; this is a decrease in total of \$23.6 million over last year. This reduction in debt was due totally to payments made to reduce bonds, notes and capital leases outstanding; no additional debt was incurred during fiscal year 2011.

City of Gainesville Outstanding Debt Fiscal Years 2011 and 2010							
Governmental Activities				Business Type Activities		Total	
(In millions of dollars)							
	2011	2010		2011	2010	2011	2010
Capital Leases	\$ 35.7	\$ 42.9	\$	32.3	\$ 34.0	\$ 68.0	\$ 76.9
General Obligation Bonds	0.0	0.9		0.0	0.0	0.0	0.9
Revenue Bonds	0.0	0.0		95.0	102.5	95.0	102.5
Unamortized bond premium	0.0	0.0		2.0	2.3	2.0	2.3
Unamortized bond discount	0.0	0.0		0.0	0.0	0.0	0.0
Notes Payable	0.0	0.0		113.8	119.8	113.8	119.8
Total	\$ 35.7	\$ 43.8	\$	243.1	\$ 258.6	\$ 278.8	\$ 302.4

The City maintains a bond credit rating of A+ from Moody's on general obligation bonds and a rating of AA- on senior-lien revenue bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City of Gainesville is \$386.5 million, which is significantly in excess of the City's general obligation debt outstanding of \$35.7 million.

Additional information on the City's long-term debt can be found in Note 11 on pages 63-66 of this report.

Economic Condition and Outlook

- Gainesville continues to rank high in growth, according to the 2010 Census Bureau, showing a 23.4% increase within the last decade. Hall County's population showed a 29% jump over the last decade, adding 40,377 people since 2000.
- Gainesville adopted a \$2.92 tax millage rate for fiscal year 2012. The gross property tax digest for the City of Gainesville declined from \$4.04 billion for fiscal year 2011 to \$3.81 billion for fiscal year 2012, which computes to a 5.7% projected decrease in the tax base.

- Despite the recent 11th Circuit Court of Appeal's unanimous refusal to hold a new hearing on the approved use of Lake Lanier, water concerns continue for our area, with the State of Alabama's announcement that they will appeal the decision. In addition, as of early fall 2011, the U.S. Drought Monitor had Hall County listed in a severe to moderate drought, as Lake Lanier's water levels fell to nearly 10 feet below normal pool.
- Local option sales tax collections, along with other fees are tracking closely to budget at the end of the first quarter of fiscal year 2012. Departments are spending conservatively and continue to monitor their 2012 budgeted costs closely.

These were among the many factors taken into consideration when preparing the 2012 budget. Of the \$8.5 million fund balance in the General Fund, \$1.5 million has been appropriated for spending in the 2012 fiscal budget.

Contacting the City's Financial Services Group

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Gainesville's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows:

City of Gainesville
ATTN: Administrative Services Department
Financial Services
PO Box 2496
Gainesville, GA 30503

BASIC FINANCIAL STATEMENTS

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government			Component Unit
	Governmental	Business-type		City of
	Activities	Activities	Total	Gainesville
				Parks and
				Recreation
ASSETS				
Current assets				
Cash and cash equivalents	\$ 32,110,707	\$ 14,878,197	\$ 46,988,904	\$ 2,384,595
Investments	1,579,879	0	1,579,879	0
Restricted assets				
Cash and cash equivalents	0	47,376,206	47,376,206	20,435
Receivables (net)				
Accounts	1,005,581	5,341,977	6,347,558	2,966
Intergovernmental	3,122,242	689,489	3,811,731	5,849
Property taxes	280,621	0	280,621	101,668
Notes	47,336	0	47,336	0
Internal balances	(591,519)	591,519	0	0
Inventories	151,364	977,333	1,128,697	0
Prepaid items	7,000	0	7,000	0
Total current assets	37,713,211	69,854,721	107,567,932	2,515,513
Noncurrent assets				
Receivables				
Notes	371,356	0	371,356	0
Capital assets				
Non-depreciable	31,660,863	24,612,134	56,272,997	3,918,676
Depreciable (net)	67,798,919	474,587,688	542,386,607	8,634,063
Other assets				
Pension assets	173,862	115,173	289,035	0
Debt issue costs (net)	500,084	2,696,800	3,196,884	0
Deferred interest expense (net)	0	3,429,872	3,429,872	0
Total noncurrent assets	100,505,084	505,441,667	605,946,751	12,552,739
Total assets	138,218,295	575,296,388	713,514,683	15,068,252
LIABILITIES				
Current liabilities				
Payables				
Accounts	508,628	785,267	1,293,895	101,438
Retainages	0	22,207	22,207	0
Sales tax	834	7,110	7,944	14,978
Deposits	14,965	0	14,965	9,795
Retainages	65,832	0	65,832	0
Intergovernmental	61,234	0	61,234	15,466
Interest	197,043	42,849	239,892	0
Accrued salaries	770,999	487,099	1,258,098	135,500
Compensated absences	937,415	532,120	1,469,535	96,831
Unearned revenue	12,859	0	12,859	8,000
Claims reserve	1,130,787	0	1,130,787	0
Capital lease payable	6,983,527	1,746,588	8,730,115	0
Notes payable	0	6,263,355	6,263,355	0
Other liabilities	12,700	22,568	35,268	75
Liabilities payable from restricted assets				
Payables				
Accounts	0	197,956	197,956	0
Retainages	0	43,599	43,599	0
Customer deposits	0	2,569,543	2,569,543	0
Interest	0	854,514	854,514	0
Revenue bonds payable	0	7,710,000	7,710,000	0
Total current liabilities	10,696,823	21,284,775	31,981,598	382,083

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government			Component Unit
	Governmental	Business-type		City of
	Activities	Activities	Total	Gainesville
				Parks and
				Recreation
Noncurrent liabilities				
Compensated absences	\$ 104,158	\$ 59,125	\$ 163,283	\$ 10,759
OPEB obligation	10,334,865	7,162,917	17,497,782	992,621
Capital lease payable	28,753,354	30,575,173	59,328,527	0
Notes payable	0	107,536,777	107,536,777	0
Bonds payable	0	89,320,523	89,320,523	0
Total noncurrent liabilities	39,192,377	234,654,515	273,846,892	1,003,380
Total liabilities	49,889,200	255,939,290	305,828,490	1,385,463
NET ASSETS				
Invested in capital assets, net of related debt	63,722,901	259,477,278	323,200,179	12,552,739
Restricted for:				
General Government	55,489	0	55,489	0
Public Safety	366,569	0	366,569	0
Health and Welfare	1,000,472	0	1,000,472	0
Culture and Recreation	149,740	0	149,740	5,255
Housing and Development	415,147	0	415,147	0
Debt service	1,217,858	5,955,788	7,173,646	0
Capital outlay	1,708,674	37,754,806	39,463,480	11,128
Unrestricted	19,692,245	16,169,226	35,861,471	1,113,667
Total net assets	\$ 88,329,095	\$ 319,357,098	\$ 407,686,193	\$ 13,682,789

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General Government	\$ 2,641,873	\$ 602,743	\$ 87,208	\$ 0	\$ (1,951,922)
Judicial	404,862	0	0	0	(404,862)
Public Safety	16,160,112	1,590,400	1,114,208	7,115,883	(6,339,621)
Public Works	6,641,424	36,030	15,855	99,864	(6,489,675)
Health and Welfare	3,360,632	438,537	2,219,808	61,497	(640,790)
Culture and Recreation	1,211,214	506,750	0	51,001	(653,463)
Housing and Development	1,363,356	154,849	302,541	389,967	(515,999)
Interest on long-term debt	1,668,489	0	0	0	(1,668,489)
Total governmental activities	33,451,962	3,329,309	3,739,620	7,718,212	(18,664,821)
Business-type activities					
Public Utilities	45,081,115	55,401,138	0	3,626,649	13,946,672
Airport	1,167,856	818,874	0	383,036	34,054
Solid Waste	1,937,959	2,057,883	0	0	119,924
Golf Course	1,396,446	1,012,377	0	0	(384,069)
Total business-type activities	49,583,376	59,290,272	0	4,009,685	13,716,581
Total primary government	83,035,338	62,619,581	3,739,620	11,727,897	(4,948,240)
Component Unit					
Parks and Recreation					
Culture and Recreation	4,891,470	1,434,074	3,120	139,564	(3,314,712)
		Governmental Activities	Business-Type Activities	Total	Component Unit
Change in net assets					
Net (expense) revenue		\$ (18,664,821)	\$ 13,716,581	\$ (4,948,240)	\$ (3,314,712)
General revenues					
Taxes					
Property		7,886,437	0	7,886,437	2,691,935
Intangibles		59,343	0	59,343	0
Franchise		4,072,511	0	4,072,511	0
Occupational		1,111,954	0	1,111,954	0
Insurance premium		1,376,910	0	1,376,910	0
Alcoholic beverages		999,642	0	999,642	0
Hotel/Motel		517,456	0	517,456	0
Local option sales		5,030,213	0	5,030,213	0
Interest and Investment earnings		450,031	355,561	805,592	4,817
Gain on sale of assets		0	20,718	20,718	0
Miscellaneous		236,416	1,011,088	1,247,504	1,016
Transfers		3,006,690	(3,006,690)	0	0
Total general revenues and transfers		24,747,603	(1,619,323)	23,128,280	2,697,768
Change in net assets		6,082,782	12,097,258	18,180,040	(616,944)
Net assets - beginning		82,246,313	307,259,840	389,506,153	14,299,733
Net assets - ending		\$ 88,329,095	\$ 319,357,098	\$ 407,686,193	\$ 13,682,789

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	Debt Service	SPLOST Capital Projects	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 7,618,718	\$ 1,427,172	\$ 7,363,476	\$ 10,108,634	\$ 26,518,000
Investments	0	0	0	1,579,879	1,579,879
Receivables (net)					
Accounts	631,333	0	0	62,671	694,004
Intergovernmental	613,559	3,740	1,675,138	785,025	3,077,462
Property taxes	219,698	60,923	0	0	280,621
Notes	0	0	0	418,692	418,692
Prepaid items	7,000	0	0	0	7,000
Due from other funds	290,551	0	0	0	290,551
Advances to other funds	399,166	0	0	0	399,166
Total assets	\$ 9,780,025	\$ 1,491,835	\$ 9,038,614	\$ 12,954,901	\$ 33,265,375
LIABILITIES AND FUND BALANCES					
Liabilities					
Payables					
Accounts	\$ 297,418	\$ 14	\$ 25,154	\$ 111,075	\$ 433,661
Intergovernmental	61,234	0	0	0	61,234
Sales tax	0	0	0	834	834
Deposits	0	0	0	2,925	2,925
Retainages	0	0	65,832	0	65,832
Accrued salaries	665,373	0	1,280	94,168	760,821
Deferred revenue	207,056	57,549	85	431,466	696,156
Due to other funds	0	0	0	290,551	290,551
Other liabilities	12,700	0	0	0	12,700
Total liabilities	1,243,781	\$ 57,563	92,351	931,019	2,324,714
Fund balances					
Nonspendable	406,166	0	0	0	406,166
Restricted	0	1,217,858	7,498,775	2,137,923	10,854,556
Committed	0	0	0	91,939	91,939
Assigned	2,996,014	216,414	1,447,488	9,794,020	14,453,936
Unassigned	5,134,064	0	0	0	5,134,064
Total fund balances	8,536,244	1,434,272	8,946,263	12,023,882	30,940,661
Total liabilities and fund balances	\$ 9,780,025	\$ 1,491,835	\$ 9,038,614	\$ 12,954,901	\$ 33,265,375

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2011

Total fund balance - total governmental funds	\$	30,940,661
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Amounts reported for governmental activities in the statement of net assets are different because:

Some assets are not financial resources and, therefore, are not reported in the funds.

These are:

Capital assets, net of accumulated depreciation	99,459,782	
Debt issue costs, net of amortization	500,084	
Net pension assets	173,862	100,133,728

Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds.

These are:

Property taxes	264,604	
Notes receivable	418,693	683,297

Long-term liabilities of are not due and payable in the current period and are not reported in the funds.

These are:

Capital leases	(35,736,881)	
Interest payable	(197,043)	
Compensated absences	(1,041,573)	
Net OPEB obligation	(10,334,865)	(47,310,362)

Internal service funds are used by management to charge the costs of certain activities, such as risk management, employee benefits, and vehicle maintenance, to individual funds. Assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Internal service funds net assets	4,906,413	
Less internal balance resulting from allocation of internal service fund activities allocated to business-type activities	(990,685)	
Less capital assets included above	(47,221)	
Add compensated absences included above	13,264	3,881,771

Net assets of governmental activities	\$	88,329,095
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See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011

	General	Debt Service	SPLOST Capital Projects	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	\$ 18,762,556	\$ 1,724,140	\$ 0	\$ 552,725	\$ 21,039,421
Licenses and permits	540,906	0	0	0	540,906
Fines, fees and forfeitures	1,356,691	0	0	33,551	1,390,242
Charges for services	1,847,709	0	0	1,087,782	2,935,491
Intergovernmental	518,143	995,794	6,977,223	3,699,773	12,190,933
Interest	28,456	4,048	10,063	14,218	56,785
Contributions	0	0	0	152,829	152,829
Other	109,383	0	0	126,522	235,905
Total revenues	23,163,844	2,723,982	6,987,286	5,667,400	38,542,512
EXPENDITURES					
Current					
General Government	2,884,912	0	0	404,714	3,289,626
Judicial	367,454	0	0	0	367,454
Public Safety	14,382,377	0	0	173,537	14,555,914
Public Works	4,334,170	0	0	0	4,334,170
Health and Welfare	12,500	0	0	3,061,171	3,073,671
Culture and Recreation	0	0	0	764,611	764,611
Housing and Development	1,111,425	0	0	639,546	1,750,971
Debt service					
Principal	0	8,034,940	0	0	8,034,940
Interest and other charges	0	1,744,142	0	28,083	1,772,225
Capital outlay	0	0	7,430,042	1,444,427	8,874,469
Total expenditures	23,092,838	9,779,082	7,430,042	6,516,089	46,818,051
Excess (deficiency) of revenues over (under) expenditures	71,006	(7,055,100)	(442,756)	(848,689)	(8,275,539)
Other financing sources (uses)					
Transfers in	5,190,575	7,196,125	130,200	4,854,293	17,371,193
Transfers out	(953,940)	0	(7,032,125)	(6,802,218)	(14,788,283)
Issuance of capital leases	0	0	0	346,228	346,228
Sales of capital assets	36,907	0	0	0	36,907
Total other financing sources (uses)	4,273,542	7,196,125	(6,901,925)	(1,601,697)	2,966,045
Net changes in fund balances	4,344,548	141,025	(7,344,681)	(2,450,386)	(5,309,494)
Fund balances, July 1	4,191,696	1,293,247	16,290,944	14,474,268	36,250,155
Fund balances, June 30	\$ 8,536,244	\$ 1,434,272	\$ 8,946,263	\$ 12,023,882	\$ 30,940,661

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2011

Net change in fund balances - total governmental funds **\$ (5,309,494)**

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 allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	8,582,446	
Depreciation	(3,231,314)	
Prior construction in progress not capitalized	<u>(33,161)</u>	5,317,971

In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources.

Cost of assets disposed	(962,610)	
Related accumulated depreciation	<u>776,500</u>	(186,110)

Contributions of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds activities, because they are not financial resources.

Individuals	99,864	
Proprietary Funds	<u>433,781</u>	533,645

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred revenue. 60,756

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.

Debt principal repayments	8,416,879	
Debt proceeds	(346,228)	
Amortization of debt issue costs	(80,979)	
Net change in interest payable	<u>24,859</u>	8,014,531

Intergovernmental revenues for reimbursement of debt payments provide current financial resources to governmental funds, but receipt of payments decrease intergovernmental receivables for those payments. (945,000)

Internal service funds are used by management to charge the cost of certain activities, such as risk management and vehicle maintenance, to individual funds. Net revenue (expense) of internal service funds is reported with governmental activities.

Add change in net assets of internal service funds	2,004,261	
Add depreciation expense included above	19,424	
Less consolidation of internal service fund activities allocated to business-type activities	<u>(717,464)</u>	1,306,221

Employer contributions to retirement plans in excess of annual pension cost are reported as expenditures in the governmental funds, but result in assets in the governmental activities. These included the net change in pension assets. (285,230)

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

Compensated absences	(13,119)	
Net OPEB obligation	<u>(2,411,389)</u>	<u>(2,424,508)</u>
Change in net assets of governmental activities		<u><u>\$ 6,082,782</u></u>

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2011

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 17,649,612	\$ 17,649,612	\$ 18,762,556	\$ 1,112,944
Licenses and permits	475,800	475,800	540,906	65,106
Fines, fees and forfeitures	1,031,800	1,049,200	1,356,691	307,491
Charges for services	1,816,096	1,853,039	1,847,709	(5,330)
Intergovernmental	494,960	494,960	518,143	23,183
Interest	20,000	25,400	28,456	3,056
Other	75,000	97,240	109,383	12,143
Total revenues	21,563,268	21,645,251	23,163,844	1,518,593
EXPENDITURES				
Current				
General Government				
City Manager's Office	844,699	844,699	823,133	21,566
Financial Services and IT	1,609,021	1,628,171	1,559,558	68,613
Human Resources	554,226	554,226	502,221	52,005
Judicial				
Municipal Court	356,647	385,097	367,454	17,643
Public Safety				
Police	8,343,589	8,342,951	7,951,704	391,247
City Marshal	241,070	241,070	223,755	17,315
Fire	6,526,321	6,526,321	6,206,918	319,403
Public Works				
Public Lands and Buildings	436,772	436,772	401,592	35,180
Engineering	625,946	634,946	621,053	13,893
Traffic	1,172,334	1,275,334	1,249,721	25,613
Street Maintenance	1,954,507	1,899,262	1,740,546	158,716
Cemetery	331,579	334,279	321,258	13,021
Health and Welfare				
Agency allocations	12,500	12,500	12,500	0
Housing and Development				
Communications and Tourism	361,279	387,180	355,034	32,146
Planning	542,927	542,781	464,484	78,297
Inspection	292,918	292,918	262,481	30,437
GA Mountains Regional Commission	29,426	29,426	29,426	0
Total expenditures	24,235,761	24,367,933	23,092,838	1,275,095
Excess (deficiency) of revenues over (under) expenditures	(2,672,493)	(2,722,682)	71,006	2,793,688
Other financing sources (uses)				
Transfers in (out)				
Transfers in	3,483,045	3,668,184	5,190,575	1,522,391
Transfers out	(779,316)	(1,004,501)	(953,940)	50,561
Contingency	(561,236)	(327,386)	0	327,386
Sales of capital assets	30,000	30,000	36,907	6,907
Total other financing sources (uses)	2,172,493	2,366,297	4,273,542	1,907,245
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(500,000)	(356,385)	4,344,548	4,700,933
Fund balances, July 1	500,000	356,385	4,191,696	3,835,311
Fund balances, June 30	\$ 0	\$ 0	\$ 8,536,244	\$ 8,536,244

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
ASSETS				
Current assets				
Cash and cash equivalents	\$ 12,711,769	\$ 2,166,428	\$ 14,878,197	\$ 5,592,707
Restricted assets				
Cash and cash equivalents	47,376,206	0	47,376,206	0
Receivables (net)				
Accounts	5,109,159	232,818	5,341,977	311,577
Intergovernmental	689,489	0	689,489	44,780
Inventories	977,333	0	977,333	151,364
Total current assets	66,863,956	2,399,246	69,263,202	6,100,428
Noncurrent assets				
Capital assets				
Non-depreciable	24,054,478	557,656	24,612,134	0
Depreciable (net)	457,749,773	16,837,915	474,587,688	47,221
Other assets				
Pension asset	115,173	0	115,173	0
Debt issue costs (net)	2,556,439	140,361	2,696,800	0
Deferred interest expense (net)	3,429,872	0	3,429,872	0
Total noncurrent assets	487,905,735	17,535,932	505,441,667	47,221
Total assets	554,769,691	19,935,178	574,704,869	6,147,649
LIABILITIES				
Current liabilities				
Payables				
Accounts	631,848	153,419	785,267	74,967
Retainages	22,207	0	22,207	0
Deposits	0	0	0	12,040
Sales tax	0	7,110	7,110	0
Interest	0	42,849	42,849	0
Accrued salaries	431,885	55,214	487,099	10,178
Compensated absences	477,510	54,610	532,120	11,938
Claims reserve	0	0	0	1,130,787
Capital lease payable	1,261,588	485,000	1,746,588	0
Notes payable	6,181,664	81,691	6,263,355	0
Other liabilities	0	22,568	22,568	0
Liabilities payable from restricted assets:				
Payables				
Accounts	197,956	0	197,956	0
Retainages	43,599	0	43,599	0
Customer deposits	2,569,543	0	2,569,543	0
Interest	854,514	0	854,514	0
Revenue bonds payable	7,710,000	0	7,710,000	0
Total current liabilities	20,382,314	902,461	21,284,775	1,239,910

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
Noncurrent liabilities				
Advances from other funds	\$ 0	\$ 399,166	\$ 399,166	\$ 0
Compensated absences	53,057	6,068	59,125	1,326
OPEB Obligation	6,366,946	795,971	7,162,917	0
Capital leases payable	23,970,173	6,605,000	30,575,173	0
Revenue bonds payable	89,320,523	0	89,320,523	0
Notes payable	107,536,777	0	107,536,777	0
Total noncurrent liabilities	227,247,476	7,806,205	235,053,681	1,326
Total liabilities	247,629,790	8,708,666	256,338,456	1,241,236
NET ASSETS				
Invested in capital assets, net of related debt	249,253,398	10,223,880	259,477,278	47,221
Restricted for:				
Capital outlay	37,754,806	0	37,754,806	0
Debt service	5,955,788	0	5,955,788	0
Unrestricted	14,175,909	1,002,632	15,178,541	4,859,192
Total net assets	<u>\$ 307,139,901</u>	<u>\$ 11,226,512</u>	318,366,413	<u>\$ 4,906,413</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			990,685	
Net assets of business-type activities			<u>\$ 319,357,098</u>	

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2011

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
OPERATING REVENUES				
Charges for sales and services	\$ 55,400,103	\$ 3,889,134	\$ 59,289,237	\$ 0
Interfund services provided	0	0	0	11,293,286
Other	964,538	47,585	1,012,123	39,294
Total operating revenues	56,364,641	3,936,719	60,301,360	11,332,580
OPERATING EXPENSES				
Costs of sales and services	10,731,105	1,450,533	12,181,638	9,045,556
Personal services	12,982,690	1,580,337	14,563,027	274,644
Depreciation	13,229,982	1,106,106	14,336,088	19,424
Total operating expenses	36,943,777	4,136,976	41,080,753	9,339,624
Operating income (loss)	19,420,864	(200,257)	19,220,607	1,992,956
Non-operating revenues (expenses)				
Interest revenue	351,947	3,614	355,561	11,305
Interest expense	(8,594,848)	(351,736)	(8,946,584)	0
Amortization	(259,954)	(13,549)	(273,503)	0
Gain (loss) on sale of capital assets	18,165	2,553	20,718	0
Total non-operating revenues (expenses)	(8,484,690)	(359,118)	(8,843,808)	11,305
Income (loss) before capital contributions and transfers	10,936,174	(559,375)	10,376,799	2,004,261
Capital contributions				
Connection fees	912,706	0	912,706	0
Capital contributions	2,708,943	0	2,708,943	10,000
Intergovernmental revenue	5,000	383,036	388,036	0
Total capital contributions	3,626,649	383,036	4,009,685	10,000
Income (loss) before transfers	14,562,823	(176,339)	14,386,484	2,014,261
Transfers in (out)				
Transfers in	50,000	195,820	245,820	1,562
Transfers out	(3,252,510)	0	(3,252,510)	(11,562)
Total transfers in (out)	(3,202,510)	195,820	(3,006,690)	(10,000)
Change in net assets	11,360,313	19,481	11,379,794	2,004,261
Net assets, July 1	295,779,588	11,207,031	306,986,619	2,902,152
Net assets, June 30	\$ 307,139,901	\$ 11,226,512	\$ 318,366,413	\$ 4,906,413
Change in net assets - enterprise funds			\$ 11,379,794	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			717,464	
Change in net assets - business-type activities			\$ 12,097,258	

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2011

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
Cash flows from operating activities:				
Receipts from customers	\$ 54,283,323	\$ 3,848,237	\$ 58,131,560	\$ 0
Receipts from interfund services provided	0	0	0	10,942,352
Payments to suppliers	(11,125,687)	(1,498,030)	(12,623,717)	(9,286,890)
Payments to employees	(11,353,517)	(1,398,659)	(12,752,176)	(285,874)
Other receipts	964,538	33,185	997,723	39,294
Net cash provided (used) by operating activities	32,768,657	984,733	33,753,390	1,408,882
Cash flows from non-capital financing activities:				
Receipts from other funds	50,000	345,661	395,661	0
Payments to other funds	(2,830,291)	0	(2,830,291)	0
Net cash provided (used) by non-capital financing activities	(2,780,291)	345,661	(2,434,630)	0
Cash flows from capital and related financing activities:				
Receipt of capital contributions	994,994	383,036	1,378,030	0
Receipts from others	206,147	0	206,147	10,000
Receipts from other funds	0	0	0	1,562
Sale of capital assets	32,445	2,553	34,998	0
Interest paid	(8,285,451)	(354,669)	(8,640,120)	0
Acquisition of capital assets	(8,437,989)	(558,375)	(8,996,364)	(11,562)
Payment of capital related accounts payable	(1,572,616)	(53,600)	(1,626,216)	0
Principal payments - bonds	(7,470,000)	0	(7,470,000)	0
Principal payments - capital leases and promissory notes	(5,986,049)	(465,000)	(6,451,049)	0
Net cash provided (used) by capital and related financing activities	(30,518,519)	(1,046,055)	(31,564,574)	0
Cash flows from investing activities:				
Interest received	110,612	3,614	114,226	11,305
Net increase (decrease) in cash and cash equivalents	(419,541)	287,953	(131,588)	1,420,187
Cash and cash equivalents, July 1	60,507,516	1,878,475	62,385,991	4,172,520
Cash and cash equivalents, June 30	\$ 60,087,975	\$ 2,166,428	\$ 62,254,403	\$ 5,592,707

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2011

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 19,420,864	\$ (200,257)	\$ 19,220,607	\$ 1,992,956
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	13,229,982	1,106,106	14,336,088	19,424
(Increase) decrease in accounts receivable	(1,338,697)	(45,551)	(1,384,248)	(311,325)
(Increase) decrease in intergovernmental receivables	(99,853)	0	(99,853)	(39,609)
(Increase) decrease in prepaid items	5,000	0	5,000	0
(Increase) decrease in inventory	(67,655)	0	(67,655)	4,165
(Increase) decrease in pension asset	190,890	0	190,890	0
Increase (decrease) in accounts payable	(331,927)	(25,409)	(357,336)	(130,901)
Increase (decrease) in sales tax payable	0	(9,746)	(9,746)	0
Increase (decrease) in accrued salaries and benefits	(7,964)	14,288	6,324	(11,230)
Increase (decrease) in deposits payable	321,770	0	321,770	4,242
Increase (decrease) in claims reserve	0	0	0	(118,840)
Increase (decrease) in OPEB obligation	1,446,247	167,390	1,613,637	0
Increase (decrease) in other liabilities	0	(22,088)	(22,088)	0
Total adjustments	13,347,793	1,184,990	14,532,783	(584,074)
Net cash provided (used) by operating activities	\$ 32,768,657	\$ 984,733	\$ 33,753,390	\$ 1,408,882
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	\$ 12,711,769	\$ 2,166,428	\$ 14,878,197	\$ 5,592,707
Restricted assets				
Cash and cash equivalents	47,376,206	0	47,376,206	0
Total cash and cash equivalents	\$ 60,087,975	\$ 2,166,428	\$ 62,254,403	\$ 5,592,707

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled \$1,370,067 for the fiscal year ended June 30, 2011.
Distributions of capital assets to government totaled \$433,781 for the fiscal year ended June 30, 2011.
Acquisition of capital assets through accounts payable totaled \$327,125 for the fiscal year ended June 30, 2011.
Forgiveness of capital lease through capital contributions totaled \$1,261,588 for the fiscal year ended June 30, 2011.

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	Community Private-Purpose Trust Fund	Employees' Pension Trust Fund	Municipal Court Agency Fund
ASSETS			
Cash and cash equivalents	\$ 18,542	\$ 941,903	\$ 149,574
Investments, at fair value			
Common stock	0	7,527,153	0
Mutual funds			
Equity	0	24,746,602	0
Fixed income	0	32,023,537	0
Accounts receivables (net)	0	0	684,132
Total assets	18,542	65,239,195	833,706
LIABILITIES			
Accounts payable	0	34,400	0
Due to other agencies	0	0	833,706
Total liabilities	0	34,400	833,706
NET ASSETS			
Held in trust for pension benefits and other purposes (a schedule of pension funding progress is presented on page 76)	\$ 18,542	\$ 65,204,795	\$ 0

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the fiscal year ended June 30, 2011

	Community Private-Purpose Trust Fund	Employees' Pension Trust Fund
ADDITIONS		
Contributions		
Employer contributions	\$ 0	\$ 2,637,591
Employee contributions	0	2,637,591
Employee donations	48,494	0
	<hr/>	<hr/>
Total contributions and donations	48,494	5,275,182
	<hr/>	<hr/>
Investment Income		
Net appreciation (depreciation) in fair value of investments	0	7,662,027
Interest	1	65
Dividends	0	1,606,866
Investment expense	0	(160,489)
	<hr/>	<hr/>
Net investment income (loss)	1	9,108,469
	<hr/>	<hr/>
Total additions (reductions)	48,495	14,383,651
	<hr/>	<hr/>
DEDUCTIONS		
Benefits	0	5,188,938
Refunds	0	478,988
Distributions for assistance	46,279	0
	<hr/>	<hr/>
Total deductions	46,279	5,667,926
	<hr/>	<hr/>
Net increase (decrease)	2,216	8,715,725
Net assets held in trust for pension benefits and other purposes		
Net assets, July 1	16,326	56,489,070
	<hr/>	<hr/>
Net assets, June 30	\$ 18,542	\$ 65,204,795
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

1. Description of Government Unit

The City of Gainesville, Georgia (the City) is located in the Northeastern area of Georgia in Hall County about 50 miles northeast of Atlanta and about 100 miles southwest of Greenville, South Carolina, just north of Interstate 85 on the Chattahoochee River and Lake Sidney Lanier.

The City provides a full range of governmental services, including public safety, health and social services, recreational programs and economic development as well as water and sewer service, the operation of an airport, a convention center and funding support for certain other local agencies.

The City is governed by an elected five-member council.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the City of Gainesville, Georgia, have been prepared in conformity with generally accepted accounting principles (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. The more significant accounting policies established in GAAP and used by the City are discussed below.

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Gainesville (the primary government) and material component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of the following component unit have been included as discretely presented component unit.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

City of Gainesville Parks and Recreation Board

The City of Gainesville Parks and Recreation Board was established as a legally separate entity through a special election in 1924 and operates pursuant to the Official Code of Georgia Annotated section 36-64-1. The Board consists of nine members appointed by the City Council. The City Council levies a recreation tax which can be not less than 0.75 mills and not greater than 1.0 mills. The Parks and Recreation Board provides leisure services to the citizens of the City of Gainesville and the citizens of Hall County. The Board undertakes special projects and assignments for City management. In many respects it functions similar to a City department through regular participation in department director meetings, budget approval, accounting, payroll, etc.

The City of Gainesville Parks and Recreation is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Comprehensive Annual Report in the section labeled "Component Unit". (See Exhibit J). Gainesville Parks and Recreation has a June 30 year-end. There is no separately issued stand-alone financial report for this component unit.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of 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. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements, continued

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 expenses also include certain indirect costs reported for individual functions and activities. 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 funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type activities for the City. Fiduciary activities of the City are not included in these statements.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus. Accordingly, all the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

The types of transaction reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities that 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.

Governmental Fund Financial Statements

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental Fund Financial Statements (continued)

Those revenues susceptible to accrual include property taxes, sales taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. The City considers property taxes as available in the period for which they were levied if they are collected within 60 days subsequent to year-end. A 60-day availability period is also used for revenue recognition for all other governmental fund revenue.

The City reports the following major governmental funds:

General Fund - The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - This fund is used to account for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

Special Purpose Local Option Sales Tax Capital Projects Fund - This fund is used to account for long-term capital projects financed by the passage of a special purpose local option sales tax.

The City reports the following major proprietary fund:

Public Utilities Enterprise Fund - This fund is used to account for activities connected with the development, operation, and maintenance of water and sewer service in the City of Gainesville and parts of Hall County.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest.

Capital Projects Funds - This fund type is used to account for financial resources to be used for the acquisition or construction of capital assets (other than those financed by the proprietary or fiduciary funds).

Proprietary Fund Types

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Internal Service Funds - These funds are used to account for the financing of goods and services provided to the departments of the government on a cost reimbursement basis. The City's internal service funds are used to account for the financing of risk management services and vehicle repair and maintenance services to other departments or funds of the City on a cost-reimbursement basis.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Fiduciary Fund Types

Trust Funds - These funds are used to account for assets held by the City as a trustee or agent to be expended or invested in accordance with the conditions of a trust or in its agency capacity. The City has a private-purpose trust fund to account for the activity of the Community Trust Fund, and a pension trust fund to account for a single employer retirement system administered by the City for the benefit of its eligible employees.

Agency Funds – Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the City or for others. The City has an agency fund to account for the activity of the Municipal Court.

Component Unit

The Gainesville Parks and Recreation Component Unit is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e. when they both become measurable and available).

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in the governmental and business-type activities and enterprise fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer functions and the other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from 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. Operating expenses for enterprise funds and internal services 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.

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

The City Council adopts an operating budget for all governmental fund types, except for the Capital Projects Funds, for the upcoming fiscal year, prior to July 1. Capital budgets are adopted for Capital Projects Funds; additional capital projects are budgeted by the City Council as capital projects are approved throughout the year. The adopted budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution.

The budget process begins each year with a budget priority-setting workshop in which members of the City Council indicate various issues of importance to be considered in the budget. Once the priorities are established, the Budget Officer prepares estimates of both the current and proposed fiscal year revenue for all funds. Expenditure estimates for the current and proposed fiscal year are initially prepared by the respective department directors. All budget estimates are then reviewed by the City Manager, who makes the final decisions regarding the proposed budget. The proposed budget is then presented to the City Council and interested citizens during public hearings. These hearings are publicized in the local newspaper at least one week before the first hearing, and the budget document is made available for public inspection during this period. The final proposed budget is then adopted by the City Council on or before June 30 during a regular Council meeting, which is also open to the public.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Changes may be made within an operating budget by departmental request through the Budget and Purchasing Manager except for equipment requests under \$5,000 which must be approved by the City Manager, and equipment requests over \$5,000 and changes in personal services budgets, which must be approved by the City Council. All operating budget transfers between departments and all changes to Capital Projects budgets must be approved by City Council. Formal budgetary integration is employed as a management control device during the year.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting, continued

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year-end.

Encumbrance accounting (under which purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriation) is employed as an extension of formal budgetary integration in all funds. Encumbrances outstanding at year-end are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities.

F. Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

G. Intergovernmental Receivables

Receivables for state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

H. Inventories

Inventories for the General Fund are valued at average cost and recorded as expenditures when consumed. Inventories of the Public Utilities Enterprise Fund are valued at cost on the first-in, first-out method.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items. Prepaid items in the governmental funds are recorded as expenditures when consumed.

J. Capital Assets

Capital assets, which include property, plant, 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.

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the fiscal year ended June 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are among the largest asset classes of the City. Prior to July 1, 2006, neither their historical costs, nor related depreciation, had been reported in the financial statements. The City implemented the requirements for retroactive reporting of major general infrastructure assets during the fiscal year ended June 30, 2007. The City elected not to report general infrastructure assets placed into service prior to July 1, 1980.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

J. Capital Assets, continued

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life in Years	Capitalization Threshold
Buildings	7 to 60	\$ 5,000
Sewer lines	40 to 80	\$ 25,000
Water lines	50 to 67	\$ 25,000
Water and sewer treatment facilities	60	\$ 25,000
Roads	20 to 30	\$ 200,000
Storm drains	25 to 40	\$ 50,000
Sidewalks	25 to 30	\$ 50,000
Bridges/culverts	40 to 50	\$ 100,000
Bike paths	20 to 30	\$ 50,000
Parking lots	15 to 35	\$ 100,000
Traffic signals	15 to 20	\$ 60,000
Airport runways	10 to 40	\$ 25,000
Equipment	3 to 20	\$ 5,000
Vehicles	3 to 15	\$ 5,000
Furniture and fixtures	3 to 8	\$ 5,000
Computer software	3	\$ 20,000

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

K. Restricted Assets and Restricted Net Assets

Restricted assets of the Enterprise Funds primarily represent unexpended money collected and receivables consisting of extension and renewal receipts which remain restricted for future construction of specific projects for the improvement and expansion of the Water and Sewer system. Restricted assets for debt redemption of the Public Utilities Enterprise Fund represent resources set aside for the repayment of revenue bonds and notes payable outstanding. The assets are maintained in a separate bank account and their use is limited by application of debt covenants.

Restricted net assets are equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of reserve.

L. Fund Balances – Governmental Funds

The City of Gainesville implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2011, by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

L. Fund Balances – Governmental Funds, continued

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Gainesville's highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution, which shall refer to the original resolution by its number. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 120 days of fiscal year-end.

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City's adopted policy, amounts may be assigned by the City Manager, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

For the purposes of fund balance classification, the City considers restricted amounts spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Furthermore, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used, then committed amounts are spent first, followed by assigned amounts, and then unassigned amounts.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

M. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from City service. Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured (ie, unused reimbursable leave still outstanding following an employee's resignation or retirement) and is expected to be liquidated with expendable available financial resources.

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

O. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

P. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain 2010 amounts have been reclassified to conform to the 2011 presentation.

3. Deposit and Investment Risk

Custodial credit risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City's policies require that all deposits be federally insured or fully collateralized. The Employees' Pension Trust Fund is exempt from the City's policy requiring that all deposits be federally insured or fully collateralized.

Investment policies - Credit, concentration of credit, and interest rate risk

The City's financial policies authorize investment in any securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. The City has no investment policy that would further limit its investment choices. The City places no limits on the amount the City may invest in any one issuer of equity or debt securities. Investments are reported at fair market value.

The City's financial policies limit investments to a maximum one year maturity to minimize interest rate risk. The City Manager may approve exceptions to the one-year maturity limit, and such exceptions will be disclosed to City Council.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

3. Deposit and Investment Risk (continued)

In general, the Employees' Pension Trust Fund is exempt from the City investment and cash management policies. The City has adopted a separate investment policy for the Pension Trust Fund.

The City participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). The City policy limits investments in Georgia Fund 1 to 40% of the City's investments. Assets in this pool are invested in the Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

The Georgia Fund 1 is rated AAAM by Standard & Poor's. The weighted average maturity at June 30, 2011 was 46 days. At June 30, 2011, the City's balance in Georgia Fund 1 was \$24,350,077.

Investment policies – Employees' Pension Trust Fund

The assets of the Employees' Pension Trust Fund are held in several mutual funds and separate account portfolios, which are all overseen by one investment consultant. Pension Trust Fund investments follow State of Georgia Code Sections 47-20-82, 47-20-83, and 47-20-84 for authorized investments.

City policy limits investment in equity securities to 55% (at cost) of the Fund's total asset value. No more than 5% (at cost) of an investment manager's equity portfolio may be invested in the shares of a single corporate issuer. Direct investment in foreign equities traded on foreign exchanges is prohibited. Equities may be managed through the purchase of open-ended, no-load mutual funds or commingled funds as long as these funds in aggregate adhere to the equity guidelines of the policy.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

3. Deposit and Investment Risk (continued)

City policy requires that fixed income portfolio should bear an average credit quality of "A" or higher. Investments in Collateralized Mortgage Obligations shall be limited to 15% of the market value of the investment manager's total portfolio. No more than 5% (at cost) of an investment manager's total fixed income portfolio shall be invested in the securities of any single corporate issuer. There is no limit imposed on investments in fixed income securities issued directly by the US government or any agency or instrumentality thereof. Investments in corporate fixed income securities shall be limited to securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia. The duration of the fixed income portfolio should be less than 135% of the duration of the Barclays Capital US Aggregate Bond Index. At June 30, 2011, the duration for the index was 5.2 years. Investments in corporate fixed income securities shall be limited to those securities rated "BAA" or higher by Moody's or "BBB" or higher by Standard & Poor's rating services. Fixed income securities may be managed through the purchase of open-ended, no-load mutual funds or commingled funds as long as these funds in aggregate adhere to the fixed income guidelines of the policy.

Investment	Fair Value	Average Maturity (in years)	Standard and Poor's Credit Rating
PIMCO Investment Grd Corp	\$ 5,327,514	6.2	N/A
PIMCO Real Return Fund	2,293,911	5.5	N/A
PIMCO Total Return Fund	22,403,576	4.4	N/A
PIMCO Unconstrained Bond Fund	1,998,536	0.4	N/A
	<u>\$ 32,023,537</u>		

Foreign currency risk

The City has no investments denominated in a foreign currency.

Investments

The investments reported in the Economic Development Special Revenue Fund are property held for resale.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

4. Accounts Receivable

Net accounts receivable at June 30, 2011 consist of the following:

Primary Government:

Major Funds

General Fund		\$ 631,333
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Public Utilities Enterprise Fund	\$ 5,810,978	
Less: Allowance for Uncollectibles	(701,819)	5,109,159

Nonmajor Funds

Special Revenue Funds		
Community Service Center	2,653	
Georgia Mountains Center	12,349	
Hotel/Motel Tax	47,669	62,671

Enterprise Funds		
Airport	22,853	
Less: Allowance for Uncollectibles	(14,292)	
Solid Waste	227,135	
Less: Allowance for Uncollectibles	(50,186)	
Golf Course	47,308	232,818

Internal Service Funds		
General Insurance	23,134	
Employee Benefits	288,443	311,577

Total Primary Government		\$ 6,347,558
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Component Units:

Parks and Recreation		\$ 2,966
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Fiduciary Funds

Agency Funds		
Municipal Court	\$ 1,275,827	
Less: Allowance for Uncollectibles	(591,695)	\$ 684,132

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2011 consist of the following:

Primary Government:

Major Funds

General Fund		
State of Georgia	\$ 548,134	
Hall County, Georgia	35,246	
Gainesville City School System	<u>30,179</u>	\$ 613,559
Debt Service Fund		
Hall County, Georgia		3,740
SPLOST Capital Projects Fund		
Hall County, Georgia		1,675,138
Public Utilities Enterprise Fund		
Hall County, Georgia		689,489

Nonmajor Funds

Special Revenue Funds		
Community Service Center		
State of Georgia	69,070	
Hall County, Georgia	283,564	
Grants		
US Treasury	297,349	
HUD Grant		
US Treasury	61,694	
Tax Allocation District		
Hall County, Georgia	53,278	
Government Access Cable TV		
Hall County, Georgia	<u>9,245</u>	774,200
Grants Capital Projects Fund		
State of Georgia		10,825
Vehicle Services Internal Service Fund		
Gainesville City School System		<u>44,780</u>
Total Primary Government		<u>\$ 3,811,731</u>

Component Units:

Parks and Recreation		
Hall County, Georgia		<u>\$ 5,849</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

6. Property Taxes

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for fiscal year 2011, based upon the assessments of January 1, 2010 and the levy date of October 19, 2010, were final billed on October 20, 2010 and due on December 20, 2010. Tax liens are issued 90 days after the due date. The City of Gainesville bills and collects its own property taxes with property tax collections appearing as revenues to the respective funds (General, Tax Allocation District, Debt Service, and Parks and Recreation Component Unit) according to the tax rates set by City Council.

The City bills one half of the previous year taxes for real estate on unchanged property on July 1 of each year. The balances of the taxes due are billed when the tax digest is completed and are due in accordance with the above schedule.

7. Intradepartmental Billings

Total operating revenues and total operating expenses in the Public Utilities Enterprise Fund includes \$139,428 of intradepartmental billings for water and sewer usage for fiscal year 2011.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

8. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2011 is as follows:

	Due from:		
	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
Due to:			
Major Funds			
General	\$ 290,551	\$ 399,166	\$ 689,717

The balance reported as Due to/Due from represent loans between the borrower funds and the lender. Balances reported between in the General Fund and nonmajor governmental funds resulted from transactions to alleviate equity in pooled cash deficits at year-end. The \$399,166 is reported in the General Fund as an advance to other fund and as an advance from other fund in the Chattahoochee Golf Course Enterprise Fund; this balance is not expected to be repaid within one year.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

8. Interfund Receivables, Payables, and Transfers (continued)

A summary of interfund transfers is as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 756,558
	Nonmajor Enterprise	195,820
	Internal Service	1,562
Public Utilities	General	2,761,291
	Nonmajor Governmental	69,000
SPLOST Capital Projects	Debt Service	7,032,125
Nonmajor Governmental	General	2,429,284
	Debt Service	164,000
	SPLOST Capital Projects	130,200
	Nonmajor Governmental	4,028,735
	Public Utilities	50,000
		<u>17,618,575</u>
Transfer of Capital Assets		
Public Utilities	Governmental Activities	422,219
Internal Service	Governmental Activities	11,562
		<u>\$ 18,052,356</u>

Interfund transfers were used to transfer unrestricted revenues from payor funds to subsidize operations in payee funds in accordance with budgetary authorizations, to transfer City matching funds in accordance with grant agreements, to transfer funds to Capital Projects Funds for capital projects in accordance with budgetary authorizations, and to move capital assets between governmental activities and business-type activities. The transfer from the Public Utilities Fund to the General Fund was a return on equity. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

9. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities				
Non-depreciable assets				
Land	\$ 24,593,445	\$ 184,535	\$ (127,068)	\$ 24,650,912
Construction in progress	22,285,548	8,672,475	(23,948,072)	7,009,951
Total non-depreciable assets	46,878,993	8,857,010	(24,075,140)	31,660,863
Depreciable assets				
Buildings	26,494,024	22,066,331	0	48,560,355
Land improvements	3,155,110	14,381	(45,445)	3,124,046
Vehicles and equipment	14,277,677	1,691,339	(790,097)	15,178,919
Intangibles	1,843,016	0	0	1,843,016
Infrastructure	28,417,275	422,220	0	28,839,495
Total depreciable assets	74,187,102	24,194,271	(835,542)	97,545,831
Less accumulated depreciation				
Buildings	(6,892,065)	(941,738)	0	(7,833,803)
Land improvements	(789,445)	(136,806)	27,646	(898,605)
Vehicles and equipment	(11,833,427)	(992,708)	748,855	(12,077,280)
Intangibles	(703,121)	(180,265)	0	(883,386)
Infrastructure	(7,053,761)	(1,000,077)	0	(8,053,838)
Total accumulated depreciation	(27,271,819)	(3,251,594)	776,501	(29,746,912)
Total depreciable assets, net	46,915,283	20,942,677	(59,041)	67,798,919
Governmental activities capital assets, net	\$ 93,794,276	\$ 29,799,687	\$ (24,134,181)	\$ 99,459,782
Business-type activities				
Non-depreciable assets				
Land	\$ 18,351,564	\$ 932,369	\$ (2,935)	\$ 19,280,998
Intangibles	1,957,919	0	0	1,957,919
Construction in progress	13,649,120	9,143,654	(19,419,557)	3,373,217
Total non-depreciable assets	33,958,603	10,076,023	(19,422,492)	24,612,134
Depreciable assets				
Buildings	73,051,137	0	0	73,051,137
Land improvements	15,803,895	511,852	(54,492)	16,261,255
Distribution system	487,036,689	18,620,614	(422,219)	505,235,084
Intangibles	3,574,421	131,975	(14,276)	3,692,120
Vehicles and equipment	14,938,616	773,162	(480,416)	15,231,362
Total depreciable assets	594,404,758	20,037,603	(971,403)	613,470,958
Less accumulated depreciation				
Buildings	(4,447,077)	(1,456,513)	0	(5,903,590)
Land improvements	(5,275,089)	(663,205)	54,492	(5,883,802)
Distribution system	(101,942,882)	(11,221,364)	0	(113,164,246)
Intangibles	(718,338)	(196,828)	2,418	(912,748)
Vehicles and equipment	(12,701,122)	(798,178)	480,416	(13,018,884)
Total accumulated depreciation	(125,084,508)	(14,336,088)	537,326	(138,883,270)
Total depreciable assets, net	469,320,250	5,701,515	(434,077)	474,587,688
Business-type activities capital assets, net	\$ 503,278,853	\$ 15,777,538	\$ (19,856,569)	\$ 499,199,822

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

9. Capital Assets (continued)

Capital asset activity for the Parks and Recreation Component Unit for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Parks & Recreation Component Unit				
Non-depreciable assets				
Land	\$ 3,534,724	\$ 0	\$ 0	\$ 3,534,724
Construction in progress	72,245	506,515	(194,808)	383,952
Total non-depreciable assets	3,606,969	506,515	(194,808)	3,918,676
Depreciable assets				
Buildings	9,915,118	0	0	9,915,118
Land improvements	3,515,073	0	0	3,515,073
Vehicles and equipment	1,232,947	34,906	0	1,267,853
Intangibles	148,170	0	0	148,170
Infrastructure	2,640,618	189,806	0	2,830,424
Total depreciable assets	17,451,926	224,712	0	17,676,638
Less accumulated depreciation				
Buildings	(6,099,140)	(287,211)	0	(6,386,351)
Land improvements	(579,828)	(263,163)	0	(842,991)
Vehicles and equipment	(1,026,279)	(73,076)	0	(1,099,355)
Intangibles	(139,490)	(1,467)	0	(140,957)
Infrastructure	(462,605)	(110,316)	0	(572,921)
Total accumulated depreciation	(8,307,342)	(735,233)	0	(9,042,575)
Total depreciable assets, net	9,144,584	(510,521)	0	8,634,063
Parks & Recreation Component Unit capital assets, net	\$ 12,751,553	\$ (4,006)	\$ (194,808)	\$ 12,552,739

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 112,273
Public Safety	754,604
Public Works	1,786,323
Health and Welfare	54,769
Culture and Recreation	263,309
Housing and Development	240,612
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>19,424</u>
Total depreciation expense for governmental activities	<u><u>\$ 3,231,314</u></u>

Business-type activities

Public Utilities	\$ 13,229,982
Airport	691,436
Solid Waste	149,624
Golf Course	<u>265,046</u>
Total depreciation expense for business-type activities	<u><u>\$ 14,336,088</u></u>

Component Unit

Parks and Recreation	<u><u>\$ 710,929</u></u>
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	Governmental Activities	Business-type Activities	Component Unit
Current year depreciation expense	\$ 3,231,314	\$ 14,336,088	\$ 710,929
Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component unit	<u>20,280</u>	<u>0</u>	<u>24,304</u>
Additions to accumulated depreciation	<u><u>\$ 3,251,594</u></u>	<u><u>\$ 14,336,088</u></u>	<u><u>\$ 735,233</u></u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

10. Capital and Operating Leases Agreements

The City has entered into agreements for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these leases at June 30, 2011, are \$35,736,881 and \$32,321,761 for governmental and business-type activities, respectively.

Total assets leased under capital leases are \$51,435,287 and \$41,193,318 for governmental and business-type activities, respectively, and are classified as follows:

	Governmental Activities	Business-type Activities
Airport improvements	\$ 0	\$ 5,332,220
Golf Course improvements	0	4,321,397
Water and sewer system	0	31,539,701
Land	7,203,693	0
Buildings	36,274,473	0
Vehicles and equipment	1,227,346	0
Construction in progress	6,729,775	0
Total assets under capital leases	<u>\$ 51,435,287</u>	<u>\$ 41,193,318</u>

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2011:

Year Ending June 30,	Governmental Activities	Business-type Activities
2012	\$ 8,807,873	\$ 2,077,105
2013	8,641,839	2,076,901
2014	8,506,089	2,075,401
2015	1,202,334	2,077,497
2016	1,223,915	2,078,015
2017-2021	6,286,721	9,888,106
2022-2026	6,515,293	7,896,986
2027-2031	1,931,302	6,307,940
Total minimum lease payments	43,115,366	34,477,951
Less amounts representing interest	<u>(7,378,485)</u>	<u>(2,156,190)</u>
Present value of minimum lease payments	<u>\$ 35,736,881</u>	<u>\$ 32,321,761</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

10. Capital and Operating Leases Agreements (continued)

The City has entered into an agreement to participate in a pooled lease program sponsored by the Georgia Municipal Association. Certificates of Participation in the amount of \$150,126,000 were issued in connection with the lease program, with the City's pro rata share of the principal being \$1,166,000. At June 30, 2011, the City has a balance of \$388,121 of the certificate proceeds for the purpose of financing the acquisition of equipment and is included with other leases above. These amounts are presented as capital leases in the governmental activities on the government-wide Statement of Net Assets. The remaining balance of the certificate proceeds is held in trust pursuant to the certificate, and is not considered legal debt of the City.

On July 13, 2004, the Gainesville Redevelopment Authority issued \$5,000,000 in the Series 2004 Revenue Bonds, with interest rates of 5.18% for the \$2,290,000 tax-exempt series and 6.10% for the \$2,710,000 taxable series. An intergovernmental contract became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. The Authority will provide for the acquisition, construction, installation, and equipping of improvements to the Lee Gilmer Memorial Airport. The City will possess, operate and maintain, and have use of the airport, and pay for the use thereof in amounts sufficient to enable the Authority to pay the principal of and interest on the Series 2004 Bonds as the same become due and payable. This intergovernmental contract has been recorded as a capital lease payable by the City.

On December 29, 2005, the Gainesville Redevelopment Authority issued \$4,200,000 in the Series 2005 Revenue Bonds, with an interest rate of 4.012%. An intergovernmental lease became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the lease, bond proceeds of the Authority issue will be applied to construct and equip the 2005 Project, which includes renovations to the Chattahoochee Golf Course to be made by the City, and the Golf Course and the 2005 Project will be leased to the City. In return, the City will make payments to the trustee for the bonds on behalf of the Authority sufficient to pay the principal and interest on the bonds. In conjunction with the issuance of the bonds, the City conveyed title to the Golf Course and improvements thereon to the Authority. The City will continue to operate, maintain, repair and have use of the Golf Course.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

10. Capital and Operating Leases Agreements (continued)

On January 17, 2006, the City of Gainesville entered into an intergovernmental lease and management agreement with Hall County, Georgia, for the operation of the Hall County Water System. The lease, in the original amount of \$31,539,701, has a 25 year term with an interest rate of 0.00%. In the lease agreement, the City received \$34,781,050 in capital assets, \$156,739 in intergovernmental receivables from White County, Georgia, and assumed \$3,398,088 in notes payable and accrued interest. Hall County will transfer 1/25th of the system value, \$1,261,588, annually, beginning January 17, 2007, to offset the lease payment. If the lease agreement is terminated prior to the end of the lease term, Hall County will pay the City for all costs associated with capital improvements made to the system after January 17, 2006, plus the percentage change in the Consumer Price Index since January 17, 2006. Hall County will also pay the City for the portion of the system already transferred at the time of termination.

On May 1, 2007, the Gainesville Redevelopment Authority issued \$11,885,000 in the Series 2007 Revenue Bonds, with interest rates of 4.00-5.00%. An intergovernmental lease became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the lease, bond proceeds of the Authority issue will be applied to construct and equip the 2007 Project, which includes the purchase of land and the construction of the Frances Meadows Community Center, to be made by the City, and the 2007 Project will be leased to the City. In return, the City will make payments to the trustee for the bonds on behalf of the Authority sufficient to pay the principal and interest on the bonds. In conjunction with the issuance of the bonds, the City conveyed title to the land and the Center thereon to the Authority. The City will continue to operate, maintain, repair and have use of the Center.

On May 20, 2009, the Gainesville Redevelopment Authority issued \$6,230,000 in the Series 2009A Revenue Bonds, with interest rates of 3.00-5.00%. An intergovernmental lease became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the lease, bond proceeds of the Authority issue will be applied to construct and equip the 2009A Project, which includes the construction of the Downtown Parking Garage, to be made by the City, and the 2009 Project will be leased to the City. In return, the City will make payments to the trustee for the bonds on behalf of the Authority sufficient to pay the principal and interest on the bonds. In conjunction with the issuance of the bonds, the City conveyed title to land and the Parking Garage thereon to the Authority. The City will continue to operate, maintain, repair and have use of the Parking Garage.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

10. Capital and Operating Leases Agreements (continued)

On May 20, 2009, the Gainesville Redevelopment Authority issued \$25,325,000 in the Series 2009B Revenue Bonds, with interest rates of 3.00-5.00%. An intergovernmental lease became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the lease, bond proceeds of the Authority issue will be applied to construct and equip the 2009 Project, which includes the purchase of land and the construction of the Public Safety Facility, to be made by the City, and the 2009 Project will be leased to the City. In return, the City will make payments to the trustee for the bonds on behalf of the Authority sufficient to pay the principal and interest on the bonds. In conjunction with the issuance of the bonds, the City conveyed title to the land and the Facility thereon to the Authority. The City will continue to operate, maintain, repair and have use of the Center.

The City's lease agreements, other than such agreements described above, are relatively minor commitments (generally for office machines) and are in compliance with state law.

11. Long-Term Debt

The City enters into promissory notes with the Georgia Environmental Facilities Authority for the financing of water and sewer construction projects. The City pledges the full faith, credit, and taxing powers of the City in this financing arrangement.

Notes Payable

The City has entered into an agreement to participate in a pooled borrowing program sponsored by the Georgia Environmental Facilities Authority for expansion of the City's water and sewerage system. At June 30, 2011, the City had entered into 13 borrowings in the original amount of \$141,250,903, with a total outstanding balance of \$113,718,441. Monthly installments of principal and interest are due through May 1, 2029; with interest rates of 3.00% to 5.43%. Two of these borrowings were assumed from Hall County, Georgia, as part of the intergovernmental lease and management agreement for the operation of the Hall County Water System (see Note 10).

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

11. Long-Term Debt (continued)

Notes Payable, continued

The City has entered into a lending agreement with the Small Business Development Company for improvements at the Chattahoochee Golf Course in the original amount of \$207,691. At June 30, 2011, the balance of this note is \$81,691. This note carries a variable interest rate equivalent to the interest rate on the City's pooled cash account, which was 0.091% at June 30, 2011. Interest payments are due monthly, with principal payments of \$81,691 due when the City sells residential lots adjacent to the Golf Course.

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 6,263,355	\$ 3,530,097	\$ 9,793,452
2013	6,394,630	3,316,714	9,711,344
2014	6,602,959	3,108,381	9,711,340
2015	6,822,515	2,888,828	9,711,343
2016	6,800,434	2,666,955	9,467,389
2017-2021	35,401,655	9,971,761	45,373,416
2022-2026	33,243,405	4,444,643	37,688,048
2027-2028	12,271,179	539,940	12,811,119
Totals	<u>\$ 113,800,132</u>	<u>\$ 30,467,319</u>	<u>\$ 144,267,451</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, while revenue bonds are issued for the construction and expansion of proprietary activities. General obligation bonds are direct obligations and pledge the full faith, credit and taxing powers of the City while revenue bonds pledge the revenues of the proprietary activity for repayment of the bond issues.

As of June 30, 2011, the City has no general obligation bonds outstanding.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

11. Long-Term Debt (continued)

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at June 30, 2011:

- \$15,875,000 1992 Water and Sewerage Revenue – Series A, B, & C series bonds due in annual installments of \$245,000 to \$3,845,000 through November 15, 2012; interest at 6.00% (\$7,475,000 outstanding); for the expansion of the City's water and sewerage system.
- \$57,535,000 2001 Water and Sewerage Revenue – Series A & B series bonds due in annual installments of \$1,960,000 to \$2,115,000 through November 15, 2012; interest at 3.80% to 5.25% (\$4,135,000 outstanding); for the expansion of the City's water and sewerage system. This bond issue was partially advanced refunded during fiscal year 2007.
- \$52,570,000 2005 Water and Sewer System Refunding series bonds due in annual installments of \$120,000 to \$6,870,000 through November 15, 2020; interest at 3.30% to 5.00% (\$45,345,000 outstanding).
- \$39,205,000 2006 Water and Sewer System Refunding series bonds due in annual installments of \$305,000 to \$8,845,000 through November 15, 2021; interest at 3.50% to 5.00% (\$38,060,000 outstanding).

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 7,710,000	\$ 4,174,998	\$ 11,884,998
2013	7,955,000	3,768,352	11,723,352
2014	8,360,000	3,368,156	11,728,156
2015	8,740,000	2,957,769	11,697,769
2016	9,175,000	2,525,044	11,700,044
2017-2021	44,230,000	6,290,078	50,520,078
2022	8,845,000	176,900	9,021,900
Totals	\$ 95,015,000	\$ 23,261,297	\$ 118,276,297

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

11. Long-Term Debt (continued)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for fiscal year ended June 30, 2011:

	Balance 6/30/2010	Additions	Deductions	Balance 6/30/2011	Due Within One Year
Governmental activities					
General obligation bonds	\$ 945,000	\$ 0	\$ 945,000	\$ 0	\$ 0
Capital lease obligations	42,862,532	346,228	7,471,879	35,736,881	6,983,527
Compensated absences	1,035,995	965,839	960,261	1,041,573	937,415
Total Governmental activities	<u>\$ 44,843,527</u>	<u>\$ 1,312,067</u>	<u>\$ 9,377,140</u>	<u>\$ 36,778,454</u>	<u>\$ 7,920,942</u>
Business-type activities					
Revenue bonds	\$ 102,485,000	\$ 0	\$ 7,470,000	\$ 95,015,000	\$ 7,710,000
Unamortized bond premium	2,271,360	0	241,336	2,030,024	0
Unamortized bond discount	(37,030)	0	(22,529)	(14,501)	0
Notes payable	119,786,181	0	5,986,049	113,800,132	6,263,355
Capital lease obligations	34,048,349	0	1,726,588	32,321,761	1,746,588
Compensated absences	631,413	627,834	668,002	591,245	532,120
Total business-type activities	<u>\$ 259,185,273</u>	<u>\$ 627,834</u>	<u>\$ 16,069,446</u>	<u>\$ 243,743,661</u>	<u>\$ 16,252,063</u>
Park & Recreation Component Unit					
Compensated absences	<u>\$ 111,425</u>	<u>\$ 84,887</u>	<u>\$ 88,722</u>	<u>\$ 107,590</u>	<u>\$ 96,831</u>

Revenue bond issue costs and discounts/premiums are amortized over the life of the related debt using the straight-line method. Compensated absences are liquidated by those funds that have salary and wage expenditures. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General and Special Revenue Funds.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

12. Bond Refunding

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the appropriate fund. As of June 30, 2011, the amount of defeased debt outstanding but removed from the City's records for business-type activities amounted to \$37,755,000.

13. Conduit Debt

From time to time, the City has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City nor the State, or any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2011, there were 35 series of Revenue Bonds outstanding. The current aggregate principal amount payable for the series totaled \$421,505,267; the original issue amounts totaled \$611,787,941.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

14. Nonspendable, Restricted, Committed, and Assigned Fund Balances

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds for fiscal year ended June 30, 2011:

	General	Debt Service	SPLOST Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	\$ 7,000	\$ 0	\$ 0	\$ 0	\$ 7,000
Advances to other funds	399,166	0	0	0	399,166
	<u>406,166</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>406,166</u>
Restricted for:					
General Government	0	0	0	55,489	55,489
Public Safety	0	0	0	366,569	366,569
Health and Welfare	0	0	0	1,000,472	1,000,472
Culture and Recreation	0	0	0	149,740	149,740
Housing and Development	0	0	0	415,147	415,147
Capital projects	0	0	1,558,168	150,506	1,708,674
Debt service	0	1,217,858	5,940,607	0	7,158,465
	<u>0</u>	<u>1,217,858</u>	<u>7,498,775</u>	<u>2,137,923</u>	<u>10,854,556</u>
Committed for:					
Public Works	0	0	0	39,800	39,800
Culture and Recreation	0	0	0	52,139	52,139
	<u>0</u>	<u>0</u>	<u>0</u>	<u>91,939</u>	<u>91,939</u>
Assigned for:					
General Government	0	0	0	82,958	82,958
Public Safety	3,056	0	0	13,367	16,423
Public Works	128,271	0	0	135,764	264,035
Health and Welfare	3,100	0	0	746,913	750,013
Culture and Recreation	0	0	0	165,254	165,254
Housing and Development	0	0	0	2,792,324	2,792,324
Community betterment	1,348,252	0	0	0	1,348,252
Budget	1,513,335	145,494	0	114,868	1,773,697
Capital projects	0	0	1,447,488	5,742,572	7,190,060
Debt service	0	70,920	0	0	70,920
	<u>2,996,014</u>	<u>216,414</u>	<u>1,447,488</u>	<u>9,794,020</u>	<u>14,453,936</u>

15. Deficit Equity Balances

At June 30, 2011, the Chattahoochee Golf Course Enterprise Fund had negative net assets of \$224,975. This is due to a reduction in revenues, although a cutback in department expenses helped to mitigate the overall shortfall. The City plans to liquidate the deficit fund equity through future revenue recognition.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

16. Self-Insurance

General Insurance

During fiscal year 1993, the City established its General Insurance Internal Service Fund, which includes workers' compensation, property, and general liability. Property and liability claims are insured through a private insurance carrier, and subject to various deductibles that are paid from City funds. On July 1, 1999, the City changed their worker's compensation insurance to a risk pool with Georgia Municipal Association.

As part of the worker's compensation risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the Workers' Compensation Law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

16. Self-Insurance (continued)

Health Insurance

The City provides health care benefits to its active and retired employees and their dependents. Effective July 1, 2010 the City contracted with Blue Cross Blue Shield of Georgia for health care coverage. The contract is a minimum premium plan, which is a fully insured plan with self insured characteristics. Under this arrangement, the City is responsible for paying all claims up to an agreed-upon aggregate level, with the insurer responsible for the excess. The insurer is also responsible for processing claims and administrative services.

Liabilities

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
General Insurance Internal Service Fund		
Balance, beginning of year	\$ 913,827	\$ 749,223
Current year claims and changes in estimate	(59,467)	636,667
Claim payments	(175,573)	(472,063)
Balance, end of year	<u>\$ 678,787</u>	<u>\$ 913,827</u>
Employee Benefits Internal Service Fund		
Balance, beginning of year	\$ 335,800	\$ 419,630
Current year claims and changes in estimate	3,929,872	4,575,340
Claim payments	(3,813,672)	(4,659,170)
Balance, end of year	<u>\$ 452,000</u>	<u>\$ 335,800</u>

17. Pension Plans

The City contributes and participates in two pension plans: a single-employer, defined benefit plan (Pension Plan A) and an agent multiple-employer, defined benefit plan (Pension Plan B). Each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan. See Note 2 – Summary of Significant Accounting Policies for basis of accounting and reporting of investments.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

17. Pension Plans (continued)

Plan Description and Contribution Information

Current membership in both plans and current year payrolls are as follows:

	<u>Plan A</u>	<u>Plan B</u>
Retirees and beneficiaries currently receiving benefits	197	46
Terminated vested participants entitled to but not yet receiving benefits	9	23
Active participants	<u>472</u>	<u>155</u>
Total number of participants	<u><u>678</u></u>	<u><u>224</u></u>

Pension Plan A

Description. The City of Gainesville Retirement Plan A was established February 24, 1941 and was restated July 1, 1994. The Plan was established by the City to provide retirement benefits to substantially all full-time civil service employees. Employees in Pension Plan A do not participate in Federal Social Security with the City. This plan was established in accordance with the City Charter and State statutes. Pension Plan A provides pension benefits, death and disability benefits. Employees hired before July 1, 2008, are eligible for normal retirement upon completion of twenty-five years of service or age 60 with at least five years of service. The normal retirement benefit payable for life is 3.0% of the average monthly salary for the highest consecutive five years of service multiplied by the years of service, not to exceed thirty-three years. Benefits vest after ten years of service. An early retirement option is available upon completion of twenty years of service. However, benefits are reduced by 2% for each year the commencement date precedes the normal retirement date.

Public safety employees hired on or after July 1, 2008, are eligible for normal retirement upon age 50 and completion of twenty-five years of service or age 65 with at least ten years of service. The normal retirement benefit payable for life is 2.5% of the average monthly salary for the highest consecutive five years of service multiplied by the years of service, not to exceed thirty-three years. Benefits vest after ten years of service. An early retirement option is available upon completion of twenty years of service. However, benefits are reduced by 5% for each year the commencement date precedes the normal retirement date.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

17. Pension Plans (continued)

Plan Description and Contribution Information, continued

Pension Plan A (continued)

All other employees hired on or after July 1, 2008, are eligible for normal retirement upon age 60 and completion of twenty-five years of service or age 65 with at least ten years of service. The normal retirement benefit payable for life is 2.5% of the average monthly salary for the highest consecutive five years of service multiplied by the years of service, not to exceed thirty-three years. Benefits vest after ten years of service. An early retirement option is available upon completion of twenty years of service. However, benefits are reduced by 5% for each year the commencement date precedes the normal retirement date.

The financial statements of this plan are included as an employee pension trust fund within this report (Exhibit I). There is no separately issued stand-alone financial report for this pension plan.

Funding Policy. The contribution requirements of plan members and the City are established by plan policy and may be amended under requirements by City Council. Plan members are required to contribute 13.2% of their annual covered salary. The City is required to contribute a matching percentage of 13.2% of annual covered payroll. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy. Costs of administering the plan are financed through contributions and earnings.

Contributions are recognized when due pursuant to formal or contractual commitments. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

17. Pension Plans (continued)

Plan Description and Contribution Information, continued

Pension Plan B

Description. Pension Plan B is the Georgia Municipal Employees Benefit System Retirement Fund (GMEBSRF), an agent multiple-employer plan that acts as a common investment and administrative agent for municipalities in the State. The plan is administered by the Georgia Municipal Association (GMA) and provides pension benefits, death and disability benefits, which were established and may be amended by City Council Ordinance and change of contract with GMA. The City elected to participate in GMEBSRF as of July 1, 1994 as the result of City Ordinance and a contract between the City and the GMEBS. Regular full-time employees who are non-civil service and who are not eligible to participate in any other retirement program of the City may participate in Plan B when they have completed one year of service. Pension Plan B employees also participate in Social Security. Employees vest in the plan after 10 years of full-time service with the City. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for Pension Plan B. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street SW, Atlanta, Georgia 30303.

Funding Policy. The contribution requirements of the City are established and may be amended by City Council. Plan members are not allowed to make contributions to this plan. The City is required to contribute at an actuarially determined rate. The current rate is 8.9% of annual covered payroll. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy. Costs of administering the plan are financed through contributions and earnings.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

17. Pension Plans (continued)

Annual Pension Cost and Net Pension Obligation

The net pension obligation was computed as part of an actuarial valuation performed as of July 1, 2010 for Pension Plan A and January 1, 2011, for Pension Plan B. Significant actuarial assumptions used in the valuation include:

	<u>Plan A</u>	<u>Plan B</u>
Rate of return on investments of present and future assets compounded annually	7.5%	7.8%
Projected salary increases:		
Inflation	3.5%	3.5%
Merit or seniority	1.3-4.0%	0.0%
Post-retirement benefit increases	none	none

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the entry age normal actuarial funding method for Plan A and the projected unit credit actuarial funding method for Plan B. The actuarial value of assets for Plan A was determined by recognizing a portion of the difference between the market value of assets and the expected market value of assets smoothed over a 10 year period. The actuarial value of assets for Plan B was determined by using the prior year's actuarial value, plus current year activity, plus 10% of investment gains (losses) during the 10 prior years.

The unfunded actuarially accrued liability for Plan A is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2010, varies for the bases. The unfunded actuarially accrued liability for Plan B is being amortized as a level dollar amount on a closed basis over a thirty-year period from 1994. The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the net pension obligations.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

17. Pension Plans (continued)

Annual Pension Cost and Net Pension Obligation, continued

The City's annual pension cost and net pension obligations for the current year were as follows:

	Pension Plan	
	A	B
Annual required contribution (ARC)	\$ 3,067,415	\$ 445,261
Interest on net pension obligation	(57,387)	0
Adjustment to ARC	65,633	0
Annual pension cost	3,075,661	445,261
Contributions made	(2,599,539)	(445,261)
Increase (decrease) in net pension obligation	476,122	0
Net pension obligation (asset) - beginning of year	(765,157)	0
Net pension obligation (asset) - end of year	<u>\$ (289,035)</u>	<u>\$ 0</u>

Historical Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the pension plans is presented.

Schedule of Employer Contributions			
Funding Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Pension Plan A:			
7/1/2005	\$ 1,811,997	105%	\$ (86,615)
7/1/2006	1,896,939	105%	(172,829)
7/1/2007	2,294,558	114%	(496,492)
7/1/2008	2,463,073	113%	(812,538)
7/1/2009	2,809,533	99%	(765,157)
7/1/2010	3,075,661	85%	(289,035)
Pension Plan B:			
3/1/2006	\$ 390,072	100%	\$ 0
3/1/2007	372,060	100%	0
3/1/2008	395,234	100%	0
3/1/2009	495,058	100%	0
1/1/2010	467,907	100%	0
1/1/2011	445,261	100%	0

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

17. Pension Plans (continued)

Historical Trend Information, continued

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll** (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Pension Plan A:						
7/1/2005	\$ 47,575,300	\$ 77,379,022	\$ 29,803,722	61.48%	\$ 17,992,112	166%
7/1/2006	50,726,813	82,648,628	31,921,815	61.38%	18,850,875	169%
7/1/2007	55,891,158	90,589,741	34,698,583	61.70%	20,503,210	169%
7/1/2008	60,238,608	99,886,843	39,648,235	60.31%	21,841,338	182%
7/1/2009	64,498,076	106,414,133	41,916,057	60.61%	21,285,746	197%
7/1/2010	66,265,931	109,222,610	42,956,679	60.67%	20,168,312	213%
Pension Plan B:						
3/1/2006	\$ 3,020,527	\$ 4,963,891	\$ 1,943,364	60.85%	\$ 4,105,937	47%
3/1/2007	3,333,494	4,941,535	1,608,041	67.46%	4,208,818	38%
3/1/2008	3,653,847	5,226,060	1,572,213	69.92%	4,667,233	34%
3/1/2009	3,340,891	5,590,619	2,249,728	59.76%	5,178,221	43%
1/1/2010	4,173,412	5,828,351	1,654,939	71.61%	5,226,815	32%
1/1/2011	4,520,440	6,148,933	1,628,493	73.52%	4,914,895	33%

** Payroll of participants whose attained age is less than the assumed retirement age

18. Post Employment Health Care Benefits

Plan Description

The City of Gainesville provides post employment health care benefits as a participating member in the Georgia Municipal Employees Benefit System (GMEBS), a defined benefit other post employment benefit (OPEB) plan ("Plan"), which is a service of Georgia Municipal Association (GMA). GMEBS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipalities in Georgia. The City elected to participate in GMEBS as of July 1, 2008, as a result of City Ordinance and a contract between the City and GMA. The Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan. See Note 2 – Summary of Significant Accounting Policies for reporting of investments.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

18. Post Employment Health Care Benefits (continued)

Plan Description, continued

City employees who retire with 10 years of service are eligible to participate in the Plan.

GMA issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Georgia Municipal Association at 21 Pryor Street, SW, Atlanta, Georgia 30303.

Current Membership is as follows:

Retirees and beneficiaries currently receiving benefits	156
Active participants	<u>627</u>
Total number of participants	<u><u>783</u></u>

Funding Policy

The funding policy for the plan is to contribute an amount equal to the benefit and administrative costs paid on behalf of retirees and their dependents (ie, pay-as-you-go basis). Plan members receiving benefits contributed \$566,590, through their required contributions of \$240.99, \$479.59, \$539.26 and \$807.68 per month for single retiree coverage, retiree and child(ren) coverage, retiree and spouse coverage, and retiree family coverage, respectively. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in GASB Statement No. 45. These contributions are determined under the projected unit credit actuarial cost method and the market value of assets for developing the actuarial value of assets. The unfunded actuarial accrued liability (UAAL) is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2010 is 28 years. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

18. Post Employment Health Care Benefits (continued)

Funding Policy, continued

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy. The projection of benefits does not incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Annual OPEB Cost and Net OPEB Obligation

For fiscal year 2011, the City's annual OPEB cost of \$5,681,447 was equal to the City's recommended contribution, as calculated on the pay-as-you go basis. The recommended contribution was computed as part of an actuarial valuation as of July 1, 2011. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 4 percent per year compounded annually, (b) a rate of inflation of 3.5 percent, (c) no post-retirement benefit increases, and (d) a medical and drug cost trend rate of 9.5 percent, graded to 5 percent over 6 years.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

18. Post Employment Health Care Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation, continued

Annual required contribution	\$ 2,891,435
Interest on net OPEB obligation	2,670,938
Adjustment to ARC	119,074
Annual OPEB cost	5,681,447
Contributions made	(1,435,035)
Increase (decrease) in net OPEB obligation	4,246,412
Net OPEB obligation - beginning of year	14,243,991
Net OPEB obligation - end of year	<u>\$ 18,490,403</u>

Historical Trend Information

Historical trend information for Annual OPEB Cost and funding progress is as follows:

Schedule of Employer Contributions

Fiscal Year ended June 30,	Annual OPEB Cost (AOC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 8,490,703	20%	\$ 6,828,182
2010	8,763,829	15%	14,243,991
2011	5,681,447	26%	18,490,403

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability* (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll** (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	0	\$ 69,174,911	\$ 69,174,911	0.00%	\$ 26,474,878	261%
7/1/2010	0	46,286,246	46,286,246	0.00%	23,436,559	197%

*AAL based on a pay-as-you-go plan

** Payroll of participants whose attained age is less than the assumed retirement age

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

19. Hotel/Motel Lodging Tax

The City has levied a 6% lodging tax in accordance with OCGA 48-13-51(a)(4). The City is required to spend an amount equal to at least 60% for the purpose of promoting tourism, conventions, and trade shows or for facilities used for these purposes. A summary of the transactions for the year ended June 30, 2011, follows:

Lodging Tax Receipts	\$ 517,456
Disbursements to Georgia Mountains Center and other tourism and visitor programs	\$ 385,000 75% of tax receipts

20. Major Users/Taxpayers

The ten major customers of the water and sewer system are primarily from the poultry and food processing industry. The major users represent approximately thirty-seven percent of the water sales and sewer charges from the system in fiscal year 2011.

The ten major taxpayers of the City for fiscal year 2011 represent approximately twelve percent of the current year tax levy. The ten largest taxpayers are comprised of various types of entities including retail, communications, manufacturing and food processing.

21. Joint Ventures

The City of Gainesville participates with Hall County, Forsyth County, Cherokee County and the Federal Bureau of Investigation in a Safe Street Task Force (SSTF) which is called the Hall County Major Offenders Task Force (HCMOTF). The Task Force consists of the Multi-Agency Narcotics Squad (MANS) whose mission is to facilitate the investigation, arrest, prosecution and conviction of those residents and non-residents involved in the manufacture, use, distribution, and sale of illicit drugs. The Task Force also consists of the Gang Task Force (GTF) whose mission is to facilitate the investigation, arrest, prosecution and conviction of those residents and non-residents involved in criminal enterprises, organized crime groups and other criminal groups that are responsible for gang related activity affecting the northeast area of Georgia. The City has an ongoing financial responsibility of funding for the units. This funding is determined each year from a budget of grant monies and individual municipalities and counties participating.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

21. Joint Ventures (continued)

The HCMOTF is funded primarily through grant and forfeiture monies and operates on a balanced budget determined by revenue. The financial records of this unit are maintained by Hall County and reported in their CAFR report. During fiscal year 2011, the City contributed the use of five police officers for assignment to the HCMOTF; the City paid \$379,686 in personnel costs for these officers. A copy of the HCMOTF financial statements can be obtained from Hall County, Georgia, Financial Department, PO Box 1435, Gainesville, GA 30503.

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During fiscal year 2011, the city paid \$29,426 in such dues. Membership in a regional commission (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RCs in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, GA 30501.

22. Related Organizations

The City of Gainesville Housing Authority is considered a related organization to the City of Gainesville. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Gainesville. The City received \$43,977 as payment-in-lieu-of-taxes during fiscal year 2011.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

23. Risk Pools

The City participates in the Workman's Compensation Self-Insurance Fund ("Fund"), an insurance risk pool ("Pool"), which is a service of Georgia Municipal Association (GMA). This program is a risk sharing arrangement among Georgia City Governments. The City receives occurrence insurance for paid premiums based on payroll amounts and retains a risk of loss in increased premiums based on occurrence rate.

The City participates in the State of Georgia Local Government Investment Pool. Assets in this pool are invested in the Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share. Georgia Fund 1 is managed by the Georgia Office of Treasury and Financial Services. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

24. Commitments and Contingencies

Commitments

The City has active construction projects as of June 30, 2011. At fiscal year end, the City's commitments with contractors are as follows:

Project	Amount Expended to Date	Remaining Commitment
Comprehensive Plan	\$ 137,619	\$ 122,877
Expansion of the water and sewer distribution system	479,881	468,402
Total	<u>\$ 617,500</u>	<u>\$ 591,279</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

24. Commitments and Contingencies (continued)

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2011, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	Restricted	Assigned
General Fund	\$ 0	\$ 63,609
Nonmajor Governmental Funds	73,583	73,583
Parks and Recreation Component Unit	0	13,229

On May 30, 2008, the City entered into an intergovernmental agreement with Hall County, Georgia (the County), and the Gainesville and Hall County Development Authority (the Authority), for the development of the Gainesville Business Park. As part of this agreement, the City contributed land, which is reported as an investment in the Economic Development Special Revenue Fund (See Note 3). On January 1, 2009, the Authority issued the Taxable Revenue Bond (Gainesville Business Park Project), Series 2009, in the amount of \$2,000,000, for the acquisition and development of the Project. The Authority entered into an intergovernmental agreement with the County, in which the County agrees to make payments to the Authority sufficient to pay the debt service on the Bonds. The City entered into an intergovernmental agreement with the County and the Authority in which the City agrees to pay to the County the City's prorata share (84.84%) of each payment required of the County immediately when the County is required to make such payments. The Authority agrees to apply the net proceeds from sales of lots in the Project to payment of the Bonds, second to reimbursement to the City and County on a prorata basis for the funds provided by the City and County to make the payments under the intergovernmental agreement and for development and construction, and third as payment to the City and County on a prorata basis of the remaining proceeds for the original property contributed by each entity for the Project. The City is not a party to the Tax Revenue Bonds and is only liable for payments as they come due to the County. Therefore, there has been no debt liability recorded by the City.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

24. Commitments and Contingencies (continued)

Contingencies

On a July 17, 2009 ruling, U.S. District Court Judge Paul Magnuson set a three year deadline for Congress to approve a deal over water rights involving Lake Lanier. If Congress failed to grant permission, the City of Gainesville would have been allowed to use Lake Lanier for drinking water at mid-1970's authorized levels only. The State filed a notice to appeal this judgment, and, on July 28, 2011, the 11th Circuit Appeals Court released a unanimous ruling overturning the 2009 decision and maintaining that Lake Lanier may be used as a source of drinking water for Georgia residents.

The City is a defendant in several lawsuits. Management intends to contest these open cases vigorously. The City's legal counsel has stated that the outcome of these lawsuits is not presently determinable.



COMBINING STATEMENTS

Nonmajor Governmental Funds

Nonmajor Enterprise Funds

Internal Service Funds

CITY OF GAINESVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue						
	Community Development	Community Service Center	Economic Development	Georgia Mountains Center	Hotel/Motel Tax	Government Access Cable TV Channel	Confiscated Assets
ASSETS							
Cash and cash equivalents	\$ 0	\$ 1,641,359	\$ 1,094,592	\$ 232,163	\$ 129,400	\$ 173,049	\$ 25,147
Investments	0	0	1,579,879	0	0	0	0
Receivables (net)							
Accounts	0	2,653	0	12,349	47,669	0	0
Intergovernmental	0	352,634	0	0	0	9,245	0
Notes	0	0	0	0	0	0	0
Total assets	\$ 0	\$ 1,996,646	\$ 2,674,471	\$ 244,512	\$ 177,069	\$ 182,294	\$ 25,147
LIABILITIES AND FUND BALANCES							
Liabilities							
Payables							
Accounts	\$ 0	\$ 68,284	\$ 8,717	\$ 5,696	\$ 0	\$ 3,551	\$ 0
Sales tax	0	0	0	834	0	0	0
Deposits	0	0	0	2,925	0	0	0
Accrued salaries	0	66,109	0	17,664	0	4,921	0
Deferred revenues	0	0	0	0	0	0	0
Due to other funds	0	0	0	0	0	0	0
Total liabilities	0	134,393	8,717	27,119	0	8,472	0
Fund balances							
Restricted	0	1,000,472	0	0	50,976	123,521	25,147
Committed	0	0	0	52,139	0	0	0
Assigned	0	861,781	2,665,754	165,254	126,093	50,301	0
Total fund balances	0	1,862,253	2,665,754	217,393	177,069	173,822	25,147
Total liabilities and fund balances	\$ 0	\$ 1,996,646	\$ 2,674,471	\$ 244,512	\$ 177,069	\$ 182,294	\$ 25,147

Special Revenue							Capital Projects		Total Nonmajor Governmental Funds
Grants	HUD Grant	Revolving Loan	Impact Fee	Tax Allocation District	Information Technology	Cemetery Trust	General Government	Grants	
\$ 34,286 0	\$ 0 0	\$ 40,955 0	\$ 460,168 0	\$ 321,394 0	\$ 31,000 0	\$ 146,714 0	\$ 4,888,020 0	\$ 890,387 0	\$ 10,108,634 1,579,879
0	0	0	0	0	0	0	0	0	62,671
297,349	61,694	0	0	53,278	0	0	0	10,825	785,025
0	0	418,692	0	0	0	0	0	0	418,692
<u>\$ 331,635</u>	<u>\$ 61,694</u>	<u>\$ 459,647</u>	<u>\$ 460,168</u>	<u>\$ 374,672</u>	<u>\$ 31,000</u>	<u>\$ 146,714</u>	<u>\$ 4,888,020</u>	<u>\$ 901,212</u>	<u>\$ 12,954,901</u>
\$ 11,241 0 0 0 0	\$ 3,477 0 0 3,409 9,777	\$ 0 0 0 0 418,692	\$ 6 0 0 0 0	\$ 3 0 0 0 0	\$ 0 0 0 0 0	\$ 0 0 0 0 0	\$ 9,773 0 0 2,065 0	\$ 327 0 0 0 2,997	\$ 111,075 834 2,925 94,168 431,466
245,520	45,031	0	0	0	0	0	0	0	290,551
<u>256,761</u>	<u>61,694</u>	<u>418,692</u>	<u>6</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>11,838</u>	<u>3,324</u>	<u>931,019</u>
0 0	0 0	40,955 0	460,162 0	374,192 0	31,000 0	0 39,800	31,498 0	0 0	2,137,923 91,939
<u>74,874</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>477</u>	<u>0</u>	<u>106,914</u>	<u>4,844,684</u>	<u>897,888</u>	<u>9,794,020</u>
<u>74,874</u>	<u>0</u>	<u>40,955</u>	<u>460,162</u>	<u>374,669</u>	<u>31,000</u>	<u>146,714</u>	<u>4,876,182</u>	<u>897,888</u>	<u>12,023,882</u>
<u>\$ 331,635</u>	<u>\$ 61,694</u>	<u>\$ 459,647</u>	<u>\$ 460,168</u>	<u>\$ 374,672</u>	<u>\$ 31,000</u>	<u>\$ 146,714</u>	<u>\$ 4,888,020</u>	<u>\$ 901,212</u>	<u>\$ 12,954,901</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011

	Special Revenue						
	Community Development	Community Service Center	Economic Development	Georgia Mountains Center	Hotel/Motel Tax	Government Access Cable TV Channel	Confiscated Assets
REVENUES							
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 517,456	\$ 0	\$ 0
Fines, fees, and forfeitures	0	0	0	0	0	0	2,551
Charges for services	0	398,737	30,258	506,750	0	0	0
Intergovernmental	0	2,128,476	0	0	0	84,088	0
Interest	0	2,843	8,617	399	175	317	22
Contributions	0	152,829	0	0	0	0	0
Other	0	112,282	5,171	9,069	0	0	0
Total revenues	0	2,795,167	44,046	516,218	517,631	84,405	2,573
EXPENDITURES							
Current							
General Government	0	0	0	0	0	173,681	0
Public Safety	0	0	0	0	0	0	0
Health and Welfare	0	3,061,171	0	0	0	0	0
Culture and Recreation	0	0	0	764,611	0	0	0
Housing and Development	0	0	313,130	0	0	0	0
Debt service:							
Interest and fiscal charges	0	0	28,083	0	0	0	0
Capital outlay	0	0	0	0	0	0	0
Total expenditures	0	3,061,171	341,213	764,611	0	173,681	0
Excess (deficiency) of revenues over (under) expenditures	0	(266,004)	(297,167)	(248,393)	517,631	(89,276)	2,573
Other financing sources (uses)							
Transfers in	0	449,829	0	310,000	0	84,088	0
Transfers out	(1,747,419)	(35,164)	(3,444,075)	0	(440,300)	0	0
Issuance of capital lease	0	0	0	0	0	0	0
Total other financing sources (uses)	(1,747,419)	414,665	(3,444,075)	310,000	(440,300)	84,088	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,747,419)	148,661	(3,741,242)	61,607	77,331	(5,188)	2,573
Fund balances, July 1	1,747,419	1,713,592	6,406,996	155,786	99,738	179,010	22,574
Fund balances, June 30	\$ 0	\$ 1,862,253	\$ 2,665,754	\$ 217,393	\$ 177,069	\$ 173,822	\$ 25,147

Special Revenue							Capital Projects		Total Nonmajor Governmental Funds
Grants	HUD Grant	Revolving Loan	Impact Fee	Tax Allocation District	Information Technology	Cemetery Trust	General Government	Grants	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,269	\$ 0	\$ 0	\$ 0	\$ 0	\$ 552,725
0	0	0	0	0	31,000	0	0	0	33,551
0	0	29,520	82,717	0	0	39,800	0	0	1,087,782
966,252	263,119	0	0	206,837	0	0	0	51,001	3,699,773
0	0	80	1,048	477	0	240	0	0	14,218
0	0	0	0	0	0	0	0	0	152,829
0	0	0	0	0	0	0	0	0	126,522
966,252	263,119	29,600	83,765	242,583	31,000	40,040	0	51,001	5,667,400
231,033	0	0	0	0	0	0	0	0	404,714
173,537	0	0	0	0	0	0	0	0	173,537
0	0	0	0	0	0	0	0	0	3,061,171
0	0	0	0	0	0	0	0	0	764,611
10,862	284,846	30,708	0	0	0	0	0	0	639,546
0	0	0	0	0	0	0	0	0	28,083
0	0	0	0	0	0	0	1,326,587	117,840	1,444,427
415,432	284,846	30,708	0	0	0	0	1,326,587	117,840	6,516,089
550,820	(21,727)	(1,108)	83,765	242,583	31,000	40,040	(1,326,587)	(66,839)	(848,689)
0	0	0	0	0	0	0	3,533,056	477,320	4,854,293
(623,464)	0	0	(113,760)	(89,000)	0	0	(164,000)	(145,036)	(6,802,218)
0	0	0	0	0	0	0	346,228	0	346,228
(623,464)	0	0	(113,760)	(89,000)	0	0	3,715,284	332,284	(1,601,697)
(72,644)	(21,727)	(1,108)	(29,995)	153,583	31,000	40,040	2,388,697	265,445	(2,450,386)
147,518	21,727	42,063	490,157	221,086	0	106,674	2,487,485	632,443	14,474,268
\$ 74,874	\$ 0	\$ 40,955	\$ 460,162	\$ 374,669	\$ 31,000	\$ 146,714	\$ 4,876,182	\$ 897,888	\$ 12,023,882

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2011

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 875,610	\$ 1,193,147	\$ 97,671	\$ 2,166,428
Receivables (net)				
Accounts	8,561	176,949	47,308	232,818
Total current assets	884,171	1,370,096	144,979	2,399,246
Noncurrent assets				
Capital assets				
Non-depreciable	504,385	0	53,271	557,656
Depreciable (net)	12,587,980	278,985	3,970,950	16,837,915
Debt issue costs (net)	68,623	0	71,738	140,361
Total noncurrent assets	13,160,988	278,985	4,095,959	17,535,932
Total assets	<u>14,045,159</u>	<u>1,649,081</u>	<u>4,240,938</u>	<u>19,935,178</u>
LIABILITIES				
Current liabilities				
Payables				
Accounts	5,603	22,646	125,170	153,419
Sales tax	0	0	7,110	7,110
Interest	24,795	0	18,054	42,849
Accrued salaries	0	31,865	23,349	55,214
Compensated absences	0	38,859	15,751	54,610
Capital lease payable	305,000	0	180,000	485,000
Notes payable	0	0	81,691	81,691
Other liabilities	0	0	22,568	22,568
Total current liabilities	335,398	93,370	473,693	902,461
Noncurrent liabilities				
Advances from other funds	0	0	399,166	399,166
Compensated absences	0	4,318	1,750	6,068
OPEB Obligation	0	624,667	171,304	795,971
Capital leases payable	3,185,000	0	3,420,000	6,605,000
Total noncurrent liabilities	3,185,000	628,985	3,992,220	7,806,205
Total liabilities	<u>3,520,398</u>	<u>722,355</u>	<u>4,465,913</u>	<u>8,708,666</u>
NET ASSETS				
Invested in capital assets, net of related debt	9,602,365	278,985	342,530	10,223,880
Unrestricted	922,396	647,741	(567,505)	1,002,632
Total net assets	<u>\$ 10,524,761</u>	<u>\$ 926,726</u>	<u>\$ (224,975)</u>	<u>\$ 11,226,512</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2011

	Airport	Solid Waste	Chattahoochee Golf Course	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for sales and services	\$ 818,874	\$ 2,057,883	\$ 1,012,377	\$ 3,889,134
Other	3,754	15,617	28,214	47,585
Total operating revenues	822,628	2,073,500	1,040,591	3,936,719
OPERATING EXPENSES				
Costs of sales and services	263,663	706,305	480,565	1,450,533
Personal services	0	1,082,030	498,307	1,580,337
Depreciation	691,436	149,624	265,046	1,106,106
Total operating expenses	955,099	1,937,959	1,243,918	4,136,976
Operating income (loss)	(132,471)	135,541	(203,327)	(200,257)
Non-operating revenues (expenses)				
Interest revenue	1,784	1,822	8	3,614
Interest expense	(204,522)	0	(147,214)	(351,736)
Amortization	(8,235)	0	(5,314)	(13,549)
Gain (loss) on sale of capital assets	0	0	2,553	2,553
Total non-operating revenues (expenses)	(210,973)	1,822	(149,967)	(359,118)
Income (loss) before capital contributions and transfers	(343,444)	137,363	(353,294)	(559,375)
Capital contributions				
Intergovernmental revenue	383,036	0	0	383,036
Income (loss) before transfers	39,592	137,363	(353,294)	(176,339)
Transfers in (out)				
Transfers in	0	0	195,820	195,820
Change in net assets	39,592	137,363	(157,474)	19,481
Net assets, July 1	10,485,169	789,363	(67,501)	11,207,031
Net assets, June 30	\$ 10,524,761	\$ 926,726	\$ (224,975)	\$ 11,226,512

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2011

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:				
Receipts from customers	\$ 834,053	\$ 2,001,270	\$ 1,012,914	\$ 3,848,237
Payments to suppliers	(274,568)	(737,074)	(486,388)	(1,498,030)
Payments to employees	0	(931,955)	(466,704)	(1,398,659)
Other receipts	3,754	15,617	13,814	33,185
	<u>563,239</u>	<u>347,858</u>	<u>73,636</u>	<u>984,733</u>
Net cash provided (used) by operating activities				
	<u>563,239</u>	<u>347,858</u>	<u>73,636</u>	<u>984,733</u>
Cash flows from non-capital financing activities:				
Receipts from other funds	0	0	345,661	345,661
	<u>0</u>	<u>0</u>	<u>345,661</u>	<u>345,661</u>
Cash flows from capital and related financing activities:				
Receipt of capital contributions	383,036	0	0	383,036
Sale of capital assets	0	0	2,553	2,553
Interest paid	(206,577)	0	(148,092)	(354,669)
Acquisition of capital assets	(532,650)	(18,100)	(7,625)	(558,375)
Payment of capital related accounts payable	(53,600)	0	0	(53,600)
Principal payments - capital leases	(290,000)	0	(175,000)	(465,000)
	<u>(699,791)</u>	<u>(18,100)</u>	<u>(328,164)</u>	<u>(1,046,055)</u>
Net cash provided (used) by capital and related financing activities				
	<u>(699,791)</u>	<u>(18,100)</u>	<u>(328,164)</u>	<u>(1,046,055)</u>
Cash flows from investing activities:				
Interest received	1,784	1,822	8	3,614
	<u>1,784</u>	<u>1,822</u>	<u>8</u>	<u>3,614</u>
Net increase (decrease) in cash and cash equivalents	(134,768)	331,580	91,141	287,953
Cash and cash equivalents, July 1	1,010,378	861,567	6,530	1,878,475
	<u>1,010,378</u>	<u>861,567</u>	<u>6,530</u>	<u>1,878,475</u>
Cash and cash equivalents, June 30	<u><u>\$ 875,610</u></u>	<u><u>\$ 1,193,147</u></u>	<u><u>\$ 97,671</u></u>	<u><u>\$ 2,166,428</u></u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2011

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (132,471)	\$ 135,541	\$ (203,327)	\$ (200,257)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	691,436	149,624	265,046	1,106,106
(Increase) decrease in				
accounts receivable	15,179	(56,613)	(4,117)	(45,551)
Increase (decrease) in accounts payable	(10,905)	(30,769)	16,265	(25,409)
Increase (decrease) in sales tax payable	0	0	(9,746)	(9,746)
Increase (decrease) in				
accrued salaries and benefits	0	9,468	4,820	14,288
Increase (decrease) in OPEB obligation	0	140,607	26,783	167,390
Increase (decrease) in other liabilities	0	0	(22,088)	(22,088)
Total adjustments	695,710	212,317	276,963	1,184,990
Net cash provided (used) by operating activities	<u>\$ 563,239</u>	<u>\$ 347,858</u>	<u>\$ 73,636</u>	<u>\$ 984,733</u>
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	<u>\$ 875,610</u>	<u>\$ 1,193,147</u>	<u>\$ 97,671</u>	<u>\$ 2,166,428</u>

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$63,363 for the fiscal year ended June 30, 2011.

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2011

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,238,466	\$ 4,281,707	\$ 72,534	\$ 5,592,707
Receivables				
Accounts	23,134	288,443	0	311,577
Intergovernmental	0	0	44,780	44,780
Inventory	0	0	151,364	151,364
	<u>1,261,600</u>	<u>4,570,150</u>	<u>268,678</u>	<u>6,100,428</u>
Total current assets				
Noncurrent assets				
Depreciable capital assets (net)	0	0	47,221	47,221
	<u>0</u>	<u>0</u>	<u>47,221</u>	<u>47,221</u>
Total assets	<u>1,261,600</u>	<u>4,570,150</u>	<u>315,899</u>	<u>6,147,649</u>
LIABILITIES				
Current Liabilities				
Accounts payable	11,449	39,241	24,277	74,967
Deposits payable	0	12,040	0	12,040
Accrued salaries	0	0	10,178	10,178
Compensated absences	0	0	11,938	11,938
Claims reserves	678,787	452,000	0	1,130,787
	<u>690,236</u>	<u>503,281</u>	<u>46,393</u>	<u>1,239,910</u>
Total current liabilities				
Long-term liabilities				
Compensated absences	0	0	1,326	1,326
	<u>0</u>	<u>0</u>	<u>1,326</u>	<u>1,326</u>
Total liabilities	<u>690,236</u>	<u>503,281</u>	<u>47,719</u>	<u>1,241,236</u>
NET ASSETS				
Invested in capital assets	0	0	47,221	47,221
Unrestricted	571,364	4,066,869	220,959	4,859,192
	<u>571,364</u>	<u>4,066,869</u>	<u>268,180</u>	<u>4,906,413</u>
Total net assets	<u>\$ 571,364</u>	<u>\$ 4,066,869</u>	<u>\$ 268,180</u>	<u>\$ 4,906,413</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2011

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
OPERATING REVENUES				
Interfund services provided	\$ 1,091,045	\$ 8,187,291	\$ 2,014,950	\$ 11,293,286
Other	39,219	75	0	39,294
Total operating revenues	<u>1,130,264</u>	<u>8,187,366</u>	<u>2,014,950</u>	<u>11,332,580</u>
OPERATING EXPENSES				
Costs of services	1,130,264	6,194,410	1,720,882	9,045,556
Personal services	0	0	274,644	274,644
Depreciation	0	0	19,424	19,424
Total operating expenses	<u>1,130,264</u>	<u>6,194,410</u>	<u>2,014,950</u>	<u>9,339,624</u>
Operating income (loss)	0	1,992,956	0	1,992,956
Non-operating revenues (expenses)				
Interest revenue	<u>3,087</u>	<u>8,218</u>	<u>0</u>	<u>11,305</u>
Net income (loss) before capital contributions and transfers	3,087	2,001,174	0	2,004,261
Capital contributions				
Capital contributions	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
Net income (loss) before transfers	<u>13,087</u>	<u>2,001,174</u>	<u>0</u>	<u>2,014,261</u>
Transfers in (out)				
Transfers in	1,562	0	0	1,562
Transfers out	<u>(11,562)</u>	<u>0</u>	<u>0</u>	<u>(11,562)</u>
Total transfers	<u>(10,000)</u>	<u>0</u>	<u>0</u>	<u>(10,000)</u>
Change in net assets	3,087	2,001,174	0	2,004,261
Net assets, July 1	<u>568,277</u>	<u>2,065,695</u>	<u>268,180</u>	<u>2,902,152</u>
Net assets, June 30	<u><u>\$ 571,364</u></u>	<u><u>\$ 4,066,869</u></u>	<u><u>\$ 268,180</u></u>	<u><u>\$ 4,906,413</u></u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2011

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 1,067,911	\$ 7,899,100	\$ 1,975,341	\$ 10,942,352
Payments to suppliers	(1,414,848)	(6,070,550)	(1,801,492)	(9,286,890)
Payments to employees	(13,008)	0	(272,866)	(285,874)
Other receipts	39,219	75	0	39,294
	<u>(320,726)</u>	<u>1,828,625</u>	<u>(99,017)</u>	<u>1,408,882</u>
Net cash provided (used) by operating activities				
Cash flows from capital and related financing activities:				
Receipts from others	10,000	0	0	10,000
Receipts from other funds	1,562	0	0	1,562
Acquisition of capital assets	(11,562)	0	0	(11,562)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net cash provided (used) by capital and related financing activities				
Cash flows from investing activities:				
Interest received	3,087	8,218	0	11,305
	<u>3,087</u>	<u>8,218</u>	<u>0</u>	<u>11,305</u>
Net increase (decrease) in cash and cash equivalents	(317,639)	1,836,843	(99,017)	1,420,187
Cash and cash equivalents, July 1	1,556,105	2,444,864	171,551	4,172,520
	<u>1,556,105</u>	<u>2,444,864</u>	<u>171,551</u>	<u>4,172,520</u>
Cash and cash equivalents, June 30	\$ 1,238,466	\$ 4,281,707	\$ 72,534	\$ 5,592,707
	<u><u>\$ 1,238,466</u></u>	<u><u>\$ 4,281,707</u></u>	<u><u>\$ 72,534</u></u>	<u><u>\$ 5,592,707</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 0	\$ 1,992,956	\$ 0	\$ 1,992,956
	<u>\$ 0</u>	<u>\$ 1,992,956</u>	<u>\$ 0</u>	<u>\$ 1,992,956</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	0	0	19,424	19,424
(Increase) decrease in accounts receivable	(23,134)	(288,191)	0	(311,325)
(Increase) decrease in intergovernmental receivables	0	0	(39,609)	(39,609)
(Increase) decrease in inventory	0	0	4,165	4,165
Increase (decrease) in accounts payable	(49,544)	3,418	(84,775)	(130,901)
Increase (decrease) in accrued salaries and benefits	(13,008)	0	1,778	(11,230)
Increase (decrease) in deposits payable	0	4,242	0	4,242
Increase (decrease) in claims reserve	(235,040)	116,200	0	(118,840)
	<u>(320,726)</u>	<u>(164,331)</u>	<u>(99,017)</u>	<u>(584,074)</u>
Total adjustments				
	<u>(320,726)</u>	<u>(164,331)</u>	<u>(99,017)</u>	<u>(584,074)</u>
Net cash provided (used) by operating activities	<u>\$ (320,726)</u>	<u>\$ 1,828,625</u>	<u>\$ (99,017)</u>	<u>\$ 1,408,882</u>

Noncash investing, capital, and financing activities:

Distributions of capital assets to government totaled \$11,562 for the fiscal year ended June 30, 2011.

GENERAL FUND

The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

The General Fund is presented as a major fund in the basic financial statements.

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 7,618,718	\$ 4,309,591
Receivables (net)		
Accounts	631,333	377,532
Intergovernmental	613,559	515,885
Property taxes	219,698	231,315
Prepaid items	7,000	10,157
Due from other funds	290,551	83,807
Advances to other funds	399,166	0
	<u> </u>	<u> </u>
Total assets	<u><u>\$ 9,780,025</u></u>	<u><u>\$ 5,528,287</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 297,418	\$ 449,420
Intergovernmental	61,234	85,975
Accrued salaries	665,373	599,184
Deferred revenue	207,056	191,659
Other liabilities	12,700	10,353
	<u> </u>	<u> </u>
Total liabilities	<u>1,243,781</u>	<u>1,336,591</u>
Fund balances		
Nonspendable:		
Prepaid items	7,000	10,157
Advances to other funds	399,166	0
Assigned for:		
General Government	0	3,660
Public Safety	3,056	13,805
Public Works	128,271	55,797
Health and Welfare	3,100	0
Community betterment	1,348,252	0
Budget	1,513,335	500,000
Unassigned	5,134,064	3,608,277
	<u> </u>	<u> </u>
Total fund balances	<u>8,536,244</u>	<u>4,191,696</u>
Total liabilities and fund balances	<u><u>\$ 9,780,025</u></u>	<u><u>\$ 5,528,287</u></u>

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
REVENUES		
Taxes	\$ 18,762,556	\$ 17,777,128
Licenses and permits	540,906	526,787
Fines, fees and forfeitures	1,356,691	1,160,801
Charges for services	1,847,709	1,488,529
Intergovernmental	518,143	483,908
Interest	28,456	29,065
Contributions	0	4,999
Other	109,383	132,271
Total revenues	23,163,844	21,603,488
EXPENDITURES		
Current		
General Government	2,884,912	2,786,004
Judicial	367,454	385,823
Public Safety	14,382,377	13,864,249
Public Works	4,334,170	4,341,786
Health and Welfare	12,500	25,512
Housing and Development	1,111,425	1,041,442
Total expenditures	23,092,838	22,444,816
Excess (deficiency) of revenues over (under) expenditures	71,006	(841,328)
Other financing sources (uses)		
Transfers in (out)		
Community Development Fund	1,747,419	0
Community Service Center Fund	(435,829)	(472,725)
Georgia Mountains Center Fund	0	(139,319)
Government Access Cable TV Channel Fund	(84,088)	(81,339)
Grants Special Revenue Fund	623,465	217,390
Hotel/Motel Tax Fund	55,300	110,400
Impact Fee Fund	3,100	1,757
Cemetery Trust Fund	0	44,480
General Government Capital Projects Fund	(203,396)	(893,000)
Grants Capital Projects Fund	(33,245)	0
Public Utilities Fund	2,761,291	2,761,291
Chattahoochee Golf Course Fund	(195,820)	(255,443)
General Insurance Fund	(1,562)	0
Vehicle Services Fund	0	(7,448)
Sales of capital assets	36,907	48,616
Total other financing sources (uses)	4,273,542	1,334,660
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,344,548	493,332
Fund balances, July 1	4,191,696	3,698,364
Fund balances, June 30	\$ 8,536,244	\$ 4,191,696

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Current year levy	\$ 5,467,513	\$ 5,637,802	\$ 170,289	\$ 4,948,874
Prior years' levies	27,338	128,735	101,397	146,377
Motor vehicle tax	262,666	239,422	(23,244)	207,773
Cost, penalties, and interest	90,500	106,024	15,524	92,044
Total general property taxes	5,848,017	6,111,983	263,966	5,395,068
Intangibles tax	125,000	59,343	(65,657)	97,161
Franchise tax	3,760,000	4,072,511	312,511	3,866,595
Insurance premium tax	1,400,000	1,376,910	(23,090)	1,418,124
Occupational tax	1,055,000	1,111,954	56,954	1,114,317
Liquor tax	98,000	97,498	(502)	103,244
Beer and wine tax	767,000	774,709	7,709	756,353
Mixed drink tax	75,000	127,435	52,435	82,419
Local option sales tax	4,521,595	5,030,213	508,618	4,943,847
Total taxes	17,649,612	18,762,556	1,112,944	17,777,128
Licenses and permits	475,800	540,906	65,106	526,787
Fines, fees and forfeitures	1,049,200	1,356,691	307,491	1,160,801
Charges for services	1,853,039	1,847,709	(5,330)	1,488,529
Intergovernmental	494,960	518,143	23,183	483,908
Interest	25,400	28,456	3,056	29,065
Contributions	0	0	0	4,999
Other				
Cemetery care	40,000	39,025	(975)	31,910
Miscellaneous	57,240	70,358	13,118	100,361
Total other	97,240	109,383	12,143	132,271
Total revenues	<u>\$ 21,645,251</u>	<u>\$ 23,163,844</u>	<u>\$ 1,518,593</u>	<u>\$ 21,603,488</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
City Manager's Office				
Personal services	\$ 681,401	\$ 678,690	\$ 2,711	\$ 737,214
Other	163,298	144,443	18,855	199,194
Total City Manager's Office	844,699	823,133	21,566	936,408
Financial Services and IT				
Personal services	1,194,742	1,158,496	36,246	1,237,542
Other	433,429	401,062	32,367	345,264
Total Financial Services and IT	1,628,171	1,559,558	68,613	1,582,806
Human Resources				
Personal services	490,536	462,955	27,581	231,613
Other	63,690	39,266	24,424	35,177
Total Human Resources	554,226	502,221	52,005	266,790
Total General Government	3,027,096	2,884,912	142,184	2,786,004
Judicial				
Municipal Court				
Personal services	265,434	262,520	2,914	301,410
Other	119,663	104,934	14,729	84,413
Total Judicial	385,097	367,454	17,643	385,823
Public Safety				
Police				
Personal services	6,777,068	6,459,395	317,673	6,652,023
Other	1,546,304	1,472,951	73,353	1,373,951
Capital outlay	19,579	19,358	221	0
Total Police	8,342,951	7,951,704	391,247	8,025,974
City Marshal				
Personal services	167,933	167,897	36	253,796
Other	73,137	55,858	17,279	81,159
Total City Marshal	241,070	223,755	17,315	334,955
Fire				
Personal services	5,836,579	5,529,095	307,484	4,928,011
Other	598,537	592,449	6,088	575,309
Capital outlay	91,205	85,374	5,831	0
Total Fire	6,526,321	6,206,918	319,403	5,503,320
Total Public Safety	15,110,342	14,382,377	727,965	13,864,249
Public Works				
Public Lands and Buildings				
Personal services	252,271	246,534	5,737	290,937
Other	183,301	155,058	28,243	160,734
Capital outlay	1,200	0	1,200	0
Total Public Lands and Buildings	436,772	401,592	35,180	451,671

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Public Works, continued				
Engineering				
Personal services	\$ 562,502	\$ 557,836	\$ 4,666	\$ 550,986
Other	72,444	63,217	9,227	69,456
Total Engineering	634,946	621,053	13,893	620,442
Traffic				
Personal services	488,888	476,516	12,372	471,600
Other	786,446	773,205	13,241	691,526
Capital Outlay	0	0	0	5,664
Total Traffic	1,275,334	1,249,721	25,613	1,168,790
Street Maintenance				
Personal services	1,388,040	1,309,470	78,570	1,378,617
Other	511,222	431,076	80,146	382,076
Capital outlay	0	0	0	35,000
Total Street Maintenance	1,899,262	1,740,546	158,716	1,795,693
Cemetery				
Personal services	247,116	239,624	7,492	239,270
Other	87,163	81,634	5,529	52,758
Capital outlay	0	0	0	13,162
Total Cemetery	334,279	321,258	13,021	305,190
Total Public Works	4,580,593	4,334,170	246,423	4,341,786
Health and Welfare				
Agency allocations				
Other	12,500	12,500	0	25,512
Housing and Development				
Communications and Tourism				
Personal services	276,125	251,248	24,877	32,795
Other	111,055	103,786	7,269	56,381
Total Communications and Tourism	387,180	355,034	32,146	89,176
Planning				
Personal services	426,896	392,666	34,230	388,325
Other	115,885	71,818	44,067	113,986
Total Planning	542,781	464,484	78,297	502,311
Inspection				
Personal services	260,107	241,026	19,081	353,566
Other	32,811	21,455	11,356	26,401
Total Inspection	292,918	262,481	30,437	379,967
Economic Development Council				
Other	0	0	0	31,688
GA Mountains Regional Commission				
Other	29,426	29,426	0	38,300
Total Housing and Development	1,252,305	1,111,425	140,880	1,041,442
Total expenditures	\$ 24,367,933	\$ 23,092,838	\$ 1,275,095	\$ 22,444,816

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Community Development Fund - This fund is used to account for receipts and disbursements of funds restricted for community development purposes.

Community Service Center Fund - This fund is used to account for local, state and federal grant revenues legally restricted for community service projects.

Economic Development Fund - This fund is used to account for activities of economic development.

Georgia Mountains Center Fund - This fund is used to account for activities connected with the operation and maintenance of the City's Georgia Mountains Center, a convention and entertainment facility.

Hotel/Motel Tax Fund - This fund is used to collect Hotel/Motel taxes which are used to help support the Convention and Visitors Bureau and the Georgia Mountains Center.

Government Access Cable TV Channel Fund - This fund is used to account for costs associated with the operation of the City/County governmental cable television channel.

Confiscated Assets Fund - This fund is used to account for the cash received either from a cash confiscation or cash received from a sale of assets acquired from a drug raid.

Grants Fund - This fund is used to account for all grants used to finance general government or enterprise fund operations.

HUD Grant Fund - This fund is used to account for activities connected with the US Department of Housing and Urban Development Community Development Block Grant/ Entitlement Grant. The objective of the grant is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income.

Revolving Loan Fund - This fund is used to record activities connected with notes receivable for loans made with monies recorded in the HUD Grant Fund. As funds are accumulated, loans will be made for the development of the City of Gainesville's urban community using the criteria established by the US Department of Housing and Urban Development Community Development Block Grant/ Entitlement Grant.

Impact Fee Fund - This fund is used to account for activities connected with impact fees, whereby new development assists in covering the additional cost of providing public safety and recreational services needed as a result of growth.

Tax Allocation District Fund - This fund is used to account for ad valorem property tax collections derived from the City tax allocation district known as Midtown, for the purpose of stimulating private redevelopment within the Midtown area.

Information Technology Fund - This fund is used to account for the fee collected through the Municipal Court, as authorized by City ordinance, for the purpose of improving/enhancing information technology in the Police Department, Municipal Court, Code Enforcement, and the City Marshal's Office.

Cemetery Trust Fund - This fund is used to account for activities connected with the receipt and disbursements of funds restricted for support of the activities of the City cemetery.

CITY OF GAINESVILLE, GEORGIA
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 0	\$ 1,498,094
Advances to other funds	<u>0</u>	<u>249,325</u>
Total assets	<u><u>\$ 0</u></u>	<u><u>\$ 1,747,419</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Fund balances		
Nonspendable advances to other funds	\$ 0	\$ 249,325
Assigned for Housing and Development	<u>0</u>	<u>1,498,094</u>
Total fund balances	<u><u>\$ 0</u></u>	<u><u>\$ 1,747,419</u></u>

CITY OF GAINESVILLE, GEORGIA
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Interest	\$ 0	\$ 0	\$ 0	\$ 4,256
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,256</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,256</u>
Other financing sources (uses)				
Transfers in (out)				
General Fund	<u>0</u>	<u>(1,747,419)</u>	<u>(1,747,419)</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>(1,747,419)</u>	<u>(1,747,419)</u>	<u>4,256</u>
Fund balances, July 1	<u>0</u>	<u>1,747,419</u>	<u>1,747,419</u>	<u>1,743,163</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,747,419</u></u>

CITY OF GAINESVILLE, GEORGIA
COMMUNITY SERVICE CENTER SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 1,641,359	\$ 1,427,906
Receivables		
Accounts	2,653	2,518
Intergovernmental	<u>352,634</u>	<u>468,856</u>
Total assets	<u><u>\$ 1,996,646</u></u>	<u><u>\$ 1,899,280</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 68,284	\$ 129,580
Accrued salaries	<u>66,109</u>	<u>56,108</u>
Total liabilities	<u>134,393</u>	<u>185,688</u>
Fund balances		
Restricted for Health and Welfare	1,000,472	945,513
Assigned for:		
Health and Welfare	746,913	768,079
Budget	<u>114,868</u>	<u>0</u>
Total fund balances	<u>1,862,253</u>	<u>1,713,592</u>
Total liabilities and fund balances	<u><u>\$ 1,996,646</u></u>	<u><u>\$ 1,899,280</u></u>

CITY OF GAINESVILLE, GEORGIA
COMMUNITY SERVICE CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 399,477	\$ 398,737	\$ (740)	\$ 384,411
Intergovernmental	3,127,517	2,128,476	(999,041)	2,611,754
Interest	1,000	2,843	1,843	3,455
Contributions	130,900	152,829	21,929	135,043
Other	111,590	112,282	692	116,123
Total revenues	3,770,484	2,795,167	(975,317)	3,250,786
EXPENDITURES				
Current				
Health and Welfare				
Personal services	1,932,724	1,744,828	187,896	1,701,557
Other	2,416,687	1,316,343	1,100,344	1,580,916
Total expenditures	4,349,411	3,061,171	1,288,240	3,282,473
Excess (deficiency) of revenues over (under) expenditures	(578,927)	(266,004)	312,923	(31,687)
Other financing sources (uses)				
Transfers in (out)				
General Fund	435,829	435,829	0	472,725
SPLOST Capital Projects Fund	(45,461)	(35,164)	10,297	(108,170)
General Government Capital Projects Fund	0	0	0	(41,000)
Public Utilities Fund	14,000	14,000	0	4,000
Total other financing sources (uses)	404,368	414,665	10,297	327,555
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(174,559)	148,661	323,220	295,868
Fund balance, July 1	174,559	1,713,592	1,539,033	1,417,724
Fund balances, June 30	\$ 0	\$ 1,862,253	\$ 1,862,253	\$ 1,713,592

CITY OF GAINESVILLE, GEORGIA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 1,094,592	\$ 4,851,051
Investments	<u>1,579,879</u>	<u>1,577,532</u>
Total assets	<u><u>\$ 2,674,471</u></u>	<u><u>\$ 6,428,583</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	<u>\$ 8,717</u>	<u>\$ 21,587</u>
Fund balances		
Assigned for:		
Budget	0	117,356
Housing and Development	<u>2,665,754</u>	<u>6,289,640</u>
Total fund balances	<u>2,665,754</u>	<u>6,406,996</u>
Total liabilities and fund balances	<u><u>\$ 2,674,471</u></u>	<u><u>\$ 6,428,583</u></u>

CITY OF GAINESVILLE, GEORGIA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 0	\$ 30,258	\$ 30,258	\$ 100,448
Interest	10,000	8,617	(1,383)	14,969
Other	0	5,171	5,171	0
Total revenue	<u>10,000</u>	<u>44,046</u>	<u>34,046</u>	<u>115,417</u>
EXPENDITURES				
Current				
Housing and Development				
Personal services	7,000	6,037	963	0
Other	318,134	307,093	11,041	787,227
Debt Service				
Interest expense	76,356	28,083	48,273	41,638
Total expenditures	<u>401,490</u>	<u>341,213</u>	<u>60,277</u>	<u>828,865</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(391,490)</u>	<u>(297,167)</u>	<u>94,323</u>	<u>(713,448)</u>
Other financing sources (uses)				
Transfers in (out)				
General Government				
Capital Projects Fund	(3,000,000)	(3,000,000)	0	0
Grants Capital Projects Fund	(444,075)	(444,075)	0	0
Sales of capital assets	300,000	0	(300,000)	0
Total other financing sources (uses)	<u>(3,144,075)</u>	<u>(3,444,075)</u>	<u>(300,000)</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(3,535,565)</u>	<u>(3,741,242)</u>	<u>(205,677)</u>	<u>(713,448)</u>
Fund balances, July 1	<u>3,535,565</u>	<u>6,406,996</u>	<u>2,871,431</u>	<u>7,120,444</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 2,665,754</u>	<u>\$ 2,665,754</u>	<u>\$ 6,406,996</u>

CITY OF GAINESVILLE, GEORGIA
GEORGIA MOUNTAINS CENTER SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 232,163	\$ 212,027
Accounts receivable	<u>12,349</u>	<u>1,655</u>
Total assets	<u><u>\$ 244,512</u></u>	<u><u>\$ 213,682</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 5,696	\$ 38,348
Sales tax	834	610
Accrued salaries	17,664	14,788
Customer deposits	<u>2,925</u>	<u>4,150</u>
Total liabilities	<u>27,119</u>	<u>57,896</u>
Fund balances		
Committed for Culture and Recreation	52,139	0
Assigned for Culture and Recreation	<u>165,254</u>	<u>155,786</u>
Total fund balances	<u>217,393</u>	<u>155,786</u>
Total liabilities and fund balances	<u><u>\$ 244,512</u></u>	<u><u>\$ 213,682</u></u>

CITY OF GAINESVILLE, GEORGIA
GEORGIA MOUNTAINS CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 492,850	\$ 506,750	\$ 13,900	\$ 435,955
Interest	1,600	399	(1,201)	548
Other	9,596	9,069	(527)	9,067
Total revenues	504,046	516,218	12,172	445,570
EXPENDITURES				
Current				
Culture and Recreation				
Personal services	466,388	438,988	27,400	471,165
Other	348,858	325,623	23,235	319,167
Total expenditures	815,246	764,611	50,635	790,332
Excess (deficiency) of revenues over (under) expenditures	(311,200)	(248,393)	62,807	(344,762)
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	0	0	139,319
Hotel/Motel Tax Fund	310,000	310,000	0	190,035
Sales of capital assets	1,200	0	(1,200)	2,272
Total other financing sources (uses)	311,200	310,000	(1,200)	331,626
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	61,607	61,607	(13,136)
Fund balances, July 1	0	155,786	155,786	168,922
Fund balances, June 30	\$ 0	\$ 217,393	\$ 217,393	\$ 155,786

CITY OF GAINESVILLE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 129,400	\$ 71,231
Accounts receivable	<u>47,669</u>	<u>36,844</u>
Total assets	<u><u>\$ 177,069</u></u>	<u><u>\$ 108,075</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	<u>\$ 0</u>	<u>\$ 8,337</u>
Fund balances		
Restricted for Georgia Mountain Center capital improvements	50,976	39,734
Assigned for Housing and Development	<u>126,093</u>	<u>60,004</u>
Total fund balances	<u>177,069</u>	<u>99,738</u>
Total liabilities and fund balances	<u><u>\$ 177,069</u></u>	<u><u>\$ 108,075</u></u>

CITY OF GAINESVILLE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	\$ 440,000	\$ 517,456	\$ 77,456	\$ 444,852
Interest	300	175	(125)	226
Total revenues	<u>440,300</u>	<u>517,631</u>	<u>77,331</u>	<u>445,078</u>
EXPENDITURES				
Current				
Housing and Development				
Convention and Visitors Bureau	0	0	0	33,200
Main Street Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>47,873</u>
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>81,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>440,300</u>	<u>517,631</u>	<u>77,331</u>	<u>364,005</u>
Other financing sources (uses)				
Transfers in (out)				
General Fund	(55,300)	(55,300)	0	(110,400)
Georgia Mountains Center	(310,000)	(310,000)	0	(190,035)
General Government				
Capital Projects Fund	<u>(75,000)</u>	<u>(75,000)</u>	<u>0</u>	<u>(75,000)</u>
Total other financing sources (uses)	<u>(440,300)</u>	<u>(440,300)</u>	<u>0</u>	<u>(375,435)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	77,331	77,331	(11,430)
Fund balances, July 1	<u>0</u>	<u>99,738</u>	<u>99,738</u>	<u>111,168</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 177,069</u>	<u>\$ 177,069</u>	<u>\$ 99,738</u>

CITY OF GAINESVILLE, GEORGIA
GOVERNMENT ACCESS CABLE TV CHANNEL SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 173,049	\$ 178,666
Intergovernmental receivables	<u>9,245</u>	<u>8,054</u>
Total assets	<u><u>\$ 182,294</u></u>	<u><u>\$ 186,720</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 3,551	\$ 3,606
Accrued salaries	<u>4,921</u>	<u>4,104</u>
Total liabilities	<u>8,472</u>	<u>7,710</u>
Fund balance		
Restricted for:		
General Government	55,489	55,489
Capital outlay	68,032	68,032
Assigned for General Government	<u>50,301</u>	<u>55,489</u>
Total fund balance	<u>173,822</u>	<u>179,010</u>
Total liabilities and fund balance	<u><u>\$ 182,294</u></u>	<u><u>\$ 186,720</u></u>

CITY OF GAINESVILLE, GEORGIA
GOVERNMENT ACCESS CABLE TV CHANNEL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 88,667	\$ 84,088	\$ (4,579)	\$ 81,339
Interest	400	317	(83)	496
Other	0	0	0	48
Total revenues	89,067	84,405	(4,662)	81,883
EXPENDITURES				
Current				
General Government				
Personal services	120,690	117,790	2,900	117,272
Other	57,044	55,891	1,153	45,780
Total expenditures	177,734	173,681	4,053	163,052
Excess (deficiency) of revenues over (under) expenditures	(88,667)	(89,276)	(609)	(81,169)
Other financing sources (uses)				
Transfers in (out)				
General Fund	88,667	84,088	(4,579)	81,339
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(5,188)	(5,188)	170
Fund balance, July 1	0	179,010	179,010	178,840
Fund balances, June 30	\$ 0	\$ 173,822	\$ 173,822	\$ 179,010

CITY OF GAINESVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 25,147	\$ 25,523
	<u>25,147</u>	<u>25,523</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 0	\$ 2,949
Fund balance		
Restricted for Public Safety	25,147	22,574
	<u>25,147</u>	<u>22,574</u>
Total liabilities and fund balances	<u>\$ 25,147</u>	<u>\$ 25,523</u>

CITY OF GAINESVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	\$ 2,551	\$ 2,551	\$ 0	\$ 19,751
Interest	22	22	0	0
Total revenues	<u>2,573</u>	<u>2,573</u>	<u>0</u>	<u>19,751</u>
EXPENDITURES				
Current				
Public Safety				
Capital outlay	0	0	0	5,500
Other	2,573	0	2,573	9,541
Total expenditures	<u>2,573</u>	<u>0</u>	<u>2,573</u>	<u>15,041</u>
Excess (deficiency) of revenues over (under) expenditures	0	2,573	2,573	4,710
Fund balance, July 1	<u>0</u>	<u>22,574</u>	<u>22,574</u>	<u>17,864</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 25,147</u></u>	<u><u>\$ 25,147</u></u>	<u><u>\$ 22,574</u></u>

CITY OF GAINESVILLE, GEORGIA
GRANTS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 34,286	\$ 100
Intergovernmental receivables	<u>297,349</u>	<u>239,187</u>
Total assets	<u><u>\$ 331,635</u></u>	<u><u>\$ 239,287</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Payables		
Accounts	\$ 11,241	\$ 7,962
Due to other funds	<u>245,520</u>	<u>83,807</u>
Total liabilities	<u>256,761</u>	<u>91,769</u>
Fund balances		
Restricted for Public Safety	0	71,676
Assigned for:		
General Government	32,657	37,697
Public Safety	13,367	9,295
Public Works	<u>28,850</u>	<u>28,850</u>
Total fund balances	<u>74,874</u>	<u>147,518</u>
Total liabilities and fund balance	<u><u>\$ 331,635</u></u>	<u><u>\$ 239,287</u></u>

CITY OF GAINESVILLE, GEORGIA
GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 1,531,839	\$ 966,252	\$ (565,587)	\$ 711,761
Total revenues	<u>1,531,839</u>	<u>966,252</u>	<u>(565,587)</u>	<u>711,761</u>
EXPENDITURES				
Current				
General Government	352,847	231,033	121,814	36,580
Public Safety	372,337	173,537	198,800	131,442
Public Works	0	0	0	17,050
Housing and Development	10,861	10,862	(1)	191,138
Total expenditures	<u>736,045</u>	<u>415,432</u>	<u>320,613</u>	<u>376,210</u>
Excess (deficiency) of revenues over (under) expenditures	<u>795,794</u>	<u>550,820</u>	<u>(244,974)</u>	<u>335,551</u>
Other financing sources (uses)				
Transfers in (out)				
General Fund	(803,149)	(623,464)	179,685	(217,390)
Public Utilities Fund	0	0	0	1,119
Employee Benefits Fund	0	0	0	(5,000)
Contingency	7,355	0	(7,355)	0
Total other financing sources (uses)	<u>(795,794)</u>	<u>(623,464)</u>	<u>172,330</u>	<u>(221,271)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>(72,644)</u>	<u>(72,644)</u>	<u>114,280</u>
Fund balance, July 1	<u>0</u>	<u>147,518</u>	<u>147,518</u>	<u>33,238</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 74,874</u>	<u>\$ 74,874</u>	<u>\$ 147,518</u>

CITY OF GAINESVILLE, GEORGIA
HUD GRANT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 0	\$ 13,425
Intergovernmental receivables	<u>61,694</u>	<u>19,199</u>
Total assets	<u><u>\$ 61,694</u></u>	<u><u>\$ 32,624</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 3,477	\$ 8,396
Accrued salaries	3,409	2,501
Deferred revenue	9,777	0
Due to other funds	<u>45,031</u>	<u>0</u>
Total liabilities	<u>61,694</u>	<u>10,897</u>
 Fund balances		
Restricted for Housing and Development	0	3
Assigned for Culture and Recreation	<u>0</u>	<u>21,724</u>
Total fund balances	<u>0</u>	<u>21,727</u>
Total liabilities and fund balances	<u><u>\$ 61,694</u></u>	<u><u>\$ 32,624</u></u>

CITY OF GAINESVILLE, GEORGIA
HUD GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 670,801	\$ 263,119	\$ (407,682)	\$ 432,443
Total revenues	<u>670,801</u>	<u>263,119</u>	<u>(407,682)</u>	<u>432,443</u>
EXPENDITURES				
Current				
Housing and Development				
Personal services	101,421	70,305	31,116	50,166
Other	591,104	214,541	376,563	164,230
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>211,038</u>
Total expenditures	<u>692,525</u>	<u>284,846</u>	<u>407,679</u>	<u>425,434</u>
Excess (deficiency) of revenues over (under) expenditures	(21,724)	(21,727)	(3)	7,009
Other financing sources (uses)				
Contingency	<u>21,724</u>	<u>0</u>	<u>(21,724)</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(21,727)	(21,727)	7,009
Fund balances, July 1	<u>0</u>	<u>21,727</u>	<u>21,727</u>	<u>14,718</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,727</u>

CITY OF GAINESVILLE, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 40,955	\$ 42,063
Notes receivable	<u>418,692</u>	<u>372,980</u>
Total assets	<u><u>\$ 459,647</u></u>	<u><u>\$ 415,043</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Deferred revenue	\$ 418,692	\$ 372,980
Fund balances		
Restricted for Housing and Development	<u>40,955</u>	<u>42,063</u>
Total liabilities and fund balance	<u><u>\$ 459,647</u></u>	<u><u>\$ 415,043</u></u>

CITY OF GAINESVILLE, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 32,990	29,520	\$ (3,470)	\$ 30,962
Interest	0	80	80	72
Total revenues	32,990	29,600	(3,390)	31,034
EXPENDITURES				
Current				
Housing and Development				
Other	32,990	30,708	2,282	0
Total expenditures	32,990	30,708	2,282	0
Excess (deficiency) of revenues over (under) expenditures	0	(1,108)	(1,108)	31,034
Fund balances, July 1	0	42,063	42,063	11,029
Fund balances, June 30	\$ 0	\$ 40,955	\$ 40,955	\$ 42,063

CITY OF GAINESVILLE, GEORGIA
IMPACT FEE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	<u>\$ 460,168</u>	<u>\$ 490,157</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	<u>\$ 6</u>	<u>\$ 0</u>
Fund balances		
Restricted for:		
Public Safety	310,422	380,224
Cultural and Recreation	<u>149,740</u>	<u>109,933</u>
Total fund balances	<u>460,162</u>	<u>490,157</u>
Total liabilities and fund balance	<u><u>\$ 460,168</u></u>	<u><u>\$ 490,157</u></u>

CITY OF GAINESVILLE, GEORGIA
IMPACT FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 23,400	\$ 82,717	\$ 59,317	\$ 38,318
Interest	2,000	1,048	(952)	2,241
Total revenues	25,400	83,765	58,365	40,559
EXPENDITURES				
Current				
Culture and Recreation				
Other	0	0	0	325,000
Total expenditures	0	0	0	325,000
Excess (deficiency) of revenues over (under) expenditures	25,400	83,765	58,365	(284,441)
Other financing sources (uses)				
Transfers in (out)				
General Fund	(900)	(3,100)	(2,200)	(1,757)
General Government				
Capital Projects Fund	(110,660)	(110,660)	0	0
Contingency	(24,500)	0	24,500	0
Total other financing sources (uses)	(136,060)	(113,760)	22,300	(1,757)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(110,660)	(29,995)	80,665	(286,198)
Fund balances, July 1	110,660	490,157	379,497	776,355
Fund balances, June 30	\$ 0	\$ 460,162	\$ 460,162	\$ 490,157

CITY OF GAINESVILLE, GEORGIA
TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 321,394	\$ 221,086
Intergovernmental receivables	<u>53,278</u>	<u>0</u>
Total assets	<u>\$ 374,672</u>	<u>\$ 221,086</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	<u>\$ 3</u>	<u>\$ 0</u>
Fund balances		
Restricted for Housing and Development	374,192	221,086
Assigned for Housing and Development	<u>477</u>	<u>0</u>
Total fund balances	<u>374,669</u>	<u>221,086</u>
Total liabilities and fund balances	<u>\$ 374,672</u>	<u>\$ 221,086</u>

CITY OF GAINESVILLE, GEORGIA
TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 220,000	\$ 35,269	\$ (184,731)	\$ 78,157
Intergovernmental	0	206,837	206,837	0
Interest	400	477	77	462
Total revenues	<u>220,400</u>	<u>242,583</u>	<u>22,183</u>	<u>78,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>220,400</u>	<u>242,583</u>	<u>22,183</u>	<u>78,619</u>
Other financing sources (uses)				
Transfers in (out)				
General Governemt				
Capital Projects Fund	(89,000)	(89,000)	0	0
Contingency	<u>(131,400)</u>	<u>0</u>	<u>131,400</u>	<u>0</u>
Total other financing sources (uses)	<u>(220,400)</u>	<u>(89,000)</u>	<u>131,400</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>153,583</u>	<u>153,583</u>	<u>78,619</u>
Fund balances, July 1	<u>0</u>	<u>221,086</u>	<u>221,086</u>	<u>142,467</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 374,669</u></u>	<u><u>\$ 374,669</u></u>	<u><u>\$ 221,086</u></u>

CITY OF GAINESVILLE, GEORGIA
INFORMATION TECHNOLOGY SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2011

ASSETS

Cash and cash equivalents	<u>\$ 31,000</u>
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LIABILITIES AND FUND BALANCES

Fund balances

Restricted for Public Safety	<u>\$ 31,000</u>
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CITY OF GAINESVILLE, GEORGIA
INFORMATION TECHNOLOGY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines, fees, and forfeitures	\$ 30,000	\$ 31,000	\$ 1,000
Total revenues	<u>30,000</u>	<u>31,000</u>	<u>1,000</u>
Excess (deficiency) of revenues over (under) expenditures	30,000	31,000	1,000
Other financing sources (uses)			
Contingency	<u>(30,000)</u>	<u>0</u>	<u>30,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	31,000	31,000
Fund balances, July 1	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 31,000</u></u>	<u><u>\$ 31,000</u></u>

CITY OF GAINESVILLE, GEORGIA
CEMETERY TRUST SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 146,714	\$ 106,664
	<u>146,714</u>	<u>106,664</u>
LIABILITIES AND FUND BALANCES		
Fund balances		
Committed for Public Works	\$ 39,800	\$ 0
Assigned for Public Works	106,914	106,674
	<u>106,914</u>	<u>106,674</u>
Total fund balances	<u>\$ 146,714</u>	<u>\$ 106,674</u>

CITY OF GAINESVILLE, GEORGIA
CEMETERY TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Sales and services	\$ 40,000	\$ 39,800	\$ (200)	\$ 32,250
Interest	500	240	(260)	341
Total revenues	<u>40,500</u>	<u>40,040</u>	<u>(460)</u>	<u>32,591</u>
Excess (deficiency) of revenues over (under) expenditures	<u>40,500</u>	<u>40,040</u>	<u>(460)</u>	<u>32,591</u>
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	0	0	(44,480)
Contingency	<u>(40,500)</u>	<u>0</u>	<u>40,500</u>	<u>0</u>
Total other financing sources (uses)	<u>(40,500)</u>	<u>0</u>	<u>40,500</u>	<u>(44,480)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>40,040</u>	<u>40,040</u>	<u>(11,889)</u>
Fund balances, July 1	<u>0</u>	<u>106,674</u>	<u>106,674</u>	<u>118,563</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 146,714</u></u>	<u><u>\$ 146,714</u></u>	<u><u>\$ 106,674</u></u>



DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

The Debt Service Fund is presented as a major fund in the basic financial statements.

CITY OF GAINESVILLE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 1,427,172	\$ 1,281,580
Receivables		
Intergovernmental	3,740	861
Property taxes	<u>60,923</u>	<u>71,206</u>
Total assets	<u><u>\$ 1,491,835</u></u>	<u><u>\$ 1,353,647</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 14	\$ 2,500
Deferred revenue	<u>57,549</u>	<u>57,900</u>
Total liabilities	<u>57,563</u>	<u>60,400</u>
 Fund balances		
Restricted for debt service	1,217,858	1,080,881
Assigned for:		
Budget	145,494	195,079
Debt service	<u>70,920</u>	<u>17,287</u>
Total fund balances	<u>1,434,272</u>	<u>1,293,247</u>
Total liabilities and fund balances	<u><u>\$ 1,491,835</u></u>	<u><u>\$ 1,353,647</u></u>

CITY OF GAINESVILLE, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 1,644,573	\$ 1,724,140	\$ 79,567	\$ 1,773,017
Intergovernmental	998,787	995,794	(2,993)	993,900
Interest	2,636	4,048	1,412	5,956
Total revenues	<u>2,645,996</u>	<u>2,723,982</u>	<u>77,986</u>	<u>2,772,873</u>
EXPENDITURES				
Debt Service				
Principal	8,232,726	8,034,940	197,786	3,119,832
Interest and fiscal charges	<u>1,804,473</u>	<u>1,744,142</u>	<u>60,331</u>	<u>1,920,812</u>
Total expenditures	<u>10,037,199</u>	<u>9,779,082</u>	<u>258,117</u>	<u>5,040,644</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,391,203)</u>	<u>(7,055,100)</u>	<u>336,103</u>	<u>(2,267,771)</u>
Other financing sources (uses)				
Transfers in (out)				
General Government				
Capital Projects Fund	164,000	164,000	0	164,000
SPLOST Capital Projects Fund	<u>7,032,125</u>	<u>7,032,125</u>	<u>0</u>	<u>1,130,823</u>
Total other financing sources (uses)	<u>7,196,125</u>	<u>7,196,125</u>	<u>0</u>	<u>1,294,823</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(195,078)</u>	<u>141,025</u>	<u>336,103</u>	<u>(972,948)</u>
Fund balances, July 1	<u>195,078</u>	<u>1,293,247</u>	<u>1,098,169</u>	<u>2,266,195</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 1,434,272</u></u>	<u><u>\$ 1,434,272</u></u>	<u><u>\$ 1,293,247</u></u>



CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by the proprietary or fiduciary funds).

General Government Fund - *This fund is used to account for general purpose long-term capital projects financed from various revenue sources.*

Special Purpose Local Option Sales Tax Fund - *This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax.*

Grants Fund – *This fund is used to account for capital grants used to finance major capital projects.*

The Special Purpose Local Option Sales Tax Fund is presented as a major fund in the basic financial statements.

CITY OF GAINESVILLE, GEORGIA
GENERAL GOVERNMENT CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 4,888,020	\$ 2,488,375
	<u>4,888,020</u>	<u>2,488,375</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 9,773	\$ 890
Accrued salaries	2,065	0
	<u>11,838</u>	<u>890</u>
Total liabilities	11,838	890
 Fund balances		
Restricted for capital projects:		
Public Safety	31,464	0
Public Works	34	0
Assigned for capital projects:		
General Government	3,164,855	718,856
Public Safety	0	75,483
Public Works	849,220	937,537
Health and Welfare	19,247	19,247
Other	811,362	736,362
	<u>4,876,182</u>	<u>2,487,485</u>
Total fund balances	4,876,182	2,487,485
 Total liabilities and fund balances	<u>\$ 4,888,020</u>	<u>\$ 2,488,375</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL GOVERNMENT CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Total revenues	\$ 0	\$ 0
EXPENDITURES		
Capital outlay		
General Government	176,686	41,084
Public Safety	846,717	209,517
Public Works	303,184	70,004
Total expenditures	1,326,587	320,605
Excess (deficiency) of revenues over (under) expenditures	(1,326,587)	(320,605)
Other financing sources (uses)		
Transfers in (out)		
General Fund	203,396	893,000
Economic Development Fund	3,000,000	0
Hotel/Motel Tax Fund	75,000	75,000
Community Service Center Fund	0	41,000
Impact Fees Fund	110,660	0
Tax Allocation District Fund	89,000	0
SPLOST Capital Projects Fund	0	(77,528)
Debt Service Fund	(164,000)	(164,000)
Grants Capital Projects Fund	0	(69,800)
Public Utilities Fund	55,000	0
Issuance of capital lease	346,228	0
Total other financing sources (uses)	3,715,284	697,672
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,388,697	377,067
Fund balances, July 1	2,487,485	2,110,418
Fund balances, June 30	<u>\$ 4,876,182</u>	<u>\$ 2,487,485</u>

CITY OF GAINESVILLE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 7,363,476	\$ 7,751,211
Intergovernmental receivables	1,675,138	1,781,250
Restricted assets		
Cash and cash equivalents	<u>0</u>	<u>9,262,009</u>
Total assets	<u><u>\$ 9,038,614</u></u>	<u><u>\$ 18,794,470</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 25,154	\$ 1,449,561
Retainages	65,832	1,052,128
Accrued salaries	1,280	1,752
Deferred revenues	<u>85</u>	<u>85</u>
Total liabilities	<u>92,351</u>	<u>2,503,526</u>
Fund balances		
Restricted for:		
Capital projects		
Public Safety	531,487	8,143,580
Public Works	1,026,681	1,029,296
Debt service	5,940,607	5,994,177
Assigned for capital projects:		
Public Safety	285,850	447,000
Public Works	762,428	640,320
Health and Welfare	33,971	36,571
Debt service	<u>365,239</u>	<u>0</u>
Total fund balances	<u>8,946,263</u>	<u>16,290,944</u>
Total liabilities and fund balances	<u><u>\$ 9,038,614</u></u>	<u><u>\$ 18,794,470</u></u>

CITY OF GAINESVILLE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Intergovernmental	\$ 6,977,223	\$ 7,142,076
Interest	10,063	48,065
Total revenues	<u>6,987,286</u>	<u>7,190,141</u>
EXPENDITURES		
Capital outlay		
Public Safety	7,378,035	9,877,200
Public Works	52,007	3,365,577
Culture and Recreation	0	121,563
Total expenditures	<u>7,430,042</u>	<u>13,364,340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(442,756)</u>	<u>(6,174,199)</u>
Other financing sources (uses)		
Transfers in (out)		
Community Service Center Fund	35,164	108,171
Debt Service Fund	(7,032,125)	(1,130,823)
General Government Capital Projects Fund	0	77,528
Grants Capital Projects Fund	95,036	155,396
Total other financing sources (uses)	<u>(6,901,925)</u>	<u>(789,728)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(7,344,681)</u>	<u>(6,963,927)</u>
Fund balances, July 1	<u>16,290,944</u>	<u>23,254,871</u>
Fund balances, June 30	<u><u>\$ 8,946,263</u></u>	<u><u>\$ 16,290,944</u></u>

CITY OF GAINESVILLE, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 890,387	\$ 529,842
Intergovernmental receivables	<u>10,825</u>	<u>102,601</u>
Total assets	<u><u>\$ 901,212</u></u>	<u><u>\$ 632,443</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 327	\$ 0
Deferred revenues	<u>2,997</u>	<u>0</u>
Total liabilities	<u>3,324</u>	<u>0</u>
Fund balances		
Assigned for capital projects:		
Public Works	791,492	526,047
Other	<u>106,396</u>	<u>106,396</u>
Total fund balances	<u>897,888</u>	<u>632,443</u>
Total liabilities and fund balances	<u><u>\$ 901,212</u></u>	<u><u>\$ 632,443</u></u>

CITY OF GAINESVILLE, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Intergovernmental	\$ 51,001	\$ 537,783
Total revenues	<u>51,001</u>	<u>537,783</u>
EXPENDITURES		
Capital outlay		
Culture and Recreation	<u>117,840</u>	<u>5,644</u>
Total expenditures	<u>117,840</u>	<u>5,644</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(66,839)</u>	<u>532,139</u>
Other financing sources (uses)		
Transfers in (out)		
General Fund	33,245	0
Economic Development Fund	444,075	0
General Government Capital Projects Fund	0	69,800
SPLOST Capital Projects Fund	(95,036)	(155,396)
Public Utilities Fund	<u>(50,000)</u>	<u>0</u>
Total other financing sources (uses)	<u>332,284</u>	<u>(85,596)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	265,445	446,543
Fund balances, July 1	<u>632,443</u>	<u>185,900</u>
Fund balances, June 30	<u><u>\$ 897,888</u></u>	<u><u>\$ 632,443</u></u>



ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Public Utilities Fund *is used to account for activities connected with the development, operation and maintenance of water and sewer service in the City of Gainesville and parts of Hall County.*

The Public Utilities Fund is presented as a major fund in the basic financial statements.

Airport Fund *is used to account for activities connected with the operation of the Lee Gilmer Memorial Airport.*

Solid Waste Fund *is used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste, and for the maintenance of street rights-of-way.*

Chattahoochee Golf Course Fund *is used to account for activities connected with the operation of a public golf course owned by the City of Gainesville, Georgia.*

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 12,711,769	\$ 11,291,062
Receivables		
Accounts (net)	5,109,159	3,770,462
Intergovernmental	689,489	795,783
Inventories	977,333	909,678
Prepaid items	0	5,000
	<u>19,487,750</u>	<u>16,771,985</u>
Total current assets		
Restricted assets		
Extension and Renewal		
Cash and cash equivalents	31,238,428	33,721,016
Debt Redemption		
Cash and cash equivalents	6,810,302	6,693,627
Connection Fees		
Cash and cash equivalents	6,757,933	6,554,038
Customer Deposits		
Cash and cash equivalents	2,569,543	2,247,773
	<u>47,376,206</u>	<u>49,216,454</u>
Total restricted assets		
Capital assets		
Land	18,723,343	17,793,909
Nondepreciable intangibles	1,957,919	1,957,919
Land improvements	422,463	476,955
Buildings	65,818,313	65,818,313
Distribution system	504,119,946	485,921,551
Vehicles and equipment	12,447,824	12,133,573
Depreciable intangibles	3,574,121	3,536,421
Construction in progress	3,373,216	13,589,919
Accumulated depreciation	(128,632,894)	(115,829,646)
	<u>481,804,251</u>	<u>485,398,914</u>
Capital assets (net of accumulated depreciation)		
Other assets		
Pension asset	115,173	306,063
Debt issuance costs	2,556,439	2,816,393
Deferred interest expense	3,429,872	3,782,494
	<u>6,101,484</u>	<u>6,904,950</u>
Other assets (net of accumulated amortization)		
Total assets	<u>554,769,691</u>	<u>558,292,303</u>

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2009</u>
LIABILITIES		
Current liabilities		
Payables		
Accounts	\$ 631,848	\$ 963,775
Retainages	22,207	0
Accrued salaries	431,885	395,807
Compensated absences	477,510	574,609
Capital lease payable	1,261,588	1,261,588
Notes payable	6,181,664	5,986,920
	<u>9,006,702</u>	<u>9,182,699</u>
Total current liabilities		
	<u>9,006,702</u>	<u>9,182,699</u>
Current liabilities payable from restricted assets		
Payables		
Accounts	197,956	1,195,052
Retainages	43,599	377,564
Customer deposits	2,569,543	2,247,773
Revenue bonds payable	7,710,000	7,470,000
Interest payable	854,514	920,268
	<u>11,375,612</u>	<u>12,210,657</u>
Total liabilities payable from restricted assets		
	<u>11,375,612</u>	<u>12,210,657</u>
Long-term liabilities		
OPEB obligation	6,366,946	4,920,699
Compensated absences	53,057	0
Capital leases payable	23,970,173	25,231,761
Revenue bonds payable	89,320,523	97,249,329
Notes payable	107,536,777	113,717,570
	<u>227,247,476</u>	<u>241,119,359</u>
Total long-term liabilities		
	<u>227,247,476</u>	<u>241,119,359</u>
Total liabilities	<u>247,629,790</u>	<u>262,512,715</u>
	<u>247,629,790</u>	<u>262,512,715</u>
NET ASSETS		
Invested in capital assets, net of related debt	249,253,398	238,264,241
Restricted for:		
Capital outlay	37,754,806	38,702,438
Debt service	5,955,788	5,773,358
Unrestricted	14,175,909	13,039,551
	<u>14,175,909</u>	<u>13,039,551</u>
Total net assets	<u>\$ 307,139,901</u>	<u>\$ 295,779,588</u>
	<u>\$ 307,139,901</u>	<u>\$ 295,779,588</u>

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Charges for sales and services		
Water sales	\$ 31,219,256	\$ 28,135,508
Sewer charges	23,755,623	20,643,513
Tap fees	340,023	479,038
Other	85,201	781,099
Other	964,538	974,689
Total operating revenues	<u>56,364,641</u>	<u>51,013,847</u>
OPERATING EXPENSES		
Costs of sales and services	10,731,105	10,194,122
Personal services	12,982,690	13,947,695
Depreciation	13,229,982	13,042,303
Total operating expenses	<u>36,943,777</u>	<u>37,184,120</u>
Operating income (loss)	<u>19,420,864</u>	<u>13,829,727</u>
Non-operating revenues (expenses)		
Interest revenue	351,947	396,794
Interest expense	(8,594,848)	(8,866,660)
Amortization	(259,954)	(278,921)
Gain (loss) on sale of capital assets	18,165	14,313
Total non-operating revenues (expenses)	<u>(8,484,690)</u>	<u>(8,734,474)</u>
Net income (loss) before capital contributions and transfers	<u>10,936,174</u>	<u>5,095,253</u>
Capital contributions		
Connection fees	912,706	1,120,748
Capital contributions	2,708,943	2,645,048
Intergovernmental revenue	5,000	228,237
Total capital contributions	<u>3,626,649</u>	<u>3,994,033</u>
Net income (loss) before transfers	<u>14,562,823</u>	<u>9,089,286</u>
Transfers in (out)		
Governmental Activities	(422,219)	0
General Fund	(2,761,291)	(2,761,291)
Community Service Center Fund	(14,000)	(4,000)
Grants Special Revenue Fund	0	(1,119)
General Government Capital Projects Fund	(55,000)	0
Grants Capital Projects Fund	50,000	0
Total transfers in (out)	<u>(3,202,510)</u>	<u>(2,766,410)</u>
Change in net assets	11,360,313	6,322,876
Net assets, July 1	<u>295,779,588</u>	<u>289,456,712</u>
Net assets, June 30	<u><u>\$ 307,139,901</u></u>	<u><u>\$ 295,779,588</u></u>

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Receipts from customers	\$ 54,283,323	\$ 49,725,208
Payments to suppliers	(11,125,687)	(9,782,882)
Payments to employees	(11,353,517)	(11,336,269)
Other receipts	964,538	974,689
	<u>32,768,657</u>	<u>29,580,746</u>
Net cash provided (used) by operating activities		
Cash flows from non-capital financing activities:		
Receipts from other funds	50,000	0
Payments to other funds	(2,830,291)	(2,766,410)
	<u>(2,780,291)</u>	<u>(2,766,410)</u>
Net cash provided (used) by non-capital financing activities		
Cash flows from capital and related financing activities:		
Receipt of capital contributions	994,994	1,726,789
Receipts from other governments	206,147	110,660
Interest paid	(8,285,451)	(8,792,109)
Acquisition of capital assets	(8,437,989)	(10,551,864)
Payment of capital related accounts payable	(1,572,616)	(1,452,336)
Sale of capital assets	32,445	25,724
Principal payments - bonds	(7,470,000)	(7,150,000)
Principal payments - promissory notes	(5,986,049)	(5,794,976)
	<u>(30,518,519)</u>	<u>(31,878,112)</u>
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Interest received	110,612	155,457
	<u>110,612</u>	<u>155,457</u>
Net increase (decrease) in cash and cash equivalents	(419,541)	(4,908,319)
Cash and cash equivalents, July 1	60,507,516	65,415,835
Cash and cash equivalents, June 30	<u><u>\$ 60,087,975</u></u>	<u><u>\$ 60,507,516</u></u>

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 19,420,864	\$ 13,829,727
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	13,229,982	13,042,303
(Increase) decrease in accounts receivable	(1,338,697)	(12,521)
(Increase) decrease in intergovernmental receivables	(99,853)	(570,878)
(Increase) decrease in inventory	(67,655)	(24,017)
(Increase) decrease in prepaid items	5,000	250
(Increase) decrease in pension asset	190,890	18,952
Increase (decrease) in accounts payable	(331,927)	435,007
Increase (decrease) in deposits payable	321,770	269,449
Increase (decrease) in accrued salaries and benefits	(7,964)	46,795
Increase (decrease) in OPEB obligation	1,446,247	2,545,679
Total adjustments	<u>13,347,793</u>	<u>15,751,019</u>
Net cash provided (used) by operating activities	<u>\$ 32,768,657</u>	<u>\$ 29,580,746</u>
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 12,711,769	\$ 11,291,062
Extension and Renewal		
Cash and cash equivalents	31,238,428	33,721,016
Debt Redemption		
Cash and cash equivalents	6,810,302	6,693,627
Connection Fees		
Cash and cash equivalents	6,757,933	6,554,038
Customer Deposits		
Cash and cash equivalents	<u>2,569,543</u>	<u>2,247,773</u>
Total cash and cash equivalents	<u>\$ 60,087,975</u>	<u>\$ 60,507,516</u>

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled \$1,370,067 and \$457,200 for the fiscal years ended June 30, 2011, and June 30, 2010, respectively.

Contributions of capital assets from government totaled \$320,220 for the fiscal year ended June 30, 2010.

Distributions of capital assets to government totaled \$422,219 for the fiscal year ended June 30, 2011.

Acquisition of capital assets through accounts payable totaled \$263,762 and \$1,572,616 for the fiscal years ended June 30, 2011, and June 30, 2010, respectively.

Forgiveness of capital lease through capital contributions totaled \$1,261,588 and \$1,261,588 for the fiscal years ended June 30, 2011, and June 30, 2010, respectively.

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 875,610	\$ 1,010,378
Accounts receivable	<u>8,561</u>	<u>23,740</u>
Total current assets	<u>884,171</u>	<u>1,034,118</u>
Capital assets		
Land	504,385	504,385
Land improvements	11,595,070	11,083,219
Buildings	6,517,372	6,517,372
Vehicles and equipment	367,631	402,700
Intangibles	118,000	38,000
Construction in progress	0	59,200
Accumulated depreciation	<u>(6,010,093)</u>	<u>(5,353,725)</u>
Total capital assets (net of accumulated depreciation)	<u>13,092,365</u>	<u>13,251,151</u>
Other assets		
Debt issuance cost (net of accumulated amortization)	<u>68,623</u>	<u>76,858</u>
Total assets	<u>14,045,159</u>	<u>14,362,127</u>
LIABILITIES		
Current liabilities		
Payables		
Accounts	5,603	70,108
Interest	24,795	26,850
Capital leases payable	<u>305,000</u>	<u>290,000</u>
Total current liabilities	335,398	386,958
Long-term liabilities		
Capital leases payable	<u>3,185,000</u>	<u>3,490,000</u>
Total liabilities	<u>3,520,398</u>	<u>3,876,958</u>
NET ASSETS		
Invested in capital assets, net of related debt	9,602,365	9,471,151
Unrestricted	<u>922,396</u>	<u>1,014,018</u>
Total net assets	<u><u>\$ 10,524,761</u></u>	<u><u>\$ 10,485,169</u></u>

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Charges for sales and services		
Fuel sales	\$ 20,010	\$ 16,667
Rent	798,864	849,072
Other	3,754	15,563
	<u>822,628</u>	<u>881,302</u>
Total operating revenues		
	<u>822,628</u>	<u>881,302</u>
OPERATING EXPENSES		
Costs of sales and services	263,663	173,801
Depreciation	691,436	609,604
	<u>955,099</u>	<u>783,405</u>
Total operating expenses		
	<u>955,099</u>	<u>783,405</u>
Operating income (loss)	<u>(132,471)</u>	<u>97,897</u>
Non-operating revenues (expenses)		
Interest revenue	1,784	2,858
Interest expense	(204,522)	(220,547)
Amortization	(8,235)	(8,235)
Gain (loss) on sale of capital assets	0	12
	<u>(210,973)</u>	<u>(225,912)</u>
Total non-operating revenues (expenses)		
	<u>(210,973)</u>	<u>(225,912)</u>
Net income (loss) before capital contributions	(343,444)	(128,015)
Capital contributions		
Intergovernmental revenue	383,036	120,235
	<u>383,036</u>	<u>120,235</u>
Change in net assets	39,592	(7,780)
Net assets, July 1	<u>10,485,169</u>	<u>10,492,949</u>
Net assets, June 30	<u><u>\$ 10,524,761</u></u>	<u><u>\$ 10,485,169</u></u>

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Receipts from customers	\$ 834,053	\$ 857,039
Payments to suppliers	(274,568)	(171,457)
Other receipts	3,754	15,563
	<u>563,239</u>	<u>701,145</u>
Net cash provided (used) by operating activities		
Cash flows from capital and related financing activities:		
Receipt of capital contributions	383,036	988,734
Sale of capital assets	0	12
Interest paid	(206,577)	(222,462)
Acquisition of capital assets	(532,650)	(889,703)
Payment of capital related accounts payable	(53,600)	0
Principal payments - capital leases	(290,000)	(270,000)
	<u>(699,791)</u>	<u>(393,419)</u>
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Interest received	1,784	2,858
	<u>(134,768)</u>	<u>310,584</u>
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents, July 1	1,010,378	699,794
Cash and cash equivalents, June 30	<u><u>\$ 875,610</u></u>	<u><u>\$ 1,010,378</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (132,471)	\$ 97,897
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	691,436	609,604
(Increase) decrease in accounts receivable	15,179	(8,700)
Increase (decrease) in accounts payable	(10,905)	2,344
	<u>695,710</u>	<u>603,248</u>
Total adjustments		
Net cash provided by operating activities	<u><u>\$ 563,239</u></u>	<u><u>\$ 701,145</u></u>
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	<u><u>\$ 875,610</u></u>	<u><u>\$ 1,010,378</u></u>

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$53,600 for the fiscal year ended June 30, 2010.

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,193,147	\$ 861,567
Accounts receivable (net)	<u>176,949</u>	<u>120,336</u>
Total current assets	<u>1,370,096</u>	<u>981,903</u>
Capital assets		
Vehicles and equipment	1,671,868	1,712,552
Accumulated depreciation	<u>(1,392,883)</u>	<u>(1,302,043)</u>
Total capital assets (net of accumulated depreciation)	<u>278,985</u>	<u>410,509</u>
Total assets	<u>1,649,081</u>	<u>1,392,412</u>
LIABILITIES		
Current liabilities		
Accounts payable	22,646	53,415
Accrued salaries	31,865	26,187
Compensated absences	<u>38,859</u>	<u>39,387</u>
Total current liabilities	<u>93,370</u>	<u>118,989</u>
Long-term liabilities		
Compensated absences	4,318	0
OPEB obligation	<u>624,667</u>	<u>484,060</u>
Total long-term liabilities	<u>628,985</u>	<u>484,060</u>
Total liabilities	<u>722,355</u>	<u>603,049</u>
NET ASSETS		
Invested in capital assets, net of related debt	278,985	410,509
Unrestricted	<u>647,741</u>	<u>378,854</u>
Total net assets	<u>\$ 926,726</u>	<u>\$ 789,363</u>

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Charges for sales and services	\$ 2,057,883	\$ 1,769,329
Other	<u>15,617</u>	<u>3,382</u>
Total operating revenues	<u>2,073,500</u>	<u>1,772,711</u>
OPERATING EXPENSES		
Costs of sales and services	482,577	466,553
Costs of sales and services - landfill	223,728	239,229
Personal services	1,082,030	1,283,654
Depreciation	<u>149,624</u>	<u>152,782</u>
Total operating expenses	<u>1,937,959</u>	<u>2,142,218</u>
Operating income (loss)	<u>135,541</u>	<u>(369,507)</u>
Non-operating revenues (expenses)		
Contributions	0	69,070
Interest revenue	1,822	2,319
Interest expense	0	(166)
Gain (loss) on sale of capital assets	<u>0</u>	<u>4,754</u>
Total non-operating revenues (expenses)	<u>1,822</u>	<u>75,977</u>
Change in net assets	137,363	(293,530)
Net assets, July 1	<u>789,363</u>	<u>1,082,893</u>
Net assets, June 30	<u><u>\$ 926,726</u></u>	<u><u>\$ 789,363</u></u>

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Receipts from customers	\$ 2,001,270	\$ 1,788,575
Payments to suppliers	(737,074)	(699,889)
Payments to employees	(931,955)	(1,062,664)
Other receipts	15,617	3,382
	<u>347,858</u>	<u>29,404</u>
Net cash provided (used) by operating activities		
Cash flows from non-capital financing activities:		
Receipt of contributions	0	69,070
	<u>0</u>	<u>69,070</u>
Cash flows from capital and related financing activities:		
Interest paid	0	(166)
Acquisition of capital assets	(18,100)	(34,800)
Sale of capital assets	0	4,754
Principal payments - capital leases	0	(11,218)
	<u>(18,100)</u>	<u>(41,430)</u>
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Interest received	1,822	2,318
	<u>1,822</u>	<u>2,318</u>
Net increase (decrease) in cash and cash equivalents	331,580	59,362
Cash and cash equivalents, July 1	861,567	802,205
	<u>861,567</u>	<u>802,205</u>
Cash and cash equivalents, June 30	<u><u>\$ 1,193,147</u></u>	<u><u>\$ 861,567</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 135,541	\$ (369,507)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	149,624	152,782
(Increase) decrease in accounts receivable	(56,613)	19,247
Increase (decrease) in accounts payable	(30,769)	5,893
Increase (decrease) in accrued payroll liabilities	9,468	(3,978)
Increase (decrease) in OPEB obligation	140,607	224,967
	<u>212,317</u>	<u>398,911</u>
Total adjustments		
Net cash used by operating activities	<u><u>\$ 347,858</u></u>	<u><u>\$ 29,404</u></u>
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	<u><u>\$ 1,193,147</u></u>	<u><u>\$ 861,567</u></u>

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 97,671	\$ 6,530
Accounts receivable (net)	47,308	43,191
Total current assets	<u>144,979</u>	<u>49,721</u>
Capital assets		
Land	53,271	53,271
Land improvements	5,358,859	5,358,859
Buildings	715,452	715,452
Vehicles and equipment	744,039	689,792
Accumulated depreciation	<u>(2,847,400)</u>	<u>(2,599,095)</u>
Total capital assets (net of accumulated depreciation)	<u>4,024,221</u>	<u>4,218,279</u>
Other assets		
Debt issue costs (net of accumulated amortization)	<u>71,738</u>	<u>77,052</u>
Total assets	<u>4,240,938</u>	<u>4,345,052</u>
LIABILITIES		
Current liabilities		
Payables		
Accounts	125,170	45,542
Sales tax	7,110	16,856
Interest	18,054	18,932
Accrued salaries	23,349	18,613
Compensated absences	15,751	17,417
Capital leases payable	180,000	175,000
Notes payable	81,691	81,691
Other liabilities	<u>22,568</u>	<u>44,656</u>
Total current liabilities	<u>473,693</u>	<u>418,707</u>
Long-term liabilities		
Advances from other funds	399,166	249,325
Compensated absences	1,750	0
OPEB obligation	171,304	144,521
Capital leases payable	<u>3,420,000</u>	<u>3,600,000</u>
Total long-term liabilities	<u>3,992,220</u>	<u>3,993,846</u>
Total liabilities	<u>4,465,913</u>	<u>4,412,553</u>
NET ASSETS		
Invested in capital assets, net of related debt	342,530	361,588
Unrestricted	<u>(567,505)</u>	<u>(429,089)</u>
Total net assets	<u><u>\$ (224,975)</u></u>	<u><u>\$ (67,501)</u></u>

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Charges for sales and services		
Greens fees	\$ 649,529	\$ 589,750
Cart fees	275,648	227,690
Handicap fees	19,275	17,021
Practice range	52,725	51,674
Pro Shop sales	15,200	21,025
Rent revenue	14,400	4,500
Other	13,814	24,962
	<u>1,040,591</u>	<u>936,622</u>
Total operating revenues		
	<u>1,040,591</u>	<u>936,622</u>
OPERATING EXPENSES		
Costs of sales and services	480,565	275,504
Personal services	498,307	642,795
Depreciation	265,046	268,774
	<u>1,243,918</u>	<u>1,187,073</u>
Total operating expenses		
	<u>1,243,918</u>	<u>1,187,073</u>
Operating income (loss)	<u>(203,327)</u>	<u>(250,451)</u>
Non-operating revenues (expenses)		
Interest revenue	8	0
Interest expense	(147,214)	(154,177)
Amortization	(5,314)	(5,314)
Gain (loss) on sale of capital assets	2,553	490
	<u>(149,967)</u>	<u>(159,001)</u>
Total non-operating revenues (expenses)		
	<u>(149,967)</u>	<u>(159,001)</u>
Net income (loss) before transfers	(353,294)	(409,452)
Transfers in (out)		
General Fund	195,820	255,443
	<u>195,820</u>	<u>255,443</u>
Change in net assets	(157,474)	(154,009)
Net assets, July 1	(67,501)	86,508
	<u>(67,501)</u>	<u>86,508</u>
Net assets, June 30	<u><u>\$ (224,975)</u></u>	<u><u>\$ (67,501)</u></u>

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Receipts from customers	\$ 1,012,914	\$ 908,432
Payments to suppliers	(486,388)	(307,483)
Payments to employees	(466,704)	(603,600)
Other receipts	13,814	24,962
Net cash provided (used) by operating activities	<u>73,636</u>	<u>22,311</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	<u>345,661</u>	<u>255,443</u>
Cash flows from capital and related financing activities:		
Interest paid	(148,092)	(155,003)
Principal payments - capital leases payable	(175,000)	(165,000)
Sale of capital assets	2,553	490
Acquisition of capital assets	(7,625)	0
Net cash provided (used) by capital and related financing activities	<u>(328,164)</u>	<u>(319,513)</u>
Cash flows from investing activities:		
Interest received	<u>8</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	91,141	(41,759)
Cash and cash equivalents, July 1	<u>6,530</u>	<u>48,289</u>
Cash and cash equivalents, June 30	<u><u>\$ 97,671</u></u>	<u><u>\$ 6,530</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ (203,327)</u>	<u>\$ (250,451)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	265,046	268,774
(Increase) decrease in accounts receivable	(4,117)	(3,228)
(Increase) decrease in prepaids	0	1,435
Increase (decrease) in accounts payable	16,265	(12,283)
Increase (decrease) in sales tax payable	(9,746)	(41,059)
Increase (decrease) in accrued payroll liabilities	4,820	(8,166)
Increase (decrease) in OPEB obligation	26,783	47,361
Increase (decrease) in other liabilities	(22,088)	19,928
Total adjustments	<u>276,963</u>	<u>272,762</u>
Net cash provided (used) by operating activities	<u><u>\$ 73,636</u></u>	<u><u>\$ 22,311</u></u>
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	<u><u>\$ 97,671</u></u>	<u><u>\$ 6,530</u></u>

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$63,363 for the fiscal year ended June 30, 2011.



INTERNAL SERVICE FUNDS

These funds are used to account for the financing of goods and services provided to the departments of the government on a cost reimbursement basis.

General Insurance Fund - *This fund is used to account for property, liability, and workers' compensation insurance provided to the City departments.*

Employee Benefits Fund - *This fund is used to account for the cost of providing life and health insurance benefits to City employees and participating dependents.*

Vehicle Services Fund - *This fund is used to account for the cost of providing maintenance and repairs on all City owned vehicles.*

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,238,466	\$ 1,556,105
Accounts receivable	<u>23,134</u>	<u>0</u>
Total assets	<u>1,261,600</u>	<u>1,556,105</u>
LIABILITIES		
Current liabilities		
Accounts payable	11,449	60,993
Accrued salaries	0	4,994
Compensated absences	0	8,014
Claims reserves	<u>678,787</u>	<u>913,827</u>
Total liabilities	<u>690,236</u>	<u>987,828</u>
NET ASSETS		
Unrestricted	<u>\$ 571,364</u>	<u>\$ 568,277</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Interfund services provided	\$ 1,091,045	\$ 1,408,990
Other	39,219	128
Total operating revenue	<u>1,130,264</u>	<u>1,409,118</u>
OPERATING EXPENSES		
Costs of services		
Insurance	809,497	781,991
Claims	175,573	472,063
Administrative fees	145,194	155,064
Total operating expenses	<u>1,130,264</u>	<u>1,409,118</u>
Operating income (loss)	0	0
Non-operating revenues (expenses)		
Interest revenue	3,087	4,731
Net income before transfers and capital contributions	3,087	4,731
Capital contributions		
Capital contributions	10,000	0
Net income before transfers	13,087	4,731
Transfers in (out)		
General Fund	1,562	0
Governmental Activities	(11,562)	0
Total transfers	<u>(10,000)</u>	<u>0</u>
Change in net assets	3,087	4,731
Net assets, July 1	568,277	563,546
Net assets, June 30	<u><u>\$ 571,364</u></u>	<u><u>\$ 568,277</u></u>

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 1,067,911	\$ 1,408,990
Payments to suppliers	(1,414,848)	(924,464)
Payments to employees	(13,008)	(135,301)
Other receipts	39,219	128
	<u>(320,726)</u>	<u>349,353</u>
Net cash provided (used) by operating activities		
Cash flows from capital and related financing activities:		
Receipts from others	10,000	0
Receipts from other funds	1,562	0
Acquisition of capital assets	(11,562)	0
	<u>0</u>	<u>0</u>
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Interest received	3,087	4,731
	<u>3,087</u>	<u>4,731</u>
Net increase (decrease) in cash and cash equivalents	(317,639)	354,084
Cash and cash equivalents, July 1	1,556,105	1,202,021
	<u>1,556,105</u>	<u>1,202,021</u>
Cash and cash equivalents, June 30	<u><u>\$ 1,238,466</u></u>	<u><u>\$ 1,556,105</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 0	\$ 0
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	(23,134)	0
(Increase) decrease in prepaid items	0	155,058
Increase (decrease) in accounts payable	(49,544)	29,073
Increase (decrease) in accrued salaries and benefits	(13,008)	618
Increase (decrease) in claims reserve	(235,040)	164,604
	<u>(320,726)</u>	<u>349,353</u>
Total adjustments		
Net cash provided (used) by operating activities	<u><u>\$ (320,726)</u></u>	<u><u>\$ 349,353</u></u>

Noncash investing, capital, and financing activities:

Distributions of capital assets to government totaled \$11,562 for the fiscal year ended June 30, 2011.

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,281,707	\$ 2,444,864
Accounts receivable	<u>288,443</u>	<u>252</u>
Total assets	<u>4,570,150</u>	<u>2,445,116</u>
LIABILITIES		
Current liabilities		
Accounts payable	39,241	35,823
Deposits payable	12,040	7,798
Claims reserves	<u>452,000</u>	<u>335,800</u>
Total liabilities	<u>503,281</u>	<u>379,421</u>
NET ASSETS		
Unrestricted	<u>\$ 4,066,869</u>	<u>\$ 2,065,695</u>

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Interfund services provided	\$ 8,187,291	\$ 8,179,648
Other	<u>75</u>	<u>0</u>
Total operating revenue	<u>8,187,366</u>	<u>8,179,648</u>
OPERATING EXPENSES		
Costs of services		
Insurance	1,530,136	1,677,412
Claims	3,813,672	4,659,170
Medical clinic operations	525,255	550,226
Administrative fees	<u>325,347</u>	<u>177,289</u>
Total operating expenses	<u>6,194,410</u>	<u>7,064,097</u>
Operating income (loss)	1,992,956	1,115,551
Non-operating revenues (expenses)		
Interest revenue	<u>8,218</u>	<u>1,917</u>
Net income before transfers	2,001,174	1,117,468
Transfers in (out)		
Grants Special Revenue Fund	<u>0</u>	<u>5,000</u>
Change in net assets	2,001,174	1,122,468
Net assets, July 1	<u>2,065,695</u>	<u>943,227</u>
Net assets, June 30	<u><u>\$ 4,066,869</u></u>	<u><u>\$ 2,065,695</u></u>

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 7,899,100	\$ 8,179,396
Payments to suppliers	(6,070,550)	(7,160,852)
Other receipts	75	0
	<u>1,828,625</u>	<u>1,018,544</u>
Net cash provided (used) by operating activities		
Cash flows from non-capital financing activities:		
Receipts from other funds	<u>0</u>	<u>5,000</u>
Cash flows from investing activities:		
Interest received	<u>8,218</u>	<u>1,917</u>
Net increase (decrease) in cash and cash equivalents	1,836,843	1,025,461
Cash and cash equivalents, July 1	<u>2,444,864</u>	<u>1,419,403</u>
Cash and cash equivalents, June 30	<u><u>\$ 4,281,707</u></u>	<u><u>\$ 2,444,864</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 1,992,956</u>	<u>\$ 1,115,551</u>
Adjustments to reconcile net income to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	(288,191)	(252)
Increase (decrease) in accounts payable	3,418	(13,051)
Increase (decrease) in deposits payable	4,242	126
Increase (decrease) in claims reserve	<u>116,200</u>	<u>(83,830)</u>
Total adjustments	<u>(164,331)</u>	<u>(97,007)</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,828,625</u></u>	<u><u>\$ 1,018,544</u></u>

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 72,534	\$ 171,551
Intergovernmental receivable	44,780	5,171
Inventory	<u>151,364</u>	<u>155,529</u>
Total current assets	<u>268,678</u>	<u>332,251</u>
Capital assets		
Buildings	142,052	142,052
Vehicles and equipment	333,371	333,371
Accumulated depreciation	<u>(428,202)</u>	<u>(408,778)</u>
Capital assets (net of accumulated depreciation)	<u>47,221</u>	<u>66,645</u>
Total assets	<u>315,899</u>	<u>398,896</u>
LIABILITIES		
Current liabilities		
Accounts payable	24,277	109,052
Accrued salaries	10,178	8,873
Compensated absences	<u>11,938</u>	<u>12,791</u>
Total current liabilities	46,393	130,716
Long-term liabilities		
Compensated absences	<u>1,326</u>	<u>0</u>
Total liabilities	<u>47,719</u>	<u>130,716</u>
NET ASSETS		
Invested in capital assets	47,221	66,645
Unrestricted	<u>220,959</u>	<u>201,535</u>
Total net assets	<u><u>\$ 268,180</u></u>	<u><u>\$ 268,180</u></u>

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Interfund services provided	\$ 2,014,950	\$ 1,682,754
Total operating revenues	<u>2,014,950</u>	<u>1,682,754</u>
OPERATING EXPENSES		
Costs of services	1,720,882	1,385,984
Personal services	274,644	271,822
Depreciation	<u>19,424</u>	<u>24,948</u>
Total operating expenses	<u>2,014,950</u>	<u>1,682,754</u>
Operating income (loss)	0	0
Transfers in (out)		
General Fund	<u>0</u>	<u>7,448</u>
Change in net assets	0	7,448
Net assets, July 1	<u>268,180</u>	<u>260,732</u>
Net assets, June 30	<u><u>\$ 268,180</u></u>	<u><u>\$ 268,180</u></u>

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 1,975,341	\$ 1,704,619
Payments to suppliers	(1,801,492)	(1,317,203)
Payments to employees	(272,866)	(268,189)
	<u>(99,017)</u>	<u>119,227</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	<u>0</u>	<u>7,448</u>
Net increase (decrease) in cash and cash equivalents	(99,017)	126,675
Cash and cash equivalents, July 1	<u>171,551</u>	<u>44,876</u>
Cash and cash equivalents, June 30	<u><u>\$ 72,534</u></u>	<u><u>\$ 171,551</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 0</u>	<u>\$ 0</u>
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Depreciation	19,424	24,948
(Increase) decrease in intergovernmental receivable	(39,609)	21,865
(Increase) decrease in inventory	4,165	(28,694)
Increase (decrease) in accounts payable	(84,775)	97,475
Increase (decrease) in accrued salaries and benefits	<u>1,778</u>	<u>3,633</u>
Total adjustments	<u>(99,017)</u>	<u>119,227</u>
Net cash provided (used) by operating activities	<u><u>\$ (99,017)</u></u>	<u><u>\$ 119,227</u></u>

TRUST AND AGENCY FUNDS

These funds are used to account for assets held by the City as a trustee or agent to be expended or invested in accordance with the conditions of a trust or in its agency capacity.

Trust Funds

Community Private-Purpose Trust Fund - *This is a private-purpose trust fund whereby City of Gainesville employees make voluntary donations to provide assistance to local families and individuals in need, as well as contribute funding to both local and national nonprofit agencies.*

Employees' Pension Trust Fund - *This is a pension trust fund used to account for a single employer retirement system administered by the City for the benefit of its eligible employees.*

Agency Fund

Municipal Court Agency Fund – *This fund is used to account, on a temporary basis, for fines collected by the Municipal Court that ultimately are transmitted to the general fund or another agency.*

CITY OF GAINESVILLE, GEORGIA
COMMUNITY PRIVATE-PURPOSE TRUST FUND
COMPARATIVE STATEMENTS OF TRUST NET ASSETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	<u>\$ 18,542</u>	<u>\$ 16,326</u>
LIABILITIES		
NET ASSETS		
Net assets held in trust for employee assistance	<u><u>\$ 18,542</u></u>	<u><u>\$ 16,326</u></u>

CITY OF GAINESVILLE, GEORGIA
COMMUNITY PRIVATE-PURPOSE TRUST FUND
COMPARATIVE STATEMENTS OF CHANGES IN TRUST NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ADDITIONS		
Employee donations	\$ 48,494	\$ 50,494
Interest revenue	<u>1</u>	<u>2</u>
Total additions	<u>48,495</u>	<u>50,496</u>
DEDUCTIONS		
Distributions for assistance	<u>46,279</u>	<u>53,535</u>
Total deductions	<u>46,279</u>	<u>53,535</u>
Net increase (decrease)	2,216	(3,039)
Net assets held in trust for employee assistance		
Net assets, July 1	<u>16,326</u>	<u>19,365</u>
Net assets, June 30	<u><u>\$ 18,542</u></u>	<u><u>\$ 16,326</u></u>

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF PLAN NET ASSETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 941,903	\$ 906,704
Investments		
Common stock	7,527,153	5,794,978
Mutual funds		
Equity	24,746,602	17,694,319
Fixed income	<u>32,023,537</u>	<u>32,120,329</u>
Total assets	<u>65,239,195</u>	<u>56,516,330</u>
LIABILITIES		
Accounts payable	<u>34,400</u>	<u>27,260</u>
NET ASSETS		
Net assets held in trust for pension benefits	<u><u>\$ 65,204,795</u></u>	<u><u>\$ 56,489,070</u></u>

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF CHANGES IN PLAN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ADDITIONS		
Contributions		
Employer contributions	\$ 2,637,591	\$ 2,599,540
Employee contributions	<u>2,637,591</u>	<u>2,599,539</u>
Total contributions	<u>5,275,182</u>	<u>5,199,079</u>
Investment Income		
Net appreciation (depreciation) in fair value of investments	7,662,027	5,094,491
Interest	65	286
Dividends	1,606,866	1,546,035
Investment expense	<u>(160,489)</u>	<u>(131,382)</u>
Net investment income (loss)	<u>9,108,469</u>	<u>6,509,430</u>
Total additions (reductions)	<u>14,383,651</u>	<u>11,708,509</u>
DEDUCTIONS		
Benefits	5,188,938	4,816,120
Refunds	<u>478,988</u>	<u>603,535</u>
Total deductions	<u>5,667,926</u>	<u>5,419,655</u>
Net increase (decrease)	8,715,725	6,288,854
Net assets held in trust for pension benefits		
Net assets, July 1	<u>56,489,070</u>	<u>50,200,216</u>
Net assets, June 30	<u><u>\$ 65,204,795</u></u>	<u><u>\$ 56,489,070</u></u>

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT AGENCY FUND
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 149,574	\$ 143,355
Accounts receivable (net)	<u>684,132</u>	<u>686,764</u>
Total assets	<u>833,706</u>	<u>830,119</u>
 LIABILITIES		
Due to other agencies	<u>\$ 833,706</u>	<u>\$ 830,119</u>

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2011

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
ASSETS				
Cash and cash equivalents	\$ 143,355	\$ 1,359,604	\$ 1,353,385	\$ 149,574
Accounts receivable (net)	<u>686,764</u>	<u>459,925</u>	<u>462,557</u>	<u>684,132</u>
Total assets	<u>\$ 830,119</u>	<u>\$ 1,819,529</u>	<u>\$ 1,815,942</u>	<u>\$ 833,706</u>
LIABILITIES				
Due to others agencies	<u>\$ 830,119</u>	<u>\$ 1,819,529</u>	<u>\$ 1,815,942</u>	<u>\$ 833,706</u>



COMPONENT UNIT

Parks and Recreation - This component unit is used to account for the government's share of tax revenues legally restricted for operation and maintenance of the government's recreation facilities and parks.

CITY OF GAINESVILLE, GEORGIA
PARKS AND RECREATION (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 2,384,595	\$ 2,557,327
Receivables		
Accounts	2,966	26,320
Intergovernmental	5,849	1,345
Property tax	101,668	119,192
Restricted assets		
Cash and cash equivalents	<u>20,435</u>	<u>80,038</u>
Total assets	<u><u>\$ 2,515,513</u></u>	<u><u>\$ 2,784,222</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 101,438	\$ 179,732
Sales tax	14,978	17,238
Intergovernmental	15,466	11,963
Accrued salaries	135,500	121,679
Deferred revenues	104,399	109,507
Other	<u>9,870</u>	<u>11,650</u>
Total liabilities	<u>381,651</u>	<u>451,769</u>
Fund balances		
Restricted for:		
Clarks Bridge Legacy	5,255	5,255
Capital projects	11,128	194,558
Committed for:		
Booster Club	127,492	100,739
Development Fund	20,435	80,038
Civic Center	2,967	15,126
Assigned for:		
Capital projects	477,516	682,762
Budget	361,009	170,488
Culture and Recreation	<u>1,128,060</u>	<u>1,083,487</u>
Total fund balances	<u>2,133,862</u>	<u>2,332,453</u>
Total liabilities and fund balances	<u><u>\$ 2,515,513</u></u>	<u><u>\$ 2,784,222</u></u>

CITY OF GAINESVILLE, GEORGIA
PARKS AND RECREATION (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 2,571,644	\$ 2,693,923	\$ 122,279	\$ 2,771,250
Charges for sales and services				
Recreation Division	197,850	200,734	2,884	205,112
Lanier Point/Ivey Watson	217,987	139,391	(78,596)	149,230
Youth Sports Booster Club	71,860	90,379	18,519	63,914
Gainesville Civic Center	300,905	286,712	(14,193)	303,112
Allen Creek Soccer Complex	17,376	19,512	2,136	20,421
Frances Meadows Community Center	655,260	697,346	42,086	668,482
Intergovernmental	21,724	21,724	0	325,000
Interest	7,750	4,817	(2,933)	8,019
Contributions	3,120	3,120	0	0
Other	750	1,016	266	661
Total revenues	4,066,226	4,158,674	92,448	4,515,201
EXPENDITURES				
Current				
Culture and recreation				
Administration Division	686,869	651,919	34,950	568,941
Recreation Division	467,255	379,575	87,680	463,080
Parks Division	885,822	844,304	41,518	882,792
Maintenance Shop	114,439	113,214	1,225	104,522
Lanier Point/Ivey Watson	270,011	215,747	54,264	260,128
Clarks Bridge Park	30,781	24,742	6,039	25,830
Youth Sports Booster Club	57,900	56,756	1,144	50,776
Gainesville Civic Center	594,700	538,507	56,193	550,739
Allen Creek Soccer Complex	62,536	56,888	5,648	56,970
Frances Meadows Center	1,125,185	1,081,338	43,847	1,097,043
Capital outlay	521,824	394,275	127,549	593,811
Total expenditures	4,817,322	4,357,265	460,057	4,654,632
Excess (deficiency) of revenues over (under) expenditures	(751,096)	(198,591)	552,505	(139,431)
Other financing sources (uses)				
Sales of capital assets	0	0	0	5,522
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(751,096)	(198,591)	552,505	(133,909)
Fund balances, July 1	751,096	2,332,453	1,581,357	2,466,362
Fund balances, June 30	\$ 0	\$ 2,133,862	\$ 2,133,862	\$ 2,332,453

CITY OF GAINESVILLE, GEORGIA
PARKS AND RECREATION (A COMPONENT UNIT)
OPERATING ACTIVITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 2,571,644	\$ 2,693,923	\$ 122,279	\$ 2,771,250
Charges for sales and services				
Recreation Division	197,850	200,734	2,884	205,112
Lanier Point/Ivey Watson	217,987	139,391	(78,596)	149,230
Youth Sports Booster Club	71,860	90,379	18,519	63,914
Gainesville Civic Center	300,905	286,712	(14,193)	303,112
Allen Creek Soccer Complex	17,376	19,512	2,136	20,421
Frances Meadows Center	655,260	697,346	42,086	668,482
Intergovernmental	21,724	21,724	0	0
Interest	7,750	4,817	(2,933)	8,019
Contributions	3,120	3,120	0	0
Other	750	1,016	266	661
Total revenues	4,066,226	4,158,674	92,448	4,190,201
EXPENDITURES				
Current				
Culture and recreation				
Administrative services	686,869	651,919	34,950	568,941
Recreational services	467,255	379,575	87,680	463,080
Park services	885,822	844,304	41,518	882,792
Maintenance shop	114,439	113,214	1,225	104,522
Lanier Point/Ivey Watson	270,011	215,747	54,264	260,128
Clarks Bridge Park	30,781	24,742	6,039	25,830
Booster Club	57,900	56,756	1,144	50,776
Civic Center	594,700	538,507	56,193	550,739
Allen Creek Soccer Complex	62,536	56,888	5,648	56,970
Frances Meadows Center	1,125,185	1,081,338	43,847	1,097,043
Capital outlay	14,392	5,600	8,792	47,003
Total expenditures	4,309,890	3,968,590	341,300	4,107,824
Excess (deficiency) of revenues over (under) expenditures	(243,664)	190,084	433,748	82,377
Other financing sources (uses)				
Sales of capital assets	0	0	0	5,522
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(243,664)	\$ 190,084	\$ 433,748	\$ 87,899
Fund balances, July 1	243,664			
Fund balances, June 30	\$ 0			

CITY OF GAINESVILLE, GEORGIA
PARKS AND RECREATION (A COMPONENT UNIT)
CAPITAL PROJECTS ACTIVITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 325,000
EXPENDITURES				
Current				
Culture and recreation				
Capital outlay	507,432	388,675	118,757	546,808
Excess (deficiency) of revenues over (under) expenditures	(507,432)	<u><u>\$ (388,675)</u></u>	<u><u>\$ (118,757)</u></u>	<u><u>\$ (221,808)</u></u>
Fund balances, July 1	507,432			
Fund balances, June 30	<u><u>\$ 0</u></u>			



STATISTICAL SECTION



CITY OF GAINESVILLE, GEORGIA
Introduction to the Statistical Section
(Unaudited)

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

<u>Contents</u>	<u>Pages</u>
Financial Trends.....	170-183
These tables/schedules contain trend information designed to assist the reader in understanding how the City has performed from a financial perspective over time.	
Revenue Capacity.....	184-191
These tables/schedules contain information that may assist the reader in assessing the viability of the City's most significant revenue sources.	
Debt Capacity.....	192-198
These tables/schedules present information designed to assist the reader in analyzing the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.	
Demographic and Economic Information.....	199-200
These tables/schedules offer demographic, economic and statistical information intended to assist the reader in understanding the environment in which the City's financial activities take place.	
Operating Information.....	201-205
These tables/schedules contain service and infrastructure data to assist the reader in understanding how the information in the City's financial report relates to the services the government provides and the activities it performs.	
Miscellaneous Information.....	206-213
These tables/schedules present various data relevant to the overall City and are intended to supply the reader with additional information regarding the City's facilities and services, as well as provide data that is required by bond covenants.	

Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the relevant year.

CITY OF GAINESVILLE, GEORGIA
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2003	2004	2005
Governmental activities			
Invested in capital assets, net of related debt	\$ 24,056,985	\$ 25,820,226	\$ 29,652,331
Restricted	10,417,331	8,879,997	9,248,123
Unrestricted	1,236,166	4,856,898	6,131,960
Total governmental activities net assets	<u>\$ 35,710,482</u>	<u>\$ 39,557,121</u>	<u>\$ 45,032,414</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 126,998,317	\$ 145,832,850	\$ 156,582,000
Restricted	33,489,493	40,535,656	40,454,376
Unrestricted	18,905,088	11,262,536	19,550,986
Total business-type activities net assets	<u>\$ 179,392,898</u>	<u>\$ 197,631,042</u>	<u>\$ 216,587,362</u>
Primary government			
Invested in capital assets, net of related debt	\$ 151,055,302	\$ 171,653,076	\$ 186,234,331
Restricted	43,906,824	49,415,653	49,702,499
Unrestricted	20,141,254	16,119,434	25,682,946
Total primary government net assets	<u>\$ 215,103,380</u>	<u>\$ 237,188,163</u>	<u>\$ 261,619,776</u>

Note: Comparative information prior to fiscal year 2003 is not available.

Note (1): FY07 numbers include retroactive recording of infrastructure and land assets totaling \$21.1 million.

Note (2): Prior to FY 2011, certain elements of fund balance reported in special revenue, debt service, and capital projects funds were reported as restricted net assets. Those elements of fund balance are now reported as unrestricted net assets.

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 39,003,296	\$ 56,451,206 ⁽¹⁾	\$ 63,283,044	\$ 67,749,010	\$ 60,193,753	\$ 63,722,901
5,444,490	13,871,748	15,285,263	13,579,449	19,518,264	4,913,949 ⁽²⁾
9,110,539	9,863,975	8,020,964	2,727,185	2,534,296	19,692,245 ⁽²⁾
<u>\$ 53,558,325</u>	<u>\$ 80,186,929</u>	<u>\$ 86,589,271</u>	<u>\$ 84,055,644</u>	<u>\$ 82,246,313</u>	<u>\$ 88,329,095</u>
\$ 170,623,543	\$ 205,362,082 ⁽¹⁾	\$ 226,811,308	\$ 234,871,719	\$ 248,507,489	\$ 259,477,278
55,579,857	42,895,444	45,853,659	30,780,543	44,475,796	43,710,594
9,586,367	23,301,410	21,726,107	35,144,675	14,276,555	16,169,226
<u>\$ 235,789,767</u>	<u>\$ 271,558,936</u>	<u>\$ 294,391,074</u>	<u>\$ 300,796,937</u>	<u>\$ 307,259,840</u>	<u>\$ 319,357,098</u>
\$ 209,626,839	\$ 261,813,288 ⁽¹⁾	\$ 290,094,352	\$ 302,620,729	\$ 308,701,242	\$ 323,200,179
61,024,347	56,767,192	61,138,922	44,359,992	63,994,060	48,624,543
18,696,906	33,165,385	29,747,071	37,871,860	16,810,851	35,861,471
<u>\$ 289,348,092</u>	<u>\$ 351,745,865</u>	<u>\$ 380,980,345</u>	<u>\$ 384,852,581</u>	<u>\$ 389,506,153</u>	<u>\$ 407,686,193</u>

**CITY OF GAINESVILLE, GEORGIA
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Expenses	Fiscal Year		
	2003	2004	2005
Governmental activities:			
General Government	\$ 2,511,898	\$ 1,779,525 ⁽¹⁾	\$ 1,690,224
Judicial	0	321,653 ⁽¹⁾	333,831
Public Safety	11,145,080	11,702,353	12,846,149
Public Works	3,060,393	3,930,576 ⁽¹⁾	4,469,451
Health and Welfare	2,558,439	2,444,938	2,646,910
Culture and Recreation	1,259,972	2,530,848 ⁽²⁾	1,949,216
Housing and Development	360,648	914,821 ⁽¹⁾	1,174,362
Education	103,635	123,730	0 ⁽³⁾
Non-departmental	44,729	5,059	0
Interest on long-term debt	61,052	56,845	60,374
Total governmental activities expenses	<u>21,105,846</u>	<u>23,810,348</u>	<u>25,170,517</u>
Business-type activities:			
Water and Sewer	31,383,903	34,358,940	36,101,997
Airport	173,826	186,976	511,429
Solid Waste	1,564,623	1,669,048	1,770,159
Golf Course	1,120,029	1,136,346	1,129,727
Total business-type activities expenses	<u>34,242,381</u>	<u>37,351,310</u>	<u>39,513,312</u>
Total primary government expenses	<u>\$ 55,348,227</u>	<u>\$ 61,161,658</u>	<u>\$ 64,683,829</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General Government	1,639,592	1,695,057	602,774 ⁽⁵⁾
Public Safety	1,604,764	2,310,103	2,243,110
Public Works	321,294	37,779 ⁽⁶⁾	84,187
Health and Welfare	280,808	339,416	359,076
Housing and Development	0	0	0
Culture and Recreation	588,362	498,960	551,802
Operating grants and contributions	1,916,517	2,134,842	2,157,134
Capital grants and contributions	1,654,644	3,479,548	3,455,500
Total governmental activities program revenues	<u>8,005,981</u>	<u>10,495,705</u>	<u>9,453,583</u>
Business-Type activities:			
Charges for services:			
Water and Sewer	31,636,070	35,219,292	37,284,505
Airport	275,238	338,185	431,109
Solid Waste	1,105,672	1,304,986	1,439,122
Golf Course	924,284	1,034,844	928,440
Operating grants and contributions	0	0	71,612
Capital grants and contributions	11,137,935	18,596,515	18,736,376
Total business-type activities program revenues	<u>45,079,199</u>	<u>56,493,822</u>	<u>58,891,164</u>
Total primary government program revenues	<u>\$ 53,085,180</u>	<u>\$ 66,989,527</u>	<u>\$ 68,344,747</u>

Note: Comparative information prior to fiscal year 2003 is not available.

Note (1): Prior to 2004, Judicial and Planning were reported in General Government, and Cemetery was reported in Health and Welfare. Beginning 2004, Judicial is recategorized separately, Planning is included in Housing and Development and Cemetery is included in Public Works.

Note (2): Includes \$1.1 million transferred from Governmental Funds to Parks and Recreation.

Note (3): Prior to 2005, Education expenditures were categorized separately; these expenditures are now included in General Government. Amounts reported for prior years have been restated to reflect this change.

Note (4): Beginning January 2006, the Golf Course was closed for renovation, and remained closed through January 2007.

Note (5): In 2005 Occupational taxes were recategorized from charges for services to tax revenue.

Note (6): Prior to 2004, Planning permits were reported in Public Works; they are now included in Public Safety.

Note (7): Increase expense due to additional bond interest and depreciation; revenue increase due to additional revenue from newly constructed airport hangers.

Note (8): City implemented Impact fee during fiscal year 2007.

Note (9): Municipal court fees decrease due in part to law changes involving illegal immigrant deportation.

Note (10): Public Utility contributions revenue was much lower due to diminished building activity.

Note (11): Significant increase due to SPLOST revenues received for the Public Safety Facilities.

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 1,593,170	\$ 1,927,078	\$ 1,959,760	\$ 2,420,328	\$ 2,363,347	\$ 2,641,873
326,126	360,345	371,743	432,380	434,137	404,862
13,564,249	14,450,489	15,103,008	17,760,718	16,930,483	16,160,112
4,922,994	5,188,523	6,491,116	6,649,367	7,023,969	6,641,424
3,304,258	2,914,363	3,554,427	3,784,135	3,724,473	3,360,632
1,368,668	1,553,091	2,521,243	2,214,061	1,883,742	1,211,214
1,374,039	1,887,154	2,224,676	1,524,790	2,108,631	1,363,356
0	0	0	0	0	0
0	0	0	0	0	0
60,179	158,451	528,726	671,224	1,837,734	1,668,489
<u>26,513,683</u>	<u>28,439,494</u>	<u>32,754,699</u>	<u>35,457,003</u>	<u>36,306,516</u>	<u>33,451,962</u>
37,294,489	39,607,607	41,018,567	47,007,004	45,928,103	45,081,115
707,009 ⁽⁷⁾	981,357	1,005,505	929,020	1,012,187	1,167,856
1,890,733	1,912,477	2,010,885	2,274,543	2,142,384	1,937,959
734,964 ⁽⁴⁾	926,065 ⁽⁴⁾	1,559,985 ⁽⁴⁾	1,519,259	1,346,564	1,396,446
<u>40,627,195</u>	<u>43,427,506</u>	<u>45,594,942</u>	<u>51,729,826</u>	<u>50,429,238</u>	<u>49,583,376</u>
<u>\$ 67,140,878</u>	<u>\$ 71,867,000</u>	<u>\$ 78,349,641</u>	<u>\$ 87,186,829</u>	<u>\$ 86,735,754</u>	<u>\$ 83,035,338</u>
600,678	653,781	606,106	630,377	623,419	602,743
2,156,808	2,474,898	2,101,796	1,374,428 ⁽⁹⁾	1,320,003	1,590,400
52,356	58,870	44,720	38,090	38,110	36,030
434,877	465,968	434,828	442,328	416,661	438,537
0	770,227 ⁽⁸⁾	395,079	180,394	48,135	154,849
500,124	613,332	528,498	519,989	435,955	506,750
2,862,508	3,168,729	3,929,031	3,287,187	3,776,757	3,739,620
6,266,268	2,340,185	3,772,803	3,449,017	8,177,269 ⁽¹¹⁾	7,718,212
<u>12,873,619</u>	<u>10,545,990</u>	<u>11,812,861</u>	<u>9,921,810</u>	<u>14,836,309</u>	<u>14,787,141</u>
41,548,172	47,400,388	45,377,623	45,616,460	50,039,158	55,401,138
862,230 ⁽⁷⁾	894,132	866,972	851,644	865,739	818,874
1,544,902	1,564,861	1,565,923	1,703,937	1,769,329	2,057,883
462,507 ⁽⁴⁾	578,762 ⁽⁴⁾	1,108,078 ⁽⁴⁾	1,057,516	907,160	1,012,377
190,315	171,924	130,880	110,652	69,070	0
13,095,530	23,850,849	18,587,741	8,309,881 ⁽¹⁰⁾	3,794,048 ⁽¹⁰⁾	4,009,685
<u>57,703,656</u>	<u>74,460,916</u>	<u>67,637,217</u>	<u>57,650,090</u>	<u>57,444,504</u>	<u>63,299,957</u>
<u>\$ 70,577,275</u>	<u>\$ 85,006,906</u>	<u>\$ 79,450,078</u>	<u>\$ 67,571,900</u>	<u>\$ 72,280,813</u>	<u>\$ 78,087,098</u>

CITY OF GAINESVILLE, GEORGIA
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2003	2004	2005
Net (expense)/revenue			
Governmental activities	\$ (13,099,865)	\$ (13,314,643)	\$ (15,716,934)
Business-type activities	10,836,818	19,142,512	19,377,582
Total primary government net (expense)/revenue	(2,263,047)	5,827,869	3,660,648
General revenues and other changes in net assets			
Governmental activities:			
Taxes			
Property	4,961,152	5,083,793	5,258,299
Intangibles	307,211	299,365	348,523
Franchise	2,974,523	2,905,490	2,929,050
Occupational	0	0	1,256,001 ⁽¹⁾
Insurance premium	1,019,432	1,098,706	1,190,698
Alcoholic beverages	997,518	1,027,444	1,030,287
Hotel/Motel	424,779	425,504	443,492
Local option sales	4,325,783	4,682,435	4,928,637
Grants and contributions	2,699	3,646	0
Investment earnings	158,420	128,628	274,289
Payments from component unit	0	30,000	213,000
Gain on sale of assets	0	229,036	548,335
Miscellaneous	205,237	207,923	194,738
Transfers	623,703	1,775,008	2,842,126
Total governmental activities	16,000,457	17,896,978	21,457,475
Business-type activities			
Investment earnings	823,168	457,588	1,293,209
Payments from component unit	0	0	32,500
Gain on sale of assets	0	6,351	3,031
Miscellaneous	640,893	929,030	1,091,854
Transfers	(623,703)	(1,775,008)	(2,842,126)
Total business-type activities	840,358	(382,039)	(421,532)
Total primary government	16,840,815	17,514,939	21,035,943
Change in net assets			
Governmental activities	2,900,592	4,582,335	5,740,541
Business-type activities	11,677,176	18,760,473	18,956,050
Total primary government	14,577,768	23,342,808	24,696,591
Net assets - beginning			
Governmental activities	32,809,890	35,710,482	39,557,121
Business-type activities	167,715,722	179,392,898	197,631,042
Total primary government	200,525,612	215,103,380	237,188,163
Prior period adjustment			
Governmental activities	0	(735,696)	(265,248)
Business-type activities	0	(522,329)	0
Total primary government	0	(1,258,025)	(265,248)
Net assets - ending			
Governmental activities	35,710,482	39,557,121	45,032,414
Business-type activities	179,392,898	197,631,042	216,587,092
Total primary government	<u>\$ 215,103,380</u>	<u>\$ 237,188,163</u>	<u>\$ 261,619,506</u>

Note: Comparative information prior to fiscal year 2003 is not available.

Note (1): Prior to 2005 occupational taxes were considered licenses and were recorded as charges for services.

Note (2): Developer contributions were \$8.7 million over 2006 revenue.

Note (3): Majority of gain is due to 52+ acres of Industrial Park land sold in fiscal year 2007.

Note (4): Recorded retroactive infrastructure and land capital assets.

Note (5): Bank interest paid on deposits was significantly lower in FY09 thru FY11 than in previous years

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ (13,640,064)	\$ (17,893,504)	\$ (20,941,838)	\$ (25,535,193)	\$ (21,470,207)	\$ (18,664,821)
17,076,461	31,033,410 ⁽²⁾	22,042,275	5,920,264	7,015,266	13,716,581
3,436,397	13,139,906	1,100,437	(19,614,929)	(14,454,941)	(4,948,240)
5,456,200	6,571,545	7,101,695	7,421,155	7,253,570	7,886,437
317,048	307,098	237,483	180,064	97,161	59,343
3,359,902	3,474,822	4,599,218	4,451,348	3,866,595	4,072,511
1,260,686	1,342,953	1,354,234	1,288,785	1,114,317	1,111,954
1,281,035	1,340,284	1,398,065	1,431,555	1,418,124	1,376,910
1,043,230	1,112,799	1,056,980	1,000,788	942,016	999,642
461,602	487,172	479,684	473,047	444,852	517,456
5,634,966	5,866,449	5,829,689	4,799,932	4,943,847	5,030,213
0	0	0	0	0	0
644,185	1,033,946	1,033,414	209,981 ⁽⁵⁾	498,737 ⁽⁵⁾	450,031 ⁽⁵⁾
64,470	0	0	0	0	0
93,824	1,282,635 ⁽³⁾	900,112	17,246	40,591	0
267,811	377,785	297,695	325,996	363,279	236,416
2,286,216	1,585,275	3,055,911	1,495,051	2,190,747	3,006,690
22,171,175	24,782,763	27,344,180	23,094,948	23,173,836	24,747,603
2,813,927	3,483,808	2,664,847	1,013,233 ⁽⁵⁾	401,971	355,561
0	0	0	0	0	0
837	84,099	29,804	1,315	19,569	20,718
1,446,054	1,340,749	1,151,124	1,020,458	1,023,096	1,011,088
(2,286,216)	(1,585,275)	(3,055,911)	(1,495,051)	(2,190,747)	(3,006,690)
1,974,602	3,323,381	789,864	539,955	(746,111)	(1,619,323)
24,145,777	28,106,144	28,134,044	23,634,903	22,427,725	23,128,280
8,531,111	6,889,259	6,402,342	(2,440,245)	1,703,629	6,082,782
19,051,063	34,356,791 ⁽²⁾	22,832,138	6,460,219	6,269,155	12,097,258
27,582,174	41,246,050	29,234,480	4,019,974	7,972,784	18,180,040
45,032,414	53,558,325	80,186,929	86,589,271	84,055,644	82,246,313
216,587,362	235,789,767	271,558,936	294,391,074	300,796,937	307,259,840
261,619,776	289,348,092	351,745,865	380,980,345	384,852,581	389,506,153
(5,200)	19,739,345 ⁽⁴⁾	0	(93,382)	(3,513,030)	0
151,342	1,412,378 ⁽⁴⁾	0	(54,356)	193,748	0
146,142	21,151,723	0	(147,738)	(3,319,282)	0
53,558,325	80,186,929	86,589,271	84,055,644	82,246,243	88,329,095
235,789,767	271,558,936	294,391,074	300,796,937	307,259,840	319,357,098
<u>\$ 289,348,092</u>	<u>\$ 351,745,865</u>	<u>\$ 380,980,345</u>	<u>\$ 384,852,581</u>	<u>\$ 389,506,083</u>	<u>\$ 407,686,193</u>

CITY OF GAINESVILLE, GEORGIA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Intangible Tax	Franchise Tax	Occupational Tax
2003	\$ 4,961,152	\$ 307,211	\$ 2,974,523	\$ 0
2004	5,083,793	299,365	2,905,490	0
2005	5,258,299	348,523	2,929,050	1,256,001 ⁽¹⁾
2006	5,456,200	317,048	3,359,902	1,260,686
2007	6,571,545 ⁽²⁾	307,098	3,474,822	1,342,953
2008	7,101,695	237,483	4,599,218 ⁽³⁾	1,354,234
2009	7,421,155	180,064 ⁽⁵⁾	4,451,348	1,288,785
2010	7,253,570	97,161 ⁽⁵⁾	3,866,595	1,114,317
2011	7,886,437 ⁽⁶⁾	59,343 ⁽⁵⁾	4,072,511	1,111,954

Note: Comparative information prior to fiscal year 2003 is not available.

Note (1): Prior to 2005 Occupational taxes were considered licenses and were recorded as charges for services.

Note (2): Debt Millage rate was increased for debt service payments related to the construction of Frances Meadows Recreation Center and the Georgia Mountains Center parking deck.

Note (3): Franchise tax audit of previous year's receipts resulted in additional collections in fiscal year 2008.

Note (4): Local option tax collections were down significantly due to economic downturn.

Note (5): Intangible tax that is levied on certain types of property, such as money, stocks, and bonds has decreased significantly due to the economic downturn.

Note (6): General Fund millage rate was increased to provide funding for increased Public Safety fire protection.

Insurance Premium Tax	Alcoholic Beverages Tax	Hotel/Motel Tax	Local Option Sales Tax	Total
\$ 1,019,432	\$ 997,518	\$ 424,779	\$ 4,325,783	\$ 15,010,398
1,098,706	1,027,444	425,504	4,682,435	15,522,737
1,190,698	1,030,287	443,492	4,928,637	17,384,987
1,281,035	1,043,230	461,602	5,634,966	18,814,669
1,340,284	1,112,799	487,172	5,866,449	20,503,122
1,398,065	1,056,980	479,684	5,829,689	22,057,048
1,431,555	1,000,788	473,047	4,799,932 ⁽⁴⁾	21,046,674
1,418,124	942,016	444,852	4,943,847	20,080,482
1,376,910	999,642	517,456	5,030,213	21,054,466

CITY OF GAINESVILLE, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2003	2004	2005
General fund			
Reserved	\$ 8,340	\$ 2,461	\$ 24,929
Unreserved	3,652,935	4,323,814	5,107,150
Nonspendable (4)			
Assigned (4)			
Unassigned (4)			
Total general fund	<u>\$ 3,661,275</u>	<u>\$ 4,326,275</u>	<u>\$ 5,132,079</u>
All other governmental funds			
Reserved	\$ 2,062,094	\$ 4,368,660	\$ 387,116
Unreserved, reported in:			
Special revenue funds	1,932,568		3,368,908
Capital project funds	3,356,384	4,540,937	4,648,892
Debt service funds			679,772
Restricted (4)			
Committed (4)			
Assigned (4)			
Total all other governmental funds	<u>\$ 7,351,046</u>	<u>\$ 8,909,597</u>	<u>\$ 9,084,688</u>

Note: Comparative information prior to fiscal year 2003 is not available.

Note (1): Increase due to land sales totaling \$1.9 million, along with \$1.0 million payment of 2006 advance to other fund.

Note (2): Reserve increased by \$4.0 million in 2008 anticipating an economic development land purchase.

Note (3): Includes \$23.3 million SPLOST reserve; reserve predominantly for Public Safety Building and Georgia Mountain Center Parking Deck.

Note (4): The City has adopted GASB 54 for reporting of fund balance classifications for 2011.

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 42,976	\$ 49,289	\$ 70,002	\$ 102,572	\$ 27,622	
5,904,994	6,697,460	4,066,767	3,595,792	4,164,074	
					\$ 406,166
					2,996,014
					5,134,064
<u>\$ 5,947,970</u>	<u>\$ 6,746,749</u>	<u>\$ 4,136,769</u>	<u>\$ 3,698,364</u>	<u>\$ 4,191,696</u>	<u>\$ 8,536,244</u>
\$ 2,333,758	\$ 12,757,904	\$ 4,535,228	\$ 24,515,444 ⁽³⁾	\$ 10,815,234	
3,565,978	6,983,598 ⁽¹⁾	10,081,308 ⁽²⁾	9,982,391 ⁽²⁾	10,546,826	
833,467	4,569,334	4,184,614	2,296,318	9,403,152	
542,766	1,753,653	1,602,964	2,266,195	1,293,247	
					\$ 10,854,556
					91,939
					11,457,922
<u>\$ 7,275,969</u>	<u>\$ 26,064,489</u>	<u>\$ 20,404,114</u>	<u>\$ 39,060,348</u>	<u>\$ 32,058,459</u>	<u>\$ 22,404,417</u>

CITY OF GAINESVILLE, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2003	2004	2005
Revenues			
Taxes	\$ 14,964,682	\$ 15,629,337	\$ 17,354,577 ⁽¹⁾
Licenses and permits	1,774,282	1,951,898	826,075
Fines, fees and forfeitures	1,544,764	1,898,005	1,863,379
Charges for services	2,067,150	2,073,834	2,372,006
Intergovernmental	4,606,374	6,143,323	6,515,951
Interest	146,686	120,384	256,058
Property Sales	2,206	685,818	817,958
Contributions	1,110,631	500,989	306,728
Other	158,975	202,522	196,360
Total revenues	<u>26,375,750</u>	<u>29,206,110</u>	<u>30,509,092</u>
Expenditures			
General Government	3,329,586	2,682,906	2,780,457
Judicial	0	317,295	333,995
Public Safety	10,595,501	10,986,396	11,689,304
Public Works	2,728,735	3,465,572	3,785,981
Health and Welfare	2,549,587	2,422,265	2,693,714
Culture and Recreation	956,923	939,640	952,239
Housing and Development	420,329	893,537	1,305,500
Education	101,723	122,736	0
Non-departmental	44,729	5,059	0
Debt Service			
Principal	1,107,334	1,161,452	1,266,622
Interest	429,782	392,165	358,840
Capital Outlay	5,519,091	6,017,251	7,445,272
Total expenditures	<u>27,783,320</u>	<u>29,406,274</u>	<u>32,611,924</u>
Excess of revenues over (under) expenditures	<u>(1,407,570)</u>	<u>(200,164)</u>	<u>(2,102,832)</u>
Other financing sources (uses)			
Transfers in	4,727,456	6,630,018	7,611,665
Transfers out	(3,710,173)	(4,850,582)	(4,962,853)
Issuance of notes payable	0	0	0
Refunding of notes payable	0	0	0
Issuance of capital leases	575,242	596,620	402,148
Sales of capital assets	62,444	27,884	54,380
Total other financing sources (uses)	<u>1,654,969</u>	<u>2,403,940</u>	<u>3,105,340</u>
Net change in fund balances	247,399	2,203,776	1,002,508
Fund balance, July 1 (original)	10,764,922	11,012,321	13,235,872
Prior period adjustments	0	19,775	(21,613)
Fund balance , June 30	<u>\$ 11,012,321</u>	<u>\$ 13,235,872</u>	<u>\$ 14,216,767</u>
Debt service as a percentage of noncapital expenditures	7.1%	6.3%	6.2%

Note: Comparative information prior to fiscal year 2003 is not available.

Note (1): In 2005 Occupational taxes were recategorized from licenses and permits to tax revenue.

Note (2): Includes \$3 million in SPLOST money received for construction of Frances Meadows Community Center.

Note (3): Capital outlay includes \$5 million land purchase for Frances Meadows Community Center.

Note (4): A \$979,300 capital lease was assumed in 2006 to finance the renovation of the Georgia Mountains Center.

Note (5): A \$11,885,000 capital lease was assumed in 2007 to finance the Frances Meadows Recreation Center.

Note (6): Includes \$37 million sale to Gainesville City Schools for middle school property, along with \$1.9 million sale of Industrial Park Property.

Note (7): Increase due to Public Safety Facilities and GMC Parking Deck debt service payments.

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 18,800,818	\$ 20,557,731	\$ 21,931,347	\$ 21,030,163	\$ 20,073,154	\$ 21,039,421
824,465	1,045,039	726,127	563,085	526,787	540,906
1,767,286	1,888,411	1,782,062	1,200,508	1,179,773	1,390,242
2,324,512	3,127,789	2,621,736	2,590,476	2,405,885	2,935,491
9,751,128 ⁽²⁾	6,233,048	8,157,297	6,340,062	12,994,964	12,190,933
592,351	952,438	983,198	186,918	110,152	56,785
0	0	0	0	0	0
402,948	262,754	150,346	95,806	140,042	152,829
250,984	355,432	297,697	325,993	363,276	235,905
<u>34,714,492</u>	<u>34,422,642</u>	<u>36,649,810</u>	<u>32,333,011</u>	<u>37,794,033</u>	<u>38,542,512</u>
2,858,175	3,036,416	3,183,110	3,260,291	2,985,636	3,289,626
324,267	360,906	370,393	369,537	385,823	367,454
12,304,620	13,260,428	14,206,369	14,097,303	14,010,732	14,555,914
3,990,492	4,081,934	4,638,378	4,586,349	4,358,836	4,334,170
3,348,749	2,922,009	3,479,259	3,381,182	4,095,212	3,073,671
925,879	1,200,173	1,372,628	1,169,614	1,204,508	764,611
1,550,568	2,249,375	4,624,623	1,951,894	1,649,911	1,750,971
0	0	0	0	0	0
0	0	0	0	0	0
1,330,139	1,402,087	2,442,202	1,659,125	3,119,832	8,034,940 ⁽⁷⁾
324,247	326,320	718,082	644,194	1,962,450	1,772,225
12,512,996 ⁽³⁾	5,042,938	15,104,298	18,184,470	13,690,589	8,874,469
<u>39,470,132</u>	<u>33,882,586</u>	<u>50,139,342</u>	<u>49,303,959</u>	<u>47,463,529</u>	<u>46,818,051</u>
<u>(4,755,640)</u>	<u>540,056</u>	<u>(13,489,532)</u>	<u>(16,970,948)</u>	<u>(9,669,496)</u>	<u>(8,275,539)</u>
8,441,779	10,434,930	11,509,650	5,072,824	6,738,573	17,371,193
(6,184,479)	(8,916,559)	(9,131,665)	(3,506,803)	(4,240,053)	(14,788,283)
0	0	0	7,437,971	0	0
0	0	0	(7,437,971)	0	0
1,334,089 ⁽⁴⁾	11,898,663 ⁽⁵⁾	795,481	33,697,531	0	346,228
176,623	5,673,013 ⁽⁶⁾	2,045,711	18,607	50,888	36,907
<u>3,768,012</u>	<u>19,090,047</u>	<u>5,219,177</u>	<u>35,282,159</u>	<u>2,549,408</u>	<u>2,966,045</u>
(987,628)	19,630,103	(8,270,355)	18,311,211	(7,120,088)	(5,309,494)
14,216,767	13,223,939	32,811,238	24,540,883	42,758,712	36,250,155
(5,200)	(42,804)	0	(93,382)	611,531	0
<u>\$ 13,223,939</u>	<u>\$ 32,811,238</u>	<u>\$ 24,540,883</u>	<u>\$ 42,758,712</u>	<u>\$ 36,250,155</u>	<u>\$ 30,940,661</u>
6.2%	6.0%	9.3%	7.3%	15.4% ⁽⁷⁾	25.6%

CITY OF GAINESVILLE, GEORGIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST NINE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Intangibles Tax	Franchise Tax	Insurance Premium Tax
2003	\$ 4,915,436	\$ 307,211	\$ 2,974,523	\$ 1,019,432
2004	5,190,393	299,365	2,905,490	1,098,706
2005	5,227,889	348,523	2,929,050	1,190,698
2006	5,442,349	317,048	3,359,902	1,281,035
2007	6,626,154 ⁽²⁾	307,098	3,474,822	1,340,284
2008	6,975,994	237,483	4,599,218 ⁽³⁾	1,398,065
2009	7,404,644	180,064 ⁽⁵⁾	4,451,348	1,431,555
2010	7,246,242	97,161 ⁽⁵⁾	3,866,595	1,418,124
2011	7,836,123 ⁽⁶⁾	59,343 ⁽⁵⁾	4,072,511	1,376,910

Note: Comparative information prior to fiscal year 2003 is not available.

Note (1): Prior to 2005 Occupational taxes were considered licenses and were recorded as charges for services.

Note (2): Debt millage rate was increased for debt service payments related to the construction of Frances Meadows Recreation Center and the Georgia Mountains Center parking deck.

Note (3): Franchise tax audit of previous year's receipts resulted in additional collections in fiscal year 2008.

Note (4): Significant decrease due to economic decline experienced in FY09.

Note (5): Intangible tax that is levied on certain types of property, such as money, stocks, and bonds has decreased significantly due to the economic downturn.

Note (6): General Fund millage rate was increased to provide funding for increased Public Safety fire protection.

Occupational Tax	Alcoholic Beverages Tax	Hotel/Motel Tax	Local Option Sales Tax	Total
\$ 0	\$ 997,518	\$ 424,779	\$ 4,325,783	\$ 14,964,682
0	1,027,444	425,504	4,682,435	15,629,337
1,256,001 ⁽¹⁾	1,030,287	443,492	4,928,637	17,354,577
1,260,686	1,043,230	461,602	5,634,966	18,800,818
1,342,953	1,112,799	487,172	5,866,449	20,557,731
1,354,234	1,056,980	479,684	5,829,689	21,931,347
1,288,785	1,000,788	473,047	4,799,932 ⁽⁴⁾	21,030,163
1,114,317	942,016	444,852	4,943,847	20,073,154
1,111,954	999,642	517,456	5,030,213	21,004,152

CITY OF GAINESVILLE, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended June 30	Real Property	Personal Property			Digest Adjustments
		Inventory/ Business Property	Motor Vehicles	Utilities	
2003	\$ 1,572,052,515	\$ 841,085,860	\$ 148,182,475	\$ 48,219,513	\$ (192,350,181)
2004	1,852,583,573	837,358,005	148,894,500	48,112,082	(250,575,732)
2005	1,913,794,468	819,308,198	151,481,025	48,997,403	(223,190,670)
2006	2,024,097,048	901,331,875	158,159,073	50,669,273	(249,438,849)
2007	2,083,146,080	1,006,790,390	158,253,855	53,521,650	(323,988,765)
2008	2,708,669,033	1,127,841,625	172,420,095	57,712,475	(470,958,834)
2009	2,802,790,740	1,090,115,928	175,754,045	58,663,685	(390,055,794)
2010	2,827,936,920	958,733,945	183,722,440	64,903,013	(314,926,076)
2011	2,809,905,328	842,398,443	156,029,890	56,924,528	(224,302,316)

Source: Hall County Tax Commissioner's Digest - Gainesville District.

Note: Comparative information prior to fiscal year 2003 is not available.

Note (1): The total assessed value amounts are based on the original tax digest prior to additions, deletions, and corrections to accounts. The adjusted assessed value is used to calculate the tax levy amount on the Property Tax Levies and Collections (See Exhibit K-10) in order to indicate a more fair presentation of taxes billed and collected. All property is assessed as of January 1st of each year.

Note (2): For fiscal year 2009, Homeowners Tax Relief Credit adjustment (\$28,584,000) did not apply to debt millage (\$.48 of \$2.66 total millage). Total exemption for debt portion only was \$550,000.

Note (3): Starting in fiscal year 2010 Homeowners Tax Relief Credit was no longer in effect.

Exemption Adjustments		Total Taxable Assessed Value ⁽¹⁾	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	(25,306,044)	\$ 2,391,884,138	\$ 2.75	\$ 2,391,884,138	100%
	(26,789,365)	2,609,583,063	2.62	2,609,583,063	100%
	(25,739,000)	2,684,651,424	2.62	2,684,651,424	100%
	(26,590,000)	2,858,228,420	2.60	2,858,228,420	100%
	(26,774,000)	2,950,949,210	2.89	2,950,949,210	100%
	(27,784,000)	3,567,900,394	2.66	3,567,900,394	100%
	(29,134,000) ⁽²⁾	3,708,134,604	2.66	3,708,134,604	100%
	(550,000) ⁽³⁾	3,719,820,242	2.66	3,719,820,242	100%
	(550,000) ⁽³⁾	3,640,405,873	2.92	3,640,405,873	100%

**CITY OF GAINESVILLE, GEORGIA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Tax Year	Fiscal Year	City of Gainesville			
		Operating Millage	Recreation Millage	Debt Service Millage	Total City Millage
2001	2002	1.36	0.75	0.19	2.30
2002	2003	1.81	0.75	0.19	2.75
2003	2004	1.69	0.75	0.18	2.62
2004	2005	1.69	0.75	0.18	2.62
2005	2006	1.67	0.75	0.18	2.60
2006	2007	1.60	0.75	0.54	2.89
2007	2008	1.43	0.75	0.48	2.66
2008	2009	1.43	0.75	0.48	2.66
2009	2010	1.43	0.75	0.48	2.66
2010	2011	1.69	0.75	0.48	2.92

Source: City of Gainesville Tax Office and Hall County Tax Commissioners Office.

Note 1: Property tax rate is per \$1,000 assessed value.

Note 2: The City of Gainesville taxes on 100% of assessed value.
Hall County taxes on 40% of assessed value.

Overlapping Rates						
Gainesville City Schools			State of Georgia	Hall County		Total Direct & Overlapping Rates
Operating Millage	Debt Service Millage	Total School Millage		Operating Millage	Total County Millage	
6.99	0.35	7.34	0.25	7.48	7.48	17.37
7.50	0.50	8.00	0.25	7.13	7.13	18.13
7.01	0.47	7.48	0.25	5.52	5.52	15.87
7.50	0.47	7.97	0.25	6.03	6.03	16.87
7.45	0.47	7.92	0.25	6.55	6.55	17.32
7.45	0.38	7.83	0.25	6.98	6.98	17.95
6.62	0.34	6.96	0.25	6.26	6.26	16.13
7.42	0.39	7.81	0.25	6.25	6.25	16.97
7.41	0.30	7.71	0.25	6.25	6.25	16.87
7.39	0.30	7.69	0.25	6.25	6.25	17.11

CITY OF GAINESVILLE, GEORGIA
PRINCIPAL TAXPAYERS
June 30, 2011

Taxpayer	2011			2002		
	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Total Taxable Assessed Value
Kubota Manufacturing of America Corporation/ Kubota USA, Inc	\$ 119,104,098	1	3.27%	\$ 70,412,613	1	2.80%
Continental Tire	55,532,193	2	1.53%			
Ace Hardware Corporation	44,571,678	3	1.22%	45,738,631	3	1.82%
ZF Industries, Inc.	37,554,782	4	1.03%	42,764,381	4	1.70%
Fieldale Farms Corporation (Queen City Foods)	37,319,632	5	1.03%	25,050,393	7	0.99%
Mid-America Apartments LP	37,206,662	6	1.02%			
Cargill, Inc.	30,385,855	7	0.83%	48,235,637	2	1.92%
Pilgrims Pride (formerly ConAgra)	26,989,339	8	0.74%			
Inland Western Gainesville Village (Shopping Center)	23,515,927	9	0.65%			
Stork Gamco (Manufacturer)	19,026,037	10	0.52%			
Hayes Lemmerz Intl GA, Inc. (Western Wheel Georgia, Inc.)				38,582,633	5	1.53%
Colonial Realty Limited Part. (Camelot Real Estate Corp.)				31,066,470	6	1.23%
Bell South Communications				24,867,350	8	0.99%
Caradon Peachtree, Inc. (Peachtree Doors)				24,101,195	9	0.96%
ConAgra				23,137,884	10	0.92%
Total	<u>\$ 431,206,203</u>		<u>11.59%</u>	<u>\$ 373,957,187</u>		<u>14.85%</u>

Source: 2010 and 2001 Hall County Tax Commissioner's Digest - Gainesville District.

Note (1): Assessed valuation for principal taxpayers includes real property, personal property and utilities taxes, but does not include motor vehicle taxes. Selection is based on the taxpayers with the largest assessed valuation. Values shown are assessed totals before freeport exemption is deducted, when applicable.

**CITY OF GAINESVILLE, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Adjustments Made After Tax Levy (1)	Collected within the		Collections in Subsequent Years	Total Collections to Date	
			Fiscal Year of the Levy			Percentage	
			Amount	of Levy		Amount	of Levy
2003	\$ 6,577,681	\$ 36,463	\$ 6,509,630	98.97%	\$ 32,386	\$ 6,542,016	98.91%
2004	6,837,108	27,206	6,792,902	99.35%	72,644	6,865,546	100.02%
2005	7,033,787	75,709	6,997,475	99.48%	103,556	7,101,031	99.88%
2006	7,431,394	19,592	7,252,591	97.59%	135,228	7,387,819	99.15%
2007	8,528,243	88,311	8,547,295	99.20%	62,775	8,610,070	99.92%
2008	9,490,615	64,268	9,308,622	97.42%	223,534	9,532,156	99.76%
2009	9,877,359	31,617	9,636,926	97.25%	236,092	9,873,018	99.64%
2010	9,894,722	21,699	9,579,640	96.60%	239,501	9,819,141	99.02%
2011	10,629,985	(85,006)	10,239,192	97.10%		10,239,192	97.10%

Source: Hall County Tax Commissioner's Digest - Gainesville District.

Note: Comparative information prior to fiscal year 2003 is not available.

CITY OF GAINESVILLE, GEORGIA
LOCAL OPTION SALES TAX DISTRIBUTION COMMODITY REPORT - HALL COUNTY
June 30, 2011

Commodity	2010			2004		
	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total
Food	\$ 4,686,218	1	18.94%	\$ 5,472,776	1	22.72%
General	3,627,582	2	14.66%	3,328,268	3	13.82%
Other Retail	3,199,408	3	12.93%	4,551,713	2	18.89%
Auto	2,771,154	4	11.20%	1,843,016	6	7.65%
Wholesale	2,615,874	5	10.57%	0		0.00%
Utilities	2,383,556	6	9.63%	1,699,748	7	7.06%
Miscellaneous Service	2,016,838	7	8.15%	1,249,852	8	5.19%
Home	1,507,655	8	6.09%	965,809	9	4.01%
Manufacturer	1,116,196	9	4.51%	0		0.00%
Accommodations	386,705	10	1.56%	1,882,264	5	7.81%
Other Services	346,471	11	1.40%	2,692,310	4	11.18%
Construction	90,316	12	0.36%	404,040	10	1.68%
Total	<u>\$ 24,747,973</u>		<u>100.00%</u>	<u>\$ 24,089,796</u>		<u>100.00%</u>

Source: Information provided by Georgia Department of Revenue - Local Government Services.

Note 1: Data is not available for City of Gainesville; Hall County totals are reported on this schedule.

Note 2: Comparative information prior to calendar year 2004 is not available.

Note 3: State of Georgia established different categories for the 2009 Calendar year.

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES TEN LARGEST SYSTEM CUSTOMERS
JUNE 30, 2011

Customer	Type of Business	Total Water Billings	Total Sewer Billings	Total Billings	Percentage of System Revenues
Fieldale Farms Corporation	Manufacturer - Poultry Products	\$ 2,816,959	\$ 6,034,970	\$ 8,851,930	16.10%
Pilgrim's Pride	Manufacturer - Poultry Products	1,141,858	3,071,879	4,213,737	7.66%
Mar-Jac Poultry, Inc.	Manufacturer - Poultry Products	904,433	2,598,829	3,503,262	6.37%
Cooley Enterprises (DBA Kings Delight)	Food Further Processing	347,159	470,150	817,310	1.49%
Cargill, Inc.	Manufacturer - Soybean Products	356,210	444,235	800,445	1.46%
NE GA Health Systems	Hospital	262,984	437,729	700,713	1.27%
Hall County Commissioners	Local Government	278,573	384,926	663,499	1.21%
Sonstegard Foods	Manufacturer - Egg/Dairy Products	127,968	197,297	325,265	0.59%
Hall County Board of Education	Local Government	237,179	86,629	323,808	0.59%
Islands Management Company LLC	Resort	320,214	-	320,214	0.58%
Total		<u>\$ 6,793,538</u>	<u>\$ 13,726,642</u>	<u>\$ 20,520,183</u>	<u>37.33%</u>

Note: This information is included to comply with continuing disclosure requirements of 1997, 1999, 2001, 2005, and 2006 Water and Sewerage bond issues.

CITY OF GAINESVILLE, GEORGIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita ⁽¹⁾
	General Obligation Bonds	Capital Leases	Water & Sewer Bonds	Notes Payable	Capital Leases			
2003	\$ 6,305,000	\$ 1,555,450	\$ 126,150,000	\$ 43,299,098	\$ 102,199	\$ 177,411,747	25.40%	\$ 6,343
2004	5,655,000	1,640,618	121,860,000	55,099,562	81,785	184,336,965	24.91%	6,185
2005	4,970,000	1,461,144	117,510,000	85,986,473	5,151,053 ⁽²⁾	215,078,670	27.62%	6,914
2006	4,250,000	2,185,094 ⁽³⁾	127,635,000	106,718,229	40,626,338 ⁽⁴⁾	281,414,661	33.31%	8,674
2007	3,490,000	13,428,006 ⁽⁵⁾	123,025,000	115,280,594	39,078,688	294,302,288	33.33%	8,827
2008	2,690,000	12,581,284	116,480,000	119,221,083	37,454,530	288,426,897	29.47%	8,284
2009	1,840,000	45,469,691 ⁽⁶⁾	109,635,000	125,581,156	35,756,155	318,282,002	30.12%	8,923
2010	945,000	42,862,532	102,485,000	119,786,181	34,048,349	300,127,062	27.80%	8,395
2011	-	35,737,268	95,015,000	113,800,132	32,321,761	276,874,160	28.21%	8,191

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Comparative information prior to fiscal year 2003 is not available.

Note (1): See the Schedule of Demographic and Economic Statistics on Exhibit K-19 for personal income and population data.

Note (2): Increase in capital leases due to \$5,000,000 intergovernmental agreement between the Gainesville Redevelopment Authority and the City for improvements to the Lee Gilmer Memorial Airport.

Note (3): A \$979,000 capital lease was assumed in 2006 to finance the renovation of the Georgia Mountains Center.

Note (4): The City entered into a \$31.5 million capital lease agreement with Hall County in reference to the operation of the Hall County Water System. An additional \$4.2 million in capital leases was assumed in 2006 to finance the renovation of the Chattahoochee Golf Course.

Note (5): Increase due to a \$11,885,000 capital lease issued for the construction of the Frances Meadows Community Center.

Note (6): Increase due to capital leases issued for Public Safety Building (\$27,022,224) and Georgia Mountain Center Parking Garage (\$6,308,832).

CITY OF GAINESVILLE, GEORGIA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST NINE FISCAL YEARS

Fiscal Year	General Obligation Bonds	Capital Leases	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property⁽¹⁾	Per Capita⁽²⁾
2003	\$ 6,305,000	\$ 1,555,450	\$ 873,969	\$ 6,986,481	0.29%	\$ 249.80
2004	5,655,000	1,640,618	806,894	6,488,724	0.25%	217.70
2005	4,970,000	1,461,144	679,772	5,751,372	0.21%	184.89
2006	4,250,000	2,185,094	735,073	5,700,021	0.20%	175.69
2007	3,490,000	13,428,006 ⁽³⁾	1,847,147	15,070,859	0.51%	452.04
2008	2,690,000	12,581,284	1,602,964	13,668,320	0.38%	392.56
2009	1,840,000	45,469,691 ⁽⁴⁾	2,266,195	45,043,496	1.21%	1,262.85
2010	945,000	42,862,532	1,293,247	42,514,285	1.14%	1,189.21
2011	-	35,737,268	1,434,272	34,302,996	0.94%	1,014.76

Source: Hall County Tax Commissioner's Digest - Gainesville District.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Comparative information prior to fiscal year 2003 is not available.

Note (1): See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on Exhibit K-7 for property value data.

Note (2): Population data can be found in the Schedule of Demographic and Economic Statistics on Exhibit K-19.

Note (3): Includes \$11,885,000 capital lease issued for construction of Frances Meadows Center.

Note (4) Includes capital leases issued for construction of new Public Safety Building (\$27,022,224) and Georgia Mountains Center Parking Deck (\$6,308,832).



CITY OF GAINESVILLE, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Available</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Gainesville City Schools	\$ 8,540,000	100%	\$ 8,540,000
Hall County			0
Subtotal, overlapping debt			8,540,000
City of Gainesville direct debt			35,737,268
Total direct and overlapping debt			<u>\$ 44,277,268</u>

Source: Debt outstanding data provided by Gainesville City Schools and Hall County Finance Offices.

Note: 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 businesses of the City of Gainesville. The process recognizes that, when considering the government'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.

**CITY OF GAINESVILLE, GEORGIA
LEGAL DEBT MARGIN INFORMATION
LAST NINE FISCAL YEARS**

	Fiscal Year		
	2003	2004	2005
Debt Limit	\$ 260,954,036	\$ 288,694,816	\$ 293,358,109
Total net debt applicable to limit	6,986,481	6,488,724	5,751,372
Legal debt margin	<u>\$ 253,967,555</u>	<u>\$ 282,206,092</u>	<u>\$ 287,606,737</u>
Total net debt applicable to the limit as a percentage of debt limit	2.68%	2.25%	1.96%

Note: Comparative information prior to fiscal year 2003 is not available.

Note (1): Under state finance law, the City of Gainesville's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Note (2): Increase due to the addition of the Public Safety facility and Georgia Mountains Center deck debt issued in fiscal year 2009.

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 313,425,727	\$ 330,171,198	\$ 406,664,323	\$ 412,732,440	\$ 403,529,632	\$ 386,525,819
5,700,021	15,070,859	13,668,320	43,267,440 ⁽²⁾	34,444,021	34,302,996
<u>\$ 307,725,706</u>	<u>\$ 315,100,339</u>	<u>\$ 392,996,003</u>	<u>\$ 369,465,000</u>	<u>\$ 369,085,611</u>	<u>\$ 352,222,823</u>
1.82%	4.56%	3.36%	10.48% ⁽²⁾	8.54%	8.87%

Legal Debt Margin Calculation for Fiscal Year 2011

Total Assessed value	\$ 3,865,258,189
Debt limit (10% of total assessed value) ⁽¹⁾	386,525,819
Debt applicable to limit:	
General obligation debt	35,737,268
Less: Amount set aside for repayment of general obligation debt	<u>(1,434,272)</u>
Total net debt applicable to limit	<u>34,302,996</u>
Legal debt margin	<u>\$ 352,222,823</u>

**CITY OF GAINESVILLE, GEORGIA
PLEDGED-REVENUE COVERAGE
PUBLIC UTILITIES ENTERPRISE FUND
LAST TEN FISCAL YEARS**

Public Utilities Revenue Bonds						
Fiscal Year	Gross Revenue ⁽¹⁾	Less:	Net	Debt Service		Coverage
		Operating Expenses ⁽²⁾	Available Revenue	Principal	Interest	
2002	\$ 32,193,490	\$ 15,469,290	\$ 16,724,200	\$ 2,340,000	\$ 5,713,529	2.08
2003	35,478,550	16,663,358	18,815,192	4,005,000	6,587,912	1.78
2004	38,805,729	17,039,188	21,766,541	4,175,000	6,415,904	2.06
2005	42,124,247	18,246,090	23,878,157	4,350,000	6,232,571	2.26
2006	48,649,531	19,981,471	28,668,060	4,540,000	7,199,822	2.44
2007	56,613,770	21,037,220	35,576,550	6,040,000	5,775,526	3.01
2008	51,938,276	21,519,732	30,418,544	6,545,000	5,832,260	2.46
2009	48,197,672	24,353,036	23,844,636	6,845,000	5,534,643	1.93
2010	52,289,682	24,141,817	28,147,865	7,150,000	4,955,270	2.33
2011	57,387,513	23,713,795	33,673,718	7,470,000	4,874,516	2.73

Note (1): Total revenue including interest.

Note (2): Total operating expenses exclusive of depreciation.

**CITY OF GAINESVILLE, GEORGIA
 PLEDGED-REVENUE COVERAGE
 AIRPORT ENTERPRISE FUND
 LAST TEN FISCAL YEARS**

Fiscal Year	Airport Revenue Bonds					
	Gross Revenue ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2002	\$ 285,104	\$ 50,759	\$ 234,345	\$ 100,000	\$ 19,475	1.96
2003	282,343	61,288	221,055	110,000	12,070	1.81
2004	338,620	87,238	251,382	115,000	3,748	2.12

Note: Subsequent to 2004, pledged revenue requirements for revenue bonds were no longer applicable.

Note (1): Total revenue including interest.

Note (2): Total operating expenses exclusive of depreciation.

**CITY OF GAINESVILLE, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	City of Gainesville Population^(a)	Estimated City of Gainesville Personal Income (amounts expressed in thousands)^(b)	Hall County Per Capita Personal Income^(c)	Gainesville City Public School Enrollment^(d)	Hall County Unemployment Rate^(e)
2002	25,578	\$ 632,621	\$ 24,733	4,438	3.8%
2003	27,968	698,389	24,971	4,724	3.5%
2004	29,806	740,083	24,830	5,039	3.8%
2005	31,107	778,577	25,029	5,206	4.8%
2006	32,444	844,939	26,043	5,681	4.3%
2007	33,340	883,043	26,486	6,138	3.9%
2008	34,818	978,734	28,110	6,361	5.3%
2009	35,668	1,056,593	29,623	6,538	9.6%
2010	35,750	1,079,471	30,195	6,977	9.2%
2011	33,804	981,601	29,038	7,145	8.9%

Source (a): Fiscal year 2002 number is based on 2000 census; Fiscal year 2003-2010 are estimates and fiscal year 2011 is based on 2010 census provided by the U.S. Census Bureau.

Source (b): Based on City population multiplied by Hall County per capita personal income.

Source (c): Bureau of Economic Analysis, U.S. Department of Commerce; information is provided on Hall County only.

Source (d): Gainesville City Schools, September enrollment.

Source (e): Georgia Department of Labor.

CITY OF GAINESVILLE, GEORGIA
PRINCIPAL EMPLOYERS/HALL COUNTY
June 30, 2011

<u>Employer</u>	<u>2011</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Northeast Georgia Medical Center	5,030	1	6.18%	4,200	1	5.34%
Fieldale Farms	2,250	2	2.77%	2,300	2	2.93%
Pilgrims Pride	1,600	3	1.97%	1,553	3	1.98%
Mar-Jac	1,200	4	1.47%	1,259	4	1.60%
Kubota Manufacturing of America	960	5	1.18%	717	7	0.91%
Coleman Natural Foods (Kings Delight)	900	6	1.11%	950	5	1.21%
Wrigley Manufacturing Company, LLC	850	7	1.04%	800	6	1.02%
The Longstreet Clinic	580	8	0.71%			
Koch Foods, Inc.	520	9	0.64%	600	8	0.76%
Liberty Mutual Insurance				600	9	0.76%
PFG Milton's Institutional Foods	420	10	0.52%			
Wal-Mart Super Center				500	10	0.64%
Total	<u>14,310</u>		<u>17.59%</u>	<u>13,479</u>		<u>17.14%</u>

Source: Greater Hall Chamber of Commerce.

Note 1: Excludes governmental and educational employers. Percentage of employment in 2006 was based on the 2005 Hall County annual average employment of 78,619, whereas 2011 is based on 2010 Hall County annual average employment of 80,899 per the Georgia Department of Labor and U.S. Bureau of Labor Statistics.

Note 2: Comparative information prior to fiscal year 2006 is not available.



CITY OF GAINESVILLE, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST NINE FISCAL YEARS

Function	Full-time Equivalent Employees as of June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Primary government									
General Government	46	46	43	44	44	46	41	45	46
Judicial	8	8	8	8	8	8	8	7	8
Public Safety									
Police	119	117	117	117	119	122	115	113	113
Fire	83	82	82	82	82	83	81	102	103
City Marshal	4	4	7	7	9	7	5	3	3
Public Works	56	58	58	62	62	63	54	53	52
Health and Welfare	47	47	45	45	44	49	49	45	47
Culture and Recreation	11	11	11	11	11	11	10	7	7
Housing and Development	26	27	35	38	22	22	18	17	17
General Insurance	1	1	2	2	2	2	2	0	0
Vehicle Services	5	5	5	5	5	5	5	5	5
Water and Sewer	229	236	237	243	249	253	231	225	229
Solid Waste	24	24	27	27	27	31	24	24	24
Golf Course	16	18	16	18	12	13	13	7	4
Total primary government	675	684	693	709	696	715	656	653	658
Component unit									
City of Gainesville									
Parks and Recreation									
Culture and Recreation	31	32	32	34	34	38	37	36	36
Total employees	706	716	725	743	730	753	693	689	694

Source: Annual City of Gainesville Budget Document.

Note: Comparative information prior to fiscal year 2003 is not available.

**CITY OF GAINESVILLE, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST NINE FISCAL YEARS**

Function	FISCAL YEAR		
	2003	2004	2005
Police			
Number of citations issued	18,455	22,567	19,878
Number of calls for service	85,780	91,086	88,922
Fire			
Number of calls answered	5,115	5,871	5,496
Number of inspections conducted	310	890	3,467
Highways and streets			
Square feet of sidewalks replaced	10,225	8,000	9,570
Linear feet curb and gutter installed	N/A	3,000	5,806
Sanitation			
Refuse collected (tons)	5,212	5,362	5,407
Recyclables collected (tons)	647	656	681
Culture and Recreation			
Enrolled in youth athletics	959	1,007	997
Civic Center/Cabin rentals	891	1,051	1,161
Water System (MGD -Millions of Gallons per Day)			
Number of service connections	38,158	39,382	40,572
Daily average consumption in gallons	17.20 MGD	18.30 MGD	18.10 MGC
Sewer System (MGD -Millions of Gallons per Day)			
Number of service connections	7,365	7,814	7,892
Daily average treatment in gallons	8.80 MGD	8.38 MGD	8.90 MGD

Source: Various City Departments.

Note 1: Indicators are not available for the general government function.

Note 2: Comparative information prior to fiscal year 2003 is not available.

Note 3: General economic downturn and changes in importation laws were contributing factors to this decrease.

Note 4: Numbers are lower than preceding years due to declining economy.

FISCAL YEAR					
2006	2007	2008	2009	2010	2011
16,737	14,326	13,585	11,394 ⁽³⁾	12,307	13,671
78,904	76,208	76,555	74,329	75,866	67,879
5,918	6,443	5,998	5,901	6,020	6,566
2,856	3,490	2,607	2,631	2,848	1,439
6,399	5,127	14,040	2,351 ⁽⁴⁾	3,552 ⁽⁴⁾	445 ⁽⁴⁾
2,161	1,679	2,091	1,071	217	50
5,497	5,489	5,320	5,261	5,015	4,897
700	711	799	653	688	657
1,049	1,297	1,741	1,173 ⁽⁴⁾	1,139	1,507
1,350	1,229	1,579	823 ⁽⁴⁾	969	992
46,645	48,652	49,783	46,550 ⁽⁴⁾	46,674	46,632
19.29 MGD	19.85 MGD	17.86 MGD	16.56 MGD	17.13 MGD	17.64 MGD
8,170	9,489	9,683	8,896 ⁽⁴⁾	8,840	8,716
9.14 MGD	8.42 MGD	7.80 MGD	8.00 MGD	9.20 MGD	8.50 MGD

**CITY OF GAINESVILLE, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST NINE FISCAL YEARS**

Function	FISCAL YEAR		
	2003	2004	2005
Public safety			
Number of police stations	5	5	5
Number of fire stations	3	4	4
Solid Waste			
Collection Trucks	9	8	8
Highways and streets			
Miles of streets	130	130	130
Miles of storm sewers	16.00	18.82	19.78
Number of street lights	2,296	2,315	2,323
Culture and Recreation			
Community/Civic Centers	2	2	2
Parks	18	20	20
Park acreage	400+	400+	425+
Golf courses	1	1	1
Swimming pools	2	2	2
Baseball/Softball fields	10	10	10
Soccer fields	10	10	10
Multipurpose fields	1	1	1
Tennis courts	16	16	16
Water and Sewerage System-Gainesville and Hall County (MGD - Millions of Gallons per Day)			
Water System:			
Miles of water mains	976	1,013	1,053
Number of fire hydrants	5,162	6,417	7,127
Number of water treatment plants	2	2	2
Maximum daily capacity of treatment plants in gallons	35 MGD	35 MGD	35 MGD
Sewer System:			
Miles of sanitary sewers	229	241	246
Number of wastewater treatment plants	2	2	2
Maximum daily capacity of treatment plants in gallons	12.9 MGD	12.9 MGD	12.9 MGD

Source: Various City Departments.

Note 1: No capital asset indicators are available for the general government function.

Note 2: Comparative information prior to fiscal year 2003 is not available.

Note 3: Elimination of Community Police Precincts in Housing Development during FY11.

FISCAL YEAR					
2006	2007	2008	2009	2010	2011
5	5	5	5	3	2 ⁽³⁾
4	4	4	4	4	4
9	9	9	9	9	9
130	133	136	136	136	136
19.78	20.00	20.11	20.20	20.20	20.20
2,346	2,352	2,340	2,380	2,414	2,627
2	2	8	8	2	2
20	21	22	21	21	21
425+	443+	443+	444+	445	445
1	1	1	1	1	1
2	1	1	5	5	5
10	10	9	9	10	10
10	10	10	9	10	10
1	1	1	1	1	1
16	16	16	16	16	16
1,230	1,247	1,302	1,310	1,315	1,344
7,596	7,840	7,843	8,538	8,719	8,803
2	2	2	2	2	2
35 MGD	35 MGD	35 MGD	35 MGD	35MGD	35 MGD
261	268	271	278	280	280
2	2	2	2	2	2
12.9 MGD	14.7 MGD	17 MGD	17 MGD	17 MGD	17 MGD

**CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES DEPARTMENT
WATER RATES AND MINIMUM DEMAND CHARGES
JUNE 30, 2011**

Water Rates (Monthly Charges):

	Inside City Limits	Outside City Limits
Account Servicing Fee	\$ 3.83	\$ 7.66
Quantity Used Per Month In Cubic Feet		
Per Hundred Cubic feet	\$2.28 Per 100 cf ⁽¹⁾	\$ 4.56 per 100 cf ⁽¹⁾

Note: This information is included to comply with continuing disclosure requirements of 1992, 1993, 2001, 2005, and 2006 Water and Sewerage bond issues.

Note (1): 748 gallons equals 100 cubic feet.

**CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES DEPARTMENT
WATER TAP/METER, CONNECTION AND ADMINISTRATIVE FEES
JUNE 30, 2011**

Inside and Outside City Limits:

Tap Size (Meter Inches)	Tap and Meter	Connection Fee	Administrative Fee	Total
3/4 inch	\$ 1,073	\$ 1,726	\$ 51	\$ 2,850
1 inch	1,198	4,315	129	5,642
1 1/2 inch	2,815	8,630	258	11,703
2 inch	4,776	13,808	414	18,998
3 inch	7,405	27,616	828	35,849
4 inch	Cost of Tap and Meter +	43,150	1,294	N/A
6 inch	Cost of Tap and Meter +	86,300	2,589	N/A
8 inch	Cost of Tap and Meter +	138,080	4,142	N/A

The water connection and administrative fees shall be in addition to the cost of the meter and water and sewer tapping fees.

Note: This information is included to comply with continuing disclosure requirements of 1992, 1993, 2001, 2005, and 2006 Water and Sewerage bond issues.

**CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES DEPARTMENT
SEWER RATES AND CHARGES
JUNE 30, 2011**

Sewer Rates (Monthly Charges by Volume):

	<u>Inside City Limits</u>	<u>Outside City Limits</u>	<u>Oakwood</u>
Commodity charge Per Cubic Foot	\$ 6.73	\$ 7.03	\$ 8.49

Industrial Surcharges:

<u>Pollutant</u>	<u>Concentration (mg/l)</u>	<u>Surcharge (dollars per mg/l per 100 cubic feet)</u>
BOD	250-500	\$ 0.0014
	501-700	0.0028
	701-900	0.0056
	Over 900	0.0112
Suspended Solids	250-500	0.0009
	501-700	0.0018
	701-900	0.0036
	Over 900	0.0072
Oil and Grease	101-125	0.0035
	126-150	0.0070
	151-175	0.0140
	Over 175	0.0280
Phosphorus	7-11	0.0140
	12-15	0.0280
	16-20	0.0560
	Over 20	0.1120
Nitrogen	40-75	0.0040
	76-100	0.0080
	101-135	0.0160
	Over 135	0.0320

Accounts billed for sewer only shall pay a monthly account servicing fee of \$3.83 inside the City and \$7.66 outside the City. In addition, sewer only customers pay an additional fee per 100 cubic feet. The rate is \$6.73 for inside city customers, \$7.03 for outside city customers, \$8.49 for Oakwood customers.

Residential sewer charges are based on 85% of monthly metered water consumption.

Commercial, Industrial and Multi-Unit sewer charges are based on 100% of monthly water meter readings.

Note: This information is included to comply with continuing disclosure requirements of 1992, 1993, 2001, 2005, and 2006 Water and Sewerage bond issues.

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES DEPARTMENT
SEWER TAPPING, CONNECTION AND ADMINISTRATIVE FEES
JUNE 30, 2011

Sewer Tapping Fees:

For a six inch (6") service line serving a single dwelling or commercial unit the cost is \$1,012.

Service lines over 6" shall be charged an additional fee at actual cost per inch.

Sewer Connection and Administrative Fees:

<u>Size of Sewer (Meter Inches)</u>	<u>Connection</u>	<u>Administrative</u>
3/4 inch	\$ 3,570	\$ 107
1 inch	8,925	267
1 1/2 inch	17,850	535
2 inch	28,560	856
3 inch	57,120	1,713
4 inch	89,250	2,677
6 inch	178,500	5,355
8 inch	285,600	8,568

The sewer connection and administrative fees shall be in addition to the cost of the meter and water and sewer tapping fees.

Note: This information is included to comply with continuing disclosure requirements of 1992, 1993, 2001, 2005, and 2006 Water and Sewerage bond issues.

**CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES CAPITAL IMPROVEMENTS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Total Cost of Capital Improvements</u>	<u>Funding Sources</u>	
		<u>System Revenues and Capital Contributions</u>	<u>Debt Proceeds and Investment Earnings</u>
2002	\$ 43,930,437	\$ 2,305,087	\$ 41,625,350
2003	17,702,084	3,512,334	14,189,750
2004	27,583,013	7,087,954	20,495,059
2005	41,663,448	8,985,488	32,677,960
2006	41,714,311	13,816,574	27,897,736
2007	27,088,233	17,738,660	9,349,573
2008	12,910,399	10,248,858	2,661,541
2009	14,771,610	14,505,829	265,781
2010	11,853,472	11,853,472	0
2011	8,284,333	8,284,333	0

Note: This information is included to comply with continuing disclosure requirements of 1992, 1993, 2001, 2005, and 2006 Water and Sewerage bond issues.

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF INSURANCE COVERAGE
June 30, 2011

	<u>Amount</u>	
Property Coverage		
Blanket building and contents (\$50,000 deductible)	Replacement Cost ⁽¹⁾	
Flood (\$50,000 deductible)	\$ 5,000,000	
Equipment Breakdown	\$ 100,000,000	
Automobile (Fire Trucks 1994 or newer) (\$5,000 deductible)	Actual cash value	(\$3,608,018)
Inland Marine (Contractor's Equipment) (\$2,500 deductible)	Actual cash value	(\$5,152,905)
EDP Equipment (\$2,500 deductible)	Replacement Cost	(\$1,646,365)
Casualty		
General Liability ⁽²⁾		
Personal and advertising injury (\$10,000 deductible)	\$ 2,000,000	per occurrence
Products-completed operations (\$10,000 deductible)	\$ 2,000,000	per occurrence
Law enforcement (\$10,000 deductible)	\$ 1,000,000	per occurrence
Public official (\$25,000 deductible)	⁽³⁾ \$ 1,000,000	per occurrence
Employee benefits (\$1,000 deductible)	\$ 1,000,000	per occurrence
Employment Practices Liability benefits (\$25,000 deductible)	⁽³⁾ \$ 1,000,000	per occurrence
Automobile Liability		
Single limit liability (\$10,000 deductible)	\$ 1,000,000	
Public Employee Dishonesty (\$1,000 deductible)	\$ 500,000	
Airport Liability (\$2,500 deductible) (Includes TRIA)	\$ 10,000,000	

Note: This information is included to comply with continuing disclosure requirements of 1992, 1993, 2001, 2005, and 2006 Water and Sewerage bond issues.

Note (1): Maximum property limit of \$256,170,500.

Note (2): Aggregate annual amount of \$3,000,000 for General Liability, Law Enforcement Liability, Public Officials Liability, Employee Benefits Liability, and Employment Practices Liability.

Note (3): Retro date 7/1/2000 applies.

**CITY OF GAINESVILLE, GEORGIA
PROPERTY VALUE - CONSTRUCTION
LAST TEN CALENDAR YEARS**

Hall County

	Number of Residential Permits		Total Estimated Value	Number of Commercial Permits	Total Estimated Value
	Single Family	Multi-Family ⁽¹⁾ / Number of Units			
2001	1,431	4/11	\$ 179,881,000	75	\$ 11,017,400
2002	1,252	2/6	175,835,800	32	11,577,500
2003	1,228	4/157	208,903,800	19	5,415,000
2004	1,055	0	183,472,400	26	4,299,400
2005	1,236	2/26	236,836,600	35	15,737,000
2006	1,332	1/2	279,418,335	66	85,329,200
2007	998	0	188,443,350	60	38,534,400
2008	303	0	54,999,600	52	14,583,500 ⁽³⁾
2009	180	1/2	29,629,500	50	10,319,500 ⁽³⁾
2010	152	0	23,615,800	24	11,775,300

City of Gainesville

	Number of Residential Permits		Total Estimated Value	Number of Commercial Permits	Total Estimated Value
	Single Family	Multi-Family ⁽¹⁾ / Number of Units			
2001	70	11/75	\$ 13,661,900	60	\$ 25,875,400
2002	163	27/387	29,339,700	34	22,150,000
2003	137	20/284	24,915,000	29	23,643,000
2004	235	14/215	38,459,000	46	26,874,000
2005	236	10/116	39,622,400	45	75,791,100
2006	186	10/107	42,646,528	52	153,269,000 ⁽²⁾
2007	275	5/25	37,531,000	50	68,250,000
2008	51	0	6,815,850	33	32,348,400 ⁽³⁾
2009	19	0	4,431,080	25	55,633,500 ⁽³⁾
2010	35	0	5,544,591	12	31,119,415

Source: Hall County Building and Zoning Department.

Note: Comparative information prior to calendar year 2000 is not available.

Note (1): Multifamily housing includes duplexes, triplexes, and apartment buildings.

Note (2): Northeast Georgia Medical Center acquired permits for several facilities in calendar year 2006.

Note (3): Economic decline contributed to decreased numbers.

CITY OF GAINESVILLE, GEORGIA
MISCELLANEOUS STATISTICS
Source: Various city departments and local institutions

Date of Incorporation	1821
Form of Government	Council/Manager
City Population (2010 Census Bureau Estimate)	33,804
Hall County Population, including City (Estimate)	180,253
Area of City in square miles	33.62
Number of full time employees	680

Government facilities and services:

Public Safety:

ISO Fire Classification	Class II
Number of fire personnel and officers	101
Number of police personnel and officers	110
Number of police patrol units	97

Facilities and services not included in the reporting entity:

Education:

Number of elementary schools	5
Number of elementary school instructors	263
Number of middle schools	1
Number of middle school instructors	92
Number of secondary schools	1
Number of secondary school instructors	102
Number of community colleges (in Hall County, outside City)	1
Number of technical institutions (in Hall County, outside City)	1
Number of universities	1

Hospitals:

Number of hospitals	1
Number of patient beds	557

Bond Rating (Moody's):

General Obligation Bonds	Aa3
Revenue Bonds	
Senior Lien Bonds	A2
Junior Lien Bonds	A3

Note: Some of the Miscellaneous Statistical information that was included on this schedule in previous years is now included on the Operating Indicators by Function and Capital Asset Statistics by Function schedules.



SINGLE AUDIT SECTION



**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 and
Members of the City Council
City of Gainesville, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Gainesville, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the City of Gainesville, Georgia's basic financial statements and have issued our report thereon dated November 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Gainesville, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Gainesville, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Gainesville, Georgia's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the City of Gainesville, Georgia, in a separate letter dated November 18, 2011.

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 18, 2011

**Report on Compliance with Requirements Applicable to Each Major
Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133**

Honorable Mayor and
Members of the City Council
City of Gainesville, Georgia

Compliance

We have audited the City of Gainesville, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Gainesville's major federal programs for the year ended June 30, 2011. The City of Gainesville, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Gainesville's management. Our responsibility is to express an opinion on the City of Gainesville's compliance based on our audit.

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

In our opinion, the City of Gainesville, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the City of Gainesville, Georgia, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Gainesville, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Gainesville's 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 18, 2011

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2011

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Number	Expenditures
U.S. Department of Agriculture			
U.S. Forest Service			
ARRA - Wildland Fire Management	10.688		
Passed through Chestatee-Chattahoochee			
Resource Conservation and Development Council, Inc.		ARTP10-04	\$ 6,000
Passed through Georgia Forestry Commission		ARTP10-05	7,003
Total U.S. Department of Agriculture			13,003
U.S. Department of Housing and Urban Development			
Community Development Block Grant/Entitlement Grants	14.218	N/A	253,343
Passed through Georgia Department of Community Affairs: HOME Investment Partnerships Program	14.239	08m-x-069-2-6007	10,862
Total U.S. Department of Housing and Urban Development			264,205
U.S. Department of the Interior			
Passed through Georgia Department of Natural Resources: Historic Preservation Fund Grants-in-Aid	15.904	SFY2009 SFY2010	18,900 21,000
Total U.S. Department of the Interior			39,900
U.S. Department of Justice			
Bureau of Justice Assistance Bulletproof Vest Partnership Program	16.607	N/A	10,581
JAG Program Cluster			
Bureau of Justice Assistance Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	12,499
Passed through Criminal Justice Coordinating Council: ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	B82-8-131	39,766
Total JAG Program Cluster			52,265
Total U.S. Department of Justice			62,846
U.S. Department of Transportation			
Federal Highway Administration			
Passed through Georgia Department of Natural Resources: Recreational Trails Program	20.219	NRT-04(12)	27,174
Passed through the Georgia Department of Transportation: Federal Transit - Formula Grants	20.507	T002116-GA-90-4286 MTG00-0142-00-003	345,423 23,920
			369,343
ARRA - Federal Transit - Formula Grants	20.507	T002612-GA-96-X012	34,587
			403,930
Formula Grants for Other than Urbanized Areas	20.509	T003493-GA-18-4031	221,184
Passed through the Georgia Office of Highway Safety: State and Community Highway Safety	20.600	TEN-2011-174-00373	11,216
Total U.S. Department of Transportation			663,504

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2011

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Number	Expenditures
U.S. Department of the Treasury			
Internal Revenue Service			
Volunteer Income Tax Assistance (VITA)			
Matching Grant Program	21.009	N/A	\$ 7,500
U.S. Department of Energy			
Passed through the Georgia Environmental Facilities Authority			
ARRA - Energy Efficiency and Conservation Block Grant	81.128	ARRA_EECBG_LocGov2010_123	183,130
U.S. Department of Health and Human Services			
Aging Cluster of Programs			
Passed through the Georgia Department of Human Resources			
Special Programs for the Aging - Title III, Part B			
Grants for Supportive Services and Senior Centers	93.044	42700-362-0000005567	194,827
Passed through Legacy Link, Inc.:			
Special Programs for the Aging - Title III, Part C			
Nutrition Services	93.045	Gainesville - Title III, C1	182,748
		Gainesville - Title III, C2	104,093
Nutrition Services Incentive Program	93.053	Gainesville - NSIP	50,191
Total Aging Cluster of Programs passed through Legacy Link, Inc.			337,032
Total Aging Cluster of Programs			531,859
Passed through Hall County Department			
of Family and Children Services:			
Promoting Safe and Stable Families	93.556	201102000639	40,105
		201102000640	8,329
			48,434
Passed through Governor's Office of Children and			
Families Caring Communities			
Temporary Assistance for Needy Families	93.558	CC11-01-001	136,095
Passed through Legacy Link, Inc.			
Social Services Block Grant	93.667	Gainesville - SSBG	79,488
Total U.S. Department of Health and Human Services			795,876
U.S. Department of Homeland Security			
Passed through Georgia Emergency Management Agency			
State Homeland Security Grant Program	97.073	2007-GE-T7-0054	74,081
		2008-GE-T8-0017	14,813
			88,894
Federal Emergency Management Agency			
Staffing for Adequate Fire and Emergency Response	97.083	N/A	580,744
Total U.S. Department of Homeland Security			669,638
Total Federal Awards			\$ 2,699,602

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2011

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Gainesville, Georgia, under programs for the federal government for the year ended June 30, 2011. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2011

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	None reported

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	None reported
Identification of major programs:	
81.128 Energy Efficiency and Conservation Block Grant	
93.558 Temporary Assistance for Needy Families	
97.083 Staffing for Adequate Fire and Emergency Response	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2011

2. Financial Statement Findings

A. Material Noncompliance

None reported

B. Significant Deficiencies

None reported

C. Prior Year Audit Findings Follow-Ups

10-1

Condition: During audit procedures on capital assets and accrued liabilities, we noted that City personnel failed to record retainages payable on projects in the Special Purpose Local Option Sales Tax Capital Projects Funds.

City personnel correctly identified and recorded all retainages payable.

10-2

Condition: The FY 2009 financial statements for the Governmental Activities and the Economic Development Special Revenue Fund were restated to record land held for resale incorrectly reported as capital assets. Also, the FY 2009 financial statements for the Governmental Activities were restated to remove capital assets disposed of in prior periods.

All capital assets correctly classified and disposals were recorded in a timely manner.

10-3

Condition: The FY 2009 financial statements for the Chattahoochee Golf Course Enterprise Fund and the Parks and Recreation Component Unit were restated to reflect unrecorded sales tax, which were not collected on golf rounds and recreation admissions. Interest on these delinquencies has also been recorded.

The City has established appropriate policies and procedures to ensure that sales tax is collected on all required transactions.

10-4

Condition: The FY 2009 financial statements for the Public Utilities Enterprise Fund were restated due to errors in calculating interest payable.

The City correctly calculated interest payable.

10-5

Condition: During audit procedures on cash receipts at the Frances Meadows Community Center, we noted a lack of controls over cash receipts receipted at registers in the outdoor area, most notably, deposits are not reconciled to cash register end-of-day reports and there is no verification by cashiers of interim deposits collected by management personnel throughout the day.

The City has established appropriate policies and procedures over cash receipts at the Frances Meadows Community Center.

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2011

3. Federal Award Findings and Questioned Costs

A. Material Noncompliance

None reported.

B. Significant Deficiencies

None reported

C. Prior Year Audit Findings Follow-Ups

None reported

STATE REPORTING SECTION

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2011

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST V					
Municipal Allocations	\$ 6,764,982	\$ 6,532,907			
Road Improvements			\$ 2,344,422	\$ 0	\$ 2,344,422
Storm Drain Improvements			591,609	0	591,609
Green Street Facilities			383,000	0	383,000
Georgia Mountain Center Improvements			492,970	0	492,970
Joint Administration Building Improvements			96,000	0	96,000
Hall Area Transit Facilities			84,775	0	84,775
Joint Public Safety Facilities			1,044,213	0	1,044,213
Fire Facilities			35,586	0	35,586
Rockcreek Greenway Connector			71,544	0	71,544
Road Improvements	1,591,760	1,537,155	1,499,627	0	1,499,627
Total	<u>\$ 8,356,742</u>	<u>\$ 8,070,062</u>	<u>\$ 6,643,746</u>	<u>\$ 0</u>	<u>\$ 6,643,746</u>

The prior years expenditures for SPLOST V have been restated by \$733,818 to reflect expenditures previously reported as SPLOST expenditures now reported as debt expenditures due to reallocation of funding sources.

SPLOST VI

Public Safety Facilities	\$ 27,000,000	\$ 27,000,000	\$ 1,130,823	\$ 7,032,125	\$ 8,162,948
Road Improvements	2,500,000	2,500,000	0	0	0
Streetscape Projects	3,000,000	3,000,000	0	0	0
Park Facilities	3,000,000	3,000,000	0	0	0
Total	<u>\$ 35,500,000</u>	<u>\$ 35,500,000</u>	<u>\$ 1,130,823</u>	<u>\$ 7,032,125</u>	<u>\$ 8,162,948</u>

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

Current year SPLOST expenditures

SPLOST V	\$ 0
SPLOST VI	7,032,125
	<u>7,032,125</u>
Expenditures financed through other revenues and transfers from other funds	52,007
Expenditures financed through proceeds from debt issued in prior years	7,378,035
Total expenditures and transfers out of the SPLOST Capital Projects Fund	<u>\$ 14,462,167</u>