

# 2014 Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014



CITY OF GAINESVILLE, GA  
SINCE 1821



***CITY OF GAINESVILLE, GEORGIA***  
***Comprehensive Annual Financial Report***  
***For the Fiscal Year Ended June 30, 2014***



***CITY OF GAINESVILLE, GEORGIA***

***Comprehensive Annual Financial Report***

***For the Fiscal Year Ended June 30, 2014***

***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, 2014**

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## ***OFFICIALS OF THE CITY OF GAINESVILLE***

### ***LEGISLATIVE BRANCH CITY COUNCIL***

Danny Dunagan		Mayor
Sam Couvillion	(Ward 1)	Council Member
Robert Hamrick	(Ward 2)	Council Member
Myrtle Figueras	(Ward 3)	Council Member
George Wangemann	(Ward 4)	Council Member
Ruth Bruner	(Ward 5)	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
John Breakfield	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 Communications and Tourism
Perry R. Ligon	Director of Community Development
Phillippa L. Moss	Director of Community Service Center
Janeann Allison	Director of Human Resources
Jerome Yarbrough	Fire Chief
J. Melvin Cooper	Director of Parks and Recreation
Carol Martin	Interim Chief of Police
Kelly J. Randall	Director of Public Utilities
David Dockery	Director of Public Works



Government Finance Officers Association

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

Presented to

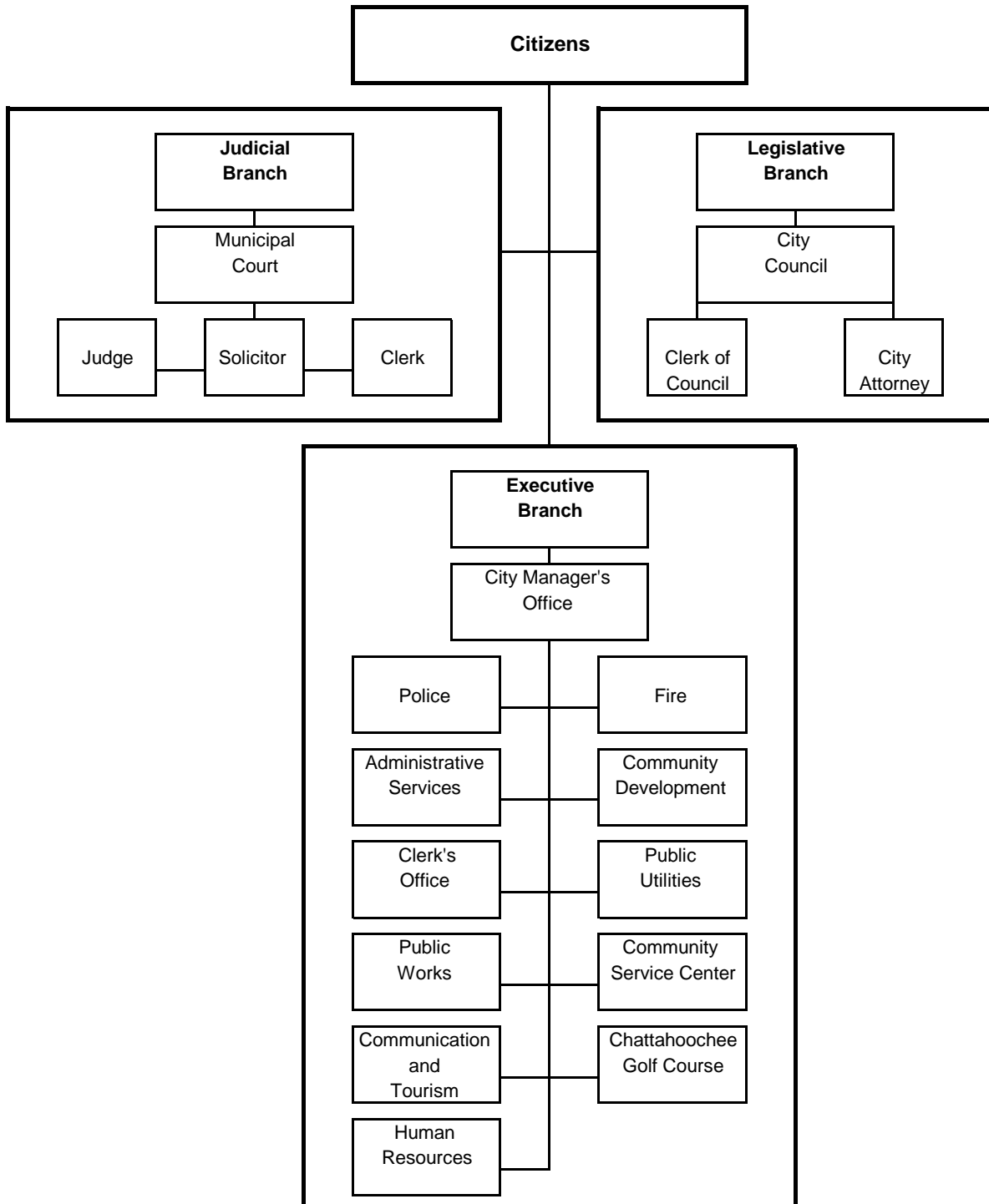
**City of Gainesville  
Georgia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

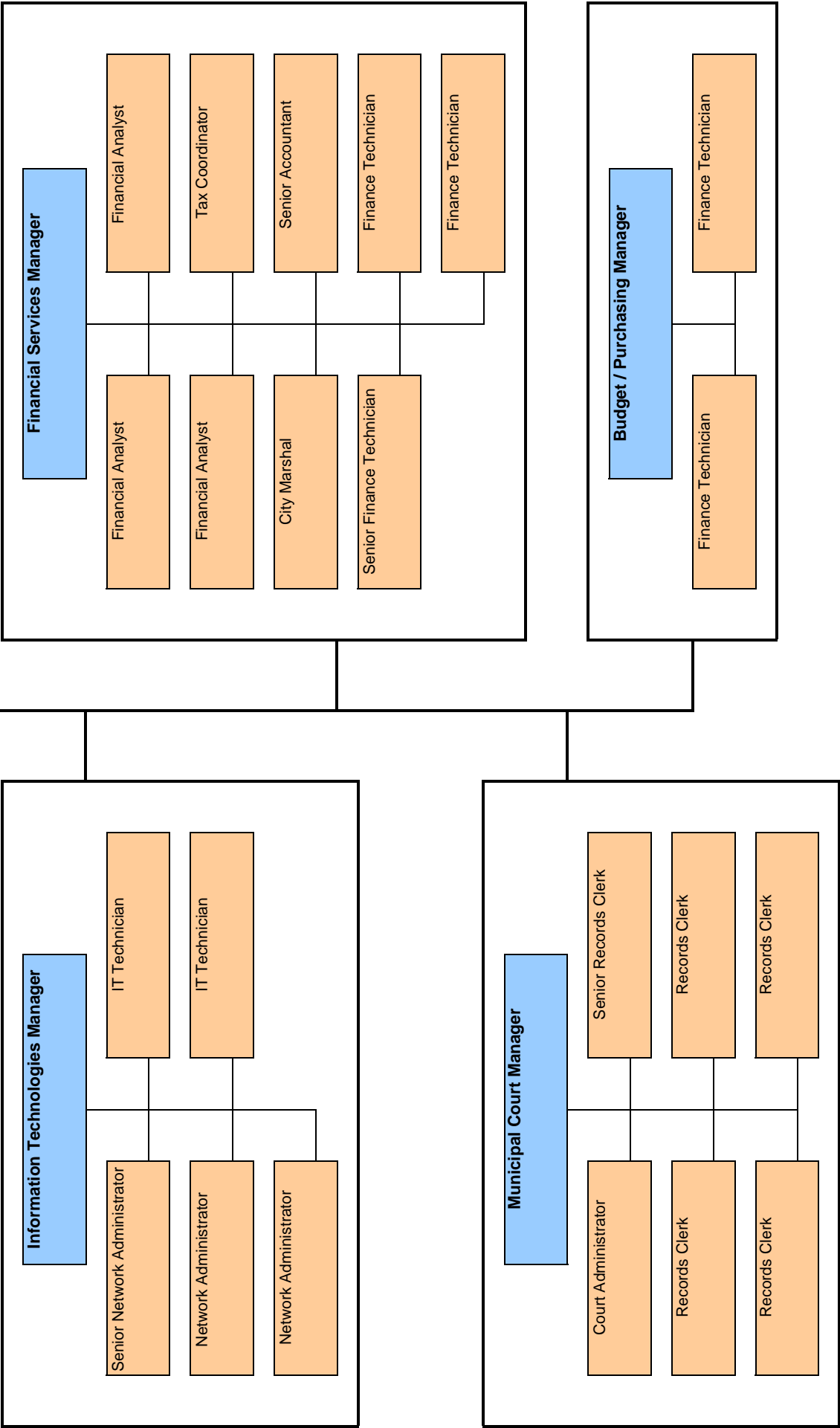
**Gainesville City Government  
Organizational Chart  
By Governmental Branch and Department**



ADMINISTRATIVE SERVICES DEPARTMENT

Administrative Services Director / Chief Financial Officer

Admin Services Officer



**November 14, 2014**



CITY OF GAINESVILLE

OFFICE OF  
THE CITY MANAGER

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Gainesville, GA. 30503

Telephone: 770.535.6865

Fax: 770.535.6896

Website:

[www.gainesville.org](http://www.gainesville.org)

**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, 2014.

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, 2014, 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, 2014 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 2010 U.S. Census, Gainesville has a population of 33,804, while Hall County’s population is 179,684. Census Bureau estimates for 2013 show Gainesville with a population of

35,533 and Hall County with a population of 187,745. Estimated daytime population increases these numbers considerably, 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 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 an elected Mayor and five 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 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**

As the regional employment center for Northeast Georgia, Gainesville-Hall County holds the distinction of being rated by Forbes Magazine as a "Best Small Places for Business and Careers" for the last three years. In addition, the Milliken Institute study recognized Gainesville as the best-performing small city in Georgia for the fourth consecutive year, Gainesville also holds the prestige of ranking second in nation-

wide job growth by the same study. Preliminary unemployment rate projections from the Georgia Department of Labor showed the Gainesville Metropolitan Statistical Area (MSA) unemployment rates for June 2014 dropping to 6.4 percent, improving from the June 2013 rate of 7.6 percent. Although unemployment remains higher than desired, it's been tempered by job growth from new and existing businesses.

The Gainesville community continues to see impressive growth in both the manufacturing and retail sectors. On the manufacturing side, Rotating Engineered Products Inc announced in 2014 its plans to invest more than \$2.5 million for the development of a new headquarters and production center in the Gainesville Industrial Park West. Other manufacturers have also invested heavily in our area; within the past two years, ZF Windpower, IMS Gear and Pro Care RX have invested over \$125 million in expansions/new construction, while creating an anticipated 400 new jobs in Gainesville.

Retail wise, construction on the \$22 million new Kroger Superstore was completed earlier this year, bringing an estimated 275 jobs to the community. The 56 acre superstore site also welcomed a new McDonald's this year, while several other business openings are reportedly in the works. Two WalMart Marketplace facilities have also begun construction within the Gainesville city limits, both stores are replacing grocery stores that have been closed. The two WalMart Marketplace facilities are expected to add 200 jobs to the Gainesville community.

In addition, Dick's Sporting Goods opened its new freestanding facility this year on the Lakeshore Mall property. Lakeshore Mall just completed a \$21 million face lift, encompassing the demolition of vacant stores, an updated exterior, and the addition of Dick's as an anchor store, along with existing anchors Belk, Penney's and Sears.

Main Street Gainesville has also seen positive retail growth with its first Friday events held monthly in downtown Gainesville, bringing in as many as 1,000 visitors downtown to shop, eat, and enjoy the quaint atmosphere of downtown Gainesville. A local farmers

market and summer concerts are part of the event, which is designed to showcase the City's burgeoning downtown. Main Street Gainesville hosted an estimated 50 events this year, bringing about 100,000 visitors to the downtown business district.

From an overall business growth perspective, the Greater Hall Gainesville Chamber of Commerce has indicated that 33 new and expanded businesses generated 950 jobs and \$180 million in capital investment in the Gainesville-Hall County area. Gainesville Hall County has forty-one international firms operating in the community, with Hall County serving as the international headquarters for many of these companies. Looking forward, the City's building inspection services department reported a 90% increase for the first eight months of 2014 over 2013 numbers in new commercial construction permits.

In addition to the aforementioned robust business activity, Gainesville-Hall County holds the privilege of being the medical nucleus for the 14 county North-east Georgia area with its top ranked hospital, North-east Georgia Medical Center (NEGMC), and a number of highly recognized physician group practices. The excellent reputation of the City's medical facilities has drawn some of the finest and well recognized physicians to the Gainesville area. NEGMC was named one of the 10 Best Places to Work in Georgia, as cited by Georgia Trend Magazine; it was also named as one of Metro Atlanta's Top 100 Workplaces by the Atlanta Journal Constitution for 2011 and 2012. Gainesville-Hall County has also been recognized as one of the best places to practice medicine by Medical Economics.

NEGMC was listed as one of the Truven Health Analytics 100 Top Hospitals for the second year in a row; NEGMC was one of only 20 hospitals to make the list nationwide, and the only large hospital included on the list. NEGMC is ranked as one of America's 50 Best Hospitals for 2013 by Healthgrades and it's the only Georgia hospital on the list. Healthgrades has also rated NGMC as #1 in Georgia for Cardiology, General Surgery, and Gastrointestinal Services, and in the top 5% nationwide for Critical Care, Coro-

nary Interventional Procedures, Women's Health and Pulmonary Services.

To add to the accolades, NEGMC was designated a Level II Trauma Center in 2014. This coveted designation allows the residents of Gainesville Hall County better access and superior trauma care when needed, providing the full range of resources to handle all types of traumatic injury seven days a week, 24 hours a day. Prior to receiving this designation, the nearest Level II centers for Gainesville Hall County residents were in North Fulton, Lawrenceville and Athens.

Business development and employment opportunities continue to bring healthy growth to the Gainesville-Hall County area, and this is reflected in both the real estate and new construction market. According to local real estate executives, housing demand has noticeably increased, while foreclosures continue to fall in the Gainesville-Hall area. It's expected that 2014 will be the best year for the housing industry since the recession with inventory and prices balancing out. Residential construction has shown a considerable improvement in calendar year 2014; 178 home permits were issued the first eight months of 2014, which is a 23% increase over the same period in 2013. Formerly stalled subdivisions continue to show impressive growth in new construction, including the Cresswind residential project and the 604+ acre Mundy Mill multi-use development site. Also,





construction began in early summer 2014 on the 84 unit Myrtle Terraces, a new senior adult community. The retirement village, located just a short distance from downtown Gainesville, is slated to be move-in ready in early 2015. In part, residential construction growth is attributable to senior communities, as retirees choose to take advantage of the affordable housing and the community's aforementioned excellent medical facilities. A number of organizations have recently recognized the City as an excellent place to retire, including publications such as AARP, Barrons, and Where to Retire.

Robust growth in the Gainesville area is also reflected in recent Census numbers. According to 2010 Census totals, the County recognized a 29% population increase over the past decade, and in 2012, the Gainesville-Hall county MSA was cited as one of the top 50 rapidly growing metropolitan areas in the United States. Gainesville takes great pride in its cultural diversity, with an estimated 41.6% of the City's population listed as Hispanic or Latino, per 2010 Census numbers. The sense of community found in Gainesville, combined with a multitude of beautiful parks and recreational activities, along with easy access to large metropolitan areas makes Gainesville an attractive place to call home.

**Major Initiatives.** Community Development played a major role in the City's 2014 accomplishments, as the City continued to focus on the quality and condition of housing, as well Midtown redevelopment.

The City successfully implemented several objectives

related to housing as part of its involvement in the Georgia Initiative for Community Housing (GICH) program, including (1) surveying and assessing over sixty percent of the City's entire housing stock, and (2) completing several substantial rehab and demolition /reconstruction projects. With one rehab project, the City's housing team partnered with construction technology high school students and a local contractor to reconstruct a dilapidated home for a local family in need. The City has acquired homes through community development block grants with the goal of not only rehabbing the property and make it sustainable, but also keeping the original integrity of the house as it was originally built. Attention is paid regarding the design of the home, as well as the interior and exterior. These projects have built worth on both the municipal and the individual level, while maintaining the historical charm of the original structure.

One area specifically targeted in such projects is the Fair Street neighborhood. The City has used a portion of its Community Development Block Grant (CDBG) entitlement allocation to acquire and demolish three dilapidated homes with the intent of developing a buffer between the neighborhood and an incompatible industrial use ( a recycling company). The project addressed both blighted conditions and land use conflicts.

The Midtown Greenway has also brought beauty to Gainesville, by transforming a blighted and unattractive industrial segment of the City into a breathtakingly serene area, complete with a stream and an attractive rock lined walkway, just two blocks away

**Before and after photo of a Community Development Block Grant home rehabilitation project**





**Midtown Greenway site - before and after**

from the City's flourishing downtown shops, restaurants, and art studios. Aside from the aesthetic benefits, the intent of the walkway is to spur private reinvestment. A number of buildings near the parkway have undergone rehabilitation since completion of Phase I of the Midtown path. Phase II of the Midtown Greenway is anticipated to begin in fiscal year 2015, with plans to extend the trail from Martin Luther King, Jr. Boulevard to Industrial Boulevard. Phase III will involve a further extension through the Fair Street neighborhood, with Phase IV moving south to connect to the Central Hall Multi use Trail that Hall County is developing.

**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 general government capital improvements plan has identified \$53.8 million in projected expenditures through fiscal year 2019; \$4.4 million of this has been approved to be expended in FY2015. Leading the way in 2015 projected expenditures is \$1.3 million allotted for purchase of

Public Safety fleet vehicles. Other projected capital expenditures include \$810,000 assigned for street resurfacing, \$500,000 for transportation plan implementation, along with \$350,000 allocated for storm drainage repair projects.

The City of Gainesville Public Utilities department maintains a separate capital improvement plan. The most recently adopted plan indicates that \$89.6 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 2015, \$10.4 million in water system improvements are projected, with estimated sewerage system enhancements anticipated to total \$4.6 million.

**Relevant Financial Policies.** The City of Gainesville's Debt Capacity, Issuance and Management policy states that the City shall remain cognizant of the millage assessed for repayment of general government debt and will strive to maintain a stable millage in the debt service area for the benefit of its taxpayers. The City's Debt Service fund is funded through the aforementioned dedicated millage rate. Declining property tax assessments in recent years have resulted in lower property tax collections. In order to keep the Debt Service fund strong, the City has chosen to not engage in lease purchase agreements for its fleet replacement needs in fiscal years 2014 and 2015.

## **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, 2013. This was the twenty-third 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, 2013. This was the twenty-first 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, ICMA-CM  
City Manager



Melody N. Marlowe  
Chief Financial Officer







## Independent Auditor's Report

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

### Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### 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, 2014, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 19 and 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gainesville, Georgia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, 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 and schedules, the special purpose 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the special purpose local option sales tax report, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Gainesville, Georgia's basic financial statements for the year ended June 30, 2013, which are not presented with the accompanying financial statements. In our report dated November 19, 2013, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gainesville, Georgia's basic financial statements as a whole. The individual fund financial statements and schedules, related to the 2013 financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

#### **Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014, 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* in considering the City of Gainesville, Georgia's internal control over financial reporting and compliance.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
November 14, 2014





# 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, 2014. 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 and deferred outflow of resources exceeded its liabilities and deferred inflow of resources at June 30, 2014, by \$453.2 million (reported as *net position*). Of this amount, \$29.1 million (reported as *unrestricted net position*) may be used to meet the City's ongoing obligations.
- As of June 30, 2014, Gainesville's governmental funds reported combined ending fund balances of \$28.0 million. Approximately 25.0% of this total amount, \$7.0 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 9.

### 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 Position 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 Position** (pages 20-21) is to attempt to report all of the assets and deferred outflow of resources held and liabilities and deferred inflow of deferred resources owed by the City. The City reports all of its assets and deferred outflows of resources when it acquires ownership over the elements and reports all of its liabilities and deferred inflow of resources when they are incurred. Net position is defined as the residual of all other financial statement elements presented in a statement of financial position. Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The **Statement of Activities** (page 22), 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 position. 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 Position 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 20-22.

## 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 86. 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 after of each statement.

The City of Gainesville maintains seventeen 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 and Debt Service 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 86-89 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 23-27 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 28-32.

- **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 33-34.

## **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 35-84 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 24 and 26), 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.
- 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 20-22):

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2014	2013	2014	2013	2014	2013
Current assets	\$ 39.3	\$ 46.2	\$ 79.3	\$ 72.9	\$ 118.6	\$ 119.1
Capital assets	101.2	103.7	488.1	491.8	589.3	595.5
Other noncurrent assets	0.3	0.4	-	-	0.3	0.4
<b>Total assets</b>	<b>140.8</b>	<b>150.3</b>	<b>567.4</b>	<b>564.7</b>	<b>708.2</b>	<b>715.0</b>
<b>Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>2.4</b>	<b>2.8</b>	<b>2.4</b>	<b>2.8</b>
Current liabilities	9.2	18.2	23.2	21.8	32.4	40.0
Noncurrent liabilities	36.6	36.1	188.4	204.6	225.0	240.7
<b>Total liabilities</b>	<b>45.8</b>	<b>54.3</b>	<b>211.6</b>	<b>226.4</b>	<b>257.4</b>	<b>280.7</b>
<b>Net position:</b>						
Net investment in capital assets	80.0	74.0	295.6	283.0	375.6	357.0
Restricted	4.7	12.6	43.8	28.7	48.5	41.3
Unrestricted	10.2	9.4	18.9	29.4	29.1	38.8
<b>Total net position</b>	<b>\$ 94.9</b>	<b>\$ 96.0</b>	<b>\$ 358.3</b>	<b>\$ 341.1</b>	<b>\$ 453.2</b>	<b>\$ 437.1</b>

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The largest portion of the City of Gainesville's net position (82.9%) 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. The net investment in capital assets increased by \$18.6 million between the end of fiscal years 2013 and 2014, from \$357.0 million to \$375.6 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 position comprises the next largest component, comprising 10.7% of total net position. Restricted net position experienced a gain during the past year, jumping from \$41.3 million to \$48.5 million at the end of fiscal year 2014. Restricted net position 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 position. The statement reveals a \$29.1 million surplus at the end of this year, a decrease of \$9.7 million from fiscal year 2013. 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 position for governmental activities increased by \$0.8 million, going up from \$9.4 million to \$10.2 million, between 2013 and 2014, while decreasing for business-type activities a total of \$10.5 million, from \$29.4 million to \$18.9 million. Although the unrestricted net position of the City's business-type activities represents 65.0% of total unrestricted net position, these resources cannot be used to add to the net asset surplus in governmental activities. The City generally can only use the \$18.9 million in business-type unrestricted net position to finance the ongoing operations of the business-type activities, while the \$10.2 million balance in unrestricted net position for governmental activities is available to meet the continuing obligations of governmental type activities.



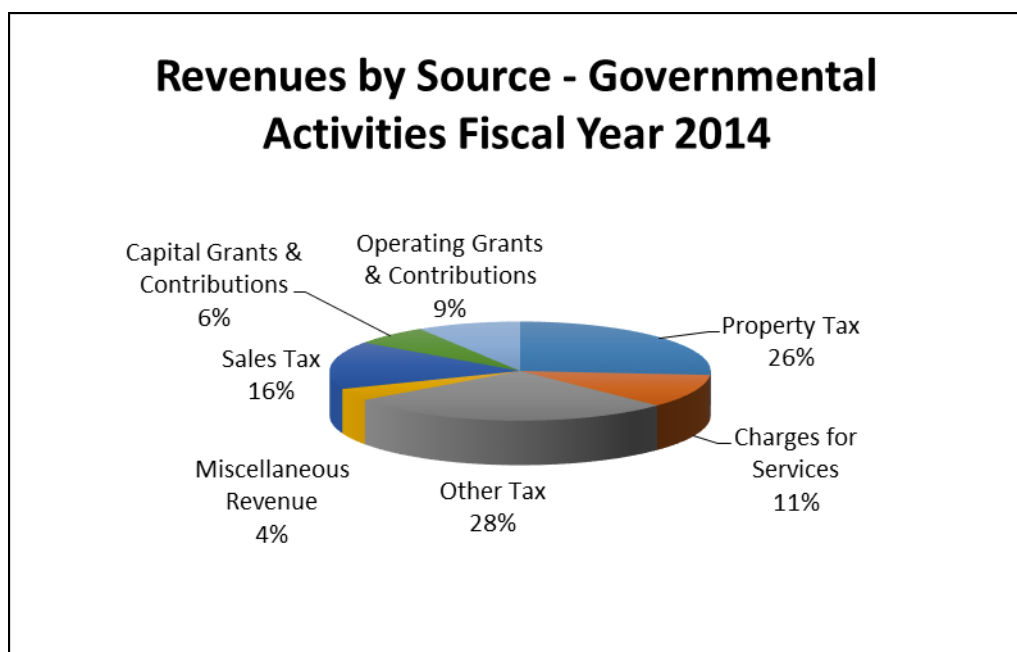
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Gainesville's net position changed during the fiscal year.

### Changes in Net Position Fiscal Years 2014 and 2013

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 3.5	\$ 4.0	\$ 63.1	\$ 61.0	\$ 66.6	\$ 65.0
Operating grants and contributions	2.8	2.7	0.0	0.0	2.8	2.7
Capital grants and contributions	2.1	1.4	8.6	3.5	10.7	4.9
General revenues:						
Property taxes	8.3	7.8	0.0	0.0	8.3	7.8
Sales tax	5.0	5.3	0.0	0.0	5.0	5.3
Other taxes	8.8	8.6	0.0	0.0	8.8	8.6
Miscellaneous revenue	1.3	1.6	1.4	1.4	2.7	3.0
<b>Total revenues</b>	<b>31.8</b>	<b>31.4</b>	<b>73.1</b>	<b>65.9</b>	<b>104.9</b>	<b>97.3</b>
<b>Expenses</b>						
General government	3.9	4.4	0.0	0.0	3.9	4.4
Judicial	0.5	0.4	0.0	0.0	0.5	0.4
Public safety	18.5	16.4	0.0	0.0	18.5	16.4
Public works	8.9	7.5	0.0	0.0	8.9	7.5
Health and welfare	3.2	2.7	0.0	0.0	3.2	2.7
Culture and recreation	0.2	1.7	0.0	0.0	0.2	1.7
Housing and development	1.5	1.1	0.0	0.0	1.5	1.1
Interest on long-term debt	0.9	1.2	0.0	0.0	0.9	1.2
Water and sewer	0.0	0.0	47.0	45.3	47.0	45.3
Airport	0.0	0.0	1.0	1.0	1.0	1.0
Solid waste	0.0	0.0	2.0	1.8	2.0	1.8
Golf course	0.0	0.0	1.2	1.2	1.2	1.2
<b>Total expenses</b>	<b>37.6</b>	<b>35.4</b>	<b>51.2</b>	<b>49.3</b>	<b>88.8</b>	<b>84.7</b>
Indirect Cost Allocation	(1.4)	(1.4)	1.4	1.4	0.0	0.0
<b>Increase in net position</b>						
<b>before transfers</b>	(4.4)	(2.6)	20.5	15.2	16.1	12.6
Transfers	3.4	5.1	(3.4)	(5.1)	0.0	0.0
<b>Increase in net position</b>	<b>(1.0)</b>	<b>2.5</b>	<b>17.1</b>	<b>10.1</b>	<b>16.1</b>	<b>12.6</b>
<b>Net position - beginning</b>	<b>95.9</b>	<b>94.0</b>	<b>341.2</b>	<b>333.3</b>	<b>437.1</b>	<b>427.3</b>
<b>Prior period adjustment</b>	<b>0.0</b>	<b>(0.6)</b>	<b>0.0</b>	<b>(2.2)</b>	<b>0.0</b>	<b>(2.8)</b>
<b>Net position - beginning (restated)</b>	<b>95.9</b>	<b>93.4</b>	<b>341.2</b>	<b>331.1</b>	<b>437.1</b>	<b>424.5</b>
<b>Net position - ending</b>	<b>\$ 94.9</b>	<b>\$ 95.9</b>	<b>\$ 358.3</b>	<b>\$ 341.2</b>	<b>\$ 453.2</b>	<b>\$ 437.1</b>

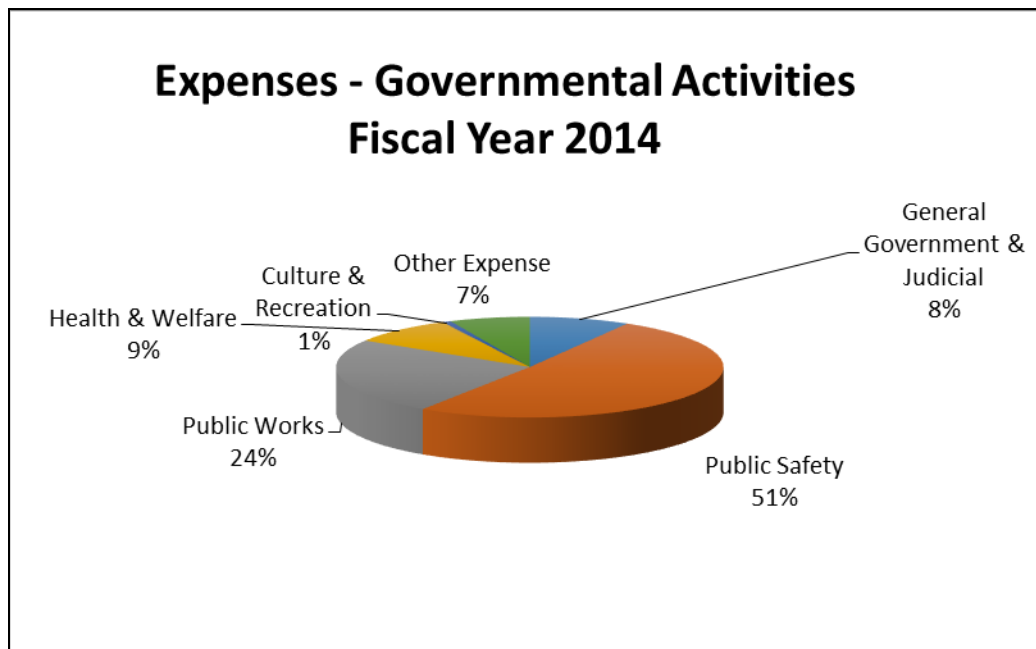
## Governmental Activities –

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



The revenue chart indicates that other tax, followed by property and sales tax were the largest sources of revenue for governmental activities during the fiscal year 2014. Other tax, which includes franchise, insurance premium, hotel motel and occupation taxes, represented 28% of governmental activities revenue. FY14 other tax collections showed a \$237,088 increase over FY13 total; the major source of this jump was due to a \$123,467 jump in hotel motel collections. Property tax revenue, which made up 26% of total governmental activities revenue, surpassed FY13 collections by \$532,644; this was due mainly to a \$471,529 boost in motor vehicle taxes due to the 2013 enacted Title Ad Valorem tax. The increase in motor vehicle tax collections is somewhat offset by a decrease in sales tax. The Title Ad Valorem tax law, which eliminated sales tax on the sale of motor vehicles, was much of the reason why sales tax, which makes up 16% of total governmental activity revenue, showed a \$316,472 decline from FY13 totals. Charges for services, comprising 11% of revenues showed an overall \$467,401 decline in collections from FY13. Culture and recreation charges for services constituted \$159,336 of this decrease, due to the FY13 closing of the Georgia Mountains Center facility, along with a \$132,318 reduction in payment in lieu of tax collections. Capital grants and contributions, which comprises 6% of governmental activity, had a \$624,515 increase in revenue; this boost in proceeds includes a \$768,718 contribution from Hall County for Community Service Center buses and facilities that were transferred to the City in 2014.

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 2014 was providing public safety services such as fire and police protection, followed by public works. Overall, expenses rose \$2.2 million from FY13, with the largest portion of increased expense stemming from public safety, which showed a \$2.1 million jump in costs. An uptick in personal services costs created \$1.7 million of the public safety cost increase, due predominantly to escalating health insurance costs. Public works recognized a \$1.4 jump in expense, due mainly to a \$1.1 million increase in street resurfacing and storm drain repair costs. Culture and recreation costs dropped \$1.5 million, due to decreased expenses associated with the closing of the Georgia Mountains Center.

### **Business-type Activities –**

Business-type activities increased the City of Gainesville's net position by \$17.1 million, expanding total net position to \$358.3 million. Key elements involving business-type activities are as follows:

- Total revenue for business-type activities was \$7.2 million higher than collections recorded in FY13. This gain is due predominantly to a \$5.1 surge in capital grants and contributions. Public Utilities had a \$5.4 million jump in capital grants and contributions, attributable mainly to increased private development contributions; this was offset by a \$278,233 drop in Airport capital grants and contributions. Overall, charges for services revenue showed a \$2.1 million uptick in revenue. Public Utilities is responsible for \$1.9 million of this increase, due in part from the January 2014 3.5% and 1.75% rate hikes for water and sewer, respectively. In addition, Public Utilities revenue benefited from an upturn in meter sales, as well as increased water volume business, both consequences of the improved local economy. Solid Waste showed a \$96,885 boost in charges

for services revenue while Chattahoochee Golf Course and Airport charges for revenue remained relatively flat with prior year totals.

- Overall expenses for business-type activities were \$1.9 million above 2013 expenses. Public Utilities' cost of sales and services, which showed a \$1.7 million gain in costs, accounted for most of this increase, due mainly to a jump in water meter, maintenance and chemical charges.

### **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 \$28.0 million. Of this amount, \$7.0 million or 25.0% 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 2015 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 \$7.0 million, while total fund balance reached \$10.7 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 29.6% of total General Fund expenditures, while total fund balance represents 45.1% of that same amount. Of the \$10.7 million total fund balance for the general fund, \$3.3 million is assigned, comprised predominantly of \$3.2 million which is assigned for budget.

The General Fund's fund balance increased by \$1.4 million during the current fiscal year. Key factors regarding FY14 activity are as follows:

- Revenue exceeded the final budget by \$1.5 million, due mainly to higher than projected local option tax and fines, fees and forfeiture collections, which exceeded budget by \$530,760 and \$279,817 respectively. In addition, general property tax receipts also surpassed budget by \$273,634. Expenditures came in under budget by \$1.7 million; personal services accounted for \$1.1 million of this cost reduction.

- Transfers to the general fund totaled \$3.4 million, with \$3.3 million originating from Public Utilities, followed by \$79,140 transferred from the Grants Special Revenue fund to cover Staffing for Adequate Fire and Emergency Responders (SAFER) grant expenditures. Transfers out of the General Fund totaled \$3.9 million; \$1.7 million was transferred to the General Government Capital Projects for various projects, including \$715,000 in records management software for the Police Department and \$265,000 in Public Safety fleet replacement, followed by \$825,000 transferred to Debt Service to assist with payment of Main Street property debt. In addition, \$595,991 was transferred to the Community Service Center, providing assistance with operational costs, and \$500,000 was moved to the Grants Capital Project fund for street resurfacing projects.

The **Debt Service Fund** has a \$1.7 million fund balance at fiscal yearend; the majority of this balance is assigned for Debt service. FY14 inflows to the Debt Service fund totaled \$2.5 million, which includes \$1.6 million in tax revenue, along with the \$919,440 million in transfers, including an \$825,000 transfer from the General Fund. Outflows amounting to \$9.3 million were comprised of principal and interest payments on the Public Safety Facility debt, 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:

- Tax revenue budgets were increased \$244,608, due predominantly to the March 2013 enacted Title Ad Valorem (TAVT) and Energy Excise tax.
- Increased salary and benefits budgeted expenditures by \$321,261 for a 3% cost of living wage adjustment.
- Increased the Indirect Cost Revenue budget \$190,000 for the recognition of Indirect Cost revenue from the Community Service Center. Also increased Transfer to the Community Service Center by \$190,000 to cover these costs.
- Increased Fire Department Capital Outlay budgeted expenditures by \$41,936 for the purchase of a self contained breathing apparatus fill station.
- Decreased Contingency and increased Gainesville-Hall 96 budget by \$120,000 for payment as indicated by the service and lease agreement signed with Gainesville Hall 96 during FY14.
- Increased budgeted fund balance to cover FY14 reappropriations.

- Increased/decreased various expenditure budgets for adjustments as needed.

General Fund expenditures for fiscal 2014 were \$23.7 million, 93.4% 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 \$1.7 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, due predominantly to higher than anticipated tax collections. Local option sales tax and fines, fees and forfeitures revenues exceeded their budget by \$530,760 and \$249,817, 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 position of the City's four enterprise funds, prior to the adjustment to reflect the consolidation of internal service fund activities related to enterprise funds, totaled as follows:

▪ Public Utilities Department	\$16,098,303
▪ Nonmajor Funds (Airport, Solid Waste, Golf Course)	<u>1,652,029</u>
Total	<u>\$17,750,332</u>

Prior to the consolidation adjustment of internal service fund activity, the total increase in combined net position showed a growth of \$17.6 million, with the majority of the gain originating from a jump in net investment in capital assets. Overall unrestricted net position for all four enterprise funds showed a \$10.1 million reduction from FY13.

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 \$589.3 million in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 82.8% of this investment is related to business-type activities while only 17.2% 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 2014 and 2013**

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2014	2013	2014	2013	2014	2013
Land	\$ 25.0	\$ 25.0	\$ 19.6	\$ 19.6	\$ 44.6	\$ 44.6
Buildings	55.5	56.0	73.7	73.4	129.2	129.4
Improvements other than buildings	3.1	3.1	16.3	17.4	19.4	20.5
Water and sewer facilities and lines	0.0	0.0	522.8	517.6	522.8	517.6
Vehicles and equipment	18.2	16.5	17.2	16.2	35.4	32.7
Infrastructure	36.4	36.2	0.0	0.0	36.4	36.2
Intangibles	1.9	1.9	8.0	6.5	9.9	8.4
Construction in progress	1.4	1.7	12.3	8.7	13.7	10.4
Total	141.5	140.4	669.9	659.4	811.4	799.8
Accumulated depreciation	(40.3)	(36.7)	(181.8)	(167.6)	(222.1)	(204.3)
Net Capital Assets	\$ 101.2	\$ 103.7	\$ 488.1	\$ 491.8	\$ 589.3	\$ 595.5

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

- 19 Public Safety Fleet Vehicles, \$669,723
- Street Resurfacing, \$609,925
- Records Software System, \$278,046

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

- Friendship & Thompson Mill Road Utilities Relocation, \$1.9 million
- Pump Station 23 Improvements Design and Surveying, \$1.4 million
- Cargill Sewer Sanitary Improvements, \$983,563
- Water Treatment and Reclamation Facilities Equipment, \$944,237

Additional information on the City of Gainesville's capital assets can be found in Note 9 on pages 58-60 of this report.

**Long-term debt.** At June 30, 2014, the City of Gainesville had \$214.9 million in bonds, notes, and capital leases outstanding, net of unamortized bond premium and discount; this is a \$25.6 million decline from last year's totals. This reduction in debt was due to payments made to reduce bonds, notes and capital leases outstanding. There was no additional debt assumed for governmental or business type activities during fiscal year 2014.

**City of Gainesville  
Outstanding Debt  
Fiscal Years 2014 and 2013**

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2014	2013	2014	2013	2014	2013
Capital Leases	\$ 20.9	\$ 29.5	\$ 27.1	\$ 28.9	\$ 48.0	\$ 58.4
Revenue Bonds	-	-	71.0	79.4	71.0	79.4
Unamortized Bond Premium	-	-	1.4	1.6	1.4	1.6
Notes Payable	-	-	94.5	101.1	94.5	101.1
Total	\$ 20.9	\$ 29.5	\$ 194.0	\$ 211.0	\$ 214.9	\$ 240.5

The City maintains a bond credit rating of Aa2 from Moody's on both general obligation and senior-lien revenue bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10% of its total assessed valuation. The current debt limitation for the City of Gainesville is \$361.5 million, which is significantly in excess of the City's general obligation debt outstanding of \$20.9 million.

Additional information on the City's long-term debt can be found in Notes 10 and 11 on pages 61-67 of this report.

## **Economic Condition and Outlook**

- According to the most recent U.S. Census numbers, the population for Gainesville is 35,533, with current estimates showing a 5.1% uptick in population since the 2010 census was release.
- Gainesville adopted a \$3.02 tax millage rate for fiscal year 2015. The gross property tax digest for the City of Gainesville rose from \$3.6 billion for fiscal year 2014 to \$3.9 billion for fiscal year 2015, which computes to a 7.7% increase in the tax base.
- On September 11, 2014, the City's Financial Advisor from the PFM group presented to Council information on refunding Series 2005 Water and Sewer



(W&S) maturities 2016 to 2020, Series 2006 W&S bonds with maturities 2017 to 2021, and all GEFA loans. Net Present Value savings of \$6.7 million was estimated. Council instructed PFM Group and staff to proceed with the bond issue.

- Local option sales tax collections, along with other fees, are tracking closely to budget at the end of the first quarter of fiscal year 2015. Departments are spending conservatively and continue to monitor their 2015 budgeted costs closely.

These were among the many factors taken into consideration when preparing the 2015 budget. Of the \$10.7 million fund balance in the General Fund, \$3.2 million has been appropriated for spending in the 2015 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 POSITION**  
**June 30, 2014**

	Primary Government			Component Unit
	Governmental	Business-type		City of
	Activities	Activities	Total	Gainesville
				Parks and
				Recreation
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 35,619,557	\$ 26,876,470	\$ 62,496,027	\$ 2,473,242
Investments	1,704,858	0	1,704,858	0
Restricted assets				
Cash and cash equivalents	0	46,341,272	46,341,272	100,000
Receivables (net)				
Accounts	689,924	3,705,982	4,395,906	6,463
Intergovernmental	596,514	931	597,445	0
Taxes	794,533	0	794,533	96,713
Notes	197,730	0	197,730	0
Internal balances	(732,598)	732,598	0	0
Inventories	201,932	1,441,114	1,643,046	0
Prepaid items	53,471	236,958	290,429	0
Other	140,000	0	140,000	0
Total current assets	39,265,921	79,335,325	118,601,246	2,676,418
<b>Noncurrent assets</b>				
Receivables				
Notes	321,353	0	321,353	0
Capital assets				
Non-depreciable	26,417,134	33,875,747	60,292,881	5,264,568
Depreciable (net)	74,746,715	454,271,977	529,018,692	6,415,742
Total noncurrent assets	101,485,202	488,147,724	589,632,926	11,680,310
<b>Total assets</b>	140,751,123	567,483,049	708,234,172	14,356,728
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	0	2,433,214	2,433,214	0
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables				
Accounts	950,523	1,183,244	2,133,767	85,372
Retainages	26,148	0	26,148	0
Sales tax	0	7,030	7,030	10,608
Deposits	10,360	4,036	14,396	0
Intergovernmental	3,608,977	33,966	3,642,943	0
Interest	89,755	21,571	111,326	0
Accrued salaries	339,349	231,980	571,329	52,726
Compensated absences	971,439	639,277	1,610,716	108,429
Unearned revenue	239,271	0	239,271	2,466
Claims reserve	1,455,645	0	1,455,645	0
Capital lease payable	1,469,922	1,866,588	3,336,510	0
Notes payable	0	6,822,504	6,822,504	0
Other liabilities	51,259	51,720	102,979	12,549
Liabilities payable from restricted assets				
Payables				
Accounts	0	650,428	650,428	0
Retainages	0	359,896	359,896	0
Customer deposits	0	1,949,784	1,949,784	0
Interest	0	649,694	649,694	0
Revenue bonds payable	0	8,740,000	8,740,000	0
Total current liabilities	9,212,648	23,211,718	32,424,366	272,150

See accompanying notes to the financial statements.

**CITY OF GAINESVILLE, GEORGIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

	Primary Government			Component Unit
	Governmental	Business-type		City of
	Activities	Activities	Total	Gainesville
				Parks and
				Recreation
<b>Noncurrent liabilities</b>				
Compensated absences	\$ 107,939	\$ 71,031	\$ 178,970	\$ 12,047
Pension obligation	1,565,280	992,649	2,557,929	0
OPEB obligation	15,562,116	10,808,053	26,370,169	1,468,446
Capital lease payable	19,402,852	25,228,209	44,631,061	0
Notes payable	0	87,717,141	87,717,141	0
Bonds payable	0	63,616,947	63,616,947	0
Total noncurrent liabilities	36,638,187	188,434,030	225,072,217	1,480,493
<b>Total liabilities</b>	45,850,835	211,645,748	257,496,583	1,752,643
<b>NET POSITION</b>				
Net investment in capital assets	80,039,885	295,579,225	375,619,110	11,679,814
Restricted for:				
General Government	53,686	0	53,686	0
Public Safety	860,393	0	860,393	0
Health and Welfare	1,158,411	0	1,158,411	0
Culture and Recreation	503,059	0	503,059	5,255
Housing and Development	1,307,407	0	1,307,407	0
Debt service	305,152	6,670,108	6,975,260	0
Capital outlay	454,470	37,106,163	37,560,633	45,000
Unrestricted	10,217,825	18,915,019	29,132,844	874,016
<b>Total net position</b>	<b>\$ 94,900,288</b>	<b>\$ 358,270,515</b>	<b>\$ 453,170,803</b>	<b>\$ 12,604,085</b>

See accompanying notes to the financial statements.

**CITY OF GAINESVILLE, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**For the fiscal year ended June 30, 2014**

	Expenses	Indirect Costs	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS						
Primary government						
Governmental activities						
General Government	\$ 3,933,108	\$ (1,390,442)	\$ 674,536	\$ 92,675	\$ 0	\$ (1,775,455)
Judicial	510,221	0	0	0	0	(510,221)
Public Safety	18,460,345	0	1,639,954	432,664	13,901	(16,373,826)
Public Works	8,900,466	0	90,135	2,508	256,421	(8,551,402)
Health and Welfare	3,173,758	0	423,368	1,625,753	1,702,093	577,456
Culture and Recreation	224,853	0	0	0	0	(224,853)
Housing and Development	1,591,303	0	661,299	659,769	71,774	(198,461)
Interest on long-term debt	883,628	0	0	0	0	(883,628)
Total governmental activities	37,677,682	(1,390,442)	3,489,292	2,813,369	2,044,189	(27,940,390)
Business-type activities						
Public Utilities	47,020,782	1,034,429	58,759,620	0	8,600,949	19,305,358
Airport	1,014,521	209,561	944,120	0	45,834	(234,128)
Solid Waste	1,965,935	146,452	2,369,815	0	0	257,428
Golf Course	1,234,260	0	992,168	0	0	(242,092)
Total business-type activities	51,235,498	1,390,442	63,065,723	0	8,646,783	19,086,566
Total primary government	88,913,180	0	66,555,015	2,813,369	10,690,972	(8,853,824)
Component Unit						
Parks and Recreation						
Culture and Recreation	5,143,884	0	1,527,076	1,500	262,432	(3,352,876)
			Governmental Activities	Business-Type Activities	Total	Component Unit
Change in net position						
Net (expense) revenue			\$ (27,940,390)	\$ 19,086,566	\$ (8,853,824)	\$ (3,352,876)
General revenues						
Taxes						
Property			8,363,877	0	8,363,877	2,562,528
Intangibles			105,044	0	105,044	0
Franchise			4,014,946	0	4,014,946	0
Occupational			1,263,534	0	1,263,534	0
Insurance premium			1,743,745	0	1,743,745	0
Alcoholic beverages			1,022,245	0	1,022,245	0
Hotel/Motel			715,260	0	715,260	0
Local option sales			4,983,807	0	4,983,807	0
Interest and Investment earnings			246,266	292,577	538,843	3,467
Gain on sale of assets			0	53,471	53,471	0
Miscellaneous			1,017,590	1,095,243	2,112,833	1,174
Transfers			3,407,947	(3,407,947)	0	0
Total general revenues and transfers			26,884,261	(1,966,656)	24,917,605	2,567,169
Change in net position			(1,056,129)	17,119,910	16,063,781	(785,707)
Net position - beginning			95,956,417	341,150,605	437,107,022	13,389,792
Net position - ending			\$ 94,900,288	\$ 358,270,515	\$ 453,170,803	\$ 12,604,085

See accompanying notes to the financial statements.

**CITY OF GAINESVILLE, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2014**

	<b>General</b>	<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,059,994	\$ 1,706,173	\$ 17,330,973	\$ 29,097,140
Investments	0	0	1,704,858	1,704,858
Receivables (net)				
Accounts	389,801	0	72,082	461,883
Intergovernmental	90,132	0	494,496	584,628
Taxes	732,983	61,550	0	794,533
Interest	0	0	0	0
Notes	0	0	519,083	519,083
Prepaid items	2,346	35,708	15,417	53,471
Due from other funds	97,534	0	0	97,534
Advances to other funds	350,398	0	81,691	432,089
<b>Total assets</b>	<b>\$ 11,723,188</b>	<b>\$ 1,803,431</b>	<b>\$ 20,218,600</b>	<b>\$ 33,745,219</b>
<b>LIABILITIES</b>				
Payables				
Accounts	\$ 417,421	\$ 0	\$ 319,232	\$ 736,653
Intergovernmental	99,281	0	3,509,696	3,608,977
Deposits	0	0	186	186
Retainages	0	0	26,148	26,148
Accrued salaries	304,123	0	29,838	333,961
Unearned revenue	0	0	239,271	239,271
Due to other funds	0	0	97,534	97,534
Other liabilities	51,259	0	0	51,259
<b>Total liabilities</b>	<b>872,084</b>	<b>0</b>	<b>4,221,905</b>	<b>5,093,989</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue -				
Property taxes	183,811	54,329	0	238,140
Notes receivable	0	0	414,247	414,247
<b>Total deferred inflows</b>	<b>183,811</b>	<b>54,329</b>	<b>414,247</b>	<b>652,387</b>
<b>FUND BALANCES</b>				
Nonspendable	352,744	35,708	97,108	485,560
Restricted	0	0	4,174,002	4,174,002
Committed	6,208	0	174,285	180,493
Assigned	3,295,367	1,713,394	11,137,053	16,145,814
Unassigned	7,012,974	0	0	7,012,974
<b>Total fund balances</b>	<b>10,667,293</b>	<b>1,749,102</b>	<b>15,582,448</b>	<b>27,998,843</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 11,723,188</b>	<b>\$ 1,803,431</b>	<b>\$ 20,218,600</b>	<b>\$ 33,745,219</b>

See accompanying notes to the financial statements.

**CITY OF GAINESVILLE, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

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<b>Total fund balance - total governmental funds</b>		<b>\$ 27,998,843</b>
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Amounts reported for governmental activities in the statement of net position 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		101,163,849
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Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds.

These are:

Property taxes	\$ 238,140	
Notes receivable	414,247	652,387

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

These are:

Capital leases	\$ (20,872,774)	
Interest payable	(89,755)	
Compensated absences	(1,079,378)	
Net pension obligation	(1,565,280)	
Net OPEB obligation	(15,562,116)	(39,169,303)

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 position.

Internal service funds net position	\$ 5,556,244	
Less internal balance resulting from allocation of internal service fund activities allocated to business-type activities	(1,164,687)	
Less capital assets included above	(150,895)	
Add compensated absences included above	13,850	4,254,512

Net position of governmental activities		<b>\$ 94,900,288</b>
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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, 2014**

	<b>General</b>	<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>
<b>REVENUES</b>				
Taxes	\$ 19,848,980	\$ 1,618,084	\$ 725,961	\$ 22,193,025
Licenses and permits	768,827	0	0	768,827
Fines, fees and forfeitures	1,420,017	0	215,454	1,635,471
Charges for services	2,179,114	0	825,427	3,004,541
Intergovernmental	303,330	0	3,656,130	3,959,460
Interest	26,648	4,222	10,953	41,823
Contributions	0	0	96,860	96,860
Other	899,080	0	118,515	1,017,595
<b>Total revenues</b>	<b>25,445,996</b>	<b>1,622,306</b>	<b>5,649,300</b>	<b>32,717,602</b>
<b>EXPENDITURES</b>				
Current				
General Government	3,041,557	0	186,850	3,228,407
Judicial	460,849	0	0	460,849
Public Safety	14,717,771	0	216,540	14,934,311
Public Works	4,491,621	0	90	4,491,711
Health and Welfare	12,500	0	3,378,756	3,391,256
Culture and Recreation	120,000	0	45,000	165,000
Housing and Development	820,827	0	1,262,103	2,082,930
Debt service				
Principal	0	8,382,841	0	8,382,841
Interest and other charges	0	944,624	19,955	964,579
Capital outlay	0	0	2,128,323	2,128,323
<b>Total expenditures</b>	<b>23,665,125</b>	<b>9,327,465</b>	<b>7,237,617</b>	<b>40,230,207</b>
Excess (deficiency) of revenues over (under) expenditures	1,780,871	(7,705,159)	(1,588,317)	(7,512,605)
Other financing sources (uses)				
Transfers in	3,441,570	919,440	3,116,622	7,477,632
Transfers out	(3,848,572)	0	(264,086)	(4,112,658)
Sales of capital assets	32,803	0	0	32,803
<b>Total other financing sources (uses)</b>	<b>(374,199)</b>	<b>919,440</b>	<b>2,852,536</b>	<b>3,397,777</b>
Net changes in fund balances	1,406,672	(6,785,719)	1,264,219	(4,114,828)
Fund balances, July 1	9,260,621	8,534,821	14,318,229	32,113,671
<b>Fund balances, June 30</b>	<b>\$ 10,667,293</b>	<b>\$ 1,749,102</b>	<b>\$ 15,582,448</b>	<b>\$ 27,998,843</b>

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, 2014**

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<b>Net change in fund balances - total governmental funds</b>	<b>\$ (4,114,828)</b>
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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	\$ 2,405,371	
Depreciation	<u>(4,479,210)</u>	(2,073,839)

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	\$ (2,302,002)	
Related accumulated depreciation	<u>1,020,802</u>	(1,281,200)

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

Individual contributors	\$ 5,365	
Other governments	795,872	
Business-type activities	<u>80,000</u>	881,237

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

Business-type activities		(37,028)
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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 revenue. (77,548)

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 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	\$ 8,578,925	
Debt proceeds	0	
Net change in interest payable	<u>47,625</u>	8,626,550

Employer contributions to retirement plans in deficiency of annual pension cost are reported as expenditures in the governmental funds, but result in liabilities in the governmental activities. These included the net change in pension obligation. (565,984)

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	\$ (16,454)	
Net OPEB obligation	<u>(1,632,745)</u>	(1,649,199)

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.

Change in net position of internal service funds	\$ (1,238,364)	
Add depreciation expense included above	24,406	
Add change in compensated absences included above	847	
Add consolidation of internal service fund activities allocated to business-type activities	<u>448,821</u>	<u>(764,290)</u>
Change in net position of governmental activities		<u><u>\$ (1,056,129)</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, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Taxes	\$ 18,219,180	\$ 18,650,414	\$ 19,848,980	\$ 1,198,566
Licenses and permits	924,400	680,400	768,827	88,427
Fines, fees and forfeitures	1,140,200	1,140,200	1,420,017	279,817
Charges for services	1,746,933	2,170,292	2,179,114	8,822
Intergovernmental	625,006	452,021	303,330	(148,691)
Interest	28,000	28,000	26,648	(1,352)
Other	865,000	880,594	899,080	18,486
<b>Total revenues</b>	<b>23,548,719</b>	<b>24,001,921</b>	<b>25,445,996</b>	<b>1,444,075</b>
<b>EXPENDITURES</b>				
Current				
General Government				
Mayor and Council	280,658	280,658	273,845	6,813
City Manager's Office	657,246	666,988	625,137	41,851
Financial Services and IT	1,727,321	1,772,309	1,595,745	176,564
Human Resources	587,442	596,921	546,830	50,091
Judicial				
Municipal Court	483,568	489,434	460,849	28,585
Public Safety				
Police	8,627,232	8,714,385	8,259,682	454,703
Code Enforcement	315,085	321,847	235,474	86,373
Fire	6,582,354	6,703,101	6,222,615	480,486
Public Works				
Public Lands and Buildings	561,908	555,653	553,061	2,592
Engineering	613,601	624,011	588,012	35,999
Traffic	1,343,113	1,349,805	1,242,208	107,597
Street Maintenance	1,926,659	1,950,706	1,753,857	196,849
Cemetery	348,397	366,756	354,483	12,273
Health and Welfare				
Agency allocations	12,500	12,500	12,500	0
Culture and Recreation				
Agency allocations	0	120,000	120,000	0
Housing and Development				
Planning	514,583	523,365	522,585	780
Inspection	269,808	274,387	269,844	4,543
Agency allocations	28,398	28,398	28,398	0
<b>Total expenditures</b>	<b>24,879,873</b>	<b>25,351,224</b>	<b>23,665,125</b>	<b>1,686,099</b>
Excess (deficiency) of revenues over (under) expenditures	(1,331,154)	(1,349,303)	1,780,871	3,130,174
Other financing sources (uses)				
Transfers in (out)				
Transfers in	3,451,614	3,459,387	3,441,570	(17,817)
Transfers out	(3,648,210)	(3,857,568)	(3,848,572)	8,996
Contingency	(702,250)	(582,250)	0	582,250
Sales of capital assets	30,000	30,000	32,803	2,803
Total other financing sources (uses)	(868,846)	(950,431)	(374,199)	576,232
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,200,000)	(2,299,734)	1,406,672	3,706,406
Fund balances, July 1	2,200,000	2,299,734	9,260,621	6,960,887
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,667,293</b>	<b>\$ 10,667,293</b>

See accompanying notes to the financial statements.

**CITY OF GAINESVILLE, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2014**

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 23,527,391	\$ 3,349,079	\$ 26,876,470	\$ 6,522,417
Restricted assets				
Cash and cash equivalents	46,341,272	0	46,341,272	0
Receivables (net)				
Accounts	3,482,825	223,157	3,705,982	228,041
Intergovernmental	931	0	931	11,886
Inventories	1,441,114	0	1,441,114	201,932
Prepaid items	236,958	0	236,958	0
Other assets	0	0	0	140,000
Total current assets	75,030,491	3,572,236	78,602,727	7,104,276
<b>Noncurrent assets</b>				
Capital assets				
Non-depreciable	32,937,178	938,569	33,875,747	0
Depreciable (net)	439,725,879	14,546,098	454,271,977	150,895
Total noncurrent assets	472,663,057	15,484,667	488,147,724	150,895
<b>Total assets</b>	<b>547,693,548</b>	<b>19,056,903</b>	<b>566,750,451</b>	<b>7,255,171</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	2,372,005	61,209	2,433,214	0
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables				
Accounts	1,128,891	54,353	1,183,244	213,870
Intergovernmental	33,966	0	33,966	0
Deposits	0	4,036	4,036	10,174
Sales tax	0	7,030	7,030	0
Interest	0	21,571	21,571	0
Accrued salaries	205,324	26,656	231,980	5,388
Compensated absences	581,037	58,240	639,277	12,465
Claims reserve	0	0	0	1,455,645
Capital lease payable	1,261,588	605,000	1,866,588	0
Notes payable	6,822,504	0	6,822,504	0
Other liabilities	0	51,720	51,720	0
Liabilities payable from restricted assets:				
Payables				
Accounts	650,428	0	650,428	0
Retainages	359,896	0	359,896	0
Customer deposits	1,949,784	0	1,949,784	0
Interest	649,694	0	649,694	0
Revenue bonds payable	8,740,000	0	8,740,000	0
Total current liabilities	22,383,112	828,606	23,211,718	1,697,542

See accompanying notes to the financial statements.

**CITY OF GAINESVILLE, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2014**

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
<b>Noncurrent liabilities</b>				
Advances from other funds	\$ 0	\$ 432,089	\$ 432,089	\$ 0
Compensated absences	64,560	6,471	71,031	1,385
Pension obligation	965,838	26,811	992,649	0
OPEB obligation	9,611,300	1,196,753	10,808,053	0
Capital leases payable	20,185,408	5,042,801	25,228,209	0
Revenue bonds payable	63,616,947	0	63,616,947	0
Notes payable	87,717,141	0	87,717,141	0
Total noncurrent liabilities	182,161,194	6,704,925	188,866,119	1,385
<b>Total liabilities</b>	<b>204,544,306</b>	<b>7,533,531</b>	<b>212,077,837</b>	<b>1,698,927</b>
<b>NET POSITION</b>				
Net investment in capital assets	285,681,150	9,898,075	295,579,225	150,895
Restricted for:				
Capital outlay	37,071,686	34,477	37,106,163	0
Debt service	6,670,108	0	6,670,108	0
Unrestricted	16,098,303	1,652,029	17,750,332	5,405,349
<b>Total net position</b>	<b>\$ 345,521,247</b>	<b>\$ 11,584,581</b>	<b>357,105,828</b>	<b>\$ 5,556,244</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			1,164,687	
<b>Net position of business-type activities</b>			<b>\$ 358,270,515</b>	

See accompanying notes to the financial statements.

**CITY OF GAINESVILLE, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the fiscal year ended June 30, 2014**

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 58,759,620	\$ 4,306,103	\$ 63,065,723	\$ 0
Interfund services provided	0	0	0	11,332,901
Other	1,063,964	31,279	1,095,243	3,729
<b>Total operating revenues</b>	<b>59,823,584</b>	<b>4,337,382</b>	<b>64,160,966</b>	<b>11,336,630</b>
<b>OPERATING EXPENSES</b>				
Costs of sales and services	12,766,240	1,383,993	14,150,233	12,249,166
Personal services	13,317,585	1,872,060	15,189,645	309,781
Depreciation	14,727,226	1,123,797	15,851,023	24,406
<b>Total operating expenses</b>	<b>40,811,051</b>	<b>4,379,850</b>	<b>45,190,901</b>	<b>12,583,353</b>
Operating income (loss)	19,012,533	(42,468)	18,970,065	(1,246,723)
Non-operating revenues (expenses)				
Interest revenue	274,094	18,483	292,577	8,359
Interest expense	(6,771,945)	(190,879)	(6,962,824)	0
Other	(23,394)	0	(23,394)	0
Distributions of capital assets	(80,000)	0	(80,000)	0
Gain (loss) on sale of capital assets	52,717	754	53,471	0
Total non-operating revenues (expenses)	(6,548,528)	(171,642)	(6,720,170)	8,359
Income (loss) before capital contributions and transfers	12,464,005	(214,110)	12,249,895	(1,238,364)
Capital contributions				
Connection fees	2,762,926	0	2,762,926	0
Capital contributions	5,198,023	0	5,198,023	0
Contributions of capital assets	9,081	27,946	37,027	0
Intergovernmental revenue	640,000	45,834	685,834	0
Total capital contributions	8,610,030	73,780	8,683,810	0
Income (loss) before transfers	21,074,035	(140,330)	20,933,705	(1,238,364)
Transfers in (out)				
Transfers in	0	131,140	131,140	0
Transfers out	(3,496,114)	0	(3,496,114)	0
Total transfers in (out)	(3,496,114)	131,140	(3,364,974)	0
Change in net position	17,577,921	(9,190)	17,568,731	(1,238,364)
Net position, July 1	327,943,326	11,593,771	339,537,097	6,794,608
<b>Net position, June 30</b>	<b>\$ 345,521,247</b>	<b>\$ 11,584,581</b>	<b>\$ 357,105,828</b>	<b>\$ 5,556,244</b>
Change in net position - enterprise funds			\$ 17,568,731	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(448,821)	
Change in net position - business-type activities			<u>\$ 17,119,910</u>	

See accompanying notes to the financial statements.

**CITY OF GAINESVILLE, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the fiscal year ended June 30, 2014**

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 58,620,883	\$ 4,315,192	\$ 62,936,075	\$ 0
Receipts from interfund services provided	0	0	0	11,108,346
Payments to suppliers	(12,315,100)	(1,402,312)	(13,717,412)	(11,872,465)
Payments to employees	(11,906,098)	(1,726,218)	(13,632,316)	(307,418)
Other receipts	1,063,964	19,879	1,083,843	3,729
Net cash provided (used) by operating activities	35,463,649	1,206,541	36,670,190	(1,067,808)
<b>Cash flows from non-capital financing activities:</b>				
Receipts from other funds	0	116,158	116,158	0
Payments to other funds	(3,496,114)	0	(3,496,114)	0
Net cash provided (used) by non-capital financing activities	(3,496,114)	116,158	(3,379,956)	0
<b>Cash flows from capital and related financing activities:</b>				
Receipt of capital contributions	2,765,101	0	2,765,101	0
Receipts from other governments	640,000	370,375	1,010,375	0
Sale of capital assets	117,046	754	117,800	0
Interest paid	(6,486,080)	(181,419)	(6,667,499)	0
Acquisition of capital assets	(6,933,083)	(404,090)	(7,337,173)	(7,099)
Payment of capital related accounts payable	(313,148)	(332,862)	(646,010)	0
Principal payments - bonds	(8,360,000)	0	(8,360,000)	0
Principal payments - capital leases and promissory notes	(6,602,948)	(575,000)	(7,177,948)	0
Net cash provided (used) by capital and related financing activities	(25,173,112)	(1,122,242)	(26,295,354)	(7,099)
<b>Cash flows from investing activities:</b>				
Interest received	72,281	4,008	76,289	8,359
Net increase (decrease) in cash and cash equivalents	6,866,704	204,465	7,071,169	(1,066,548)
Cash and cash equivalents, July 1	63,001,959	3,144,614	66,146,573	7,588,965
<b>Cash and cash equivalents, June 30</b>	<b>\$ 69,868,663</b>	<b>\$ 3,349,079</b>	<b>\$ 73,217,742</b>	<b>\$ 6,522,417</b>

See accompanying notes to the financial statements.

**CITY OF GAINESVILLE, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the fiscal year ended June 30, 2014**

	<b>Business-Type Activities</b>			<b>Governmental Activities</b>
	<b>Public Utilities</b>	<b>Nonmajor Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 19,012,533	\$ (42,468)	\$ 18,970,065	\$ (1,246,723)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	14,727,226	1,123,797	15,851,023	24,406
(Increase) decrease in accounts receivable	(30,062)	(5,362)	(35,424)	(222,446)
(Increase) decrease in intergovernmental receivables	1,805	0	1,805	(2,109)
(Increase) decrease in inventory	(86,386)	0	(86,386)	7,031
Increase (decrease) in accounts payable	503,560	(41,250)	462,310	39,804
Increase (decrease) in intergovernmental payables	33,966	0	33,966	0
Increase (decrease) in sales tax payable	0	(549)	(549)	0
Increase (decrease) in accrued salaries and benefits	63,594	13,494	77,088	2,363
Increase (decrease) in deposits payable	(110,480)	3,600	(106,880)	337
Increase (decrease) in claims reserve	0	0	0	329,529
Increase (decrease) in pension obligation	343,493	3,821	347,314	0
Increase (decrease) in OPEB obligation	1,004,400	128,527	1,132,927	0
Increase (decrease) in other liabilities	0	22,931	22,931	0
Total adjustments	16,451,116	1,249,009	17,700,125	178,915
Net cash provided (used) by operating activities	\$ 35,463,649	\$ 1,206,541	\$ 36,670,190	\$ (1,067,808)
<b>Cash and cash equivalents reconciliation:</b>				
Cash and cash equivalents	\$ 23,527,391	\$ 3,349,079	\$ 26,876,470	\$ 6,522,417
Restricted assets				
Cash and cash equivalents	46,341,272	0	46,341,272	0
Total cash and cash equivalents	\$ 69,868,663	\$ 3,349,079	\$ 73,217,742	\$ 6,522,417

**Noncash investing, capital, and financing activities:**

Contributions of capital assets from individuals and government totaled \$3,934,260 and \$37,027, respectively, for the fiscal year ended June 30, 2014.

Distributions of capital assets to government total \$80,000 for the fiscal year ended June 30, 2014.

Acquisition of capital assets through accounts payable totaled \$1,010,324 for the fiscal year ended June 30, 2014.

Forgiveness of capital lease through capital contributions totaled \$1,261,588 for the fiscal year ended June 30, 2014.

See accompanying notes to the financial statements.

**CITY OF GAINESVILLE, GEORGIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2014**

	<b>Community Private-Purpose Trust Fund</b>	<b>Employees' Pension Trust Fund</b>	<b>Municipal Court Agency Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,063	\$ 863,288	\$ 82,138
Accounts receivable	0	0	2,358
Investments, at fair value			
Mutual funds			
Equity	0	57,013,572	0
Fixed income	0	23,121,340	0
<b>Total assets</b>	<b>14,063</b>	<b>80,998,200</b>	<b>84,496</b>
<b>LIABILITIES</b>			
Accounts payable	0	15,040	0
Due to other agencies	0	0	84,496
<b>Total liabilities</b>	<b>0</b>	<b>15,040</b>	<b>84,496</b>
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 14,063</u>	<u>\$ 80,983,160</u>	<u>\$ 0</u>

See accompanying notes to the financial statements.



**CITY OF GAINESVILLE, GEORGIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the fiscal year ended June 30, 2014**

	<b>Community Private-Purpose Trust Fund</b>	<b>Employees' Pension Trust Fund</b>
<b>ADDITIONS</b>		
Contributions		
Employer contributions	\$ 0	\$ 2,766,404
Employee contributions	0	2,766,404
Employee donations	49,457	0
Total contributions and donations	49,457	5,532,808
Investment Income		
Net appreciation (depreciation) in fair value of investments	0	7,059,239
Interest	2	43
Dividends	0	3,112,287
Investment expense	0	(104,589)
Net investment income (loss)	2	10,066,980
<b>Total additions (reductions)</b>	49,459	15,599,788
<b>DEDUCTIONS</b>		
Benefits	0	6,151,412
Refunds	0	563,954
Distributions for assistance	52,354	0
<b>Total deductions</b>	52,354	6,715,366
Change in net position	(2,895)	8,884,422
<b>Net position held in trust for pension benefits and other purposes</b>		
Net position, July 1	16,958	72,098,738
<b>Net position, June 30</b>	<u>\$ 14,063</u>	<u>\$ 80,983,160</u>

See accompanying notes to the financial statements.

## **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, and funding support for certain other local agencies. The City is governed by an elected mayor and five-member council.

## **2. Summary of Significant Accounting Policies**

### **A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

### **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*, as amended by Statement No. 61, the financial statements of the following component unit has been included as discretely presented component unit.

## **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 K). Gainesville Parks and Recreation has a June 30 year-end. There is no separately issued stand-alone financial report for this component unit.

### **C. Basis of Presentation – Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has one discretely presented component unit. Parks and Recreation is considered to be a major component unit, and is shown in a separate column in the government-wide financial statements.

## **2. Summary of Significant Accounting Policies (continued)**

### **C. Basis of Presentation – Government-wide Financial Statements, continued**

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 Public Utilities Enterprise Fund and the other functions of the government. Elimination of these charges would distort the direct costs of program revenues reported for the various functions concerned.

### **D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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.

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.

## **2. Summary of Significant Accounting Policies (continued)**

### **D. Basis of Presentation – Fund Financial Statements, 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.

**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 employee benefits, risk management services and vehicle repair and maintenance services to other departments or funds of the City on a cost-reimbursement basis.

#### **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.

## **2. Summary of Significant Accounting Policies (continued)**

### **D. Basis of Presentation – Fund Financial Statements, continued**

#### **Fiduciary Fund Types (continued)**

**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).

#### **Interfund Activity**

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

## **2. Summary of Significant Accounting Policies (continued)**

### **D. Basis of Presentation – Fund Financial Statements, continued**

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

### **E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

## **2. Summary of Significant Accounting Policies (continued)**

### **E. Measurement Focus and Basis of Accounting, continued**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

### **F. Revenues and Expenditures/Expenses**

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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.



## **2. Summary of Significant Accounting Policies (continued)**

### **F. Revenues and Expenditures/Expenses, continued**

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer and Solid Waste Funds are charges to customers for sales and services. 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.

### **G. 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.

## **2. Summary of Significant Accounting Policies (continued)**

### **G. Budgets and Budgetary Accounting, continued**

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.

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.

### **H. 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.

## **2. Summary of Significant Accounting Policies (continued)**

### **I. 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.

### **J. 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.

### **K. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items. Prepaid items in the governmental funds are recorded as expenditures when consumed.

### **L. 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.

## **2. Summary of Significant Accounting Policies (continued)**

### **L. Capital Assets, continued**

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.

Land and construction-in-progress are not depreciated. The other property, plant equipment, and infrastructure of the primary government are depreciated using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	<b>Useful Life</b>	<b>Capitalization</b>
	<b>in Years</b>	<b>Threshold</b>
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 50	\$ 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
Intangibles	3 to 15	\$ 5,000
Computer software	3	\$ 20,000

## **2. Summary of Significant Accounting Policies (continued)**

### **L. Capital Assets, continued**

All land will be valued and capitalized. 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. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

### **M. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **2. Summary of Significant Accounting Policies (continued)**

### **N. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### **O. Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### **P. Restricted Assets and Restricted Net Position**

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 position is 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 restricted net position.

## **2. Summary of Significant Accounting Policies (continued)**

### **Q. 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 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.

**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. The City Manager has determined that all 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.

## **2. Summary of Significant Accounting Policies (continued)**

### **Q. Fund Balances – Governmental Funds, continued**

**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.

### **R. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused paid time off (PTO) benefits which will be paid to the employees upon separation from City service. Accumulated unpaid PTO 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.

### **S. 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs are expensed as incurred. Bonds payable are reported net of the applicable bond premium or discount.

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.



## **2. Summary of Significant Accounting Policies (continued)**

### **T. 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.

### **U. 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 2013 amounts have been reclassified to conform to the 2014 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.

### **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 AAAf 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 AAAf by Standard & Poor's. The weighted average maturity at June 30, 2014 was 62 days. At June 30, 2014, the City's balance in Georgia Fund 1 was \$24,446,639.

#### **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.

### **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, 2014, the duration for the index was 5.60 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.

<b>Investment</b>	<b>Fair Value</b>	<b>Average Maturity (in years)</b>	<b>Standard and Poor's Credit Rating</b>
PIMCO Investment Grade Corporate Bond Fund	\$ 7,626,980	11.45	N/A
PIMCO Total Return Fund	8,563,522	8.35	N/A
PIMCO Unconstrained Bond Fund	6,930,838	5.16	N/A
	<u>\$ 23,121,340</u>		

#### **Foreign currency risk**

The City has no investments denominated in a foreign currency.

#### **Investments**

The investments reported in the Economic Development and HUD Grant Special Revenue Funds are property held for resale.

**CITY OF GAINESVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. Accounts Receivable**

Net accounts receivable at June 30, 2014 consist of the following:

**Primary Government:**

**Major Funds**

General Fund		\$ 389,801
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Public Utilities Enterprise Fund	\$ 4,408,960	
Less: Allowance for Uncollectibles	<u>(926,135)</u>	3,482,825

**Nonmajor Funds**

Special Revenue Funds		
Community Service Center	878	
Economic Development	1,318	
Hotel/Motel Tax	69,312	
Revolving Loan	<u>574</u>	72,082

Enterprise Funds		
Airport	8,351	
Solid Waste	240,150	
Less: Allowance for Uncollectibles	(68,200)	
Golf Course	<u>42,856</u>	223,157

Internal Service Funds		
General Insurance	1,067	
Employee Benefits	<u>226,974</u>	<u>228,041</u>

Total Primary Government		<u><u>\$ 4,395,906</u></u>
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**Component Units:**

Parks and Recreation		<u><u>\$ 6,463</u></u>
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**CITY OF GAINESVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**5. Intergovernmental Receivables**

Intergovernmental receivables at June 30, 2014 consist of the following:

**Primary Government:**

**Major Funds**

General Fund

US Treasury	\$	5,669	
State of Georgia		6,211	
Hall County, Georgia		<u>78,252</u>	\$ 90,132

Public Utilities Enterprise Fund

Hall County, Georgia			931
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**Nonmajor Funds**

Special Revenue Funds

Community Service Center

State of Georgia	162,366
Hall County, Georgia	134,450

Grants

US Treasury	38,054
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Government Access Cable TV

Hall County, Georgia	8,260
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HUD Grant

US Treasury	105,697
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Tax Allocation District

Gainesville City School System	<u>45,669</u>	494,496
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Vehicle Services Internal Service Fund

Gainesville City School System		<u>11,886</u>
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Total Primary Government

\$ <u>597,445</u>
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## **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 2014, based upon the assessments of January 1, 2013 and the levy date of June 18, 2013, were final billed on October 18, 2013, and due on December 20, 2013. 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 \$116,520 of intradepartmental billings for water and sewer usage for fiscal year 2014.

## **8. Interfund Receivables, Payables, and Transfers**

A summary of interfund receivables and payables as of June 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 97,534
	Nonmajor Enterprise	350,398
Nonmajor Governmental	Nonmajor Enterprise	81,691
		<u>\$ 529,623</u>

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 \$350,398 and \$81,691 are reported in the General Fund and Economic Development Special Revenue Fund, respectively, as advances to other funds and as advances from other funds 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".

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

A summary of interfund transfers is as follows:

<b><u>Transfer Out Fund</u></b>	<b><u>Transfer In Fund</u></b>	<b><u>Amount</u></b>
General	Debt Service	\$ 825,000
	Nonmajor Governmental	2,892,432
	Nonmajor Enterprise	131,140
Public Utilities	General	3,359,114
	Nonmajor Governmental	137,000
Nonmajor Governmental	General	82,456
	Debt Service	94,440
	Nonmajor Governmental	87,190
		<u>7,608,772</u>
<b>Transfers of capital assets</b>		
Governmental Activities	Public Utilities	9,081
	Nonmajor Enterprise	27,946
Public Utilities	Governmental Activities	80,000
		<u><u>\$ 7,725,799</u></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 is in accordance with City policy, and is common practice for government-owned utility systems. 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**  
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## **9. Capital Assets**

Capital asset activity for the primary government for the year ended June 30, 2014 was as follows:

	<b>Balance June 30, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2014</b>
<b>Governmental activities</b>				
Non-depreciable assets				
Land	\$ 24,986,917	\$ 54,719	\$ (33,200)	\$ 25,008,436
Construction in progress	1,692,463	2,114,709	(2,398,474)	1,408,698
Total non-depreciable assets	26,679,380	2,169,428	(2,431,674)	26,417,134
Depreciable assets				
Buildings	55,979,498	333,143	(849,649)	55,462,992
Land improvements	3,124,046	0	0	3,124,046
Vehicles and equipment	16,491,297	2,144,665	(474,757)	18,161,205
Intangibles	1,909,289	0	0	1,909,289
Infrastructure	36,152,729	328,085	(107,871)	36,372,943
Total depreciable assets	113,656,859	2,805,893	(1,432,277)	115,030,475
Less accumulated depreciation				
Buildings	(10,758,706)	(1,559,297)	537,047	(11,780,956)
Land improvements	(1,173,654)	(137,283)	0	(1,310,937)
Vehicles and equipment	(13,129,231)	(1,450,594)	434,038	(14,145,787)
Intangibles	(1,222,192)	(192,221)	0	(1,414,413)
Infrastructure	(10,384,876)	(1,324,470)	77,679	(11,631,667)
Total accumulated depreciation	(36,668,659)	(4,663,865)	1,048,764	(40,283,760)
Total depreciable assets, net	76,988,200	(1,857,972)	(383,513)	74,746,715
Governmental activities capital assets, net	\$ 103,667,580	\$ 311,456	\$ (2,815,187)	\$ 101,163,849
<b>Business-type activities</b>				
Non-depreciable assets				
Land	\$ 19,629,433	\$ 1,534	\$ (2,579)	\$ 19,628,388
Intangibles	1,957,919	0	0	1,957,919
Construction in progress	8,689,311	7,771,538	(4,171,409)	12,289,440
Total non-depreciable assets	30,276,663	7,773,072	(4,173,988)	33,875,747
Depreciable assets				
Buildings	73,357,764	370,514	(12,666)	73,715,612
Land improvements	16,318,659	0	0	16,318,659
Distribution system	518,667,733	5,374,343	(1,255,396)	522,786,680
Intangibles	4,597,275	1,499,938	0	6,097,213
Vehicles and equipment	16,243,274	1,421,822	(513,524)	17,151,572
Total depreciable assets	629,184,705	8,666,617	(1,781,586)	636,069,736
Less accumulated depreciation				
Buildings	(8,828,354)	(1,490,761)	12,666	(10,306,449)
Land improvements	(7,217,129)	(693,488)	0	(7,910,617)
Distribution system	(136,780,145)	(12,593,540)	1,196,501	(148,177,184)
Intangibles	(1,417,672)	(241,997)	0	(1,659,669)
Vehicles and equipment	(13,393,775)	(859,199)	509,134	(13,743,840)
Total accumulated depreciation	(167,637,075)	(15,878,985)	1,718,301	(181,797,759)
Total depreciable assets, net	461,547,630	(7,212,368)	(63,285)	454,271,977
Business-type activities capital assets, net	\$ 491,824,293	\$ 560,704	\$ (4,237,273)	\$ 488,147,724

**CITY OF GAINESVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**9. Capital Assets (continued)**

Capital asset activity for the Parks and Recreation Component Unit for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
<b>Parks &amp; Recreation Component Unit</b>				
Non-depreciable assets				
Land	\$ 4,860,974	\$ 157,578	\$ (157,578)	\$ 4,860,974
Construction in progress	110,660	548,051	(255,117)	403,594
Total non-depreciable assets	4,971,634	705,629	(412,695)	5,264,568
Depreciable assets				
Buildings	9,716,026	0	(737,174)	8,978,852
Land improvements	2,651,881	0	0	2,651,881
Vehicles and equipment	1,186,708	105,934	0	1,292,642
Intangibles	241,700	0	0	241,700
Infrastructure	3,128,215	114,899	0	3,243,114
Total depreciable assets	16,924,530	220,833	(737,174)	16,408,189
Less accumulated depreciation				
Buildings	(6,720,620)	(272,024)	693,533	(6,299,111)
Land improvements	(1,240,948)	(239,815)	0	(1,480,763)
Vehicles and equipment	(1,032,061)	(41,167)	0	(1,073,228)
Intangibles	(143,891)	(10,820)	0	(154,711)
Infrastructure	(843,426)	(141,208)	0	(984,634)
Total accumulated depreciation	(9,980,946)	(705,034)	693,533	(9,992,447)
Total depreciable assets, net	6,943,584	(484,201)	(43,641)	6,415,742
Parks & Recreation Component Unit capital assets, net	\$ 11,915,218	\$ 221,428	\$ (456,336)	\$ 11,680,310

**CITY OF GAINESVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

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**9. Capital Assets (continued)**

Depreciation expense was charged to functions/programs as follows:

**Primary Government**

**Governmental activities**

General Government	\$ 251,326
Public Safety	981,125
Public Works	2,735,753
Health and Welfare	333,925
Housing and Development	152,675
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>24,406</u>
Total depreciation expense for governmental activities	<u>\$ 4,479,210</u>

**Business-type activities**

Public Utilities	\$ 14,727,226
Airport	747,415
Solid Waste	112,188
Golf Course	<u>264,194</u>
Total depreciation expense for business-type activities	<u>\$ 15,851,023</u>

**Component Unit**

Parks and Recreation	<u>\$ 705,034</u>
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	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Component Unit</b>
Current year depreciation expense	\$ 4,479,210	\$ 15,851,023	\$ 705,034
Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component unit	<u>184,655</u>	<u>27,962</u>	<u>0</u>
Additions to accumulated depreciation	<u>\$ 4,663,865</u>	<u>\$ 15,878,985</u>	<u>\$ 705,034</u>

**CITY OF GAINESVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

## **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, 2014, are \$20,872,774 and \$27,094,797 for governmental and business-type activities, respectively.

Total assets leased under capital leases are \$32,307,487 and \$41,193,318 for governmental and business-type activities, respectively, and are classified as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Airport improvements	\$ 0	\$ 5,332,220
Golf Course improvements	0	4,321,397
Water and sewer system	0	31,539,701
Land	2,025,926	0
Buildings	21,934,390	0
Vehicles and equipment	1,539,521	0
Infrastructure	6,807,650	0
Total assets under capital leases	<u>\$ 32,307,487</u>	<u>\$ 41,193,318</u>

Amortization of leased equipment under capital assets is included with depreciation expense.

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, 2014:

<b>Year Ending June 30,</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>
2015	\$ 2,200,292	\$ 2,045,515
2016	2,201,546	2,039,140
2017	1,890,145	2,047,265
2018	1,854,914	2,039,838
2019	1,858,452	2,041,960
2020-2024	9,566,421	8,358,046
2025-2029	6,870,701	6,942,614
2030-2032	0	2,523,176
Total minimum lease payments	26,442,471	28,037,554
Less amounts representing interest	(5,569,697)	(942,757)
Present value of minimum lease payments	<u>\$ 20,872,774</u>	<u>\$ 27,094,797</u>

## **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, 2014, the City has a balance of \$484,335 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 Position. 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 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.

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.

## **10. Capital and Operating Leases Agreements (continued)**

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 3.00-4.625%. 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.

On September 25, 2012, the Gainesville Redevelopment Authority issued \$1,295,000 in the Series 2012A Revenue Refunding Bonds, with an interest rate of 0.993%. An intergovernmental lease became effective, on the date of issue, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the lease, bond proceeds of the Authority issue will be applied for refunding all of the Authority's Nontaxable Revenue Bonds (Lee Gilmer Airport Project), Series 2004A and paying the cost of issuing the Series 2012A Bonds. 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. The City will continue to operate, maintain, repair and have use of the Lee Gilmer Airport.

## **10. Capital and Operating Leases Agreements (continued)**

On September 25, 2012, the Gainesville, Redevelopment Authority issued \$8,950,000 in the Series 2012B Revenue Bonds, with an interest rate of 2.542%. 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 for: acquiring certain facilities located in the City of Gainesville, Georgia; for future redevelopment purposes; for refunding all of the Authority's Taxable Revenue Bonds (Lee Gilmer Memorial Airport Project), Series 2004B; and paying the costs of issuing the Series 2012B Bonds. 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 Lee Gilmer Airport and the correction facility.

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.

Total interest incurred and expensed in the governmental activities and the business-type activities for the fiscal ended June 30, 2014 was \$883,628 and \$6,962,824, respectively.

### **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, 2014, the City had entered into 13 borrowings in the original amount of \$141,240,903, with a total outstanding balance of \$94,539,645. 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).

## **11. Long-Term Debt (continued)**

### **Notes Payable, continued**

Annual debt service requirements for notes payable are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 6,822,503	\$ 2,888,842	\$ 9,711,345
2016	6,800,786	2,666,607	9,467,393
2017	6,780,447	2,443,324	9,223,771
2018	7,000,136	2,223,635	9,223,771
2019	7,062,033	1,997,185	9,059,218
2020-2024	35,072,533	6,589,877	41,662,410
2025-2029	25,001,207	1,702,932	26,704,139
Totals	<u>\$ 94,539,645</u>	<u>\$ 20,512,402</u>	<u>\$ 115,052,047</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, 2014, the City has no general obligation bonds outstanding.



**CITY OF GAINESVILLE, GEORGIA**  
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## **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, 2014:

- \$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 4.00% to 5.00% (\$36,130,000 outstanding).
- \$39,205,000 2006 Water and Sewer System Refunding series bonds due in annual installments of \$160,000 to \$8,845,000 through November 15, 2021; interest at 3.75% to 5.00% (\$34,860,000 outstanding).

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

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 8,740,000	\$ 2,957,769	\$ 11,697,769
2016	9,175,000	2,525,044	11,700,044
2017	9,525,000	2,073,719	11,598,719
2018	9,800,000	1,628,825	11,428,825
2019	10,000,000	1,204,006	11,204,006
2020-2023	23,750,000	1,560,428	25,310,428
<b>Totals</b>	<b>\$ 70,990,000</b>	<b>\$ 11,949,791</b>	<b>\$ 82,939,791</b>

The Water and Sewerage Revenue Bonds Series 2005 (\$52,570,000), Water and Sewerage Revenue Bonds Series 2006 (\$39,205,000) are collateralized by operating income from the water and sewerage system of the City of Gainesville, Georgia. Proceeds from the Series 2005 were used to refund a portion of the Series 1999 water and sewerage revenue bond issue, repay certain notes payable to the Georgia Environmental Facilities Authority, pay the premium on a municipal bond insurance policy for this issue, pay the premium on a debt service reserve surety bond for this issue, and to pay expenses necessary to accomplish the Series 2005 refunding issue. Proceeds from the Series 2006 were used to refund a portion of the Series 2001 water and sewerage revenue bond issue, pay the premium on a municipal bond insurance for this issue, pay the premium on a debt service reserve surety bond to fund the debt service requirement for this issue, and to pay expenses necessary to accomplish the Series 2006 refunding issue.

**CITY OF GAINESVILLE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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## **11. Long-Term Debt (continued)**

### **Revenue Bonds, continued**

The bonds are payable solely from water and sewer operating income, and are payable through fiscal years ending 2021 and 2022, respectively. Total principal and interest remaining to be paid on the bonds is \$40,597,550 and \$42,342,241, respectively. Principal and interest paid for the current year was \$7,608,350 and \$4,119,806, respectively. Water and sewer operating income totaled \$36,776,779 for the current year.

### **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, 2014:

	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014	Due Within One Year
<b>Governmental activities</b>					
Capital lease obligations	\$ 29,451,699	\$ 0	\$ (8,578,925)	\$ 20,872,774	\$ 1,469,922
Compensated absences	1,062,924	1,271,056	(1,254,602)	1,079,378	971,439
Total Governmental activities	<u>\$ 30,514,623</u>	<u>\$ 1,271,056</u>	<u>\$ (9,833,527)</u>	<u>\$ 21,952,152</u>	<u>\$ 2,441,361</u>
<b>Business-type activities</b>					
Revenue bonds	\$ 79,350,000	\$ 0	\$ (8,360,000)	\$ 70,990,000	\$ 8,740,000
Unamortized bond premium	1,568,760	0	(201,813)	1,366,947	0
Notes payable	101,142,593	0	(6,602,948)	94,539,645	6,822,504
Capital lease obligations	28,945,860	0	(1,851,063)	27,094,797	1,866,588
Compensated absences	680,760	947,238	(917,690)	710,308	639,277
Total business-type activities	<u>\$ 211,687,973</u>	<u>\$ 947,238</u>	<u>\$ (17,933,514)</u>	<u>\$ 194,701,697</u>	<u>\$ 18,068,369</u>
<b>Park &amp; Recreation Component Unit</b>					
Compensated absences	<u>\$ 112,006</u>	<u>\$ 111,470</u>	<u>\$ (103,000)</u>	<u>\$ 120,476</u>	<u>\$ 108,429</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.

## **12. 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, 2014, there were 35 series of Revenue Bonds outstanding. The current aggregate principal amount payable for the series totaled \$615,630,648; the original issue amounts totaled \$736,696,982.

## **13. Deficit Equity Balances**

At June 30, 2014, the Chattahoochee Golf Course Enterprise Fund had negative net position of \$402,446. 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**  
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**June 30, 2014**

**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, 2014:

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Prepaid items	\$ 2,346	\$ 35,708	\$ 15,417	\$ 53,471
Advances to other funds	350,398	0	81,691	432,089
	<u>352,744</u>	<u>35,708</u>	<u>97,108</u>	<u>485,560</u>
<b>Restricted for:</b>				
General Government				
TV 18 operations	0	0	63,219	63,219
Public Safety				
Police facilities and equipment	0	0	511,993	511,993
Fire facilities and equipment	0	0	348,400	348,400
Health and Welfare				
Community Service Center operations	0	0	1,158,411	1,158,411
Culture and Recreation				
Recreation facilities and equipment	0	0	503,059	503,059
Housing and Development				
Neighborhood improvements	0	0	151,215	151,215
Midtown development	0	0	741,945	741,945
Capital projects	0	0	444,937	444,937
Debt service	0	0	250,823	250,823
	<u>0</u>	<u>0</u>	<u>4,174,002</u>	<u>4,174,002</u>
<b>Committed for:</b>				
Public Works				
Cemetery improvements	0	0	169,417	169,417
Housing and Development				
Tree replacement	6,208	0	0	6,208
Energy efficiency retrofits	0	0	4,868	4,868
	<u>6,208</u>	<u>0</u>	<u>174,285</u>	<u>180,493</u>
<b>Assigned for:</b>				
General Government				
TV 18 operations	0	0	55,533	55,533
Matching funds for grants	0	0	68,910	68,910
Public Works				
City Hall improvements	95,367	0	0	95,367
Cemetery improvements	0	0	107,502	107,502
Health and Welfare				
Community Service Center operations	0	0	1,042,100	1,042,100
Housing and Development				
Economic development	0	0	2,871,194	2,871,194
Tourism and City promotion	0	0	185,134	185,134
Budget	3,200,000	0	426,771	3,626,771
Capital projects	0	0	6,379,909	6,379,909
Debt service	0	1,713,394	0	1,713,394
	<u>3,295,367</u>	<u>1,713,394</u>	<u>11,137,053</u>	<u>16,145,814</u>

## **15. 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 January 1, 2013, the City established a self-insurance program for workers' compensation.

As part of the newly established self-insurance program, the City has utilized the services of a broker and a third-party administrator. The broker and third-party administrator assist to determine the self-insurance funding requirements using data from the City's claim history. The third-party administrator files claims and forms required by the State of Georgia and provides risk control services. The City has also established excess workers' compensation coverage with New York Fire and Marine to assist with claims exceeding \$500,000.

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

### **Health Insurance**

The City provides health care benefits to its active and retired employees and their dependents through a self-insured plan administered by LifeWell Health Plans. Under this arrangement, the City is responsible for paying all claims but purchases reinsurance policies through an insurance provider that is responsible for paying claims in excess of agreed-upon specific and aggregate levels.

## **15. Self-Insurance (continued)**

### **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, 2014</u>	<u>June 30, 2013</u>
<b>General Insurance Internal Service Fund</b>		
Balance, beginning of year	\$ 743,816	\$ 619,416
Current year claims and changes in estimate	740,330	533,931
Claim payments	(551,801)	(409,531)
Balance, end of year	<u>\$ 932,345</u>	<u>\$ 743,816</u>
<b>Employee Benefits Internal Service Fund</b>		
Balance, beginning of year	\$ 382,300	\$ 336,600
Current year claims and changes in estimate	6,245,484	4,251,917
Claim payments	(6,104,484)	(4,206,217)
Balance, end of year	<u>\$ 523,300</u>	<u>\$ 382,300</u>

## **16. 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.

## **16. Pension Plans (continued)**

### **Plan Description and Contribution Information**

Current membership in both plans are as follows:

	<u>Plan A</u>	<u>Plan B</u>
Retirees and beneficiaries currently receiving benefits	217	53
Terminated vested participants entitled to but not yet receiving benefits	13	26
Active participants	<u>487</u>	<u>137</u>
Total number of participants	<u>717</u>	<u>216</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.

## **16. 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 J). 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.



## **16. 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 8.97% 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.

## **16. 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, 2013 for Pension Plan A and January 1, 2014, 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%	7.75%
Projected salary increases:		
Inflation	3.5%	3.5%
Merit or seniority	0.5-8.5%	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, 2013, 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.

## **16. 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)	\$ 3,703,299	\$ 398,386
Interest on net pension obligation	122,903	0
Adjustment to ARC	(140,563)	0
Annual pension cost	3,685,639	398,386
Contributions made	(2,766,404)	(398,386)
Increase (decrease) in net pension obligation	919,235	0
Net pension obligation (asset) - beginning of year	1,638,694	0
Net pension obligation (asset) - end of year	<u>\$ 2,557,929</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.

<b>Fiscal Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
<b>Pension Plan A:</b>			
6/30/2012	3,214,433	88%	830,193
6/30/2013	3,528,951	77%	1,638,694
6/30/2014	3,685,639	75%	2,557,929
<b>Pension Plan B:</b>			
6/30/2012	445,261	100%	0
6/30/2013	441,209	100%	0
6/30/2014	398,386	100%	0

**CITY OF GAINESVILLE, GEORGIA**  
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**16. Pension Plans (continued)**

**Historical Trend Information, continued**

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)
<b>Pension Plan A:</b>						
7/1/2011	\$ 69,055,980	\$ 112,225,797	\$ 43,169,817	61.53%	\$ 20,625,530	209.30%
7/1/2012	72,623,425	114,189,383	41,565,958	63.60%	22,226,619	187.01%
7/1/2013	75,891,152	116,926,085	41,034,933	64.91%	21,482,940	191.01%
<b>Pension Plan B:</b>						
1/1/2012	\$ 4,781,791	\$ 6,375,572	\$ 1,593,781	75.00%	\$ 4,587,389	34.74%
1/1/2013	5,075,705	6,471,996	1,396,291	78.43%	4,367,611	31.97%
1/1/2014	5,381,965	6,678,899	1,296,934	80.58%	4,404,575	29.45%

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

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

**17. 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.

## **17. Post-Employment Health Care Benefits (continued)**

### **Plan Description, continued**

City employees who leave employment in a Vested, Normal, Early, or Disability status (as defined by the plan document) and were hired prior to January 1, 2002, may participate in the plan without regard to years of service. Those hired on or after January 1, 2002, must have a minimum of 20 years service in order to participate.

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	264
Active participants	<u>623</u>
Total number of participants	<u><u>887</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 \$670,525, through their required contributions of \$265.00, \$574.19, \$651.50, and \$999.37 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, 2012 is 26 years. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

## **17. 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 2014, the City's annual OPEB cost of \$4,921,707 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, 2012. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 7.5 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 8.0 percent, graded to 5 percent over 12 years.

**CITY OF GAINESVILLE, GEORGIA**  
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**17. Post-Employment Health Care Benefits (continued)**

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

Annual required contribution	\$ 5,491,581
Interest on net OPEB obligation	996,825
Adjustment to ARC	(1,566,699)
Annual OPEB cost	4,921,707
Contributions made	(2,003,709)
Increase (decrease) in net OPEB obligation	2,917,998
Net OPEB obligation - beginning of year	24,920,617
Net OPEB obligation - end of year	<u>\$ 27,838,615</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 AOC Contributed	Net Pension Obligation
2012	\$ 6,410,272	24%	\$ 23,106,131
2013	3,429,283	47%	24,920,617
2014	4,921,707	41%	27,838,615

**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%
7/1/2012	0	38,562,559	38,562,559	0.00%	25,653,927	150%

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

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

## **18. 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, 2014, follows:

Lodging Tax Receipts	\$ 715,260	
Disbursements for tourism and visitor programs	\$ 655,407	91% of tax receipts

## **19. 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 2014.

The ten major taxpayers of the City for fiscal year 2014 represent approximately eleven percent of the current year tax levy. The ten largest taxpayers are comprised of various types of entities including retail, manufacturing and food processing.

## **20. 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.



## **20. 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 2014, the City contributed the use of five police officers for assignment to the HCMOTF. The City paid \$337,463 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 2014, the city paid \$37,864 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.

## **21. 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 \$69,506 as payment-in-lieu-of-taxes during fiscal year 2014.

## **22. Risk Pools**

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 AAAf 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.

## **23. Commitments and Contingencies**

### **Commitments**

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, 2014, 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:

	<b>Restricted</b>	<b>Assigned</b>
<b>General Fund</b>	\$ 0	\$ 36,844
<b>Nonmajor Governmental Funds</b>	13,631	0

## **23. Commitments and Contingencies (continued)**

The City has active construction projects as of June 30, 2014. At fiscal year end, the City's commitments with contractors are as follows:

<b>Project</b>	<b><u>Amount Expended to Date</u></b>	<b><u>Remaining Commitment</u></b>
Expansion of the water and sewer distribution system	<b><u>\$ 4,446,515</u></b>	<b><u>\$ 2,066,461</u></b>

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.

### **Contingencies**

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.

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF GAINESVILLE, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**PENSION TRUST FUND**  
**For the fiscal year ended June 30, 2014**  
**(Unaudited)**

Schedule of Employer Contributions			
Fiscal Year	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation (Asset)
<b>Pension Plan A:</b>			
6/30/2009	\$ 2,800,859	99%	\$ (765,157)
6/30/2010	3,067,415	85%	(289,035)
6/30/2011	3,368,366	78%	444,855
6/30/2012	3,219,227	87%	830,193
6/30/2013	3,537,899	76%	1,638,694
6/30/2014	3,703,299	75%	2,557,929

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)
<b>Pension Plan A:</b>						
7/1/2008	\$ 60,238,608	\$ 99,886,843	\$ 39,648,235	60.31%	\$ 21,841,338	181.53%
7/1/2009	64,498,076	106,414,133	41,916,057	60.61%	21,285,746	196.92%
7/1/2010	66,265,931	109,222,610	42,956,679	60.67%	20,168,312	212.99%
7/1/2011	69,055,980	112,225,797	43,169,817	61.53%	20,625,530	209.30%
7/1/2012	72,623,425	114,189,383	41,565,958	63.60%	22,226,619	187.01%
7/1/2013	75,891,152	116,926,085	41,034,933	64.91%	21,482,940	191.01%

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

**Note:** See assumptions used for this schedule disclosed in the notes to the financial statements.

## ***COMBINING STATEMENTS***

***Nonmajor Governmental Funds***

***Nonmajor Enterprise Funds***

***Internal Service Funds***

**CITY OF GAINESVILLE, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2014**

	Special Revenue						
	Community Service Center	Economic Development	Hotel/Motel Tax	Government Access Cable TV Channel	Confiscated Assets	Grants	HUD Grant
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,118,731	\$ 1,280,245	\$ 333,444	\$ 114,167	\$ 236,204	\$ 39,445	\$ 0
Investments	0	1,594,401	0	0	0	0	110,457
Receivables (net)							
Accounts	878	1,318	69,312	0	0	0	0
Intergovernmental	296,816	0	0	8,260	0	38,054	105,697
Notes	0	104,836	0	0	0	0	0
Prepaid items	15,417	0	0	0	0	0	0
Advances to other funds	0	81,691	0	0	0	0	0
<b>Total assets</b>	<b>\$ 2,431,842</b>	<b>\$ 3,062,491</b>	<b>\$ 402,756</b>	<b>\$ 122,427</b>	<b>\$ 236,204</b>	<b>\$ 77,499</b>	<b>\$ 216,154</b>
<b>LIABILITIES</b>							
Payables							
Accounts	\$ 73,573	\$ 7,234	\$ 5,259	\$ 1,570	\$ 276	\$ 0	\$ 6,266
Intergovernmental	0	0	0	0	0	0	0
Deposits	186	0	0	0	0	0	0
Retainages	0	0	0	0	0	0	0
Accrued salaries	20,962	0	4,874	2,105	0	0	1,897
Unearned revenues	2,000	328	1,955	0	0	0	0
Due to other funds	0	0	0	0	0	0	97,534
<b>Total liabilities</b>	<b>96,721</b>	<b>7,562</b>	<b>12,088</b>	<b>3,675</b>	<b>276</b>	<b>0</b>	<b>105,697</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - notes receivable	0	0	0	0	0	0	0
<b>FUND BALANCES</b>							
Nonspendable	15,417	81,691	0	0	0	0	0
Restricted	1,158,411	0	0	63,219	235,928	3,721	110,457
Committed	0	0	0	0	0	4,868	0
Assigned	1,161,293	2,973,238	390,668	55,533	0	68,910	0
<b>Total fund balances</b>	<b>2,335,121</b>	<b>3,054,929</b>	<b>390,668</b>	<b>118,752</b>	<b>235,928</b>	<b>77,499</b>	<b>110,457</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 2,431,842</b>	<b>\$ 3,062,491</b>	<b>\$ 402,756</b>	<b>\$ 122,427</b>	<b>\$ 236,204</b>	<b>\$ 77,499</b>	<b>\$ 216,154</b>

Special Revenue					Capital Projects			Total Nonmajor Governmental Funds
Revolving Loan	Impact Fee	Tax Allocation District	Information Technology	Cemetery Trust	General Government	SPLOST	Grants	
\$ 40,195 0	\$ 935,608 0	\$ 696,276 0	\$ 188,195 0	\$ 276,919 0	\$ 5,322,266 0	\$ 3,985,350 0	\$ 1,763,928 0	\$ 17,330,973 1,704,858
574	0	0	0	0	0	0	0	72,082
0	0	45,669	0	0	0	0	0	494,496
414,247	0	0	0	0	0	0	0	519,083
0	0	0	0	0	0	0	0	15,417
0	0	0	0	0	0	0	0	81,691
<u>\$ 455,016</u>	<u>\$ 935,608</u>	<u>\$ 741,945</u>	<u>\$ 188,195</u>	<u>\$ 276,919</u>	<u>\$ 5,322,266</u>	<u>\$ 3,985,350</u>	<u>\$ 1,763,928</u>	<u>\$ 20,218,600</u>
\$ 11 0 0 0 0 0 0	\$ 0 0 0 0 0 0 0	\$ 0 0 0 0 0 0 0	\$ 0 0 0 0 0 0 0	\$ 0 0 0 0 0 0 0	\$ 220,355 0 0 0 0 0 0	\$ 0 3,509,696 0 0 0 0 0	\$ 4,688 0 0 26,148 0 234,988 0	\$ 319,232 3,509,696 186 26,148 29,838 239,271 97,534
<u>11</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>220,355</u>	<u>3,509,696</u>	<u>265,824</u>	<u>4,221,905</u>
<u>414,247</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>414,247</u>
0 40,758 0 0	0 935,608 0 0	0 741,945 0 0	0 188,195 0 0	0 0 169,417 107,502	0 213,388 0 4,888,523	0 475,654 0 0	0 6,718 0 1,491,386	97,108 4,174,002 174,285 11,137,053
<u>40,758</u>	<u>935,608</u>	<u>741,945</u>	<u>188,195</u>	<u>276,919</u>	<u>5,101,911</u>	<u>475,654</u>	<u>1,498,104</u>	<u>15,582,448</u>
<u>\$ 455,016</u>	<u>\$ 935,608</u>	<u>\$ 741,945</u>	<u>\$ 188,195</u>	<u>\$ 276,919</u>	<u>\$ 5,322,266</u>	<u>\$ 3,985,350</u>	<u>\$ 1,763,928</u>	<u>\$ 20,218,600</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, 2014**

	Special Revenue						
	Community Service Center	Economic Development	Hotel/Motel Tax	Government Access Cable TV Channel	Confiscated Assets	Grants	HUD Grant
<b>REVENUES</b>							
Taxes	\$ 0	\$ 0	\$ 715,260	\$ 0	\$ 0	\$ 0	\$ 0
Fines, fees, and forfeitures	0	0	0	0	150,316	0	0
Charges for services	372,818	4,483	0	0	0	0	0
Intergovernmental	2,462,268	6,317	0	92,675	0	371,178	428,016
Interest	2,038	5,956	290	128	238	0	0
Contributions	96,860	0	0	0	0	0	0
Other	63,739	425	26,844	0	0	0	0
<b>Total revenues</b>	<b>2,997,723</b>	<b>17,181</b>	<b>742,394</b>	<b>92,803</b>	<b>150,554</b>	<b>371,178</b>	<b>428,016</b>
<b>EXPENDITURES</b>							
Current							
General Government	0	0	0	185,350	0	1,500	0
Public Safety	0	0	0	0	135,517	74,534	0
Public Works	0	0	0	0	0	0	0
Health and Welfare	3,378,756	0	0	0	0	0	0
Culture and Recreation	0	0	0	0	0	0	0
Housing and Development	0	67,063	499,076	0	0	224,535	404,733
Debt service:							
Interest and fiscal charges	0	19,955	0	0	0	0	0
Capital outlay	0	0	0	0	0	0	0
<b>Total expenditures</b>	<b>3,378,756</b>	<b>87,018</b>	<b>499,076</b>	<b>185,350</b>	<b>135,517</b>	<b>300,569</b>	<b>404,733</b>
Excess (deficiency) of revenues over (under) expenditures	(381,033)	(69,837)	243,318	(92,547)	15,037	70,609	23,283
Other financing sources (uses)							
Transfers in	595,991	7,000	0	99,100	0	0	0
Transfers out	0	(25,000)	(119,210)	0	0	(72,183)	0
<b>Total other financing sources (uses)</b>	<b>595,991</b>	<b>(18,000)</b>	<b>(119,210)</b>	<b>99,100</b>	<b>0</b>	<b>(72,183)</b>	<b>0</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	214,958	(87,837)	124,108	6,553	15,037	(1,574)	23,283
Fund balances, July 1	2,120,163	3,142,766	266,560	112,199	220,891	79,073	87,174
<b>Fund balances, June 30</b>	<b>\$ 2,335,121</b>	<b>\$ 3,054,929</b>	<b>\$ 390,668</b>	<b>\$ 118,752</b>	<b>\$ 235,928</b>	<b>\$ 77,499</b>	<b>\$ 110,457</b>

Special Revenue					Capital Projects			Total Nonmajor Governmental Funds
Revolving Loan	Impact Fee	Tax Allocation District	Information Technology	Cemetery Trust	General Government	SPLOST	Grants	
\$ 0	\$ 0	\$ 10,701	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 725,961
0	0	0	65,138	0	0	0	0	215,454
44,900	352,676	0	0	50,550	0	0	0	825,427
0	0	71,774	0	0	0	0	223,902	3,656,130
49	1,000	795	158	301	0	0	0	10,953
0	0	0	0	0	0	0	0	96,860
7,507	0	0	0	0	20,000	0	0	118,515
52,456	353,676	83,270	65,296	50,851	20,000	0	223,902	5,649,300
0	0	0	0	0	0	0	0	186,850
0	0	0	6,489	0	0	0	0	216,540
0	0	0	0	90	0	0	0	90
0	0	0	0	0	0	0	0	3,378,756
0	45,000	0	0	0	0	0	0	45,000
66,696	0	0	0	0	0	0	0	1,262,103
0	0	0	0	0	0	0	0	19,955
0	0	0	0	0	1,341,356	177,043	609,924	2,128,323
66,696	45,000	0	6,489	90	1,341,356	177,043	609,924	7,237,617
(14,240)	308,676	83,270	58,807	50,761	(1,321,356)	(177,043)	(386,022)	(1,588,317)
0	0	0	0	0	1,914,531	0	500,000	3,116,622
0	(16,268)	0	0	(25,000)	(6,425)	0	0	(264,086)
0	(16,268)	0	0	(25,000)	1,908,106	0	500,000	2,852,536
(14,240)	292,408	83,270	58,807	25,761	586,750	(177,043)	113,978	1,264,219
54,998	643,200	658,675	129,388	251,158	4,515,161	652,697	1,384,126	14,318,229
\$ 40,758	\$ 935,608	\$ 741,945	\$ 188,195	\$ 276,919	\$ 5,101,911	\$ 475,654	\$ 1,498,104	\$ 15,582,448

**CITY OF GAINESVILLE, GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**June 30, 2014**

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 1,075,930	\$ 2,232,551	\$ 40,598	\$ 3,349,079
Accounts receivables (net)	8,351	171,950	42,856	223,157
Total current assets	1,084,281	2,404,501	83,454	3,572,236
<b>Noncurrent assets</b>				
Capital assets				
Non-depreciable	885,298	0	53,271	938,569
Depreciable (net)	10,670,191	593,956	3,281,951	14,546,098
Total noncurrent assets	11,555,489	593,956	3,335,222	15,484,667
<b>Total assets</b>	<b>12,639,770</b>	<b>2,998,457</b>	<b>3,418,676</b>	<b>19,056,903</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred interest expense	61,209	0	0	61,209
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables				
Accounts	16,693	25,949	11,711	54,353
Deposits	4,036	0	0	4,036
Sales tax	0	0	7,030	7,030
Interest	6,325	0	15,246	21,571
Accrued salaries	1,288	14,711	10,657	26,656
Compensated absences	0	39,042	19,198	58,240
Capital lease payable	400,000	0	205,000	605,000
Other liabilities	0	0	51,720	51,720
Total current liabilities	428,342	79,702	320,562	828,606
<b>Noncurrent liabilities</b>				
Advances from other funds	0	0	432,089	432,089
Compensated absences	0	4,338	2,133	6,471
Pension obligation	5,362	21,449	0	26,811
OPEB obligation	15,009	950,406	231,338	1,196,753
Capital leases payable	2,207,801	0	2,835,000	5,042,801
Total noncurrent liabilities	2,228,172	976,193	3,500,560	6,704,925
<b>Total liabilities</b>	<b>2,656,514</b>	<b>1,055,895</b>	<b>3,821,122</b>	<b>7,533,531</b>
Net investment in capital assets	9,008,897	593,956	295,222	9,898,075
Restricted for capital outlay	0	0	34,477	34,477
Unrestricted	1,035,568	1,348,606	(732,145)	1,652,029
<b>Total net position</b>	<b>\$ 10,044,465</b>	<b>\$ 1,942,562</b>	<b>\$ (402,446)</b>	<b>\$ 11,584,581</b>

**CITY OF GAINESVILLE, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the fiscal year ended June 30, 2014**

	<b>Airport</b>	<b>Solid Waste</b>	<b>Chattahoochee Golf Course</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 944,120	\$ 2,369,815	\$ 992,168	\$ 4,306,103
Other	649	18,004	12,626	31,279
<b>Total operating revenues</b>	<b>944,769</b>	<b>2,387,819</b>	<b>1,004,794</b>	<b>4,337,382</b>
<b>OPERATING EXPENSES</b>				
Costs of sales and services	332,792	728,627	322,574	1,383,993
Personal services	77,999	1,271,572	522,489	1,872,060
Depreciation	747,415	112,188	264,194	1,123,797
<b>Total operating expenses</b>	<b>1,158,206</b>	<b>2,112,387</b>	<b>1,109,257</b>	<b>4,379,850</b>
Operating income (loss)	(213,437)	275,432	(104,463)	(42,468)
Non-operating revenues (expenses)				
Interest revenue	15,693	2,723	67	18,483
Interest expense	(65,876)	0	(125,003)	(190,879)
Gain (loss) on sale of capital assets	441	313	0	754
Total non-operating revenues (expenses)	(49,742)	3,036	(124,936)	(171,642)
Income (loss) before capital contributions and transfers	(263,179)	278,468	(229,399)	(214,110)
Capital contributions				
Contributions of capital assets	27,946	0	0	27,946
Intergovernmental revenue	45,834	0	0	45,834
Total capital contributions	73,780	0	0	73,780
Income (loss) before transfers	(189,399)	278,468	(229,399)	(140,330)
Transfers in (out)				
Transfers in	0	0	131,140	131,140
Change in net position	(189,399)	278,468	(98,259)	(9,190)
Net position, July 1	10,233,864	1,664,094	(304,187)	11,593,771
<b>Net position, June 30</b>	<b>\$ 10,044,465</b>	<b>\$ 1,942,562</b>	<b>\$ (402,446)</b>	<b>\$ 11,584,581</b>

**CITY OF GAINESVILLE, GEORGIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the fiscal year ended June 30, 2014**

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 951,494	\$ 2,350,340	\$ 1,013,358	\$ 4,315,192
Payments to suppliers	(334,712)	(736,146)	(331,454)	(1,402,312)
Payments to employees	(71,933)	(1,157,170)	(497,115)	(1,726,218)
Other receipts	649	18,004	1,226	19,879
	<u>545,498</u>	<u>475,028</u>	<u>186,015</u>	<u>1,206,541</u>
<b>Net cash provided (used) by operating activities</b>				
	<u>545,498</u>	<u>475,028</u>	<u>186,015</u>	<u>1,206,541</u>
<b>Cash flows from non-capital financing activities:</b>				
Receipts from other funds	0	0	116,158	116,158
	<u>0</u>	<u>0</u>	<u>116,158</u>	<u>116,158</u>
<b>Cash flows from capital and related financing activities:</b>				
Receipts from other governments	370,375	0	0	370,375
Sale of capital assets	441	313	0	754
Interest paid	(55,438)	0	(125,981)	(181,419)
Acquisition of capital assets	(65,707)	(338,383)	0	(404,090)
Payment of capital related accounts payable	(332,862)	0	0	(332,862)
Principal payments - capital leases	(380,000)	0	(195,000)	(575,000)
	<u>(463,191)</u>	<u>(338,070)</u>	<u>(320,981)</u>	<u>(1,122,242)</u>
<b>Net cash provided (used) by capital and related financing activities</b>				
	<u>(463,191)</u>	<u>(338,070)</u>	<u>(320,981)</u>	<u>(1,122,242)</u>
<b>Cash flows from investing activities:</b>				
Interest received	1,218	2,723	67	4,008
	<u>1,218</u>	<u>2,723</u>	<u>67</u>	<u>4,008</u>
<b>Net increase (decrease) in cash and cash equivalents</b>				
	<u>83,525</u>	<u>139,681</u>	<u>(18,741)</u>	<u>204,465</u>
<b>Cash and cash equivalents, July 1</b>				
	<u>992,405</u>	<u>2,092,870</u>	<u>59,339</u>	<u>3,144,614</u>
<b>Cash and cash equivalents, June 30</b>	<u>\$ 1,075,930</u>	<u>\$ 2,232,551</u>	<u>\$ 40,598</u>	<u>\$ 3,349,079</u>

**CITY OF GAINESVILLE, GEORGIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the fiscal year ended June 30, 2014**

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	<u>\$ (213,437)</u>	<u>\$ 275,432</u>	<u>\$ (104,463)</u>	<u>\$ (42,468)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	747,415	112,188	264,194	1,123,797
(Increase) decrease in				
accounts receivable	3,774	(19,475)	10,339	(5,362)
Increase (decrease) in accounts payable	(1,920)	(7,519)	(31,811)	(41,250)
Increase (decrease) in sales tax payable	0	0	(549)	(549)
Increase (decrease) in customer deposits	3,600	0	0	3,600
Increase (decrease) in				
accrued salaries and benefits	(646)	7,807	6,333	13,494
Increase (decrease) in pension obligation	1,951	1,870	0	3,821
Increase (decrease) in OPEB obligation	4,761	104,725	19,041	128,527
Increase (decrease) in other liabilities	0	0	22,931	22,931
Total adjustments	<u>758,935</u>	<u>199,596</u>	<u>290,478</u>	<u>1,249,009</u>
Net cash provided (used) by operating activities	<u>\$ 545,498</u>	<u>\$ 475,028</u>	<u>\$ 186,015</u>	<u>\$ 1,206,541</u>

**Noncash investing, capital, and financing activities:**

Contributions of capital assets from government total \$27,946 for the fiscal year ended June 30, 2014.

**CITY OF GAINESVILLE, GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2014**

	<b>General Insurance Fund</b>	<b>Employee Benefits Fund</b>	<b>Vehicle Services Fund</b>	<b>Totals</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 1,405,702	\$ 4,915,791	\$ 200,924	\$ 6,522,417
Receivables				
Accounts	1,067	226,974	0	228,041
Intergovernmental	0	0	11,886	11,886
Inventory	0	0	201,932	201,932
Other assets	140,000	0	0	140,000
Total current assets	1,546,769	5,142,765	414,742	7,104,276
<b>Noncurrent assets</b>				
Depreciable capital assets (net)	0	0	150,895	150,895
<b>Total assets</b>	<b>1,546,769</b>	<b>5,142,765</b>	<b>565,637</b>	<b>7,255,171</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables				
Accounts	37,369	36,428	140,073	213,870
Deposits	0	10,174	0	10,174
Accrued salaries	0	0	5,388	5,388
Compensated absences	0	0	12,465	12,465
Claims reserves	932,345	523,300	0	1,455,645
Total current liabilities	969,714	569,902	157,926	1,697,542
<b>Long-term liabilities</b>				
Compensated absences	0	0	1,385	1,385
<b>Total liabilities</b>	<b>969,714</b>	<b>569,902</b>	<b>159,311</b>	<b>1,698,927</b>
<b>NET POSITION</b>				
Investment in capital assets	0	0	150,895	150,895
Unrestricted	577,055	4,572,863	255,431	5,405,349
<b>Total net position</b>	<b>\$ 577,055</b>	<b>\$ 4,572,863</b>	<b>\$ 406,326</b>	<b>\$ 5,556,244</b>

**CITY OF GAINESVILLE, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the fiscal year ended June 30, 2014**

	<b>General Insurance Fund</b>	<b>Employee Benefits Fund</b>	<b>Vehicle Services Fund</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>				
Interfund services provided	\$ 1,396,284	\$ 7,597,329	\$ 2,339,288	\$ 11,332,901
Other	3,182	547	0	3,729
<b>Total operating revenues</b>	<b>1,399,466</b>	<b>7,597,876</b>	<b>2,339,288</b>	<b>11,336,630</b>
<b>OPERATING EXPENSES</b>				
Costs of services	1,399,466	8,844,599	2,005,101	12,249,166
Personal services	0	0	309,781	309,781
Depreciation	0	0	24,406	24,406
<b>Total operating expenses</b>	<b>1,399,466</b>	<b>8,844,599</b>	<b>2,339,288</b>	<b>12,583,353</b>
Operating income (loss)	0	(1,246,723)	0	(1,246,723)
Non-operating revenues (expenses)				
Interest revenue	1,634	6,725	0	8,359
Change in net position	1,634	(1,239,998)	0	(1,238,364)
Net position, July 1	575,421	5,812,861	406,326	6,794,608
<b>Net position, June 30</b>	<b>\$ 577,055</b>	<b>\$ 4,572,863</b>	<b>\$ 406,326</b>	<b>\$ 5,556,244</b>



**CITY OF GAINESVILLE, GEORGIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the fiscal year ended June 30, 2014**

	<b>General Insurance Fund</b>	<b>Employee Benefits Fund</b>	<b>Vehicle Services Fund</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>				
Receipts from interfund services provided	\$ 1,398,338	\$ 7,372,829	\$ 2,337,179	\$ 11,108,346
Payments to suppliers	(1,183,872)	(8,715,852)	(1,972,741)	(11,872,465)
Payments to employees	0	0	(307,418)	(307,418)
Other receipts	3,182	547	0	3,729
Net cash provided (used) by operating activities	217,648	(1,342,476)	57,020	(1,067,808)
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	0	0	(7,099)	(7,099)
<b>Cash flows from investing activities:</b>				
Interest received	1,634	6,725	0	8,359
Net increase (decrease) in cash and cash equivalents	219,282	(1,335,751)	49,921	(1,066,548)
Cash and cash equivalents, July 1	1,186,420	6,251,542	151,003	7,588,965
<b>Cash and cash equivalents, June 30</b>	<b>\$ 1,405,702</b>	<b>\$ 4,915,791</b>	<b>\$ 200,924</b>	<b>\$ 6,522,417</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 0	\$ (1,246,723)	\$ 0	\$ (1,246,723)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	0	0	24,406	24,406
(Increase) decrease in accounts receivable	2,054	(224,500)	0	(222,446)
(Increase) decrease in intergovernmental receivables	0	0	(2,109)	(2,109)
(Increase) decrease in inventory	0	0	7,031	7,031
Increase (decrease) in accounts payable	27,065	(12,590)	25,329	39,804
Increase (decrease) in accrued salaries and benefits	0	0	2,363	2,363
Increase (decrease) in deposits payable	0	337	0	337
Increase (decrease) in claims reserve	188,529	141,000	0	329,529
Total adjustments	217,648	(95,753)	57,020	178,915
Net cash provided (used) by operating activities	\$ 217,648	\$ (1,342,476)	\$ 57,020	\$ (1,067,808)

## **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, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,059,994	\$ 8,477,656
Receivables (net)		
Accounts	389,801	434,424
Intergovernmental	90,132	25,234
Taxes	732,983	671,524
Prepaid items	2,346	1,655
Due from other funds	97,534	48,854
Advances to other funds	350,398	365,380
<b>Total assets</b>	<b>\$ 11,723,188</b>	<b>\$ 10,024,727</b>
<b>LIABILITIES</b>		
Payables		
Accounts	\$ 417,421	\$ 297,438
Intergovernmental	99,281	31,450
Accrued salaries	304,123	261,307
Other liabilities	51,259	5,930
<b>Total liabilities</b>	<b>872,084</b>	<b>596,125</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	183,811	167,981
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid items	2,346	1,655
Advances to other funds	350,398	365,380
Committed for Housing and Development	6,208	6,583
Assigned for:		
General Government	0	21,052
Public Safety	0	4,682
Public Works	95,367	87,868
Housing and Development	0	7,736
Budget	3,200,000	2,200,000
Unassigned	7,012,974	6,565,665
<b>Total fund balances</b>	<b>10,667,293</b>	<b>9,260,621</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 11,723,188</b>	<b>\$ 10,024,727</b>

**CITY OF GAINESVILLE, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the fiscal years ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>REVENUES</b>		
Taxes	\$ 19,848,980	\$ 19,543,326
Licenses and permits	768,827	727,631
Fines, fees and forfeitures	1,420,017	1,363,889
Charges for services	2,179,114	1,846,237
Intergovernmental	303,330	354,075
Interest	26,648	33,962
Contributions	0	15,774
Other	899,080	960,522
<b>Total revenues</b>	<b>25,445,996</b>	<b>24,845,416</b>
<b>EXPENDITURES</b>		
Current		
General Government	3,041,557	3,081,624
Judicial	460,849	421,756
Public Safety	14,717,771	14,436,792
Public Works	4,491,621	4,325,418
Health and Welfare	12,500	12,500
Culture and Recreation	120,000	25,000
Housing and Development	820,827	1,213,266
<b>Total expenditures</b>	<b>23,665,125</b>	<b>23,516,356</b>
Excess (deficiency) of revenues over (under) expenditures	1,780,871	1,329,060
Other financing sources (uses)		
Transfers in (out)		
Community Service Center Fund	(595,991)	(404,859)
Government Access Cable TV Channel Fund	(92,675)	(86,010)
Grants Special Revenue Fund	72,183	303,073
Hotel/Motel Tax Fund	0	63,805
Impact Fee Fund	10,273	8,583
Debt Service Fund	(825,000)	(2,858,280)
General Government Capital Projects Fund	(1,703,766)	(1,398,660)
SPLOST Capital Projects Fund	0	257,351
Grants Capital Projects Fund	(500,000)	(526,700)
Public Utilities Fund	3,359,114	3,372,630
Chattahoochee Golf Course Fund	(131,140)	(177,926)
Sales of capital assets	32,803	69,272
<b>Total other financing sources (uses)</b>	<b>(374,199)</b>	<b>(1,377,721)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,406,672	(48,661)
Fund balances, July 1	9,260,621	9,309,282
<b>Fund balances, June 30</b>	<b>\$ 10,667,293</b>	<b>\$ 9,260,621</b>

**CITY OF GAINESVILLE, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended June 30, 2014**  
**(With comparative actual amounts for the fiscal year ended June 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes				
Current year levy	\$ 5,019,381	\$ 5,417,490	\$ 398,109	\$ 5,382,315
Prior years' levies	50,144	68,231	18,087	117,422
Motor vehicle tax	1,292,500	1,153,839	(138,661)	656,592
Cost, penalties, and interest	80,000	76,099	(3,901)	50,825
Total general property taxes	6,442,025	6,715,659	273,634	6,207,154
Intangibles tax	69,786	105,044	35,258	80,720
Franchise tax	3,971,056	4,014,946	43,890	4,092,271
Insurance premium tax	1,600,000	1,743,745	143,745	1,684,119
Occupational tax	1,134,500	1,263,534	129,034	1,199,374
Liquor tax	100,000	112,583	12,583	107,255
Beer and wine tax	790,000	818,480	28,480	780,559
Mixed drink tax	90,000	91,182	1,182	91,595
Local option sales tax	4,453,047	4,983,807	530,760	5,300,279
Total taxes	18,650,414	19,848,980	1,198,566	19,543,326
<b>Licenses and permits</b>	680,400	768,827	88,427	727,631
<b>Fines, fees and forfeitures</b>	1,140,200	1,420,017	279,817	1,363,889
<b>Charges for services</b>	2,170,292	2,179,114	8,822	1,846,237
<b>Intergovernmental</b>	452,021	303,330	(148,691)	354,075
<b>Interest</b>	28,000	26,648	(1,352)	33,962
<b>Contributions</b>	0	0	0	15,774
<b>Other</b>				
Cemetery care	0	0	0	43,150
Rents	825,000	825,000	0	825,000
Miscellaneous	55,594	74,080	18,486	92,372
Total other	880,594	899,080	18,486	960,522
<b>Total revenues</b>	<u>\$ 24,001,921</u>	<u>\$ 25,445,996</u>	<u>\$ 1,444,075</u>	<u>\$ 24,845,416</u>

**CITY OF GAINESVILLE, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended June 30, 2014**  
**(With comparative actual amounts for the fiscal year ended June 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	Actual
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
Mayor and Council				
Personal services	\$ 187,808	\$ 183,948	\$ 3,860	\$ 0
Other	92,850	89,897	2,953	0
Total Mayor and Council	280,658	273,845	6,813	0
City Manager's Office				
Personal services	541,713	525,177	16,536	700,148
Other	125,275	99,960	25,315	217,897
Total City Manager's Office	666,988	625,137	41,851	918,045
Financial Services and IT				
Personal services	1,345,680	1,244,404	101,276	1,227,536
Other	426,629	351,341	75,288	406,866
Total Financial Services and IT	1,772,309	1,595,745	176,564	1,634,402
Human Resources				
Personal services	541,048	498,291	42,757	480,959
Other	55,873	48,539	7,334	48,218
Total Human Resources	596,921	546,830	50,091	529,177
Total General Government	3,316,876	3,041,557	275,319	3,081,624
<b>Judicial</b>				
Municipal Court				
Personal services	379,777	368,053	11,724	327,801
Other	109,657	92,796	16,861	93,955
Total Judicial	489,434	460,849	28,585	421,756
<b>Public Safety</b>				
Police				
Personal services	6,843,174	6,623,879	219,295	6,475,176
Other	1,871,211	1,635,803	235,408	1,565,001
Capital outlay	0	0	0	8,207
Total Police	8,714,385	8,259,682	454,703	8,048,384
Code Enforcement				
Personal services	244,578	165,761	78,817	154,279
Other	77,269	69,713	7,556	60,173
Total Code Enforcement	321,847	235,474	86,373	214,452
Fire				
Personal services	5,939,962	5,533,708	406,254	5,475,172
Other	721,203	646,971	74,232	698,784
Capital outlay	41,936	41,936	0	0
Total Fire	6,703,101	6,222,615	480,486	6,173,956
Total Public Safety	15,739,333	14,717,771	1,021,562	14,436,792
<b>Public Works</b>				
Public Lands and Buildings				
Personal services	254,757	251,390	3,367	244,717
Other	295,096	296,066	(970)	166,502
Capital outlay	5,800	5,605	195	0
Total Public Lands and Buildings	555,653	553,061	2,592	411,219

**CITY OF GAINESVILLE, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended June 30, 2014**  
**(With comparative actual amounts for the fiscal year ended June 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	Actual
<b>Public Works, continued</b>				
Engineering				
Personal services	\$ 545,771	\$ 526,124	\$ 19,647	\$ 536,114
Other	78,240	61,888	16,352	75,468
Total Engineering	624,011	588,012	35,999	611,582
Traffic				
Personal services	473,815	429,007	44,808	445,311
Other	875,990	813,201	62,789	767,431
Total Traffic	1,349,805	1,242,208	107,597	1,212,742
Street Maintenance				
Personal services	1,521,604	1,346,044	175,560	1,364,258
Other	414,184	392,895	21,289	342,632
Capital outlay	14,918	14,918	0	30,015
Total Street Maintenance	1,950,706	1,753,857	196,849	1,736,905
Cemetery				
Personal services	226,592	224,965	1,627	195,095
Other	118,371	107,725	10,646	116,995
Capital outlay	21,793	21,793	0	15,888
Total Cemetery	366,756	354,483	12,273	327,978
Agency allocations	0	0	0	24,992
Total Public Works	4,846,931	4,491,621	355,310	4,325,418
<b>Health and Welfare</b>				
Agency allocations	12,500	12,500	0	12,500
<b>Culture and Recreation</b>				
Agency allocations	120,000	120,000	0	25,000
<b>Housing and Development</b>				
Communications and Tourism				
Personal services	0	0	0	247,523
Other	0	0	0	157,417
Total Communications and Tourism	0	0	0	404,940
Planning				
Personal services	439,806	439,122	684	426,212
Other	83,559	83,463	96	94,454
Total Planning	523,365	522,585	780	520,666
Inspection				
Personal services	242,411	240,037	2,374	233,578
Other	31,976	29,807	2,169	26,194
Total Inspection	274,387	269,844	4,543	259,772
Agency allocations	28,398	28,398	0	27,888
Total Housing and Development	826,150	820,827	5,323	1,213,266
<b>Total expenditures</b>	<b>\$ 25,351,224</b>	<b>\$ 23,665,125</b>	<b>\$ 1,686,099</b>	<b>\$ 23,516,356</b>

## **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 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 tourism.

**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 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 districts for the purpose of stimulating private redevelopment within these areas.

**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 SERVICE CENTER SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,118,731	\$ 1,891,408
Receivables		
Accounts	878	998
Intergovernmental	296,816	304,620
Prepaid items	15,417	0
<b>Total assets</b>	<b>\$ 2,431,842</b>	<b>\$ 2,197,026</b>
<b>LIABILITIES</b>		
Payables		
Accounts	\$ 73,573	\$ 59,263
Deposits	186	186
Accrued salaries	20,962	17,414
Unearned revenue	2,000	0
<b>Total liabilities</b>	<b>96,721</b>	<b>76,863</b>
<b>FUND BALANCES</b>		
Nonspendable prepaids	15,417	0
Restricted for Health and Welfare	1,158,411	1,064,225
Assigned for:		
Health and Welfare	1,042,100	1,038,727
Budget	119,193	17,211
<b>Total fund balances</b>	<b>2,335,121</b>	<b>2,120,163</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,431,842</b>	<b>\$ 2,197,026</b>

**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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Charges for services	\$ 381,800	\$ 372,818	\$ (8,982)	\$ 397,674
Intergovernmental	2,969,314	2,462,268	(507,046)	1,731,341
Interest	2,000	2,038	38	2,839
Contributions	81,657	96,860	15,203	80,980
Other	59,510	63,739	4,229	87,741
<b>Total revenues</b>	<b>3,494,281</b>	<b>2,997,723</b>	<b>(496,558)</b>	<b>2,300,575</b>
<b>EXPENDITURES</b>				
Current				
Health and Welfare				
Personal services	1,447,808	1,252,256	195,552	1,355,850
Other	1,520,834	1,384,659	136,175	1,107,103
Capital outlay	1,739,205	741,841	997,364	53,978
<b>Total expenditures</b>	<b>4,707,847</b>	<b>3,378,756</b>	<b>1,329,091</b>	<b>2,516,931</b>
Excess (deficiency) of revenues over (under) expenditures	(1,213,566)	(381,033)	832,533	(216,356)
Other financing sources (uses)				
Transfers in (out)				
General Fund	595,991	595,991	0	404,859
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(617,575)	214,958	832,533	188,503
Fund balance, July 1	617,575	2,120,163	1,502,588	1,931,660
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 2,335,121</b>	<b>\$ 2,335,121</b>	<b>\$ 2,120,163</b>

**CITY OF GAINESVILLE, GEORGIA**  
**ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,280,245	\$ 1,343,944
Investments	1,594,401	1,590,055
Receivables		
Accounts	1,318	858
Notes	104,836	135,947
Interest	0	407
Advances to other funds	81,691	81,691
<b>Total assets</b>	<b>\$ 3,062,491</b>	<b>\$ 3,152,902</b>
<b>LIABILITIES</b>		
Payables		
Accounts	\$ 7,234	\$ 9,805
Unearned revenue	328	331
<b>Total liabilities</b>	<b>7,562</b>	<b>10,136</b>
<b>FUND BALANCES</b>		
Nonspendable advances to other funds	81,691	81,691
Committed for Housing and Development	0	25,663
Assigned for:		
Housing and Development	2,871,194	3,035,412
Budget	102,044	0
<b>Total fund balances</b>	<b>3,054,929</b>	<b>3,142,766</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,062,491</b>	<b>\$ 3,152,902</b>

**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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Charges for services	\$ 0	\$ 4,483	\$ 4,483	\$ 136,801
Intergovernmental	5,000	6,317	1,317	20,752
Interest	8,600	5,956	(2,644)	8,001
Other	0	425	425	650
<b>Total revenue</b>	<b>13,600</b>	<b>17,181</b>	<b>3,581</b>	<b>166,204</b>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Other	121,740	67,063	54,677	88,280
Debt Service				
Interest expense	42,000	19,955	22,045	22,858
<b>Total expenditures</b>	<b>163,740</b>	<b>87,018</b>	<b>76,722</b>	<b>111,138</b>
Excess (deficiency) of revenues over (under) expenditures	(150,140)	(69,837)	80,303	55,066
Other financing sources (uses)				
Transfers in (out)				
General Government				
Capital Projects Fund	(25,000)	(25,000)	0	0
Public Utilities Fund	7,000	7,000	0	7,000
Gain on sale of property held for resale	200,000	0	(200,000)	0
Contingency	(57,600)	0	57,600	0
<b>Total other financing sources (uses)</b>	<b>124,400</b>	<b>(18,000)</b>	<b>(142,400)</b>	<b>7,000</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(25,740)	(87,837)	(62,097)	62,066
Fund balances, July 1	25,740	3,142,766	3,117,026	3,080,700
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 3,054,929</b>	<b>\$ 3,054,929</b>	<b>\$ 3,142,766</b>

**CITY OF GAINESVILLE, GEORGIA**  
**GEORGIA MOUNTAINS CENTER SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

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	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Total assets	<u>\$          0</u>	<u>\$          0</u>
 <b>LIABILITIES</b>		
Total liabilities	0	0
 <b>FUND BALANCES</b>		
Assigned for Culture and Recreation	<u>0</u>	<u>0</u>
 Total liabilities and fund balances	<u>\$          0</u>	<u>\$          0</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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
Charges for services	\$ 0	\$ 0	\$ 0	\$ 159,336
Interest	0	0	0	271
Other	0	0	0	8,817
<b>Total revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>168,424</b>
<b>EXPENDITURES</b>				
Current				
Culture and Recreation				
Personal services	0	0	0	194,906
Other	0	0	0	197,711
Capital outlay	0	0	0	0
<b>Total expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>392,617</b>
Excess (deficiency) of revenues over (under) expenditures	0	0	0	(224,193)
Other financing sources (uses)				
Transfers in (out)				
Hotel/Motel Tax Fund	0	0	0	305,847
General Government				
Capital Projects Fund	0	0	0	(224,581)
Sales of capital assets	0	0	0	1,138
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>82,404</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	(141,789)
Fund balances, July 1	0	0	0	141,789
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**CITY OF GAINESVILLE, GEORGIA**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

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	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 333,444	\$ 215,430
Accounts receivable	69,312	51,130
<b>Total assets</b>	<b>\$ 402,756</b>	<b>\$ 266,560</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 5,259	\$ 0
Accrued salaries	4,874	0
Unearned revenue	1,955	0
<b>Total liabilities</b>	<b>12,088</b>	<b>0</b>
<b>FUND BALANCES</b>		
Assigned for:		
Housing and Development	185,134	266,560
Budget	205,534	0
<b>Total fund balances</b>	<b>390,668</b>	<b>266,560</b>
<b>Total liabilities and fund balances</b>	<b>\$ 402,756</b>	<b>\$ 266,560</b>

**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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Hotel/motel taxes	\$ 702,338	\$ 715,260	\$ 12,922	\$ 591,793
Interest	250	290	40	313
Other	15,000	26,844	11,844	0
<b>Total revenues</b>	<b>717,588</b>	<b>742,394</b>	<b>24,806</b>	<b>592,106</b>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Personal services	266,303	264,454	1,849	0
Other	243,818	234,622	9,196	75,000
<b>Total expenditures</b>	<b>510,121</b>	<b>499,076</b>	<b>11,045</b>	<b>75,000</b>
Excess (deficiency) of revenues over (under) expenditures	207,467	243,318	35,851	517,106
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	0	0	(63,805)
Debt Service Fund	(94,440)	(94,440)	0	0
Georgia Mountains Center Fund	0	0	0	(305,847)
General Government				
Capital Projects Fund	(24,770)	(24,770)	0	(98,632)
Contingency	(100,929)	0	100,929	0
<b>Total other financing sources (uses)</b>	<b>(220,139)</b>	<b>(119,210)</b>	<b>100,929</b>	<b>(468,284)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(12,672)	124,108	136,780	48,822
Fund balances, July 1	12,672	266,560	253,888	217,738
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 390,668</b>	<b>\$ 390,668</b>	<b>\$ 266,560</b>



**CITY OF GAINESVILLE, GEORGIA**  
**GOVERNMENT ACCESS CABLE TV CHANNEL SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 114,167	\$ 106,147
Intergovernmental receivables	8,260	10,840
<b>Total assets</b>	<b>\$ 122,427</b>	<b>\$ 116,987</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,570	\$ 2,982
Accrued salaries	2,105	1,806
<b>Total liabilities</b>	<b>3,675</b>	<b>4,788</b>
<b>FUND BALANCES</b>		
Restricted for:		
General Government	53,686	53,622
Capital outlay	9,533	3,108
Assigned for General Government	55,533	55,469
<b>Total fund balances</b>	<b>118,752</b>	<b>112,199</b>
<b>Total liabilities and fund balances</b>	<b>\$ 122,427</b>	<b>\$ 116,987</b>

**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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 94,714	\$ 92,675	\$ (2,039)	\$ 86,010
Interest	0	128	128	197
<b>Total revenues</b>	<u>94,714</u>	<u>92,803</u>	<u>(1,911)</u>	<u>86,207</u>
<b>EXPENDITURES</b>				
Current				
General Government				
Personal services	123,730	123,727	3	120,417
Other	65,698	61,623	4,075	51,901
Capital outlay	0	0	0	19,924
<b>Total expenditures</b>	<u>189,428</u>	<u>185,350</u>	<u>4,078</u>	<u>192,242</u>
Excess (deficiency) of revenues over (under) expenditures	(94,714)	(92,547)	2,167	(106,035)
Other financing sources (uses)				
Transfers in (out)				
General Fund	94,714	92,675	(2,039)	86,010
General Government				
Capital Projects Fund	6,425	6,425	0	0
Contingency	(6,425)	0	6,425	0
<b>Total other financing sources (uses)</b>	<u>94,714</u>	<u>99,100</u>	<u>4,386</u>	<u>86,010</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	6,553	6,553	(20,025)
Fund balance, July 1	0	112,199	112,199	132,224
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 118,752</u>	<u>\$ 118,752</u>	<u>\$ 112,199</u>

**CITY OF GAINESVILLE, GEORGIA**  
**CONFISCATED ASSETS SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

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	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 236,204	\$ 222,899
<b>LIABILITIES</b>		
Accounts payable	\$ 276	\$ 2,008
<b>FUND BALANCES</b>		
Restricted for Public Safety	235,928	220,891
<b>Total liabilities and fund balances</b>	\$ 236,204	\$ 222,899

**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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
Fines, fees, and forfeitures	\$ 63,752	\$ 150,316	\$ 86,564	\$ 233,903
Interest	101	238	137	161
<b>Total revenues</b>	<b>63,853</b>	<b>150,554</b>	<b>86,701</b>	<b>234,064</b>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Other	79,843	79,975	(132)	37,162
Capital outlay	56,403	55,542	861	10,350
<b>Total expenditures</b>	<b>136,246</b>	<b>135,517</b>	<b>729</b>	<b>47,512</b>
Excess (deficiency) of revenues over (under) expenditures	(72,393)	15,037	87,430	186,552
Fund balance, July 1	72,393	220,891	148,498	34,339
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 235,928</b>	<b>\$ 235,928</b>	<b>\$ 220,891</b>

**CITY OF GAINESVILLE, GEORGIA**  
**GRANTS SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

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	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 39,445	\$ 36,115
Intergovernmental receivables	38,054	58,650
<b>Total assets</b>	<b>\$ 77,499</b>	<b>\$ 94,765</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 0	\$ 15,692
<b>FUND BALANCES</b>		
Restricted for Public Safety	3,721	0
Committed for Housing and Development	4,868	4,868
Assigned for General Government	68,910	74,205
<b>Total fund balances</b>	<b>77,499</b>	<b>79,073</b>
<b>Total liabilities and fund balances</b>	<b>\$ 77,499</b>	<b>\$ 94,765</b>

**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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
Intergovernmental	\$ 569,480	\$ 371,178	\$ (198,302)	\$ 417,979
<b>Total revenues</b>	<u>569,480</u>	<u>371,178</u>	<u>(198,302)</u>	<u>417,979</u>
<b>EXPENDITURES</b>				
Current				
General Government	6,368	1,500	4,868	13,500
Public Safety	184,232	74,534	109,698	114,642
Housing and Development	306,000	224,535	81,465	0
<b>Total expenditures</b>	<u>496,600</u>	<u>300,569</u>	<u>196,031</u>	<u>128,142</u>
Excess (deficiency) of revenues over (under) expenditures	72,880	70,609	(2,271)	289,837
Other financing sources (uses)				
Transfers in (out)				
General Fund	<u>(83,043)</u>	<u>(72,183)</u>	<u>10,860</u>	<u>(303,073)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(10,163)	(1,574)	8,589	(13,236)
Fund balance, July 1	<u>10,163</u>	<u>79,073</u>	<u>68,910</u>	<u>92,309</u>
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 77,499</u>	<u>\$ 77,499</u>	<u>\$ 79,073</u>

**CITY OF GAINESVILLE, GEORGIA**  
**HUD GRANT SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

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	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Investments	\$ 110,457	\$ 87,174
Intergovernmental receivables	105,697	54,526
<b>Total assets</b>	<b>\$ 216,154</b>	<b>\$ 141,700</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 6,266	\$ 4,414
Accrued salaries	1,897	1,258
Due to other funds	97,534	48,854
<b>Total liabilities</b>	<b>105,697</b>	<b>54,526</b>
<b>FUND BALANCES</b>		
Restricted for Housing and Development	110,457	87,174
<b>Total liabilities and fund balances</b>	<b>\$ 216,154</b>	<b>\$ 141,700</b>

**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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
Intergovernmental	\$ 857,402	\$ 428,016	\$ (429,386)	\$ 289,879
<b>Total revenues</b>	<u>857,402</u>	<u>428,016</u>	<u>(429,386)</u>	<u>289,879</u>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Personal services	145,809	92,909	52,900	86,558
Other	711,593	279,018	432,575	159,169
Payments to others	<u>0</u>	<u>32,806</u>	<u>(32,806)</u>	<u>0</u>
<b>Total expenditures</b>	<u>857,402</u>	<u>404,733</u>	<u>452,669</u>	<u>245,727</u>
Excess (deficiency) of revenues over (under) expenditures	0	23,283	23,283	44,152
Fund balances, July 1	<u>0</u>	<u>87,174</u>	<u>87,174</u>	<u>43,022</u>
<b>Fund balances, June 30</b>	<u><u>\$ 0</u></u>	<u><u>\$ 110,457</u></u>	<u><u>\$ 110,457</u></u>	<u><u>\$ 87,174</u></u>



**CITY OF GAINESVILLE, GEORGIA**  
**REVOLVING LOAN SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

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	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 40,195	\$ 54,998
Investments	0	63,174
Receivables		
Accounts	574	0
Notes	414,247	448,054
	<u>414,247</u>	<u>448,054</u>
<b>Total assets</b>	<u>\$ 455,016</u>	<u>\$ 566,226</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 11	\$ 0
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - notes receivable and investments	414,247	511,228
<b>FUND BALANCES</b>		
Restricted for Housing and Development	<u>40,758</u>	<u>54,998</u>
<b>Total liabilities, deferred inflows, and fund balances</b>	<u>\$ 455,016</u>	<u>\$ 566,226</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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
Charges for services	\$ 34,326	44,900	\$ 10,574	\$ 39,374
Interest	0	49	49	74
Other	0	7,507	7,507	0
<b>Total revenues</b>	<b>34,326</b>	<b>52,456</b>	<b>18,130</b>	<b>39,448</b>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Other	76,898	66,696	10,202	17,034
<b>Total expenditures</b>	<b>76,898</b>	<b>66,696</b>	<b>10,202</b>	<b>17,034</b>
Excess (deficiency) of revenues over (under) expenditures	(42,572)	(14,240)	28,332	22,414
Fund balances, July 1	42,572	54,998	12,426	32,584
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 40,758</b>	<b>\$ 40,758</b>	<b>\$ 54,998</b>

**CITY OF GAINESVILLE, GEORGIA**  
**IMPACT FEE SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

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	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 935,608	\$ 643,200
<b>FUND BALANCES</b>		
Restricted for:		
Public Safety	\$ 432,549	\$ 385,809
Cultural and Recreation	503,059	257,391
<b>Total fund balances</b>	<b>\$ 935,608</b>	<b>\$ 643,200</b>

**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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
Charges for services	\$ 123,273	\$ 352,676	\$ 229,403	\$ 288,380
Interest	800	1,000	200	882
<b>Total revenues</b>	<b>124,073</b>	<b>353,676</b>	<b>229,603</b>	<b>289,262</b>
<b>EXPENDITURES</b>				
Current				
Culture and Recreation				
Other	45,000	45,000	0	175,000
<b>Total expenditures</b>	<b>45,000</b>	<b>45,000</b>	<b>0</b>	<b>175,000</b>
Excess (deficiency) of revenues over (under) expenditures	79,073	308,676	229,603	114,262
Other financing sources (uses)				
Transfers in (out)				
General Fund	(10,273)	(10,273)	0	(8,583)
General Government				
Capital Projects Fund	(5,995)	(5,995)	0	0
Contingency	(68,800)	0	68,800	0
<b>Total other financing sources (uses)</b>	<b>(85,068)</b>	<b>(16,268)</b>	<b>68,800</b>	<b>(8,583)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(5,995)	292,408	298,403	105,679
Fund balances, July 1	5,995	643,200	637,205	537,521
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 935,608</b>	<b>\$ 935,608</b>	<b>\$ 643,200</b>

**CITY OF GAINESVILLE, GEORGIA**  
**TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

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	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 696,276	\$ 658,675
Intergovernmental receivable	45,669	0
<b>Total assets</b>	<b>\$ 741,945</b>	<b>\$ 658,675</b>
<b>FUND BALANCES</b>		
Restricted for Housing and Development	\$ 741,945	\$ 656,674
Assigned for Housing and Development	0	2,001
<b>Total fund balances</b>	<b>\$ 741,945</b>	<b>\$ 658,675</b>

**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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
Property taxes	\$ 12,000	\$ 10,701	\$ (1,299)	\$ 12,765
Intergovernmental	84,000	71,774	(12,226)	88,609
Interest	600	795	195	932
<b>Total revenues</b>	<b>96,600</b>	<b>83,270</b>	<b>(13,330)</b>	<b>102,306</b>
<b>EXPENDITURES</b>				
<b>Total expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (deficiency) of revenues over (under) expenditures	96,600	83,270	(13,330)	102,306
Other financing sources (uses) Contingency	(96,600)	0	96,600	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	83,270	83,270	102,306
Fund balances, July 1	0	658,675	658,675	556,369
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 741,945</b>	<b>\$ 741,945</b>	<b>\$ 658,675</b>

**CITY OF GAINESVILLE, GEORGIA**  
**INFORMATION TECHNOLOGY SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

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	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	<u>\$          188,195</u>	<u>\$          129,388</u>
 <b>FUND BALANCES</b>		
Restricted for Public Safety	<u>\$          188,195</u>	<u>\$          129,388</u>

**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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
Fines, fees, and forfeitures	\$ 58,000	\$ 65,138	\$ 7,138	\$ 65,976
Interest	0	158	158	0
<b>Total revenues</b>	<b>58,000</b>	<b>65,296</b>	<b>7,296</b>	<b>65,976</b>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Other	6,860	6,489	371	0
Capital outlay	0	0	0	19,050
<b>Total expenditures</b>	<b>6,860</b>	<b>6,489</b>	<b>371</b>	<b>19,050</b>
Excess (deficiency) of revenues over (under) expenditures	51,140	58,807	7,667	46,926
Other financing sources (uses)				
Transfers in (out)				
General Government				
Capital Projects Fund	(110,000)	0	110,000	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(58,860)	58,807	117,667	46,926
Fund balances, July 1	58,860	129,388	70,528	82,462
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 188,195</b>	<b>\$ 188,195</b>	<b>\$ 129,388</b>



**CITY OF GAINESVILLE, GEORGIA**  
**CEMETERY TRUST SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

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	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	<u>\$ 276,919</u>	<u>\$ 251,158</u>
<b>FUND BALANCES</b>		
Committed for Public Works	\$ 169,417	\$ 143,656
Assigned for Public Works	<u>107,502</u>	<u>107,502</u>
<b>Total fund balances</b>	<u>\$ 276,919</u>	<u>\$ 251,158</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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Sales and services	\$ 40,000	\$ 50,550	\$ 10,550	\$ 43,150
Interest	260	301	41	362
<b>Total revenues</b>	<u>40,260</u>	<u>50,851</u>	<u>10,591</u>	<u>43,512</u>
<b>EXPENDITURES</b>				
Public Works				
Other	90	90	0	0
<b>Total expenditures</b>	<u>90</u>	<u>90</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>40,170</u>	<u>50,761</u>	<u>10,591</u>	<u>43,512</u>
Other financing sources (uses)				
Transfers in (out)				
General Government				
Capital Projects Fund	(25,000)	(25,000)	0	0
Contingency	(15,170)	0	15,170	0
<b>Total other financing sources (uses)</b>	<u>(40,170)</u>	<u>(25,000)</u>	<u>15,170</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>25,761</u>	<u>25,761</u>	<u>43,512</u>
Fund balances, July 1	<u>0</u>	<u>251,158</u>	<u>251,158</u>	<u>207,646</u>
<b>Fund balances, June 30</b>	<u><u>\$ 0</u></u>	<u><u>\$ 276,919</u></u>	<u><u>\$ 276,919</u></u>	<u><u>\$ 251,158</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, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,706,173	\$ 8,477,236
Receivables		
Intergovernmental	0	3,337
Taxes	61,550	55,896
Prepaid items	35,708	49,078
<b>Total assets</b>	<b>\$ 1,803,431</b>	<b>\$ 8,585,547</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	\$ 54,329	\$ 50,726
<b>FUND BALANCES</b>		
Nonspendable prepaid items	35,708	49,078
Restricted for debt service	0	2,449,222
Assigned for:		
Budget	602,631	0
Debt service	1,110,763	6,036,521
<b>Total fund balances</b>	<b>1,749,102</b>	<b>8,534,821</b>
<b>Total deferred inflows and fund balances</b>	<b>\$ 1,803,431</b>	<b>\$ 8,585,547</b>

**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, 2014**  
**(With comparative actual amounts for the fiscal year ended June 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Property taxes	\$ 1,498,330	\$ 1,618,084	\$ 119,754	\$ 1,650,296
Interest	5,683	4,222	(1,461)	4,485
<b>Total revenues</b>	<b>1,504,013</b>	<b>1,622,306</b>	<b>118,293</b>	<b>1,654,781</b>
<b>EXPENDITURES</b>				
Debt Service				
Principal	8,458,417	8,382,841	75,576	7,349,754
Interest and fiscal charges	963,582	944,624	18,958	1,244,018
<b>Total expenditures</b>	<b>9,421,999</b>	<b>9,327,465</b>	<b>94,534</b>	<b>8,593,772</b>
Excess (deficiency) of revenues over (under) expenditures	(7,917,986)	(7,705,159)	212,827	(6,938,991)
Other financing sources (uses)				
Transfers in (out)				
General Fund	825,000	825,000	0	2,858,280
Hotel/Motel Tax Fund	94,440	94,440	0	0
General Government				
Capital Projects Fund	0	0	0	1,536,923
SPLOST Capital Projects Fund	0	0	0	8,028,509
Public Utilities Fund	0	0	0	1,444,083
<b>Total other financing sources (uses)</b>	<b>919,440</b>	<b>919,440</b>	<b>0</b>	<b>13,867,795</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(6,998,546)	(6,785,719)	212,827	6,928,804
Fund balances, July 1	6,998,546	8,534,821	1,536,275	1,606,017
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 1,749,102</b>	<b>\$ 1,749,102</b>	<b>\$ 8,534,821</b>



## **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.*



**CITY OF GAINESVILLE, GEORGIA**  
**GENERAL GOVERNMENT CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

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	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,322,266	\$ 4,679,762
<b>LIABILITIES</b>		
Accounts payable	\$ 220,355	\$ 164,601
<b>FUND BALANCES</b>		
Restricted for capital projects:		
General Government	213,388	303,618
Public Safety	0	66,538
Assigned for capital projects:		
General Government	2,993,094	3,222,700
Public Safety	515,201	20,057
Public Works	1,380,228	902,248
Total fund balances	5,101,911	4,515,161
<b>Total liabilities and fund balances</b>	<b>\$ 5,322,266</b>	<b>\$ 4,679,762</b>

**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, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>REVENUES</b>		
Other	\$ 20,000	\$ 0
<b>Total revenues</b>	<b>20,000</b>	<b>0</b>
<b>EXPENDITURES</b>		
Current		
General Government	0	154,836
Capital outlay		
General Government	249,736	7,523,749
Public Safety	752,239	469,994
Public Works	339,381	608,297
<b>Total expenditures</b>	<b>1,341,356</b>	<b>8,756,876</b>
Excess (deficiency) of revenues over (under) expenditures	(1,321,356)	(8,756,876)
Other financing sources (uses)		
Transfers in (out)		
General Fund	1,703,766	1,398,660
Hotel/Motel Tax Fund	24,770	98,632
Economic Development Fund	25,000	0
Georgia Mountains Center Funds	0	224,581
Government Access Cable TV Channel Fund	(6,425)	0
Impact Fees Fund	5,995	0
Cemetery Trust Fund	25,000	0
Grants Capital Projects Fund	0	(24,330)
Debt Service Fund	0	(1,536,923)
Public Utilities Fund	130,000	250,324
Vehicle Services Fund	0	(75,000)
Issuance of capital lease	0	8,220,268
<b>Total other financing sources (uses)</b>	<b>1,908,106</b>	<b>8,556,212</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	586,750	(200,664)
Fund balances, July 1	4,515,161	4,715,825
<b>Fund balances, June 30</b>	<b>\$ 5,101,911</b>	<b>\$ 4,515,161</b>

**CITY OF GAINESVILLE, GEORGIA**  
**SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

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	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,985,350	\$ 1,541,607
Intergovernmental receivables	0	5,343,750
<b>Total assets</b>	<b>\$ 3,985,350</b>	<b>\$ 6,885,357</b>
<b>LIABILITIES</b>		
Intergovernmental payables	\$ 3,509,696	\$ 6,232,660
<b>FUND BALANCES</b>		
Restricted for:		
Capital projects	224,831	401,875
Public Works	250,823	250,822
Debt service		
Total fund balances	475,654	652,697
<b>Total liabilities and fund balances</b>	<b>\$ 3,985,350</b>	<b>\$ 6,885,357</b>

**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, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>REVENUES</b>		
Intergovernmental	\$ 0	\$ 892,340
<b>Total revenues</b>	<u>0</u>	<u>892,340</u>
<b>EXPENDITURES</b>		
Capital outlay		
Public Works	177,043	201,761
<b>Total expenditures</b>	<u>177,043</u>	<u>201,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(177,043)</u>	<u>690,579</u>
Other financing sources (uses)		
Transfers in (out)		
General Fund	0	(257,351)
Debt Service Fund	0	(8,028,509)
Grants Capital Projects Fund	0	(33,970)
<b>Total other financing sources (uses)</b>	<u>0</u>	<u>(8,319,830)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(177,043)</u>	<u>(7,629,251)</u>
Fund balances, July 1	<u>652,697</u>	<u>8,281,948</u>
<b>Fund balances, June 30</b>	<u><u>\$ 475,654</u></u>	<u><u>\$ 652,697</u></u>

**CITY OF GAINESVILLE, GEORGIA**  
**GRANTS CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,763,928	\$ 1,643,065
<b>LIABILITIES</b>		
Payables		
Accounts	\$ 4,688	\$ 35,542
Retainages	26,148	223,397
Unearned revenue	234,988	0
Total liabilities	265,824	258,939
<b>FUND BALANCES</b>		
Restricted for capital projects:		
Public Works	6,718	0
Assigned for capital projects:		
Public Works	1,491,386	1,384,126
Total fund balances	1,498,104	1,384,126
<b>Total liabilities and fund balances</b>	<b>\$ 1,763,928</b>	<b>\$ 1,643,065</b>

**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, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>REVENUES</b>		
Intergovernmental	\$ 223,902	\$ 186,454
<b>Total revenues</b>	<b>223,902</b>	<b>186,454</b>
<b>EXPENDITURES</b>		
Capital outlay		
Public Works	609,924	537,970
Culture and Recreation	0	3,426
<b>Total expenditures</b>	<b>609,924</b>	<b>541,396</b>
Excess (deficiency) of revenues over (under) expenditures	(386,022)	(354,942)
Other financing sources (uses)		
Transfers in (out)		
General Fund	500,000	526,700
General Government Capital Projects Fund	0	24,330
SPLOST Capital Projects Fund	0	33,970
Public Utilities Fund	0	230,000
<b>Total other financing sources (uses)</b>	<b>500,000</b>	<b>815,000</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	113,978	460,058
Fund balances, July 1	1,384,126	924,068
<b>Fund balances, June 30</b>	<b>\$ 1,498,104</b>	<b>\$ 1,384,126</b>



## **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 POSITION**  
**June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 23,527,391	\$ 31,511,276
Receivables		
Accounts (net)	3,482,825	3,452,763
Intergovernmental	931	2,736
Inventories	1,441,114	1,354,728
Prepaid items	236,958	260,351
<b>Total current assets</b>	<b>28,689,219</b>	<b>36,581,854</b>
<b>Restricted assets</b>		
Extension and Renewal		
Cash and cash equivalents	37,071,686	22,302,621
Debt Redemption		
Cash and cash equivalents	7,319,802	7,127,798
Customer Deposits		
Cash and cash equivalents	1,949,784	2,060,264
<b>Total restricted assets</b>	<b>46,341,272</b>	<b>31,490,683</b>
<b>Capital assets</b>		
Land	19,070,732	19,071,777
Nondepreciable intangibles	1,957,919	1,957,919
Land improvements	385,370	385,370
Buildings	66,306,089	65,973,291
Distribution system	521,671,542	517,552,595
Vehicles and equipment	13,734,776	13,200,108
Depreciable intangibles	5,979,213	4,479,275
Construction in progress	11,908,527	8,356,448
Accumulated depreciation	(168,351,111)	(155,328,918)
<b>Capital assets (net of accumulated depreciation)</b>	<b>472,663,057</b>	<b>475,647,865</b>
<b>Total assets</b>	<b>547,693,548</b>	<b>543,720,402</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charges on refunding	2,372,005	2,724,627

**CITY OF GAINESVILLE, GEORGIA**  
**PUBLIC UTILITIES ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables		
Accounts	\$ 1,128,891	\$ 625,331
Intergovernmental	33,966	0
Accrued salaries	205,324	168,433
Compensated absences	581,037	557,005
Capital lease payable	1,261,588	1,261,588
Notes payable	6,822,504	6,602,949
Total current liabilities	10,033,310	9,215,306
<b>Current liabilities payable from restricted assets</b>		
Payables		
Accounts	650,428	211,324
Retainages	359,896	101,824
Customer deposits	1,949,784	2,060,264
Revenue bonds payable	8,740,000	8,360,000
Interest payable	649,694	716,451
Total liabilities payable from restricted assets	12,349,802	11,449,863
<b>Long-term liabilities</b>		
Pension obligation	965,838	622,345
OPEB obligation	9,611,300	8,606,900
Compensated absences	64,560	61,889
Capital leases payable	20,185,408	21,446,996
Revenue bonds payable	63,616,947	72,558,760
Notes payable	87,717,141	94,539,644
Total long-term liabilities	182,161,194	197,836,534
<b>Total liabilities</b>	204,544,306	218,501,703
<b>NET POSITION</b>		
Net investment in capital assets	285,681,150	273,289,407
Restricted for:		
Capital outlay	37,071,686	22,302,621
Debt service	6,670,108	6,411,347
Unrestricted	16,098,303	25,939,951
<b>Total net position</b>	\$ 345,521,247	\$ 327,943,326

**CITY OF GAINESVILLE, GEORGIA**  
**PUBLIC UTILITIES ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the fiscal years ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Water sales	\$ 31,104,665	\$ 30,642,173
Sewer charges	26,780,063	25,573,867
Tap fees	867,878	561,392
Other	7,014	54,875
Other	1,063,964	996,832
<b>Total operating revenues</b>	<b>59,823,584</b>	<b>57,829,139</b>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	12,766,240	10,863,040
Personal services	13,317,585	12,579,157
Depreciation	14,727,226	14,653,820
<b>Total operating expenses</b>	<b>40,811,051</b>	<b>38,096,017</b>
Operating income (loss)	19,012,533	19,733,122
Non-operating revenues (expenses)		
Interest revenue	274,094	318,757
Interest expense	(6,771,945)	(7,381,670)
Other	(23,394)	(46,028)
Distributions of capital assets to Governmental Activities	(80,000)	0
Distributions of capital assets to Airport Fund	0	(925)
Distributions of capital assets to Parks and Recreation Component Unit	0	(843,395)
Gain (loss) on sale of capital assets	52,717	(315,416)
<b>Total non-operating revenues (expenses)</b>	<b>(6,548,528)</b>	<b>(8,268,677)</b>
Net income (loss) before capital contributions and transfers	12,464,005	11,464,445
Capital contributions		
Connection fees	2,762,926	1,514,999
Capital contributions	5,198,023	1,707,923
Contributions of capital assets from Governmental Activities	9,081	4,016
Intergovernmental revenue	640,000	0
<b>Total capital contributions</b>	<b>8,610,030</b>	<b>3,226,938</b>
Net income (loss) before transfers	21,074,035	14,691,383
Transfers in (out)		
General Fund	(3,359,114)	(3,372,630)
Economic Development Fund	(7,000)	(7,000)
Debt Service Fund	0	(1,444,083)
General Government Capital Projects Fund	(130,000)	(250,324)
Grants Capital Projects Fund	0	(230,000)
<b>Total transfers in (out)</b>	<b>(3,496,114)</b>	<b>(5,304,037)</b>
Change in net position	17,577,921	9,387,346
Net position, July 1	327,943,326	318,555,980
<b>Net position, June 30</b>	<b>\$ 345,521,247</b>	<b>\$ 327,943,326</b>

**CITY OF GAINESVILLE, GEORGIA**  
**PUBLIC UTILITIES ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 58,620,883	\$ 56,375,928
Payments to suppliers	(12,315,100)	(10,954,458)
Payments to employees	(11,906,098)	(11,555,872)
Other receipts	<u>1,063,964</u>	<u>996,832</u>
Net cash provided (used) by operating activities	<u>35,463,649</u>	<u>34,862,430</u>
<b>Cash flows from non-capital financing activities:</b>		
Payments to other funds	<u>(3,496,114)</u>	<u>(5,304,037)</u>
<b>Cash flows from capital and related financing activities:</b>		
Receipt of capital contributions	2,765,101	1,517,673
Receipts from other governments	640,000	504,816
Interest paid	(6,486,080)	(7,094,823)
Acquisition of capital assets	(6,933,083)	(10,870,308)
Payment of capital related accounts payable	(313,148)	(517,998)
Sale of capital assets	117,046	43,081
Principal payments - bonds	(8,360,000)	(7,955,000)
Principal payments - promissory notes	<u>(6,602,948)</u>	<u>(6,394,182)</u>
Net cash provided (used) by capital and related financing activities	<u>(25,173,112)</u>	<u>(30,766,741)</u>
<b>Cash flows from investing activities:</b>		
Interest received	<u>72,281</u>	<u>98,829</u>
Net increase (decrease) in cash and cash equivalents	6,866,704	(1,109,519)
Cash and cash equivalents, July 1	<u>63,001,959</u>	<u>64,111,478</u>
<b>Cash and cash equivalents, June 30</b>	<u><u>\$ 69,868,663</u></u>	<u><u>\$ 63,001,959</u></u>

**CITY OF GAINESVILLE, GEORGIA**  
**PUBLIC UTILITIES ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 19,012,533	\$ 19,733,122
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	14,727,226	14,653,820
(Increase) decrease in accounts receivable	(30,062)	34,855
(Increase) decrease in intergovernmental receivables	1,805	16,686
(Increase) decrease in inventory	(86,386)	(63,345)
Increase (decrease) in accounts payable	503,560	(28,073)
Increase (decrease) in intergovernmental payables	33,966	0
Increase (decrease) in deposits payable	(110,480)	(507,920)
Increase (decrease) in accrued salaries and benefits	63,594	76,966
Increase (decrease) in pension obligation	343,493	308,640
Increase (decrease) in OPEB obligation	1,004,400	637,679
Total adjustments	16,451,116	15,129,308
Net cash provided (used) by operating activities	<u>\$ 35,463,649</u>	<u>\$ 34,862,430</u>
<b>Cash and cash equivalents reconciliation:</b>		
Cash and cash equivalents	\$ 23,527,391	\$ 31,511,276
Extension and Renewal		
Cash and cash equivalents	37,071,686	22,302,621
Debt Redemption		
Cash and cash equivalents	7,319,802	7,127,798
Customer Deposits		
Cash and cash equivalents	1,949,784	2,060,264
Total cash and cash equivalents	<u>\$ 69,868,663</u>	<u>\$ 63,001,959</u>
<b>Noncash investing, capital, and financing activities:</b>		
Contributions of capital assets from individuals totaled \$3,934,260 and \$443,660 for the fiscal years ended June 30, 2014 and 2013, respectively.		
Contributions of capital assets from government totaled \$9,081 and \$4,016 for the fiscal years ended June 30, 2014 and 2013, respectively.		
Distributions of capital assets to government and component unit totaled \$925 and \$843,394, respectively, for the fiscal year ended June 30, 2013.		
Distributions of capital assets to government totaled \$80,000 for the fiscal year ended June 30, 2014.		
Acquisition of capital assets through accounts payable totaled \$1,010,324 and \$313,418 for the fiscal years ended June 30, 2014 and 2013, respectively.		
Forgiveness of capital lease through capital contributions totaled \$1,261,588 and \$1,261,588 for the fiscal years ended June 30, 2014 and 2013, respectively.		

**CITY OF GAINESVILLE, GEORGIA**  
**AIRPORT ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,075,930	\$ 992,405
Receivables		
Accounts	8,351	12,125
Intergovernmental	0	324,541
Total current assets	<u>1,084,281</u>	<u>1,329,071</u>
<b>Capital assets</b>		
Land	504,385	504,385
Land improvements	11,662,568	11,662,568
Buildings	6,669,021	6,669,021
Vehicles and equipment	446,422	386,124
Intangibles	118,000	118,000
Construction in progress	380,913	332,863
Accumulated depreciation	<u>(8,225,820)</u>	<u>(7,463,710)</u>
Total capital assets (net of accumulated depreciation)	<u>11,555,489</u>	<u>12,209,251</u>
<b>Total assets</b>	<u>12,639,770</u>	<u>13,538,322</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charges on refunding	<u>61,209</u>	<u>72,597</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables		
Accounts	16,693	318,189
Retainages	0	33,286
Interest	6,325	7,275
Customer deposits	4,036	436
Accrued salaries	1,288	1,042
Compensated absences	0	803
Capital leases payable	<u>400,000</u>	<u>380,000</u>
Total current liabilities	<u>428,342</u>	<u>741,031</u>
<b>Long-term liabilities</b>		
Pension obligation	5,362	3,411
OPEB obligation	15,009	10,248
Compensated absences	0	89
Capital leases payable	<u>2,207,801</u>	<u>2,622,276</u>
Total long-term liabilities	<u>2,228,172</u>	<u>2,636,024</u>
<b>Total liabilities</b>	<u>2,656,514</u>	<u>3,377,055</u>
<b>NET POSITION</b>		
Net investment in capital assets	9,008,897	8,946,710
Unrestricted	<u>1,035,568</u>	<u>1,287,154</u>
<b>Total net position</b>	<u>\$ 10,044,465</u>	<u>\$ 10,233,864</u>

**CITY OF GAINESVILLE, GEORGIA**  
**AIRPORT ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the fiscal years ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Fuel sales	\$ 18,019	\$ 17,058
Rent	926,101	896,401
Other	649	1,176
Total operating revenues	<u>944,769</u>	<u>914,635</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	332,792	282,763
Personal services	77,999	74,953
Depreciation	747,415	718,809
Total operating expenses	<u>1,158,206</u>	<u>1,076,525</u>
Operating income (loss)	<u>(213,437)</u>	<u>(161,890)</u>
Non-operating revenues (expenses)		
Interest revenue	15,693	12,464
Interest expense	(65,876)	(39,750)
Debt issue costs	0	(66,808)
Gain (loss) on sale of capital assets	441	0
Total non-operating revenues (expenses)	<u>(49,742)</u>	<u>(94,094)</u>
Net income (loss) before capital contributions	<u>(263,179)</u>	<u>(255,984)</u>
Capital contributions		
Contribution of capital assets from Public Utilities Fund	0	925
Contribution of capital assets from Governmental Activities	27,946	0
Intergovernmental revenue	45,834	324,067
Total capital contributions	<u>73,780</u>	<u>324,992</u>
Change in net position	(189,399)	69,008
Net position, July 1	<u>10,233,864</u>	<u>10,164,856</u>
<b>Net position, June 30</b>	<u><u>\$ 10,044,465</u></u>	<u><u>\$ 10,233,864</u></u>

**CITY OF GAINESVILLE, GEORGIA**  
**AIRPORT ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 951,494	\$ 911,109
Payments to suppliers	(334,712)	(281,701)
Payments to employees	(71,933)	(69,717)
Other receipts	649	1,176
	<u>545,498</u>	<u>560,867</u>
Net cash provided (used) by operating activities	<u>545,498</u>	<u>560,867</u>
<b>Cash flows from capital and related financing activities:</b>		
Receipts from other governments	370,375	7,898
Sale of capital assets	441	0
Interest paid	(55,438)	(46,406)
Acquisition of capital assets	(65,707)	(157,650)
Payment of capital related accounts payable	(332,862)	0
Debt issue costs	0	(148,104)
Issuance of capital leases	0	3,013,333
Principal payments - capital leases	(380,000)	(3,185,000)
	<u>(463,191)</u>	<u>(515,929)</u>
Net cash provided (used) by capital and related financing activities	<u>(463,191)</u>	<u>(515,929)</u>
<b>Cash flows from investing activities:</b>		
Interest received	1,218	1,407
	<u>1,218</u>	<u>1,407</u>
Net increase (decrease) in cash and cash equivalents	83,525	46,345
Cash and cash equivalents, July 1	992,405	946,060
<b>Cash and cash equivalents, June 30</b>	<u><u>\$ 1,075,930</u></u>	<u><u>\$ 992,405</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (213,437)	\$ (161,890)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	747,415	718,809
(Increase) decrease in accounts receivable	3,774	(2,350)
Increase (decrease) in accounts payable	(1,920)	1,062
Increase (decrease) in customer deposits	3,600	0
Increase (decrease) in accrued payroll liabilities	(646)	660
Increase (decrease) in pension obligation	1,951	1,678
Increase (decrease) in OPEB obligation	4,761	2,898
	<u>758,935</u>	<u>722,757</u>
Total adjustments	<u>758,935</u>	<u>722,757</u>
Net cash provided by operating activities	<u><u>\$ 545,498</u></u>	<u><u>\$ 560,867</u></u>
<b>Noncash investing, capital, and financing activities:</b>		
Contributions of capital assets from government totaled \$27,946 and \$925 for the fiscal years ended June 30, 2014 and 2013, respectively.		
Acquisition of capital assets through accounts payable totaled \$332,862 for the fiscal year ended June 30, 2013.		



**CITY OF GAINESVILLE, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,232,551	\$ 2,092,870
Accounts receivable (net)	171,950	152,475
Total current assets	2,404,501	2,245,345
<b>Capital assets</b>		
Buildings	25,051	0
Vehicles and equipment	2,131,609	1,818,277
Accumulated depreciation	(1,562,704)	(1,450,516)
Total capital assets (net of accumulated depreciation)	593,956	367,761
<b>Total assets</b>	2,998,457	2,613,106
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	25,949	33,468
Accrued salaries	14,711	12,648
Compensated absences	39,042	39,216
Total current liabilities	79,702	85,332
<b>Long-term liabilities</b>		
Pension obligation	21,449	13,642
OPEB obligation	950,406	845,681
Compensated absences	4,338	4,357
Total long-term liabilities	976,193	863,680
<b>Total liabilities</b>	1,055,895	949,012
<b>NET POSITION</b>		
Investment in capital assets	593,956	367,761
Unrestricted	1,348,606	1,296,333
<b>Total net position</b>	\$ 1,942,562	\$ 1,664,094

**CITY OF GAINESVILLE, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the fiscal years ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>OPERATING REVENUES</b>		
Charges for sales and services	\$ 2,369,815	\$ 2,272,930
Other	18,004	21,738
<b>Total operating revenues</b>	<b>2,387,819</b>	<b>2,294,668</b>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	536,414	452,756
Costs of sales and services - landfill	192,213	190,633
Personal services	1,271,572	1,194,111
Depreciation	112,188	112,000
<b>Total operating expenses</b>	<b>2,112,387</b>	<b>1,949,500</b>
Operating income (loss)	275,432	345,168
Non-operating revenues (expenses)		
Interest revenue	2,723	2,995
Gain (loss) on sale of capital assets	313	9,340
<b>Total non-operating revenues (expenses)</b>	<b>3,036</b>	<b>12,335</b>
Change in net position	278,468	357,503
Net position, July 1	1,664,094	1,306,591
<b>Net position, June 30</b>	<b>\$ 1,942,562</b>	<b>\$ 1,664,094</b>

**CITY OF GAINESVILLE, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 2,350,340	\$ 2,276,648
Payments to suppliers	(736,146)	(622,115)
Payments to employees	(1,157,170)	(1,118,304)
Other receipts	18,004	21,738
Net cash provided (used) by operating activities	475,028	557,967
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	(338,383)	(120,164)
Sale of capital assets	313	9,340
Net cash provided (used) by capital and related financing activities	(338,070)	(110,824)
<b>Cash flows from investing activities:</b>		
Interest received	2,723	2,995
Net increase (decrease) in cash and cash equivalents	139,681	450,138
Cash and cash equivalents, July 1	2,092,870	1,642,732
<b>Cash and cash equivalents, June 30</b>	<b>\$ 2,232,551</b>	<b>\$ 2,092,870</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 275,432	\$ 345,168
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	112,188	112,000
(Increase) decrease in accounts receivable	(19,475)	3,718
Increase (decrease) in accounts payable	(7,519)	21,274
Increase (decrease) in accrued payroll liabilities	7,807	2,432
Increase (decrease) in pension obligation	1,870	6,709
Increase (decrease) in OPEB obligation	104,725	66,666
Total adjustments	199,596	212,799
Net cash used by operating activities	\$ 475,028	\$ 557,967

**CITY OF GAINESVILLE, GEORGIA**  
**CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 40,598	\$ 59,339
Accounts receivable (net)	42,856	53,195
	<u>83,454</u>	<u>112,534</u>
<b>Capital assets</b>		
Land	53,271	53,271
Land improvements	5,385,859	5,385,859
Buildings	715,452	715,452
Vehicles and equipment	838,765	838,765
Accumulated depreciation	<u>(3,658,125)</u>	<u>(3,393,931)</u>
Total capital assets (net of accumulated depreciation)	<u>3,335,222</u>	<u>3,599,416</u>
<b>Total assets</b>	<u>3,418,676</u>	<u>3,711,950</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables		
Accounts	11,711	43,522
Sales tax	7,030	7,579
Interest	15,246	16,224
Accrued salaries	10,657	8,254
Compensated absences	19,198	15,661
Capital leases payable	205,000	195,000
Other liabilities	<u>51,720</u>	<u>28,789</u>
Total current liabilities	<u>320,562</u>	<u>315,029</u>
<b>Long-term liabilities</b>		
Advances from other funds	432,089	447,071
OPEB obligation	231,338	212,297
Compensated absences	2,133	1,740
Capital leases payable	<u>2,835,000</u>	<u>3,040,000</u>
Total long-term liabilities	<u>3,500,560</u>	<u>3,701,108</u>
<b>Total liabilities</b>	<u>3,821,122</u>	<u>4,016,137</u>
<b>NET POSITION</b>		
Net investment in capital assets	295,222	364,416
Restricted for capital outlay	34,477	70,867
Unrestricted	<u>(732,145)</u>	<u>(739,470)</u>
<b>Total net position</b>	<u>\$ (402,446)</u>	<u>\$ (304,187)</u>

**CITY OF GAINESVILLE, GEORGIA**  
**CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the fiscal years ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Greens fees	\$ 643,725	\$ 650,665
Cart fees	244,207	265,015
Handicap fees	18,661	18,849
Practice range	56,767	55,650
Pro Shop sales	28,808	15,950
Rent revenue	11,400	10,800
Other	1,226	11,911
<b>Total operating revenues</b>	<b>1,004,794</b>	<b>1,028,840</b>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	322,574	308,867
Personal services	522,489	493,780
Depreciation	264,194	258,547
<b>Total operating expenses</b>	<b>1,109,257</b>	<b>1,061,194</b>
Operating income (loss)	(104,463)	(32,354)
Non-operating revenues (expenses)		
Interest revenue	67	131
Interest expense	(125,003)	(132,711)
Gain (loss) on sale of capital assets	0	2,991
<b>Total non-operating revenues (expenses)</b>	<b>(124,936)</b>	<b>(129,589)</b>
Net income (loss) before transfers	(229,399)	(161,943)
Transfers in (out)		
General Fund	131,140	177,926
Change in net position	(98,259)	15,983
Net position, July 1	(304,187)	(320,170)
<b>Net position, June 30</b>	<b>\$ (402,446)</b>	<b>\$ (304,187)</b>

**CITY OF GAINESVILLE, GEORGIA**  
**CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 1,013,358	\$ 1,036,681
Payments to suppliers	(331,454)	(321,194)
Payments to employees	(497,115)	(482,762)
Other receipts	1,226	11,911
Net cash provided (used) by operating activities	186,015	244,636
<b>Cash flows from non-capital financing activities:</b>		
Receipts from other funds	116,158	161,633
<b>Cash flows from capital and related financing activities:</b>		
Interest paid	(125,981)	(133,638)
Principal payments - capital leases payable	(195,000)	(185,000)
Sale of capital assets	0	2,991
Acquisition of capital assets	0	(93,720)
Net cash provided (used) by capital and related financing activities	(320,981)	(409,367)
<b>Cash flows from investing activities:</b>		
Interest received	67	131
Net increase (decrease) in cash and cash equivalents	(18,741)	(2,967)
Cash and cash equivalents, July 1	59,339	62,306
<b>Cash and cash equivalents, June 30</b>	<b>\$ 40,598</b>	<b>\$ 59,339</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (104,463)	\$ (32,354)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	264,194	258,547
(Increase) decrease in accounts receivable	10,339	20,306
Increase (decrease) in accounts payable	(31,811)	(14,037)
Increase (decrease) in sales tax payable	(549)	(554)
Increase (decrease) in accrued payroll liabilities	6,333	(576)
Increase (decrease) in OPEB obligation	19,041	11,594
Increase (decrease) in other liabilities	22,931	1,710
Total adjustments	290,478	276,990
Net cash provided (used) by operating activities	\$ 186,015	\$ 244,636



## **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 POSITION**  
**June 30, 2014 and 2013**

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	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,405,702	\$ 1,186,420
Accounts receivable	1,067	3,121
Other assets	<u>140,000</u>	<u>140,000</u>
<b>Total assets</b>	<u>1,546,769</u>	<u>1,329,541</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	37,369	10,304
Claims reserves	<u>932,345</u>	<u>743,816</u>
<b>Total liabilities</b>	<u>969,714</u>	<u>754,120</u>
<b>NET POSITION</b>		
Unrestricted	<u>\$ 577,055</u>	<u>\$ 575,421</u>

**CITY OF GAINESVILLE, GEORGIA**  
**GENERAL INSURANCE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the fiscal years ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>OPERATING REVENUES</b>		
Interfund services provided	\$ 1,396,284	\$ 1,152,141
Other	3,182	6,940
<b>Total operating revenue</b>	<b>1,399,466</b>	<b>1,159,081</b>
<b>OPERATING EXPENSES</b>		
Costs of services		
Insurance	646,404	553,498
Claims	551,801	409,531
Administrative fees	201,261	196,052
<b>Total operating expenses</b>	<b>1,399,466</b>	<b>1,159,081</b>
Operating income (loss)	0	0
Non-operating revenues (expenses)		
Interest revenue	1,634	2,175
Change in net position	1,634	2,175
Net position, July 1	575,421	573,246
<b>Net position, June 30</b>	<b>\$ 577,055</b>	<b>\$ 575,421</b>

**CITY OF GAINESVILLE, GEORGIA**  
**GENERAL INSURANCE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities:</b>		
Receipts from interfund services provided	\$ 1,398,338	\$ 1,151,601
Payments to suppliers	(1,183,872)	(1,553,207)
Other receipts	<u>3,182</u>	<u>6,940</u>
Net cash provided (used) by operating activities	217,648	(394,666)
<b>Cash flows from investing activities:</b>		
Interest received	<u>1,634</u>	<u>2,175</u>
Net increase (decrease) in cash and cash equivalents	219,282	(392,491)
Cash and cash equivalents, July 1	<u>1,186,420</u>	<u>1,578,911</u>
<b>Cash and cash equivalents, June 30</b>	<u><u>\$ 1,405,702</u></u>	<u><u>\$ 1,186,420</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>\$ 0</u>	<u>\$ 0</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	2,054	(540)
(Increase) decrease in other assets	0	(140,000)
Increase (decrease) in accounts payable	27,065	(378,526)
Increase (decrease) in claims reserve	<u>188,529</u>	<u>124,400</u>
Total adjustments	<u>217,648</u>	<u>(394,666)</u>
Net cash provided (used) by operating activities	<u><u>\$ 217,648</u></u>	<u><u>\$ (394,666)</u></u>

**CITY OF GAINESVILLE, GEORGIA**  
**EMPLOYEE BENEFITS FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 4,915,791	\$ 6,251,542
Accounts receivable	226,974	2,474
<b>Total assets</b>	<u>5,142,765</u>	<u>6,254,016</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	36,428	49,018
Deposits payable	10,174	9,837
Claims reserves	523,300	382,300
<b>Total liabilities</b>	<u>569,902</u>	<u>441,155</u>
<b>NET POSITION</b>		
Unrestricted	<u>\$ 4,572,863</u>	<u>\$ 5,812,861</u>

**CITY OF GAINESVILLE, GEORGIA**  
**EMPLOYEE BENEFITS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the fiscal years ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>OPERATING REVENUES</b>		
Interfund services provided	\$ 7,597,329	\$ 7,507,292
Other	547	4,481
<b>Total operating revenue</b>	<b>7,597,876</b>	<b>7,511,773</b>
<b>OPERATING EXPENSES</b>		
Costs of services		
Insurance	1,679,528	1,635,751
Claims	6,104,484	4,206,217
Wellness program	694,781	565,160
Administrative fees	365,806	373,996
<b>Total operating expenses</b>	<b>8,844,599</b>	<b>6,781,124</b>
Operating income (loss)	(1,246,723)	730,649
Non-operating revenues (expenses)		
Interest revenue	6,725	9,402
Change in net position	(1,239,998)	740,051
Net position, July 1	5,812,861	5,072,810
<b>Net position, June 30</b>	<b>\$ 4,572,863</b>	<b>\$ 5,812,861</b>

**CITY OF GAINESVILLE, GEORGIA**  
**EMPLOYEE BENEFITS FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>		
Receipts from interfund services provided	\$ 7,372,829	\$ 7,553,291
Payments to suppliers	(8,715,852)	(6,716,268)
Other receipts	547	4,481
	<u>(1,342,476)</u>	<u>841,504</u>
Net cash provided (used) by operating activities		
<b>Cash flows from investing activities:</b>		
Interest received	6,725	9,402
	<u>(1,335,751)</u>	<u>850,906</u>
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents, July 1	6,251,542	5,400,636
	<u>6,251,542</u>	<u>5,400,636</u>
<b>Cash and cash equivalents, June 30</b>	<b>\$ 4,915,791</b>	<b>\$ 6,251,542</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (1,246,723)	\$ 730,649
Adjustments to reconcile net income to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	(224,500)	45,999
Increase (decrease) in accounts payable	(12,590)	19,952
Increase (decrease) in deposits payable	337	(796)
Increase (decrease) in claims reserve	141,000	45,700
	<u>(95,753)</u>	<u>110,855</u>
Total adjustments		
Net cash provided (used) by operating activities	<u>\$ (1,342,476)</u>	<u>\$ 841,504</u>

**CITY OF GAINESVILLE, GEORGIA**  
**VEHICLE SERVICES FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 200,924	\$ 151,003
Intergovernmental receivables	11,886	9,777
Inventory	201,932	208,963
<b>Total current assets</b>	<b>414,742</b>	<b>369,743</b>
<b>Capital assets</b>		
Buildings	246,835	246,835
Vehicles and equipment	365,409	353,288
Accumulated depreciation	(461,349)	(431,921)
<b>Capital assets (net of accumulated depreciation)</b>	<b>150,895</b>	<b>168,202</b>
<b>Total assets</b>	<b>565,637</b>	<b>537,945</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	140,073	114,744
Accrued salaries	5,388	3,872
Compensated absences	12,465	11,703
<b>Total current liabilities</b>	<b>157,926</b>	<b>130,319</b>
<b>Long-term liabilities</b>		
Compensated absences	1,385	1,300
<b>Total liabilities</b>	<b>159,311</b>	<b>131,619</b>
<b>NET POSITION</b>		
Investment in capital assets	150,895	168,202
Unrestricted	255,431	238,124
<b>Total net position</b>	<b>\$ 406,326</b>	<b>\$ 406,326</b>

**CITY OF GAINESVILLE, GEORGIA**  
**VEHICLE SERVICES FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the fiscal years ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>OPERATING REVENUES</b>		
Interfund services provided	\$ 2,339,288	\$ 2,282,161
<b>Total operating revenues</b>	<b>2,339,288</b>	<b>2,282,161</b>
<b>OPERATING EXPENSES</b>		
Costs of services	2,005,101	1,976,850
Personal services	309,781	295,285
Depreciation	24,406	10,026
<b>Total operating expenses</b>	<b>2,339,288</b>	<b>2,282,161</b>
Operating income (loss)	0	0
Nonoperating revenues (expenses)		
Interest revenue	0	1
Gain (loss) on sale of capital assets	0	625
<b>Total nonoperating revenues (expenses)</b>	<b>0</b>	<b>626</b>
Net income before transfers	0	626
Transfers in (out)		
General Governmental Capital Projects Fund	0	75,000
Change in net position	0	75,626
Net position, July 1	406,326	330,700
<b>Net position, June 30</b>	<b>\$ 406,326</b>	<b>\$ 406,326</b>



**CITY OF GAINESVILLE, GEORGIA**  
**VEHICLE SERVICES FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>		
Receipts from interfund services provided	\$ 2,337,179	\$ 2,283,585
Payments to suppliers	(1,972,741)	(1,916,897)
Payments to employees	(307,418)	(293,051)
	<u>57,020</u>	<u>73,637</u>
Net cash provided (used) by operating activities		
<b>Cash flows from capital and related financing activities:</b>		
Receipts from other funds	0	75,000
Sale of capital assets	0	625
Acquisition of capital assets	(7,099)	(140,495)
	<u>(7,099)</u>	<u>(64,870)</u>
Net cash provided (used) by capital and related financing activities		
<b>Cash flows from investing activities:</b>		
Interest received	0	1
	<u>0</u>	<u>1</u>
Net increase (decrease) in cash and cash equivalents	49,921	8,768
Cash and cash equivalents, July 1	151,003	142,235
	<u>151,003</u>	<u>142,235</u>
<b>Cash and cash equivalents, June 30</b>	<u><u>\$ 200,924</u></u>	<u><u>\$ 151,003</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 0	\$ 0
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Depreciation	24,406	10,026
(Increase) decrease in accounts receivable	0	239
(Increase) decrease in intergovernmental receivables	(2,109)	1,185
(Increase) decrease in inventory	7,031	(24,089)
Increase (decrease) in accounts payable	25,329	84,042
Increase (decrease) in accrued salaries and benefits	2,363	2,234
	<u>57,020</u>	<u>73,637</u>
Total adjustments		
Net cash provided (used) by operating activities	<u><u>\$ 57,020</u></u>	<u><u>\$ 73,637</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 POSITION**  
**June 30, 2014 and 2013**

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	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	<u>\$          14,063</u>	<u>\$          16,958</u>
<b>NET POSITION</b>		
Net position held in trust for employee assistance	<u><u>\$          14,063</u></u>	<u><u>\$          16,958</u></u>

**CITY OF GAINESVILLE, GEORGIA**  
**COMMUNITY PRIVATE-PURPOSE TRUST FUND**  
**COMPARATIVE STATEMENTS OF CHANGES IN TRUST NET POSITION**  
**For the fiscal years ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ADDITIONS</b>		
Employee donations	\$ 49,457	\$ 48,157
Interest revenue	2	2
<b>Total additions</b>	<b>49,459</b>	<b>48,159</b>
<b>DEDUCTIONS</b>		
Distributions for assistance	52,354	45,995
<b>Total deductions</b>	<b>52,354</b>	<b>45,995</b>
Net increase (decrease)	(2,895)	2,164
<b>Net position held in trust for employee assistance</b>		
Net position, July 1	16,958	14,794
<b>Net position, June 30</b>	<b>\$ 14,063</b>	<b>\$ 16,958</b>

**CITY OF GAINESVILLE, GEORGIA**  
**EMPLOYEES' PENSION TRUST FUND**  
**COMPARATIVE STATEMENTS OF PLAN NET POSITION**  
**June 30, 2014 and 2013**

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	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 863,288	\$ 755,541
Investments		
Mutual funds		
Equity	57,013,572	45,671,852
Fixed income	23,121,340	25,689,444
<b>Total assets</b>	<b>80,998,200</b>	<b>72,116,837</b>
<b>LIABILITIES</b>		
Accounts payable	15,040	18,099
<b>NET POSITION</b>		
Net position held in trust for pension benefits	<u>\$ 80,983,160</u>	<u>\$ 72,098,738</u>

**CITY OF GAINESVILLE, GEORGIA**  
**EMPLOYEES' PENSION TRUST FUND**  
**COMPARATIVE STATEMENTS OF CHANGES IN PLAN NET POSITION**  
**For the fiscal years ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ADDITIONS</b>		
Contributions		
Employer contributions	\$ 2,766,404	\$ 2,720,450
Employee contributions	2,766,404	2,720,450
Total contributions	5,532,808	5,440,900
Investment Income		
Net appreciation (depreciation) in fair value of investments	7,059,239	4,563,785
Interest	43	24
Dividends	3,112,287	1,833,419
Investment expense	(104,589)	(99,186)
Net investment income (loss)	10,066,980	6,298,042
<b>Total additions (reductions)</b>	15,599,788	11,738,942
<b>DEDUCTIONS</b>		
Benefits	6,151,412	5,843,136
Refunds	563,954	470,048
<b>Total deductions</b>	6,715,366	6,313,184
Net increase (decrease)	8,884,422	5,425,758
<b>Net position held in trust for pension benefits</b>		
Net position, July 1	72,098,738	66,672,980
<b>Net position, June 30</b>	<u>\$ 80,983,160</u>	<u>\$ 72,098,738</u>

**CITY OF GAINESVILLE, GEORGIA**  
**MUNICIPAL COURT AGENCY FUND**  
**COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES**  
**June 30, 2014 and 2013**

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	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 82,138	\$ 77,151
Accounts receivable	2,358	0
Total assets	84,496	77,151
<b>LIABILITIES</b>		
Due to other agencies	\$ 84,496	\$ 77,151

**CITY OF GAINESVILLE, GEORGIA**  
**MUNICIPAL COURT AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
*For the fiscal year ended June 30, 2014*

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	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 77,151	\$ 1,964,526	\$ (1,959,539)	\$ 82,138
Accounts receivable	0	2,358	0	2,358
<b>Total assets</b>	<u>\$ 77,151</u>	<u>\$ 1,966,884</u>	<u>\$ (1,959,539)</u>	<u>\$ 84,496</u>
<b>LIABILITIES</b>				
Due to others agencies	<u>\$ 77,151</u>	<u>\$ 1,966,884</u>	<u>\$ (1,959,539)</u>	<u>\$ 84,496</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, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,473,242	\$ 2,970,942
Receivables		
Accounts	6,463	20,811
Intergovernmental	0	5,273
Property tax	96,713	87,524
Restricted assets		
Cash and cash equivalents	100,000	100,000
<b>Total assets</b>	<b>\$ 2,676,418</b>	<b>\$ 3,184,550</b>
<b>LIABILITIES</b>		
Payables		
Accounts	\$ 85,372	\$ 201,504
Sales tax	10,608	10,729
Intergovernmental	0	6,416
Accrued salaries	52,726	44,600
Unearned revenue	2,466	0
Other	12,549	18,601
<b>Total liabilities</b>	<b>163,721</b>	<b>281,850</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	85,307	79,364
<b>FUND BALANCES</b>		
Restricted for:		
Clarks Bridge Legacy	5,255	5,255
Capital projects	45,000	0
Committed for:		
Booster Club	161,071	131,932
Development Fund	100,000	100,000
Civic Center	20,000	10,000
Children at Play Fund	10,000	10,000
Assigned for:		
Capital projects	186,244	106,101
Budget	854,543	933,481
Culture and Recreation	1,045,277	1,526,567
<b>Total fund balances</b>	<b>2,427,390</b>	<b>2,823,336</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 2,676,418</b>	<b>\$ 3,184,550</b>

**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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Property taxes	2,367,362	\$ 2,556,584	\$ 189,222	\$ 2,606,226
Charges for sales and services				
Recreation Division	181,670	188,695	7,025	153,475
Lanier Point/Ivey Watson	104,600	107,233	2,633	100,240
Youth Sports Booster Club	86,120	93,220	7,100	85,019
Gainesville Civic Center	320,450	338,555	18,105	364,808
Allen Creek Soccer Complex	20,643	20,716	73	20,337
Frances Meadows Community Center	769,685	778,657	8,972	748,820
Intergovernmental	104,853	104,854	1	250,000
Interest	4,100	3,467	(633)	4,703
Contributions	1,500	1,500	0	1,250
Other	750	1,175	425	5,911
<b>Total revenues</b>	<b>3,961,733</b>	<b>4,194,656</b>	<b>232,923</b>	<b>4,340,789</b>
<b>EXPENDITURES</b>				
Current				
Culture and recreation				
Administration Division	705,536	704,134	1,402	622,209
Recreation Division	402,947	383,114	19,833	355,030
Parks Division	911,615	853,467	58,148	777,037
Maintenance Shop	91,589	87,419	4,170	78,854
Lanier Point/Ivey Watson	193,778	175,170	18,608	174,495
Clarks Bridge Park	34,883	20,411	14,472	14,886
Youth Sports Booster Club	81,708	64,235	17,473	60,822
Gainesville Civic Center	513,140	453,328	59,812	479,992
Allen Creek Soccer Complex	49,045	37,616	11,429	45,260
Frances Meadows Center	1,279,473	1,229,800	49,673	1,066,182
Capital outlay	921,441	582,668	338,773	161,400
<b>Total expenditures</b>	<b>5,185,155</b>	<b>4,591,362</b>	<b>593,793</b>	<b>3,836,167</b>
Excess (deficiency) of revenues over (under) expenditures	(1,223,422)	(396,706)	826,716	504,622
Other financing sources (uses)				
Sales of capital assets	0	760	760	19,831
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,223,422)	(395,946)	827,476	524,453
Fund balances, July 1	1,223,422	2,823,336	1,599,914	2,298,883
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 2,427,390</b>	<b>\$ 2,427,390</b>	<b>\$ 2,823,336</b>

**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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Property taxes	\$ 2,367,362	\$ 2,556,584	\$ 189,222	\$ 2,606,226
Charges for sales and services				
Recreation Division	181,670	188,695	7,025	153,475
Lanier Point/Ivey Watson	104,600	107,233	2,633	100,240
Youth Sports Booster Club	86,120	93,220	7,100	85,019
Gainesville Civic Center	320,450	338,555	18,105	364,808
Allen Creek Soccer Complex	20,643	20,716	73	20,337
Frances Meadows Center	769,685	778,657	8,972	748,820
Intergovernmental	59,853	59,852	(1)	75,000
Interest	4,100	3,467	(633)	4,703
Contributions	1,500	1,500	0	1,250
Other	750	1,176	426	5,911
<b>Total revenues</b>	<b>3,916,733</b>	<b>4,149,655</b>	<b>232,922</b>	<b>4,165,789</b>
<b>EXPENDITURES</b>				
Current				
Culture and recreation				
Administrative services	705,536	704,134	1,402	622,209
Recreational services	402,947	383,114	19,833	355,030
Park services	911,615	853,467	58,148	777,037
Maintenance shop	91,589	87,419	4,170	78,854
Lanier Point/Ivey Watson	193,778	175,170	18,608	174,495
Clarks Bridge Park	34,883	20,411	14,472	14,886
Booster Club	81,708	64,235	17,473	60,822
Civic Center	513,140	453,328	59,812	479,992
Allen Creek Soccer Complex	49,045	37,616	11,429	45,260
Frances Meadows Center	1,279,473	1,229,800	49,673	1,066,182
Capital outlay	34,911	34,615	296	14,500
<b>Total expenditures</b>	<b>4,298,625</b>	<b>4,043,309</b>	<b>255,316</b>	<b>3,689,267</b>
Excess (deficiency) of revenues over (under) expenditures	(381,892)	106,346	488,238	476,522
Other financing sources (uses)				
Transfers in (out)				
Capital Projects Activity	(628,194)	(628,195)	1	(71,488)
Sales of capital assets	0	760	760	19,831
<b>Total other financing sources (uses)</b>	<b>(628,194)</b>	<b>(627,435)</b>	<b>761</b>	<b>(51,657)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,010,086)	<u>\$ (521,089)</u>	<u>\$ 488,999</u>	<u>\$ 424,865</u>
Fund balances, July 1	1,010,086			
<b>Fund balances, June 30</b>	<b>\$ 0</b>			

**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, 2014**  
**(With comparative actual amounts for the year ended June 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 0	\$ 175,000
<b>EXPENDITURES</b>				
Current				
Culture and recreation				
Capital outlay	886,530	548,053	338,477	146,900
Excess (deficiency) of revenues over (under) expenditures	(841,530)	(503,053)	338,477	28,100
Other financing sources (uses)				
Transfers in (out)				
Operating Activity	628,194	628,195	1	71,488
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(213,336)	\$ 125,142	\$ 338,478	\$ 99,588
Fund balances, July 1	213,336			
<b>Fund balances, June 30</b>	<u>\$ 0</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.

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends.....</b>	<b>169-182</b>
These tables/schedules contain trend information designed to assist the reader in understanding how the City has performed from a financial perspective over time.	
<b>Revenue Capacity.....</b>	<b>183-190</b>
These tables/schedules contain information that may assist the reader in assessing the viability of the City's most significant revenue sources.	
<b>Debt Capacity.....</b>	<b>191-196</b>
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.	
<b>Demographic and Economic Information.....</b>	<b>197-198</b>
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.	
<b>Operating Information.....</b>	<b>199-203</b>
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.	
<b>Miscellaneous Information.....</b>	<b>204-211</b>
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 POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities				
Net investment in capital assets	\$ 29,652,331	\$ 39,003,296	\$ 56,451,206 <sup>(1)</sup>	\$ 63,283,044
Restricted	9,248,123	5,444,490	13,871,748	15,285,263
Unrestricted	<u>6,131,960</u>	<u>9,110,539</u>	<u>9,863,975</u>	<u>8,020,964</u>
Total governmental activities net position	<u>\$ 45,032,414</u>	<u>\$ 53,558,325</u>	<u>\$ 80,186,929</u>	<u>\$ 86,589,271</u>
Business-type activities				
Net investment in capital assets	\$ 156,582,000	\$ 170,623,543	\$ 205,362,082 <sup>(1)</sup>	\$ 226,811,308
Restricted	40,454,376	55,579,857	42,895,444	45,853,659
Unrestricted	<u>19,550,986</u>	<u>9,586,367</u>	<u>23,301,410</u>	<u>21,726,107</u>
Total business-type activities net position	<u>\$ 216,587,362</u>	<u>\$ 235,789,767</u>	<u>\$ 271,558,936</u>	<u>\$ 294,391,074</u>
Primary government				
Net investment in capital assets	\$ 186,234,331	\$ 209,626,839	\$ 261,813,288 <sup>(1)</sup>	\$ 290,094,352
Restricted	49,702,499	61,024,347	56,767,192	61,138,922
Unrestricted	<u>25,682,946</u>	<u>18,696,906</u>	<u>33,165,385</u>	<u>29,747,071</u>
Total primary government net position	<u>\$ 261,619,776</u>	<u>\$ 289,348,092</u>	<u>\$ 351,745,865</u>	<u>\$ 380,980,345</u>

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

Note (2): Prior to FY11, certain elements of fund balance reported in special revenue, debt service, and capital projects funds were reported as restricted net position. Beginning in FY13, those elements of fund balance were reported as unrestricted net position.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 67,749,010	\$ 60,193,753	\$ 63,722,901	\$ 70,549,134	\$ 74,015,737	\$ 80,039,885
13,579,449	19,518,264	4,913,949 <sup>(2)</sup>	11,586,492	12,560,215	4,642,578
2,727,185	2,534,296	19,692,245 <sup>(2)</sup>	11,878,957	9,380,465	10,217,825
<u>\$ 84,055,644</u>	<u>\$ 82,246,313</u>	<u>\$ 88,329,095</u>	<u>\$ 94,014,583</u>	<u>\$ 95,956,417</u>	<u>\$ 94,900,288</u>
\$ 234,871,719	\$ 248,507,489	\$ 259,477,278	\$ 271,791,712	\$ 282,968,294	\$ 295,579,225
30,780,543	44,475,796	43,710,594	40,623,794	28,713,968	43,776,271
35,144,675	14,276,555	16,169,226	20,918,748	29,468,343	18,915,019
<u>\$ 300,796,937</u>	<u>\$ 307,259,840</u>	<u>\$ 319,357,098</u>	<u>\$ 333,334,254</u>	<u>\$ 341,150,605</u>	<u>\$ 358,270,515</u>
\$ 302,620,729	\$ 308,701,242	\$ 323,200,179	\$ 342,340,846	\$ 356,984,031	\$ 375,619,110
44,359,992	63,994,060	48,624,543	52,210,286	41,274,183	48,418,849
37,871,860	16,810,851	35,861,471	32,797,705	38,848,808	29,132,844
<u>\$ 384,852,581</u>	<u>\$ 389,506,153</u>	<u>\$ 407,686,193</u>	<u>\$ 427,348,837</u>	<u>\$ 437,107,022</u>	<u>\$ 453,170,803</u>

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

<b>Expenses</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Governmental activities:				
General Government	\$ 2,910,735	\$ 2,764,590	\$ 3,072,278	\$ 3,152,030
Judicial	333,831	326,126	360,345	371,743
Public Safety	12,846,149	13,564,249	14,450,489	15,103,008
Public Works	4,469,451	4,922,994	5,188,523	6,491,116
Health and Welfare	2,646,910	3,304,258	2,914,363	3,554,427
Culture and Recreation	1,949,216	1,368,668	1,553,091	2,521,243
Housing and Development	1,174,362	1,374,039	1,887,154	2,224,676
Interest on long-term debt	60,374	60,179	158,451	528,726
Total governmental activities expenses	26,391,028	27,685,103	29,584,694	33,946,969
Business-type activities:				
Water and Sewer	34,881,486	36,123,069	38,462,407	39,826,297
Airport	511,429	707,009 <sup>(2)</sup>	981,357	1,005,505
Solid Waste	1,770,159	1,890,733	1,912,477	2,010,885
Golf Course	1,129,727	734,964 <sup>(1)</sup>	926,065 <sup>(1)</sup>	1,559,985 <sup>(1)</sup>
Total business-type activities expenses	38,292,801	39,455,775	42,282,306	44,402,672
Total primary government expenses	\$ 64,683,829	\$ 67,140,878	\$ 71,867,000	\$ 78,349,641
<b>Indirect Costs</b>				
Governmental activities:				
General Government	(1,220,511)	(1,171,420)	(1,145,200)	(1,192,270)
Business-type activities:				
Water and Sewer	1,220,511	1,171,420	1,145,200	1,192,270
Airport	0	0	0	0
Solid Waste	0	0	0	0
Total Business-type activities indirect cost	1,220,511	1,171,420	1,145,200	1,192,270
Total primary government indirect cost	\$ 0	\$ 0	\$ 0	\$ 0
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General Government	602,774	600,678	653,781	606,106
Public Safety	2,243,110	2,156,808	2,474,898	2,101,796
Public Works	84,187	52,356	58,870	44,720
Health and Welfare	359,076	434,877	465,968	434,828
Housing and Development	0	0	770,227 <sup>(3)</sup>	395,079
Culture and Recreation	551,802	500,124	613,332	528,498
Operating grants and contributions	2,157,134	2,862,508	3,168,729	3,929,031
Capital grants and contributions	3,455,500	6,266,268	2,340,185	3,772,803
Total governmental activities				
program revenues	9,453,583	12,873,619	10,545,990	11,812,861
Business-Type activities:				
Charges for services:				
Water and Sewer	37,284,505	41,548,172	47,400,388	45,377,623
Airport	431,109	862,230 <sup>(2)</sup>	894,132	866,972
Solid Waste	1,439,122	1,544,902	1,564,861	1,565,923
Golf Course	928,440	462,507 <sup>(1)</sup>	578,762 <sup>(1)</sup>	1,108,078 <sup>(1)</sup>
Operating grants and contributions	71,612	190,315	171,924	130,880
Capital grants and contributions	18,736,376	13,095,530	23,850,849	18,587,741
Total business-type activities				
program revenues	58,891,164	57,703,656	74,460,916	67,637,217
Total primary government				
program revenues	\$ 68,344,747	\$ 70,577,275	\$ 85,006,906	\$ 79,450,078

Note (1): Beginning January 2006, the Golf Course was closed for renovation, and remained closed through January 2007.

Note (2): Increase expense due to additional bond interest and depreciation; revenue increase due to additional revenue from newly constructed airport hangers.

Note (3): City implemented Impact fee during fiscal year 2007.

Note (4): Municipal court fees decrease due in part to law changes involving illegal immigrant deportation.

Note (5): Public Utility contributions revenue was much lower due to diminished building activity.

Note (6): Significant increase due to SPLOST revenues received for the Public Safety Facilities.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 3,682,213	\$ 3,578,661	\$ 4,064,412	\$ 4,031,095	\$ 4,376,553	\$ 3,933,108
432,380	434,137	404,862	460,066	450,165	510,221
17,760,718	16,930,483	16,160,112	17,932,227	16,423,939	18,460,345
6,649,367	7,023,969	6,641,424	7,646,177	7,480,636	8,900,466
3,784,135	3,724,473	3,360,632	3,391,482	2,686,449	3,173,758
2,214,061	1,883,742	1,211,214	1,185,988	1,686,715	224,853
1,524,790	2,108,631	1,363,356	1,196,185	1,104,631	1,591,303
671,224	1,837,734	1,668,489	1,396,524	1,201,196	883,628
36,718,888	37,521,830	34,874,501	37,239,744	35,410,284	37,677,682
45,745,119	44,812,789	43,974,519	46,692,190	45,332,806	47,020,782
929,020	912,187	967,856	1,207,743	983,083	1,014,521
2,274,543	2,142,384	1,901,016	1,944,248	1,866,955	1,965,935
1,519,259	1,346,564	1,396,446	1,241,853	1,193,905	1,234,260
50,467,941	49,213,924	48,239,837	51,086,034	49,376,749	51,235,498
\$ 87,186,829	\$ 86,735,754	\$ 83,114,338	\$ 88,325,778	\$ 84,787,033	\$ 88,913,180
(1,261,885)	(1,215,314)	(1,343,539)	(1,304,961)	(1,369,231)	(1,390,442)
1,261,885	1,115,314	1,106,596	1,022,416	1,086,686	1,034,429
0	100,000	200,000	200,000	200,000	209,561
0	0	36,943	82,545	82,545	146,452
1,261,885	1,215,314	1,343,539	1,304,961	1,369,231	1,390,442
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
630,377	623,419	681,743	708,578	814,922	674,536
1,374,428 <sup>(4)</sup>	1,320,003	1,590,400	1,369,278	1,800,569	1,639,954
38,090	38,110	36,030	36,795	37,070	90,135
442,328	416,661	438,537	410,052	440,824	423,368
180,394	48,135	154,849	158,773	703,972	661,299
519,989	435,955	506,750	377,754	159,336	0
3,287,187	3,776,757	3,739,620	3,862,903	2,744,521	2,813,369
3,449,017	8,177,269 <sup>(6)</sup>	7,718,212 <sup>(6)</sup>	9,565,586 <sup>(6)</sup>	1,419,674	2,044,189
9,921,810	14,836,309	14,866,141	16,489,719	8,120,888	8,346,850
45,616,460	50,039,158	55,401,138	57,492,303	56,832,305	58,759,620
851,644	865,739	818,874	832,971	913,459	944,120
1,703,937	1,769,329	2,057,883	2,299,960	2,272,930	2,369,815
1,057,516	907,160	1,012,377	1,031,717	1,006,129	992,168
110,652	69,070	0	0	0	0
8,309,881 <sup>(5)</sup>	3,794,048 <sup>(5)</sup>	4,009,685	5,257,388	3,546,989	8,646,783
57,650,090	57,444,504	63,299,957	66,914,339	64,571,812	71,712,506
\$ 67,571,900	\$ 72,280,813	\$ 78,166,098	\$ 83,404,058	\$ 72,692,700	\$ 80,059,356

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

	2005	2006	2007	2008
Net (expense)/revenue				
Governmental activities	\$ (15,716,934)	\$ (13,640,064)	\$ (17,893,504)	\$ (20,941,838)
Business-type activities	19,377,582	17,076,461	31,033,410 <sup>(2)</sup>	22,042,275
Total primary government net (expense)/revenue	3,660,648	3,436,397	13,139,906	1,100,437
<b>General revenues and other changes in net position</b>				
Governmental activities:				
Taxes				
Property	5,258,299	5,456,200	6,571,545	7,101,695
Intangibles	348,523	317,048	307,098	237,483
Franchise	2,929,050	3,359,902	3,474,822	4,599,218
Occupational	1,256,001	1,260,686	1,342,953	1,354,234
Insurance premium	1,190,698	1,281,035	1,340,284	1,398,065
Alcoholic beverages	1,030,287	1,043,230	1,112,799	1,056,980
Hotel/Motel	443,492	461,602	487,172	479,684
Local option sales	4,928,637	5,634,966	5,866,449	5,829,689
Grants and contributions	0	0	0	0
Investment earnings	274,289 <sup>(3)</sup>	644,185 <sup>(3)</sup>	1,033,946 <sup>(3)</sup>	1,033,414 <sup>(3)</sup>
Payments from component unit	213,000	64,470	0	0
Gain on sale of assets	548,335	93,824	1,282,635 <sup>(2)</sup>	900,112
Miscellaneous	194,738	267,811	377,785	297,695
Transfers	2,842,126	2,286,216	1,585,275	3,055,911
Total governmental activities	21,457,475	22,171,175	24,782,763	27,344,180
Business-type activities				
Investment earnings	1,293,209 <sup>(3)</sup>	2,813,927 <sup>(3)</sup>	3,483,808 <sup>(3)</sup>	2,664,847 <sup>(3)</sup>
Payments from component unit	32,500	0	0	0
Gain on sale of assets	3,031	837	84,099	29,804
Miscellaneous	1,091,854	1,446,054	1,340,749	1,151,124
Transfers	(2,842,126)	(2,286,216)	(1,585,275)	(3,055,911)
Total business-type activities	(421,532)	1,974,602	3,323,381	789,864
Total primary government	21,035,943	24,145,777	28,106,144	28,134,044
<b>Change in net position</b>				
Governmental activities	5,740,541	8,531,111	6,889,259	6,402,342
Business-type activities	18,956,050	19,051,063	34,356,791 <sup>(1)</sup>	22,832,138
Total primary government	\$ 24,696,591	\$ 27,582,174	\$ 41,246,050	\$ 29,234,480

Note (1): Developer contributions were \$8.7 million over 2006 revenue.

Note (2): Majority of gain is due to 52+ acres of Industrial Park land sold in fiscal year 2007.

Note (3): Bank interest paid on deposits and other investment earnings are impacted by interest rate trends and the investment market.

Note (4): Beginning in 2013, miscellaneous revenue includes rent from the old Main Street property acquired in 2013.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ (25,535,193)	\$ (21,470,207)	\$ (18,664,821)	\$ (19,445,064)	\$ (25,920,165)	\$ (27,940,390)
5,920,264	7,015,266	13,716,581	15,828,305	13,825,832	19,086,566
(19,614,929)	(14,454,941)	(4,948,240)	(3,616,759)	(12,094,333)	(8,853,824)
7,421,155	7,253,570	7,886,437	7,338,537	7,825,290	8,363,877
180,064	97,161	59,343	81,841	80,720	105,044
4,451,348	3,866,595	4,072,511	4,240,193	4,092,271	4,014,946
1,288,785	1,114,317	1,111,954	1,139,926	1,199,374	1,263,534
1,431,555	1,418,124	1,376,910	1,585,550	1,684,119	1,743,745
1,000,788	942,016	999,642	994,573	979,409	1,022,245
473,047	444,852	517,456	563,902	591,793	715,260
4,799,932	4,943,847	5,030,213	5,259,684	5,300,279	4,983,807
0	0	0	0	0	0
209,981 <sup>(3)</sup>	498,737 <sup>(3)</sup>	450,031 <sup>(3)</sup>	426,185 <sup>(3)</sup>	448,728 <sup>(3)</sup>	246,266 <sup>(3)</sup>
0	0	0	0	0	0
17,246	40,591	0	0	67,897	0
325,996	363,279	236,416	245,524	1,057,074 <sup>(4)</sup>	1,017,590 <sup>(4)</sup>
1,495,051	2,190,747	3,006,690	3,254,637	5,122,095	3,407,947
23,094,948	23,173,836	24,747,603	25,130,552	28,449,049	26,884,261
1,013,233 <sup>(3)</sup>	401,971 <sup>(3)</sup>	355,561 <sup>(3)</sup>	314,147 <sup>(3)</sup>	334,347 <sup>(3)</sup>	292,577 <sup>(3)</sup>
0	0	0	0	0	0
1,315	19,569	20,718	33,411	12,331	53,471
1,020,458	1,023,096	1,011,088	1,055,930	1,042,459	1,095,243
(1,495,051)	(2,190,747)	(3,006,690)	(3,254,637)	(5,122,095)	(3,407,947)
539,955	(746,111)	(1,619,323)	(1,851,149)	(3,732,958)	(1,966,656)
23,634,903	22,427,725	23,128,280	23,279,403	24,716,091	24,917,605
(2,440,245)	1,703,629	6,082,782	5,685,488	2,528,884	(1,056,129)
6,460,219	6,269,155	12,097,258	13,977,156	10,092,874	17,119,910
\$ 4,019,974	\$ 7,972,784	\$ 18,180,040	\$ 19,662,644	\$ 12,621,758	\$ 16,063,781



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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Intangible Tax</b>	<b>Franchise Tax</b>	<b>Occupational Tax</b>
2005	\$ 5,258,299	\$ 348,523	\$ 2,929,050	\$ 1,256,001
2006	5,456,200	317,048	3,359,902	1,260,686
2007	6,571,545 <sup>(1)</sup>	307,098	3,474,822	1,342,953
2008	7,101,695	237,483	4,599,218 <sup>(2)</sup>	1,354,234
2009	7,421,155	180,064 <sup>(4)</sup>	4,451,348	1,288,785
2010	7,253,570	97,161 <sup>(4)</sup>	3,866,595	1,114,317
2011	7,886,437 <sup>(5)</sup>	59,343 <sup>(4)</sup>	4,072,511	1,111,954
2012	7,338,537	81,841	4,240,193	1,139,926
2013	7,825,290	80,720	4,092,271	1,199,374
2014	8,363,877 <sup>(6)</sup>	105,044	4,014,946	1,263,534

Note (1): Debt Millage rate was increased for debt service payments related to the construction of Frances Meadows Community Center and the Georgia Mountains Center parking deck.

Note (2): Franchise tax audit of previous year's receipts resulted in additional collections in fiscal year 2008.

Note (3): Local option sales tax collections were down significantly due to economic downturn.

Note (4): 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 (5): General Fund millage rate was increased to provide funding for increased Public Safety fire protection.

Note (6): Tax reforms effective March 1, 2013, created a new system for taxing motor vehicles in Georgia. Revenue is now in the form of a property tax and sales are now exempt from sales tax.

<b>Insurance Premium Tax</b>	<b>Alcoholic Beverages Tax</b>	<b>Hotel/Motel Tax</b>	<b>Local Option Sales Tax</b>	<b>Total</b>
\$ 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 <sup>(3)</sup>	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
1,585,550	994,573	563,902	5,259,684	21,204,206
1,684,119	979,409	591,793	5,300,279	21,753,255
1,743,745	1,022,245	715,260	4,983,807 <sup>(6)</sup>	22,212,458

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund				
Reserved	\$ 24,929	\$ 42,976	\$ 49,289	\$ 70,002
Unreserved	5,107,150	5,904,994	6,697,460	4,066,767
Nonspendable (4)				
Committed (4)				
Assigned (4)				
Unassigned (4)				
Total general fund	<u>\$ 5,132,079</u>	<u>\$ 5,947,970</u>	<u>\$ 6,746,749</u>	<u>\$ 4,136,769</u>
All other governmental funds				
Reserved	\$ 387,116	\$ 2,333,758	\$ 12,757,904	\$ 4,535,228
Unreserved, reported in:				
Special revenue funds	3,368,908	3,565,978	6,983,598 <sup>(1)</sup>	10,081,308 <sup>(2)</sup>
Capital project funds	4,648,892	833,467	4,569,334	4,184,614
Debt service funds	679,772	542,766	1,753,653	1,602,964
Nonspendable (4)				
Restricted (4)				
Committed (4)				
Assigned (4)				
Total all other governmental funds	<u>\$ 9,084,688</u>	<u>\$ 7,275,969</u>	<u>\$ 26,064,489</u>	<u>\$ 20,404,114</u>

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): Fluctuations due to SPLOST revenue collections reserved for debt service on Public Safety Facilities.

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 102,572	\$ 27,622				
3,595,792	4,164,074				
		\$ 406,166	\$ 384,796	\$ 367,035	\$ 352,744
		0	10,054	6,583	6,208
		2,996,014	3,040,356	2,321,338	3,295,367
		5,134,064	5,874,076	6,565,665	7,012,974
<u>\$ 3,698,364</u>	<u>\$ 4,191,696</u>	<u>\$ 8,536,244</u>	<u>\$ 9,309,282</u>	<u>\$ 9,260,621</u>	<u>\$ 10,667,293</u>
\$ 24,515,444 <sup>(3)</sup>	\$ 10,815,234 <sup>(3)</sup>				
9,982,391	10,546,826				
2,296,318	9,403,152				
2,266,195	1,293,247				
				\$ 130,769	\$ 132,816
		\$ 10,854,556	\$ 11,214,865	6,385,355	4,174,002
		91,939	115,428	174,187	174,285
		11,457,922	11,225,020	16,162,739	12,850,447
<u>\$ 39,060,348</u>	<u>\$ 32,058,459</u>	<u>\$ 22,404,417</u>	<u>\$ 22,555,313</u>	<u>\$ 22,853,050</u>	<u>\$ 17,331,550</u>

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

	2005	2006	2007	2008
<b>Revenues</b>				
Taxes	\$ 17,354,577	\$ 18,800,818	\$ 20,557,731	\$ 21,931,347
Licenses and permits	826,075	824,465	1,045,039	726,127
Fines, fees and forfeitures	1,863,379	1,767,286	1,888,411	1,782,062
Charges for services	2,372,006	2,324,512	3,127,789	2,621,736
Intergovernmental	6,515,951	9,751,128 <sup>(1)</sup>	6,233,048	8,157,297
Interest	256,058	592,351	952,438	983,198
Property Sales	817,958	0	0	0
Contributions	306,728	402,948	262,754	150,346
Other	196,360	250,984	355,432	297,697
Total revenues	<u>30,509,092</u>	<u>34,714,492</u>	<u>34,422,642</u>	<u>36,649,810</u>
<b>Expenditures</b>				
General Government	2,780,457	2,858,175	3,036,416	3,183,110
Judicial	333,995	324,267	360,906	370,393
Public Safety	11,689,304	12,304,620	13,260,428	14,206,369
Public Works	3,785,981	3,990,492	4,081,934	4,638,378
Health and Welfare	2,693,714	3,348,749	2,922,009	3,479,259
Culture and Recreation	952,239	925,879	1,200,173	1,372,628
Housing and Development	1,305,500	1,550,568	2,249,375	4,624,623
Debt Service				
Principal	1,266,622	1,330,139	1,402,087	2,442,202
Interest	358,840	324,247	326,320	718,082
Capital Outlay	7,445,272	12,512,996 <sup>(2)</sup>	5,042,938	15,104,298
Total expenditures	<u>32,611,924</u>	<u>39,470,132</u>	<u>33,882,586</u>	<u>50,139,342</u>
Excess of revenues over (under) expenditures	<u>(2,102,832)</u>	<u>(4,755,640)</u>	<u>540,056</u>	<u>(13,489,532)</u>
<b>Other financing sources (uses)</b>				
Transfers in	7,611,665	8,441,779	10,434,930	11,509,650
Transfers out	(4,962,853)	(6,184,479)	(8,916,559)	(9,131,665)
Issuance of notes payable	0	0	0	0
Refunding of notes payable	0	0	0	0
Issuance of capital leases	402,148	1,334,089 <sup>(3)</sup>	11,898,663 <sup>(4)</sup>	795,481
Sale of capital assets	54,380	176,623	5,673,013 <sup>(5)</sup>	2,045,711
Total other financing sources (uses)	<u>3,105,340</u>	<u>3,768,012</u>	<u>19,090,047</u>	<u>5,219,177</u>
Net change in fund balances	<u>\$ 1,002,508</u>	<u>\$ (987,628)</u>	<u>\$ 19,630,103</u>	<u>\$ (8,270,355)</u>
Debt service as a percentage of noncapital expenditures	6.2%	6.2%	6.0%	9.3%

Note (1): Includes \$3 million in SPLOST money received for construction of Frances Meadows Community Center.

Note (2): Capital outlay includes \$5 million land purchase for Frances Meadows Community Center.

Note (3): A \$979,300 capital lease was assumed in 2006 to finance the renovation of the Georgia Mountains Center.

Note (4): A \$11,885,000 capital lease was assumed in 2007 to finance the Frances Meadows Community Center.

Note (5): Includes \$3.7 million sale to Gainesville City Schools for middle school property, along with \$1.9 million sale of Industrial Park Property.

Note (6): Increase due to Public Safety Facilities and GMC Parking Deck debt service payments.

Note (7): Beginning in 2013, miscellaneous revenue includes rent from the Main Street property acquired in 2013.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 21,030,163	\$ 20,073,154	\$ 21,039,421	\$ 21,205,179	\$ 21,798,180	\$ 22,193,025
563,085	526,787	540,906	533,141	727,631	768,827
1,200,508	1,179,773	1,390,242	1,142,066	1,663,768	1,635,471
2,590,476	2,405,885	2,935,491	2,740,521	2,910,952	3,004,541
6,340,062	12,994,964	12,190,933	12,456,574	4,067,439	3,959,460
186,918	110,152	56,785	35,839	52,479	41,823
0	0	0	0	0	0
95,806	140,042	152,829	574,090	96,754	96,860
325,993	363,276	235,905	245,210	1,057,730 <sup>(7)</sup>	1,017,595 <sup>(7)</sup>
<u>32,333,011</u>	<u>37,794,033</u>	<u>38,542,512</u>	<u>38,932,620</u>	<u>32,374,933</u>	<u>32,717,602</u>
3,260,291	2,985,636	3,289,626	3,317,143	3,287,366	3,228,407
369,537	385,823	367,454	417,255	421,756	460,849
14,097,303	14,010,732	14,555,914	15,880,473	14,617,996	14,934,311
4,586,349	4,358,836	4,334,170	4,415,291	4,325,418	4,491,711
3,381,182	4,095,212	3,073,671	3,053,511	2,529,431	3,391,256
1,169,614	1,204,508	764,611	1,052,118	592,617	165,000
1,951,894	1,649,911	1,750,971	1,726,625	1,639,307	2,082,930
1,659,125	3,119,832	8,034,940 <sup>(6)</sup>	7,112,064	7,349,754	8,382,841
644,194	1,962,450	1,772,225	1,478,240	1,266,876	964,579
18,184,470	13,690,589	8,874,469	3,491,050	9,500,033	2,128,323
<u>49,303,959</u>	<u>47,463,529</u>	<u>46,818,051</u>	<u>41,943,770</u>	<u>45,530,554</u>	<u>40,230,207</u>
(16,970,948)	(9,669,496)	(8,275,539)	(3,011,150)	(13,155,621)	(7,512,605)
5,072,824	6,738,573	17,371,193	14,414,525	21,464,150	7,477,632
(3,506,803)	(4,240,053)	(14,788,283)	(11,222,388)	(16,413,039)	(4,112,658)
7,437,971	0	0	0	0	0
(7,437,971)	0	0	0	0	0
33,697,531	0	346,228	721,833	8,220,268	0
18,607	50,888	36,907	10,891	70,410	32,803
<u>35,282,159</u>	<u>2,549,408</u>	<u>2,966,045</u>	<u>3,924,861</u>	<u>13,341,789</u>	<u>3,397,777</u>
<u>\$ 18,311,211</u>	<u>\$ (7,120,088)</u>	<u>\$ (5,309,494)</u>	<u>\$ 913,711</u>	<u>\$ 186,168</u>	<u>\$ (4,114,828)</u>
7.3%	15.4% <sup>(6)</sup>	25.6% <sup>(6)</sup>	22.7%	21.2%	26.4%

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Intangibles Tax</b>	<b>Franchise Tax</b>	<b>Insurance Premium Tax</b>
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 <sup>(1)</sup>	307,098	3,474,822	1,340,284
2008	6,975,994	237,483	4,599,218 <sup>(2)</sup>	1,398,065
2009	7,404,644	180,064 <sup>(4)</sup>	4,451,348	1,431,555
2010	7,246,242	97,161 <sup>(4)</sup>	3,866,595	1,418,124
2011	7,871,392 <sup>(5)</sup>	59,343 <sup>(4)</sup>	4,072,511	1,376,910
2012	7,339,510	81,841	4,240,193	1,585,550
2013	7,870,215	80,720	4,092,271	1,684,119
2014	8,344,444 <sup>(6)</sup>	105,044	4,014,946	1,743,745

Note (1): Debt millage rate was increased for debt service payments related to the construction of Frances Meadows Community Center and the Georgia Mountains Center parking deck.

Note (2): Franchise tax audit of previous year's receipts resulted in additional collections in fiscal year 2008.

Note (3): Significant decrease due to economic decline experienced in FY09.

Note (4): 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 (5): General Fund millage rate was increased to provide funding for increased Public Safety fire protection.

Note (6): Tax reforms effective March 1, 2013, created a new system for taxing motor vehicles in Georgia. Revenue is now in the form of a property tax and sales are now exempt from sales tax.

<b>Occupational Tax</b>	<b>Alcoholic Beverages Tax</b>	<b>Hotel/Motel Tax</b>	<b>Local Option Sales Tax</b>	<b>Total</b>
\$ 1,256,001	\$ 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 <sup>(3)</sup>	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	21,039,421
1,139,926	994,573	563,902	5,259,684	21,205,179
1,199,374	979,409	591,793	5,300,279	21,798,180
1,263,534	1,022,245	715,260	4,983,807 <sup>(6)</sup>	22,193,025



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

Fiscal Year Ended June 30	Real Property	Personal Property			Digest Adjustments
		Inventory/ Business Property	Motor Vehicles	Utilities	
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)
2012	2,626,851,558	845,534,643	153,096,940	68,615,798	(260,718,939)
2013	2,483,471,963	891,542,860	159,990,090	72,487,558	(336,283,393)
2014	2,398,619,850	969,047,745	172,898,560	74,816,730	(336,173,382)

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

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 L-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 and prior, the Homeowners Tax Relief Credit adjustment applies to all taxing components.

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

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Exemption Adjustments		Total Taxable Assessed Value <sup>(1)</sup>	Total Direct Tax Rate	Estimated Actual Taxable Value		Assessed Value as a Percentage of Actual Value
\$	(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)	3,708,134,604	2.66		3,708,134,604	100%
	(550,000) <sup>(3)</sup>	3,719,820,242	2.66		3,719,820,242	100%
	(550,000)	3,640,405,873	2.92		3,640,405,873	100%
	(800,000)	3,432,580,000	2.92		3,432,580,000	100%
	(800,000)	3,270,409,078	3.06		3,270,409,078	100%
	(1,234,240)	3,277,975,263	3.06		3,277,975,263	100%

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

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Tax Year	Fiscal Year	City of Gainesville			Total City Millage
		Operating Millage	Recreation Millage	Debt Service Millage	
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
2011	2012	1.69	0.75	0.48	2.92
2012	2013	1.77	0.79	0.50	3.06
2013	2014	1.77	0.79	0.50	3.06

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	
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
7.39	0.00	7.39	0.25	6.25	6.25	16.81
7.59	0.00	7.59	0.25	6.25	6.25	17.15
7.59	0.00	7.59	0.15	6.25	6.25	17.05

**CITY OF GAINESVILLE, GEORGIA**  
**PRINCIPAL TAXPAYERS**  
**June 30, 2014**

Taxpayer	2014			2005		
	Taxable Assessed Value <sup>(1)</sup>	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value <sup>(1)</sup>	Rank	Percentage of Total Taxable Assessed Value
Kubota Manufacturing of America Corporation/ Kubota USA, Inc	\$ 79,816,415	1	2.43%	\$ 100,982,092	1	3.44%
Cargill, Inc.	56,791,330	2	1.73%	64,446,473	2	2.20%
Fieldale Farms Corporation (Queen City Foods)	43,202,055	3	1.32%	21,898,143	9	0.75%
ZF Industries, Inc.	33,418,830	4	1.02%	38,370,100	4	1.31%
Georgia Power	31,818,851	5	0.97%			
Pilgrim's Pride	29,750,054	6	0.91%			
Ace Hardware Corporation	27,851,723	7	0.85%	41,230,648	3	1.41%
I M S Gear	23,780,548	8	0.73%			
Merial Select	22,507,929	9	0.69%			
SAPA Extruder Inc.	21,740,320	10	0.66%			
Caradon Peachtree, Inc. (Peachtree Doors)				32,040,286	5	1.09%
Hayes Lemmerz Intl GA, Inc. (Western Wheel Georgia, Inc.)				30,724,883	6	1.05%
Colonial Realty Limited Part. (Camelot Real Estate Corp.)				29,080,476	7	0.99%
Bell South Communications				21,907,414	8	0.75%
Con Agra (J & M Poultry & Country Pride)				7,167,811	10	0.24%
Total	<u>\$ 370,678,055</u>		<u>11.33%</u>	<u>\$ 387,848,326</u>		<u>13.22%</u>

Source: 2013 and 2004 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 for fiscal years prior 2012. Fiscal year 2012 and forward are net assessed value.

**CITY OF GAINESVILLE, GEORGIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN 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 Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Percentage			Percentage
			Amount	of Levy		Amount	of Levy
2005	\$ 7,033,787	\$ 67,409	\$ 6,997,475	99.48%	\$ 103,721	\$ 7,101,196	100.00%
2006	7,431,394	(43,520)	7,252,591	97.59%	135,228	7,387,819	100.00%
2007	8,528,243	81,916	8,547,295	99.27%	62,775	8,610,070	100.00%
2008	9,490,615	41,729	9,308,622	97.65%	223,652	9,532,274	100.00%
2009	9,877,359	32,462	9,636,926	97.25%	238,344	9,875,270	99.65%
2010	9,894,722	(24,156)	9,579,640	97.05%	247,411	9,827,051	99.56%
2011	10,629,985	(209,689)	10,239,192	98.26%	157,941	10,397,133	99.78%
2012	10,023,134	(263,496)	9,518,471	97.53%	196,745	9,715,216	99.54%
2013	9,294,659	187,292	9,333,018	98.43%	128,842	9,461,860	99.79%
2014	9,272,596	274,343	9,363,036	98.07%		9,363,036	98.07%

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

Note (1): Adjustments made after tax billing within the fiscal year of the levy.

**CITY OF GAINESVILLE, GEORGIA**  
**LOCAL OPTION SALES TAX DISTRIBUTION COMMODITY REPORT - HALL COUNTY**  
**June 30, 2014**

Commodity	2013			2004		
	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total
Food	\$ 5,320,818	1	20.16%	\$ 5,472,776	1	22.72%
Wholesale	3,962,453	2	15.01%	0		0.00%
General	3,876,733	3	14.69%	3,328,268	3	13.82%
Other Retail	3,103,053	4	11.76%	4,551,713	2	18.89%
Miscellaneous Service	2,172,607	5	8.23%	1,249,852	8	5.19%
Utilities	2,154,250	6	8.16%	1,699,748	7	7.06%
Home	1,774,795	7	6.72%	965,809	9	4.01%
Auto	1,686,718	8	6.39%	1,843,016	6	7.65%
Manufacturer	1,170,252	9	4.43%	0		0.00%
Other Services	568,149	10	2.15%	2,692,310	4	11.18%
Accommodations	452,775	11	1.72%	1,882,264	5	7.81%
Construction	153,845	12	0.58%	404,040	10	1.68%
Total	<u>\$ 26,396,451</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): State of Georgia established different categories for the 2009 Calendar year.

**CITY OF GAINESVILLE, GEORGIA**  
**PUBLIC UTILITIES TEN LARGEST SYSTEM CUSTOMERS**  
**JUNE 30, 2014**

<b>Customer</b>	<b>Type of Business</b>	<b>Total Water Billings</b>	<b>Total Sewer Billings</b>	<b>Total Billings</b>	<b>Percentage of System Revenues</b>
Fieldale Farms Corporation	Manufacturer - Poultry Products	\$ 2,642,262	\$ 5,988,067	\$ 8,630,329	14.91%
Pilgrim's Pride	Manufacturer - Poultry Products	1,144,957	3,364,108	4,509,065	7.79%
Mar-Jac Poultry, Inc.	Manufacturer - Poultry Products	1,120,642	3,186,327	4,306,969	7.44%
NE GA Health Systems	Hospital	322,628	548,255	870,882	1.50%
Cooley Enterprises (DBA Kings Delight)	Food Further Processing	286,143	387,212	673,355	1.16%
Hall County Commissioners	Local Government	294,419	374,418	668,837	1.16%
Cargill, Inc.	Manufacturer - Soybean Products	325,369	278,028	603,396	1.04%
Mid America Apartment Comm.	Apartments	96,561	270,179	366,740	0.63%
Islands Management Company LLC	Resort	355,328	0	355,328	0.61%
Pro View Foods, LLC	Manufacturer - Poultry Products	86,280	254,286	340,567	0.59%
Total		<u>\$ 6,674,589</u>	<u>\$ 14,650,880</u>	<u>\$ 21,325,468</u>	<u>36.84%</u>

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



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

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Capital Leases	Water & Sewer Bonds	Notes Payable	Capital Leases			
2005	\$ 4,970,000	\$ 1,461,144	\$ 117,919,849	\$ 85,986,473	\$ 5,151,053	\$ 215,488,519	27.68%	\$ 6,927
2006	4,250,000	2,185,094 <sup>(2)</sup>	130,255,278	106,718,229	40,626,338 <sup>(3)</sup>	284,034,939	33.62%	8,755
2007	3,490,000	13,428,006 <sup>(4)</sup>	125,853,111	115,280,594	39,078,688	297,130,399	33.65%	8,912
2008	2,690,000	12,581,284	119,110,185	119,221,083	37,454,530	291,057,082	29.74%	8,359
2009	1,840,000	45,469,691 <sup>(5)</sup>	112,067,258	125,581,156	35,756,155	320,714,260	30.35%	8,992
2010	945,000	42,862,532	104,719,329	119,786,181	34,048,349	302,361,391	28.01%	8,458
2011	0	35,737,268	97,030,523	113,800,132	32,321,761	278,889,683	28.41%	8,250
2012	0	28,964,712	89,089,423	107,536,775	30,575,173	256,166,083	24.16%	7,442
2013	0	29,451,699	80,918,760	101,142,593	28,945,860	240,458,912	21.60%	6,913
2014	0	20,872,774	70,990,000	94,539,646	27,094,798	213,497,218	18.32%	6,008

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

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

Note (2): A \$979,000 capital lease was assumed in 2006 to finance the renovation of the Georgia Mountains Center.

Note (3): 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 (4): Increase due to a \$11,885,000 capital lease issued for the construction of the Frances Meadows Community Center.

Note (5): Increase due to capital leases issued for Public Safety Facilities (\$27,022,224) and Georgia Mountain Center Parking Garage (\$6,308,832).

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

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<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value of Property<sup>(1)</sup></b>	<b>Per Capita<sup>(2)</sup></b>
2005	\$ 4,970,000	0.19%	\$ 159.77
2006	4,250,000	0.15%	130.99
2007	3,490,000	0.12%	104.68
2008	2,690,000	0.08%	77.26
2009	1,840,000	0.05%	51.59
2010	945,000	0.03%	26.43
2011	0	0.00%	0
2012	0	0.00%	0
2013	0	0.00%	0
2014	0	0.00%	0

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.

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

Note (2): Population data can be found in the Schedule of Demographic and Economic Statistics on Exhibit L-18.



**CITY OF GAINESVILLE, GEORGIA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2014**

<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	\$ 18,279,020	100%	\$ 18,279,020
Hall County	6,256,038	19%	\$ 1,188,647
Subtotal, overlapping debt			<u>19,467,667</u>
City of Gainesville direct debt			<u>20,872,774</u>
Total direct and overlapping debt			<u><u>\$ 40,340,441</u></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.

Note: The outstanding debt reported from overlapping authorities includes bonds, notes, and capital leases as reported on their Governmental Activities Sheet.

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

	Fiscal Year			
	2005	2006	2007	2008
Debt Limit	\$ 293,358,109	\$ 313,425,727	\$ 330,171,198	\$ 406,664,323
Total net debt applicable to limit	5,751,372	5,700,021	15,070,859	13,668,320
Legal debt margin	<u>\$ 287,606,737</u>	<u>\$ 307,725,706</u>	<u>\$ 315,100,339</u>	<u>\$ 392,996,003</u>
Total net debt applicable to the limit as a percentage of debt limit	1.96%	1.82%	4.56%	3.36%

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					
2009	2010	2011	2012	2013	2014
\$ 412,732,440	\$ 403,529,632	\$ 386,525,819	\$ 369,409,894	\$ 360,749,247	\$ 361,538,289
43,267,440 <sup>(2)</sup>	42,514,285	34,302,996	27,431,657	20,877,219	15,770,863
<u>\$ 369,465,000</u>	<u>\$ 361,015,347</u>	<u>\$ 352,222,823</u>	<u>\$ 341,978,237</u>	<u>\$ 339,872,028</u>	<u>\$ 345,767,426</u>
10.48% <sup>(2)</sup>	10.54%	8.87%	7.43%	5.79%	4.36%

#### Legal Debt Margin Calculation for Fiscal Year 2013

Total Assessed value	\$ 3,615,382,885
Debt limit (10% of total assessed value) <sup>(1)</sup>	361,538,289
Debt applicable to limit:	
General obligation debt	20,872,774
Less: Amount set aside for repayment of general obligation debt	<u>(5,101,911)</u>
Total net debt applicable to limit	<u>15,770,863</u>
Legal debt margin	<u>\$ 345,767,426</u>

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

Fiscal Year	Public Utilities Revenue Bonds					Coverage
	Gross Revenue <sup>(1)</sup>	Less:	Net	Debt Service		
		Operating Expenses <sup>(2)</sup>	Available Revenue	Principal	Interest <sup>(3)</sup>	
2005	\$ 42,124,247	\$ 18,246,090	\$ 23,878,157	\$ 4,350,000	\$ 6,232,571	2.26
2006	48,668,359	19,981,471	28,686,888	4,540,000	7,199,822	2.44
2007	56,980,671	21,037,220	35,943,451	6,040,000	5,775,526	3.04
2008	52,331,461	21,519,732	30,811,729	6,545,000	5,832,260	2.49
2009	48,470,453	24,353,036	24,117,417	6,845,000	5,177,138	2.01
2010	52,531,389	24,141,817	28,389,572	7,150,000	4,865,079	2.36
2011	57,629,294	23,713,795	33,915,499	7,470,000	4,540,916	2.82
2012	59,739,770	24,261,826	35,477,944	7,710,000	4,174,996	2.99
2013	59,662,895	23,442,197	36,220,698	7,955,000	3,768,351	3.09
2014	62,860,604	26,083,825	36,776,779	8,360,000	3,368,156	3.14

Note (1): Gross revenue is comprised of operating revenue, connection fees, and interest on investments.

Note (2): Total operating expenses exclusive of depreciation.

Note (3): FY2005 - 2009 presented on accrual basis.

**CITY OF GAINESVILLE, GEORGIA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>City of Gainesville Population<sup>(a)</sup></b>	<b>Estimated City of Gainesville Personal Income (amounts expressed in thousands)<sup>(b)</sup></b>	<b>Hall County Per Capita Personal Income<sup>(c)</sup></b>	<b>Gainesville City Public School Enrollment<sup>(d)</sup></b>	<b>Hall County Unemployment Rate<sup>(e)</sup></b>
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%
2012	34,422	1,060,404	30,806	7,464	7.5%
2013	34,786	1,113,187	32,001	7,702	7.6%
2014	35,533	1,165,092	32,789	7,983	6.4%

Source (a): Fiscal year 2005-2010 based on 2010 census, 2013-2014 are estimates and based on the 2013 Population Estimates Program.

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, Gainesville MSA unemployment rate



**CITY OF GAINESVILLE, GEORGIA**  
**PRINCIPAL EMPLOYERS/HALL COUNTY**  
**June 30, 2014**

<u>Employer</u>	<u>2014</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	5,200	1	6.09%	4,200	1	5.34%
Fieldale Farms	2,400	2	2.81%	2,300	2	2.93%
Pilgrims Pride	1,600	3	1.88%	1,553	3	1.98%
Mar-Jac	1,250	4	1.46%	1,259	4	1.60%
Kubota Manufacturing of America	1,250	5	1.46%	717	7	0.91%
Coleman Natural Foods (Kings Delight)				950	5	1.21%
Victory Processing LLC	790	6	0.93%			
Wrigley Manufacturing Company, LLC	750	7	0.88%	800	6	1.02%
Wal-Mart Super Center	690	8	0.81%	500	10	0.64%
Koch Foods, Inc.				600	8	0.76%
The Longstreet Clinic	620	9	0.73%			
Liberty Mutual Insurance				600	9	0.76%
KIK Gainesville	580	10	0.68%			
Total	<u>15,130</u>		<u>17.73%</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 2014 is based on 2013 Hall County annual average employment of 85,333 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 TEN FISCAL YEARS**

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Primary government</b>										
General Government	43	44	44	46	41	45	46	48	51	50
Judicial	8	8	8	8	8	7	8	8	10	10
Public Safety										
Police	117	117	119	122	115	113	113	113	113	114
Fire	82	82	82	83	81	102	103	103	103	103
City Marshal	7	7	9	7	5	3	3	3	5	4
Public Works	58	62	62	63	54	53	52	54	53	53
Health and Welfare	45	45	44	49	49	45	47	39	37	32
Culture and										
Recreation	11	11	11	11	10	7	7	5	0	0
Housing and										
Development	35	38	22	22	18	17	17	17	13	13
General Insurance	2	2	2	2	2	0	0	0	0	0
Vehicle Services	5	5	5	5	5	5	5	6	6	6
Water and Sewer	237	243	249	253	231	225	229	229	229	230
Solid Waste	27	27	27	31	24	24	24	24	24	24
Golf Course	16	18	12	13	13	7	4	4	4	4
<b>Total primary government</b>	<b>693</b>	<b>709</b>	<b>696</b>	<b>715</b>	<b>656</b>	<b>653</b>	<b>658</b>	<b>653</b>	<b>648</b>	<b>643</b>
<b>Component unit</b>										
City of Gainesville										
Parks and Recreation										
Culture and Recreation	32	34	34	38	37	36	36	37	37	38
<b>Total employees</b>	<b>725</b>	<b>743</b>	<b>730</b>	<b>753</b>	<b>693</b>	<b>689</b>	<b>694</b>	<b>690</b>	<b>685</b>	<b>681</b>

Source: Annual City of Gainesville Budget Document.

**CITY OF GAINESVILLE, GEORGIA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	FISCAL YEAR			
	2005	2006	2007	2008
Police				
Number of citations issued	19,878	16,737	14,326	13,585
Number of calls for service	88,922	78,904	76,208	76,555
Fire				
Number of calls answered	5,496	5,918	6,443	5,998
Number of inspections conducted	3,467	2,856	3,490	2,607
Highways and streets				
Square feet of sidewalks replaced	9,570	6,399	5,127	14,040
Linear feet curb and gutter installed	5,806	2,161	1,679	2,091
Sanitation				
Refuse collected (tons)	5,407	5,497	5,489	5,320
Recyclables collected (tons)	681	700	711	799
Culture and Recreation				
Enrolled in youth athletics	997	1,049	1,297	1,741
Civic Center/Cabin rentals	1,161	1,350	1,229	1,579
Water System (MGD -Millions of Gallons per Day)				
Number of service connections	40,572	46,645	48,652	49,783
Daily average consumption in gallons	18.10 MGC	19.29 MGD	19.85 MGD	17.86 MGD
Sewer System (MGD -Millions of Gallons per Day)				
Number of service connections	7,892	8,170	9,489	9,683
Daily average treatment in gallons	8.90 MGD	9.14 MGD	8.42 MGD	7.80 MGD

Source: Various City Departments.

Note (1): Indicators are not available for the general government function.

Note (2): Numbers are lower than preceding years due to declining economy.

FISCAL YEAR					
2009	2010	2011	2012	2013	2014
11,394 <sup>(2)</sup>	12,307	13,671	9,306	11,353	11,622
74,329	75,866	67,879	63,839	62,744	60,380
5,901	6,020	6,566	6,962	7,031	7,174
2,631	2,848	1,439	1,725	1,325	1,862
2,351 <sup>(2)</sup>	3,552 <sup>(2)</sup>	445 <sup>(2)</sup>	9,063	4,500	11,727
1,071	217	50	698	211	544
5,261	5,015	4,897	4,743	4,857	4,989
653	688	657	726	759	794
1,173 <sup>(2)</sup>	1,139	1,507	1,553	1,398	1,424
823 <sup>(2)</sup>	969	992	1,068	1,223	1,169
46,550 <sup>(2)</sup>	46,674	46,632	47,018	47,892	53,676
16.56 MGD	17.13 MGD	17.64 MGD	17.7 MGD	16.74 MGD	16.74 MGD
8,896 <sup>(2)</sup>	8,840	8,716	8,847	9,157	10,977
8.00 MGD	9.20 MGD	8.50 MGD	8.1 MGD	8.50 MGD	8.90 MGD

**CITY OF GAINESVILLE, GEORGIA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	FISCAL YEAR			
	2005	2006	2007	2008
Public safety				
Number of police stations	5	5	5	5
Number of fire stations	4	4	4	4
Solid Waste				
Collection Trucks	8	9	9	9
Highways and streets				
Miles of streets	130	130	133	136
Miles of storm sewers	19.78	19.78	20.00	20.11
Number of street lights	2,323	2,346	2,352	2,340
Culture and Recreation				
Community/Civic Centers	2	2	2	8
Parks	20	20	21	22
Park acreage	425+	425+	443+	443+
Golf courses	1	1	1	1
Swimming pools	2	2	1	1
Baseball/Softball fields	10	10	10	9
Soccer fields	10	10	10	10
Multipurpose fields	1	1	1	1
Tennis courts	16	16	16	16
Water and Sewerage System-Gainesville and Hall County (MGD - Millions of Gallons per Day)				
Water System:				
Miles of water mains	1,053	1,230	1,247	1,302
Number of fire hydrants	7,127	7,596	7,840	7,843
Number of water treatment plants	2	2	2	2
Maximum daily capacity of treatment plants in gallons	35 MGD	35 MGD	35 MGD	35 MGD
Sewer System:				
Miles of sanitary sewers	246	261	268	271
Number of wastewater treatment plants	2	2	2	2
Maximum daily capacity of treatment plants in gallons	12.9 MGD	12.9 MGD	14.7 MGD	17 MGD

Source: Various City Departments.

Note (1): No capital asset indicators are available for the general government function.

Note (2): Elimination of Community Police Precincts in Housing Developments during FY11.

FISCAL YEAR					
2009	2010	2011	2012	2013	2014
5	3	2 <sup>(2)</sup>	2 <sup>(2)</sup>	2 <sup>(2)</sup>	2
4	4	4	4	4	4
9	9	9	10	10	12
136	136	136	136	136	140
20.20	20.20	20.20	20.47	20.47	20.49
2,380	2,414	2,627	2,694	2,700	2,676
8	2	2	2	2	2
21	21	21	21	22	22
444+	445	445	445	450+	450+
1	1	1	1	1	1
5	5	5	5	5	4
9	10	10	11	11	10
9	10	10	10	10	10
1	1	1	1	1	2
16	16	16	16	16	15
1,310	1,315	1,344	1,344	1,344	1,355
8,538	8,719	8,803	8,855	8,735	8,772
2	2	2	2	2	2
35 MGD	35MGD	35 MGD	35 MGD	35 MGD	35 MGD
278	280	280	286	286	289
2	2	2	2	2	2
17 MGD	17 MGD	17 MGD	17 MGD	17 MGD	17 MGD

**CITY OF GAINESVILLE, GEORGIA  
PUBLIC UTILITIES DEPARTMENT  
WATER RATES AND MINIMUM DEMAND CHARGES  
JUNE 30, 2014**

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**Water Rates (Monthly Charges):**

	<u>Inside City Limits</u>	<u>Outside City Limits</u>
Account Servicing Fee	\$ 4.25	\$ 4.25
Quantity Used Per Month		
In Cubic Feet		
Per Hundred Cubic feet	\$2.53 Per 100 cf <sup>(1)</sup>	\$ 5.06 per 100 cf <sup>(1)</sup>

Note: This information is included to comply with continuing disclosure requirements of 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, 2014**

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**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 2005 and 2006 Water and Sewerage bond issues.



**CITY OF GAINESVILLE, GEORGIA  
PUBLIC UTILITIES DEPARTMENT  
SEWER RATES AND CHARGES  
JUNE 30, 2014**

**Sewer Rates (Monthly Charges by Volume):**

	<u>Inside City Limits</u>	<u>Outside City Limits</u>	<u>Oakwood</u>
Commodity charge Per Cubic Foot	\$ 7.39	\$ 7.39	\$ 8.40

**Industrial Surcharges:**

<u>Pollutant</u>	<u>Concentration (mg/l)</u>	<u>Surcharge (dollars per mg/l per 100 cubic feet)</u>
BOD	250-500	\$ 0.0019
	501-700	0.0050
	701-900	0.0057
	Over 900	0.0112
Suspended Solids	250-500	0.0014
	501-700	0.0035
	701-900	0.0039
	Over 900	0.0072
Oil and Grease	101-125	0.0050
	126-150	0.0120
	151-175	0.0140
	Over 175	0.0280
Phosphorus	7-11	0.0220
	12-15	0.0490
	16-20	0.0580
	Over 20	0.1120
Nitrogen	40-75	0.0050
	76-100	0.0130
	101-135	0.0160
	Over 135	0.0320

Accounts billed for sewer only shall pay a monthly account servicing fee of \$4.25 inside the City and \$4.25 outside the City. In addition, sewer only customers pay an additional fee per 100 cubic feet. The rate is \$7.39 for inside city customers, \$7.39 for outside city customers, \$8.40 for Oakwood customers.

Residential sewer charges are based on 87% 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 2005 and 2006 Water and Sewerage bond issues.

**CITY OF GAINESVILLE, GEORGIA  
PUBLIC UTILITIES DEPARTMENT  
SEWER TAPPING, CONNECTION AND ADMINISTRATIVE FEES  
JUNE 30, 2014**

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**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 2005 and 2006 Water and Sewerage bond issues.

**CITY OF GAINESVILLE, GEORGIA**  
**PUBLIC UTILITIES CAPITAL IMPROVEMENTS**  
**LAST TEN FISCAL YEARS**

Year	Total Cost of Capital Improvements	Funding Sources	
		System Revenues and Capital Contributions	Debt Proceeds and Investment Earnings
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
2012	9,688,399	9,688,399	0
2013	10,633,627	10,633,627	0
2014	7,643,488	7,643,488	0

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

**CITY OF GAINESVILLE, GEORGIA**  
**SCHEDULE OF INSURANCE COVERAGE**  
**June 30, 2014**

	<u>Amount</u>	
<b>Property Coverage</b>		
Blanket building and contents (\$10,000 deductible)	Replacement Cost <sup>(1)</sup>	
Flood (\$50,000 deductible)	\$ 5,000,000	
Equipment Breakdown (\$50,000 deductible)	\$ 100,000,000	
Automobile (Fire Trucks 1994 or newer) (\$5,000 deductible)	Actual cash value	(\$4,303,659)
Inland Marine (Contractor's Equipment) (\$2,500 deductible)	Actual cash value	(\$5,933,250)
EDP Equipment (\$2,500 deductible)	Replacement Cost	(\$1,901,596)
<b>Casualty</b>		
General Liability <sup>(2)</sup>		
Personal and advertising injury (\$10,000 deductible)	\$ 1,000,000	per occurrence
Products-completed operations (\$10,000 deductible)	\$ 3,000,000	per occurrence
Law enforcement (\$10,000 deductible)	\$ 1,000,000	per occurrence
Public official (\$25,000 deductible)	<sup>(3)</sup> \$ 1,000,000	per occurrence
Employee benefits (\$1,000 deductible)	\$ 1,000,000	per occurrence
Employment Practices Liability benefits (\$25,000 deductible)	<sup>(3)</sup> \$ 1,000,000	per occurrence
Automobile Liability		
Single limit liability (\$10,000 deductible)	\$ 1,000,000	
<b>Public Employee Dishonesty</b> (\$1,000 deductible)	\$ 500,000	
<b>Airport Liability</b> (\$2,500 deductible) (Includes TRIA)	\$ 10,000,000	

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

Note (1): Maximum property limit of \$281,398,904.

Note (2): Aggregate annual amount of \$3,000,000 for General Liability, Law Enforcement Liability, Public Officials 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 <sup>(1)</sup> / Number of Units			
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 <sup>(3)</sup>
2009	180	1/2	29,629,500	50	10,319,500 <sup>(3)</sup>
2010	152	0	23,615,800	24	11,775,300 <sup>(3)</sup>
2011	140	0	23,159,500	17	4,653,000 <sup>(3)</sup>
2012	167	0	28,447,800	17	3,873,000 <sup>(3)</sup>
2013	264	0	47,710,100	26	132,020,900 <sup>(4)</sup>

**City of Gainesville**

	Number of Residential Permits		Total Estimated Value	Number of Commercial Permits	Total Estimated Value
	Single Family	Multi-Family <sup>(1)</sup> / Number of Units			
2005	236	10/116	39,622,400	45	75,791,100
2006	186	10/107	42,646,528	52	153,269,000 <sup>(2)</sup>
2007	275	5/25	37,531,000	50	68,250,000
2008	51	0	6,815,850	33	32,348,400 <sup>(3)</sup>
2009	19	0	4,431,080	25	55,633,500 <sup>(3)</sup>
2010	35	0	5,544,591	12	31,119,415 <sup>(3)</sup>
2011	45	0	7,086,101	14	19,138,000 <sup>(3)</sup>
2012	122	2/88	29,873,617	7	18,033,377 <sup>(3)</sup>
2013	262	2/4	47,189,890	14	57,498,595

Source: Hall County Building and Zoning Department.

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 beginning in 2008.

Note (4): Northeast Georgia Medical Center acquired permits for new hospital in Braselton and new medical office building.

**CITY OF GAINESVILLE, GEORGIA**  
**MISCELLANEOUS STATISTICS**

*Source: Various city departments and local institutions*

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Date of Incorporation	1821
Form of Government	Council/Manager
City Population (2013 Estimate)	35,533
Hall County Population, including City (Estimate)	187,745
Area of City in square miles	34.19
Number of full time employees	643

**Government facilities and services:**

**Public Safety:**

ISO Fire Classification	Class II
Number of fire personnel and officers	103
Number of police personnel and officers	113
Number of police patrol units	121

**Facilities and services not included in the reporting entity:**

**Education:**

Number of elementary schools	5
Number of elementary school instructors	281
Number of middle schools	2
Number of middle school instructors	112
Number of secondary schools	2
Number of secondary school instructors	116
Number of technical institutions (in Hall County, outside City)	1
Number of universities	2

**Hospitals:**

Number of hospitals	1
Number of patient beds	557

**Bond Rating (Moody's):**

General Obligation Bonds	Aa2
Revenue Bonds	Aa2

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***







# RUSHTON & COMPANY

## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards***

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

We have audited, 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, 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, 2014, and the related notes to the financial statements, which collectively comprise the City of Gainesville, Georgia's basic financial statements and have issued our report thereon dated November 14, 2014.

### **Internal Control over Financial Reporting**

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

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

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

### **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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
November 14, 2014



## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133**

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

### **Report on Compliance for Each Major Federal Program**

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, 2014. 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.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Gainesville, Georgia's major programs based on our audit of the types of compliance requirements referred to above. 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'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 on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Gainesville's compliance.

### **Opinion on Each Major Federal Program**

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, 2014.

### **Report on Internal Control over Compliance**

Management of the City of Gainesville, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Gainesville's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program 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.

### **Report on Internal Control over Compliance**

Management of the City of Gainesville, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Gainesville's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
November 14, 2014

**CITY OF GAINESVILLE, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the fiscal year ended June 30, 2014**

<b>Federal Grant/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Number</b>	<b>Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grant/Entitlement Grants	14.218	N/A	\$ 428,017
Passed through Georgia Department of Community Affairs Home Investment Partnerships Program	14.239	2012-850	224,535
<b>Total U.S. Department of Housing and Urban Development</b>			<b>652,552</b>
<b>U.S. Department of the Interior</b>			
Passed through Georgia Department of Natural Resources: Historic Preservation Fund Grants-in-Aid	15.904	SFY2012	900
<b>U.S. Department of Justice</b>			
Equitable Sharing for State and Local Law Enforcement Agencies	16.000	N/A	114,129
Bureau of Justice Assistance Bulletproof Vest Partnership Program	16.607	N/A	7,930
Bureau of Justice Assistance Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	20,260
<b>Total U.S. Department of Justice</b>			<b>142,319</b>
<b>U.S. Department of Transportation</b>			
Federal Aviation Administration Passed through the Georgia Department of Transportation: Airport Improvement Program	20.106	AP013-9016-31(139)	44,642
Passed through the Georgia Department of Transportation: Federal Transit - Formula Grants	20.507	T004781-GA-90-4286 T004615-GA-96-0012.01	316,977 813,669 1,130,646
Passed through the Georgia Office of Highway Safety: State and Community Highway Safety	20.600	TEN-2013-174-00418 GA-2013-174-00560 GA-2014-174-00149	4,904 7,998 11,610 24,512
<b>Total U.S. Department of Transportation</b>			<b>1,199,800</b>
<b>U.S. Department of Transportation</b>			
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	N/A	6,787
<b>U.S. Department of Health and Human Services</b>			
Aging Cluster of Programs Passed through Legacy Link, Inc.: Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	Gainesville - Title III, C1 Gainesville - Title III, C2	186,977 91,811 278,788
Nutrition Services Incentive Program	93.053	Gainesville - NSIP	55,934
<b>Total Aging Cluster of Programs</b>			<b>334,722</b>

**CITY OF GAINESVILLE, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the fiscal year ended June 30, 2014**

<b>Federal Grant/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Health and Human Services (continued)</u></b>			
Social Services Block Grant Passed through Legacy Link, Inc.	93.667	Gainesville - SSBG	38,661
<b>Total U.S. Department of Health and Human Services</b>			<b>373,383</b>
<b><u>U.S. Department of Homeland Security</u></b>			
Passed through the Georgia Emergency Management Agency: Homeland Security Grant Program	97.067	EMW-2011-SS-00081-S01 EMW-2012-SS-00063-S01	2,743 11,158 13,901
Staffing for Adequate Fire and Emergency Response	97.083	N/A	79,140
<b>Total U.S. Department of Homeland Security</b>			<b>93,041</b>
<b>Total Federal Awards</b>			<b>\$ 2,468,782</b>

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, 2014**

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**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, 2014. 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 position 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.

**3. Subrecipients**

Of the federal expenditures presented in the Schedule, the City of Gainesville provided federal awards of \$224,535 from the Home Investment Partnership Program, CFDA Number 14.239, to subrecipients.



**CITY OF GAINESVILLE, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the fiscal year ended June 30, 2014**

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**1. Summary of the Auditor's Results**

**A. Financial Statements**

Type of auditor's report issued:	Unmodified
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:	Unmodified
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:	
14.218 Community Development Block Grants/ Entitlement Grants	
14.239 Home Investment Partnerships Program	
16.000 Equitable Sharing for State and Local Law Enforcement Agencies	
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, 2014**

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**2. Financial Statement Findings**

**A. Current Year Audit Findings**

None reported

**B. Prior Year Audit Findings Follow-Ups**

**Comment 13-1**

*Condition:* During audit procedures on capital assets and accrued liabilities, we noted that City personnel failed to record retainages payable on projects in the Grants Capital Projects, Airport Enterprise, and Public Utilities Enterprise Funds. We also noted that personnel failed to record accounts payable on projects in the Airport Enterprise Fund. These failures to accrue liabilities also resulted in City personnel incorrectly calculating accrued revenue in the Airport Enterprise Fund.

City personnel correctly identified and recorded all accrued revenue and liabilities.

**3. Federal Award Findings and Questioned Costs**

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Section 510(a) of OMB A-133.



***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, 2014**

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<b>SPLOST V</b>					
Municipal Allocations	\$ 6,764,982	\$ 6,532,906			
Road Improvements			\$ 2,372,302	\$ 0	\$ 2,372,302
Storm Drain Improvements			793,370	177,043	970,413
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			1,801,485	0	1,801,485
Fire Facilities			35,586	0	35,586
Rockcreek Greenway Connector			71,544	0	71,544
Road Improvements	1,591,760	1,537,156	1,537,156	0	1,537,156
Total	<u>\$ 8,356,742</u>	<u>\$ 8,070,062</u>	<u>\$ 7,668,188</u>	<u>\$ 177,043</u>	<u>\$ 7,845,231</u>
<b>SPLOST VI</b>					
Public Safety Facilities	\$ 27,000,000	\$ 27,000,000	\$ 21,870,073	\$ 0	\$ 21,870,073
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>\$ 21,870,073</u>	<u>\$ 0</u>	<u>\$ 21,870,073</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.