

2015 Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2015



*Committed to being an innovative city, providing a close-knit community feel in which to
live, work and play.*

CITY OF GAINESVILLE, GEORGIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015



CITY OF GAINESVILLE, GEORGIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

Prepared by the Administrative Services Department, Financial Services Group
Alicia Page,
Interim Chief Financial Officer



CITY OF GAINESVILLE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2015

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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

Melody N. Marlowe	Interim City Manager
Angela Sheppard	Assistant City Manager
Alicia Page	Interim 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	Chief of Police
Kelly J. Randall	Director of Public Utilities
David Dockery	Director of Public Works



Government Finance Officers Association

**Certificate of
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for Excellence
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**City of Gainesville
Georgia**

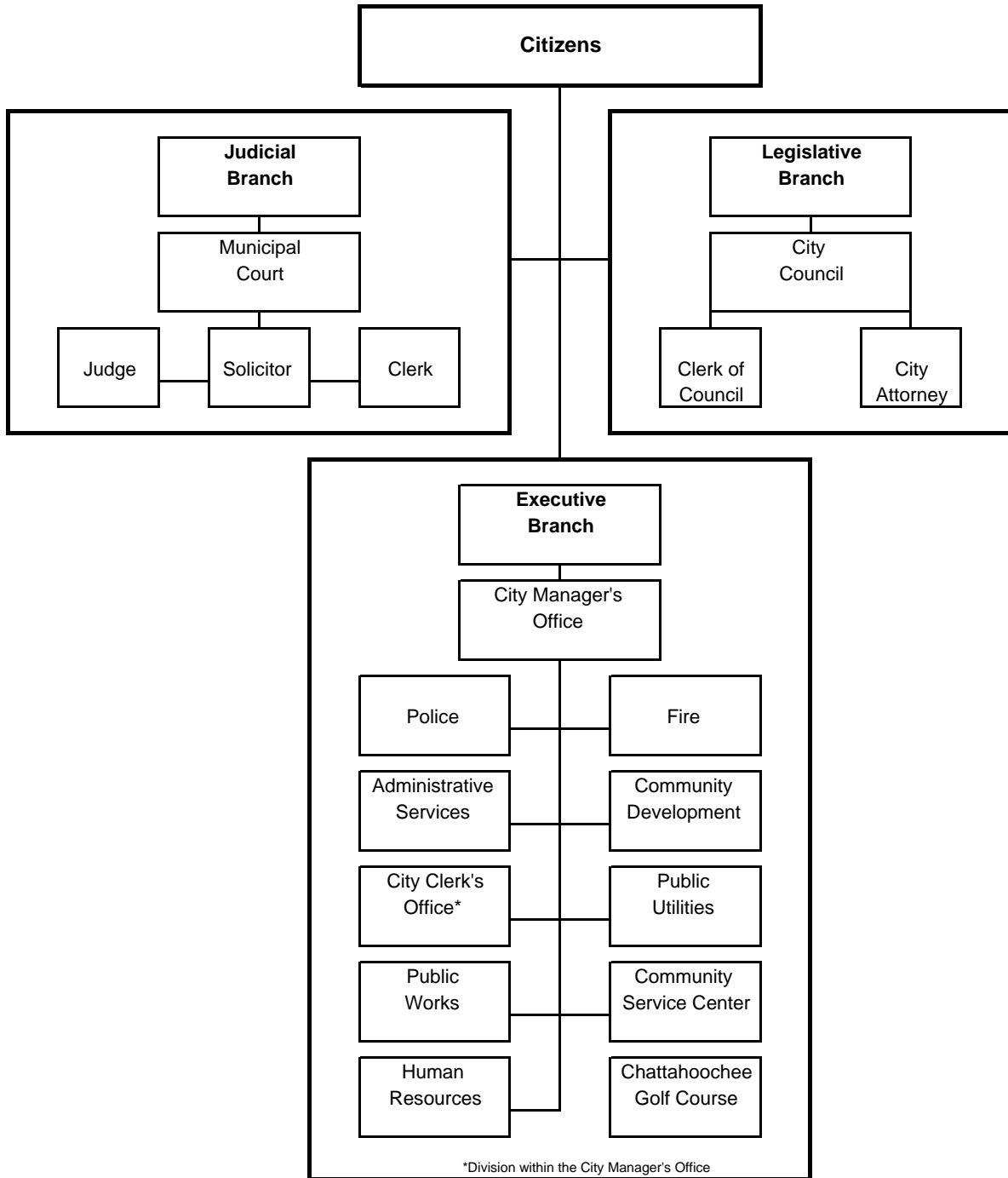
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Enever". The signature is written in a cursive, flowing style.

Executive Director/CEO

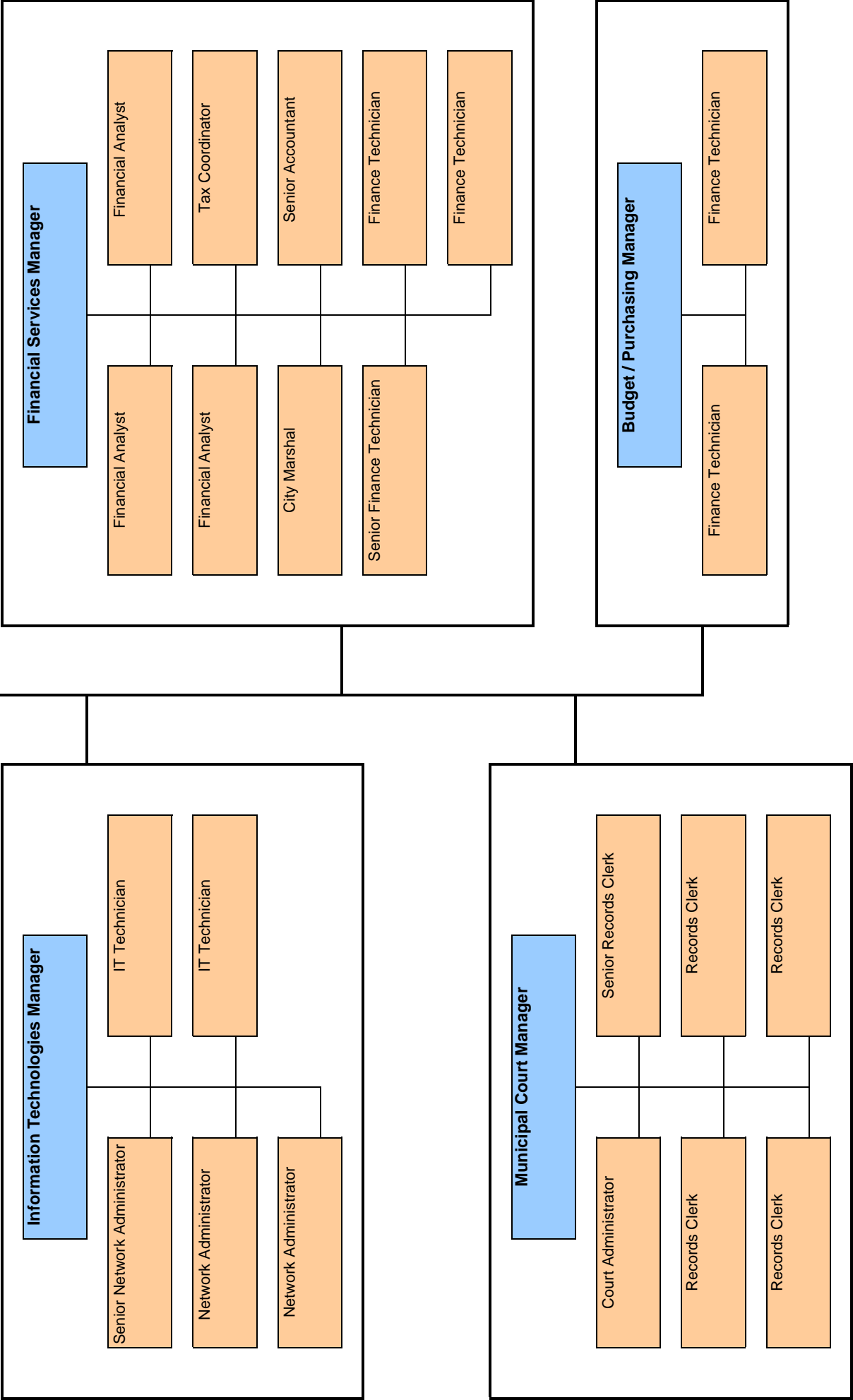
**Gainesville City Government
Organizational Chart
By Governmental Branch and Department**



ADMINISTRATIVE SERVICES DEPARTMENT

Administrative Services Director / Chief Financial Officer

Admin Services Officer



November 17, 2015



CITY OF GAINESVILLE

OFFICE OF
THE CITY MANAGER

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Telephone: 770.535.6865

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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, 2015.

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, 2015, 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 unmodified opinion that the City of Gainesville's financial statements for the fiscal year ended June 30, 2015 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 2014 show Gainesville and Hall

County’s population at 36,306 and 190,761 respectively. 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.

Gainesville Parks and Recreation and Gainesville Convention and Visitors Bureau (Gainesville CVB) both meet the current guidelines of GASB Statement No. 14, and are, therefore, included as component units in the CAFR as part of the City of Gainesville's reporting entity. City Council appoints the Board members and exercises budgetary review for both entities, and establishes a designated tax levy for Gainesville Parks and Recreation. Both agencies serve both the residents of the City and Hall County with their program activities. Additional information on these legally separate entities 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, a Milliken Institute study recognized Gainesville as the best-performing small city in Georgia for the fourth consecutive year; the same

firm also recognized Gainesville-Hall County MSA as a top five city nationwide for high-technology gross domestic product growth. Recent statistics substantiate these accolades; September 2015 numbers show Metro Gainesville as having the lowest unemployment rate in the state. Gainesville's September 2015 rate was 4.7%, down substantially from the September 2014 5.8% rate. This positive news is fueled by growth from both new and existing businesses from a variety of sectors.

The Gainesville community continues to see impressive growth in both manufacturing and retail sectors. In 2014, 24 new and expansion business projects were announced, producing 1,300 new jobs and \$150 million in new capital investment. Included in this mix of expanding companies are global firms such as King's Hawaiian, Kubota, and Jinsung TEC. Established older Gainesville businesses have also been in expansion mode. Georgia Chair Company, a 101 year old family-owned furniture manufacturing firm located in Midtown Gainesville, recently announced plans to enter into the furniture export business, creating the need for both local expansion and 100 additional jobs in the community.

Gainesville-Hall County's designation as a leading Food and Agribusiness employer continues; the County has by far the highest county economic impact in the state; with 17,642 direct jobs employed in the sector and over \$5 billion in economic output. Poultry production makes up 47 percent of the State's agricultural business, and a large portion of the poultry business happens in the Gainesville area.

Retail wise, construction on the \$22 million Kroger Superstore was completed in 2014, bringing an estimated 275 jobs to the community. The 56 acre superstore site also welcomed a new McDonalds and Taco Bell, along with other restaurants and retail facilities. Two new WalMart Marketplace facilities opened in 2015 within the Gainesville city limits, both stores replaced older grocery stores previously closed. The two WalMart Marketplace facilities added approximately 200 jobs to the Gainesville community.

New development for the latter half of 2015 includes the construction of the 200,000 square foot North Lake Square Shopping Center housing Hobby Lob-

by, Chipotle, and Academy Sports, along with a number of restaurants and other shops.

In addition, downtown Gainesville continues to flourish as popular restaurants and a mix of both trendy and traditional retail establishments dot the brick lined sidewalks of what is known as the City's historic "Downtown Square". Main Street Gainesville hosts First Friday events monthly on the Square, attracting as many as 1,000 visitors downtown to shop, eat, and enjoy the quaint atmosphere. 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 typically hosts an estimated 50 events yearly, bringing about 100,000 visitors to the downtown business district.

Approximately 45 international firms operate in the community, and Gainesville-Hall County serves as the international headquarters for many of these companies. Business growth opportunities abound; expanding and new industry have a number of new and developing business parks to choose from, including Gainesville Business Park, Procure Park, Gateway Industrial Centre and Mountain View Business Park. Looking forward, the news continues to be positive, with City building inspection services reporting that new commercial building permits issued the first 6 months of 2015 were double the number issued for the same time period in 2014.

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; nearly 600 physicians practicing more than 50 specialties are on staff, and 65 new physicians joined the staff in 2014. NEGMC has earned recognition as Georgia's top heart hospital for 10 consecutive years. CareChex, a national healthcare ratings agency, has ranked NEGMC as #1 in Georgia and #2 nationwide for overall care.

To add to the list of honors, 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, more housing sales occurred in Hall County during January and February of 2015 than in the previous eight years, and home sale prices are also seeing a boost, with the average sales price of homes sold in 2014 hovering about 17.8% above 2013 prices. The City issued a record number of new home building permits for calendar year 2014, and 2015 is showing promise as a banner year as well, with 188 residential permits issued the first 6 months of the year, a healthy increase over the 121 permits issued during the same period in 2014.



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 between 2010 and 2015, predicted growth has clocked in at 39.2%

With an estimated 41.6% of the City's population listed as Hispanic or Latino per 2010 Census numbers, the City takes great pride in its cultural diversity. 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. Work began in early 2015 on phase one of the restoration of a major tributary through the Gainesville community, Flat Creek. The project will reap a number of benefits for the community, including major pay offs such as improving the water quality of the watershed and providing additional flood protection, along with adding attractive green space in a site that was formerly considered both dilapidated and unattractive.

Flat Creek is a 6 mile creek that meanders through the west side of the City and ending at Lake Lanier. The creek has been an environmental concern for the City for some time, as it has been listed on the state Environmental Protection Division's Impaired Waters List. Debris and sewage spills have plagued Flat Creek for a number of years, and industrial wastes, prior to regulatory oversight, was an early offender to the stream's health. The situation is worsened further

by the fact that the waterway serves as a catch basin for a highly populated area. The City's decision to embark on the project has been met with support from both residents and environmental groups such as the Chattahoochee Riverkeeper. The restoration project is planned to consist of three phases, with total costs of all phases running about \$2 million. The U.S. Corps of Engineers is contributing more than \$1.2 million into the project, with the City chipping in the remaining balance.

The project includes doubling the existing depth of the old fire pond at the 100 year old Gainesville Mill site from 7 feet to 14 feet. It's anticipated that the daily pool for the pond will increase from 3-4 feet deep to a daily pool of 6 feet, with the remaining 7-8 feet available to capture excess water due to storms and provide flood protection. The goal is to divert the majority of heavy rain water into the pond, and release it back into the stream in a more environmentally healthy manner.

Another major goal of the project is removing the existing concrete streambed along a 1,200 foot portion of the stream, and constructing a new center that will allow the waterway to re-channel and flow in a manner conducive to promoting healthy vegetative growth.

Plans include removing the unsightly chain-link fence at the Gainesville Mill site, and encouraging public use by adding green space, sidewalks and benches. Shrub and tree plantings will take place in the fall of 2015, resulting in an attractive park-like setting in an area once considered an eyesore.





Environmental and infrastructure concerns, as well as new federal and state mandates, have impacted the City's decision in 2015 to contract with an engineering consultant in developing a comprehensive storm water management program. The \$208,000 contract with CH2M Hill Engineers includes identifying costs, provision of a billing database, mapping and analysis assistance, and fee implementation for the funding of upgrades. Three formal public input meetings are planned for early 2016, and there will be a series of six community forums as well, as the City attempts to educate stakeholders regarding the purpose and reasoning behind the proposed storm water fee.

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 City's current five year general government capital improvements plan has identified \$43.0 million in projected expenditures through fiscal year 2020; \$7.3 million of this has been approved to be expended in FY2016. Leading the way in 2016 projected expenditures is \$1.5 million allotted for the purchase of a new fire engine. Other projected capital costs in-

clude \$835,000 assigned for street resurfacing, \$650,000 for transportation plan implementation, \$620,000 for the Roosevelt Square renovation, and \$563,270 budgeted for Police fleet vehicle purchases.

The City of Gainesville Public Utilities department maintains a separate capital improvement plan. The most recently adopted plan indicates that \$89.1 million will be required over the next five years to construct facilities to maintain, with some allowance for growth, the City's water, wastewater and stormwater systems. For 2016, \$14.5 million in water system improvements are projected, with estimated sewerage and stormwater system enhancements anticipated to total \$4.4 and \$1.8 million respectively.

Relevant Financial Policies. The City of Gainesville's Debt Capacity, Issuance and Management policy states that where cost effective, the City will incorporate early call or prepayment features into structured debt. The City took advantage of favorable market conditions and reaped substantial benefits as management refunded debt twice in FY2015. Water and Sewer debt in December 2014, followed by the refunding of Golf Course and General Government Debt for the Frances Meadows Center in June 2015. Combined savings for both refunding issues totaled \$6.8 million.

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, 2014. This was the twenty-fourth 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, conforming to program standards and satisfying 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 GFOA presented a Distinguished Budget Presentation Award to the City of Gainesville for its annual budget for the fiscal year beginning July 1, 2014. This was the twenty-second year the City achieved this eminent 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 GFOA presented an Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) to the City of Gainesville for its PAFR submitted for the fiscal year ended June 30, 2014. This was the first year the government achieved this esteemed award. The PAFR award was established to encourage governments to produce a high quality report based on CAFR information that would be easily understandable to the general public and other interested parties without a background in public finance. The Popular Annual Financial Reporting Award is valid for a period of one year only. The City intends to submit a PAFR for the fiscal year ending June 30, 2015.

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 Sam Latimer) 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,



Melody N. Marlowe
Interim City Manager



Alicia Page
Interim 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gainesville, Georgia, as of and for the year ended June 30, 2015, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gainesville, Georgia, as of June 30, 2015, 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 96 through 103 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, 2014, which are not presented with the accompanying financial statements. In our report dated November 14, 2014, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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 2014 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 2014 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 2014 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 17, 2015, 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 17, 2015



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, 2015. 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, 2015, by \$436.3 million (reported as *net position*). Of this amount, \$(2.4) million (reported as *unrestricted net position*) is reported as a deficit due to the unfunded pension liability attributable to the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*.
- As of June 30, 2015, Gainesville's governmental funds reported combined ending fund balances of \$29.8 million. Approximately 27.2% of this total amount, \$8.1 million, is unassigned fund balance in the General Fund, which is available for spending at the City Council's discretion.

More detailed information regarding these activities and funds begins on page 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 and Gainesville Convention and Visitor's Bureau (Gainesville CVB), although legally separate, function for all practical purposes as departments of the City of Gainesville, and therefore have 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 104. 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 104-107 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 38-95 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.

Overview of the City's Financial Position and Operations

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):

City of Gainesville Statement of Net Position Fiscal Years 2015 and 2014

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2015	2014	2015	2014	2015	2014
Current assets	\$ 38.1	\$ 39.2	\$ 96.1	\$ 79.4	\$ 134.2	\$ 118.6
Capital assets	100.6	101.2	482.3	488.1	582.9	589.3
Other noncurrent assets	0.3	0.3	-	-	0.3	0.3
Total assets	<u>139.0</u>	<u>140.7</u>	<u>578.4</u>	<u>567.5</u>	<u>717.4</u>	<u>708.2</u>
Deferred Outflows of Resources	<u>3.3</u>	<u>-</u>	<u>4.4</u>	<u>2.4</u>	<u>7.7</u>	<u>2.4</u>
Current liabilities	5.9	9.2	22.0	23.2	27.9	32.4
Noncurrent liabilities	63.4	36.6	193.6	188.4	257.0	225.0
Total liabilities	<u>69.3</u>	<u>45.8</u>	<u>215.6</u>	<u>211.6</u>	<u>284.9</u>	<u>257.4</u>
Deferred Inflows of Resources	<u>2.3</u>	<u>-</u>	<u>1.6</u>	<u>-</u>	<u>3.9</u>	<u>-</u>
Net position:						
Net investment in capital assets	78.3	80.0	303.3	295.6	381.6	375.6
Restricted	6.9	4.7	50.2	43.8	57.1	48.5
Unrestricted	(14.5)	10.2	12.1	18.9	(2.4)	29.1
Total net position	<u>\$ 70.7</u>	<u>\$ 94.9</u>	<u>\$ 365.6</u>	<u>\$ 358.3</u>	<u>\$ 436.3</u>	<u>\$ 453.2</u>

Net position may serve over time as a useful indicator of a government's financial position. The City of Gainesville reported a \$24.2 million decrease in net position for governmental activities, while posting \$7.3 million in positive growth for business type activities. Overall, the City's net position dropped \$16.9 million to close the current fiscal year with a \$436.3 million ending balance. However, much of the net position is restricted as to the purpose for which it can be used, or is invested in capital assets.

The largest portion of the City of Gainesville's net position (87.5%) 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 \$6.0 million between the end of fiscal years 2014 and 2015, from \$375.6 million to \$381.6 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, constituting 13.1% of total net position. Restricted net position experienced an \$8.6 million gain during the past year, jumping from \$48.5 million to \$57.1 million at the end of fiscal year 2015. 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 \$2.4 million deficit at the end of this year, a decrease of \$31.5 million from fiscal year 2014. This drop is due to the FY15 booking of the City's unfunded pension liability, totaling \$39.8 million, in accordance with GASB 67/68. The indication of unrestricted net position 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. The evidence of the City's unrestricted net position deficit is a result of the City's payment of pension liability on a pay-as-you-go basis, rather than accumulating assets in advance.

Unrestricted net position for governmental activities dropped by \$24.7 million between 2014 and 2015, decreasing from \$10.2 million to a \$14.5 million deficit. This dramatic drop is due to the \$23.4 million booking of pension liability per GASB 67/68. Business-type activities also showed a decline in unrestricted net position, from \$18.9 million to \$12.1 million. The GASB 67/68 pension liability booked for business-type activities totaled \$16.4 million, which more than made up the \$6.8 million decline in totals between 2014 and 2015. The total unrestricted net position is comprised of the business-type activities funds only, and it should be noted that these resources cannot be used to add to the net asset surplus in governmental activities. The City generally can only use the resources in business-type unrestricted net position to finance the ongoing operations of the business-type activities.

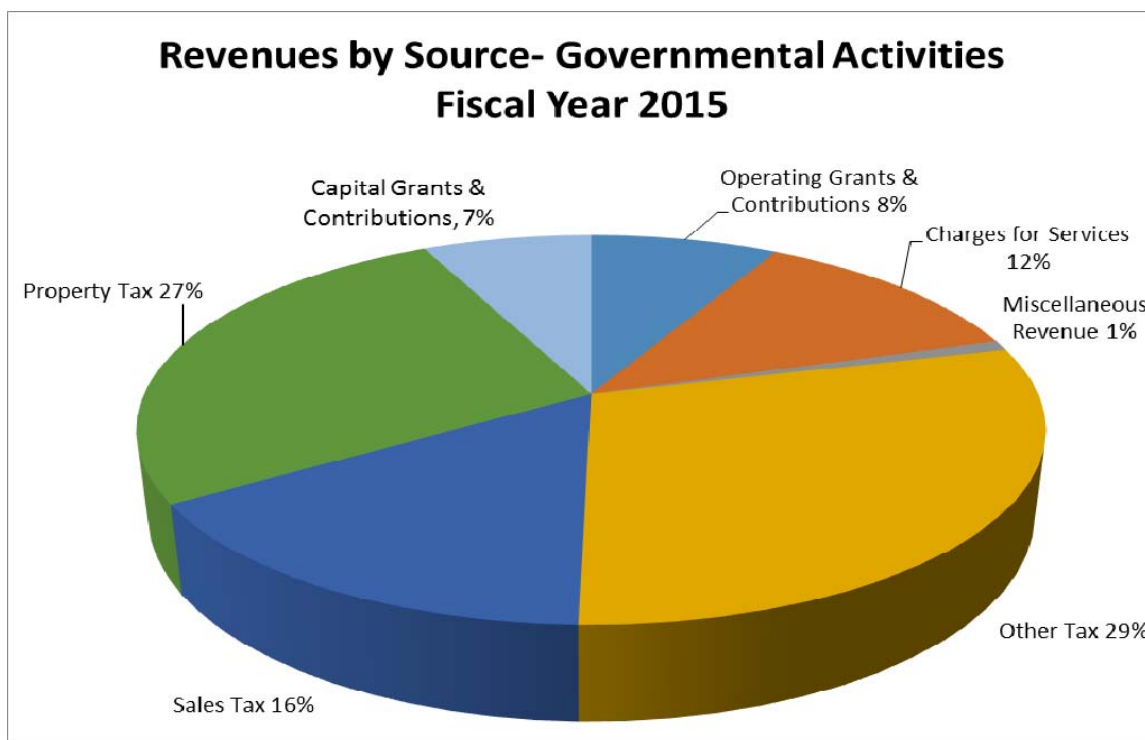
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Gainesville's net position changed during the fiscal year.

**City of Gainesville
Changes in Net Position
Fiscal Years 2015 and 2014**

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
(In millions of dollars)						
Revenues						
Program revenues:						
Charges for services	\$ 4.0	\$ 3.5	\$ 68.7	\$ 63.1	\$ 72.7	\$ 66.6
Operating grants and contributions	2.6	2.8	0.0	0.0	2.6	2.8
Capital grants and contributions	2.3	2.1	8.4	8.6	10.7	10.7
General revenues:						
Property taxes	8.6	8.3	0.0	0.0	8.6	8.3
Sales tax	5.1	5.0	0.0	0.0	5.1	5.0
Other taxes	9.5	8.8	0.0	0.0	9.5	8.8
Miscellaneous revenue	0.3	1.3	0.9	1.4	1.2	2.7
Total revenues	32.4	31.8	78.0	73.1	110.4	104.9
Expenses						
General government	3.7	3.9	0.0	0.0	3.7	3.9
Judicial	0.5	0.5	0.0	0.0	0.5	0.5
Public safety	17.5	18.5	0.0	0.0	17.5	18.5
Public works	8.8	8.9	0.0	0.0	8.8	8.9
Health and welfare	2.8	3.2	0.0	0.0	2.8	3.2
Culture and recreation	0.4	0.2	0.0	0.0	0.4	0.2
Housing and development	2.1	1.5	0.0	0.0	2.1	1.5
Interest on long-term debt	1.2	0.9	0.0	0.0	1.2	0.9
Water and sewer	0.0	0.0	46.1	47.0	46.1	47.0
Airport	0.0	0.0	1.0	1.0	1.0	1.0
Solid waste	0.0	0.0	2.1	2.0	2.1	2.0
Golf course	0.0	0.0	1.3	1.2	1.3	1.2
Total expenses	37.0	37.6	50.5	51.2	87.5	88.8
Indirect Cost Allocation	1.4	1.4	(1.4)	(1.4)	0.0	0.0
Increase in net position before transfers	(3.2)	(4.4)	26.1	20.5	22.9	16.1
Transfers	2.4	3.4	(2.4)	(3.4)	0.0	0.0
Increase in net position	(0.8)	(1.0)	23.7	17.1	22.9	16.1
Net position - beginning	94.9	95.9	358.3	341.2	453.2	437.1
Prior period adjustment	(23.4)	0.0	(16.4)	0.0	(39.8)	0.0
Net position - beginning (restated)	71.5	95.9	341.9	341.2	413.4	437.1
Net position - ending	\$ 70.7	\$ 94.9	\$ 365.6	\$ 358.3	\$ 436.3	\$ 453.2

Governmental Activities –

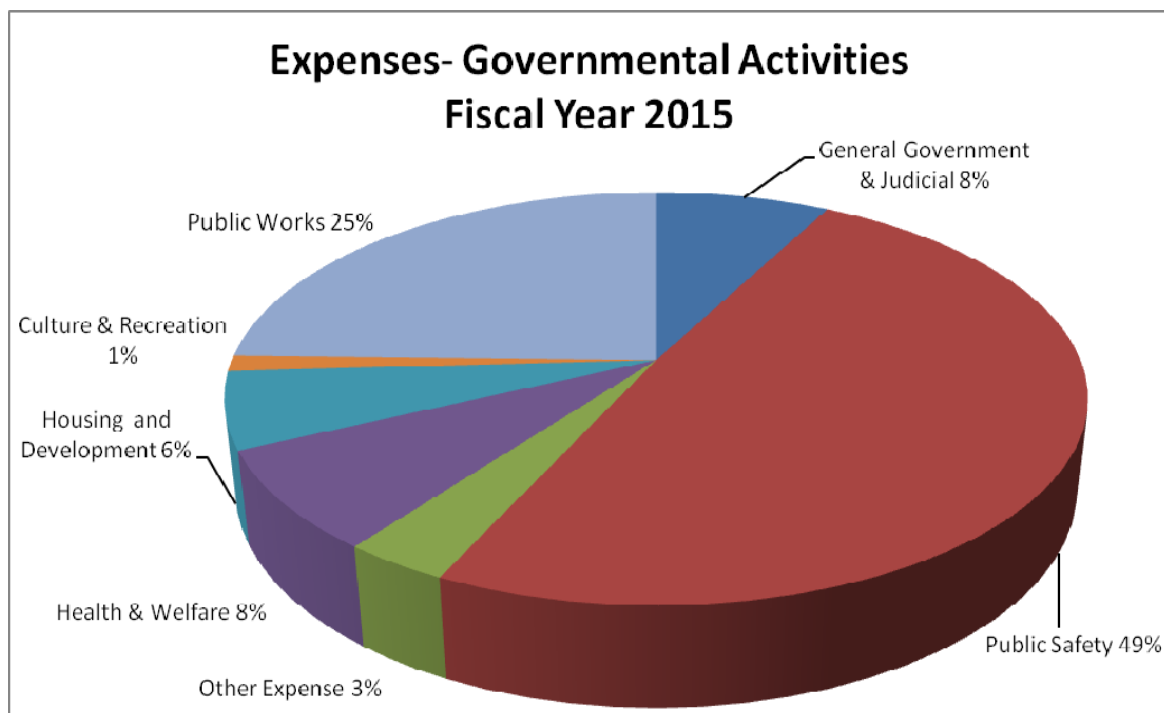
The following chart depicts revenues of the governmental activities for the fiscal year:



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 2015. Other tax, which includes franchise, insurance premium, hotel/motel and occupation taxes, represented 29% of governmental activities revenue. FY15 Other tax collections showed a \$627,808 increase over FY14 total; the major source of this jump was due to a \$356,412 rise in franchise tax, followed by a \$113,665 surge in hotel motel tax collections. Property tax revenue, which made up 27% of total governmental activities revenue, surpassed FY14 collections by \$290,616; both current and delinquent tax collections on real and personal property tax were up when compared with previous fiscal year collections. Sales Tax, which makes up 16% of governmental activities revenue, showed a \$110,920 increase. Charges for services, comprising 12% of revenues showed an overall \$487,145 boost over FY14 totals. This increase is for the most part due to a \$396,006 surge in Impact fees and Permits, as well as a \$290,875 jump in Public safety cash confiscations, combined with a \$288,798 drop in Community Service Center (CSC) program revenue. Operating Grants and Contributions made up 8% of governmental activities collections; the \$235,603 drop in revenue is predominantly due to a \$291,429 decline in HUD grants. Capital grants and contributions, which comprised 7% of governmental activity, had a \$278,101 surge in revenue. This boost in proceeds includes a \$1.3 million increase in Public works grants, combined with a \$327,938 jump in Public safety grants, less a \$1.4 decrease in CSC grants. Included in the FY14 CSC capital grants was a \$768,718 contribution from Hall County for buses and facilities that were transferred to the City in 2014. Miscellaneous revenue makes up only 1% of the Governmental activities revenue; the \$998,645 decline in proceeds from 2014 stems from the termination of the Corrections

Corporation of America rental contract. Revenue from this contract totaled \$825,000 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 2015 was providing public safety services such as fire and police protection, followed by public works. Overall, expenses dropped \$772,307 from FY14, with the largest portion of decreased expense stemming from public safety, which showed a \$1.0 million drop in costs. The majority of this decline was recorded in personal services, due to lower OPEB costs. Health and welfare costs dropped \$408,724 from FY14; last fiscal year's capital outlay expenditures were higher than normal due to the purchase of 7 public transit buses for the Community Service Center. Housing and Development showed an increase of \$545,221 in expenditures when compared with FY14; this is due predominantly to Hotel/Motel fund payments totaling \$536,197 made to Gainesville Convention and Visitors Bureau.

Business-type Activities –

Business-type activities increased the City of Gainesville's net position by \$7.3 million, expanding total net position to \$365.6 million. Key elements involving business-type activities are as follows:

- Total revenue for business-type activities was \$4.9 million higher than collections recorded in FY14. This gain is due predominantly to a \$5.6 million surge in Public Utilities charges for services, where water sales experienced a 6.97% rise in volume over FY14 usage. This gain in volume, due in part to new residential and commercial development, also brought sales growth in sewer and tap fees.

FY15 Solid Waste charges for services increased \$92,670, while Airport and Golf Course charges for services revenue showed declines from 2014 totals of \$46,894 and \$8,236 respectively.

- Overall expenses for business-type activities were down \$643,082 from FY14 totals. Public Utilities experienced an \$833,323 decline in costs. Decreased repair and maintenance costs accounted for a good portion of this reduction; FY14 costs had included \$619,266 in water tank maintenance costs. Solid Waste, Golf Course, and Airport showed increased expenses of \$106,077, \$52,969 and \$31,195 respectively.

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 \$29.8 million. Of this amount, \$8.1 million or 27.2% 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 2016 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 \$8.1 million, while total fund balance reached \$11.0 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 32.7% of total General Fund expenditures, while total fund balance represents 44.6% of that same amount. Of the \$11.0 million total fund balance for the general fund, \$2.5 million is assigned, comprised predominantly of \$2.4 million which is assigned for budget.

The General Fund's fund balance increased by \$336,124 during the current fiscal year. The General Fund's \$1.1 million excess of revenues over expenditures was due predominantly to strong tax collections while keeping expenditures within budget. This excess was offset by \$760,828 in Other financing sources (uses), with the most substantial transfer made to the General Government Capital Projects fund. Other key factors regarding FY15 activity are as follows:

- Revenue exceeded the final budget by \$2.0 million, due mainly to higher than projected local option sales tax and franchise tax collections, which exceeded budget by \$674,726 and \$404,602 respectively. In addition, general property tax receipts surpassed budget by \$273,421. Expenditures came in under budget by \$1.2 million; personal services accounted for \$803,299 of this cost reduction, of which \$484,993 is attributable to public safety personnel costs. Public safety savings were due in part to unfilled positions.
- Transfers to the General Fund totaled \$3.6 million, with \$3.3 million originating from Public Utilities for General Fund operations, followed by \$226,085 transferred from the Grants Special Revenue fund in GEMA Grant money for the purpose of covering the 2014 winter storm expenditures. Transfers out of the General Fund totaled \$4.4 million; \$2.8 million was transferred to the General Government Capital Projects for various projects, including \$1.3 million for Public Safety vehicles, \$407,887 for Transportation Plan Implementation, \$350,000 for Storm Drainage maintenance, and a variety of other projects. In addition, \$610,000 was reassigned to the Grants Capital Projects fund for street resurfacing projects, and \$562,592 was transferred to the Community Service Center (CSC), providing assistance with CSC operational costs.

The **Debt Service Fund** has a \$773,903 fund balance at fiscal year-end; \$553,357 of this balance is assigned for budget. FY15 inflows to the Debt Service fund totaled \$10.3 million, which includes \$8.5 million in proceeds on the refinancing of the Frances Meadows Center (FMC) debt, along with the \$1.7 million in property tax collections. Outflows amounting to \$11.3 million were comprised of \$8.9 million paid toward the refinancing of the FMC debt, \$2.3 million in principal and interest payments on the FMC and Parking Deck 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:

- Personal Services were increased \$213,503 for appreciation bonuses paid to employees in December 2014.
- Transfers to General Government Capital Projects Fund was increased \$325,000 for Administration Building renovation.
- Increased Transfer from Grant Fund revenue budget by \$245,725 for the recognition of a GEMA Storm Grant awarded to the City in the aftermath of the February 2015 winter storm.

- Increased Fire Department Vehicle Repairs and Maintenance budgeted expenditures by \$58,821 for the purchase of Tower 21 aerial apparatus and additional repair expense.
- Increased Engineering Department Contractual Services budgeted expenditures \$50,000 to cover winter storm damage.
- Increased budgeted fund balance to cover FY15 reappropriations.
- Increased/decreased various expenditure budgets for adjustments as needed.

General Fund expenditures for fiscal 2015 were \$24.7 million, 95.4% 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 \$1.2 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 \$2.0 million, due predominantly to higher than anticipated tax collections. Local option sales tax and franchise tax revenues exceeded their budget by \$674,726 and \$404,602, respectively, and property tax collections surpassed the final amended budget by \$273,421.

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	\$10,288,615
▪ Nonmajor Funds	
(Airport, Solid Waste, Golf Course)	<u>572,533</u>
Total	<u>\$10,861,148</u>

Prior to the consolidation adjustment of internal service fund activity, the total increase in combined net position showed a growth of \$7.2 million, with net investment in capital assets showing an increase of \$7.7 million. Overall unrestricted net position for all four enterprise funds showed a \$6.9 million reduction from FY14.

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 \$583.0 million in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 82.7% of this investment is related to business-type activities while only 17.3% 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 2015 and 2014

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2015	2014	2015	2014	2015	2014
Land	\$ 24.3	\$ 25.0	\$ 31.5	\$ 19.6	\$ 55.8	\$ 44.6
Buildings	55.5	55.5	52.2	73.7	107.7	129.2
Improvements other than buildings	3.1	3.1	16.7	16.3	19.8	19.4
Water and sewer facilities and lines	0.0	0.0	527.4	522.8	527.4	522.8
Vehicles and equipment	18.8	18.2	30.1	17.2	48.9	35.4
Infrastructure	39.8	38.8	0.0	0.0	39.8	38.8
Intangibles	1.9	1.9	7.5	8.0	9.4	9.9
Construction in progress	1.0	1.4	13.7	12.3	14.7	13.7
Total	144.4	143.9	679.1	669.9	823.5	813.8
Accumulated depreciation	(43.7)	(40.3)	(196.8)	(181.8)	(240.5)	(222.1)
Net Capital Assets	\$ 100.7	\$ 103.6	\$ 482.3	\$ 488.1	\$ 583.0	\$ 591.7

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

- 18 Public Safety Fleet Vehicles, 1 Fire Rescue and 1 Fire Engine, \$1.3 million
- Full Depth Reclamation Program, \$574,938
- Records Management Software System, \$393,446

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

- Water Main Improvements, \$1.3 million
- Friendship and Thompson Mill Road Utilities Relocation, \$608,671
- Water Meter Replacement Project, \$397,655
- Flat Creek Aquatic Ecosystem Restoration, \$386,600

Economic Condition and Outlook

- According to the most recent U.S. Census numbers, the population for Gainesville is 36,306, with current estimates showing a 7.4% uptick in population since the 2010 census was release.
- Gainesville adopted a \$2.98 tax millage rate for fiscal year 2016. The gross property tax digest for the City of Gainesville rose from \$3.9 billion for fiscal year 2015 to \$4.2 billion for fiscal year 2016, which computes to an 8.4% increase in the tax base.
- Local option sales tax collections, along with other fees, are tracking closely to budget at the end of the first quarter of fiscal year 2016. Departments are spending conservatively and continue to monitor their 2016 budgeted costs closely.

These were among the many factors taken into consideration when preparing the 2016 budget. Of the \$11.0 million fund balance in the General Fund, \$2.4 million has been appropriated for spending in the 2016 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, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 33,501,151	\$ 36,811,040	\$ 70,312,191	\$ 2,919,380
Investments	1,522,071	0	1,522,071	0
Restricted assets				
Cash and cash equivalents	0	53,079,271	53,079,271	100,000
Receivables (net)				
Accounts	449,576	3,788,643	4,238,219	13,159
Intergovernmental	1,813,482	66,268	1,879,750	96,319
Taxes	850,393	0	850,393	0
Notes	211,103	0	211,103	0
Internal balances	(652,432)	652,432	0	0
Inventories	188,543	1,537,499	1,726,042	0
Prepaid items	126,035	202,247	328,282	0
Other	61,545	0	61,545	0
Total current assets	38,071,467	96,137,400	134,208,867	3,128,858
Noncurrent assets				
Receivables				
Notes	281,098	0	281,098	0
Capital assets				
Non-depreciable	25,284,648	47,196,376	72,481,024	4,880,665
Depreciable (net)	75,405,436	435,142,194	510,547,630	6,277,107
Total noncurrent assets	100,971,182	482,338,570	583,309,752	11,157,772
Total assets	139,042,649	578,475,970	717,518,619	14,286,630
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	0	2,088,396	2,088,396	0
Pension contributions subsequent to measurement date	121,043	122,635	243,678	41,117
Pension investment return differences	1,823,952	1,246,172	3,070,124	29,716
Pension experience differences	1,387,405	947,910	2,335,315	22,605
Total deferred outflow of resources	3,332,400	4,405,113	7,737,513	93,438
LIABILITIES				
Current liabilities				
Payables				
Accounts	994,521	956,233	1,950,754	192,353
Retainages	0	0	0	1,200
Intergovernmental	578,167	43,308	621,475	3,903
Sales tax	0	6,507	6,507	12,025
Deposits	186	4,036	4,222	0
Interest	64,108	12,891	76,999	0
Accrued salaries	423,805	271,701	695,506	69,892
Compensated absences	1,022,293	666,478	1,688,771	144,679
Unearned revenue	328	0	328	2,054
Claims reserve	1,601,425	0	1,601,425	0
Capital lease payable	1,232,206	1,666,588	2,898,794	0
Other liabilities	0	31,367	31,367	12,266
Liabilities payable from restricted assets				
Payables				
Accounts	0	545,577	545,577	0
Retainages	0	398,629	398,629	0
Customer deposits	0	2,074,462	2,074,462	0
Interest	0	807,024	807,024	0
Bonds payable	0	14,560,000	14,560,000	0
Total current liabilities	5,917,039	22,044,801	27,961,840	438,372

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
Noncurrent liabilities				
Compensated absences	\$ 113,587	\$ 74,052	\$ 187,639	\$ 16,076
Net pension liability	25,898,496	17,993,718	43,892,214	715,222
OPEB obligation	16,600,304	11,565,778	28,166,082	1,625,369
Capital lease payable	20,766,174	23,427,147	44,193,321	0
Bonds payable	0	140,579,294	140,579,294	0
Total noncurrent liabilities	63,378,561	193,639,989	257,018,550	2,356,667
Total liabilities	69,295,600	215,684,790	284,980,390	2,795,039
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	35,204	35,667	70,871	11,958
Pension investment return differences	2,278,706	1,561,287	3,839,993	41,456
Pension experience differences	50,575	51,240	101,815	17,179
Total deferred inflows of resources	2,364,485	1,648,194	4,012,679	70,593
NET POSITION				
Net investment in capital assets	78,338,733	303,250,676	381,589,409	11,156,572
Restricted for:				
General Government	2,768,722	0	2,768,722	0
Public Safety	847,814	0	847,814	0
Health and Welfare	1,298,154	0	1,298,154	0
Culture and Recreation	654,767	0	654,767	5,255
Housing and Development	1,193,826	0	1,193,826	0
Debt service	54,618	8,054,070	8,108,688	0
Capital outlay	9,533	42,176,190	42,185,723	23,744
Unrestricted	(14,451,203)	12,067,163	(2,384,040)	328,865
Total net position	<u>\$ 70,714,964</u>	<u>\$ 365,548,099</u>	<u>\$ 436,263,063</u>	<u>\$ 11,514,436</u>

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2015

FUNCTIONS/PROGRAMS	Expenses	Indirect Costs	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government						
Governmental activities						
General Government	\$ 3,675,464	\$ (1,394,235)	\$ 723,777	\$ 97,489	\$ 34,855	\$ (1,425,108)
Judicial	486,947	0	0	0	0	(486,947)
Public Safety	17,460,335	0	1,930,830	371,293	341,839	(14,816,373)
Public Works	8,745,852	0	129,956	2,508	1,547,365	(7,066,023)
Health and Welfare	2,765,034	0	134,570	1,738,138	319,114	(573,212)
Culture and Recreation	440,482	0	0	0	0	(440,482)
Housing and Development	2,136,524	0	1,057,304	368,338	79,117	(631,765)
Interest on long-term debt	1,198,530	0	0	0	0	(1,198,530)
Total governmental activities	36,909,168	(1,394,235)	3,976,437	2,577,766	2,322,290	(26,638,440)
Business-type activities						
Public Utilities	46,183,666	1,038,222	64,315,416	0	8,407,525	25,501,053
Airport	1,045,716	209,561	897,226	0	38,284	(319,767)
Solid Waste	2,072,012	146,452	2,462,485	0	0	244,021
Golf Course	1,287,229	0	983,932	0	0	(303,297)
Total business-type activities	50,588,623	1,394,235	68,659,059	0	8,445,809	25,122,010
Total primary government	87,497,791	0	72,635,496	2,577,766	10,768,099	(1,516,430)
Component Units						
Communication and Tourism						
Housing and Development	451,999	0	0	0	0	(451,999)
Parks and Recreation						
Culture and Recreation	5,227,366	0	1,655,869	6,000	0	(3,565,497)
Total Component Units	5,679,365	0	1,655,869	6,000	0	(4,017,496)
			Governmental Activities	Business-Type Activities	Total	Component Units
Change in net position						
Net (expense) revenue			\$ (26,638,440)	\$ 25,122,010	\$ (1,516,430)	\$ (4,017,496)
General revenues						
Taxes						
Property			8,654,493	0	8,654,493	2,639,485
Intangibles			133,186	0	133,186	0
Franchise			4,371,358	0	4,371,358	0
Occupational			1,268,021	0	1,268,021	0
Insurance premium			1,823,481	0	1,823,481	0
Alcoholic beverages			1,067,611	0	1,067,611	0
Hotel/Motel			828,925	0	828,925	0
Local option sales			5,094,727	0	5,094,727	0
Interest and Investment earnings			142,917	775,365	918,282	11,106
Payments from City of Gainesville			0	0	0	938,115
Gain on sale of assets			0	17,322	17,322	4,698
Miscellaneous			122,294	156,932	279,226	37,245
Transfers			2,395,089	(2,395,089)	0	0
Total general revenues and transfers			25,902,102	(1,445,470)	24,456,632	3,630,649
Change in net position			(736,338)	23,676,540	22,940,202	(386,847)
Net position - beginning (original)			94,900,288	358,270,515	453,170,803	12,604,085
Prior period adjustment			(23,448,986)	(16,398,956)	(39,847,942)	(702,802)
Net position - beginning (restated)			71,451,302	341,871,559	413,322,861	11,901,283
Net position - ending			\$ 70,714,964	\$ 365,548,099	\$ 436,263,063	\$ 11,514,436

CITY OF GAINESVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Debt Service	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	\$ 9,615,732	\$ 752,591	\$ 16,032,572	\$ 26,400,895
Investments	0	0	1,522,071	1,522,071
Receivables (net)				
Accounts	353,587	0	86,935	440,522
Intergovernmental	99,191	674	1,705,774	1,805,639
Taxes	789,561	60,832	0	850,393
Notes	0	0	492,201	492,201
Prepaid items	3,339	15,053	0	18,392
Due from other funds	589,128	0	0	589,128
Inventory	0	0	84,314	84,314
Advances to other funds	471,892	0	81,691	553,583
Total assets	\$ 11,922,430	\$ 829,150	\$ 20,005,558	\$ 32,757,138
LIABILITIES				
Payables				
Accounts	\$ 296,304	\$ 629	\$ 482,705	\$ 779,638
Intergovernmental	76,783	0	501,384	578,167
Deposits	0	0	186	186
Accrued salaries	384,114	0	32,861	416,975
Unearned revenue	0	0	328	328
Due to other funds	0	0	589,128	589,128
Total liabilities	757,201	629	1,606,592	2,364,422
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue -				
Property taxes	161,812	54,618	0	216,430
Notes receivable	0	0	391,845	391,845
Total deferred inflows	161,812	54,618	391,845	608,275
FUND BALANCES				
Nonspendable	475,231	15,053	84,314	574,598
Restricted	0	0	6,868,770	6,868,770
Committed	5,848	0	221,019	226,867
Assigned	2,457,217	758,850	10,833,018	14,049,085
Unassigned	8,065,121	0	0	8,065,121
Total fund balances	11,003,417	773,903	18,007,121	29,784,441
Total liabilities, deferred inflows, and fund balances	\$ 11,922,430	\$ 829,150	\$ 20,005,558	\$ 32,757,138

CITY OF GAINESVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2015

Total fund balance - total governmental funds		\$	29,784,441
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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			100,690,084
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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	\$	216,430	
Notes receivable		<u>391,845</u>	608,275

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

These are:

Capital leases	\$	(21,998,380)	
Interest payable		(64,108)	
Compensated absences		(1,135,880)	
Net pension liability		(25,898,496)	
Net OPEB obligation		<u>(16,600,304)</u>	(65,697,168)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

These are:

Deferred outflows of resources:

Pension contributions subsequent to measurement date	\$	121,043	
Pension investment return differences		1,823,952	
Pension experience differences		1,387,405	

Deferred inflows of resources:

Pension assumption changes		(35,204)	
Pension investment return differences		(2,278,706)	
Pension experience differences		<u>(50,575)</u>	967,915

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	\$	5,679,747	
Less internal balance resulting from allocation of internal service fund activities allocated to business-type activities		(1,206,015)	
Less capital assets included above		(127,198)	
Add compensated absences included above		<u>14,883</u>	<u>4,361,417</u>

Net position of governmental activities		\$	<u>70,714,964</u>
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CITY OF GAINESVILLE, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2015

	General	Debt Service	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	\$ 20,759,249	\$ 1,657,749	\$ 846,516	\$ 23,263,514
Licenses and permits	1,008,077	0	0	1,008,077
Fines, fees and forfeitures	1,361,982	0	416,788	1,778,770
Charges for services	2,213,040	0	1,118,738	3,331,778
Intergovernmental	330,497	0	4,358,976	4,689,473
Interest	27,289	6,509	92,914	126,712
Contributions	18,303	0	129,081	147,384
Other	49,983	0	72,308	122,291
Total revenues	25,768,420	1,664,258	7,035,321	34,467,999
EXPENDITURES				
Current				
General Government	3,236,951	0	194,293	3,431,244
Judicial	465,915	0	0	465,915
Public Safety	15,266,958	0	195,864	15,462,822
Public Works	4,672,187	0	0	4,672,187
Health and Welfare	12,500	0	2,955,729	2,968,229
Culture and Recreation	150,000	0	283,682	433,682
Housing and Development	866,957	0	1,281,513	2,148,470
Debt service				
Principal	0	10,111,549	0	10,111,549
Interest and other charges	0	1,151,575	235,337	1,386,912
Capital outlay	0	0	3,829,201	3,829,201
Total expenditures	24,671,468	11,263,124	8,975,619	44,910,211
Excess (deficiency) of revenues over (under) expenditures	1,096,952	(9,598,866)	(1,940,298)	(10,442,212)
Other financing sources (uses)				
Transfers in	3,570,532	108,667	7,019,075	10,698,274
Transfers out	(4,379,486)	0	(3,056,496)	(7,435,982)
Issuance of capital leases	0	8,515,000	402,392	8,917,392
Sales of capital assets	48,126	0	0	48,126
Total other financing sources (uses)	(760,828)	8,623,667	4,364,971	12,227,810
Net changes in fund balances	336,124	(975,199)	2,424,673	1,785,598
Fund balances, July 1	10,667,293	1,749,102	15,582,448	27,998,843
Fund balances, June 30	\$ 11,003,417	\$ 773,903	\$ 18,007,121	\$ 29,784,441

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, 2015

Net change in fund balances - total governmental funds	\$	1,785,598
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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	\$ 2,441,381	
Depreciation	<u>(4,599,832)</u>	(2,158,451)

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	\$ (1,328,983)	
Related accumulated depreciation	<u>1,217,968</u>	(111,015)

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	\$ 120,000	
Other governments	40,858	
Component units	<u>34,855</u>	195,713

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	\$ (867,203)	
Component units	<u>(5,160)</u>	(872,363)

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.		(44,112)
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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	\$ 10,264,135	
Debt proceeds	(8,917,392)	
Net change in interest payable	<u>25,656</u>	1,372,399

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$ 1,865,014	
Cost of benefits earned net of employee contributions	<u>(1,781,336)</u>	83,678

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	\$ (56,502)	
Net OPEB obligation	<u>(1,038,188)</u>	(1,094,690)

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	\$ 123,503	
Add depreciation expense included above	23,697	
Add change in compensated absences included above	930	
Add consolidation of internal service fund activities allocated to business-type activities	<u>(41,225)</u>	106,905
Change in net position of governmental activities		<u><u>\$ (736,338)</u></u>

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, 2015

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 19,146,101	\$ 19,146,101	\$ 20,759,249	\$ 1,613,148
Licenses and permits	748,950	748,950	1,008,077	259,127
Fines, fees and forfeitures	1,267,100	1,267,100	1,361,982	94,882
Charges for services	2,186,122	2,207,147	2,213,040	5,893
Intergovernmental	249,475	249,475	330,497	81,022
Interest	26,500	26,500	27,289	789
Contributions	0	17,303	18,303	1,000
Other	90,000	90,833	49,983	(40,850)
Total revenues	23,714,248	23,753,409	25,768,420	2,015,011
EXPENDITURES				
Current				
General Government				
Mayor and Council	331,661	296,661	285,745	10,916
City Manager's Office	638,026	648,771	646,653	2,118
Financial Services and IT	1,761,527	1,774,425	1,725,234	49,191
Human Resources	614,402	620,134	579,319	40,815
Judicial				
Municipal Court	480,725	486,510	465,915	20,595
Public Safety				
Police	8,823,818	8,924,393	8,471,547	452,846
Code Enforcement	278,148	278,248	252,954	25,294
Fire	6,668,954	6,746,321	6,542,457	203,864
Public Works				
Public Lands and Buildings	656,182	607,918	561,076	46,842
Engineering	649,874	727,110	685,412	41,698
Traffic	1,285,927	1,287,600	1,184,936	102,664
Street Maintenance	1,771,036	1,791,786	1,649,109	142,677
Storm Water	123,123	124,468	93,458	31,010
Cemetery	495,016	523,063	498,196	24,867
Health and Welfare				
Agency allocations	12,500	12,500	12,500	0
Culture and Recreation				
Agency allocations	150,000	150,000	150,000	0
Housing and Development				
Planning	550,818	555,989	550,809	5,180
Inspection	283,327	287,843	287,450	393
Agency allocations	28,698	28,698	28,698	0
Total expenditures	25,603,762	25,872,438	24,671,468	1,200,970
Excess (deficiency) of revenues over (under) expenditures	(1,889,514)	(2,119,029)	1,096,952	3,215,981
Other financing sources (uses)				
Transfers in (out)				
Transfers in	3,384,335	3,630,060	3,582,738	(47,322)
Transfers out	(4,101,720)	(4,391,692)	(4,391,692)	0
Contingency	(623,101)	(305,101)	0	305,101
Sales of capital assets	30,000	30,000	48,126	18,126
Total other financing sources (uses)	(1,310,486)	(1,036,733)	(760,828)	275,905
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,200,000)	(3,155,762)	336,124	3,491,886
Fund balances, July 1	3,200,000	3,155,762	10,667,293	7,511,531
Fund balances, June 30	\$ 0	\$ 0	\$ 11,003,417	\$ 11,003,417

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
ASSETS				
Current assets				
Cash and cash equivalents	\$ 33,598,822	\$ 3,212,218	\$ 36,811,040	\$ 7,100,256
Restricted assets				
Cash and cash equivalents	53,079,271	0	53,079,271	0
Receivables (net)				
Accounts	3,524,210	264,433	3,788,643	9,054
Intergovernmental	66,268	0	66,268	7,843
Inventories	1,537,499	0	1,537,499	104,229
Prepaid items	202,247	0	202,247	107,643
Other assets	0	0	0	61,545
Total current assets	92,008,317	3,476,651	95,484,968	7,390,570
Noncurrent assets				
Capital assets				
Non-depreciable	46,638,720	557,656	47,196,376	0
Depreciable (net)	420,962,802	14,179,392	435,142,194	127,198
Total noncurrent assets	467,601,522	14,737,048	482,338,570	127,198
Total assets	559,609,839	18,213,699	577,823,538	7,517,768
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	1,983,180	105,216	2,088,396	0
Pension contributions subsequent to measurement date	71,870	50,765	122,635	0
Pension investment return differences	1,214,360	31,812	1,246,172	0
Pension experience differences	923,714	24,196	947,910	0
Total deferred outflow of resources	4,193,124	211,989	4,405,113	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	873,467	82,766	956,233	214,883
Intergovernmental	43,308	0	43,308	0
Deposits	0	4,036	4,036	0
Sales tax	0	6,507	6,507	0
Interest	0	12,891	12,891	0
Accrued salaries	238,810	32,891	271,701	6,830
Compensated absences	602,572	63,906	666,478	13,395
Claims reserve	0	0	0	1,601,425
Capital lease payable	1,261,588	405,000	1,666,588	0
Other liabilities	0	31,367	31,367	0
Liabilities payable from restricted assets:				
Payables				
Accounts	545,577	0	545,577	0
Retainages	398,629	0	398,629	0
Customer deposits	2,074,462	0	2,074,462	0
Interest	807,024	0	807,024	0
Revenue bonds payable	14,560,000	0	14,560,000	0
Total current liabilities	21,405,437	639,364	22,044,801	1,836,533

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
Noncurrent liabilities				
Advances from other funds	\$ 0	\$ 553,583	\$ 553,583	\$ 0
Compensated absences	66,952	7,100	74,052	1,488
Net pension liability	17,177,525	816,193	17,993,718	0
OPEB obligation	10,279,700	1,286,078	11,565,778	0
Capital leases payable	18,923,820	4,503,327	23,427,147	0
Revenue bonds payable	140,579,294	0	140,579,294	0
Total noncurrent liabilities	187,027,291	7,166,281	194,193,572	1,488
Total liabilities	208,432,728	7,805,645	216,238,373	1,838,021
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	20,903	14,764	35,667	0
Pension investment return differences	1,516,165	45,122	1,561,287	0
Pension experience differences	30,029	21,211	51,240	0
Total deferred inflows of resources	1,567,097	81,097	1,648,194	0
NET POSITION				
Net investment in capital assets	293,316,738	9,933,938	303,250,676	127,197
Restricted for:				
Capital outlay	42,143,715	32,475	42,176,190	0
Debt service	8,054,070	0	8,054,070	0
Unrestricted	10,288,615	572,533	10,861,148	5,552,550
Total net position	\$ 353,803,138	\$ 10,538,946	364,342,084	\$ 5,679,747
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			1,206,015	
Net position of business-type activities			\$ 365,548,099	

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2015

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
OPERATING REVENUES				
Charges for sales and services	\$ 64,315,416	\$ 4,343,643	\$ 68,659,059	\$ 0
Interfund services provided	0	0	0	12,616,607
Other	120,792	36,140	156,932	16,109
Total operating revenues	64,436,208	4,379,783	68,815,991	12,632,716
OPERATING EXPENSES				
Costs of sales and services	11,561,132	1,500,910	13,062,042	12,140,242
Personal services	13,099,794	1,917,719	15,017,513	353,976
Depreciation	15,089,381	1,140,621	16,230,002	23,697
Total operating expenses	39,750,307	4,559,250	44,309,557	12,517,915
Operating income (loss)	24,685,901	(179,467)	24,506,434	114,801
Non-operating revenues (expenses)				
Interest revenue	756,707	18,658	775,365	8,702
Interest expense	(6,713,013)	(168,775)	(6,881,788)	0
Other	(34,711)	0	(34,711)	0
Debt issue costs	(765,185)	(32,945)	(798,130)	0
Gain (loss) on sale of capital assets	9,964	7,358	17,322	0
Total non-operating revenues (expenses)	(6,746,238)	(175,704)	(6,921,942)	8,702
Income (loss) before capital contributions and transfers	17,939,663	(355,171)	17,584,492	123,503
Capital contributions				
Connection fees	3,293,074	0	3,293,074	0
Capital contributions	5,052,748	0	5,052,748	0
Contributions of capital assets	862,638	4,565	867,203	0
Intergovernmental revenue	66,268	33,719	99,987	0
Total capital contributions	9,274,728	38,284	9,313,012	0
Income (loss) before transfers	27,214,391	(316,887)	26,897,504	123,503
Transfers in (out)				
Transfers in	37,687	297,681	335,368	0
Transfers out	(3,347,660)	(250,000)	(3,597,660)	0
Total transfers in (out)	(3,309,973)	47,681	(3,262,292)	0
Change in net position	23,904,418	(269,206)	23,635,212	123,503
Net position, July 1 (original)	345,521,247	11,584,581	357,105,828	5,556,244
Prior period adjustment	(15,622,527)	(776,429)	(16,398,956)	0
Net position, July (restated)	329,898,720	10,808,152	340,706,872	5,556,244
Net position, June 30	\$ 353,803,138	\$ 10,538,946	\$ 364,342,084	\$ 5,679,747
Change in net position - enterprise funds			\$ 23,635,212	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			41,328	
Change in net position - business-type activities			<u>\$ 23,676,540</u>	

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2015

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
Cash flows from operating activities:				
Receipts from customers	\$ 64,333,372	\$ 4,317,711	\$ 68,651,083	\$ 0
Receipts from interfund services provided	0	0	0	12,839,637
Payments to suppliers	(11,903,599)	(1,492,850)	(13,396,449)	(11,935,108)
Payments to employees	(12,427,668)	(1,828,587)	(14,256,255)	(351,501)
Other receipts	120,792	20,273	141,065	16,109
Net cash provided (used) by operating activities	40,122,897	1,016,547	41,139,444	569,137
Cash flows from non-capital financing activities:				
Receipts from other funds	0	169,175	169,175	0
Payments to other funds	(3,347,660)	0	(3,347,660)	0
Net cash provided (used) by non-capital financing activities	(3,347,660)	169,175	(3,178,485)	0
Cash flows from capital and related financing activities:				
Connection Fees	3,294,099	0	3,294,099	0
Receipts from other governments	66,268	33,719	99,987	0
Receipts from other funds	37,687	0	37,687	0
Proceeds from sale of capital assets	80,804	8,333	89,137	0
Interest paid	(6,322,821)	(221,462)	(6,544,283)	0
Acquisition of capital assets	(4,501,707)	(389,413)	(4,891,120)	0
Payment of capital related accounts payable	(1,010,324)	0	(1,010,324)	0
Principal payments - bonds	(14,640,000)	0	(14,640,000)	0
Debt issue costs	(765,185)	(32,945)	(798,130)	0
Proceeds from bond issuance	98,244,957	0	98,244,957	0
Proceeds from capital leases	0	2,715,000	2,715,000	0
Principal payments - capital leases and promissory notes	(94,539,645)	(3,440,000)	(97,979,645)	0
Net cash provided (used) by capital and related financing activities	(20,055,867)	(1,326,768)	(21,382,635)	0
Cash flows from investing activities:				
Interest received	90,060	4,185	94,245	8,702
Net increase (decrease) in cash and cash equivalents	16,809,430	(136,861)	16,672,569	577,839
Cash and cash equivalents, July 1	69,868,663	3,349,079	73,217,742	6,522,417
Cash and cash equivalents, June 30	\$ 86,678,093	\$ 3,212,218	\$ 89,890,311	\$ 7,100,256

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2015

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 24,685,901	\$ (179,467)	\$ 24,506,434	\$ 114,801
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	15,089,381	1,140,621	16,230,002	23,697
(Increase) decrease in accounts receivable	(41,385)	(41,276)	(82,661)	218,987
(Increase) decrease in intergovernmental receivables	(65,337)	0	(65,337)	4,043
(Increase) decrease in inventory	(96,385)	0	(96,385)	97,703
(Increase) decrease in prepaid expenses	0	0	0	(107,643)
(Increase) decrease in other assets	0	0	0	78,455
(Increase) decrease in net pension contributions after measurement date	(71,870)	(50,765)	(122,635)	0
Increase (decrease) in accounts payable	(255,424)	28,413	(227,011)	1,013
Increase (decrease) in intergovernmental payables	9,342	0	9,342	0
Increase (decrease) in sales tax payable		(523)	(523)	0
Increase (decrease) in accrued salaries and benefits	57,413	(12,775)	44,638	2,475
Increase (decrease) in deposits payable	124,678	0	124,678	(10,174)
Increase (decrease) in claims reserve		0	0	145,780
Increase (decrease) in pension obligation	(965,838)	(1,506)	(967,344)	0
Increase (decrease) in net pension liability	1,554,998	39,764	1,594,762	0
Increase (decrease) in pension experience differences	(893,685)	(9,432)	(903,117)	0
Increase (decrease) in pension investment return differences	301,805	(453)	301,352	0
Increase (decrease) in pension assumption differences	20,903	34,974	55,877	0
Increase (decrease) in OPEB obligation	668,400	89,325	757,725	0
Increase (decrease) in other liabilities	0	(20,353)	(20,353)	0
Total adjustments	15,436,996	1,196,014	16,633,010	454,336
Net cash provided (used) by operating activities	\$ 40,122,897	\$ 1,016,547	\$ 41,139,444	\$ 569,137
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	\$ 33,598,822	\$ 3,212,218	\$ 36,811,040	\$ 7,100,256
Restricted assets				
Cash and cash equivalents	53,079,271	0	53,079,271	0
Total cash and cash equivalents	\$ 86,678,093	\$ 3,212,218	\$ 89,890,311	\$ 7,100,256

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals and governments totaled \$3,790,135 and \$867,203
Acquisition of capital assets through accounts payable totaled \$944,206
Forgiveness of capital lease through capital contributions totaled \$1,261,588

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Community Private-Purpose Trust Fund	Employees' Pension Trust Fund	Municipal Court Agency Fund
ASSETS			
Cash and cash equivalents	\$ 14,700	\$ 822,230	\$ 82,228
Investments, at fair value			
Mutual funds			
Equity	0	51,990,381	0
Fixed income	0	29,368,947	0
Total assets	14,700	82,181,558	82,228
LIABILITIES			
Accounts payable	0	15,612	0
Due to other agencies	0	0	82,228
Total liabilities	0	15,612	82,228
NET POSITION			
Held in trust for pension benefits and other purposes	\$ 14,700	\$ 82,165,946	\$ 0

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the fiscal year ended June 30, 2015

	Community Private-Purpose Trust Fund	Employees' Pension Trust Fund
ADDITIONS		
Contributions		
Employer contributions	\$ 0	\$ 2,862,539
Employee contributions	0	2,862,539
Employee donations	47,860	0
Total contributions and donations	47,860	5,725,078
Investment Income		
Net appreciation (depreciation) in fair value of investments	0	1,369,026
Interest	1	63
Dividends	0	1,540,070
Investment expense	0	(169,044)
Net investment income (loss)	1	2,740,115
Total additions (reductions)	47,861	8,465,193
DEDUCTIONS		
Benefits	0	6,681,676
Refunds	0	600,731
Distributions for assistance	47,224	0
Total deductions	47,224	7,282,407
Change in net position	637	1,182,786
Net position held in trust for pension benefits and other purposes		
Net position, July 1	14,063	80,983,160
Net position, June 30	<u>\$ 14,700</u>	<u>\$ 82,165,946</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2015

	City of Gainesville Parks and Recreation	Gainesville Convention and Visitor's Bureau	Total Component Units
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,629,643	\$ 289,737	\$ 2,919,380
Receivables			
Accounts	4,055	9,104	13,159
Taxes	96,319	0	96,319
Restricted assets			
Cash and cash equivalents	100,000	0	100,000
Total current assets	2,830,017	298,841	3,128,858
Noncurrent assets			
Capital assets			
Non-depreciable	4,880,665	0	4,880,665
Depreciable (net)	6,277,107	0	6,277,107
Total noncurrent assets	11,157,772	0	11,157,772
Total assets	13,987,789	298,841	14,286,630
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	41,117	0	41,117
Pension investment return differences	0	29,716	29,716
Pension experience differences	0	22,605	22,605
Total deferred outflow or resources	41,117	52,321	93,438
LIABILITIES			
Current liabilities			
Payables			
Accounts	181,906	10,447	192,353
Retainages	1,200	0	1,200
Intergovernmental	3,903	0	3,903
Sales tax	12,025	0	12,025
Accrued salaries	63,961	5,931	69,892
Compensated absences	122,074	22,605	144,679
Unearned revenue	2,054	0	2,054
Other liabilities	12,266	0	12,266
Total current liabilities	399,389	38,983	438,372
Noncurrent liabilities			
Compensated absences	13,564	2,512	16,076
Net pension liability	308,053	407,169	715,222
OPEB obligation	1,582,413	42,956	1,625,369
Total noncurrent liabilities	1,904,030	452,637	2,356,667
Total liabilities	2,303,419	491,620	2,795,039

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2015

	City of Gainesville Parks and Recreation	Gainesville Convention and Visitor's Bureau	Total Component Units
DEFERRED INFLOWS OF RESOURCES			
Pension assumption changes	\$ 11,958	\$ 0	\$ 11,958
Pension investment return differences	4,549	36,907	41,456
Pension experience differences	17,179	0	17,179
Total deferred inflows of resources	33,686	36,907	70,593
NET POSITION			
Investment in capital assets	11,156,572	0	11,156,572
Restricted for cultural and recreation	5,255	0	5,255
Restricted for capital outlay	23,744	0	23,744
Unrestricted	506,230	(177,365)	328,865
Total net position	\$ 11,691,801	\$ (177,365)	\$ 11,514,436

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
COMPONENT UNITS
For the fiscal year ended June 30, 2015

	City of Gainesville Parks and Recreation	Gainesville Convention and Visitor's Bureau	Total Component Units
Expenses			
Culture and Recreation	\$ 5,227,366	\$ 0	\$ 5,227,366
Housing and Development	0	451,999	451,999
Total expenses	5,227,366	451,999	5,679,365
Program revenues			
Charges for services	1,655,869	0	1,655,869
Operating grants and contributions	6,000	0	6,000
Total program revenues	1,661,869	0	1,661,869
Net (expense) revenue	(3,565,497)	(451,999)	(4,017,496)
General revenues			
Property taxes	2,639,485	0	2,639,485
Interest	10,929	177	11,106
Payments from City of Gainesville	295,642	642,473	938,115
Gain on sale of assets	4,698	0	4,698
Miscellaneous	12,598	24,647	37,245
Total general revenues	2,963,352	667,297	3,630,649
Change in net position	(602,145)	215,298	(386,847)
Net position, July 1 (original)	12,604,085	0	12,604,085
Prior period adjustment	(310,139)	(392,663)	(702,802)
Net position, July 1 (restated)	12,293,946	(392,663)	11,901,283
Net position, June 30	\$ 11,691,801	\$ (177,365)	\$ 11,514,436



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 Exhibits K-1 to K-4). Gainesville Parks and Recreation has a June 30 year-end. There is no separately issued stand-alone financial report for this component unit.

Gainesville Convention and Visitor's Bureau

The Gainesville Convention and Visitor's Bureau was established as a legally separate entity through presentation of House Bill 1132 approved by the Governor on April 29, 2014 and operates pursuant to the Official Code of Georgia Annotated section 48-13-51. The Board consists of up to seven directors appointed by the City Council. The City of Gainesville collects hotel/motel taxes as authorized by OCGA 48-13-51. Under this law the City levies a tax at a rate of 6%, of which 43 1/3 percent of the total tax is expended for promoting tourism, conventions, and trade shows through a contract or contracts with a convention and visitors bureau authority created by local Act of the General Assembly for a municipality, or a private sector nonprofit organization. The Gainesville Convention and Visitor's Bureau has the responsibility and authority to promote tourism, conventions, and trade shows in the City of Gainesville, Georgia for the citizens of Hall County. The Board undertakes special projects and assignments from City management. In many respects it functions similar to a City department through regular participation in department director meetings, budget approval, accounting, payroll, etc.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Gainesville Convention and Visitor's Bureau

The Gainesville Convention and Visitor's Bureau 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 Units". (See Exhibits K-5 and K-6). The Gainesville Convention and Visitor's Bureau 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.

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.

2. Summary of Significant Accounting Policies (continued)

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 Units

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).

The Gainesville Convention and Visitor's Bureau 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, 2015, 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:

	Useful Life	Capitalization
	in Years	Threshold
Buildings	10 to 60	\$ 5,000
Sewer lines	40 to 50	\$ 25,000
Water lines	40 to 50	\$ 25,000
Water and sewer treatment facilities	60	\$ 25,000
Roads	30 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 25	\$ 60,000
Airport runways	20 to 40	\$ 25,000
Equipment	5 to 20	\$ 5,000
Vehicles	5 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 City reports deferred outflow of resource for deferred charges on bond refunding and their defined benefit pension plans. 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 one type of item that 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. The City also reports deferred inflows of resources related to their defined benefit pension plans.

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 2014 amounts have been reclassified to conform to the 2015 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, 2015 was 56 days. At June 30, 2015, the City's balance in Georgia Fund 1 was \$24,483,885.

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, 2015, the duration for the index was 5.63 years. Investments in corporate fixed income securities shall be limited to those securities rated “BAA” or higher by Moody’s or “BBB” or higher by Standard & Poor’s rating services. Fixed income securities may be managed through the purchase of open-ended, no-load mutual funds or commingled funds as long as these funds in aggregate adhere to the fixed income guidelines of the policy.

Investment	Fair Value	Average Maturity (in years)	Standard and Poor's Credit Rating
PIMCO Investment Grade Corporate Bond Fund	\$ 11,294,837	11.45	N/A
PIMCO Total Return Fund	7,070,728	6.63	N/A
PIMCO All Asset Fund	11,003,382	13.50	N/A
	<u>\$ 29,368,947</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
June 30, 2015

4. Accounts Receivable

Net accounts receivable at June 30, 2015 consist of the following:

Primary Government:

Major Funds

General Fund		\$ 353,587
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Public Utilities Enterprise Fund	\$ 4,519,124	
Less: Allowance for Uncollectibles	<u>(994,914)</u>	3,524,210

Nonmajor Funds

Special Revenue Funds		
Community Service Center	446	
Economic Development	12,352	
Hotel/Motel Tax	<u>74,137</u>	86,935

Enterprise Funds		
Airport	4,372	
Solid Waste	258,038	
Less: Allowance for Uncollectibles	(72,667)	
Golf Course	<u>74,690</u>	264,433

Internal Service Funds		
General Insurance	6,573	
Employee Benefits	<u>2,481</u>	<u>9,054</u>

Total Primary Government		<u><u>\$ 4,238,219</u></u>
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Component Units:

Parks and Recreation	\$ 4,055	
Convention and Visitor's Bureau	<u>9,104</u>	<u>\$ 13,159</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2015 consist of the following:

Primary Government:

Major Funds

General Fund			
US Treasury	\$	4,215	
State of Georgia		6,734	
Hall County, Georgia		<u>88,242</u>	\$ 99,191
Public Utilities Enterprise Fund			
State of Georgia			66,268

Nonmajor Funds

Special Revenue Funds			
Community Service Center			
State of Georgia		367,270	
Hall County, Georgia		125,019	
Grants			
US Treasury		342,904	
Government Access Cable TV			
Hall County, Georgia		7,677	
HUD Grant			
US Treasury		31,150	
SPLOST			
Hall County, Georgia		802,280	
Debt Service			
Miscellaneous		674	
Confiscated Assets			
Hall County, Georgia		791	
Tax Allocation District			
Hall County, Georgia		<u>28,683</u>	1,706,448
Vehicle Services Internal Service Fund			
Gainesville City School System			7,789
ProBilling & Funding Service			<u>54</u>
Total Primary Government			<u><u>\$ 1,879,750</u></u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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 2015, based upon the assessments of January 1, 2014 and the levy date of September 15, 2014, were final billed on October 6, 2014, and due on December 20, 2014. 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.

7. Intradepartmental Billings

Total operating revenues and total operating expenses in the Public Utilities Enterprise Fund includes \$163,075 of intradepartmental billings for water and sewer usage for fiscal year 2015.

8. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 589,128
	Nonmajor Enterprise	471,892
Nonmajor Governmental	Nonmajor Enterprise	81,691
		<u>\$ 1,142,711</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 \$471,892 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".

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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

A summary of interfund transfers is as follows:

Transfer Out Fund	Transfer In Fund	Amount
General	Nonmajor Governmental	\$ 4,081,805
	Nonmajor Enterprise	297,681
Public Utilities	General	3,329,535
	Nonmajor Governmental	18,125
Nonmajor Governmental	General	240,997
	Debt Service	108,667
	Nonmajor Governmental	2,669,145
	Public Utilities	37,687
Nonmajor Enterprise	Nonmajor Governmental	250,000
		11,033,642
Transfers of capital assets		
Governmental Activities	Public Utilities	862,638
	Nonmajor Enterprise	4,565
		<u>\$ 11,900,845</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.

There is a transfer from the SPLOST Capital Projects Fund to the General Government Capital Projects Fund in the amount of \$835,407. This was excess SPLOST funds received that were not anticipated by the City. In prior years, the City had funded SPLOST approved projects from other funds and this transfer is to reimburse these funds. This has been included on the current year SPLOST schedule.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

9. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2015 was as follows:

	Balance Beginning	Increases	Decreases	Balance Ending
Governmental activities				
Non-depreciable assets				
Land	\$ 25,008,436	\$ 120,525	\$ (863,638)	\$ 24,265,323
Construction in progress	1,408,698	6,295,100	(6,684,473)	1,019,325
Total non-depreciable assets	26,417,134	6,415,625	(7,548,111)	25,284,648
Depreciable assets				
Buildings	55,462,992	0	0	55,462,992
Land improvements	3,124,046	0	0	3,124,046
Vehicles and equipment	18,161,205	2,018,620	(1,379,865)	18,799,960
Intangibles	1,909,289	41,817	0	1,951,106
Infrastructure	38,845,293	911,316	0	39,756,609
Total depreciable assets	117,502,825	2,971,753	(1,379,865)	119,094,713
Less accumulated depreciation				
Buildings	(11,780,956)	(1,529,756)	0	(13,310,712)
Land improvements	(1,310,937)	(134,001)	0	(1,444,938)
Vehicles and equipment	(14,145,787)	(1,427,902)	1,265,284	(14,308,405)
Intangibles	(1,414,413)	(186,350)	0	(1,600,763)
Infrastructure	(11,631,667)	(1,392,792)	0	(13,024,459)
Total accumulated depreciation	(40,283,760)	(4,670,801)	1,265,284	(43,689,277)
Total depreciable assets, net	77,219,065	(1,699,048)	(114,581)	75,405,436
Governmental activities capital assets, net	<u>\$ 103,636,199</u>	<u>\$ 4,716,577</u>	<u>\$ (7,662,692)</u>	<u>\$ 100,690,084</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 19,628,388	\$ 11,895,361	\$ 0	\$ 31,523,749
Intangibles	1,957,919	56,402	0	2,014,321
Construction in progress	12,289,440	4,862,390	(3,493,524)	13,658,306
Total non-depreciable assets	33,875,747	16,814,153	(3,493,524)	47,196,376
Depreciable assets				
Buildings	73,715,612	132,529	(21,599,077)	52,249,064
Land improvements	16,318,659	402,686	0	16,721,345
Distribution system	522,786,680	4,692,360	(102,041)	527,376,999
Intangibles	6,097,213	0	(593,056)	5,504,157
Vehicles and equipment	17,151,572	13,583,031	(628,590)	30,106,013
Total depreciable assets	636,069,736	18,810,606	(22,922,764)	631,957,578
Less accumulated depreciation				
Buildings	(10,306,449)	(38,879)	0	(10,345,328)
Land improvements	(7,910,617)	(691,883)	0	(8,602,500)
Distribution system	(148,177,184)	(12,570,790)	69,303	(160,678,671)
Intangibles	(1,659,669)	(266,411)	558,727	(1,367,353)
Vehicles and equipment	(13,743,840)	(2,701,538)	623,846	(15,821,532)
Total accumulated depreciation	(181,797,759)	(16,269,501)	1,251,876	(196,815,384)
Total depreciable assets, net	454,271,977	2,541,105	(21,670,888)	435,142,194
Business-type activities capital assets, net	<u>\$ 488,147,724</u>	<u>\$ 19,355,258</u>	<u>\$ (25,164,412)</u>	<u>\$ 482,338,570</u>

Beginning governmental activities balances have been restated to include \$2,472,350 in infrastructure that was contributed to the City in prior years. During the current year, \$21,599,077 of business-type activities have been reclassified from buildings to other asset types.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

9. Capital Assets (continued)

Capital asset activity for the Parks and Recreation Component Unit for the year ended June 30, 2015 was as follows:

	Balance Beginning	Increases	Decreases	Balance Ending
Parks & Recreation Component Unit				
Non-depreciable assets				
Land	\$ 4,860,974	\$ 34,500	\$ (280,291)	\$ 4,615,183
Construction in progress	403,594	304,132	(442,244)	265,482
Total non-depreciable assets	<u>5,264,568</u>	<u>338,632</u>	<u>(722,535)</u>	<u>4,880,665</u>
Depreciable assets				
Buildings	8,978,852	0	0	8,978,852
Land improvements	2,651,881	280,291	0	2,932,172
Vehicles and equipment	1,292,642	321,707	(57,023)	1,557,326
Intangibles	241,700	0	0	241,700
Infrastructure	3,243,114	0	(43,569)	3,199,545
Total depreciable assets	<u>16,408,189</u>	<u>601,998</u>	<u>(100,592)</u>	<u>16,909,595</u>
Less accumulated depreciation				
Buildings	(6,299,111)	(214,954)	0	(6,514,065)
Land improvements	(1,480,763)	(253,829)	0	(1,734,592)
Vehicles and equipment	(1,073,228)	(81,398)	57,023	(1,097,603)
Intangibles	(154,711)	(10,820)	0	(165,531)
Infrastructure	(984,634)	(144,776)	8,713	(1,120,697)
Total accumulated depreciation	<u>(9,992,447)</u>	<u>(705,777)</u>	<u>65,736</u>	<u>(10,632,488)</u>
Total depreciable assets, net	<u>6,415,742</u>	<u>(103,779)</u>	<u>(34,856)</u>	<u>6,277,107</u>
Parks & Recreation Component Unit capital assets, net	<u>\$ 11,680,310</u>	<u>\$ 234,853</u>	<u>\$ (757,391)</u>	<u>\$ 11,157,772</u>
Convention and Visitor's Bureau Component Unit				
Depreciable assets				
Vehicles and equipment	\$ 0	\$ 20,660	\$ 0	\$ 20,660
Less accumulated depreciation				
Vehicles and equipment	0	(20,660)	0	(20,660)
Convention and Visitor's Bureau Component Unit capital assets, net	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 183,969
Public Safety	1,030,775
Public Works	2,770,792
Health and Welfare	346,739
Housing and Development	243,860
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	23,697

Total depreciation expense for governmental activities	<u>\$ 4,599,832</u>
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Business-type activities

Public Utilities	\$ 15,089,381
Airport	751,114
Solid Waste	123,463
Golf Course	266,044

Total depreciation expense for business-type activities	<u>\$ 16,230,002</u>
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Component Unit

Parks and Recreation	\$ 705,777
Convention and Visitor's Bureau	0

	Primary Government		Component Units	
	Governmental Activities	Business-type Activities	Parks and Recreation	Convention and Visitor's Bureau
Current year depreciation expense	\$ 4,599,832	\$ 16,230,002	\$ 705,777	\$0
Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component unit	70,969	39,499	0	20,660
Additions to accumulated depreciation	<u>\$ 4,670,801</u>	<u>\$ 16,269,501</u>	<u>\$ 705,777</u>	<u>\$ 20,660</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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, 2015, are \$21,998,380 and \$25,093,735 for governmental and business-type activities, respectively.

Total assets leased under capital leases are \$28,656,829 and \$39,586,921 for governmental and business-type activities, respectively, and are classified as follows:

	Governmental Activities		Business-type Activities	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Airport improvements	\$ 0	\$ 0	\$ 5,332,220	\$ 1,955,147
Golf Course improvements	0	0	2,715,000	1,086,000
Water and sewer system	0	0	31,539,701	11,354,292
Land	2,025,926	0	0	0
Buildings	15,543,498	1,443,510	0	0
Vehicles and equipment	1,911,291	999,932	0	0
Infrastructure	9,176,114	853,899	0	0
Total assets under capital leases	<u>\$ 28,656,829</u>	<u>\$ 3,297,341</u>	<u>\$ 39,586,921</u>	<u>\$ 14,395,439</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, 2015:

Year Ending June 30,	Governmental Activities	Business-type Activities
2016	\$ 1,773,136	\$ 1,784,960
2017	4,446,567	2,038,574
2018	1,804,856	2,028,761
2019	1,809,268	2,033,667
2020	1,825,244	2,029,219
2021-2025	9,434,223	7,844,975
2026-2030	4,742,307	6,611,859
2031-2032	0	1,261,588
Total minimum lease payments	25,835,601	25,633,603
Less amounts representing interest	(3,837,221)	(539,868)
Present value of minimum lease payments	<u>\$ 21,998,380</u>	<u>\$ 25,093,735</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, 2015, the City has a balance of \$508,026 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 January 17, 2006, the City of Gainesville entered into an intergovernmental lease and management agreement with Hall County, Georgia, for the operation of the Hall County Water System. The lease, in the original amount of \$31,539,701, has a 25 year term with an interest rate of 0.00%. In the lease agreement, the City received \$34,781,050 in capital assets, \$156,739 in intergovernmental receivables from White County, Georgia, and assumed \$3,398,088 in notes payable and accrued interest. Hall County will transfer 1/25th of the system value, \$1,261,588, annually, beginning January 17, 2007, to offset the lease payment. If the lease agreement is terminated prior to the end of the lease term, Hall County will pay the City for all costs associated with capital improvements made to the system after January 17, 2006, plus the percentage change in the Consumer Price Index since January 17, 2006. Hall County will also pay the City for the portion of the system already transferred at the time of termination.

On May 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.

10. Capital and Operating Leases Agreements (continued)

On August 31, 2012, the Gainesville Redevelopment Authority issued a promissory note in the amount of \$2,472,351 with an interest rate of 0.0%. An intergovernmental lease became effective, on the date of issue, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the lease, the City is to reimburse certain construction costs to a developer and take title of a constructed pedestrian bridge. In return, the City will make payments 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 pedestrian bridge.

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.

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.

10. Capital and Operating Leases Agreements (continued)

On June 1, 2015, the Gainesville Redevelopment Authority issued \$11,230,000 in the Series 2015 Revenue Refunding Bonds, with an interest rate of 2.556%. 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, Series 2005 (Golf Course Project) and Series 2007 (Frances Meadows Project) and paying the cost of issuing the Series 2015 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 Golf Course and Frances Meadows Center.

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

11. Long-Term Debt

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at June 30, 2015:

- \$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% (\$24,125,000 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% (\$32,225,000 outstanding).
- \$83,650,000 2014 Water and Sewer System Refunding series bonds due in annual installments of \$3,715,000 to \$7,710,000 through November 15, 2028; interest at 5.00% (\$83,650,000 outstanding).

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

11. Long-Term Debt (continued)

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

Year Ending June 30,	Principal	Interest	Total
2016	\$ 14,560,000	\$ 6,105,969	\$ 20,665,969
2017	15,065,000	5,381,519	20,446,519
2018	15,575,000	4,645,225	20,220,225
2019	15,995,000	3,909,056	19,904,056
2020	12,640,000	3,344,566	15,984,566
2021-2025	47,665,000	9,047,888	56,712,888
2026-2029	18,500,000	1,665,800	20,165,800
Totals	\$ 140,000,000	\$ 34,100,023	\$ 174,100,023

The Water and Sewerage Revenue Bonds Series 2005 (\$52,570,000), Water and Sewerage Revenue Bonds Series 2006 (\$39,205,000) and Water and Sewerage Revenue Bonds Series 2014 (\$83,650,000) 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. Proceeds from the Series 2014 were used to refund a portion of the Series 2005 water and sewerage revenue bond issue and retire the debt on 13 water and sewerage notes payable, and to pay expenses necessary to accomplish the Series 2014 refunding issue.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

11. Long-Term Debt (continued)

Revenue Bonds, continued

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for fiscal year ended June 30, 2015:

	Balance 6/30/2014	Additions	Deductions	Balance 6/30/2015	Due Within One Year
Governmental activities					
Capital lease obligations	\$ 23,345,124	\$ 8,917,392	\$ (10,264,136)	\$ 21,998,380	\$ 1,232,206
Compensated absences	1,079,378	1,321,763	(1,265,261)	1,135,880	1,022,293
Total Governmental activities	<u>\$ 24,424,502</u>	<u>\$ 10,239,155</u>	<u>\$ (11,529,397)</u>	<u>\$ 23,134,260</u>	<u>\$ 2,254,499</u>
Business-type activities					
Revenue bonds	\$ 70,990,000	\$ 83,650,000	\$ (14,640,000)	\$ 140,000,000	\$ 14,560,000
Unamortized bond premium	1,366,947	14,594,957	(822,610)	15,139,294	0
Notes payable	94,539,645	0	(94,539,645)	0	0
Capital lease obligations	27,094,797	2,715,000	(4,716,062)	25,093,735	1,666,588
Compensated absences	710,308	959,412	(929,190)	740,530	666,478
Total business-type activities	<u>\$ 194,701,697</u>	<u>\$ 101,919,369</u>	<u>\$ (115,647,507)</u>	<u>\$ 180,973,559</u>	<u>\$ 16,893,066</u>
Component Units					
City of Gainesville					
Parks and Recreation					
Compensated absences	\$ 120,476	\$ 126,856	\$ (111,694)	\$ 135,638	\$ 122,074
Gainesville Convention and Visitor's Bureau					
Compensated absences	0	40,713	(15,596)	25,117	22,605
Total Component Units	<u>\$ 120,476</u>	<u>\$ 167,569</u>	<u>\$ (127,290)</u>	<u>\$ 160,755</u>	<u>\$ 144,679</u>

The above beginning governmental activities balances have been restated to include \$2,472,350 in capital lease obligations that were initiated in prior years.

Revenue bond 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.

Total interest incurred and expensed in the governmental activities and the business-type activities for the fiscal ended June 30, 2015 was \$1,198,530 and \$6,881,788, respectively.

12. Bond Refunding

On December 16, 2014, the City issued \$83,650,000 in Water and Sewerage Refunding Revenue Bonds, Series 2014, with an average interest rate of 5.0%. The Series 2014 bonds were issued to partial advance refund \$5,900,000 of outstanding Series 2005 Bonds with an average interest rate of 4.50% and 13 water and sewerage notes payable in the amount of \$91,345,931 with an average interest rate of 4.20%. Net proceeds of \$97,785,777 (\$83,650,000 plus original issue premium of \$14,594,957 and less \$459,180 in underwriting fees, insurance, and other costs of issuance) plus an additional \$21,388 of Series 2005 sinking fund monies were applied to the \$6,127,152 deposited into an irrevocable trust with an escrow agent and used to purchase US government securities for future payments of the Series 2005 Bond portion. The securities will provide for all future debt service payments on the refunded 2001 bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the balance sheet.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$157,806. This difference, reported in the financial statements as deferred outflows of resources-deferred charges on refunding, is being charged to operations through the year 2021 using the effective interest method. The City completed the current refunding to reduce its total debt service payments over the next 15 years by \$5,970,230 and to obtain an economic gain (the difference between the present value of the old debt and new debt service payments) of \$5,798,366.

13. Conduit Debt

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

As of June 30, 2015, there were 34 series of Revenue Bonds outstanding. The current aggregate principal amount payable for the series totaled \$577,856,382; the original issue amounts totaled \$683,815,403.

14. Deficit Equity Balances

At June 30, 2015, the Chattahoochee Golf Course Enterprise Fund had negative net position of \$496,288. 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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15. 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, 2015:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Inventories	\$ 0	\$ 0	\$ 84,314	\$ 84,314
Prepaid items	3,339	15,053	0	18,392
Advances to other funds	471,892	0	0	471,892
	<u>475,231</u>	<u>15,053</u>	<u>84,314</u>	<u>574,598</u>
Restricted for:				
General Government				
TV 18 operations	0	0	63,332	63,332
Public Safety				
Police facilities and equipment	0	0	726,704	726,704
Fire facilities and equipment	0	0	110,709	110,709
Health and Welfare				
Community Service Center operations	0	0	1,298,154	1,298,154
Culture and Recreation				
Recreation facilities and equipment	0	0	654,767	654,767
Housing and Development				
Neighborhood improvements	0	0	93,915	93,915
Midtown development	0	0	708,069	708,069
Capital projects	0	0	3,213,120	3,213,120
	<u>0</u>	<u>0</u>	<u>6,868,770</u>	<u>6,868,770</u>
Committed for:				
Public Works				
Cemetery improvements	0	0	216,151	216,151
Housing and Development				
Tree replacement	5,848	0	0	5,848
Energy efficiency retrofits	0	0	4,868	4,868
	<u>5,848</u>	<u>0</u>	<u>221,019</u>	<u>226,867</u>
Assigned for:				
General Government				
TV 18 operations	0	0	55,645	55,645
Matching funds for grants	0	0	68,909	68,909
Public Works				
City Hall improvements	107,217	0	0	107,217
Cemetery improvements	0	0	107,502	107,502
Health and Welfare				
Community Service Center operations	0	0	1,190,353	1,190,353
Housing and Development				
Economic development	0	0	2,491,576	2,491,576
Tourism and City promotion	0	0	63,335	63,335
Budget	2,350,000	553,357	203,880	3,107,237
Capital projects	0	0	6,651,818	6,651,818
Debt service	0	205,493	0	205,493
	<u>2,457,217</u>	<u>758,850</u>	<u>10,833,018</u>	<u>14,049,085</u>

16. Changes in Beginning Balances

A prior period adjustment has been made to record a net pension liability and deferred outflows of resources at June 30, 2014. This adjustment was required with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This adjustment decreased beginning net position as follows:

Primary Government	
Governmental Activities	<u>\$23,448,986</u>
Business-Type Activities	
Public Utilities	15,622,527
Nonmajor Enterprise Funds	
Airport	102,608
Solid Waste	562,508
Golf Course	<u>111,313</u>
	<u>16,398,956</u>
Component Units	
City of Gainesville Parks and Recreation	310,139
Gainesville Convention and Visitor's Bureau	<u>392,663</u>
	<u>702,802</u>

17. 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.

17. Self-Insurance (continued)

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.

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, 2015</u>	<u>June 30, 2014</u>
General Insurance Internal Service Fund		
Balance, beginning of year	\$ 932,345	\$ 743,816
Current year claims and changes in estimate	1,092,658	740,330
Claim payments	<u>(840,158)</u>	<u>(551,801)</u>
Balance, end of year	<u><u>\$ 1,184,845</u></u>	<u><u>\$ 932,345</u></u>
Employee Benefits Internal Service Fund		
Balance, beginning of year	\$ 523,300	\$ 382,300
Current year claims and changes in estimate	5,434,692	6,245,484
Claim payments	<u>(5,541,412)</u>	<u>(6,104,484)</u>
Balance, end of year	<u><u>\$ 416,580</u></u>	<u><u>\$ 523,300</u></u>

18. Pension Plans

Defined Benefit 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 and Note 3 - Cash and Investments for basis of accounting and reporting of investments.

Pension Plan A

Plan 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. Pension Plan A provides pension benefits, death and disability benefits. This plan was established in accordance with the City Charter and State statutes. 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.

Management of the Retirement Plan A is vested in the Retirement Plan A Board ("Board"), which consists of seven members – all seven members are elected by active and retired plan members. Each Board member represents different groups of participants which are retirees, Public Utilities department, Police department, Fire department, and three representatives for all other employees.

At July 1, 2015, the date of the most recent actuarial valuation, there were 721 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	239
Terminated vested participants entitled to but not yet receiving benefits	25
Active participants	488
Total number of participants	<u>752</u>

18. Pension Plans (continued)

Pension Plan A (continued)

Benefits Provided. 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. 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.

Contributions. 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, actuarially determined as an amount that, when combined with plan member contributions is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. 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.

18. Pension Plans (continued)

Pension Plan A (continued)

Investment Policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the City's adopted asset allocation policy at June 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	55%
Domestic Equity	45%
Totals	<u>100%</u>

Rate of return. For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.835 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the City reported a net pension liability of \$42,473,733. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. For the fiscal year ended June 30, 2015, the City recognized pension expense of \$2,862,539.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
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18. Pension Plans (continued)

Pension Plan A (continued)

The components of the net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 6/30/2014	\$ 117,995,190	\$ 80,983,161	\$ 37,012,029
Changes for the year:			
Service cost	3,522,833	0	3,522,833
Interest	8,576,549	0	8,576,549
Differences between expected and actual experience	1,827,514	0	1,827,514
Contributions-employer	0	2,862,539	(2,862,539)
Contributions-employee	0	2,862,539	(2,862,539)
Net investment income	0	2,909,159	(2,909,159)
Benefit payments, including refunds of employee contribution	(7,282,407)	(7,282,407)	0
Administrative expense	0	(169,045)	169,045
Net changes	<u>6,644,489</u>	<u>1,182,785</u>	<u>5,461,704</u>
Balances at 6/30/2015	\$ 124,639,679	\$ 82,165,946	\$ 42,473,733
Plan fiduciary net position as a percentage of the total pension liability		65.92%	
Covered employee payroll		\$ 21,685,902	
Employer's net pension liability as percentage of covered employee payroll		195.86%	

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,357,920	\$ 0
Net difference between projected and actual earnings on pension plan investments	<u>3,099,840</u>	<u>(3,849,948)</u>
Totals	<u>\$ 5,457,760</u>	<u>\$ (3,849,948)</u>

18. Pension Plans (continued)

Pension Plan A (continued)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2016	\$ 129,063
2017	129,065
2018	129,065
2019	129,065
2020	<u>1,091,554</u>
Totals	<u><u>\$ 1,607,812</u></u>

Actuarial Assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Projected salary increases	3.50% plus service based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.50%
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Remaining amortization period	6-26 years (closed periods)

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table, set forward two years for males and one year for females; projected generationally from 2000 with Scale AA. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table, for both males and females; projected generationally from 2000 with Scale AA.

The mortality and economic actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period of July 1, 2006 through June 30, 2010.

18. Pension Plans (continued)

Pension Plan A (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.70%
Fixed income	55%	2.40%
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan members and the City will each contribute 13.2 percent of pay, for a total of 26.4 percent. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to the projected benefit payments to determine the total pension liability.

18. Pension Plans (continued)

Pension Plan A (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease	6.50%	\$57,044,356
Current discount rate	7.50%	42,473,733
1% increase	8.50%	30,368,418

Plan Fiduciary Net Position. The financial statements of this plan are included as an employee pension trust fund within this report (Exhibits J-3 and J-4). There is no separately issued stand-alone financial report for this pension plan.

Pension Plan B

Plan Description. Pension Plan B is the Georgia Municipal Employees Benefit System (GMEBS), a state-wide 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 GMEBS as of July 1, 1994 as the result of City Ordinance and a contract between the City and the GMEBS.

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the City has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder.

18. Pension Plans (continued)

Pension Plan B (continued)

At January 1, 2015, the date of the most recent actuarial valuation, there were 232 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	54
Terminated vested participants entitled to but not yet receiving benefits	26
Active participants	<u>152</u>
Total number of participants	<u><u>232</u></u>

Benefits Provided. 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. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Members are eligible for early retirement with reduced benefits based on the early retirement at age 55 with ten years of total service. The benefit formula is 1.25% - 2.00% with a five year vesting schedule.

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the City reported a net pension liability of \$2,133,706. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. For the fiscal year ended June 30, 2015, the City recognized pension expense of \$313,804.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

18. Pension Plans (continued)

Pension Plan B (continued)

The components of the net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 9/30/2013	\$ 7,078,954	\$ 4,632,006	\$ 2,446,948
Changes for the year:			
Service cost	168,281	0	168,281
Interest	532,517	0	532,517
Differences between expected and actual experience	(142,791)	0	(142,791)
Contributions-employer	0	393,721	(393,721)
Contributions-employee	0	0	0
Net investment income	0	396,786	(396,786)
Benefit payments, including refunds of employee contribution	(415,541)	(415,541)	0
Administrative expense	0	(18,652)	18,652
Other changes	(99,394)	0	(99,394)
Net changes	43,072	356,314	(313,242)
Balances at 9/30/2014	\$ 7,122,026	\$ 4,988,320	\$ 2,133,706
Plan fiduciary net position as a percentage of the total pension liability		70.04%	
Covered employee payroll		\$ 4,779,243	
Net pension liability as a percentage of covered employee payroll		44.65%	

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ (118,994)
Changes of assumptions	0	(82,829)
Net difference between projected and actual earnings on pension plan investments	0	(31,501)
Contributions subsequent to the measurement date	284,795	0
Totals	\$ 284,795	\$ (233,324)

18. Pension Plans (continued)

Pension Plan B (continued)

The \$284,794 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2016	\$ (48,240)
2017	(48,240)
2018	(48,240)
2019	(48,240)
2020	(40,364)
Totals	<u><u>\$ (233,324)</u></u>

Actuarial Assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.75%
Actuarial cost method	Projected unit credit method
Amortization method	Closed level dollar
Remaining amortization period	30 years

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

18. Pension Plans (continued)

Pension Plan B (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

18. Pension Plans (continued)

Pension Plan B (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease	6.75%	\$ 2,887,550
Current discount rate	7.75%	2,133,706
1% increase	8.75%	1,497,548

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

Other Plans

In addition to the plan above, various City employees are also covered under the pension plans of the Georgia Firefighters' Pension Fund and the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding these plans can be obtained from the plans' annual reports.

19. Post-Employment Health Care Benefits

Plan Description

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

City 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	230
Active participants	<u>476</u>
Total number of participants	<u><u>706</u></u>

19. Post-Employment Health Care Benefits (continued)

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 \$725,251, 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, 2014 is 26 years. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

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.

19. Post-Employment Health Care Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

For fiscal year 2015, the City's annual OPEB cost of \$3,810,294 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, 2014. 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.

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

Annual required contribution	\$ 4,489,953
Interest on net OPEB obligation	1,113,545
Adjustment to ARC	<u>(1,793,204)</u>
Annual OPEB cost	3,810,294
Contributions made	<u>(1,857,457)</u>
Increase (decrease) in net OPEB obligation	1,952,837
Net OPEB obligation - beginning of year	<u>27,838,614</u>
Net OPEB obligation - end of year	<u><u>\$ 29,791,451</u></u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

19. Post-Employment Health Care Benefits (continued)

Historical Trend Information

Historical trend information for annual OPEB cost and funding progress is as follows:

OPEB Trend Information			
Fiscal Year ended June 30,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
2013	\$ 3,429,283	47%	\$ 24,920,617
2014	4,921,707	41%	27,838,614
2015	3,810,294	49%	29,791,451

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%
7/1/2014	0	44,636,399	44,636,399	0.00%	24,956,146	179%

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

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

20. 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, 2015, follows:

Lodging Tax Receipts \$ 828,925

Disbursements for tourism and visitor programs \$1,032,642 125% of tax receipts

21. 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 38 percent of the water sales and sewer charges from the system in fiscal year 2015.

The ten major taxpayers of the City for fiscal year 2015 represent approximately 11 percent of the current year tax levy. The ten largest taxpayers are comprised of various types of entities including retail, manufacturing and food processing.

22. 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.

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 2015, the City contributed the use of six police officers for assignment to the HCMOTF. The City paid \$399,502 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.

22. Joint Ventures (continued)

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 2015, the city paid \$38,264 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.

23. 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 \$94,424 as payment-in-lieu-of-taxes during fiscal year 2015.

24. 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.

25. 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, 2015, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	Restricted	Assigned
General Fund	\$ 0	\$ 6,710

The City has active construction projects as of June 30, 2015. At fiscal year end, the City's commitments with contractors are as follows:

Project	Amount Expended to Date	Remaining Commitment
Park Renovations	\$ 12,000	\$ 420,357
Expansion of the water and sewer distribution system	6,472,651	2,896,639

25. Commitments and Contingencies (continued)

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.

26. Subsequent Event

On December 16, 2014, the City forward issued \$17,865,000 City of Gainesville Water and Sewerage Refunding Revenue Bonds, Series 2015 to defease the remaining Series 2005 Water and Sewerage Bonds to close on November 12, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, GEORGIA
PENSION TRUST FUND (PENSION PLAN A)
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2015
(Unaudited)

	Fiscal Year End	
	2015	2014
Total pension liability		
Service cost	\$ 3,522,833	\$ 3,500,226
Interest	8,576,549	8,177,872
Differences between expected and actual experience	1,827,514	636,486
Changes of assumptions	0	0
Changes of benefit terms	0	0
Benefit payments, including refunds of employee contributions	(7,282,407)	(6,715,366)
Net change in total pension liability	6,644,489	5,599,218
Total pension liability - beginning	117,995,190	112,395,972
Total pension liability - ending (a)	\$ 124,639,679	\$ 117,995,190
Plan fiduciary net position		
Contributions - employer	\$ 2,862,539	\$ 2,766,404
Contributions - employee	2,862,539	2,766,404
Net investment income	2,909,159	10,171,570
Benefit payments, including refunds of employee contributions	(7,282,407)	(6,715,366)
Administrative expense	(169,045)	(104,589)
Other	0	0
Net change in total pension liability	1,182,785	8,884,423
Plan fiduciary net position - beginning	80,983,161	72,098,738
Plan fiduciary net position - ending (b)	\$ 82,165,946	\$ 80,983,161
Net pension liability (asset) - ending : (a) - (b)	\$ 42,473,733	\$ 37,012,029
Plan's fiduciary net position as a percentage of the total pension liability	65.92%	68.63%
Covered-employee payroll	\$ 21,685,902	\$ 20,957,606
Net pension liability as a percentage of covered-employee payroll	195.86%	176.60%

Note: Fiscal year 2014 was the first year of implementation. Therefore, only two years are reported.

CITY OF GAINESVILLE, GEORGIA
PENSION TRUST FUND (PENSION PLAN A)
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2015
(Unaudited)

	Fiscal Year End	
	2015	2014
Actuarially determined contribution	\$ 3,579,097	\$ 3,703,299
Contributions in relation to the actuarially determined contribution	(2,862,539)	(2,766,404)
Contribution deficiency (excess)	<u>\$ 716,558</u>	<u>\$ 936,895</u>
Covered-employee payroll	\$ 21,685,902	\$ 20,957,606
Contributions as a percentage of covered-employee payroll	13.20%	13.20%

Note: Fiscal year 2014 was the first year of implementation. Therefore, only two years are reported.

The above recommended contribution is the City's portion.

The Fund had accumulated a Georgia Minimum Funding Credit Balance, which has been used to offset any shortfall of the recommended contribution.

CITY OF GAINESVILLE, GEORGIA
PENSION TRUST FUND (PENSION PLAN A)
SCHEDULE OF INVESTMENTS RETURNS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2015
(Unaudited)

	Fiscal Year End	
	2015	2014
Annual money-weighted rate of return, net of investment expense	7.835%	8.065%

Note: Fiscal year 2014 was the first year of implementation. Therefore, only two years are reported.

CITY OF GAINESVILLE, GEORGIA
GMEBS (PENSION PLAN B)
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2015
(Unaudited)

	Fiscal Year End
	2015
Total pension liability	
Service cost	\$ 168,281
Interest	532,517
Differences between expected and actual experience	(142,791)
Changes of assumptions	0
Changes of benefit terms	0
Benefit payments, including refunds of employee contributions	(415,541)
Other changes	(99,394)
Net change in total pension liability	43,072
Total pension liability - beginning	7,078,954
Total pension liability - ending (a)	\$ 7,122,026
Plan fiduciary net position	
Contributions - employer	\$ 393,721
Contributions - employee	0
Net investment income	396,786
Benefit payments, including refunds of employee contributions	(415,541)
Administrative expense	(18,652)
Other	0
Net change in total pension liability	356,314
Plan fiduciary net position - beginning	4,632,006
Plan fiduciary net position - ending (b)	\$ 4,988,320
Net pension liability (asset) - ending : (a) - (b)	\$ 2,133,706
Plan's fiduciary net position as a percentage of the total pension liability	70.04%
Covered-employee payroll	\$ 4,779,243
Net pension liability as a percentage of covered-employee payroll	44.65%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only one year is reported.

CITY OF GAINESVILLE, GEORGIA
GMEBS (PENSION PLAN B)
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2015
(Unaudited)

	Fiscal Year End
	2015
Actuarially determined contribution	\$ 347,773
Contributions in relation to the actuarially determined contribution	(347,773)
Contribution deficiency (excess)	<u>\$ 0</u>
Covered-employee payroll	\$ 4,779,243
Contributions as a percentage of covered-employee payroll	7.28%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only one year is reported.

Pension Trust Fund (Pension Plan A)

1. Valuation Date

The actuarially determined contribution rate was determined as of July 1, 2015, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2015.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Entry age normal

Amortization method = Level percent of payroll

Remaining amortization period = 6-26 years (closed periods)

Asset valuation method = Market value of assets less unrecognized returns of each of the last ten years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a ten-year period, further adjusted, if necessary, to be within 30% of the market value.

Net investment rate of return = 7.50%

Projected salary increases = Inflation plus merit increases that vary by service, ranging from 0.50% to 8.50%

Cost of living adjustments = 0.00%

Retirement age for inactive vested participants = 60

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table, set forward two years for males and on year for females; projected generationally from 2000 with Scale AA. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table, for both males and females, projected generationally from 2000 with Scale AA.

3. Changes in Benefits

There have been no changes in benefits since the last valuation.

4. Changes of Assumptions

There have been no changes in actuarial assumptions since the last valuation.

GMEBS (Pension Plan B)

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2015, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2016.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.75%

Projected salary increases = 3.25% plus service based merit increases

2. Methods and Assumptions Used to Determine Contribution Rates

Cost of living adjustments = 0.00%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and on year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

3. Changes in Benefits

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

4. Changes of Assumptions

Amounts reported for the fiscal year ending in 2016 and later reflect the following assumption changes based on the results of an actuarial experience study covering the period of January 1, 2010 to June 30, 2014:

The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.

The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.

4. Changes of Assumptions (continued)

The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.

The inflation and cost-of-living adjustment assumptions were decreased from 3.50% to 3.25%.

The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases range from 4.00% to 11.00% and include an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.



COMBINING STATEMENTS

Nonmajor Governmental Funds

Nonmajor Enterprise Funds

Internal Service Funds

CITY OF GAINESVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue						
	Community Service Center	Economic Development	Hotel/Motel Tax	Government Access Cable TV Channel	Confiscated Assets	Grants	HUD Grant
ASSETS							
Cash and cash equivalents	\$ 2,126,339	\$ 1,029,637	\$ 0	\$ 113,998	\$ 487,846	\$ 200	\$ 0
Investments	0	1,479,049	0	0	0	0	43,022
Receivables (net)							
Accounts	446	12,352	74,137	0	0	0	0
Intergovernmental	492,289	0	0	7,677	791	342,904	31,150
Notes	0	100,356	0	0	0	0	0
Inventory	84,314	0	0	0	0	0	0
Advances to other funds	0	81,691	0	0	0	0	0
Total assets	\$ 2,703,388	\$ 2,703,085	\$ 74,137	\$ 121,675	\$ 488,637	\$ 343,104	\$ 74,172
LIABILITIES							
Payables							
Accounts	\$ 102,390	\$ 7,301	\$ 0	\$ 119	\$ 11,272	\$ 2,247	\$ 6,406
Intergovernmental	0	0	0	0	0	0	0
Deposits	186	0	0	0	0	0	0
Accrued salaries	27,991	0	0	2,579	0	0	2,291
Unearned revenues	0	328	0	0	0	0	0
Due to other funds	0	0	10,802	0	0	254,977	22,453
Total liabilities	130,567	7,629	10,802	2,698	11,272	257,224	31,150
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - notes receivable	0	0	0	0	0	0	0
FUND BALANCES							
Nonspendable	84,314	0	0	0	0	0	0
Restricted	1,298,154	0	0	63,332	477,365	12,103	43,022
Committed	0	0	0	0	0	4,868	0
Assigned	1,190,353	2,695,456	63,335	55,645	0	68,909	0
Total fund balances	2,572,821	2,695,456	63,335	118,977	477,365	85,880	43,022
Total liabilities, deferred inflows, and fund balances	\$ 2,703,388	\$ 2,703,085	\$ 74,137	\$ 121,675	\$ 488,637	\$ 343,104	\$ 74,172

Special Revenue					Capital Projects			Total
Revolving	Impact	Tax	Information	Cemetery	General	SPLOST	Grants	Nonmajor
Loan	Fee	Allocation	Technology	Trust	Government			Governmental
		District						Funds
\$ 50,893	\$ 885,019	\$ 679,386	\$ 117,693	\$ 323,653	\$ 7,061,707	\$ 0	\$ 3,156,201	\$ 16,032,572
0	0	0	0	0	0	0	0	1,522,071
0	0	0	0	0	0	0	0	86,935
0	0	28,683	0	0	0	802,280	0	1,705,774
391,845	0	0	0	0	0	0	0	492,201
0	0	0	0	0	0	0	0	84,314
0	0	0	0	0	0	0	0	81,691
<u>\$ 442,738</u>	<u>\$ 885,019</u>	<u>\$ 708,069</u>	<u>\$ 117,693</u>	<u>\$ 323,653</u>	<u>\$ 7,061,707</u>	<u>\$ 802,280</u>	<u>\$ 3,156,201</u>	<u>\$ 20,005,558</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 352,970	\$ 0	\$ 0	\$ 482,705
0	0	0	0	0	0	501,384	0	501,384
0	0	0	0	0	0	0	0	186
0	0	0	0	0	0	0	0	32,861
0	0	0	0	0	0	0	0	328
0	0	0	0	0	0	300,896	0	589,128
0	0	0	0	0	352,970	802,280	0	1,606,592
391,845	0	0	0	0	0	0	0	391,845
0	0	0	0	0	0	0	0	84,314
50,893	885,019	708,069	117,693	0	2,725,324	0	487,796	6,868,770
0	0	0	0	216,151	0	0	0	221,019
0	0	0	0	107,502	3,983,413	0	2,668,405	10,833,018
50,893	885,019	708,069	117,693	323,653	6,708,737	0	3,156,201	18,007,121
<u>\$ 442,738</u>	<u>\$ 885,019</u>	<u>\$ 708,069</u>	<u>\$ 117,693</u>	<u>\$ 323,653</u>	<u>\$ 7,061,707</u>	<u>\$ 802,280</u>	<u>\$ 3,156,201</u>	<u>\$ 20,005,558</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, 2015

	Special Revenue						
	Community Service Center	Economic Development	Hotel/Motel Tax	Government Access Cable TV Channel	Confiscated Assets	Grants	HUD Grant
REVENUES							
Taxes	\$ 0	\$ 0	\$ 828,925	\$ 0	\$ 0	\$ 0	\$ 0
Fines, fees, and forfeitures	0	0	0	0	357,514	0	0
Charges for services	381,648	152,060	0	0	0	0	0
Intergovernmental	2,095,753	0	0	97,189	0	408,079	345,401
Interest and investment earnings	2,672	86,526	213	140	480	0	0
Contributions	79,081	0	0	0	0	0	0
Other	71,683	0	0	0	0	0	0
Total revenues	2,630,837	238,586	829,138	97,329	357,994	408,079	345,401
EXPENDITURES							
Current							
General Government	0	0	0	194,293	0	0	0
Public Safety	0	0	0	0	116,557	79,307	0
Health and Welfare	2,955,729	0	0	0	0	0	0
Culture and Recreation	0	0	0	0	0	33,682	0
Housing and Development	0	72,770	693,620	0	0	22,937	412,836
Debt service:							
Interest and fiscal charges	0	17,641	0	0	0	0	0
Capital outlay	0	0	0	0	0	0	0
Total expenditures	2,955,729	90,411	693,620	194,293	116,557	135,926	412,836
Excess (deficiency) of revenues over (under) expenditures	(324,892)	148,175	135,518	(96,964)	241,437	272,153	(67,435)
Other financing sources (uses)							
Transfers in	562,592	0	0	97,189	0	0	0
Transfers out	0	(507,648)	(462,851)	0	0	(263,772)	0
Issuance of capital leases	0	0	0	0	0	0	0
Total other financing sources (uses)	562,592	(507,648)	(462,851)	97,189	0	(263,772)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	237,700	(359,473)	(327,333)	225	241,437	8,381	(67,435)
Fund balances, July 1	2,335,121	3,054,929	390,668	118,752	235,928	77,499	110,457
Fund balances, June 30	\$ 2,572,821	\$ 2,695,456	\$ 63,335	\$ 118,977	\$ 477,365	\$ 85,880	\$ 43,022

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	\$ 17,591	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 846,516
0	0	0	59,274	0	0	0	0	416,788
26,732	511,948	0	0	46,350	0	0	0	1,118,738
0	0	79,117	0	0	0	802,280	531,157	4,358,976
128	1,251	896	224	384	0	0	0	92,914
0	0	0	0	0	0	0	50,000	129,081
625	0	0	0	0	0	0	0	72,308
27,485	513,199	97,604	59,498	46,734	0	802,280	581,157	7,035,321
0	0	0	0	0	0	0	0	194,293
0	0	0	0	0	0	0	0	195,864
0	0	0	0	0	0	0	0	2,955,729
0	250,000	0	0	0	0	0	0	283,682
17,350	0	62,000	0	0	0	0	0	1,281,513
0	0	0	0	0	0	217,696	0	235,337
0	0	0	0	0	3,170,632	224,831	433,738	3,829,201
17,350	250,000	62,000	0	0	3,170,632	442,527	433,738	8,975,619
10,135	263,199	35,604	59,498	46,734	(3,170,632)	359,753	147,419	(1,940,298)
0	0	0	0	0	4,848,616	0	1,510,678	7,019,075
0	(313,788)	(69,480)	(130,000)	0	(473,550)	(835,407)	0	(3,056,496)
0	0	0	0	0	402,392	0	0	402,392
0	(313,788)	(69,480)	(130,000)	0	4,777,458	(835,407)	1,510,678	4,364,971
10,135	(50,589)	(33,876)	(70,502)	46,734	1,606,826	(475,654)	1,658,097	2,424,673
40,758	935,608	741,945	188,195	276,919	5,101,911	475,654	1,498,104	15,582,448
\$ 50,893	\$ 885,019	\$ 708,069	\$ 117,693	\$ 323,653	\$ 6,708,737	\$ 0	\$ 3,156,201	\$ 18,007,121

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2015

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,082,360	\$ 2,128,408	\$ 1,450	\$ 3,212,218
Accounts receivables (net)	4,372	185,371	74,690	264,433
Total current assets	1,086,732	2,313,779	76,140	3,476,651
Noncurrent assets				
Capital assets				
Non-depreciable	504,385	0	53,271	557,656
Depreciable (net)	10,346,694	771,124	3,061,574	14,179,392
Total noncurrent assets	10,851,079	771,124	3,114,845	14,737,048
Total assets	11,937,811	3,084,903	3,190,985	18,213,699
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	49,821	0	55,395	105,216
Pension contributions subsequent to measurement date	0	36,007	14,758	50,765
Pension investment return differences	8,172	23,640	0	31,812
Pension experience differences	6,215	17,981	0	24,196
Total deferred outflow or resources	64,208	77,628	70,153	211,989
LIABILITIES				
Current liabilities				
Payables				
Accounts	14,009	28,097	40,660	82,766
Deposits	4,036	0	0	4,036
Sales tax	0	0	6,507	6,507
Interest	5,325	0	7,566	12,891
Accrued salaries	1,578	19,375	11,938	32,891
Compensated absences	3,549	38,315	22,042	63,906
Capital lease payable	405,000	0	0	405,000
Other liabilities	0	0	31,367	31,367
Total current liabilities	433,497	85,787	120,080	639,364
Noncurrent liabilities				
Advances from other funds	0	0	553,583	553,583
Compensated absences	394	4,257	2,449	7,100
Net pension liability	111,959	593,669	110,565	816,193
OPEB obligation	18,089	1,024,330	243,659	1,286,078
Capital leases payable	1,788,327	0	2,715,000	4,503,327
Total noncurrent liabilities	1,918,769	1,622,256	3,625,256	7,166,281
Total liabilities	2,352,266	1,708,043	3,745,336	7,805,645

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2015

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	\$ 0	\$ 10,472	\$ 4,292	\$ 14,764
Pension investment return differences	10,148	33,342	1,632	45,122
Pension experience differences	0	15,045	6,166	21,211
Total deferred inflows of resources	<u>10,148</u>	<u>58,859</u>	<u>12,090</u>	<u>81,097</u>
NET POSITION				
Net investment in capital assets	8,707,575	771,124	455,239	9,933,938
Restricted for capital outlay	0	0	32,475	32,475
Unrestricted	932,030	624,505	(984,002)	572,533
Total net position	<u>\$ 9,639,605</u>	<u>\$ 1,395,629</u>	<u>\$ (496,288)</u>	<u>\$ 10,538,946</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2015

	Airport	Solid Waste	Chattahoochee Golf Course	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for sales and services	\$ 897,226	\$ 2,462,485	\$ 983,932	\$ 4,343,643
Other	290	18,753	17,097	36,140
Total operating revenues	897,516	2,481,238	1,001,029	4,379,783
OPERATING EXPENSES				
Costs of sales and services	362,376	785,047	353,487	1,500,910
Personal services	83,761	1,309,954	524,004	1,917,719
Depreciation	751,114	123,463	266,044	1,140,621
Total operating expenses	1,197,251	2,218,464	1,143,535	4,559,250
Operating income (loss)	(299,735)	262,774	(142,506)	(179,467)
Non-operating revenues (expenses)				
Interest revenue	15,780	2,801	77	18,658
Interest expense	(58,026)	0	(110,749)	(168,775)
Debt issue costs	0	0	(32,945)	(32,945)
Gain (loss) on sale of capital assets	1,445	0	5,913	7,358
Total non-operating revenues (expenses)	(40,801)	2,801	(137,704)	(175,704)
Income (loss) before capital contributions and transfers	(340,536)	265,575	(280,210)	(355,171)
Capital contributions				
Contributions of capital assets	4,565	0	0	4,565
Intergovernmental revenue	33,719	0	0	33,719
Total capital contributions	38,284	0	0	38,284
Income (loss) before transfers	(302,252)	265,575	(280,210)	(316,887)
Transfers in (out)				
Transfers in	0	0	297,681	297,681
Transfers out	0	(250,000)	0	(250,000)
Total transfers in (out)	0	(250,000)	297,681	47,681
Change in net position	(302,252)	15,575	17,471	(269,206)
Net position, July 1 (original)	10,044,465	1,942,562	(402,446)	11,584,581
Prior period adjustment	(102,608)	(562,508)	(111,313)	(776,429)
Net position, July 1 (restated)	9,941,857	1,380,054	(513,759)	10,808,152
Net position, June 30	\$ 9,639,605	\$ 1,395,629	\$ (496,288)	\$ 10,538,946

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2015

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:				
Receipts from customers	\$ 901,205	\$ 2,449,064	\$ 967,442	\$ 4,317,711
Payments to suppliers	(365,060)	(782,899)	(344,891)	(1,492,850)
Payments to employees	(76,698)	(1,241,231)	(510,658)	(1,828,587)
Other receipts	290	18,753	1,230	20,273
	<u>459,737</u>	<u>443,687</u>	<u>113,123</u>	<u>1,016,547</u>
Net cash provided (used) by operating activities				
Cash flows from non-capital financing activities:				
Receipts from other funds	0	(250,000)	419,175	169,175
	<u>0</u>	<u>(250,000)</u>	<u>419,175</u>	<u>169,175</u>
Cash flows from capital and related financing activities:				
Receipts from other governments	33,719	0	0	33,719
Sale of capital assets	2,420	0	5,913	8,333
Interest paid	(47,638)	0	(173,824)	(221,462)
Acquisition of capital assets	(43,115)	(300,631)	(45,667)	(389,413)
Debt issue costs	0	0	(32,945)	(32,945)
Proceeds - capital leases	0	0	2,715,000	2,715,000
Principal payments - capital leases	(400,000)	0	(3,040,000)	(3,440,000)
	<u>(454,614)</u>	<u>(300,631)</u>	<u>(571,523)</u>	<u>(1,326,768)</u>
Net cash provided (used) by capital and related financing activities				
Cash flows from investing activities:				
Interest received	1,307	2,801	77	4,185
	<u>1,307</u>	<u>2,801</u>	<u>77</u>	<u>4,185</u>
Net increase (decrease) in cash and cash equivalents	6,430	(104,143)	(39,148)	(136,861)
Cash and cash equivalents, July 1	1,075,930	2,232,551	40,598	3,349,079
	<u>1,075,930</u>	<u>2,232,551</u>	<u>40,598</u>	<u>3,349,079</u>
Cash and cash equivalents, June 30	<u>\$ 1,082,360</u>	<u>\$ 2,128,408</u>	<u>\$ 1,450</u>	<u>\$ 3,212,218</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2015

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (299,735)	\$ 262,774	\$ (142,506)	\$ (179,467)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	751,114	123,463	266,044	1,140,621
(Increase) decrease in accounts receivable	3,979	(13,421)	(31,834)	(41,276)
(Increase) decrease in net pension contributions after measurement date	0	(36,007)	(14,758)	(50,765)
Increase (decrease) in accounts payable	(2,684)	2,148	28,949	28,413
Increase (decrease) in sales tax payable	0	0	(523)	(523)
Increase (decrease) in accrued salaries and benefits	4,233	(21,449)	4,441	(12,775)
Increase (decrease) in other liabilities	0	0	(20,353)	(20,353)
Increase (decrease) in pension obligation	(5,362)	3,856	0	(1,506)
Increase (decrease) in net pension liability	9,351	31,161	(748)	39,764
Increase (decrease) in pension experience differences	(6,215)	(7,509)	4,292	(9,432)
Increase (decrease) in pension investment return differences	1,976	(8,595)	6,166	(453)
Increase (decrease) in pension assumption differences	0	33,342	1,632	34,974
Increase (decrease) in OPEB obligation	3,080	73,924	12,321	89,325
Total adjustments	<u>759,472</u>	<u>180,913</u>	<u>255,629</u>	<u>1,196,014</u>
Net cash provided (used) by operating activities	<u>\$ 459,737</u>	<u>\$ 443,687</u>	<u>\$ 113,123</u>	<u>\$ 1,016,547</u>

Noncash investing, capital, and financing activities:

Contributions of capital assets from government total \$4,565 for the fiscal year ended June 30, 2015.

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2015

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,753,883	5,100,436	245,937	\$ 7,100,256
Receivables				
Accounts	6,573	2,481	0	9,054
Intergovernmental	0	0	7,843	7,843
Inventory	0	0	104,229	104,229
Prepaid expenses	0	107,643	0	107,643
Other assets	61,545	0	0	61,545
Total current assets	1,822,001	5,210,560	358,009	7,390,570
Noncurrent assets				
Depreciable capital assets (net)	0	0	127,198	127,198
Total assets	1,822,001	5,210,560	485,207	7,517,768
LIABILITIES				
Current liabilities				
Payables				
Accounts	58,070	99,645	57,168	214,883
Accrued salaries	0	0	6,830	6,830
Compensated absences	0	0	13,395	13,395
Claims reserves	1,184,845	416,580	0	1,601,425
Total current liabilities	1,242,915	516,225	77,393	1,836,533
Long-term liabilities				
Compensated absences	0	0	1,488	1,488
Total liabilities	1,242,915	516,225	78,881	1,838,021
NET POSITION				
Investment in capital assets	0	0	127,197	127,197
Unrestricted	579,086	4,694,335	279,129	5,552,550
Total net position	\$ 579,086	\$ 4,694,335	\$ 406,326	\$ 5,679,747

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2015

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
OPERATING REVENUES				
Interfund services provided	\$ 1,724,310	8,778,905	2,113,392	\$ 12,616,607
Other	16,109	0	0	16,109
Total operating revenues	1,740,419	8,778,905	2,113,392	12,632,716
OPERATING EXPENSES				
Costs of services	1,740,419	8,664,104	1,735,719	12,140,242
Personal services	0	0	353,976	353,976
Depreciation	0	0	23,697	23,697
Total operating expenses	1,740,419	8,664,104	2,113,392	12,517,915
Operating income (loss)	0	114,801	0	114,801
Non-operating revenues (expenses)				
Interest revenue	2,031	6,671	0	8,702
Change in net position	2,031	121,472	0	123,503
Net position, July 1	577,055	4,572,863	406,326	5,556,244
Net position, June 30	\$ 579,086	\$ 4,694,335	\$ 406,326	\$ 5,679,747

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2015

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 1,718,804	\$ 9,003,398	\$ 2,117,435	\$ 12,839,637
Payments to suppliers	(1,388,763)	(8,825,424)	(1,720,921)	(11,935,108)
Payments to employees	0	0	(351,501)	(351,501)
Other receipts	16,109	0	0	16,109
Net cash provided (used) by operating activities	346,150	177,974	45,013	569,137
Cash flows from investing activities:				
Interest received	2,031	6,671	0	8,702
Net increase (decrease) in cash and cash equivalents	348,181	184,645	45,013	577,839
Cash and cash equivalents, July 1	1,405,702	4,915,791	200,924	6,522,417
Cash and cash equivalents, June 30	\$ 1,753,883	\$ 5,100,436	\$ 245,937	\$ 7,100,256
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 0	\$ 114,801	\$ 0	\$ 114,801
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	0	0	23,697	23,697
(Increase) decrease in accounts receivable	(5,506)	224,493	0	218,987
(Increase) decrease in intergovernmental receivables	0	0	4,043	4,043
(Increase) decrease in inventory	0	0	97,703	97,703
(Increase) decrease in prepaid expenses	0	(107,643)	0	(107,643)
(Increase) decrease in other assets	78,455	0	0	78,455
Increase (decrease) in accounts payable	20,701	63,217	(82,905)	1,013
Increase (decrease) in accrued salaries and benefits	0	0	2,475	2,475
Increase (decrease) in deposits payable	0	(10,174)	0	(10,174)
Increase (decrease) in claims reserve	252,500	(106,720)	0	145,780
Total adjustments	346,150	63,173	45,013	454,336
Net cash provided (used) by operating activities	\$ 346,150	\$ 177,974	\$ 45,013	\$ 569,137



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, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 9,615,732	\$ 10,059,994
Receivables (net)		
Accounts	353,587	389,801
Intergovernmental	99,191	90,132
Taxes	789,561	732,983
Prepaid items	3,339	2,346
Due from other funds	589,128	97,534
Advances to other funds	471,892	350,398
Total assets	\$ 11,922,430	\$ 11,723,188
LIABILITIES		
Payables		
Accounts	\$ 296,304	\$ 417,421
Intergovernmental	76,783	99,281
Accrued salaries	384,114	304,123
Other liabilities	0	51,259
Total liabilities	757,201	872,084
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	161,812	183,811
FUND BALANCES		
Nonspendable:		
Prepaid items	3,339	2,346
Advances to other funds	471,892	350,398
Committed for Housing and Development	5,848	6,208
Assigned for:		
Public Works	107,217	95,367
Budget	2,350,000	3,200,000
Unassigned	8,065,121	7,012,974
Total fund balances	11,003,417	10,667,293
Total liabilities, deferred inflows, and fund balances	\$ 11,922,430	\$ 11,723,188

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
REVENUES		
Taxes	\$ 20,759,249	\$ 19,848,980
Licenses and permits	1,008,077	768,827
Fines, fees and forfeitures	1,361,982	1,420,017
Charges for services	2,213,040	2,179,114
Intergovernmental	330,497	303,330
Interest	27,289	26,648
Contributions	18,303	0
Other	49,983	899,080
Total revenues	25,768,420	25,445,996
EXPENDITURES		
Current		
General Government	3,236,951	3,041,557
Judicial	465,915	460,849
Public Safety	15,266,958	14,717,771
Public Works	4,672,187	4,491,621
Health and Welfare	12,500	12,500
Culture and Recreation	150,000	120,000
Housing and Development	866,957	820,827
Total expenditures	24,671,468	23,665,125
Excess (deficiency) of revenues over (under) expenditures	1,096,952	1,780,871
Other financing sources (uses)		
Transfers in (out)		
Community Service Center Fund	(562,592)	(595,991)
Government Access Cable TV Channel Fund	(97,189)	(92,675)
Grants Special Revenue Fund	226,085	72,183
Impact Fee Fund	14,912	10,273
Debt Service Fund	0	(825,000)
General Government Capital Projects Fund	(2,812,024)	(1,703,766)
Grants Capital Projects Fund	(610,000)	(500,000)
Public Utilities Fund	3,329,535	3,359,114
Chattahoochee Golf Course Fund	(297,681)	(131,140)
Sales of capital assets	48,126	32,803
Total other financing sources (uses)	(760,828)	(374,199)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	336,124	1,406,672
Fund balances, July 1	10,667,293	9,260,621
Fund balances, June 30	\$ 11,003,417	\$ 10,667,293

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Current year levy	\$ 5,586,055	\$ 5,663,134	\$ 77,079	\$ 5,417,490
Prior years' levies	0	95,772	95,772	68,231
Motor vehicle tax	1,090,390	1,199,582	109,192	1,153,839
Cost, penalties, and interest	51,000	42,378	(8,622)	76,099
Total general property taxes	6,727,445	7,000,866	273,421	6,715,659
Intangibles tax	81,700	133,186	51,486	105,044
Franchise tax	3,966,756	4,371,358	404,602	4,014,946
Insurance premium tax	1,700,000	1,823,481	123,481	1,743,745
Occupational tax	1,265,400	1,268,021	2,621	1,263,534
Liquor tax	107,800	111,949	4,149	112,583
Beer and wine tax	784,900	859,420	74,520	818,480
Mixed drink tax	92,100	96,242	4,142	91,182
Local option sales tax	4,420,000	5,094,726	674,726	4,983,807
Total taxes	19,146,101	20,759,249	1,613,148	19,848,980
Licenses and permits	748,950	1,008,077	259,127	768,827
Fines, fees and forfeitures	1,267,100	1,361,982	94,882	1,420,017
Charges for services	2,207,147	2,213,040	5,893	2,179,114
Intergovernmental	249,475	330,497	81,022	303,330
Interest	26,500	27,289	789	26,648
Contributions	17,303	18,303	1,000	0
Other				
Rents	0	0	0	825,000
Miscellaneous	90,833	49,983	(40,850)	74,080
Total other	90,833	49,983	(40,850)	899,080
Total revenues	<u>\$ 23,753,409</u>	<u>\$ 25,768,420</u>	<u>\$ 2,015,011</u>	<u>\$ 25,445,996</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	\$ 211,201	\$ 206,677	\$ 4,524	\$ 183,948
Other	78,579	72,187	6,392	89,897
Capital outlay	6,881	6,881	0	0
Total Mayor and Council	296,661	285,745	10,916	273,845
City Manager's Office				
Personal services	560,175	560,026	149	525,177
Other	88,596	86,627	1,969	99,960
Total City Manager's Office	648,771	646,653	2,118	625,137
Financial Services and IT				
Personal services	1,422,085	1,393,037	29,048	1,244,404
Other	352,340	332,197	20,143	351,341
Total Financial Services and IT	1,774,425	1,725,234	49,191	1,595,745
Human Resources				
Personal services	574,416	539,969	34,447	498,291
Other	45,718	39,350	6,368	48,539
Total Human Resources	620,134	579,319	40,815	546,830
Total General Government	3,339,991	3,236,951	103,040	3,041,557
Judicial				
Municipal Court				
Personal services	397,895	387,327	10,568	368,053
Other	88,615	78,588	10,027	92,796
Total Judicial	486,510	465,915	20,595	460,849
Public Safety				
Police				
Personal services	7,180,190	6,925,649	254,541	6,623,879
Other	1,744,203	1,545,898	198,305	1,635,803
Total Police	8,924,393	8,471,547	452,846	8,259,682
Code Enforcement				
Personal services	205,771	185,920	19,851	165,761
Other	72,477	67,034	5,443	69,713
Total Code Enforcement	278,248	252,954	25,294	235,474
Fire				
Personal services	6,080,586	5,869,985	210,601	5,533,708
Other	652,732	659,469	(6,737)	646,971
Capital outlay	13,003	13,003	0	41,936
Total Fire	6,746,321	6,542,457	203,864	6,222,615
Total Public Safety	15,948,962	15,266,958	682,004	14,717,771
Public Works				
Public Lands and Buildings				
Personal services	267,547	251,646	15,901	251,390
Other	340,371	309,430	30,941	296,066
Capital outlay	0	0	0	5,605
Total Public Lands and Buildings	607,918	561,076	46,842	553,061

CITY OF GAINESVILLE, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended June 30, 2015

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

	2015			2014
	Final Budget	Actual	Variance	Actual
Public Works, continued				
Engineering				
Personal services	\$ 584,446	\$ 568,665	\$ 15,781	\$ 526,124
Other	142,664	116,747	25,917	61,888
Total Engineering	727,110	685,412	41,698	588,012
Traffic				
Personal services	439,478	421,475	18,003	429,007
Other	848,122	763,461	84,661	813,201
Total Traffic	1,287,600	1,184,936	102,664	1,242,208
Street Maintenance				
Personal services	1,379,679	1,227,722	151,957	1,346,044
Other	379,912	389,410	(9,498)	392,895
Capital outlay	32,195	31,977	218	14,918
Total Street Maintenance	1,791,786	1,649,109	142,677	1,753,857
Storm Water				
Personal services	101,088	81,041	20,047	0
Other	23,380	12,417	10,963	0
Total Storm Water	124,468	93,458	31,010	0
Cemetery				
Personal services	349,724	339,500	10,224	224,965
Other	165,481	150,838	14,643	107,725
Capital outlay	7,858	7,858	0	21,793
Total Cemetery	523,063	498,196	24,867	354,483
Total Public Works	5,061,945	4,672,187	389,758	4,491,621
Health and Welfare				
Agency allocations	12,500	12,500	0	12,500
Culture and Recreation				
Agency allocations	150,000	150,000	0	120,000
Housing and Development				
Planning				
Personal services	472,330	465,572	6,758	439,122
Other	83,659	85,237	(1,578)	83,463
Total Planning	555,989	550,809	5,180	522,585
Inspection				
Personal services	258,923	258,024	899	240,037
Other	28,920	29,426	(506)	29,807
Total Inspection	287,843	287,450	393	269,844
Agency allocations	28,698	28,698	0	28,398
Total Housing and Development	872,530	866,957	5,573	820,827
Total expenditures	\$ 25,872,438	\$ 24,671,468	\$ 1,200,970	\$ 23,665,125

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.

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, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 2,126,339	\$ 2,118,731
Receivables		
Accounts	446	878
Intergovernmental	492,289	296,816
Prepaid items	0	15,417
Inventory	84,314	0
Total assets	\$ 2,703,388	\$ 2,431,842
LIABILITIES		
Payables		
Accounts	\$ 102,390	\$ 73,573
Deposits	186	186
Accrued salaries	27,991	20,962
Unearned revenue	0	2,000
Total liabilities	130,567	96,721
FUND BALANCES		
Nonspendable prepaids		
Prepaids	0	15,417
Inventories	84,314	0
Restricted for Health and Welfare	1,298,154	1,158,411
Assigned for:		
Health and Welfare	1,190,353	1,042,100
Budget	0	119,193
Total fund balances	2,572,821	2,335,121
Total liabilities and fund balances	\$ 2,703,388	\$ 2,431,842

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, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 377,800	\$ 381,648	\$ 3,848	\$ 372,818
Intergovernmental	2,182,333	2,095,753	(86,580)	2,462,268
Interest	2,000	2,672	672	2,038
Contributions	77,352	79,081	1,729	96,860
Other	71,071	71,683	612	63,739
Total revenues	2,710,556	2,630,837	(79,719)	2,997,723
EXPENDITURES				
Current				
Health and Welfare				
Personal services	1,461,138	1,401,873	59,265	1,252,256
Other	1,796,404	1,474,668	321,736	1,384,659
Capital outlay	104,340	79,188	25,152	741,841
Total expenditures	3,361,882	2,955,729	406,153	3,378,756
Excess (deficiency) of revenues over (under) expenditures	(651,326)	(324,892)	326,434	(381,033)
Other financing sources (uses)				
Transfers in (out)				
General Fund	562,592	562,592	0	595,991
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(88,734)	237,700	326,434	214,958
Fund balance, July 1	88,734	2,335,121	2,246,387	2,120,163
Fund balances, June 30	\$ 0	\$ 2,572,821	\$ 2,572,821	\$ 2,335,121

CITY OF GAINESVILLE, GEORGIA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,029,637	\$ 1,280,245
Investments	1,479,049	1,594,401
Receivables		
Accounts	12,352	1,318
Notes	100,356	104,836
Advances to other funds	81,691	81,691
Total assets	\$ 2,703,085	\$ 3,062,491
LIABILITIES		
Payables		
Accounts	\$ 7,301	7,234
Unearned revenue	328	328
Total liabilities	7,629	7,562
FUND BALANCES		
Assigned for:		
Housing and Development	2,491,576	2,952,885
Budget	203,880	102,044
Total fund balances	2,695,456	3,054,929
Total liabilities and fund balances	\$ 2,703,085	\$ 3,062,491

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, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 52,600	\$ 152,060	\$ 99,460	\$ 4,483
Intergovernmental	0	0	0	6,317
Interest and investment earnings	205,864	86,526	(119,338)	5,956
Other	0	0	0	425
Total revenue	258,464	238,586	(19,878)	17,181
EXPENDITURES				
Current				
Housing and Development				
Other	77,798	72,770	5,028	67,063
Debt Service				
Interest expense	17,710	17,641	69	19,955
Total expenditures	95,508	90,411	5,097	87,018
Excess (deficiency) of revenues over (under) expenditures	162,956	148,175	(14,781)	(69,837)
Other financing sources (uses)				
Transfers in (out)				
General Government				
Capital Projects Fund	(507,648)	(507,648)	0	(25,000)
Public Utilities Fund	0	0	0	7,000
Total other financing sources (uses)	(507,648)	(507,648)	0	(18,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(344,692)	(359,473)	(14,781)	(87,837)
Fund balances, July 1	344,692	3,054,929	2,710,237	3,142,766
Fund balances, June 30	\$ 0	\$ 2,695,456	\$ 2,695,456	\$ 3,054,929

CITY OF GAINESVILLE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 0	\$ 333,444
Accounts receivable	74,137	69,312
Total assets	\$ 74,137	\$ 402,756
LIABILITIES		
Accounts payable	\$ 0	\$ 5,259
Accrued salaries	0	4,874
Unearned revenue	0	1,955
Due to other funds	10,802	0
Total liabilities	10,802	12,088
FUND BALANCES		
Assigned for:		
Housing and Development	63,335	185,134
Budget	0	205,534
Total fund balances	63,335	390,668
Total liabilities and fund balances	\$ 74,137	\$ 402,756

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, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	\$ 826,859	\$ 828,925	\$ 2,066	\$ 715,260
Interest	250	213	(37)	290
Other	0	0	0	26,844
Total revenues	827,109	829,138	2,029	742,394
EXPENDITURES				
Current				
Housing and Development				
Personal services	0	0	0	264,454
Other	693,620	693,620	0	234,622
Total expenditures	693,620	693,620	0	499,076
Excess (deficiency) of revenues over (under) expenditures	133,489	135,518	2,029	243,318
Other financing sources (uses)				
Transfers in (out)				
Debt Service Fund	(108,667)	(108,667)	0	(94,440)
General Government				
Capital Projects Fund	(354,185)	(354,184)	1	(24,770)
Total other financing sources (uses)	(462,852)	(462,851)	1	(119,210)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(329,363)	(327,333)	2,030	124,108
Fund balances, July 1	329,363	390,668	61,305	266,560
Fund balances, June 30	\$ 0	\$ 63,335	\$ 63,335	\$ 390,668

CITY OF GAINESVILLE, GEORGIA
GOVERNMENT ACCESS CABLE TV CHANNEL SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 113,998	\$ 114,167
Intergovernmental receivables	7,677	8,260
Total assets	\$ 121,675	\$ 122,427
LIABILITIES		
Accounts payable	\$ 119	1,570
Accrued salaries	2,579	2,105
Total liabilities	2,698	3,675
FUND BALANCES		
Restricted for:		
General Government	53,799	53,686
Capital outlay	9,533	9,533
Assigned for General Government	55,645	55,533
Total fund balances	118,977	118,752
Total liabilities and fund balances	\$ 121,675	\$ 122,427

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, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 97,189	\$ 97,189	\$ 0	\$ 92,675
Interest	0	140	140	128
Total revenues	<u>97,189</u>	<u>97,329</u>	<u>140</u>	<u>92,803</u>
EXPENDITURES				
Current				
General Government				
Personal services	130,702	130,701	1	123,727
Other	65,396	63,592	1,804	61,623
Total expenditures	<u>196,098</u>	<u>194,293</u>	<u>1,805</u>	<u>185,350</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(98,909)</u>	<u>(96,964)</u>	<u>1,945</u>	<u>(92,547)</u>
Other financing sources (uses)				
Transfers in (out)				
General Fund	97,189	97,189	0	92,675
General Government				
Capital Projects Fund	0	0	0	6,425
Total other financing sources (uses)	<u>97,189</u>	<u>97,189</u>	<u>0</u>	<u>99,100</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,720)</u>	<u>225</u>	<u>1,945</u>	<u>6,553</u>
Fund balance, July 1	<u>1,720</u>	<u>118,752</u>	<u>117,032</u>	<u>112,199</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 118,977</u>	<u>\$ 118,977</u>	<u>\$ 118,752</u>

CITY OF GAINESVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 487,846	\$ 236,204
Intergovernmental receivables	<u>791</u>	<u>0</u>
Total assets	<u><u>\$ 488,637</u></u>	<u><u>\$ 236,204</u></u>
 LIABILITIES		
Accounts payable	\$ 11,272	276
 FUND BALANCES		
Restricted for Public Safety	<u>477,365</u>	<u>235,928</u>
 Total liabilities and fund balances	<u><u>\$ 488,637</u></u>	<u><u>\$ 236,204</u></u>

CITY OF GAINESVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	\$ 317,576	\$ 357,514	\$ 39,938	\$ 150,316
Interest	202	480	278	238
Total revenues	<u>317,778</u>	<u>357,994</u>	<u>40,216</u>	<u>150,554</u>
EXPENDITURES				
Current				
Public Safety				
Other	240,224	73,785	166,439	79,975
Capital outlay	84,679	42,772	41,907	55,542
Total expenditures	<u>324,903</u>	<u>116,557</u>	<u>208,346</u>	<u>135,517</u>
Excess (deficiency) of revenues over (under) expenditures	(7,125)	241,437	248,562	15,037
Other financing sources (uses)				
Sale of capital assets	7,125	0	(7,125)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	241,437	241,437	15,037
Fund balance, July 1	0	235,928	235,928	220,891
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 477,365</u>	<u>\$ 477,365</u>	<u>\$ 235,928</u>

CITY OF GAINESVILLE, GEORGIA
GRANTS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 200	\$ 39,445
Intergovernmental receivables	342,904	38,054
Total assets	\$ 343,104	\$ 77,499
LIABILITIES		
Accounts payable	\$ 2,247	\$ 0
Due to other funds	254,977	0
Total liabilities	257,224	0
FUND BALANCES		
Restricted for Public Safety	12,103	3,721
Committed for Housing and Development	4,868	4,868
Assigned for General Government	68,909	68,910
Total fund balances	85,880	77,499
Total liabilities and fund balances	\$ 343,104	\$ 77,499

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, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 1,852,605	\$ 408,079	\$ (1,444,526)	\$ 371,178
Total revenues	<u>1,852,605</u>	<u>408,079</u>	<u>(1,444,526)</u>	<u>371,178</u>
EXPENDITURES				
Current				
General Government	0	0	0	1,500
Public Safety	118,973	79,307	39,666	74,534
Housing and Development	1,392,333	22,937	1,369,396	224,535
Recreation	33,682	33,682	0	0
Total expenditures	<u>1,544,988</u>	<u>135,926</u>	<u>1,409,062</u>	<u>300,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>307,617</u>	<u>272,153</u>	<u>(35,464)</u>	<u>70,609</u>
Other financing sources (uses)				
Transfers in (out)				
General Fund	(278,519)	(226,085)	52,434	(72,183)
Public Utilities Fund	(37,687)	(37,687)	0	0
Total other financing sources (uses)	<u>(316,206)</u>	<u>(263,772)</u>	<u>52,434</u>	<u>(72,183)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(8,589)</u>	<u>8,381</u>	<u>16,970</u>	<u>(1,574)</u>
Fund balance, July 1	<u>8,589</u>	<u>77,499</u>	<u>68,910</u>	<u>79,073</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 85,880</u>	<u>\$ 85,880</u>	<u>\$ 77,499</u>

CITY OF GAINESVILLE, GEORGIA
HUD GRANT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Investments	\$ 43,022	\$ 110,457
Intergovernmental receivables	31,150	105,697
Total assets	\$ 74,172	\$ 216,154
LIABILITIES		
Accounts payable	\$ 6,406	\$ 6,266
Accrued salaries	2,291	1,897
Due to other funds	22,453	97,534
Total liabilities	31,150	105,697
FUND BALANCES		
Restricted for Housing and Development	43,022	110,457
Total liabilities and fund balances	\$ 74,172	\$ 216,154

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, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 847,143	\$ 345,401	\$ (501,742)	\$ 428,016
Total revenues	<u>847,143</u>	<u>345,401</u>	<u>(501,742)</u>	<u>428,016</u>
EXPENDITURES				
Current				
Housing and Development				
Personal services	143,676	116,132	27,544	92,909
Other	703,467	229,269	474,198	279,018
Payments to others	<u>67,435</u>	<u>67,435</u>	<u>0</u>	<u>32,806</u>
Total expenditures	<u>914,578</u>	<u>412,836</u>	<u>501,742</u>	<u>404,733</u>
Excess (deficiency) of revenues over (under) expenditures	(67,435)	(67,435)	0	23,283
Fund balances, July 1	<u>67,435</u>	<u>110,457</u>	<u>43,022</u>	<u>87,174</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 43,022</u>	<u>\$ 43,022</u>	<u>\$ 110,457</u>

CITY OF GAINESVILLE, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 50,893	\$ 40,195
Receivables		
Accounts	0	574
Notes	<u>391,845</u>	<u>414,247</u>
Total assets	<u><u>\$ 442,738</u></u>	<u><u>\$ 455,016</u></u>
 LIABILITIES		
Accounts payable	\$ 0	\$ 11
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - notes receivable and investments	391,845	414,247
 FUND BALANCES		
Restricted for Housing and Development	<u>50,893</u>	<u>40,758</u>
Total liabilities, deferred inflows, and fund balances	<u><u>\$ 442,738</u></u>	<u><u>\$ 455,016</u></u>

CITY OF GAINESVILLE, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 90,561	\$ 26,732	\$ (63,829)	\$ 44,900
Interest	0	128	128	49
Other	0	625	625	7,507
Total revenues	90,561	27,485	(63,076)	52,456
EXPENDITURES				
Current				
Housing and Development				
Other	107,855	17,350	90,505	66,696
Total expenditures	107,855	17,350	90,505	66,696
Excess (deficiency) of revenues over (under) expenditures	(17,294)	10,135	27,429	(14,240)
Fund balances, July 1	17,294	40,758	23,464	54,998
Fund balances, June 30	\$ 0	\$ 50,893	\$ 50,893	\$ 40,758

CITY OF GAINESVILLE, GEORGIA
IMPACT FEE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	<u>\$ 885,019</u>	<u>\$ 935,608</u>
 FUND BALANCES		
Restricted for:		
Public Safety	\$ 230,252	\$ 432,549
Cultural and Recreation	<u>654,767</u>	<u>503,059</u>
 Total fund balances	<u>\$ 885,019</u>	<u>\$ 935,608</u>

CITY OF GAINESVILLE, GEORGIA
IMPACT FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 511,948	\$ 511,948	\$ 0	\$ 352,676
Interest	1,251	1,251	0	1,000
Total revenues	513,199	513,199	0	353,676
EXPENDITURES				
Current				
Culture and Recreation				
Other	250,000	250,000	0	45,000
Total expenditures	250,000	250,000	0	45,000
Excess (deficiency) of revenues over (under) expenditures	263,199	263,199	0	308,676
Other financing sources (uses)				
Transfers in (out)				
General Fund	(14,912)	(14,912)	0	(10,273)
General Government				
Capital Projects Fund	(298,876)	(298,876)	0	(5,995)
Total other financing sources (uses)	(313,788)	(313,788)	0	(16,268)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(50,589)	(50,589)	0	292,408
Fund balances, July 1	50,589	935,608	885,019	643,200
Fund balances, June 30	\$ 0	\$ 885,019	\$ 885,019	\$ 935,608

CITY OF GAINESVILLE, GEORGIA
TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 679,386	\$ 696,276
Intergovernmental receivable	<u>28,683</u>	<u>45,669</u>
Total assets	<u><u>\$ 708,069</u></u>	<u><u>\$ 741,945</u></u>
 FUND BALANCES		
Restricted for Housing and Development	<u><u>\$ 708,069</u></u>	<u><u>\$ 741,945</u></u>

CITY OF GAINESVILLE, GEORGIA
TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 15,500	\$ 17,591	\$ 2,091	\$ 10,701
Intergovernmental	88,384	79,117	(9,267)	71,774
Interest	695	896	201	795
Total revenues	104,579	97,604	(6,975)	83,270
EXPENDITURES				
Current				
Housing and Development	62,000	62,000	0	0
Total expenditures	62,000	62,000	0	0
Excess (deficiency) of revenues over (under) expenditures	42,579	35,604	(6,975)	83,270
Other financing sources (uses)				
Transfers in (out)				
Transfer to Grants Capital Projects Fund	(69,480)	(69,480)	0	0
Contingency	(60,079)	0	60,079	0
Total other financing sources (uses)	(129,559)	(69,480)	60,079	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(86,980)	(33,876)	53,104	83,270
Fund balances, July 1	86,980	741,945	654,965	658,675
Fund balances, June 30	\$ 0	\$ 708,069	\$ 708,069	\$ 741,945

CITY OF GAINESVILLE, GEORGIA
INFORMATION TECHNOLOGY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	<u>\$ 117,693</u>	<u>\$ 188,195</u>
 FUND BALANCES		
Restricted for Public Safety	<u>\$ 117,693</u>	<u>\$ 188,195</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, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	\$ 62,000	\$ 59,274	\$ (2,726)	\$ 65,138
Interest	0	224	224	158
Total revenues	62,000	59,498	(2,502)	65,296
EXPENDITURES				
Current				
Public Safety				
Other	22,000	0	22,000	6,489
Total expenditures	22,000	0	22,000	6,489
Excess (deficiency) of revenues over (under) expenditures	40,000	59,498	19,498	58,807
Other financing sources (uses)				
Transfers in (out)				
General Government				
Capital Projects Fund	(240,000)	(130,000)	110,000	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(200,000)	(70,502)	129,498	58,807
Fund balances, July 1	200,000	188,195	(11,805)	129,388
Fund balances, June 30	\$ 0	\$ 117,693	\$ 117,693	\$ 188,195

CITY OF GAINESVILLE, GEORGIA
CEMETERY TRUST SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 323,653	276,919
FUND BALANCES		
Committed for Public Works	\$ 216,151	169,417
Assigned for Public Works	107,502	107,502
Total fund balances	\$ 323,653	\$ 276,919

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, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Sales and services	\$ 49,400	\$ 46,350	\$ (3,050)	\$ 50,550
Interest	260	384	124	301
Total revenues	49,660	46,734	(2,926)	50,851
EXPENDITURES				
Public Works				
Other	0	0	0	90
Total expenditures	0	0	0	90
Excess (deficiency) of revenues over (under) expenditures	49,660	46,734	(2,926)	50,761
Other financing sources (uses)				
Transfers in (out)				
General Government				
Capital Projects Fund	0	0	0	(25,000)
Contingency	(49,660)	0	49,660	0
Total other financing sources (uses)	(49,660)	0	49,660	(25,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	46,734	46,734	25,761
Fund balances, July 1	0	276,919	276,919	251,158
Fund balances, June 30	\$ 0	\$ 323,653	\$ 323,653	\$ 276,919



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, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 752,591	\$ 1,706,173
Receivables		
Intergovernmental	674	0
Taxes	60,832	61,550
Prepaid items	15,053	35,708
Total assets	\$ 829,150	\$ 1,803,431
LIABILITIES		
Accounts payable	\$ 629	\$ 0
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	54,618	54,329
FUND BALANCES		
Nonspendable prepaid items	15,053	35,708
Assigned for:		
Budget	553,357	602,631
Debt service	205,493	1,110,763
Total fund balances	773,903	1,749,102
Total deferred inflows and fund balances	\$ 829,150	\$ 1,803,431

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, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 1,630,210	\$ 1,657,749	\$ 27,539	\$ 1,618,084
Interest	3,841	6,509	2,668	4,222
Total revenues	1,634,051	1,664,258	30,207	1,622,306
EXPENDITURES				
Debt Service				
Principal	10,111,315	10,111,549	(234)	8,382,841
Interest and fiscal charges	1,194,641	1,151,575	43,066	944,624
Total expenditures	11,305,956	11,263,124	42,832	9,327,465
Excess (deficiency) of revenues over (under) expenditures	(9,671,905)	(9,598,866)	73,039	(7,705,159)
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	0	0	825,000
Hotel/Motel Tax Fund	108,667	108,667	0	94,440
Issuance of capital leases	8,515,000	8,515,000	0	0
Total other financing sources (uses)	8,623,667	8,623,667	0	919,440
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,048,238)	(975,199)	73,039	(6,785,719)
Fund balances, July 1	1,048,238	1,749,102	700,864	8,534,821
Fund balances, June 30	\$ 0	\$ 773,903	\$ 773,903	\$ 1,749,102



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, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 7,061,707	\$ 5,322,266
LIABILITIES		
Accounts payable	\$ 352,970	\$ 220,355
FUND BALANCES		
Restricted for capital projects:		
General Government	2,714,923	213,388
Public Safety	10,401	0
Assigned for capital projects:		
General Government	2,036,578	2,993,094
Public Safety	444,234	515,201
Public Works	1,502,601	1,380,228
Total fund balances	6,708,737	5,101,911
Total liabilities and fund balances	\$ 7,061,707	\$ 5,322,266

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, 2015 and 2014

	2015	2014
REVENUES		
Other	\$ 0	\$ 20,000
Total revenues	0	20,000
EXPENDITURES		
Capital outlay		
General Government	426,548	249,736
Public Safety	1,841,736	752,239
Public Works	869,348	339,381
Housing and Development	33,000	0
Total expenditures	3,170,632	1,341,356
Excess (deficiency) of revenues over (under) expenditures	(3,170,632)	(1,321,356)
Other financing sources (uses)		
Transfers in (out)		
General Fund	2,812,024	1,703,766
Hotel/Motel Tax Fund	354,184	24,770
Economic Development Fund	150,000	25,000
Information Technology Fund	130,000	0
Government Access Cable TV Channel Fund	0	(6,425)
Impact Fees Fund	298,876	5,995
Cemetery Trust Fund	0	25,000
Grants Capital Projects Fund	(473,550)	0
SPLOST Capital Projects Fund	835,407	0
Public Utilities Fund	18,125	130,000
Solid Waste Fund	250,000	0
Issuance of capital lease	402,392	0
Total other financing sources (uses)	4,777,458	1,908,106
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,606,826	586,750
Fund balances, July 1	5,101,911	4,515,161
Fund balances, June 30	\$ 6,708,737	\$ 5,101,911

CITY OF GAINESVILLE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 0	\$ 3,985,350
Intergovernmental receivables	802,280	0
Total assets	\$ 802,280	\$ 3,985,350
LIABILITIES		
Intergovernmental payables	\$ 501,384	\$ 3,509,696
Due to other funds	300,896	0
Total liabilities	802,280	3,509,696
FUND BALANCES		
Restricted for:		
Capital projects		
Public Works	0	224,831
Debt service	0	250,823
Total fund balances	0	475,654
Total liabilities and fund balances	\$ 802,280	\$ 3,985,350

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, 2015 and 2014

	2015	2014
REVENUES		
Intergovernmental	\$ 802,280	\$ 0
Total revenues	<u>802,280</u>	<u>0</u>
EXPENDITURES		
Capital outlay		
Public Works	224,831	177,043
Debt service		
Public Safety	<u>217,696</u>	<u>0</u>
Total expenditures	<u>442,527</u>	<u>177,043</u>
Excess (deficiency) of revenues over (under) expenditures	359,753	(177,043)
Other financing sources (uses)		
Transfers in (out)		
General Government Capital Projects Fund	<u>(835,407)</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(475,654)	(177,043)
Fund balances, July 1	<u>475,654</u>	<u>652,697</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 475,654</u></u>

CITY OF GAINESVILLE, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 3,156,201	\$ 1,763,928
LIABILITIES		
Payables		
Accounts	\$ 0	4,688
Unearned revenue	0	234,988
Total liabilities	0	239,676
FUND BALANCES		
Restricted for capital projects:		
Public Works	487,796	6,718
Assigned for capital projects:		
Public Works	2,668,405	1,491,386
Total fund balances	3,156,201	1,498,104
Total liabilities and fund balances	\$ 3,156,201	\$ 1,737,780

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, 2015 and 2014

	2015	2014
REVENUES		
Intergovernmental	\$ 531,157	\$ 223,902
Contributions	50,000	0
Total revenues	581,157	223,902
EXPENDITURES		
Capital outlay		
Public Works	433,738	609,924
Total expenditures	433,738	609,924
Excess (deficiency) of revenues over (under) expenditures	147,419	(386,022)
Other financing sources (uses)		
Transfers in (out)		
General Fund	610,000	500,000
General Government Capital Projects Fund	473,550	0
Economic Development Fund	357,648	0
Tax Allocation Fund	69,480	0
Total other financing sources (uses)	1,510,678	500,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,658,097	113,978
Fund balances, July 1	1,498,104	1,384,126
Fund balances, June 30	\$ 3,156,201	\$ 1,498,104



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, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 33,598,822	\$ 23,527,391
Receivables		
Accounts (net)	3,524,210	3,482,825
Intergovernmental	66,268	931
Inventories	1,537,499	1,441,114
Prepaid items	202,247	236,958
Total current assets	38,929,046	28,689,219
Restricted assets		
Extension and Renewal		
Cash and cash equivalents	42,143,715	37,071,686
Debt Redemption		
Cash and cash equivalents	8,861,094	7,319,802
Customer Deposits		
Cash and cash equivalents	2,074,462	1,949,784
Total restricted assets	53,079,271	46,341,272
Capital assets		
Land	30,966,093	19,070,732
Nondepreciable intangibles	2,014,321	1,957,919
Land improvements	385,370	385,370
Buildings	44,839,539	66,306,089
Distribution system	526,261,862	521,671,542
Vehicles and equipment	26,348,807	13,734,776
Depreciable intangibles	5,386,158	5,979,213
Construction in progress	13,658,306	11,908,527
Accumulated depreciation	(182,258,934)	(168,351,111)
Capital assets (net of accumulated depreciation)	467,601,522	472,663,057
Total assets	559,609,839	547,693,548
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	1,983,180	2,372,005
Pension contributions subsequent to measurement date	71,870	0
Pension investment return differences	1,214,360	0
Pension experience differences	923,714	0
Total deferred outflow of resources	4,193,124	2,372,005

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
LIABILITIES		
Current liabilities		
Payables		
Accounts	\$ 873,467	\$ 1,128,891
Intergovernmental	43,308	33,966
Accrued salaries	238,810	205,324
Compensated absences	602,572	581,037
Capital lease payable	1,261,588	1,261,588
Notes payable	0	6,822,504
Total current liabilities	3,019,745	10,033,310
Current liabilities payable from restricted assets		
Payables		
Accounts	545,577	650,428
Retainages	398,629	359,896
Customer deposits	2,074,462	1,949,784
Revenue bonds payable	14,560,000	8,740,000
Interest payable	807,024	649,694
Total liabilities payable from restricted assets	18,385,692	12,349,802
Long-term liabilities		
Pension obligation	0	965,838
Net pension liability	17,177,525	0
OPEB obligation	10,279,700	9,611,300
Compensated absences	66,952	64,560
Capital leases payable	18,923,820	20,185,408
Revenue bonds payable	140,579,294	63,616,947
Notes payable	0	87,717,141
Total long-term liabilities	187,027,291	182,161,194
Total liabilities	208,432,728	204,544,306
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	20,903	0
Pension investment return differences	1,516,165	0
Pension experience differences	30,029	0
Total deferred inflows of resources	1,567,097	0
NET POSITION		
Net investment in capital assets	293,316,738	285,681,150
Restricted for:		
Capital outlay	42,143,715	37,071,686
Debt service	8,054,070	6,670,108
Unrestricted	10,288,615	16,098,303
Total net position	\$ 353,803,138	\$ 345,521,247

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, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Charges for sales and services		
Water sales	\$ 34,002,113	\$ 31,104,665
Sewer charges	28,231,507	26,780,063
Tap fees	1,044,188	867,878
Other	1,037,608	965,663
Other	120,792	105,315
Total operating revenues	64,436,208	59,823,584
OPERATING EXPENSES		
Costs of sales and services	11,561,132	12,766,240
Personal services	13,099,794	13,317,585
Depreciation	15,089,381	14,727,226
Total operating expenses	39,750,307	40,811,051
Operating income (loss)	24,685,901	19,012,533
Non-operating revenues (expenses)		
Interest revenue	756,707	274,094
Interest expense	(6,713,013)	(6,771,945)
Other	(34,711)	(23,394)
Debt issue costs	(765,185)	0
Distributions of capital assets to Governmental Activities	0	(80,000)
Gain (loss) on sale of capital assets	9,964	52,717
Total non-operating revenues (expenses)	(6,746,238)	(6,548,528)
Net income (loss) before capital contributions and transfers	17,939,663	12,464,005
Capital contributions		
Connection fees	3,293,074	2,762,926
Capital contributions	5,052,748	5,198,023
Contributions of capital assets from Governmental Activities	862,638	9,081
Intergovernmental revenue	66,268	640,000
Total capital contributions	9,274,728	8,610,030
Net income (loss) before transfers	27,214,391	21,074,035
Transfers in (out)		
General Fund	(3,329,535)	(3,359,114)
Economic Development Fund	0	(7,000)
General Government Capital Projects Fund	(18,125)	(130,000)
Grants Capital Projects Fund	37,687	0
Total transfers in (out)	(3,309,973)	(3,496,114)
Change in net position	23,904,418	17,577,921
Net position, July 1 (original)	345,521,247	327,943,326
Prior period adjustment	(15,622,527)	0
Net position, July 1 (restated)	329,898,720	327,943,326
Net position, June 30	\$ 353,803,138	\$ 345,521,247

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Receipts from customers	\$ 64,333,372	\$ 58,620,883
Payments to suppliers	(11,903,599)	(12,315,100)
Payments to employees	(12,427,668)	(11,906,098)
Other receipts	120,792	1,063,964
Net cash provided (used) by operating activities	40,122,897	35,463,649
Cash flows from non-capital financing activities:		
Payments to other funds	(3,347,660)	(3,496,114)
Cash flows from capital and related financing activities:		
Connection fees	3,294,099	2,765,101
Receipts from other funds	37,687	0
Receipts from other governments	66,268	640,000
Interest paid	(6,322,821)	(6,486,080)
Acquisition of capital assets	(4,501,707)	(6,933,083)
Payment of capital related accounts payable	(1,010,324)	(313,148)
Sale of capital assets	80,804	117,046
Bond issue costs	(765,185)	0
Principal payments - bonds	(14,640,000)	(8,360,000)
Proceeds - bonds	98,244,957	0
Principal payments - promissory notes	(94,539,645)	(6,602,948)
Net cash provided (used) by capital and related financing activities	(20,055,867)	(25,173,112)
Cash flows from investing activities:		
Interest received	90,060	72,281
Net increase (decrease) in cash and cash equivalents	16,809,430	6,866,704
Cash and cash equivalents, July 1	69,868,663	63,001,959
Cash and cash equivalents, June 30	\$ 86,678,093	\$ 69,868,663

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 24,685,901	\$ 19,012,533
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	15,089,381	14,727,226
(Increase) decrease in accounts receivable	(41,385)	(30,062)
(Increase) decrease in intergovernmental receivables	(65,337)	1,805
(Increase) decrease in inventory	(96,385)	(86,386)
(Increase) decrease in net pension contributions after measurement date	(71,870)	0
Increase (decrease) in accounts payable	(255,424)	503,560
Increase (decrease) in intergovernmental payables	9,342	33,966
Increase (decrease) in deposits payable	124,678	(110,480)
Increase (decrease) in accrued salaries and benefits	57,413	63,594
Increase (decrease) in pension obligation	(965,838)	343,493
Increase (decrease) in net pension liability	1,554,998	0
Increase (decrease) in pension experience differences	(893,685)	0
Increase (decrease) in pension investment return differences	301,805	0
Increase (decrease) in pension assumption differences	20,903	0
Increase (decrease) in OPEB obligation	668,400	1,004,400
Total adjustments	15,436,996	16,451,116
Net cash provided (used) by operating activities	\$ 40,122,897	\$ 35,463,649
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 33,598,822	\$ 23,527,391
Extension and Renewal		
Cash and cash equivalents	42,143,715	37,071,686
Debt Redemption		
Cash and cash equivalents	8,861,094	7,319,802
Customer Deposits		
Cash and cash equivalents	2,074,462	1,949,784
Total cash and cash equivalents	\$ 86,678,093	\$ 69,868,663

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled \$3,790,135 and \$3,934,260 for the fiscal years ended June 30, 2015 and 2014, respectively.

Contributions of capital assets from government totaled \$862,638 and \$9,081 for the fiscal years ended June 30, 2015 and 2014, respectively.

Distributions of capital assets to governments totaled \$80,000 for fiscal year ended June 30, 2014.

Acquisition of capital assets through accounts payable totaled \$944,206 and \$1,010,324 for the fiscal years ended June 30, 2015 and 2014, respectively.

Forgiveness of capital lease through capital contributions totaled \$1,261,588 and \$1,261,588 for the fiscal years ended June 30, 2015 and 2014, respectively.

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,082,360	\$ 1,075,930
Receivables		
Accounts	4,372	8,351
Total current assets	1,086,732	1,084,281
Capital assets		
Land	504,385	504,385
Land improvements	12,065,254	11,662,568
Buildings	6,669,021	6,669,021
Vehicles and equipment	483,884	446,422
Intangibles	118,000	118,000
Construction in progress	0	380,913
Accumulated depreciation	(8,989,465)	(8,225,820)
Total capital assets (net of accumulated depreciation)	10,851,079	11,555,489
Total assets	11,937,811	12,639,770
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	49,821	61,209
Pension investment return differences	8,172	0
Pension experience differences	6,215	0
Total deferred outflow of resources	64,208	61,209
LIABILITIES		
Current liabilities		
Payables		
Accounts	14,009	16,693
Interest	5,325	6,325
Customer deposits	4,036	4,036
Accrued salaries	1,578	1,288
Compensated absences	3,549	0
Capital leases payable	405,000	400,000
Total current liabilities	433,497	428,342
Long-term liabilities		
Pension obligation	0	5,362
Net pension liability	111,959	0
OPEB obligation	18,089	15,009
Compensated absences	394	0
Capital leases payable	1,788,327	2,207,801
Total long-term liabilities	1,918,769	2,228,172
Total liabilities	2,352,266	2,656,514
DEFERRED INFLOWS OF RESOURCES		
Pension investment return differences	10,148	0
NET POSITION		
Net investment in capital assets	8,707,575	9,008,897
Unrestricted	932,030	1,035,568
Total net position	\$ 9,639,605	\$ 10,044,465

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Charges for sales and services		
Fuel sales	\$ 18,137	\$ 18,019
Rent	879,089	926,101
Other	290	649
Total operating revenues	<u>897,516</u>	<u>944,769</u>
OPERATING EXPENSES		
Costs of sales and services	362,376	332,792
Personal services	83,761	77,999
Depreciation	751,114	747,415
Total operating expenses	<u>1,197,251</u>	<u>1,158,206</u>
Operating income (loss)	<u>(299,735)</u>	<u>(213,437)</u>
Non-operating revenues (expenses)		
Interest revenue	15,780	15,693
Interest expense	(58,026)	(65,876)
Gain (loss) on sale of capital assets	1,445	441
Total non-operating revenues (expenses)	<u>(40,801)</u>	<u>(49,742)</u>
Net income (loss) before capital contributions	<u>(340,536)</u>	<u>(263,179)</u>
Capital contributions		
Contribution of capital assets from Governmental Activities	4,565	27,946
Intergovernmental revenue	33,719	45,834
Total capital contributions	<u>38,284</u>	<u>73,780</u>
Change in net position	<u>(302,252)</u>	<u>(189,399)</u>
Net position, July 1 (original)	10,044,465	10,233,864
Prior period adjustment	<u>(102,608)</u>	<u>0</u>
Net position, July 1 (restated)	<u>9,941,857</u>	<u>10,233,864</u>
Net position, June 30	<u><u>\$ 9,639,605</u></u>	<u><u>\$ 10,044,465</u></u>

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Receipts from customers	\$ 901,205	\$ 951,494
Payments to suppliers	(365,060)	(334,712)
Payments to employees	(76,698)	(71,933)
Other receipts	290	649
	<u>459,737</u>	<u>545,498</u>
Net cash provided (used) by operating activities	<u>459,737</u>	<u>545,498</u>
Cash flows from capital and related financing activities:		
Receipts from other governments	33,719	370,375
Sale of capital assets	2,420	441
Interest paid	(47,638)	(55,438)
Acquisition of capital assets	(43,115)	(65,707)
Payment of capital related accounts payable	0	(332,862)
Principal payments - capital leases	(400,000)	(380,000)
	<u>(454,614)</u>	<u>(463,191)</u>
Net cash provided (used) by capital and related financing activities	<u>(454,614)</u>	<u>(463,191)</u>
Cash flows from investing activities:		
Interest received	1,307	1,218
	<u>1,307</u>	<u>1,218</u>
Net increase (decrease) in cash and cash equivalents	6,430	83,525
Cash and cash equivalents, July 1	1,075,930	992,405
Cash and cash equivalents, June 30	<u><u>\$ 1,082,360</u></u>	<u><u>\$ 1,075,930</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (299,735)	\$ (213,437)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	751,114	747,415
(Increase) decrease in accounts receivable	3,979	3,774
Increase (decrease) in accounts payable	(2,684)	(1,920)
Increase (decrease) in customer deposits	0	3,600
Increase (decrease) in accrued payroll liabilities	4,233	(646)
Increase (decrease) in pension obligation	(5,362)	1,951
Increase (decrease) in net pension liability	9,351	0
Increase (decrease) in pension experience differences	(6,215)	0
Increase (decrease) in pension investment return differences	1,976	0
Increase (decrease) in OPEB obligation	3,080	4,761
	<u>759,472</u>	<u>758,935</u>
Total adjustments	<u>759,472</u>	<u>758,935</u>
Net cash provided by operating activities	<u><u>\$ 459,737</u></u>	<u><u>\$ 545,498</u></u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets from government totaled \$4,565 and \$27,946 for the fiscal years ended June 30, 2015 and 2014, respectively.		

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,128,408	\$ 2,232,551
Accounts receivable (net)	185,371	171,950
Total current assets	2,313,779	2,404,501
Capital assets		
Buildings	25,051	25,051
Vehicles and equipment	2,417,029	2,131,609
Accumulated depreciation	(1,670,956)	(1,562,704)
Total capital assets (net of accumulated depreciation)	771,124	593,956
Total assets	3,084,903	2,998,457
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	36,007	0
Pension investment return differences	23,640	0
Pension experience differences	17,981	0
Total deferred outflow of resources	77,628	0
LIABILITIES		
Current liabilities		
Accounts payable	28,097	25,949
Accrued salaries	19,375	14,711
Compensated absences	38,315	39,042
Total current liabilities	85,787	79,702
Long-term liabilities		
Pension obligation	0	21,449
Net pension liability	593,669	0
OPEB obligation	1,024,330	950,406
Compensated absences	4,257	4,338
Total long-term liabilities	1,622,256	976,193
Total liabilities	1,708,043	1,055,895
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	10,472	0
Pension investment return differences	33,342	0
Pension experience differences	15,045	0
Total deferred inflows of resources	58,859	0
NET POSITION		
Investment in capital assets	771,124	593,956
Unrestricted	624,505	1,348,606
Total net position	\$ 1,395,629	\$ 1,942,562

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, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Charges for sales and services	\$ 2,462,485	\$ 2,369,815
Other	18,753	18,004
Total operating revenues	2,481,238	2,387,819
OPERATING EXPENSES		
Costs of sales and services	570,397	536,414
Costs of sales and services - landfill	214,650	192,213
Personal services	1,309,954	1,271,572
Depreciation	123,463	112,188
Total operating expenses	2,218,464	2,112,387
Operating income (loss)	262,774	275,432
Non-operating revenues (expenses)		
Interest revenue	2,801	2,723
Gain (loss) on sale of capital assets	0	313
Total non-operating revenues (expenses)	2,801	3,036
Net income (loss) before transfers	265,575	278,468
Transfers in (out)		
General Government Capital Projects Fund	(250,000)	0
Change in net position	15,575	278,468
Net position, July 1 (original)	1,942,562	1,664,094
Prior period adjustment	(562,508)	0
Net position, July 1 (restated)	1,380,054	1,664,094
Net position, June 30	\$ 1,395,629	\$ 1,942,562

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Receipts from customers	\$ 2,449,064	\$ 2,350,340
Payments to suppliers	(782,899)	(736,146)
Payments to employees	(1,241,231)	(1,157,170)
Other receipts	18,753	18,004
	<u>443,687</u>	<u>475,028</u>
Net cash provided (used) by operating activities	<u>443,687</u>	<u>475,028</u>
Cash flows from noncapital and related financing activities:		
Payments to other funds	(250,000)	0
	<u>(250,000)</u>	<u>0</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(300,631)	(338,383)
Sale of capital assets	0	313
	<u>(300,631)</u>	<u>(338,070)</u>
Net cash provided (used) by capital and related financing activities	<u>(300,631)</u>	<u>(338,070)</u>
Cash flows from investing activities:		
Interest received	2,801	2,723
	<u>2,801</u>	<u>2,723</u>
Net increase (decrease) in cash and cash equivalents	(104,143)	139,681
Cash and cash equivalents, July 1	2,232,551	2,092,870
	<u>2,232,551</u>	<u>2,092,870</u>
Cash and cash equivalents, June 30	<u><u>\$ 2,128,408</u></u>	<u><u>\$ 2,232,551</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 262,774	\$ 275,432
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	123,463	112,188
(Increase) decrease in accounts receivable	(13,421)	(19,475)
(Increase) decrease in net pension contributions after measurement date	(36,007)	0
Increase (decrease) in accounts payable	2,148	(7,519)
Increase (decrease) in accrued payroll liabilities	(21,449)	7,807
Increase (decrease) in pension obligation	3,856	1,870
Increase (decrease) in net pension liability	31,161	0
Increase (decrease) in pension experience differences	(7,509)	0
Increase (decrease) in pension assumption differences	33,342	0
Increase (decrease) in pension investment return differences	(8,595)	0
Increase (decrease) in OPEB obligation	73,924	104,725
	<u>180,913</u>	<u>199,596</u>
Total adjustments	<u>180,913</u>	<u>199,596</u>
Net cash used by operating activities	<u><u>\$ 443,687</u></u>	<u><u>\$ 475,028</u></u>

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,450	\$ 40,598
Accounts receivable (net)	74,690	42,856
	<u>76,140</u>	<u>83,454</u>
Capital assets		
Land	53,271	53,271
Land improvements	5,385,859	5,385,859
Buildings	715,452	715,452
Vehicles and equipment	856,295	838,765
Accumulated depreciation	(3,896,032)	(3,658,125)
Total capital assets (net of accumulated depreciation)	<u>3,114,845</u>	<u>3,335,222</u>
Total assets	<u>3,190,985</u>	<u>3,418,676</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	55,395	0
Pension contributions subsequent to measurement date	14,758	0
Total deferred outflow of resources	<u>70,153</u>	<u>0</u>
LIABILITIES		
Current liabilities		
Payables		
Accounts	40,660	11,711
Sales tax	6,507	7,030
Interest	7,566	15,246
Accrued salaries	11,938	10,657
Compensated absences	22,042	19,198
Capital leases payable	0	205,000
Other liabilities	31,367	51,720
Total current liabilities	<u>120,080</u>	<u>320,562</u>
Long-term liabilities		
Advances from other funds	553,583	432,089
Net pension liability	110,565	0
OPEB obligation	243,659	231,338
Compensated absences	2,449	2,133
Capital leases payable	2,715,000	2,835,000
Total long-term liabilities	<u>3,625,256</u>	<u>3,500,560</u>
Total liabilities	<u>3,745,336</u>	<u>3,821,122</u>
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	4,292	0
Pension investment return differences	1,632	0
Pension experience differences	6,166	0
Total deferred inflows of resources	<u>12,090</u>	<u>0</u>
NET POSITION		
Net investment in capital assets	455,239	295,222
Restricted for capital outlay	32,475	34,477
Unrestricted	(984,002)	(732,145)
Total net position	<u>\$ (496,288)</u>	<u>\$ (402,446)</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, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Charges for sales and services		
Greens fees	\$ 652,090	\$ 643,725
Cart fees	252,413	244,207
Handicap fees	19,280	18,661
Practice range	60,149	56,767
Pro Shop sales	0	28,808
Rent revenue	15,867	11,400
Other	1,230	1,226
Total operating revenues	1,001,029	1,004,794
OPERATING EXPENSES		
Costs of sales and services	353,487	322,574
Personal services	524,004	522,489
Depreciation	266,044	264,194
Total operating expenses	1,143,535	1,109,257
Operating income (loss)	(142,506)	(104,463)
Non-operating revenues (expenses)		
Interest revenue	77	67
Interest expense	(110,749)	(125,003)
Debt issue costs	(32,945)	0
Gain (loss) on sale of capital assets	5,913	0
Total non-operating revenues (expenses)	(137,704)	(124,936)
Net income (loss) before transfers	(280,210)	(229,399)
Transfers in (out)		
General Fund	297,681	131,140
Change in net position	17,471	(98,259)
Net position, July 1 (original)	(402,446)	(304,187)
Prior period adjustment	(111,313)	0
Net position, July 1 (restated)	(513,759)	(304,187)
Net position, June 30	\$ (496,288)	\$ (402,446)

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Receipts from customers	\$ 967,442	\$ 1,013,358
Payments to suppliers	(344,891)	(331,454)
Payments to employees	(510,658)	(497,115)
Other receipts	1,230	1,226
Net cash provided (used) by operating activities	<u>113,123</u>	<u>186,015</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	<u>419,175</u>	<u>116,158</u>
Cash flows from capital and related financing activities:		
Interest paid	(173,824)	(125,981)
Proceeds - capital leases	2,715,000	0
Principal payments - capital leases	(3,040,000)	(195,000)
Debt issue costs	(32,945)	0
Sale of capital assets	5,913	0
Acquisition of capital assets	(45,667)	0
Net cash provided (used) by capital and related financing activities	<u>(571,523)</u>	<u>(320,981)</u>
Cash flows from investing activities:		
Interest received	<u>77</u>	<u>67</u>
Net increase (decrease) in cash and cash equivalents	(39,148)	(18,741)
Cash and cash equivalents, July 1	<u>40,598</u>	<u>59,339</u>
Cash and cash equivalents, June 30	<u><u>\$ 1,450</u></u>	<u><u>\$ 40,598</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ (142,506)</u>	<u>\$ (104,463)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	266,044	264,194
(Increase) decrease in accounts receivable	(31,834)	10,339
(Increase) decrease in net pension contributions after measurement date	(14,758)	0
Increase (decrease) in accounts payable	28,949	(31,811)
Increase (decrease) in sales tax payable	(523)	(549)
Increase (decrease) in accrued payroll liabilities	4,441	6,333
Increase (decrease) in other liabilities	(20,353)	22,931
Increase (decrease) in OPEB obligation	12,321	19,041
Increase (decrease) in pension experience differences	4,292	0
Increase (decrease) in pension assumption differences	1,632	0
Increase (decrease) in pension investment return differences	6,166	0
Increase (decrease) in net pension liability	(748)	0
Total adjustments	<u>255,629</u>	<u>290,478</u>
Net cash provided (used) by operating activities	<u><u>\$ 113,123</u></u>	<u><u>\$ 186,015</u></u>



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, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,753,883	\$ 1,405,702
Accounts receivable	6,573	1,067
Other assets	61,545	140,000
Total assets	<u>1,822,001</u>	<u>1,546,769</u>
LIABILITIES		
Current liabilities		
Accounts payable	58,070	37,369
Claims reserves	1,184,845	932,345
Total liabilities	<u>1,242,915</u>	<u>969,714</u>
NET POSITION		
Unrestricted	<u>\$ 579,086</u>	<u>\$ 577,055</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, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Interfund services provided	\$ 1,724,310	\$ 1,396,284
Other	16,109	3,182
Total operating revenue	1,740,419	1,399,466
OPERATING EXPENSES		
Costs of services		
Insurance	694,636	646,404
Claims	840,158	551,801
Administrative fees	205,625	201,261
Total operating expenses	1,740,419	1,399,466
Operating income (loss)	0	0
Non-operating revenues (expenses)		
Interest revenue	2,031	1,634
Change in net position	2,031	1,634
Net position, July 1	577,055	575,421
Net position, June 30	\$ 579,086	\$ 577,055

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 1,718,804	\$ 1,398,338
Payments to suppliers	(1,388,763)	(1,183,872)
Other receipts	16,109	3,182
Net cash provided (used) by operating activities	346,150	217,648
Cash flows from investing activities:		
Interest received	2,031	1,634
Net increase (decrease) in cash and cash equivalents	348,181	219,282
Cash and cash equivalents, July 1	1,405,702	1,186,420
Cash and cash equivalents, June 30	\$ 1,753,883	\$ 1,405,702
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 0	\$ 0
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	(5,506)	2,054
(Increase) decrease in other assets	78,455	0
Increase (decrease) in accounts payable	20,701	27,065
Increase (decrease) in claims reserve	252,500	188,529
Total adjustments	346,150	217,648
Net cash provided (used) by operating activities	\$ 346,150	\$ 217,648

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,100,436	\$ 4,915,791
Accounts receivable	2,481	226,974
Prepaid expenses	107,643	0
Total assets	5,210,560	5,142,765
LIABILITIES		
Current liabilities		
Accounts payable	99,645	36,428
Deposits payable	0	10,174
Claims reserves	416,580	523,300
Total liabilities	516,225	569,902
NET POSITION		
Unrestricted	\$ 4,694,335	\$ 4,572,863

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Interfund services provided	\$ 8,778,905	\$ 7,597,329
Other	0	547
Total operating revenue	8,778,905	7,597,876
OPERATING EXPENSES		
Costs of services		
Insurance	1,735,279	1,679,528
Claims	5,541,412	6,104,484
Wellness program	1,003,450	694,781
Administrative fees	383,963	365,806
Total operating expenses	8,664,104	8,844,599
Operating income (loss)	114,801	(1,246,723)
Non-operating revenues (expenses)		
Interest revenue	6,671	6,725
Change in net position	121,472	(1,239,998)
Net position, July 1	4,572,863	5,812,861
Net position, June 30	\$ 4,694,335	\$ 4,572,863

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 9,003,398	\$ 7,372,829
Payments to suppliers	(8,825,424)	(8,715,852)
Other receipts	0	547
	<u>177,974</u>	<u>(1,342,476)</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities:		
Interest received	6,671	6,725
	<u>184,645</u>	<u>(1,335,751)</u>
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents, July 1	4,915,791	6,251,542
	<u>\$ 5,100,436</u>	<u>\$ 4,915,791</u>
Cash and cash equivalents, June 30		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 114,801	\$ (1,246,723)
Adjustments to reconcile net income to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	224,493	(224,500)
(Increase) decrease in prepaid expenses	(107,643)	0
Increase (decrease) in accounts payable	63,217	(12,590)
Increase (decrease) in deposits payable	(10,174)	337
Increase (decrease) in claims reserve	(106,720)	141,000
	<u>63,173</u>	<u>(95,753)</u>
Total adjustments		
Net cash provided (used) by operating activities	<u>\$ 177,974</u>	<u>\$ (1,342,476)</u>

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 245,937	200,924
Intergovernmental receivables	7,843	11,886
Inventory	104,229	201,932
Total current assets	358,009	414,742
Capital assets		
Buildings	246,835	246,835
Vehicles and equipment	379,522	365,409
Accumulated depreciation	(499,159)	(461,349)
Capital assets (net of accumulated depreciation)	127,198	150,895
Total assets	485,207	565,637
LIABILITIES		
Current liabilities		
Accounts payable	57,168	140,073
Accrued salaries	6,830	5,388
Compensated absences	13,395	12,465
Total current liabilities	77,393	157,926
Long-term liabilities		
Compensated absences	1,488	1,385
Total liabilities	78,881	159,311
NET POSITION		
Investment in capital assets	127,197	150,895
Unrestricted	279,129	255,431
Total net position	\$ 406,326	\$ 406,326

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Interfund services provided	\$ 2,113,392	\$ 2,339,288
Total operating revenues	2,113,392	2,339,288
OPERATING EXPENSES		
Costs of services	1,735,719	2,005,101
Personal services	353,976	309,781
Depreciation	23,697	24,406
Total operating expenses	2,113,392	2,339,288
Operating income (loss)	0	0
Net position, July 1	406,326	406,326
Net position, June 30	\$ 406,326	\$ 406,326

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 2,117,435	\$ 2,337,179
Payments to suppliers	(1,720,921)	(1,972,741)
Payments to employees	(351,501)	(307,418)
Net cash provided (used) by operating activities	45,013	57,020
Cash flows from capital and related financing activities:		
Acquisition of capital assets	0	(7,099)
Net cash provided (used) by capital and related financing activities	0	(7,099)
Net increase (decrease) in cash and cash equivalents	45,013	49,921
Cash and cash equivalents, July 1	200,924	151,003
Cash and cash equivalents, June 30	\$ 245,937	\$ 200,924
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 0	\$ 0
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Depreciation	23,697	24,406
(Increase) decrease in intergovernmental receivables	4,043	(2,109)
(Increase) decrease in inventory	97,703	7,031
Increase (decrease) in accounts payable	(82,905)	25,329
Increase (decrease) in accrued salaries and benefits	2,475	2,363
Total adjustments	45,013	57,020
Net cash provided (used) by operating activities	\$ 45,013	\$ 57,020

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	<u>\$ 14,700</u>	<u>\$ 14,063</u>
NET POSITION		
Net position held in trust for employee assistance	<u><u>\$ 14,700</u></u>	<u><u>\$ 14,063</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, 2015 and 2014

	2015	2014
ADDITIONS		
Employee donations	\$ 47,860	\$ 49,457
Interest revenue	1	2
Total additions	47,861	49,459
DEDUCTIONS		
Distributions for assistance	47,224	52,354
Total deductions	47,224	52,354
Net increase (decrease)	637	(2,895)
Net position held in trust for employee assistance		
Net position, July 1	14,063	16,958
Net position, June 30	\$ 14,700	\$ 14,063

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF PLAN NET POSITION
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 822,230	\$ 863,288
Investments		
Mutual funds		
Equity	51,990,381	57,013,572
Fixed income	<u>29,368,947</u>	<u>23,121,340</u>
Total assets	<u>82,181,558</u>	<u>80,998,200</u>
LIABILITIES		
Accounts payable	<u>15,612</u>	<u>15,040</u>
NET POSITION		
Net position held in trust for pension benefits	<u>\$ 82,165,946</u>	<u>\$ 80,983,160</u>

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF CHANGES IN PLAN NET POSITION
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
ADDITIONS		
Contributions		
Employer contributions	\$ 2,862,539	\$ 2,766,404
Employee contributions	2,862,539	2,766,404
Total contributions	5,725,078	5,532,808
Investment Income		
Net appreciation (depreciation) in fair value of investments	1,369,026	7,059,239
Interest	63	43
Dividends	1,540,070	3,112,287
Investment expense	(169,044)	(104,589)
Net investment income (loss)	2,740,115	10,066,980
Total additions (reductions)	8,465,193	15,599,788
DEDUCTIONS		
Benefits	6,681,676	6,151,412
Refunds	600,731	563,954
Total deductions	7,282,407	6,715,366
Net increase (decrease)	1,182,786	8,884,422
Net position held in trust for pension benefits		
Net position, July 1	80,983,160	72,098,738
Net position, June 30	\$ 82,165,946	\$ 80,983,160

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT AGENCY FUND
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 82,228	\$ 82,138
Accounts receivable	<u>0</u>	<u>2,358</u>
Total assets	<u>82,228</u>	<u>84,496</u>
LIABILITIES		
Due to other agencies	<u>\$ 82,228</u>	<u>\$ 84,496</u>

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2015

	Balance July 1	Additions	Deletions	Balance June 30
ASSETS				
Cash and cash equivalents	\$ 82,138	\$ 1,855,028	\$ (1,854,938)	\$ 82,228
Accounts receivable	2,358	0	(2,358)	0
	<u>\$ 84,496</u>	<u>\$ 1,855,028</u>	<u>\$ (1,857,296)</u>	<u>\$ 82,228</u>
Total assets	<u>\$ 84,496</u>	<u>\$ 1,855,028</u>	<u>\$ (1,857,296)</u>	<u>\$ 82,228</u>
LIABILITIES				
Due to other agencies	<u>\$ 84,496</u>	<u>\$ 1,855,028</u>	<u>\$ (1,857,296)</u>	<u>\$ 82,228</u>



COMPONENT UNITS

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.

Gainesville Convention and Visitor's Bureau - This component unit's primary purpose is to promote tourism, conventions, and trade shows, as well as showcase the City of Gainesville as a whole.

CITY OF GAINESVILLE, GEORGIA
PARKS AND RECREATION (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 2,629,643	\$ 2,473,242
Receivables		
Accounts	4,055	6,463
Property tax	96,319	96,713
Restricted assets		
Cash and cash equivalents	100,000	100,000
Total assets	\$ 2,830,017	\$ 2,676,418
LIABILITIES		
Payables		
Accounts	\$ 181,906	\$ 85,372
Retainages	1,200	0
Sales tax	12,025	10,608
Intergovernmental	3,903	0
Accrued salaries	63,961	52,726
Unearned revenue	2,054	2,466
Other	12,266	12,549
Total liabilities	277,315	163,721
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	73,944	85,307
FUND BALANCES		
Restricted for:		
Clarks Bridge Legacy	5,255	5,255
Capital projects	23,744	45,000
Committed for:		
Booster Club	187,275	161,071
Development Fund	100,000	100,000
Civic Center	30,000	20,000
Children at Play Fund	10,000	10,000
Assigned for:		
Capital projects	741,296	186,244
Budget	79,506	854,543
Culture and Recreation	1,301,682	1,045,277
Total fund balances	2,478,758	2,427,390
Total liabilities, deferred inflows, and fund balances	\$ 2,830,017	\$ 2,676,418

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, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 2,656,431	\$ 2,650,849	\$ (5,582)	\$ 2,556,585
Charges for sales and services				
Recreation Division	166,194	169,891	3,697	188,695
Lanier Point/Ivey Watson	127,800	131,109	3,309	107,233
Youth Sports Booster Club	85,640	86,406	766	93,220
Gainesville Civic Center	327,950	368,048	40,098	338,555
Allen Creek Soccer Complex	16,834	22,185	5,351	20,716
Frances Meadows Community Center	871,200	878,230	7,030	778,657
Intergovernmental	283,682	283,683	1	104,853
Interest	5,825	10,929	5,104	3,467
Contributions	6,000	6,000	0	1,500
Other	10,972	12,598	1,626	1,175
Total revenues	4,558,528	4,619,928	61,400	4,194,656
EXPENDITURES				
Current				
Culture and recreation				
Administration Division	732,262	724,628	7,634	704,134
Recreation Division	390,485	376,223	14,262	383,114
Parks Division	932,787	873,061	59,726	853,467
Maintenance Shop	119,448	102,738	16,710	87,419
Lanier Point/Ivey Watson	210,772	189,111	21,661	175,170
Clarks Bridge Park	0	0	0	20,411
Youth Sports Booster Club	78,812	60,402	18,410	64,235
Gainesville Civic Center	527,054	480,821	46,233	453,328
Allen Creek Soccer Complex	53,190	51,982	1,208	37,616
Frances Meadows Center	1,488,674	1,362,066	126,608	1,229,800
Capital outlay	1,500,860	352,226	1,148,634	582,668
Total expenditures	6,034,344	4,573,258	1,461,086	4,591,362
Excess (deficiency) of revenues over (under) expenditures	(1,475,816)	46,670	1,522,486	(396,706)
Other financing sources (uses)				
Sales of capital assets	500	4,698	4,198	760
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,475,316)	51,368	1,526,684	(395,946)
Fund balances, July 1	1,475,316	2,427,390	952,074	2,823,336
Fund balances, June 30	\$ 0	\$ 2,478,758	\$ 2,478,758	\$ 2,427,390

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, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 2,656,431	\$ 2,650,849	\$ (5,582)	\$ 2,556,584
Charges for sales and services				
Recreation Division	166,194	169,891	3,697	188,695
Lanier Point/Ivey Watson	127,800	131,109	3,309	107,233
Youth Sports Booster Club	85,640	86,406	766	93,220
Gainesville Civic Center	327,950	368,048	40,098	338,555
Allen Creek Soccer Complex	16,834	22,185	5,351	20,716
Frances Meadows Center	871,200	878,230	7,030	778,657
Intergovernmental	33,682	33,682	0	59,852
Interest	5,825	10,929	5,104	3,467
Contributions	6,000	6,000	0	1,500
Other	10,972	12,598	1,626	1,176
Total revenues	4,308,528	4,369,927	61,399	4,149,655
EXPENDITURES				
Current				
Culture and recreation				
Administrative services	732,262	724,628	7,634	704,134
Recreational services	390,485	376,223	14,262	383,114
Park services	932,787	873,061	59,726	853,467
Maintenance shop	119,448	102,738	16,710	87,419
Lanier Point/Ivey Watson	210,772	189,111	21,661	175,170
Clarks Bridge Park	0	0	0	20,411
Booster Club	78,812	60,402	18,410	64,235
Civic Center	527,054	480,821	46,233	453,328
Allen Creek Soccer Complex	53,190	51,982	1,208	37,616
Frances Meadows Center	1,488,674	1,362,066	126,608	1,229,800
Capital outlay	57,000	54,894	2,106	34,615
Total expenditures	4,590,484	4,275,926	314,558	4,043,309
Excess (deficiency) of revenues over (under) expenditures	(281,956)	94,001	375,957	106,346
Other financing sources (uses)				
Transfers in (out)				
Capital Projects Activity	(581,128)	(581,128)	0	(628,195)
Sales of capital assets	500	4,698	4,198	760
Total other financing sources (uses)	(580,628)	(576,430)	4,198	(627,435)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(862,584)	<u>\$ (482,429)</u>	<u>\$ 380,155</u>	<u>\$ (521,089)</u>
Fund balances, July 1	862,584			
Fund balances, June 30	\$ 0			

CITY OF GAINESVILLE, GEORGIA
PARKS AND RECREATION (A COMPONENT UNIT)
CAPITAL PROJECTS ACTIVITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015
(With comparative actual amounts for the year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 0	\$ 45,000
EXPENDITURES				
Current				
Culture and recreation				
Capital outlay	1,443,860	297,332	1,146,528	548,053
Excess (deficiency) of revenues over (under) expenditures	(1,193,860)	(47,332)	1,146,528	(503,053)
Other financing sources (uses)				
Transfers in (out)				
Operating Activity	581,128	581,128	0	628,195
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(612,732)	\$ 533,797	\$ 1,146,529	\$ 125,142
Fund balances, July 1	612,732			
Fund balances, June 30	\$ 0			

CITY OF GAINESVILLE, GEORGIA
CONVENTION AND VISITOR'S BUREAU (A COMPONENT UNIT)
BALANCE SHEET
June 30, 2015

ASSETS

Cash and cash equivalents	\$	289,737
Accounts receivable		<u>9,104</u>
Total assets	\$	<u>298,841</u>

LIABILITIES

Accounts payable	\$	10,447
Accrued salaries		<u>5,931</u>
Total liabilities		16,378

FUND BALANCES

Assigned for:		
Housing and Development		<u>282,463</u>
Total liabilities and fund balances	\$	<u>298,841</u>

CITY OF GAINESVILLE, GEORGIA
CONVENTION AND VISITOR'S BUREAU (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015

	Final Budget	Actual	Variance
REVENUES			
Hotel/motel taxes	\$ 693,620	\$ 693,619	\$ (1)
Interest	0	177	177
Other	13,670	24,647	10,977
Total revenues	707,290	718,443	11,153
EXPENDITURES			
Current			
Housing and Development			
Personal services	286,039	283,303	2,736
Other	157,374	152,677	4,697
Total expenditures	443,413	435,980	7,433
Excess (deficiency) of revenues over (under) expenditures	263,877	282,463	18,586
Other financing sources (uses)			
Contingency	(263,877)	0	263,877
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	282,463	282,463
Fund balances, July 1	0	0	0
Fund balances, June 30	\$ 0	\$ 282,463	\$ 282,463



STATISTICAL SECTION



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

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

<u>Contents</u>	<u>Pages</u>
Financial Trends.....	188-201
These tables/schedules contain trend information designed to assist the reader in understanding how the City has performed from a financial perspective over time.	
Revenue Capacity.....	202-209
These tables/schedules contain information that may assist the reader in assessing the viability of the City's most significant revenue sources.	
Debt Capacity.....	210-215
These tables/schedules present information designed to assist the reader in analyzing the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.	
Demographic and Economic Information.....	216-217
These tables/schedules offer demographic, economic and statistical information intended to assist the reader in understanding the environment in which the City's financial activities take place.	
Operating Information.....	218-222
These tables/schedules contain service and infrastructure data to assist the reader in understanding how the information in the City's financial report relates to the services the government provides and the activities it performs.	
Miscellaneous Information.....	223-230
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)

	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 39,003,296	\$ 56,451,206 ⁽¹⁾	\$ 63,283,044	\$ 67,749,010
Restricted	5,444,490	13,871,748	15,285,263	13,579,449
Unrestricted	9,110,539	9,863,975	8,020,964	2,727,185
Total governmental activities net position	<u>\$ 53,558,325</u>	<u>\$ 80,186,929</u>	<u>\$ 86,589,271</u>	<u>\$ 84,055,644</u>
Business-type activities				
Net investment in capital assets	\$ 170,623,543	\$ 205,362,082 ⁽¹⁾	\$ 226,811,308	\$ 234,871,719
Restricted	55,579,857	42,895,444	45,853,659	30,780,543
Unrestricted	9,586,367	23,301,410	21,726,107	35,144,675
Total business-type activities net position	<u>\$ 235,789,767</u>	<u>\$ 271,558,936</u>	<u>\$ 294,391,074</u>	<u>\$ 300,796,937</u>
Primary government				
Net investment in capital assets	\$ 209,626,839	\$ 261,813,288 ⁽¹⁾	\$ 290,094,352	\$ 302,620,729
Restricted	61,024,347	56,767,192	61,138,922	44,359,992
Unrestricted	18,696,906	33,165,385	29,747,071	37,871,860
Total primary government net position	<u>\$ 289,348,092</u>	<u>\$ 351,745,865</u>	<u>\$ 380,980,345</u>	<u>\$ 384,852,581</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.

Note (3): FY15 numbers include a prior period adjustment for implementation of GASB67/68: Accounting and Financial Reporting for Pensions, which caused a decrease in unrestricted funds.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 60,193,753	\$ 63,722,901	\$ 70,549,134	\$ 74,015,737	\$ 80,039,885	\$ 78,338,733
19,518,264	4,913,949 ⁽²⁾	11,586,492	12,560,215	4,642,578	6,827,434
2,534,296	19,692,245 ⁽²⁾	11,878,957	9,380,465	10,217,825	(14,451,203)
<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>	<u>\$ 70,714,964</u>
\$ 248,507,489	\$ 259,477,278	\$ 271,791,712	\$ 282,968,294	\$ 295,579,225	\$ 303,250,676
44,475,796	43,710,594	40,623,794	28,713,968	43,776,271	50,230,260
14,276,555	16,169,226	20,918,748	29,468,343	18,915,019	12,067,163
<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>	<u>\$ 365,548,099</u>
\$ 308,701,242	\$ 323,200,179	\$ 342,340,846	\$ 356,984,031	\$ 375,619,110	\$ 381,589,409
63,994,060	48,624,543	52,210,286	41,274,183	48,418,849	57,057,694
16,810,851	35,861,471	32,797,705	38,848,808	29,132,844	(2,384,040) ⁽³⁾
<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>	<u>\$ 436,263,063</u>

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

Expenses	2006	2007	2008	2009
Governmental activities:				
General Government	\$ 2,764,590	\$ 3,072,278	\$ 3,152,030	\$ 3,682,213
Judicial	326,126	360,345	371,743	432,380
Public Safety	13,564,249	14,450,489	15,103,008	17,760,718
Public Works	4,922,994	5,188,523	6,491,116	6,649,367
Health and Welfare	3,304,258	2,914,363	3,554,427	3,784,135
Culture and Recreation	1,368,668	1,553,091	2,521,243	2,214,061
Housing and Development	1,374,039	1,887,154	2,224,676	1,524,790
Interest on long-term debt	60,179	158,451	528,726	671,224
Total governmental activities expenses	<u>27,685,103</u>	<u>29,584,694</u>	<u>33,946,969</u>	<u>36,718,888</u>
Business-type activities:				
Water and Sewer	36,123,069	38,462,407	39,826,297	45,745,119
Airport	707,009 ⁽²⁾	981,357	1,005,505	929,020
Solid Waste	1,890,733	1,912,477	2,010,885	2,274,543
Golf Course	734,964 ⁽¹⁾	926,065 ⁽¹⁾	1,559,985 ⁽¹⁾	1,519,259
Total business-type activities expenses	<u>39,455,775</u>	<u>42,282,306</u>	<u>44,402,672</u>	<u>50,467,941</u>
Total primary government expenses	<u>\$ 67,140,878</u>	<u>\$ 71,867,000</u>	<u>\$ 78,349,641</u>	<u>\$ 87,186,829</u>
Indirect Costs				
Governmental activities:				
General Government	(1,171,420)	(1,145,200)	(1,192,270)	(1,261,885)
Business-type activities:				
Water and Sewer	1,171,420	1,145,200	1,192,270	1,261,885
Airport	0	0	0	0
Solid Waste	0	0	0	0
Total Business-type activities indirect cost	<u>1,171,420</u>	<u>1,145,200</u>	<u>1,192,270</u>	<u>1,261,885</u>
Total primary government indirect cost	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General Government	600,678	653,781	606,106	630,377
Public Safety	2,156,808	2,474,898	2,101,796	1,374,428 ⁽⁴⁾
Public Works	52,356	58,870	44,720	38,090
Health and Welfare	434,877	465,968	434,828	442,328
Housing and Development	0	770,227 ⁽³⁾	395,079	180,394
Culture and Recreation	500,124	613,332	528,498	519,989
Operating grants and contributions	2,862,508	3,168,729	3,929,031	3,287,187
Capital grants and contributions	6,266,268	2,340,185	3,772,803	3,449,017
Total governmental activities	<u>12,873,619</u>	<u>10,545,990</u>	<u>11,812,861</u>	<u>9,921,810</u>
Business-Type activities:				
Charges for services:				
Water and Sewer	41,548,172	47,400,388	45,377,623	45,616,460
Airport	862,230 ⁽²⁾	894,132	866,972	851,644
Solid Waste	1,544,902	1,564,861	1,565,923	1,703,937
Golf Course	462,507 ⁽¹⁾	578,762 ⁽¹⁾	1,108,078 ⁽¹⁾	1,057,516
Operating grants and contributions	190,315	171,924	130,880	110,652
Capital grants and contributions	13,095,530	23,850,849	18,587,741	8,309,881 ⁽⁵⁾
Total business-type activities	<u>57,703,656</u>	<u>74,460,916</u>	<u>67,637,217</u>	<u>57,650,090</u>
Total primary government	<u>\$ 70,577,275</u>	<u>\$ 85,006,906</u>	<u>\$ 79,450,078</u>	<u>\$ 67,571,900</u>

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					
2010	2011	2012	2013	2014	2015
\$ 3,578,661	\$ 4,064,412	\$ 4,031,095	\$ 4,376,553	\$ 3,933,108	\$ 3,675,464
434,137	404,862	460,066	450,165	510,221	486,947
16,930,483	16,160,112	17,932,227	16,423,939	18,460,345	17,460,335
7,023,969	6,641,424	7,646,177	7,480,636	8,900,466	8,745,852
3,724,473	3,360,632	3,391,482	2,686,449	3,173,758	2,765,034
1,883,742	1,211,214	1,185,988	1,686,715	224,853	440,482
2,108,631	1,363,356	1,196,185	1,104,631	1,591,303	2,136,524
1,837,734	1,668,489	1,396,524	1,201,196	883,628	1,198,530
<u>37,521,830</u>	<u>34,874,501</u>	<u>37,239,744</u>	<u>35,410,284</u>	<u>37,677,682</u>	<u>36,909,168</u>
44,812,789	43,974,519	46,692,190	45,332,806	47,020,782	46,183,666
912,187	967,856	1,207,743	983,083	1,014,521	1,045,716
2,142,384	1,901,016	1,944,248	1,866,955	1,965,935	2,072,012
1,346,564	1,396,446	1,241,853	1,193,905	1,234,260	1,287,229
<u>49,213,924</u>	<u>48,239,837</u>	<u>51,086,034</u>	<u>49,376,749</u>	<u>51,235,498</u>	<u>50,588,623</u>
<u>\$ 86,735,754</u>	<u>\$ 83,114,338</u>	<u>\$ 88,325,778</u>	<u>\$ 84,787,033</u>	<u>\$ 88,913,180</u>	<u>\$ 87,497,791</u>
(1,215,314)	(1,343,539)	(1,304,961)	(1,369,231)	(1,390,442)	(1,394,235)
1,115,314	1,106,596	1,022,416	1,086,686	1,034,429	1,038,222
100,000	200,000	200,000	200,000	209,561	209,561
0	36,943	82,545	82,545	146,452	146,452
<u>1,215,314</u>	<u>1,343,539</u>	<u>1,304,961</u>	<u>1,369,231</u>	<u>1,390,442</u>	<u>1,394,235</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
623,419	681,743	708,578	814,922	674,536	723,777
1,320,003	1,590,400	1,369,278	1,800,569	1,639,954	1,930,830
38,110	36,030	36,795	37,070	90,135	129,956
416,661	438,537	410,052	440,824	423,368	134,570
48,135	154,849	158,773	703,972	661,299	1,057,304
435,955	506,750	377,754	159,336	0	0
3,776,757	3,739,620	3,862,903	2,744,521	2,813,369	2,577,766
8,177,269 ⁽⁶⁾	7,718,212 ⁽⁶⁾	9,565,586 ⁽⁶⁾	1,419,674	2,044,189	2,322,290
<u>14,836,309</u>	<u>14,866,141</u>	<u>16,489,719</u>	<u>8,120,888</u>	<u>8,346,850</u>	<u>8,876,493</u>
50,039,158	55,401,138	57,492,303	56,832,305	58,759,620	64,315,416
865,739	818,874	832,971	913,459	944,120	897,226
1,769,329	2,057,883	2,299,960	2,272,930	2,369,815	2,462,485
907,160	1,012,377	1,031,717	1,006,129	992,168	983,932
69,070	0	0	0	0	0
3,794,048 ⁽⁵⁾	4,009,685	5,257,388	3,546,989	8,646,783	8,445,809
<u>57,444,504</u>	<u>63,299,957</u>	<u>66,914,339</u>	<u>64,571,812</u>	<u>71,712,506</u>	<u>77,104,868</u>
<u>\$ 72,280,813</u>	<u>\$ 78,166,098</u>	<u>\$ 83,404,058</u>	<u>\$ 72,692,700</u>	<u>\$ 80,059,356</u>	<u>\$ 85,981,361</u>

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

	2006	2007	2008	2009
Net (expense)/revenue				
Governmental activities	\$ (13,640,064)	\$ (17,893,504)	\$ (20,941,838)	\$ (25,535,193)
Business-type activities	17,076,461	31,033,410 ⁽²⁾	22,042,275	5,920,264
Total primary government net (expense)/revenue	3,436,397	13,139,906	1,100,437	(19,614,929)
General revenues and other changes in net position				
Governmental activities:				
Taxes				
Property	5,456,200	6,571,545	7,101,695	7,421,155
Intangibles	317,048	307,098	237,483	180,064
Franchise	3,359,902	3,474,822	4,599,218	4,451,348
Occupational	1,260,686	1,342,953	1,354,234	1,288,785
Insurance premium	1,281,035	1,340,284	1,398,065	1,431,555
Alcoholic beverages	1,043,230	1,112,799	1,056,980	1,000,788
Hotel/Motel	461,602	487,172	479,684	473,047
Local option sales	5,634,966	5,866,449	5,829,689	4,799,932
Grants and contributions	0	0	0	0
Investment earnings	644,185 ⁽³⁾	1,033,946 ⁽³⁾	1,033,414 ⁽³⁾	209,981 ⁽³⁾
Payments from component unit	64,470	0	0	0
Gain on sale of assets	93,824	1,282,635 ⁽²⁾	900,112	17,246
Miscellaneous	267,811	377,785	297,695	325,996
Transfers	2,286,216	1,585,275	3,055,911	1,495,051
Total governmental activities	22,171,175	24,782,763	27,344,180	23,094,948
Business-type activities				
Investment earnings	2,813,927 ⁽³⁾	3,483,808 ⁽³⁾	2,664,847 ⁽³⁾	1,013,233 ⁽³⁾
Payments from component unit	0	0	0	0
Gain on sale of assets	837	84,099	29,804	1,315
Miscellaneous	1,446,054	1,340,749	1,151,124	1,020,458
Transfers	(2,286,216)	(1,585,275)	(3,055,911)	(1,495,051)
Total business-type activities	1,974,602	3,323,381	789,864	539,955
Total primary government	24,145,777	28,106,144	28,134,044	23,634,903
Change in net position				
Governmental activities	8,531,111	6,889,259	6,402,342	(2,440,245)
Business-type activities	19,051,063	34,356,791 ⁽¹⁾	22,832,138	6,460,219
Total primary government	\$ 27,582,174	\$ 41,246,050	\$ 29,234,480	\$ 4,019,974

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					
2010	2011	2012	2013	2014	2015
\$ (21,470,207)	\$ (18,664,821)	\$ (19,445,064)	\$ (25,920,165)	\$ (27,940,390)	\$ (26,638,440)
7,015,266	13,716,581	15,828,305	13,825,832	19,086,566	25,122,010
(14,454,941)	(4,948,240)	(3,616,759)	(12,094,333)	(8,853,824)	(1,516,430)
7,253,570	7,886,437	7,338,537	7,825,290	8,363,877	8,654,493
97,161	59,343	81,841	80,720	105,044	133,186
3,866,595	4,072,511	4,240,193	4,092,271	4,014,946	4,371,358
1,114,317	1,111,954	1,139,926	1,199,374	1,263,534	1,268,021
1,418,124	1,376,910	1,585,550	1,684,119	1,743,745	1,823,481
942,016	999,642	994,573	979,409	1,022,245	1,067,611
444,852	517,456	563,902	591,793	715,260	828,925
4,943,847	5,030,213	5,259,684	5,300,279	4,983,807	5,094,727
0	0	0	0	0	0
498,737 ⁽³⁾	450,031 ⁽³⁾	426,185 ⁽³⁾	448,728 ⁽³⁾	246,266 ⁽³⁾	142,917
0	0	0	0	0	0
40,591	0	0	67,897	0	0
363,279	236,416	245,524	1,057,074 ⁽⁴⁾	1,017,590 ⁽⁴⁾	122,294
2,190,747	3,006,690	3,254,637	5,122,095	3,407,947	2,395,089
23,173,836	24,747,603	25,130,552	28,449,049	26,884,261	25,902,102
401,971 ⁽³⁾	355,561 ⁽³⁾	314,147 ⁽³⁾	334,347 ⁽³⁾	292,577 ⁽³⁾	775,365
0	0	0	0	0	0
19,569	20,718	33,411	12,331	53,471	17,322
1,023,096	1,011,088	1,055,930	1,042,459	1,095,243	156,932
(2,190,747)	(3,006,690)	(3,254,637)	(5,122,095)	(3,407,947)	(2,395,089)
(746,111)	(1,619,323)	(1,851,149)	(3,732,958)	(1,966,656)	(1,445,470)
22,427,725	23,128,280	23,279,403	24,716,091	24,917,605	24,456,632
1,703,629	6,082,782	5,685,488	2,528,884	(1,056,129)	(736,338)
6,269,155	12,097,258	13,977,156	10,092,874	17,119,910	23,676,540
\$ 7,972,784	\$ 18,180,040	\$ 19,662,644	\$ 12,621,758	\$ 16,063,781	\$ 22,940,202

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

Fiscal Year	Property Tax	Intangible Tax	Franchise Tax	Occupational Tax
2006	5,456,200	317,048	3,359,902	1,260,686
2007	6,571,545 ⁽¹⁾	307,098	3,474,822	1,342,953
2008	7,101,695	237,483	4,599,218 ⁽²⁾	1,354,234
2009	7,421,155	180,064 ⁽⁴⁾	4,451,348	1,288,785
2010	7,253,570	97,161 ⁽⁴⁾	3,866,595	1,114,317
2011	7,886,437 ⁽⁵⁾	59,343 ⁽⁴⁾	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 ⁽⁶⁾	105,044	4,014,946	1,263,534
2015	8,654,493	133,186	4,371,358	1,268,021

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.

Insurance Premium Tax	Alcoholic Beverages Tax	Hotel/Motel Tax	Local Option Sales Tax	Total
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 ⁽³⁾	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 ⁽⁶⁾	22,212,458
1,823,481	1,067,611	828,925	5,094,727	23,241,802

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund				
Reserved	\$ 42,976	\$ 49,289	\$ 70,002	\$ 102,572
Unreserved	5,904,994	6,697,460	4,066,767	3,595,792
Nonspendable (4)				
Committed (4)				
Assigned (4)				
Unassigned (4)				
Total general fund	<u>\$ 5,947,970</u>	<u>\$ 6,746,749</u>	<u>\$ 4,136,769</u>	<u>\$ 3,698,364</u>
All other governmental funds				
Reserved	\$ 2,333,758	\$ 12,757,904	\$ 4,535,228	\$ 24,515,444 ⁽³⁾
Unreserved, reported in:				
Special revenue funds	3,565,978	6,983,598 ⁽¹⁾	10,081,308 ⁽²⁾	9,982,391
Capital project funds	833,467	4,569,334	4,184,614	2,296,318
Debt service funds	542,766	1,753,653	1,602,964	2,266,195
Nonspendable (4)				
Restricted (4)				
Committed (4)				
Assigned (4)				
Total all other governmental funds	<u>\$ 7,275,969</u>	<u>\$ 26,064,489</u>	<u>\$ 20,404,114</u>	<u>\$ 39,060,348</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					
2010	2011	2012	2013	2014	2015
\$ 27,622					
4,164,074					
	\$ 406,166	\$ 384,796	\$ 367,035	\$ 352,744	\$ 475,231
	0	10,054	6,583	6,208	5,848
	2,996,014	3,040,356	2,321,338	3,295,367	2,457,217
	5,134,064	5,874,076	6,565,665	7,012,974	8,065,121
<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>	<u>\$ 11,003,417</u>
\$ 10,815,234 ⁽³⁾					
10,546,826					
9,403,152					
1,293,247					
	\$ 10,854,556	\$ 11,214,865	\$ 130,769	\$ 132,816	\$ 99,367
	91,939	115,428	6,385,355	4,174,002	6,868,770
	11,457,922	11,225,020	174,187	174,285	221,019
			16,162,739	12,850,447	11,591,868
<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>	<u>\$ 18,781,024</u>

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

	2006	2007	2008	2009
Revenues				
Taxes	\$ 18,800,818	\$ 20,557,731	\$ 21,931,347	\$ 21,030,163
Licenses and permits	824,465	1,045,039	726,127	563,085
Fines, fees and forfeitures	1,767,286	1,888,411	1,782,062	1,200,508
Charges for services	2,324,512	3,127,789	2,621,736	2,590,476
Intergovernmental	9,751,128 ⁽¹⁾	6,233,048	8,157,297	6,340,062
Interest	592,351	952,438	983,198	186,918
Property Sales	0	0	0	0
Contributions	402,948	262,754	150,346	95,806
Other	250,984	355,432	297,697	325,993
Total revenues	<u>34,714,492</u>	<u>34,422,642</u>	<u>36,649,810</u>	<u>32,333,011</u>
Expenditures				
General Government	2,858,175	3,036,416	3,183,110	3,260,291
Judicial	324,267	360,906	370,393	369,537
Public Safety	12,304,620	13,260,428	14,206,369	14,097,303
Public Works	3,990,492	4,081,934	4,638,378	4,586,349
Health and Welfare	3,348,749	2,922,009	3,479,259	3,381,182
Culture and Recreation	925,879	1,200,173	1,372,628	1,169,614
Housing and Development	1,550,568	2,249,375	4,624,623	1,951,894
Debt Service				
Principal	1,330,139	1,402,087	2,442,202	1,659,125
Interest	324,247	326,320	718,082	644,194
Capital Outlay	12,512,996 ⁽²⁾	5,042,938	15,104,298	18,184,470
Total expenditures	<u>39,470,132</u>	<u>33,882,586</u>	<u>50,139,342</u>	<u>49,303,959</u>
Excess of revenues over (under) expenditures	<u>(4,755,640)</u>	<u>540,056</u>	<u>(13,489,532)</u>	<u>(16,970,948)</u>
Other financing sources (uses)				
Transfers in	8,441,779	10,434,930	11,509,650	5,072,824
Transfers out	(6,184,479)	(8,916,559)	(9,131,665)	(3,506,803)
Issuance of notes payable	0	0	0	7,437,971
Refunding of notes payable	0	0	0	(7,437,971)
Issuance of capital leases	1,334,089 ⁽³⁾	11,898,663 ⁽⁴⁾	795,481	33,697,531
Sale of capital assets	176,623	5,673,013 ⁽⁵⁾	2,045,711	18,607
Total other financing sources (uses)	<u>3,768,012</u>	<u>19,090,047</u>	<u>5,219,177</u>	<u>35,282,159</u>
Net change in fund balances	<u>\$ (987,628)</u>	<u>\$ 19,630,103</u>	<u>\$ (8,270,355)</u>	<u>\$ 18,311,211</u>
Debt service as a percentage of noncapital expenditures	6.2%	6.0%	9.3%	7.3%

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					
2010	2011	2012	2013	2014	2015
\$ 20,073,154	\$ 21,039,421	\$ 21,205,179	\$ 21,798,180	\$ 22,193,025	\$ 23,263,514
526,787	540,906	533,141	727,631	768,827	1,008,077
1,179,773	1,390,242	1,142,066	1,663,768	1,635,471	1,778,770
2,405,885	2,935,491	2,740,521	2,910,952	3,004,541	3,331,778
12,994,964	12,190,933	12,456,574	4,067,439	3,959,460	4,689,473
110,152	56,785	35,839	52,479	41,823	126,712
0	0	0	0	0	0
140,042	152,829	574,090	96,754	96,860	147,384
363,276	235,905	245,210	1,057,730 ⁽⁷⁾	1,017,595 ⁽⁷⁾	122,291
<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>	<u>34,467,999</u>
2,985,636	3,289,626	3,317,143	3,287,366	3,228,407	3,431,244
385,823	367,454	417,255	421,756	460,849	465,915
14,010,732	14,555,914	15,880,473	14,617,996	14,934,311	15,462,822
4,358,836	4,334,170	4,415,291	4,325,418	4,491,711	4,672,187
4,095,212	3,073,671	3,053,511	2,529,431	3,391,256	2,968,229
1,204,508	764,611	1,052,118	592,617	165,000	433,682
1,649,911	1,750,971	1,726,625	1,639,307	2,082,930	2,148,470
3,119,832	8,034,940 ⁽⁶⁾	7,112,064	7,349,754	8,382,841	10,111,549
1,962,450	1,772,225	1,478,240	1,266,876	964,579	1,386,912
13,690,589	8,874,469	3,491,050	9,500,033	2,128,323	3,829,201
<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>	<u>44,910,211</u>
<u>(9,669,496)</u>	<u>(8,275,539)</u>	<u>(3,011,150)</u>	<u>(13,155,621)</u>	<u>(7,512,605)</u>	<u>(10,442,212)</u>
6,738,573	17,371,193	14,414,525	21,464,150	7,477,632	10,698,274
(4,240,053)	(14,788,283)	(11,222,388)	(16,413,039)	(4,112,658)	(7,435,982)
0	0	0	0	0	0
0	0	0	0	0	0
0	346,228	721,833	8,220,268	0	8,917,392
50,888	36,907	10,891	70,410	32,803	48,126
<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>12,227,810</u>
<u>\$ (7,120,088)</u>	<u>\$ (5,309,494)</u>	<u>\$ 913,711</u>	<u>\$ 186,168</u>	<u>\$ (4,114,828)</u>	<u>\$ 1,785,598</u>
15.4% ⁽⁶⁾	25.6% ⁽⁶⁾	22.7%	23.6%	24.7%	27.1%

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

Fiscal Year	Property Tax	Intangibles Tax	Franchise Tax	Insurance Premium Tax
2006	5,442,349	317,048	3,359,902	1,281,035
2007	6,626,154 ⁽¹⁾	307,098	3,474,822	1,340,284
2008	6,975,994	237,483	4,599,218 ⁽²⁾	1,398,065
2009	7,404,644	180,064 ⁽⁴⁾	4,451,348	1,431,555
2010	7,246,242	97,161 ⁽⁴⁾	3,866,595	1,418,124
2011	7,871,392 ⁽⁵⁾	59,343 ⁽⁴⁾	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 ⁽⁶⁾	105,044	4,014,946	1,743,745
2015	8,676,206	133,186	4,371,358	1,823,481

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.

Occupational Tax	Alcoholic Beverages Tax	Hotel/Motel Tax	Local Option Sales Tax	Total
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 ⁽³⁾	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 ⁽⁶⁾	22,193,025
1,268,021	1,067,611	828,925	5,094,727	23,263,515

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	
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)
2015	2,567,954,515	1,069,907,483	185,665,960	68,523,120	(312,134,457)

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.

Exemption Adjustments	Total Taxable Assessed Value⁽¹⁾	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
(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) ⁽³⁾	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%
(1,486,210)	3,578,430,411	3.02	3,578,430,411	100%

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

Tax Year	Fiscal Year	City of Gainesville			Total City Millage
		Operating Millage	Recreation Millage	Debt Service Millage	
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
2014	2015	1.75	0.78	0.49	3.02

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	
7.45	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
7.59	0.00	7.59	0.15	6.25	6.25	17.01

CITY OF GAINESVILLE, GEORGIA
PRINCIPAL TAXPAYERS
June 30, 2015

Taxpayer	2015			2006		
	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Total Taxable Assessed Value
Kubota Manufacturing of America Corporation/ Kubota USA, Inc	\$ 86,630,214	1	2.42%	\$ 149,038,784	1	5.21%
Cargill, Inc.	59,583,854	2	1.67%	56,755,499	2	1.99%
Fieldale Farms Corporation (Queen City Foods)	48,130,385	3	1.35%	22,384,966	7	0.78%
ZF Industries, Inc.	40,541,613	4	1.13%	37,931,093	4	1.33%
Georgia Power	31,475,624	5	0.88%			
Ace Hardware Corporation	26,053,798	6	0.73%	42,792,972	3	1.50%
SAPA Extruder Inc.	24,376,515	7	0.68%			
Bell South Communications	21,463,135	8	0.60%	23,058,829	6	0.81%
Inland Western Gainesville Village	21,401,715	9	0.60%			
Medical Arts Properties	21,140,313	10	0.59%			
Caradon Peachtree, Inc. (Peachtree Doors)				17,733,821	8	0.62%
Hayes Lemmerz Intl GA, Inc. (Western Wheel Georgia, Inc.)				12,838,876	9	0.45%
Colonial Realty Limited Part. (Camelot Real Estate Corp.)				28,688,876	5	1.00%
Con Agra (J & M Poultry & Country Pride)				6,634,908	10	0.23%
Total	<u>\$ 380,797,166</u>		<u>10.64%</u>	<u>\$ 397,858,624</u>		<u>13.92%</u>

Source: 2014 and 2005 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	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2006	7,431,394	(43,486)	7,252,591	98.17%	135,317	7,387,908	100.00%
2007	8,528,243	81,897	8,547,295	99.27%	62,845	8,610,140	100.00%
2008	9,490,615	41,726	9,308,622	97.65%	223,719	9,532,341	100.00%
2009	9,877,359	(1,972)	9,636,926	97.59%	238,461	9,875,387	100.00%
2010	9,894,722	(23,732)	9,579,640	97.05%	247,951	9,827,591	99.56%
2011	10,629,985	(191,121)	10,239,192	98.09%	176,241	10,415,433	99.78%
2012	10,023,134	(301,731)	9,518,471	97.91%	176,431	9,694,902	99.73%
2013	9,294,659	335,988	9,333,018	96.91%	282,886	9,615,904	99.85%
2014	9,272,596	262,984	9,363,036	98.19%	152,913	9,515,949	99.79%
2015	10,039,209	(70,449)	9,762,578	97.93%		9,762,578	97.93%

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, 2015

Commodity	2014			2004		
	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total
Food	\$ 5,881,974	1	20.91%	\$ 5,472,776	1	22.72%
Wholesale	4,323,669	2	15.37%	0		0.00%
General	4,105,441	3	14.59%	3,328,268	3	13.82%
Other Retail	3,491,639	4	12.41%	4,551,713	2	18.89%
Miscellaneous Service	2,450,490	5	8.71%	1,249,852	8	5.19%
Utilities	2,199,013	6	7.82%	1,699,748	7	7.06%
Home	1,961,217	7	6.97%	965,809	9	4.01%
Manufacturer	1,431,868	8	5.09%	0		0.00%
Auto	1,018,740	9	3.62%	1,843,016	6	7.65%
Other Services	594,724	10	2.11%	2,692,310	4	11.18%
Accommodations	532,598	11	1.89%	1,882,264	5	7.81%
Construction	138,888	12	0.49%	404,040	10	1.68%
Total	<u>\$ 28,130,258</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.
This information is reported on a calendar year basis.

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, 2015

Customer	Type of Business	Total Water Billings	Total Sewer Billings	Total Billings	Percentage of System Revenues
Fieldale Farms Corporation	Manufacturer - Poultry Products	\$ 3,170,428	\$ 6,387,429	\$ 9,557,856	15.36%
Pilgrim's Pride	Manufacturer - Poultry Products	1,169,624	3,188,452	4,358,077	7.00%
Mar-Jac Poultry, Inc.	Manufacturer - Poultry Products	1,145,640	2,935,685	4,081,325	6.56%
NE GA Health Systems	Hospital	366,261	595,183	961,444	1.54%
Cargill, Inc.	Manufacturer - Soybean Products	350,643	442,484	793,126	1.27%
Hall County Commissioners	Local Government	293,249	338,847	632,096	1.02%
Cooley Enterprises (DBA Kings Delight)	Food Further Processing	240,390	338,795	579,185	0.93%
Sonstegard Foods	Manufacturer - Egg Products	156,233	228,174	384,406	0.62%
Mid America Apartment Comm.	Apartments	102,281	281,633	383,913	0.62%
Prime Pak Foods, Inc.	Manufacturer - Beef/Pork Products	147,347	215,197	362,544	0.58%
Total		<u>\$ 7,142,096</u>	<u>\$ 14,951,877</u>	<u>\$ 22,093,973</u>	<u>35.50%</u>

Note: This information is included to comply with continuing disclosure requirements of 2005, 2006, and 2014 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 ⁽¹⁾
	General	Capital	Water	Notes	Capital			
	Obligation Bonds	Leases	& Sewer Bonds	Payable	Leases			
2006	4,250,000	2,185,094 ⁽²⁾	130,255,278	106,718,229	40,626,338 ⁽³⁾	284,034,939	33.62%	8,755
2007	3,490,000	13,428,006 ⁽⁴⁾	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 ⁽⁵⁾	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	72,356,947	94,539,646	27,094,798	214,864,165	18.44%	6,047
2015	0	21,998,379	155,139,294	- ⁽⁶⁾	25,093,735	202,231,408	16.41%	5,570

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).

Note (6): The decrease in notes payable is due to a Series 2014 Water Sewer Bond Refunding which refunded the total amount of the GEFA notes payable and \$5,900,000 of the Series 2005 Water Sewer Bonds.

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

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property⁽¹⁾	Per Capita⁽²⁾
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
2015	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, 2015

<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	\$ 14,588,946	100%	\$ 14,588,946
Hall County	2,056,602	19%	\$ 390,754
Subtotal, overlapping debt			14,979,700
City of Gainesville direct debt			21,998,379
Total direct and overlapping debt			<u>\$ 36,978,079</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			
	2006	2007	2008	2009
Debt Limit	\$ 313,425,727	\$ 330,171,198	\$ 406,664,323	\$ 412,732,440
Total net debt applicable to limit	5,700,021	15,070,859	13,668,320 ⁽²⁾	43,267,440
Legal debt margin	<u>\$ 307,725,706</u>	<u>\$ 315,100,339</u>	<u>\$ 392,996,003</u>	<u>\$ 369,465,000</u>
Total net debt applicable to the limit as a percentage of debt limit	1.82%	4.56%	3.36% ⁽²⁾	10.48%

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					
2010	2011	2012	2013	2014	2015
\$ 403,529,632	\$ 386,525,819	\$ 369,409,894	\$ 360,749,247	\$ 361,538,289	\$ 389,205,108
42,514,285	34,302,996	27,431,657	20,877,219	15,770,863	15,289,643
<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>	<u>\$ 373,915,465</u>
10.54%	8.87%	7.43%	5.79%	4.36%	3.93%

Legal Debt Margin Calculation for Fiscal Year 2015

Total Assessed value	\$ 3,892,051,078
Debt limit (10% of total assessed value) ⁽¹⁾	389,205,108
Debt applicable to limit:	
General obligation debt	21,998,380
Less: Amount set aside for repayment of general obligation debt	<u>(6,708,737)</u>
Total net debt applicable to limit	<u>15,289,643</u>
Legal debt margin	<u>\$ 373,915,465</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 ⁽¹⁾	Less:	Net	Debt Service		
		Operating Expenses ⁽²⁾	Available Revenue	Principal	Interest ⁽³⁾	
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
2015	68,485,989	24,660,926	43,825,063	8,740,000	4,396,256	3.34

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): FY2006 - 2009 presented on accrual basis.

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

Fiscal Year	City of Gainesville Population^(a)	Estimated City of Gainesville Personal Income (amounts expressed in thousands)^(b)	Hall County Per Capita Personal Income^(c)	Gainesville City Public School Enrollment^(d)	Hall County Unemployment Rate^(e)
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%
2015	36,306	1,232,407	33,945	8,056	4.8%

Source (a): Fiscal year 2006-2010, 2012-2013 are estimates and fiscal year 2011 is based on 2010 Census provided by the U.S. Census Bureau. Fiscal year 2014-2015 is based on 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, 2015

<u>Employer</u>	2015			2006		
	<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	7,100	1	8.38%	4,200	1	5.34%
Fieldale Farms	2,500	2	2.95%	2,300	2	2.93%
Kubota Manufacturing of America	1,600	3	1.89%	717	7	0.91%
Pilgrims Pride	1,450	4	1.71%	1,553	3	1.98%
Mar-Jac	1,250	5	1.47%	1,259	4	1.60%
Coleman Natural Foods (Kings Delight)				950	5	1.21%
Victory Processing LLC	1,250	6	1.47%			
Cottrell, Inc.	850	7	1.00%			
Wal-Mart Super Center	830	8	0.98%	500	10	0.64%
Koch Foods, Inc.				600	8	0.76%
Pro View Foods, LLC	750	9	0.88%			
Liberty Mutual Insurance				600	9	0.76%
Wrigley Manufacturing Company, LLC	750	10	0.88%	800	6	1.02%
Total	<u>18,330</u>		<u>21.63%</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 2015 is based on 2014 Hall County annual average employment of 84,749 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary government										
General Government	44	44	46	41	45	46	48	51	50	51
Judicial	8	8	8	8	7	8	8	10	10	10
Public Safety										
Police	117	119	122	115	113	113	113	113	114	114
Fire	82	82	83	81	102	103	103	103	103	103
City Marshal	7	9	7	5	3	3	3	5	4	4
Public Works	62	62	63	54	53	52	54	53	53	55
Health and Welfare	45	44	49	49	45	47	39	37	32	32
Culture and										
Recreation	11	11	11	10	7	7	5	0	0	0
Housing and										
Development	38	22	22	18	17	17	17	13	13	13
General Insurance	2	2	2	2	0	0	0	0	0	0
Vehicle Services	5	5	5	5	5	5	6	6	6	6
Water and Sewer	243	249	253	231	225	229	229	229	230	233
Solid Waste	27	27	31	24	24	24	24	24	24	24
Golf Course	18	12	13	13	7	4	4	4	4	4
Total primary government	709	696	715	656	653	658	653	648	643	649
Component unit										
City of Gainesville										
Parks and Recreation										
Culture and Recreation	34	34	38	37	36	36	37	37	38	39
Gainesville Convention and Visitor's Bureau										
Housing and Development	0	0	0	0	0	0	0	0	0	4 (1)
Total Component units	34	34	38	37	36	36	37	37	38	43
Total employees	743	730	753	693	689	694	690	685	681	692

Source: Annual City of Gainesville Budget Document.

Note (1) Gainesville Convention and Visitor's Bureau became a component unit in FY15.

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

Function	FISCAL YEAR			
	2006	2007	2008	2009
Police				
Number of citations issued	16,737	14,326	13,585	11,394 ⁽²⁾
Number of calls for service	78,904	76,208	76,555	74,329
Fire				
Number of calls answered	5,918	6,443	5,998	5,901
Number of inspections conducted	2,856	3,490	2,607	2,631
Highways and streets				
Square feet of sidewalks replaced	6,399	5,127	14,040	2,351 ⁽²⁾
Linear feet curb and gutter installed	2,161	1,679	2,091	1,071
Sanitation				
Refuse collected (tons)	5,497	5,489	5,320	5,261
Recyclables collected (tons)	700	711	799	653
Culture and Recreation				
Enrolled in youth athletics	1,049	1,297	1,741	1,173 ⁽²⁾
Civic Center/Cabin rentals	1,350	1,229	1,579	823 ⁽²⁾
Water System (MGD -Millions of Gallons per Day)				
Number of service connections	46,645	48,652	49,783	46,550 ⁽²⁾
Daily average consumption in gallons	19.29 MGD	19.85 MGD	17.86 MGD	16.56 MGD
Sewer System (MGD -Millions of Gallons per Day)				
Number of service connections	8,170	9,489	9,683	8,896 ⁽²⁾
Daily average treatment in gallons	9.14 MGD	8.42 MGD	7.80 MGD	8.00 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					
2010	2011	2012	2013	2014	2015
12,307	13,671	9,306	11,353	11,622	9,734
75,866	67,879	63,839	62,744	60,380	70,534
6,020	6,566	6,962	7,031	7,174	7,814
2,848	1,439	1,725	1,325	1,862	2,019
3,552 ⁽²⁾	445 ⁽²⁾	9,063	4,500	11,727	8,217
217	50	698	211	544	241
5,015	4,897	4,743	4,857	4,989	5,374
688	657	726	759	794	772
1,139	1,507	1,553	1,398	1,424	1,181
969	992	1,068	1,223	1,169	1,230
46,674	46,632	47,018	47,892	53,676	55,274
17.13 MGD	17.64 MGD	17.7 MGD	16.74 MGD	16.74 MGD	16.74 MGD
8,840	8,716	8,847	9,157	10,977	11,580
9.20 MGD	8.50 MGD	8.1 MGD	8.50 MGD	8.90 MGD	8.00 MGD

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

Function	FISCAL YEAR			
	2006	2007	2008	2009
Public safety				
Number of police stations	5	5	5	5
Number of fire stations	4	4	4	4
Solid Waste				
Collection Trucks	9	9	9	9
Highways and streets				
Miles of streets	130	133	136	136
Miles of storm sewers	19.78	20.00	20.11	20.20
Number of street lights	2,346	2,352	2,340	2,380
Culture and Recreation				
Community/Civic Centers	2	2	8	8
Parks	20	21	22	21
Park acreage	425+	443+	443+	444+
Golf courses	1	1	1	1
Swimming pools	2	1	1	5
Baseball/Softball fields	10	10	9	9
Soccer fields	10	10	10	9
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	1,230	1,247	1,302	1,310
Number of fire hydrants	7,596	7,840	7,843	8,538
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	261	268	271	278
Number of wastewater treatment plants	2	2	2	2
Maximum daily capacity of treatment plants in gallons	12.9 MGD	14.7 MGD	17 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					
2010	2011	2012	2013	2014	2015
3	2 ⁽³⁾	2 ⁽³⁾	2 ⁽³⁾	2	2
4	4	4	4	4	4
9	9	10	10	12	13
136	136	136	136	140	140
20.20	20.20	20.47	20.47	20.49	20.52
2,414	2,627	2,694	2,700	2,676	2,639
2	2	2	2	2	2
21	21	21	22	22	22
445	445	445	450+	450+	450+
1	1	1	1	1	1
5	5	5	5	4	4
10	10	11	11	10	10
10	10	10	10	10	10
1	1	1	1	2	2
16	16	16	16	15	15
1,315	1,344	1,344	1,344	1,355	1,363
8,719	8,803	8,855	8,735	8,772	8,838
2	2	2	2	2	2
35MGD	35 MGD	35 MGD	35 MGD	35 MGD	35 MGD
280	280	286	286	289	291
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, 2015

Water Rates (Monthly Charges):

	Inside City Limits	Outside City Limits
Account Servicing Fee	\$ 5.10	\$ 5.10
Quantity Used Per Month In Cubic Feet		
Per Hundred Cubic feet	\$2.53 Per 100 cf ⁽¹⁾	\$ 5.06 per 100 cf ⁽¹⁾

Note: This information is included to comply with continuing disclosure requirements of 2005, 2006, and 2014 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, 2015

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	2,700	8,630	258	11,588
2 inch	3,500	13,808	414	17,722
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, 2006 and 2014 Water and Sewerage bond issues.

**CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES DEPARTMENT
SEWER RATES AND CHARGES
JUNE 30, 2015**

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	\$ 7.98

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 \$5.10 inside the City and \$5.10 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, \$7.98 for Oakwood customers.

Residential sewer charges are based on 89% 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, 2006, and 2014 Water and Sewerage bond issues.

**CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES DEPARTMENT
SEWER TAPPING, CONNECTION AND ADMINISTRATIVE FEES
JUNE 30, 2015**

Sewer Tapping Fees:

For a six inch (6") service line serving a single dwelling or commercial unit the cost is \$900.

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, 2006 and 2014 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
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
2015	4,840,617	4,840,617	0

Note: This information is included to comply with continuing disclosure requirements of 2005, 2006, and 2014 Water and Sewerage bond issues.

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF INSURANCE COVERAGE
June 30, 2015

	<u>Amount</u>	
Property Coverage		
Blanket building and contents (\$10,000 deductible)	Replacement Cost ⁽¹⁾	
Flood (\$50,000 deductible)	\$ 5,000,000	
Equipment Breakdown (\$10,000 deductible)	\$ 100,000	
Automobile (Fire Trucks 1994 or newer) (\$5,000 deductible)	Actual cash value	(\$6,070,578)
Inland Marine (Contractor's Equipment) (\$2,500 deductible)	Actual cash value	(\$5,514,825)
EDP Equipment (\$2,500 deductible)	Replacement Cost	(\$1,901,596)
Casualty		
General Liability ⁽²⁾		
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)	⁽³⁾ \$ 1,000,000	per occurrence
Employee benefits (\$1,000 deductible)	\$ 1,000,000	per occurrence
Employment Practices Liability benefits (\$25,000 deductible)	⁽³⁾ \$ 1,000,000	per occurrence
Automobile Liability		
Single limit liability (\$10,000 deductible)	\$ 1,000,000	
Public Employee Dishonesty (\$1,000 deductible)	\$ 500,000	
Airport Liability (\$1,000 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 \$268,802,165.

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 ⁽¹⁾ / 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 ⁽³⁾
2009	180	1/2	29,629,500	50	10,319,500 ⁽³⁾
2010	152	0	23,615,800	24	11,775,300 ⁽³⁾
2011	140	0	23,159,500	17	4,653,000 ⁽³⁾
2012	167	0	28,447,800	17	3,873,000 ⁽³⁾
2013	264	0	47,710,100	26	132,020,900 ⁽⁴⁾
2014	341	0	67,877,695	17	7,685,100

City of Gainesville

	Number of Residential Permits		Total Estimated Value	Number of Commercial Permits	Total Estimated Value
	Single Family	Multi-Family ⁽¹⁾ / Number of Units			
2005	236	10/116	39,622,400	45	75,791,100
2006	186	10/107	42,646,528	52	153,269,000 ⁽²⁾
2007	275	5/25	37,531,000	50	68,250,000
2008	51	0	6,815,850	33	32,348,400 ⁽³⁾
2009	19	0	4,431,080	25	55,633,500 ⁽³⁾
2010	35	0	5,544,591	12	31,119,415 ⁽³⁾
2011	45	0	7,086,101	14	19,138,000 ⁽³⁾
2012	122	2/88	29,873,617	7	18,033,377 ⁽³⁾
2013	262	2/4	47,189,890	14	57,498,595
2014	266	12/3	46,952,571	23	67,932,217

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

Date of Incorporation	1821
Form of Government	Council/Manager
City Population (2014 Estimate)	36,306
Hall County Population, including City (Estimate)	190,761
Area of City in square miles	34.31
Number of full time employees	649

Government facilities and services:

Public Safety:

ISO Fire Classification	Class II
Number of fire personnel and officers	104
Number of police personnel and officers	116
Number of police patrol units	125

Facilities and services not included in the reporting entity:

Education:

Number of elementary schools	5
Number of elementary school instructors	282
Number of middle schools	2
Number of middle school instructors	105
Number of secondary schools	2
Number of secondary school instructors	112
Number of technical institutions (in Hall County, outside City)	1
Number of universities	2

Hospitals:

Number of hospitals	1
Number of patient beds	657

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





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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Gainesville, Georgia, as of and for the year ended June 30, 2015, 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 17, 2015.

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, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Gainesville, Georgia'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 not 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 17, 2015



RUSHTON & COMPANY

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, 2015. 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, 2015.

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

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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

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 17, 2015

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2015

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Number	Expenditures
U.S. Department of Housing and Urban Development			
Community Development Block Grant/Entitlement Grants	14.218	N/A	\$ 314,251
Passed through Georgia Department of Community Affairs Home Investment Partnerships Program	14.239	2012-850	7,387
Total U.S. Department of Housing and Urban Development			321,638
U.S. Department of Justice			
Equitable Sharing for State and Local Law Enforcement Agencies	16.000	N/A	34,361
Bureau of Justice Assistance Bulletproof Vest Partnership Program	16.607	N/A	3,505
Bureau of Justice Assistance Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	10,854
Total U.S. Department of Justice			48,720
U.S. Department of Transportation			
Federal Aviation Administration Passed through the Georgia Department of Transportation: Airport Improvement Program	20.106	AP013-9016-31(139)	20,699
Passed through the Georgia Department of Transportation: Federal Transit - Formula Grants	20.507	T005096	331,304
Federal Transit - Formula Grants	20.507	T005001	82,620
Federal Transit - Formula Grants - ARRA	20.507	T005111	60,924
Federal Transit - Formula Grants - ARRA	20.507	T005317	181,806
			656,654
Passed through the Georgia Office of Highway Safety: State and Community Highway Safety	20.600	GA-2014-174-00149 GA-2015-174-00268	3,171 9,607
			12,778
Total U.S. Department of Transportation			690,131
U.S. Department of Health and Human Services			
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	245,127 89,227
			334,354
Nutrition Services Incentive Program	93.053	Gainesville - NSIP	61,598
Total Aging Cluster of Programs			395,952

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2015

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Number	Expenditures
U.S. Department of Health and Human Services (continued)			
Social Services Block Grant Passed through Legacy Link, Inc.	93.667	Gainesville - SSBG	\$ 43,877
Total U.S. Department of Health and Human Services			439,829
U.S. Department of Homeland Security			
Passed through the Georgia Emergency Management Agency: Homeland Security Grant Program	97.067	EMW-2013-SS-00054-S01 EMW-2014-SS-00092-S01	9,962 20,690
Total U.S. Department of Homeland Security			30,652
Total Federal Awards			\$ 1,530,970

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, 2015

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, 2015. 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 \$7,387 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, 2015

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:	
20.507 Federal Transit_Formula Grants	
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, 2015

2. Financial Statement Findings

A. Current Year Audit Findings

None reported

B. Prior Year Audit Findings Follow-Ups

None reported

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, 2015

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST V					
Municipal Allocations	\$ 6,764,982	\$ 6,532,906			
Road Improvements			\$ 2,372,302	\$ 0	\$ 2,372,302
Storm Drain Improvements			970,413	224,831	1,195,244
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>\$ 7,845,231</u>	<u>\$ 224,831</u>	<u>\$ 8,070,062</u>
SPLOST VI					
Public Safety Facilities	\$ 27,000,000	\$ 27,000,000	\$ 21,465,093	\$ 1,053,103	\$ 22,518,196
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>\$ 21,465,093</u>	<u>\$ 1,053,103</u>	<u>\$ 22,518,196</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.

Note: The prior years balances have been restated for SPLOST VI. These amounts were excess SPLOST VI revenues that the City had already expended out of other City funds.