

CITY OF GAINESVILLE, GA

SINCE 1821



2016 Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

CITY OF GAINESVILLE, GEORGIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016



CITY OF GAINESVILLE, GEORGIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

Prepared by the Administrative Services Department, Financial Services Group

***Jeremy Perry,
Chief Financial Officer***



CITY OF GAINESVILLE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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OFFICIALS OF THE CITY OF GAINESVILLE

LEGISLATIVE BRANCH CITY COUNCIL

Danny Dunagan		Mayor
Sam Couvillon	(Ward 1)	Council Member
Zack Thompson	(Ward 2)	Council Member
Barbara B. Brooks	(Ward 3)	Council Member
George Wangemann	(Ward 4)	Council Member
Ruth Bruner	(Ward 5)	Council Member

OFFICERS OF THE COUNCIL

Denise Jordan	City Clerk
Abbott S. Hayes, Jr.	City Attorney

JUDICIAL BRANCH

G. Hammond Law, III	Municipal Court Judge and Administrative Hearing Officer
Anne M. Bishop	City Solicitor

EXECUTIVE BRANCH CITY MANAGER AND DEPARTMENT DIRECTORS

Bryan Lackey	City Manager
Angela Sheppard	Assistant City Manager
Jeremy Perry	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	Administrative Services Director
Jerome Yarbrough	Fire Chief
J. Melvin Cooper	Director of Parks and Recreation
Carol Martin	Chief of Police
Linda MacGregor	Director of Public Utilities
David Dockery	Director of Public Works



Government Finance Officers Association

**Certificate of
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for Excellence
in Financial
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Presented to

**City of Gainesville
Georgia**

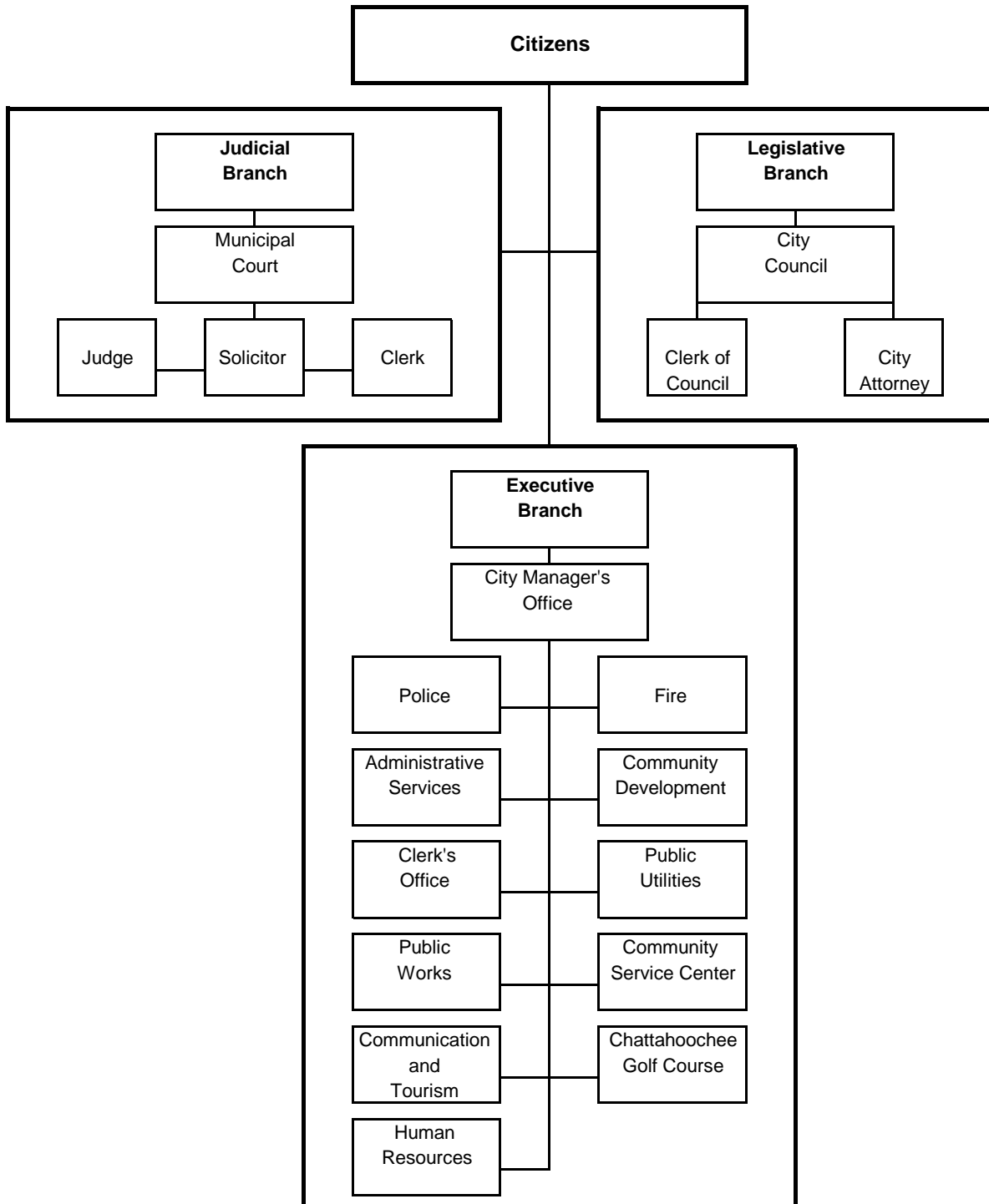
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015



Executive Director/CEO

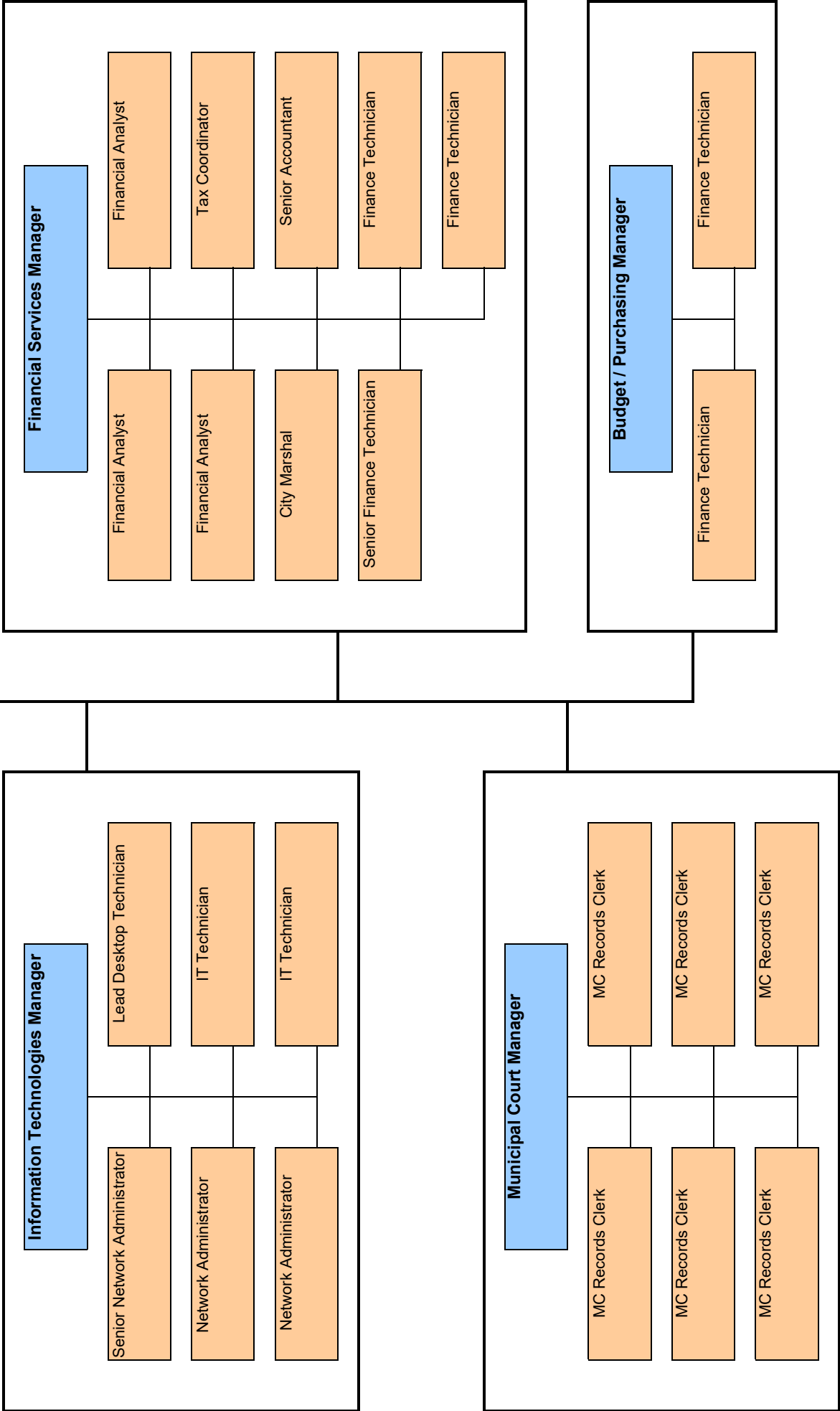
**Gainesville City Government
Organizational Chart
By Governmental Branch and Department**



ADMINISTRATIVE SERVICES DEPARTMENT

Administrative Services Director / Chief Financial Officer

Admin Services Officer



November 21, 2016



CITY OF GAINESVILLE

OFFICE OF
THE CITY MANAGER

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Gainesville, GA. 30503

Telephone: 770.535.6865

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www.gainesville.org

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

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, 2016. 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, we submit this report for your consideration.

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, 2016, 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, 2016 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 2015 show Gainesville and Hall

County’s population at 38,712 and 193,535 respectively. Daytime population increases these numbers considerably, with over 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 City provides a full range of municipal services to the citizens of Gainesville and water and sewer service to most of Hall County. The Comprehensive Annual Financial Report includes all funds and activities directly under the control of the City Council.

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. These 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 establish its authority over the Center, 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 four years. In addition, a Milliken Institute study recognized Gainesville as the best-performing small city in Georgia for the fifth consecutive year; based on salary and employment growth. Milliken Institute also named Gainesville-Hall County as the top ranking Metro area

in Georgia. Recent statistics substantiate these accolades; July 2016 numbers show Metro Gainesville as having the lowest unemployment rate in the state. Gainesville's July 2016 rate was 4.6%, down substantially from the July 2015 5.8% rate. Overall, Gainesville-Hall County gained 3,200 jobs over the last year, which factored to a 3.8% growth rate. Growth occurred in both the service and goods producing industries. 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. 2015 was the single best year of capital investment reported by the Greater Hall Chamber of Commerce. More than 1,100 jobs are anticipated from the 24 new and existing projects reported for the Gainesville/Hall County area, with a total investment of over \$320 million. Several of these projects are multiyear projects where investment and job creation will take place over a number of years, creating an ongoing positive ripple.

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 31 new commercial building permits were issued during the first four months of FY2017.

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 recent numbers showing 17,642 direct jobs employed in the sector and over \$5 billion in economic output. 2015 numbers showed poultry production made up 47 percent of the State's agricultural business, and a large portion of the poultry business happens in the Gainesville area.

Retail wise, the newly constructed North Lake Square Center on Dawsonville Highway became home to a number "new to Hall County" retail stores that opened

in 2015 and 2016. In October, 2015, a 55,000 square foot Hobby Lobby debuted, followed by the November 2015 opening of a 62,000 square foot Academy Sports. In 2016, the 20,000 square foot off price retailer Homegoods joined the Center, followed by the retailer Burlington, occupying 40,000 square feet of shopping space. Five Below, a merchandiser specializing in a myriad of goods geared toward teens, pre-teens and parents, all priced at \$5 or less, has also located at the Center. Also opening at North Lake Square were a number of new restaurants, including Chipotle, Pollo Tropical and Jersey Mike's.

Also, 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.

In addition to the aforementioned robust business activity, Gainesville-Hall County holds the privilege of being the medical nucleus for the 14 county Northeast Georgia area with its top ranked hospital, Northeast Georgia Medical Center (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 hospital for the third consecutive year by CareChex, a national health-care ratings agency. NEGMC has also been ranked as Georgia's #1 Heart, Stroke Care and Women's hospital.

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. 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. Sales have been robust at the Mundy Mill Subdivision, a 604 acre development approved for 1,148 single-family homes, 578 town houses, 460 apartments and over 1 million square feet of industrial, retail and office space. According to Mundy Mill representatives, 2016 home sales were running 50 percent ahead of previous year totals. Another development seeing impressive growth is Cresswind on Lake Lanier, a Kolter Group development geared toward active older adults, Kolter Group representatives have reported that 2015 was their best sales year ever, and with construction on a final phase of 120 homes taking place this year, expectations are that 2016 will be a good year as well. The City's Building Permits issued for FY2016 reflect this optimism; new residential permits escalated more than 30% over the number issued for FY2015.



Impressive 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 and embraces 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. In the latter half of 2015, the City released findings from a Renaissance Strategic Vision and Plan on Downtown Gainesville. This study was performed under the guidance of the Georgia Downtown Renaissance Partnership with the purpose of promoting strategic ideas and work programs for selected Georgia communities. The study focused on identifying downtown Gainesville's positive attributes and unique features, and with this information, creating a shared community vision and implementation work plan. Three steps were involved in the strategic planning process. The first step involved determining where the City is currently poised. Step two focused on identifying the desired direction and vision, and the final step identified the implementation plan for achieving the desired vision.

Public input was an important part of this study, with

the Carl Vinson Institute of Government and City staff pulling together views from 12 focus groups and 17 one-on-one interviews from people who live and work in Gainesville. Diversification of these focus groups was of primary importance, with representation ranging in age from middle school students to "Wisdom Keepers" retirees. Other focus groups included the Gainesville Historic Preservation Commission, Brenau University and local high school students, Gainesville Housing Authority, and Downtown Business Owners.

There was a great deal of positive feedback from these groups regarding the charm and character of Downtown Gainesville. The Downtown Square has, in recent years, regained its prominence as the community's gathering place, fueled by traditional festivals and new and fun outdoor events. Several interesting restaurants and boutiques have located on the Square in recent years, alongside longstanding and beloved institutions. Downtown's adjacency to walking trails, recreational opportunities and beautiful Lake Lanier were also cited as recognized treasures of the community, making it an enjoyable and vibrant place to live and play. The fact that there are vacant properties available in Downtown, allowing the potential for new businesses to complete the desired Downtown vibe, was also considered a big positive.

In the area of needed improvement, the focus groups identified the need for downtown housing, with young professionals and Empty Nesters in mind. Downtown housing would benefit the community twofold, by fulfilling the need to provide housing and creating an addi-

Illustration of Downtown Housing Possibilities



Depiction of a Food Truck Festival on the Lake



tional market for downtown businesses. Participants also expressed the need for better connectivity by making intersections more pedestrian friendly and improving the City's sidewalks. Also mentioned was the need for greater variety in retail and entertainment/evening destinations in downtown, with improvements in the streetscape and lighting. Focus groups also cited the need to implement architectural guidelines ensuring that new construction and renovation projects would complement the character of existing structures.

These concerns, along with a myriad of other improvements cited by the focus groups, were compiled and prioritized into a concise listing of 4 pivotal categories in the City's work plan; Connectivity, Programming, Design and Economic Development.

The Connectivity side of the City's work plan includes creating a more pedestrian friendly environment to downtown Gainesville. Long-term solutions include the addition of attractive streetscaping and other infrastructure improvements that would create safe and inviting connections for both pedestrians and commuters alike. In addition, a number of viable short-term solutions that can be implemented in less than one year for relatively little cost were identified with the study. These include adjusting signal timing and the installation of flashing crosswalk systems at critical intersections, removing bollards to reconnect streets in downtown, and improved demarcation at pedestrian crossings. Other connectivity improvements included the installation of uniform wayfinding signage, the expansion of existing transit service to key sites in Downtown, the extension of the Midtown Greenway, and aesthetic improvements to the City's gateway

corridors coming into the City.

One of the top improvements cited from the Programming was to celebrate the walkability of Downtown and to encourage greater use of parking decks by implementing a parking hierarchy, along with improving aesthetics and visible security. New and creative entertainment options were also suggested, such as food truck festivals at nearby parks on the lake, and the utilization of historical and architecturally interesting buildings as entertainment venues. In addition, redevelopment opportunities of existing unsightly and vacant sites was suggested, as well as innovative development and the expanded awareness of the possibilities available in the segment of town known as Midtown, just south of the Downtown City Square.

As for Design priorities, focus groups reiterated the importance of newly constructed or remodeled downtown buildings "fitting" the existing character and charm of adjacent structures. While feelings were strong that Downtown Gainesville continue with more traditional design, locals expressed a desire to build upon the industrial feel of the Midtown character while encouraging new development and the reuse of historic warehouses. It was also idealized that Midtown, which already is home to a number of lively art galleries, could be promoted as a creative district with a scattering of public art in all forms.

Economic development means building on and strengthening the community's existing economic assets while diversifying the economic base. Focus groups listed downtown housing as one of the top



Economic Development priorities. New mixed-use developments on the fourth side of the Square, the City-owned “Main Street” lots, and the south side of the pedestrian bridge were also recognized as crucial to the vitality of Downtown Gainesville. Suggestions for promoting such growth include offering incentives to promote new business in targeted areas, ranging from tax abatements, grants and the waiving of business fees.

The final step of the strategic planning process involved creating an implementation plan that makes the vision a reality. Action items identifying the “who, what, when, where, and why” were noted as part of the process, allowing the achievement of the vision through practical and attainable steps. Action items also noted potential partners, obstacles, and proposed funding sources required to achieve the community’s visions for Downtown. To learn more about Gainesville’s vision for its downtown, refer to the City’s website to view the full 146-page study.

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 \$88.4 million in

projected expenditures through fiscal year 2021; \$13.0 million of this has been approved to be expended in FY2017. Leading the way in 2017 projected expenditures is \$3.5 million allotted for the relocation of the City’s Fire Station #2. Other projected capital costs include \$1.7 million assigned for the Main Street Building demolition, \$1.3 for the Administrative Building renovation, \$1.2 million for Public Safety fleet replacement, \$885,000 for street resurfacing, and \$525,000 budgeted for streetscaping along Washington and Bradford Streets.

The City of Gainesville Department of Water Resources maintains a separate capital improvement plan. The most recently adopted plan indicates that \$120.3 million will be required over the next five years to construct facilities and maintain, with some allowance for growth, the City’s water, wastewater and stormwater systems. For 2017, estimated enhancements are projected to cost \$17.9 and \$8.6 million respectively, while stormwater improvements are projected to run \$750,000.

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 good market conditions in FY2016 and reaped substantial benefits as management refunded Series 2005 Water and Sewer Bonds in December 2015. Savings for the refunding issue totaled \$857,834.

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, 2015. 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, 2015. 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.

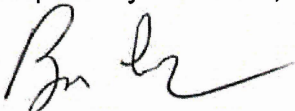
The GFOA presented an Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) to the City of Gainesville for its PAFR submitted for the fiscal year ended June 30, 2015. This was the second year the government achieved this esteemed award. The PAFR award was established to encourage 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, 2016.

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.

Additionally, I would like to take this opportunity to thank Melody Marlowe for her many years of service to the City of Gainesville prior to her retirement this past summer. Her steady hand and prudent fiscal management both set a firm financial foundation and allowed the City to successfully weather the storm of the recent Great Recession.

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, and their continued support of the City's professional staff. The Council's vision and input are the guiding factors that enables the City staff to work toward keeping and enhancing the City of Gainesville as a great place to live, work, learn, and play.

Respectfully submitted,



Bryan Lackey
City Manager



Jeremy Perry
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, 2016, 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, 2016, 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 97 through 104 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 schedule of projects financed with special purpose local option sales tax, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, 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, 2015, which are not presented with the accompanying financial statements. In our report dated November 17, 2015, we expressed unmodified 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 2015 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 2015 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 2015 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 21, 2016, 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 21, 2016



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, 2016. 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-xxii 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, 2016, by \$463.1 million (reported as *net position*). Of this amount, \$(5.3) 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, 2016, Gainesville's governmental funds reported combined ending fund balances of \$35.0 million. Approximately 21.4% of this total amount, \$7.5 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 105. 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, which is considered a major fund.

Data from the other sixteen 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 105-116 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 38-96 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 are 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 2016 and 2015

	Governmental Activities		Business Type Activities		Total	
			(In millions of dollars)			
	2016	2015	2016	2015	2016	2015
Current assets	\$ 43.6	\$ 38.1	\$ 112.2	\$ 96.1	\$ 155.8	\$ 134.2
Capital assets	99.6	100.6	477.3	482.3	576.9	582.9
Other noncurrent assets	0.2	0.3	-	-	0.2	0.3
Total assets	<u>143.4</u>	<u>139.0</u>	<u>589.5</u>	<u>578.4</u>	<u>732.9</u>	<u>717.4</u>
Deferred Outflows of Resources	<u>4.5</u>	<u>3.3</u>	<u>4.5</u>	<u>4.4</u>	<u>9.0</u>	<u>7.7</u>
Current liabilities	8.9	5.9	23.9	22.0	32.8	27.9
Noncurrent liabilities	64.8	63.4	178.7	193.6	243.5	257.0
Total liabilities	<u>73.7</u>	<u>69.3</u>	<u>202.6</u>	<u>215.6</u>	<u>276.3</u>	<u>284.9</u>
Deferred Inflows of Resources	<u>1.4</u>	<u>2.3</u>	<u>1.0</u>	<u>1.6</u>	<u>2.4</u>	<u>3.9</u>
Net position:						
Net investment in capital assets	78.7	78.3	314.7	303.3	393.4	381.6
Restricted	12.1	6.9	63.0	50.2	75.1	57.1
Unrestricted	<u>(18.0)</u>	<u>(14.5)</u>	<u>12.6</u>	<u>12.1</u>	<u>(5.4)</u>	<u>(2.4)</u>
Total net position	<u>\$ 72.8</u>	<u>\$ 70.7</u>	<u>\$ 390.3</u>	<u>\$ 365.6</u>	<u>\$ 463.1</u>	<u>\$ 436.3</u>

Net position may serve over time as a useful indicator of a government's financial position. The City of Gainesville reported a \$2.1 million increase in net position for governmental activities, while posting \$24.7 million in positive growth for business type activities. Overall, the City's net position rose \$26.8 million to close the current fiscal year with a \$463.1 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 (85.0%) 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 \$11.8 million between the end of fiscal years 2015 and 2016, from \$381.6 million to \$393.4 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 16.2% of total net position. Restricted net position experienced an \$18.0 million gain during the past year, jumping from \$57.1 million to \$75.2 million at the end of fiscal year 2016. 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 \$5.3 million deficit at the end of this year, a decrease of \$3.0 million from fiscal year 2015. 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. The indication of a positive unrestricted net position would not mean that the City had resources available beyond its long-term commitments. Rather, it would be the result of having currently available resources that are greater than long-term commitments.

Unrestricted net position for governmental activities dropped by \$3.5 million between 2015 and 2016, increasing from \$14.5 million to an \$17.9 million deficit. This drop is due predominantly to the booking of pension liability per GASB 67/68. Business-type activities showed an uptick in unrestricted net position, from \$12.1 million to \$12.6 million. 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.

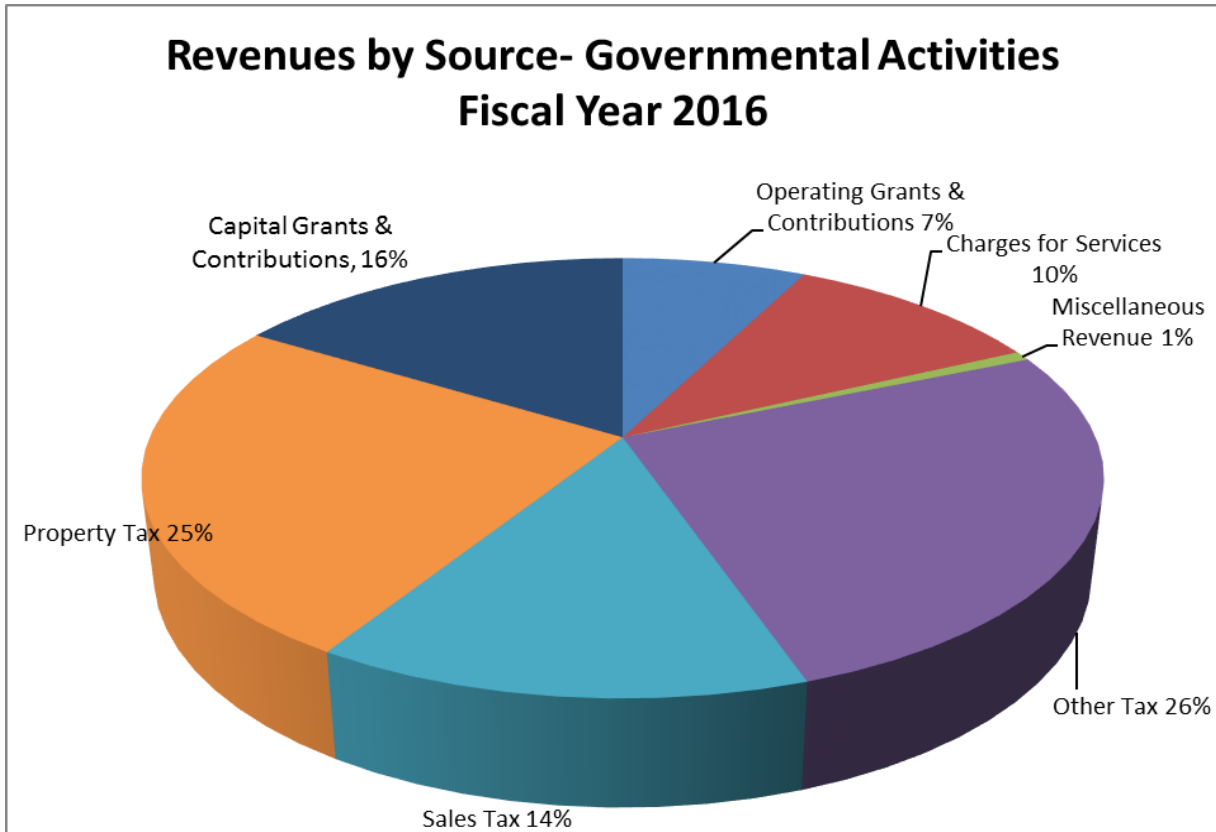
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Gainesville's net position changed during the fiscal year.

**City of Gainesville
Changes in Net Position
Fiscal Years 2016 and 2015**

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 4.0	\$ 4.0	\$ 71.2	\$ 68.7	\$ 75.2	\$ 72.7
Operating grants and contributions	2.8	2.6	0.0	0.0	2.8	2.6
Capital grants and contributions	6.1	2.3	9.1	8.4	15.2	10.7
General revenues:						
Property taxes	9.4	8.6	0.0	0.0	9.4	8.6
Sales tax	5.2	5.1	0.0	0.0	5.2	5.1
Other taxes	9.9	9.5	0.0	0.0	9.9	9.5
Miscellaneous revenue	0.2	0.3	1.4	0.9	1.6	1.2
Total revenues	37.6	32.4	81.7	78.0	119.3	110.4
Expenses						
General government	4.4	3.7	0.0	0.0	4.4	3.7
Judicial	0.5	0.5	0.0	0.0	0.5	0.5
Public safety	19.5	17.5	0.0	0.0	19.5	17.5
Public works	10.3	8.8	0.0	0.0	10.3	8.8
Health and welfare	2.6	2.8	0.0	0.0	2.6	2.8
Culture and recreation	0.4	0.4	0.0	0.0	0.4	0.4
Housing and development	2.4	2.1	0.0	0.0	2.4	2.1
Interest on long-term debt	0.5	1.2	0.0	0.0	0.5	1.2
Water and sewer	0.0	0.0	47.3	46.1	47.3	46.1
Airport	0.0	0.0	1.1	1.0	1.1	1.0
Solid waste	0.0	0.0	2.2	2.1	2.2	2.1
Golf course	0.0	0.0	1.3	1.3	1.3	1.3
Total expenses	40.6	37.0	51.9	50.5	92.5	87.5
Indirect Cost Allocation	1.4	1.4	(1.4)	(1.4)	0.0	0.0
Increase in net position						
before transfers	(1.6)	(3.2)	28.4	26.1	26.8	22.9
Transfers	3.7	2.4	(3.7)	(2.4)	0.0	0.0
Increase in net position	2.1	(0.8)	24.7	23.7	26.8	22.9
Net position - beginning	70.7	94.9	365.6	358.3	436.3	453.2
Prior period adjustment		(23.4)		(16.4)	0.0	(39.8)
Net position - beginning (restated)	70.7	71.5	365.6	341.9	436.3	413.4
Net position - ending	\$ 72.8	\$ 70.7	\$ 390.3	\$ 365.6	\$ 463.1	\$ 436.3

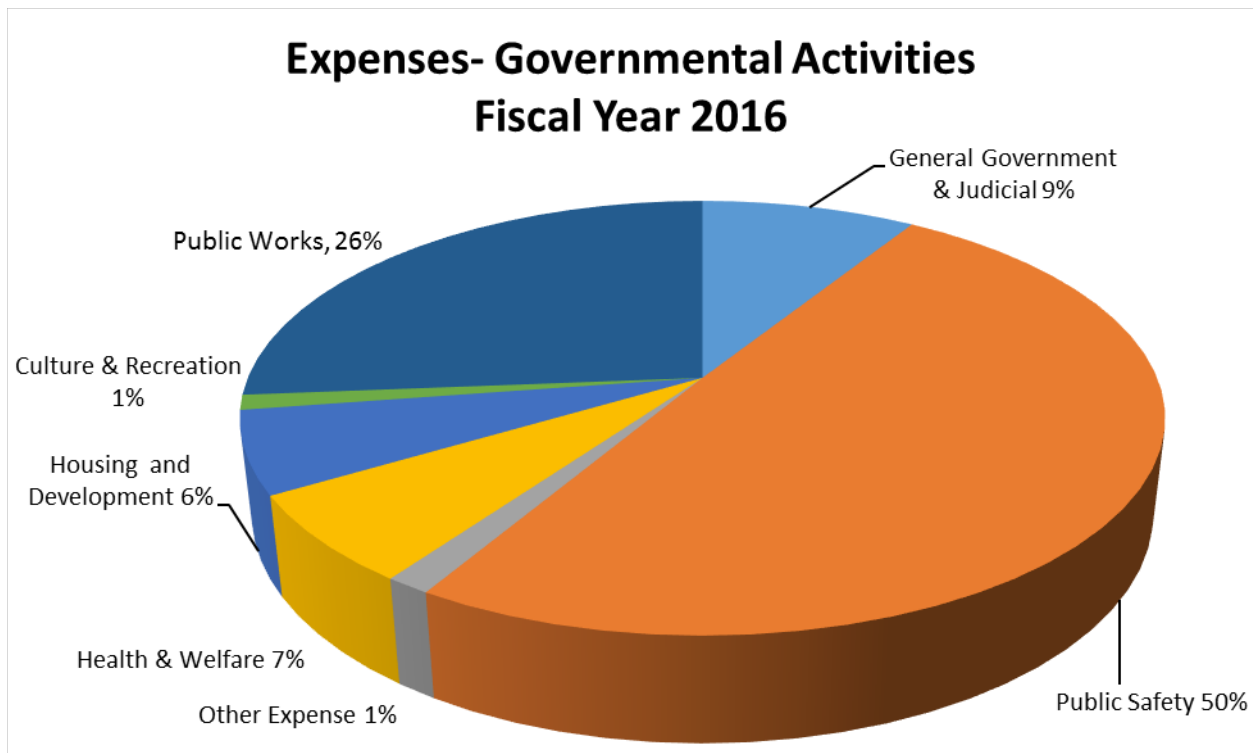
Governmental Activities –

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



The revenue chart indicates that Other tax and Property tax were the largest sources of revenue for governmental activities during the fiscal year 2016. Other tax, which includes franchise, insurance premium, hotel/motel and occupation taxes, represented 26% of governmental activities revenue. FY16 Other tax collections showed a \$375,942 increase over FY15 total; the major source of this jump was due to a \$124,609 rise in insurance premium tax, followed by a \$100,962 surge in occupational tax collections. Property tax revenue, which made up 25% of total governmental activities revenue, surpassed FY15 collections by \$755,091; both current and delinquent tax collections on real and personal property tax showed increased collections. Capital Grants and Contributions, which make up 16% of governmental activities revenue, exhibited a \$3.8 million increase over FY15 totals. This was due to a \$4.0 surge in SPLOST tax collections. Sales tax, which comprised 14% of governmental activities revenue, experienced an \$187,077 increase over 2015 collections. Operating Grants and Contributions, which make up 7% of total revenues, showed a \$204,319 increase over prior year totals, due to increased DCA Home, CHIP and Housing and Urban Grant revenues. Charges for Services and Miscellaneous revenues showed little change from previous year totals.

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 2016 was providing public safety services such as fire and police protection, followed by public works. Overall, expenses jumped \$3.6 million from FY15, with the largest portion of increased expense stemming from public safety, which showed a \$2.0 million uptick in costs. The majority of this surge is attributed to increased personal services costs in the Fire Department; a number of vacancies that existed in the department in fiscal year 2015 were filled in fiscal year 2016. Also contributing to the increase is an \$892,568 jump in personal services cost for the Police force, due for the most part to a surge in retirement costs. Public Works, which makes up 26% of total costs, had a \$1.5 million increase in costs when compared to fiscal year 2015. Street maintenance capital outlay costs, which includes street resurfacing, had an \$850,825 increase, and City Administration Building renovation and waterproofing costs of \$460,915 also contributed to this increase. General Government and Judicial, which makes up 9% of total Governmental Activities expenses had a \$747,496 increase in expenses; a good portion of this stems from increased personal services costs.

Business-type Activities –

Business-type activities increased the City of Gainesville's net position by \$24.7 million, expanding total net position to \$390.3 million. Key elements involving business-type activities are as follows:

- Total revenue for business-type activities was \$3.7 million higher than collections recorded in FY15. This gain is due predominantly to a \$2.3 million surge in Department of Water Resources' charges for services, where water sales experienced a 1.15% rise in volume over FY15 usage. This gain in volume, due in part to new residential and commercial development, also brought sales growth in sewer and tap fees. This growth also spurred a \$735,091 jump in Capital grants and private development contributions.
- FY16 Solid Waste charges for services increased \$157,074, while Golf Course and Airport charges for services revenue showed increases from 2015 totals of \$50,302 and \$27,783 respectively.
- Overall expenses for business-type activities were up \$1.4 million from FY15 totals. Department of Water Resources experienced a \$1.2 million jump in costs, due predominantly to increased personal services expense. Solid Waste, Airport, and Golf Course showed increased expenses of \$138,409, \$63,313 and \$3,636 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 \$35.0 million. Of this amount, \$7.5 million or 21.4% 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 \$7.5 million, while total fund balance reached \$12.0 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 28.7% of total General Fund expenditures, while total fund balance represents 46.1% of that same amount. Of the \$12.0 million total fund balance for the general fund, \$4.2 million is assigned, comprised predominantly of \$4.1 million which is assigned for budget.

The General Fund's fund balance increased by \$1.0 million during the current fiscal year. The General Fund's \$456,940 million excess of revenues over expenditures was due predominantly to strong tax and building permit collections while keeping expenditures within budget. Other financing sources (uses) contributed to the net change in fund balance as well, with incoming transfers and receipts exceeding outgoing transfers by \$563,787. Other key factors regarding FY16 activity are as follows:

- Revenue exceeded the final budget by \$1.7 million, due mainly to higher than projected local option sales tax, general property tax and franchise tax collections, which exceeded budget by \$541,804, \$289,926, and \$230,189 respectively. In addition, Licenses and permits receipts surpassed budget by \$202,869. Expenditures came in under budget by \$1.5 million; personal services accounted for \$704,262 of this cost reduction, of which \$379,195 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 \$3.6 million originating from Department of Water Resources for General Fund operations, followed by \$19,209 transferred from the Impact Fee fund for administrative fee services. Transfers out of the General Fund totaled \$3.1 million; \$1.9 million was transferred to the General Government Capital Projects for various projects, including \$374,244 for new software and enhancements, \$333,300 for Administration Building renovation, roofing, and waterproofing, \$322,020 for Public Safety vehicles, \$220,000 for Public Works and Building Inspection vehicles, and \$165,000 for the Wills Street reconstruction. In addition, \$573,965 was transferred to the Community Service Center (CSC), providing assistance with CSC operational costs.

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:

- Transfers from Department of Water Resources were increased \$281,481 to cover Storm Water costs.
- Personal Services expenditures were increased \$635,426 for pay and benefit increases related to the City's pay study.
- Transfers to Gainesville-Hall 96 was increased \$250,000 to fund improvements to the Olympic venue.

- Increased Chicopee Woods Area Park Commission agency allocations by \$70,000 for the purpose of facilitating the construction process of the Midtown Greenway.
- Increased Street Maintenance New Equipment budget by \$42,785 to replace mowing and paving equipment.
- Increased transfer to the Chattahoochee Golf Course by \$41,006 for restroom renovations and ADA ramp improvements.
- Increased transfer to the General Government Capital Projects fund by \$39,500 to purchased audio-visual equipment and furniture for the City Administration training room.
- Increased budgeted fund balance to cover FY16 reappropriations.
- Increased/decreased various expenditure budgets for adjustments as needed.

General Fund expenditures for fiscal 2016 were \$26.1 million, 94.7% 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 \$1.5 million; General Fund expenditures as a whole were less than the original budget numbers as well. Personal services costs came under the final budget by \$704,262.

Total actual revenues exceeded the final amended budget by a total of \$1.7 million, due predominantly to higher than anticipated tax collections. Local option sales tax and franchise tax revenues exceeded their budget by \$541,804 and \$230,189, respectively, while real and personal property tax collections surpassed the final amended budget by \$289,926. In addition, Licenses and permits collections also exceeded the final amended budget, by \$202,869.

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:

▪ Department of Water Resources	\$10,153,454
▪ Nonmajor Funds	
(Airport, Solid Waste, Golf Course)	<u>1,171,161</u>
Total	<u>\$11,324,615</u>

Prior to the consolidation adjustment of internal service fund activity, the total increase in combined net position showed a growth of \$24.7 million, with net

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

Capital Assets. The City of Gainesville has invested \$576.8 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.

City of Gainesville
Capital Assets (net of accumulated depreciation)
Fiscal Years 2016 and 2015

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2016	2015	2016	2015	2016	2015
Land	\$ 24.5	\$ 24.3	\$ 31.5	\$ 31.5	\$ 56.0	\$ 55.8
Buildings	55.6	55.5	52.3	52.2	107.9	107.7
Improvements other than buildngs	3.1	3.1	16.7	16.7	19.8	19.8
Water and sewer facilities and lines	0.0	0.0	537.5	527.4	537.5	527.4
Vehicles and equipment	19.7	18.8	30.7	30.1	50.4	48.9
Infrastructure	40.1	39.8	0.0	0.0	40.1	39.8
Intangibles	2.0	1.9	7.6	7.5	9.6	9.4
Construction in progress	2.0	1.0	14.0	13.7	16.0	14.7
Total	147.0	144.4	690.3	679.1	837.3	823.5
Accumulated depreciation	(47.4)	(43.7)	(213.1)	(196.8)	(260.5)	(240.5)
Net Capital Assets	\$ 99.6	\$ 100.7	\$ 477.2	\$ 482.3	\$ 576.8	\$ 583.0

- Rosenbauer Commander Fire Engine, \$491,876
- 15 Police Vehicles, \$382,408
- Tractor, Service Truck, and 2 Leaf Machines, Streets Department, \$187,629

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

- Water Main Improvements, \$1.4 million
- Cargill Sanitary Sewer Improvements, \$1.2 million
- Flat Creek Stream Restoration, \$901,781

Additional information on the City of Gainesville's capital assets can be found in Note 9 on pages 62-64 of this report.

Long-term debt. At June 30, 2016, the City of Gainesville had \$183.2 million in bonds, notes, and capital leases outstanding, net of unamortized bond premium and discount. This is a \$19.0 million decline from last year's totals. Savings of \$857,834 were achieved with the 2015 refunding of Water Sewer debt; the remaining decrease in debt was due to payments made to reduce bonds, notes and capital leases outstanding.

**City of Gainesville
Outstanding Debt
Fiscal Years 2016 and 2015**

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2016	2015	2016	2015	2016	2015
Capital Leases	\$ 20.8	\$ 22.0	\$ 23.4	\$ 25.1	\$ 44.2	\$ 47.1
Revenue Bonds	-	-	125.6	140.0	125.6	140.0
Unamortized Bond Premium	-	-	13.4	15.1	13.4	15.1
Notes Payable	-	-	-	-	-	-
Total	\$ 20.8	\$ 22.0	\$ 162.4	\$ 180.2	\$ 183.2	\$ 202.2

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

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10% of its total assessed valuation. The current debt limitation for the City of Gainesville is \$421.9 million, which is significantly in excess of the City's general obligation debt outstanding of \$20.8 million.

Additional information on the City's long-term debt can be found in Notes 10 and 11 on pages 65-71 of this report.

Economic Condition and Outlook

- According to the most recent U.S. Census numbers, the population for Gainesville is 38,712, with current estimates showing an 8.2% uptick in population since the 2010 census was release.
- Gainesville adopted a \$2.98 tax millage rate for fiscal year 2017. The gross property tax digest for the City of Gainesville rose from \$4.2 billion for fiscal year 2016 to \$4.3 billion for fiscal year 2017, which computes to a 2.1% 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 2017. Departments are spending conservatively and continue to monitor their 2017 budgeted costs closely.

These were among the many factors taken into consideration when preparing the 2017 budget. Of the \$12.0 million fund balance in the General Fund, \$4.1 million has been appropriated for spending in the 2017 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 - Chief Financial Officer
PO Box 2496
Gainesville, GA 30503

BASIC FINANCIAL STATEMENTS

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 39,904,934	\$ 38,907,157	\$ 78,812,091	\$ 2,685,194
Investments	1,522,483	0	1,522,483	0
Restricted assets				
Cash and cash equivalents	0	65,740,597	65,740,597	100,137
Receivables (net)				
Accounts	48,235	4,151,791	4,200,026	8,051
Intergovernmental	1,457,062	575,674	2,032,736	0
Taxes	1,191,136	0	1,191,136	58,770
Notes	142,478	0	142,478	0
Internal balances	(873,932)	873,932	0	0
Inventories	145,247	1,866,600	2,011,847	0
Prepaid items	16,717	84,774	101,491	0
Other	94,065	0	94,065	0
Total current assets	43,648,425	112,200,525	155,848,950	2,852,152
Noncurrent assets				
Receivables				
Notes	161,056	0	161,056	0
Capital assets				
Non-depreciable	26,457,536	47,613,246	74,070,782	4,715,012
Depreciable (net)	73,122,263	429,640,187	502,762,450	6,352,136
Total noncurrent assets	99,740,855	477,253,433	576,994,288	11,067,148
Total assets	143,389,280	589,453,958	732,843,238	13,919,300
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	0	1,363,003	1,363,003	0
Pension contributions subsequent to measurement date	110,685	112,438	223,123	37,748
Pension investment return differences	3,257,758	2,225,063	5,482,821	86,598
Pension experience differences	1,115,366	769,403	1,884,769	18,644
Total deferred outflow of resources	4,483,809	4,469,907	8,953,716	142,990
LIABILITIES				
Current liabilities				
Payables				
Accounts	1,361,979	1,667,199	3,029,178	118,999
Intergovernmental	41,823	2,665	44,488	6,563
Sales tax	0	7,100	7,100	12,988
Deposits	186	4,036	4,222	0
Interest	74,904	13,180	88,084	0
Accrued salaries	535,159	353,202	888,361	92,885
Compensated absences	1,043,166	648,165	1,691,331	126,436
Unearned revenue	0	0	0	300
Claims reserve	1,894,988	0	1,894,988	0
Capital lease payable	3,936,320	1,681,588	5,617,908	0
Other liabilities	19,853	41,014	60,867	10,693
Liabilities payable from restricted assets				
Payables				
Accounts	0	857,311	857,311	0
Retainages	0	498,713	498,713	0
Customer deposits	0	2,158,428	2,158,428	0
Interest	0	663,836	663,836	0
Bonds payable	0	15,325,000	15,325,000	0
Total current liabilities	8,908,378	23,921,437	32,829,815	368,864

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Noncurrent liabilities				
Compensated absences	\$ 115,908	\$ 72,018	\$ 187,926	\$ 14,049
Net pension liability	29,197,512	20,188,798	49,386,310	791,945
OPEB obligation	18,678,510	13,012,257	31,690,767	1,855,625
Capital lease payable	16,829,965	21,731,084	38,561,049	0
Bonds payable	0	123,714,842	123,714,842	0
Total noncurrent liabilities	64,821,895	178,718,999	243,540,894	2,661,619
Total liabilities	73,730,273	202,640,436	276,370,709	3,030,483
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	151,064	109,338	260,402	11,416
Pension investment return differences	1,123,128	801,898	1,925,026	23,573
Pension experience differences	77,371	77,622	154,993	25,893
Total deferred inflows of resources	1,351,563	988,858	2,340,421	60,882
NET POSITION				
Net investment in capital assets	78,415,202	314,735,292	393,150,494	11,067,148
Restricted for:				
General Government	63,289	0	63,289	0
Public Safety	949,312	0	949,312	0
Health and Welfare	1,306,538	0	1,306,538	0
Culture and Recreation	1,146,160	0	1,146,160	5,255
Housing and Development	1,421,144	0	1,421,144	0
Debt service	40,099	9,091,652	9,131,751	0
Capital outlay	7,304,441	53,868,847	61,173,288	15,421
Unrestricted	(17,854,932)	12,598,780	(5,256,152)	(116,899)
Total net position	\$ 72,791,253	\$ 390,294,571	\$ 463,085,824	\$ 10,970,925

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2016

FUNCTIONS/PROGRAMS	Program Revenues					
	Expenses	Indirect Costs	Charges for Services	Operating	Capital	Net (Expense) Revenue
				Grants and Contributions	Grants and Contributions	
Primary government						
Governmental activities						
General Government	\$ 4,368,490	\$ (1,376,788)	\$ 719,185	\$ 103,438	\$ 0	\$ (2,169,079)
Judicial	523,970	0	0	0	0	(523,970)
Public Safety	19,480,809	0	1,735,868	337,306	2,340,209	(15,067,426)
Public Works	10,317,372	0	134,580	4,997	3,466,787	(6,711,008)
Health and Welfare	2,591,485	0	144,162	1,710,085	0	(737,238)
Culture and Recreation	436,250	0	0	0	0	(436,250)
Housing and Development	2,406,705	0	1,216,162	626,259	280,826	(283,458)
Interest on long-term debt	533,058	0	0	0	0	(533,058)
Total governmental activities	40,658,139	(1,376,788)	3,949,957	2,782,085	6,087,822	(26,461,487)
Business-type activities						
Department of						
Water Resources	47,333,997	1,020,775	66,596,028	0	9,142,616	27,383,872
Airport	1,109,029	209,561	925,009	0	0	(393,581)
Solid Waste	2,210,416	146,452	2,619,559	0	0	262,691
Golf Course	1,290,865	0	1,034,234	0	0	(256,631)
Total business-type activities	51,944,307	1,376,788	71,174,830	0	9,142,616	26,996,351
Total primary government	92,602,446	0	75,124,787	2,782,085	15,230,438	534,864
Component Units						
Communication and Tourism						
Housing and Development	478,315	0	0	0	0	(478,315)
Parks and Recreation						
Culture and Recreation	5,161,567	0	1,679,626	24,305	0	(3,457,636)
Total Component Units	5,639,882	0	1,679,626	24,305	0	(3,935,951)
			Governmental Activities	Business-Type Activities	Total	Component Units
Change in net position						
Net (expense) revenue			\$ (26,461,487)	\$ 26,996,351	\$ 534,864	\$ (3,935,951)
General revenues						
Taxes						
Property			9,409,584	0	9,409,584	2,771,026
Intangibles			129,075	0	129,075	0
Franchise			4,381,245	0	4,381,245	0
Occupational			1,368,983	0	1,368,983	0
Insurance premium			1,948,090	0	1,948,090	0
Alcoholic beverages			1,129,284	0	1,129,284	0
Hotel/Motel			911,847	0	911,847	0
Local option sales			5,281,804	0	5,281,804	0
Interest and Investment earnings			72,796	1,274,329	1,347,125	13,071
Payments from City of Gainesville			0	0	0	581,595
Gain on sale of assets			605	5,120	5,725	6,099
Miscellaneous			183,516	191,619	375,135	20,649
Transfers			3,720,947	(3,720,947)	0	0
Total general revenues and transfers			28,537,776	(2,249,879)	26,287,897	3,392,440
Change in net position			2,076,289	24,746,472	26,822,761	(543,511)
Net position - beginning			70,714,964	365,548,099	436,263,063	11,514,436
Net position - ending			\$ 72,791,253	\$ 390,294,571	\$ 463,085,824	\$ 10,970,925

CITY OF GAINESVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General	Nonmajor Governmental Funds	Totals
ASSETS			
Cash and cash equivalents	\$ 11,533,466	\$ 20,695,249	\$ 32,228,715
Investments	0	1,522,483	1,522,483
Receivables (net)			
Accounts	17,359	388	17,747
Intergovernmental	18,751	1,433,296	1,452,047
Taxes	1,066,708	124,428	1,191,136
Notes	0	303,534	303,534
Prepaid items	3,097	13,620	16,717
Due from other funds	49,151	0	49,151
Inventory	0	67,770	67,770
Advances to other funds	318,542	81,691	400,233
Total assets	\$ 13,007,074	\$ 24,242,459	\$ 37,249,533
LIABILITIES			
Payables			
Accounts	\$ 334,535	\$ 848,986	\$ 1,183,521
Intergovernmental	41,823	0	41,823
Deposits	0	186	186
Accrued salaries	481,081	45,404	526,485
Due to other funds	0	49,151	49,151
Due to others	0	19,853	19,853
Total liabilities	857,439	963,580	1,821,019
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue -			
Property taxes	125,491	40,099	165,590
Notes receivable	0	303,534	303,534
Total deferred inflows	125,491	343,633	469,124
FUND BALANCES			
Nonspendable	321,639	163,081	484,720
Restricted	0	11,805,659	11,805,659
Committed	4,957	244,531	249,488
Assigned	4,216,717	10,721,975	14,938,692
Unassigned	7,480,831	0	7,480,831
Total fund balances	12,024,144	22,935,246	34,959,390
Total liabilities, deferred inflows, and fund balances	\$ 13,007,074	\$ 24,242,459	\$ 37,249,533

CITY OF GAINESVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2016

Total fund balance - total governmental funds		\$	34,959,390
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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			99,579,799
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Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are unavailable in the funds.

These are:

Property taxes	\$	165,590	
Notes receivable		<u>303,534</u>	469,124

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

These are:

Capital leases	\$	(20,766,285)	
Interest payable		(74,904)	
Compensated absences		(1,159,074)	
Net pension liability		(29,197,512)	
Net OPEB obligation		<u>(18,678,510)</u>	(69,876,285)

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	\$	110,685	
Pension investment return differences		3,257,758	
Pension experience differences		1,115,366	

Deferred inflows of resources:

Pension assumption changes		(151,064)	
Pension investment return differences		(1,123,128)	
Pension experience differences		<u>(77,371)</u>	3,132,246

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	\$	5,915,263	
Less internal balance resulting from allocation of internal service fund activities allocated to business-type activities		(1,274,165)	
Less capital assets included above		(135,109)	
Add compensated absences included above		<u>20,990</u>	<u>4,526,979</u>

Net position of governmental activities		\$	<u>72,791,253</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, 2016

	General	Nonmajor Governmental Funds	Totals
REVENUES			
Taxes	\$ 21,410,290	\$ 3,200,462	\$ 24,610,752
Licenses and permits	1,020,055	0	1,020,055
Fines, fees and forfeitures	1,462,999	272,870	1,735,869
Charges for services	2,238,122	1,351,437	3,589,559
Intergovernmental	314,990	7,506,608	7,821,598
Interest	34,636	20,051	54,687
Contributions	0	105,628	105,628
Other	39,607	143,909	183,516
Total revenues	26,520,699	12,600,965	39,121,664
EXPENDITURES			
Current			
General Government	3,344,029	206,961	3,550,990
Judicial	470,043	0	470,043
Public Safety	15,958,887	229,012	16,187,899
Public Works	4,994,225	0	4,994,225
Health and Welfare	15,750	2,721,629	2,737,379
Culture and Recreation	400,000	0	400,000
Housing and Development	880,825	1,557,852	2,438,677
Debt service			
Principal	0	1,222,585	1,222,585
Interest and other charges	0	538,091	538,091
Capital outlay	0	5,141,709	5,141,709
Total expenditures	26,063,759	11,617,839	37,681,598
Excess (deficiency) of revenues over (under) expenditures	456,940	983,126	1,440,066
Other financing sources (uses)			
Transfers in	3,609,331	4,233,577	7,842,908
Transfers out	(3,094,480)	(1,062,481)	(4,156,961)
Sales of capital assets	48,936	0	48,936
Total other financing sources (uses)	563,787	3,171,096	3,734,883
Net changes in fund balances	1,020,727	4,154,222	5,174,949
Fund balances, July 1	11,003,417	18,781,024	29,784,441
Fund balances, June 30	\$ 12,024,144	\$ 22,935,246	\$ 34,959,390

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, 2016

Net change in fund balances - total governmental funds	\$ 5,174,949
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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	\$ 2,711,074	
Depreciation	<u>(4,376,394)</u>	(1,665,320)

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	\$ (999,546)	
Related accumulated depreciation	<u>829,786</u>	(169,760)

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	690,915
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable revenue.

	(139,149)
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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	\$ 1,232,095	
Debt proceeds	0	
Net change in interest payable	<u>(10,805)</u>	1,221,290

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	\$ 1,958,877	
Cost of benefits earned net of employee contributions	<u>(3,093,556)</u>	(1,134,679)

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	\$ (23,194)	
Net OPEB obligation	<u>(2,078,206)</u>	(2,101,400)

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	\$ 235,516	
Add depreciation expense included above	25,970	
Add change in compensated absences included above	6,107	
Add consolidation of internal service fund activities allocated to business-type activities	<u>(68,150)</u>	199,443
Change in net position of governmental activities		<u><u>\$ 2,076,289</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, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 19,146,101	\$ 19,957,021	\$ 21,410,290	\$ 1,453,269
Licenses and permits	748,950	817,186	1,020,055	202,869
Fines, fees and forfeitures	1,267,100	1,316,200	1,462,999	146,799
Charges for services	2,186,122	2,147,413	2,238,122	90,709
Intergovernmental	249,475	328,246	314,990	(13,256)
Interest	26,500	27,000	34,636	7,636
Contributions	0	6,300	0	(6,300)
Other	90,000	175,045	39,607	(135,438)
Total revenues	23,714,248	24,774,411	26,520,699	1,746,288
EXPENDITURES				
Current				
General Government				
Mayor and Council	331,661	371,679	322,215	49,464
City Manager's Office	638,026	656,109	604,131	51,978
Financial Services and IT	1,761,527	1,850,701	1,801,732	48,969
Human Resources	614,402	642,847	615,951	26,896
Judicial				
Municipal Court	480,725	495,747	470,043	25,704
Public Safety				
Police	8,823,818	9,160,552	8,541,101	619,451
Code Enforcement	278,148	299,824	285,098	14,726
Fire	6,668,954	7,300,990	7,132,688	168,302
Public Works				
Public Lands and Buildings	656,182	605,389	523,915	81,474
Engineering	649,874	915,654	896,171	19,483
Traffic	1,285,927	1,227,779	1,163,415	64,364
Street Maintenance	1,771,036	1,723,965	1,581,917	142,048
Storm Water	123,123	282,502	281,628	874
Cemetery	495,016	587,659	547,179	40,480
Health and Welfare				
Agency allocations	12,500	15,750	15,750	0
Culture and Recreation				
Agency allocations	150,000	400,000	400,000	0
Housing and Development				
Planning	550,818	568,533	565,239	3,294
Inspection	283,327	311,147	286,271	24,876
Agency allocations	28,698	99,315	29,315	70,000
Total expenditures	25,603,762	27,516,142	26,063,759	1,452,383
Excess (deficiency) of revenues over (under) expenditures	(1,889,514)	(2,741,731)	456,940	3,198,671
Other financing sources (uses)				
Transfers in (out)				
Transfers in	3,384,335	3,608,849	3,609,331	482
Transfers out	(4,101,720)	(3,151,194)	(3,094,480)	56,714
Contingency	(623,101)	(277,182)	0	277,182
Sales of capital assets	30,000	32,000	48,936	16,936
Total other financing sources (uses)	(1,310,486)	212,473	563,787	351,314
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,200,000)	(2,529,258)	1,020,727	3,549,985
Fund balances, July 1	3,200,000	2,529,258	11,003,417	8,474,159
Fund balances, June 30	\$ 0	\$ 0	\$ 12,024,144	\$ 12,024,144

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Business-Type Activities			Governmental Activities
	Department of Water Resources	Nonmajor Enterprise Funds	Totals	Internal Service
ASSETS				
Current assets				
Cash and cash equivalents	\$ 34,967,508	\$ 3,939,649	\$ 38,907,157	\$ 7,676,219
Restricted assets				
Cash and cash equivalents	65,740,597	0	65,740,597	0
Receivables (net)				
Accounts	3,877,429	274,362	4,151,791	30,488
Intergovernmental	503,071	72,603	575,674	5,015
Inventories	1,866,600	0	1,866,600	77,477
Prepaid items	81,854	2,920	84,774	0
Other assets	0	0	0	94,065
Total current assets	107,037,059	4,289,534	111,326,593	7,883,264
Noncurrent assets				
Capital assets				
Non-depreciable	46,974,920	638,326	47,613,246	0
Depreciable (net)	416,342,500	13,297,687	429,640,187	135,109
Total noncurrent assets	463,317,420	13,936,013	477,253,433	135,109
Total assets	570,354,479	18,225,547	588,580,026	8,018,373
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	1,274,760	88,243	1,363,003	0
Pension contributions subsequent to measurement date	65,904	46,534	112,438	0
Pension investment return differences	2,123,944	101,119	2,225,063	0
Pension experience differences	749,740	19,663	769,403	0
Total deferred outflow of resources	4,214,348	255,559	4,469,907	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	1,373,111	294,088	1,667,199	178,458
Intergovernmental	2,665	0	2,665	0
Deposits	0	4,036	4,036	0
Sales tax	0	7,100	7,100	0
Interest	0	13,180	13,180	0
Accrued salaries	308,928	44,274	353,202	8,674
Compensated absences	584,202	63,963	648,165	18,891
Claims reserve	0	0	0	1,894,988
Capital lease payable	1,261,588	420,000	1,681,588	0
Other liabilities	0	41,014	41,014	0
Liabilities payable from restricted assets:				
Payables				
Accounts	857,311	0	857,311	0
Retainages	490,646	8,067	498,713	0
Customer deposits	2,158,428	0	2,158,428	0
Interest	663,836	0	663,836	0
Revenue bonds payable	15,325,000	0	15,325,000	0
Total current liabilities	23,025,715	895,722	23,921,437	2,101,011

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Business-Type Activities			Governmental Activities
	Department of Water Resources	Nonmajor Enterprise Funds	Totals	Internal Service
Noncurrent liabilities				
Advances from other funds	\$ 0	\$ 400,233	\$ 400,233	\$ 0
Compensated absences	64,911	7,107	72,018	2,099
Net pension liability	19,281,433	907,365	20,188,798	0
OPEB obligation	11,549,059	1,463,198	13,012,257	0
Capital leases payable	17,662,232	4,068,852	21,731,084	0
Revenue bonds payable	123,714,842	0	123,714,842	0
Total noncurrent liabilities	172,272,477	6,846,755	179,119,232	2,099
Total liabilities	195,298,192	7,742,477	203,040,669	2,103,110
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	95,452	13,886	109,338	0
Pension investment return differences	777,371	24,527	801,898	0
Pension experience differences	45,465	32,157	77,622	0
Total deferred inflows of resources	918,288	70,570	988,858	0
NET POSITION				
Net investment in capital assets	305,280,559	9,454,733	314,735,292	135,109
Restricted for:				
Capital outlay	53,826,682	42,165	53,868,847	0
Debt service	9,091,652	0	9,091,652	0
Unrestricted	10,153,454	1,171,161	11,324,615	5,780,154
Total net position	\$ 378,352,347	\$ 10,668,059	389,020,406	\$ 5,915,263
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			1,274,165	
Net position of business-type activities			<u>\$ 390,294,571</u>	

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2016

	Business-Type Activities			Governmental Activities
	Department of Water Resources	Nonmajor Enterprise Funds	Totals	Internal Service
OPERATING REVENUES				
Charges for sales and services	\$ 66,596,028	\$ 4,578,802	\$ 71,174,830	\$ 0
Interfund services provided	0	0	0	12,088,173
Other	165,316	26,303	191,619	8,962
Total operating revenues	66,761,344	4,605,105	71,366,449	12,097,135
OPERATING EXPENSES				
Costs of sales and services	12,387,761	1,618,487	14,006,248	11,517,661
Personal services	14,478,502	2,015,687	16,494,189	364,198
Depreciation	15,443,458	1,209,823	16,653,281	25,970
Total operating expenses	42,309,721	4,843,997	47,153,718	11,907,829
Operating income (loss)	24,451,623	(238,892)	24,212,731	189,306
Non-operating revenues (expenses)				
Interest revenue	1,254,490	19,839	1,274,329	10,605
Interest expense	(6,002,335)	(122,326)	(6,124,661)	0
Other	(15,049)	0	(15,049)	0
Debt issue costs	(95,817)	0	(95,817)	0
Gain (loss) on sale of capital assets	2,706	2,414	5,120	605
Total non-operating revenues (expenses)	(4,856,005)	(100,073)	(4,956,078)	11,210
Income (loss) before capital contributions and transfers	19,595,618	(338,965)	19,256,653	200,516
Capital contributions				
Connection fees	4,016,246	0	4,016,246	0
Capital contributions	4,732,288	0	4,732,288	0
Intergovernmental revenue	321,479	72,603	394,082	0
Total capital contributions	9,070,013	72,603	9,142,616	0
Income (loss) before transfers	28,665,631	(266,362)	28,399,269	200,516
Transfers in (out)				
Transfers in	0	395,475	395,475	35,000
Transfers out	(4,116,422)	0	(4,116,422)	0
Total transfers in (out)	(4,116,422)	395,475	(3,720,947)	35,000
Change in net position	24,549,209	129,113	24,678,322	235,516
Net position, July 1	353,803,138	10,538,946	364,342,084	5,679,747
Net position, June 30	\$ 378,352,347	\$ 10,668,059	\$ 389,020,406	\$ 5,915,263
Change in net position - enterprise funds			\$ 24,678,322	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			68,150	
Change in net position - business-type activities			<u>\$ 24,746,472</u>	

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2016

	Business-Type Activities			Governmental Activities
	Department of Water Resources	Nonmajor Enterprise Funds	Totals	Internal Service
Cash flows from operating activities:				
Receipts from customers	\$ 65,889,972	\$ 4,512,463	\$ 70,402,435	\$ 0
Receipts from interfund services provided	0	0	0	12,069,567
Payments to suppliers	(12,137,468)	(1,496,323)	(13,633,791)	(11,158,648)
Payments to employees	(12,433,981)	(1,783,736)	(14,217,717)	(356,247)
Other receipts	150,267	10,703	160,970	8,962
Net cash provided (used) by operating activities	41,468,790	1,243,107	42,711,897	563,634
Cash flows from non-capital financing activities:				
Receipts from other funds	0	242,125	242,125	35,000
Payments to other funds	(4,116,422)	0	(4,116,422)	(33,276)
Net cash provided (used) by non-capital financing activities	(4,116,422)	242,125	(3,874,297)	1,724
Cash flows from capital and related financing activities:				
Connection fees	4,016,246	0	4,016,246	0
Receipts from other governments	321,479	72,603	394,082	0
Proceeds from sale of capital assets	2,706	0	2,706	0
Interest paid	(5,582,850)	(105,064)	(5,687,914)	0
Acquisition of capital assets	(6,340,699)	(325,706)	(6,666,405)	0
Payment of capital related accounts payable	(944,206)	0	(944,206)	0
Principal payments - bonds	(32,838,546)	0	(32,838,546)	0
Bond issue costs	(95,817)	0	(95,817)	0
Proceeds from bond issuance	17,865,000	0	17,865,000	0
Principal payments - capital leases and promissory notes	0	(405,000)	(405,000)	0
Net cash provided (used) by capital and related financing activities	(23,596,687)	(763,167)	(24,359,854)	0
Cash flows from investing activities:				
Interest received	274,331	5,366	279,697	10,605
Net increase (decrease) in cash and cash equivalents	14,030,012	727,431	14,757,443	575,963
Cash and cash equivalents, July 1	86,678,093	3,212,218	89,890,311	7,100,256
Cash and cash equivalents, June 30	\$ 100,708,105	\$ 3,939,649	\$ 104,647,754	\$ 7,676,219

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2016

	Business-Type Activities			Governmental Activities
	Department of Water Resources	Nonmajor Enterprise Funds	Totals	Internal Service
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 24,451,623	\$ (238,892)	\$ 24,212,731	\$ 189,306
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	15,443,458	1,209,823	16,653,281	25,970
(Increase) decrease in accounts receivable	(353,219)	(9,929)	(363,148)	(21,434)
(Increase) decrease in intergovernmental receivables	(436,803)	(72,603)	(509,406)	2,828
(Increase) decrease in inventory	(329,101)	0	(329,101)	26,752
(Increase) decrease in prepaid expenses	120,393	(2,920)	117,473	107,643
(Increase) decrease in other assets	0	0	0	(32,520)
(Increase) decrease in net pension contributions after measurement date	5,966	4,231	10,197	0
Increase (decrease) in accounts payable	499,644	138,719	638,363	(36,425)
Increase (decrease) in intergovernmental payables	(40,643)	0	(40,643)	0
Increase (decrease) in sales tax payable	0	593	593	0
Increase (decrease) in accrued salaries and benefits	49,707	11,447	61,154	7,951
Increase (decrease) in deposits payable	83,966	0	83,966	0
Increase (decrease) in claims reserve	0	0	0	293,563
Increase (decrease) in net pension liability	2,103,908	91,172	2,195,080	0
Increase (decrease) in pension experience differences	189,410	15,479	204,889	0
Increase (decrease) in pension investment return differences	(1,663,427)	(89,902)	(1,753,329)	0
Increase (decrease) in pension assumption differences	74,549	(878)	73,671	0
Increase (decrease) in OPEB obligation	1,269,359	177,120	1,446,479	0
Increase (decrease) in other liabilities	0	9,647	9,647	0
Total adjustments	17,017,167	1,481,999	18,499,166	374,328
Net cash provided (used) by operating activities	\$ 41,468,790	\$ 1,243,107	\$ 42,711,897	\$ 563,634
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	\$ 34,967,508	\$ 3,939,649	\$ 38,907,157	\$ 7,676,219
Restricted assets				
Cash and cash equivalents	65,740,597	0	65,740,597	0
Total cash and cash equivalents	\$ 100,708,105	\$ 3,939,649	\$ 104,647,754	\$ 7,676,219

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled \$3,470,700.
Acquisition of capital assets through accounts payable totaled \$1,428,627.
Forgiveness of capital lease through capital contributions totaled \$1,261,588.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	Community Private-Purpose Trust Fund	Employees' Pension Trust Fund	Municipal Court Agency Fund
ASSETS			
Cash and cash equivalents	\$ 14,844	\$ 819,985	\$ 85,283
Investments, at fair value			
Mutual funds			
Equity	0	52,785,089	0
Fixed income	0	28,633,683	0
Total assets	14,844	82,238,757	85,283
LIABILITIES			
Accounts payable	0	20,837	0
Due to other agencies	0	0	85,283
Total liabilities	0	20,837	85,283
NET POSITION			
Held in trust for pension benefits and other purposes	\$ 14,844	\$ 82,217,920	\$ 0

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the fiscal year ended June 30, 2016

	Community Private-Purpose Trust Fund	Employees' Pension Trust Fund
ADDITIONS		
Contributions		
Employer contributions	\$ 0	\$ 3,021,182
Employee contributions	0	3,021,182
Employee donations	52,461	0
Total contributions and donations	52,461	6,042,364
Investment Income		
Net appreciation (depreciation) in fair value of investments	0	179,593
Interest	2	76
Dividends	0	1,615,174
Investment expense	0	(143,004)
Net investment income (loss)	2	1,651,839
Total additions (reductions)	52,463	7,694,203
DEDUCTIONS		
Benefits	0	6,985,547
Refunds	0	656,682
Distributions for assistance	52,319	0
Total deductions	52,319	7,642,229
Change in net position	144	51,974
Net position held in trust for pension benefits and other purposes		
Net position, July 1	14,700	82,165,946
Net position, June 30	<u>\$ 14,844</u>	<u>\$ 82,217,920</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2016

	City of Gainesville Parks and Recreation	Gainesville Convention and Visitor's Bureau	Total Component Units
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,246,571	\$ 438,623	\$ 2,685,194
Receivables			
Accounts	8,051	0	8,051
Taxes	58,770	0	58,770
Restricted assets			
Cash and cash equivalents	100,137	0	100,137
Total current assets	2,413,529	438,623	2,852,152
Noncurrent assets			
Capital assets			
Non-depreciable	4,715,012	0	4,715,012
Depreciable (net)	6,330,659	21,477	6,352,136
Total noncurrent assets	11,045,671	21,477	11,067,148
Total assets	13,459,200	460,100	13,919,300
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	37,748	0	37,748
Pension investment return differences	37,696	48,902	86,598
Pension experience differences	0	18,644	18,644
Total deferred outflow or resources	75,444	67,546	142,990
LIABILITIES			
Current liabilities			
Payables			
Accounts	109,983	9,016	118,999
Intergovernmental	6,563	0	6,563
Sales tax	12,988	0	12,988
Accrued salaries	83,852	9,033	92,885
Compensated absences	107,341	19,095	126,436
Unearned revenue	300	0	300
Other liabilities	10,693	0	10,693
Total current liabilities	331,720	37,144	368,864
Noncurrent liabilities			
Compensated absences	11,927	2,122	14,049
Net pension liability	338,092	453,853	791,945
OPEB obligation	1,789,053	66,572	1,855,625
Total noncurrent liabilities	2,139,072	522,547	2,661,619
Total liabilities	2,470,792	559,691	3,030,483

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2016

	City of Gainesville Parks and Recreation	Gainesville Convention and Visitor's Bureau	Total Component Units
DEFERRED INFLOWS OF RESOURCES			
Pension assumption changes	\$ 9,625	\$ 1,791	\$ 11,416
Pension investment return differences	3,440	20,133	23,573
Pension experience differences	25,893	0	25,893
Total deferred inflows of resources	38,958	21,924	60,882
NET POSITION			
Investment in capital assets	11,045,671	21,477	11,067,148
Restricted for cultural and recreation	5,255	0	5,255
Restricted for capital outlay	15,421	0	15,421
Unrestricted	(41,453)	(75,446)	(116,899)
Total net position	\$ 11,024,894	\$ (53,969)	\$ 10,970,925

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
COMPONENT UNITS
For the fiscal year ended June 30, 2016

	City of Gainesville Parks and Recreation	Gainesville Convention and Visitor's Bureau	Total Component Units
Expenses			
Culture and Recreation	\$ 5,161,567	\$ 0	\$ 5,161,567
Housing and Development	0	478,315	478,315
Total expenses	<u>5,161,567</u>	<u>478,315</u>	<u>5,639,882</u>
Program revenues			
Charges for services	1,679,626	0	1,679,626
Operating grants and contributions	24,305	0	24,305
Total program revenues	<u>1,703,931</u>	<u>0</u>	<u>1,703,931</u>
Net (expense) revenue	<u>(3,457,636)</u>	<u>(478,315)</u>	<u>(3,935,951)</u>
General revenues			
Property taxes	2,771,026	0	2,771,026
Interest	12,613	458	13,071
Payments from City of Gainesville	0	581,595	581,595
Gain on sale of assets	6,099	0	6,099
Miscellaneous	991	19,658	20,649
Total general revenues	<u>2,790,729</u>	<u>601,711</u>	<u>3,392,440</u>
Change in net position	<u>(666,907)</u>	<u>123,396</u>	<u>(543,511)</u>
Net position, July 1	<u>11,691,801</u>	<u>(177,365)</u>	<u>11,514,436</u>
Net position, June 30	<u>\$ 11,024,894</u>	<u>\$ (53,969)</u>	<u>\$ 10,970,925</u>



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 units have been included as discretely presented component units.

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.

The government has two discretely presented component units. Parks and Recreation component unit and the Convention and Visitor's Bureau component unit are combined and are 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 Department of Water Resources 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 fund:

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 City reports the following major proprietary fund:

Department of Water Resources 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.

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.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

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)

H. Cash and Investments, continued

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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 in the Enterprise and Internal Service Funds 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, 2016, 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.

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets, continued

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

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

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets, continued

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

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.

2. Summary of Significant Accounting Policies (continued)

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.

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.

2. Summary of Significant Accounting Policies (continued)

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 Department of Water Resources 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 positive amounts 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 2015 amounts have been reclassified to conform to the 2016 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, 2016 was 42 days. At June 30, 2016, the City's balance in Georgia Fund 1 was \$24,550,408.

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, 2016, the duration for the index was 5.47 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	\$ 12,072,829	11.05	N/A
PIMCO Total Return Fund	7,648,795	9.09	N/A
PIMCO All Asset Fund	8,912,059	4.83	N/A
	<u>\$ 28,633,683</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.

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

3. Deposit and Investment Risk (continued)

At June 30, 2016, the City had the following recurring fair value measurements in the Employees' Pension Trust Fund.

<u>Investment by fair value level</u>	<u>Fair Value</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt Securities				
Mutual Funds	\$ 28,633,683	\$ 0	\$ 28,633,683	\$ 0
Equities				
Mutual Funds	52,785,089	52,785,089	0	0
Other				
Property held for resale	1,522,483	0	0	1,522,483
 Total Investments	 \$ 82,941,255	 \$ 52,785,089	 \$ 28,633,683	 \$ 1,522,483

During the fiscal year, the allocation of amounts contributed by the City to the Employees' Pension Trust Fund averaged 53.5% invested in equity securities and 46.5% invested in fixed income securities.

4. Accounts Receivable

Net accounts receivable at June 30, 2016 consist of the following:

Primary Government:

Major Funds

General Fund		\$ 17,359
Water Resources Enterprise Fund	\$ 4,973,573	
Less: Allowance for Uncollectibles	<u>(1,096,144)</u>	3,877,429

Nonmajor Funds

Special Revenue Funds		
Community Service Center		388
Enterprise Funds		
Airport	12,344	
Solid Waste	285,427	
Less: Allowance for Uncollectibles	(77,508)	
Golf Course	<u>54,099</u>	274,362

Internal Service Funds		
Employee Benefits		<u>30,488</u>

Total Primary Government		<u>\$ 4,200,026</u>
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Component Units:

Parks and Recreation		<u>\$ 8,051</u>
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CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2016 consist of the following:

Primary Government:

Major Funds

General Fund

US Treasury	\$ 5,767	
Gainesville city school system	500	
Hall County, Georgia	<u>12,484</u>	\$ 18,751

Department of Water Resources

Enterprise Fund

State of Georgia	321,478	
Hall County, Georgia	<u>181,593</u>	503,071

Nonmajor Funds

Special Revenue Funds

Community Service Center

State of Georgia	104,071	
Hall County, Georgia	62,854	

Grants

US Treasury	202,518	
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Government Access Cable TV

Hall County, Georgia	9,165	
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HUD Grant

US Treasury	42,287	
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SPLOST

Hall County, Georgia	819,511	
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Debt Service

Miscellaneous	290	
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Confiscated Assets

Hall County, Georgia	300	
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Tax Allocation District

Gainesville City School System	<u>150,331</u>	1,391,327
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Capital Projects Funds

Grant

State of Georgia	21,969	
US Treasury	<u>20,000</u>	41,969

Enterprise funds

Airport

State of Georgia	3,630	
US Treasury	<u>68,973</u>	72,603

Vehicle Services Internal Service Fund

Gainesville City School System		<u>5,015</u>
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Total Primary Government

\$ 2,032,736

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 2016, based upon the assessments of January 1, 2015 and the levy date of October 2, 2015, were final billed on October 5, 2015, and due on December 7, 2015. 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 Water Resources Enterprise Fund includes \$149,729 of intradepartmental billings for water and sewer usage for fiscal year 2016.

8. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 49,151
	Nonmajor Enterprise	318,542
Nonmajor Governmental	Nonmajor Enterprise	81,691
		<u>\$ 449,384</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 \$318,542 and \$81,691 are reported in the General Fund and Economic Development Special Revenue Fund, respectively, as advances to other funds and as advances from other funds in the Chattahoochee Golf Course Enterprise Fund; this balance is not expected to be repaid within one year.

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

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

A summary of interfund transfers is as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 2,724,018
	Nonmajor Enterprise	335,462
	Internal Service	35,000
Department of Water Resources	General	3,590,122
	Nonmajor Governmental	526,300
Nonmajor Governmental	General	19,209
	Nonmajor Governmental	983,259
	Nonmajor Enterprise	60,013
		<u>\$ 8,273,383</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 Department of Water Resources Fund to the General Fund is in accordance with City policy, and is common practice for government-owned utility systems. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

9. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2016 was as follows:

	Balance Beginning	Increases	Decreases	Balance Ending
Governmental activities				
Non-depreciable assets				
Land	\$ 24,265,323	\$ 203,856	\$ (2,336)	\$ 24,466,843
Construction in progress	1,019,325	1,407,506	(436,138)	1,990,693
Total non-depreciable assets	25,284,648	1,611,362	(438,474)	26,457,536
Depreciable assets				
Buildings	55,462,992	96,414	0	55,559,406
Land improvements	3,124,046	19,420	0	3,143,466
Vehicles and equipment	18,799,960	1,775,868	(876,198)	19,699,630
Intangibles	1,951,106	0	0	1,951,106
Infrastructure	39,756,609	374,966	0	40,131,575
Total depreciable assets	119,094,713	2,266,668	(876,198)	120,485,183
Less accumulated depreciation				
Buildings	(13,310,712)	(1,387,034)	0	(14,697,746)
Land improvements	(1,444,938)	(127,107)	0	(1,572,045)
Vehicles and equipment	(14,308,405)	(1,515,622)	865,010	(14,959,017)
Intangibles	(1,600,763)	(125,942)	0	(1,726,705)
Infrastructure	(13,024,459)	(1,382,948)	0	(14,407,407)
Total accumulated depreciation	(43,689,277)	(4,538,653)	865,010	(47,362,920)
Total depreciable assets, net	75,405,436	(2,271,985)	(11,188)	73,122,263
Governmental activities capital assets, net	\$ 100,690,084	\$ (660,623)	\$ (449,662)	\$ 99,579,799
Business-type activities				
Non-depreciable assets				
Land	\$ 31,523,749	\$ 11,400	\$ 0	\$ 31,535,149
Intangibles	2,014,321	37,015	0	2,051,336
Construction in progress	13,658,306	5,616,596	(5,248,141)	14,026,761
Total non-depreciable assets	47,196,376	5,665,011	(5,248,141)	47,613,246
Depreciable assets				
Buildings	52,249,064	14,431	0	52,263,495
Land improvements	16,721,345	13,735	0	16,735,080
Distribution system	527,376,999	10,101,742	0	537,478,741
Intangibles	5,504,157	0	0	5,504,157
Vehicles and equipment	30,106,013	1,067,901	(435,967)	30,737,947
Total depreciable assets	631,957,578	11,197,809	(435,967)	642,719,420
Less accumulated depreciation				
Buildings	(10,345,328)	(1,153,357)	0	(11,498,685)
Land improvements	(8,602,500)	(714,272)	0	(9,316,772)
Distribution system	(160,678,671)	(12,647,466)	0	(173,326,137)
Intangibles	(1,367,353)	(265,437)	0	(1,632,790)
Vehicles and equipment	(15,821,532)	(1,919,284)	435,967	(17,304,849)
Total accumulated depreciation	(196,815,384)	(16,699,816)	435,967	(213,079,233)
Total depreciable assets, net	435,142,194	(5,502,007)	0	429,640,187
Business-type activities capital assets, net	\$ 482,338,570	\$ 163,004	\$ (5,248,141)	\$ 477,253,433

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

9. Capital Assets (continued)

Capital asset activity for the Parks and Recreation Component Unit and the Convention and Visitor's Bureau Component Unit for the year ended June 30, 2016 was as follows:

	Balance Beginning	Increases	Decreases	Balance Ending
Parks & Recreation Component Unit				
Non-depreciable assets				
Land	\$ 4,615,183	\$ 0	\$ 0	\$ 4,615,183
Construction in progress	265,482	89,602	(255,255)	99,829
Total non-depreciable assets	4,880,665	89,602	(255,255)	4,715,012
Depreciable assets				
Buildings	8,978,852	0	0	8,978,852
Land improvements	2,932,172	636,014	0	3,568,186
Vehicles and equipment	1,557,326	71,250	(112,187)	1,516,389
Intangibles	241,700	0	0	241,700
Infrastructure	3,199,545	61,758	0	3,261,303
Total depreciable assets	16,909,595	769,022	(112,187)	17,566,430
Less accumulated depreciation				
Buildings	(6,514,065)	(208,248)	0	(6,722,313)
Land improvements	(1,734,592)	(245,678)	0	(1,980,270)
Vehicles and equipment	(1,097,603)	(105,785)	112,187	(1,091,201)
Intangibles	(165,531)	(10,698)	0	(176,229)
Infrastructure	(1,120,697)	(145,060)	0	(1,265,757)
Total accumulated depreciation	(10,632,488)	(715,469)	112,187	(11,235,770)
Total depreciable assets, net	6,277,107	53,553	0	6,330,660
Parks & Recreation Component Unit capital assets, net	<u>\$ 11,157,772</u>	<u>\$ 143,155</u>	<u>\$ (255,255)</u>	<u>\$ 11,045,672</u>
Convention and Visitor's Bureau Component Unit				
Depreciable assets				
Vehicles and equipment	\$ 20,660	\$ 22,216	\$ (20,660)	\$ 22,216
Less accumulated depreciation				
Vehicles and equipment	(20,660)	(740)	20,660	(740)
Convention and Visitor's Bureau Component Unit capital assets, net	<u>\$ 0</u>	<u>\$ 21,476</u>	<u>\$ 0</u>	<u>\$ 21,476</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$	194,981
Public Safety		908,308
Public Works		2,784,532
Health and Welfare		290,636
Housing and Development		171,967
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		25,970
Total depreciation expense for governmental activities	\$	4,376,394

Business-type activities

Department of Water Resources	\$	15,443,458
Airport		773,435
Solid Waste		148,766
Golf Course		287,622
Total depreciation expense for business-type activities	\$	16,653,281

Component Unit

Parks and Recreation	\$	701,164
Convention and Visitor's Bureau		740

	Primary Government		Component Units	
	Governmental Activities	Business-type Activities	Parks and Recreation	Convention and Visitor's Bureau
Current year depreciation expense	\$ 4,376,394	\$ 16,653,281	\$ 701,164	\$ 740
Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component unit	162,259	46,535	14,305	0
Additions to accumulated depreciation	\$ 4,538,653	\$ 16,699,816	\$ 715,469	\$ 740

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, 2016, are \$20,766,285 and \$23,412,672 for governmental and business-type activities, respectively.

Total assets leased under capital leases are \$28,656,830 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	\$ 1,777,407
Golf Course improvements	0	0	2,715,000	950,250
Water and sewer system	0	0	31,539,701	10,092,704
Land	2,025,926	0	0	0
Buildings	15,543,498	1,132,640	0	0
Vehicles and equipment	1,911,290	617,673	0	0
Infrastructure	9,176,116	536,301	0	0
Total assets under capital leases	<u>\$ 28,656,830</u>	<u>\$ 2,286,614</u>	<u>\$ 39,586,921</u>	<u>\$ 12,820,361</u>

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

10. Capital and Operating Leases Agreements (continued)

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, 2016:

Year Ending June 30,	Governmental Activities	Business-type Activities
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	1,844,899	1,567,368
2022-2026	9,261,984	7,843,114
2027-2031	3,069,756	6,307,939
Total minimum lease payments	24,062,574	23,848,642
Less amounts representing interest	(3,296,289)	(435,970)
Present value of minimum lease payments	<u>\$ 20,766,285</u>	<u>\$ 23,412,672</u>

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, 2016, the City has a balance of \$139,518 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.

10. Capital and Operating Leases Agreements (continued)

On May 20, 2009, the Gainesville Redevelopment Authority issued \$6,230,000 in the Series 2009A Revenue Bonds, with interest rates of 3.00-4.625%. An intergovernmental lease became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the lease, bond proceeds of the Authority issue will be applied to construct and equip the 2009A Project, which includes the construction of the Downtown Parking Garage, to be made by the City, and the 2009 Project will be leased to the City. In return, the City will make payments to the trustee for the bonds on behalf of the Authority sufficient to pay the principal and interest on the bonds. In conjunction with the issuance of the bonds, the City conveyed title to land and the Parking Garage thereon to the Authority. The City will continue to operate, maintain, repair and have use of the Parking Garage.

On 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.

10. Capital and Operating Leases Agreements (continued)

On September 25, 2012, the Gainesville, Redevelopment Authority issued \$8,950,000 in the Series 2012B Revenue Bonds, with an interest rate of 2.542%. An intergovernmental lease became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the lease, bond proceeds of the Authority issue will be for: acquiring certain facilities located in the City of Gainesville, Georgia; for future redevelopment purposes; for refunding all of the Authority's Taxable Revenue Bonds (Lee Gilmer Memorial Airport Project), Series 2004B; and paying the costs of issuing the Series 2012B Bonds. In return, the City will make payments to the trustee for the bonds, on behalf of the Authority, sufficient to pay the principal and interest on the bonds. In conjunction with the issuance of the bonds, the City conveyed title to the land and the facility thereon to the Authority. The City will continue to operate, maintain, repair and have use of the Lee Gilmer Airport and the correction facility.

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.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

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, 2016:

- \$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% (\$29,470,000 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% (\$78,265,000 outstanding).
- \$17,865,000 2015 Water and Sewer System Refunding series bonds due in annual installments of \$2,240,000 to \$5,260,000 through November 15, 2019; interest at 1.82% (\$17,865,000 outstanding).

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 15,325,000	\$ 5,013,596	\$ 20,338,596
2018	15,680,000	4,409,125	20,089,125
2019	15,995,000	3,783,835	19,778,835
2020	12,525,000	3,308,137	15,833,137
2021	14,620,000	2,817,325	17,437,325
2022-2026	38,675,000	7,010,750	45,685,750
2027-2029	12,780,000	883,900	13,663,900
Totals	\$ 125,600,000	\$ 27,226,668	\$ 152,826,668

11. Long-Term Debt (continued)

Revenue Bonds, continued

The Water and Sewerage Revenue Bonds Series 2006 (\$39,205,000), Water and Sewerage Revenue Bonds Series 2014 (\$83,650,000) and Water and Sewerage Revenue Bonds Series 2015 (\$17,865,000) are collateralized by operating income from the water and sewerage system of the City of Gainesville, Georgia. 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. Proceeds from the Series 2015 were used to refund a portion of the Series 2005 water and sewerage revenue bond issue and to pay expenses necessary to accomplish the Series 2015 refunding issue.

The bonds are payable solely from the water and sewer operating income, and are payable through the fiscal years ending 2020, 2022, and 2029, respectively. Total principal and interest remaining to be paid on the bonds is \$34,157,253, \$100,237,075, and \$18,432,340, respectively. Principal and interest paid for the current year was \$4,092,694, \$9,222,575, and \$165,281, respectively. Water and sewer operating income totaled \$66,761,344 for the current year.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

11. Long-Term Debt (continued)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for fiscal year ended June 30, 2016:

	Balance 6/30/2015	Additions	Deductions	Balance 6/30/2016	Due Within One Year
Governmental activities					
Capital lease obligations	\$ 21,998,380	\$ 0	\$ (1,232,095)	\$ 20,766,285	\$ 3,936,320
Compensated absences	1,135,880	1,458,991	(1,435,797)	1,159,074	1,043,166
Total Governmental activities	<u>\$ 23,134,260</u>	<u>\$ 1,458,991</u>	<u>\$ (2,667,892)</u>	<u>\$ 21,925,359</u>	<u>\$ 4,979,486</u>
Business-type activities					
Revenue bonds	\$ 140,000,000	\$ 17,865,000	\$ (32,265,000)	\$ 125,600,000	\$ 15,325,000
Unamortized bond premium	15,139,294	0	(1,699,452)	13,439,842	0
Capital lease obligations	25,093,735	0	(1,681,063)	23,412,672	1,681,588
Compensated absences	740,530	896,485	(916,832)	720,183	648,165
Total business-type activities	<u>\$ 180,973,559</u>	<u>\$ 18,761,485</u>	<u>\$ (36,562,347)</u>	<u>\$ 163,172,697</u>	<u>\$ 17,654,753</u>
Component Units					
City of Gainesville					
Parks and Recreation					
Compensated absences	\$ 135,638	\$ 131,496	\$ (147,866)	\$ 119,268	\$ 107,341
Gainesville Convention and Visitor's Bureau					
Compensated absences	25,117	14,665	(18,565)	21,217	19,095
Total Component Units	<u>\$ 160,755</u>	<u>\$ 146,161</u>	<u>\$ (166,431)</u>	<u>\$ 140,485</u>	<u>\$ 126,436</u>

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, 2016 was \$533,058 and \$6,124,661, respectively.

12. Bond Refunding

On November 12, 2015, the City issued \$17,865,000 in Water and Sewerage Refunding Revenue Bonds, Series 2015, with an average interest rate of 1.82%. The Series 2015 bonds were issued to partially advance refund \$24,125,000 of outstanding Series 2005 Bonds with an average interest rate of 4.50%. Net proceeds of \$17,769,183 (\$17,865,000 original issue less \$95,817 in underwriting fees, insurance, and other costs of issuance) together with \$320,917 in Series 2005 sinking fund accruals wired from Regions Bank to refund the outstanding bonds.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,074,643. This difference, reported in the financial statements as deferred outflows of resources-deferred charges on refunding, is being charged to operations through the year 2020 using the effective interest method. The City completed the current refunding to reduce its total debt service payments over the next 5 years by \$891,588 and to obtain an economic gain (the difference between the present value of the old debt and new debt service payments) of \$855,267.

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, 2016, there were 34 series of Revenue Bonds outstanding. The current aggregate principal amount payable for the series totaled \$588,373,687; the original issue amounts totaled \$1,026,150,403.

14. Deficit Equity Balances

At June 30, 2016, the Chattahoochee Golf Course Enterprise Fund had negative net position of \$400,462. 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.

At June 30, 2016, the Gainesville Convention and Visitor's Bureau Component Unit had negative net position of \$53,969. This is due to a reduction in revenues during the current year. The City plans to liquidate the deficit fund equity through future revenue recognition.

CITY OF GAINESVILLE, GEORGIA
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June 30, 2016

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, 2016:

	General	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventories	\$ 0	\$ 67,770	\$ 67,770
Prepaid items	3,097	13,620	16,717
Advances to other funds	318,542	81,691	400,233
	<u>321,639</u>	<u>163,081</u>	<u>484,720</u>
Restricted for:			
General Government			
TV 18 operations	0	63,289	63,289
Public Safety			
Police facilities and equipment	0	763,585	763,585
Fire facilities and equipment	0	185,727	185,727
Health and Welfare			
Community Service Center operations	0	1,306,538	1,306,538
Culture and Recreation			
Recreation facilities and equipment	0	1,146,160	1,146,160
Housing and Development			
Neighborhood improvements	0	191,042	191,042
Midtown development	0	844,877	844,877
Capital projects	0	7,304,441	7,304,441
	<u>0</u>	<u>11,805,659</u>	<u>11,805,659</u>
Committed for:			
Public Works			
Cemetery improvements	0	239,663	239,663
Housing and Development			
Tree replacement	4,957	0	4,957
Energy efficiency retrofits	0	4,868	4,868
	<u>4,957</u>	<u>244,531</u>	<u>249,488</u>
Assigned for:			
General Government			
TV 18 operations	0	55,769	55,769
Matching funds for grants	0	68,910	68,910
Public Works			
City Hall improvements	116,717	0	116,717
Health and Welfare			
Community Service Center operations	0	1,212,593	1,212,593
Housing and Development			
Economic development	0	2,038,052	2,038,052
Tourism and City promotion	0	63,139	63,139
Budget	4,100,000	214,050	4,314,050
Capital projects	0	5,665,717	5,665,717
Debt service	0	1,403,745	1,403,745
	<u>4,216,717</u>	<u>10,721,975</u>	<u>14,938,692</u>

16. Self-Insurance

General Insurance

During fiscal year 1993, the City established its General Insurance Internal Service Fund, which includes workers' compensation, property, and general liability. Property and liability claims are insured through a private insurance carrier, and subject to various deductibles that are paid from City funds. On January 1, 2013, the City established a self-insurance program for workers' compensation.

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

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

Health Insurance

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

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:

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

16. Self-Insurance (continued)

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
General Insurance Internal Service Fund		
Balance, beginning of year	\$ 1,184,845	\$ 932,345
Current year claims and changes in estimate	294,602	1,092,658
Claim payments	<u>(524,809)</u>	<u>(840,158)</u>
Balance, end of year	<u>\$ 954,638</u>	<u>\$ 1,184,845</u>
Employee Benefits Internal Service Fund		
Balance, beginning of year	\$ 416,580	\$ 523,300
Current year claims and changes in estimate	6,229,477	5,434,692
Claim payments	<u>(5,705,707)</u>	<u>(5,541,412)</u>
Balance, end of year	<u>\$ 940,350</u>	<u>\$ 416,580</u>

17. 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.

17. Pension Plans (continued)

Pension Plan A (continued)

Each Board member represents different groups of participants which are retirees, Water Resources department, Police department, Fire department, and three representatives for all other employees.

At July 1, 2016, the date of the most recent actuarial valuation, there were 765 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	247
Terminated vested participants entitled to but not yet receiving benefits	29
Active participants	<u>489</u>
Total number of participants	<u><u>765</u></u>

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.

17. Pension Plans (continued)

Pension Plan A (continued)

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.

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, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	55%
Fixed Income (core)	40%
Fixed Income (high yield)	5%
Totals	100%

Rate of return. For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.660 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

17. Pension Plans (continued)

Pension Plan A (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the City reported a net pension liability of \$47,831,207. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. For the fiscal year ended June 30, 2016, the City recognized pension expense of \$4,782,821

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 6/30/2015	\$ 124,639,679	\$ 82,165,946	\$ 42,473,733
Changes for the year:			
Service cost	3,650,560	0	3,650,560
Interest	9,061,392	0	9,061,392
Differences between expected and actual experience	586,393	0	586,393
Changes of assumptions	(246,666)	0	(246,666)
Contributions-employer	0	3,021,182	(3,021,182)
Contributions-employee	0	3,021,182	(3,021,182)
Net investment income	0	1,794,845	(1,794,845)
Benefit payments, including refunds of employee contribution	(7,642,229)	(7,642,229)	0
Administrative expense	0	(143,004)	143,004
Net changes	<u>5,409,450</u>	<u>51,976</u>	<u>5,357,474</u>
Balances at 6/30/2016	\$ 130,049,129	\$ 82,217,922	\$ 47,831,207
Plan fiduciary net position as a percentage of the total pension liability		63.22%	
Covered employee payroll		\$ 22,887,742	
Employer's net pension liability as percentage of covered employee payroll		208.98%	

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

17. Pension Plans (continued)

Pension Plan A (continued)

At June 30, 2016, 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	\$ 1,903,412	\$ 0
Changes of assumptions	0	(205,555)
Net difference between projected and actual earnings on pension plan investments	<u>3,376,726</u>	<u>0</u>
Totals	<u><u>\$ 5,280,138</u></u>	<u><u>\$ (205,555)</u></u>

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

Year Ending June 30	
2017	\$ 1,046,135
2018	1,046,135
2019	2,008,622
2020	917,070
2021	<u>56,621</u>
Totals	<u><u>\$ 5,074,583</u></u>

17. Pension Plans (continued)

Pension Plan A (continued)

Actuarial Assumptions. The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Projected salary increases	3.50% plus service based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.25%
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Remaining amortization period	6-26 years (closed periods)

Pre-retirement mortality rates are based on the sex-distinct RP-2014 Employee Mortality Table. Healthy annuitant mortality rates are based on the sex-distinct RP-2014 Blue Collar Healthy Annuitant Mortality Table with rates adjusted 120%, set forward two years for males only. Disabled mortality rates were based on the sex-distinct RP-2014 Disabled Retiree Mortality Table. All mortality tables are projected generationally with Scale MP-2015.

The mortality and economic actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period of July 1, 2010 through June 30, 2015.

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.

17. Pension Plans (continued)

Pension Plan A (continued)

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, 2016 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	55%	6.75%
Fixed income (core)	40%	1.75%
Fixed income (high yield)	5%	4.95%
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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.

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 (6.25 percent) or one percentage-point higher (8.25 percent) than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease	6.25%	\$63,336,809
Current discount rate	7.25%	47,831,207
1% increase	8.25%	34,926,480

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.

17. Pension Plans (continued)

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.

At January 1, 2016, the date of the most recent actuarial valuation, there were 238 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	57
Terminated vested participants entitled to but not yet receiving benefits	31
Active participants	<u>150</u>
Total number of participants	<u><u>238</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.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

17. Pension Plans (continued)

Pension Plan B (continued)

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. The City's actuarially determined contribution rate for the fiscal year ended June 30, 2016 was \$324,651 or 6.64% of covered-employee payroll. The administrative expenses set by contract with GMEBS are in addition to the state-required annual funding requirement. The Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the City reported a net pension liability of \$2,347,046. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. For the fiscal year ended June 30, 2016, the City recognized pension expense of \$354,808.

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 9/30/2014	\$ 7,122,026	\$ 4,988,320	\$ 2,133,706
Changes for the year:			
Service cost	178,348	0	178,348
Interest	535,078	0	535,078
Differences between expected and actual experience	(102,827)	0	(102,827)
Contributions-employer	0	371,738	(371,738)
Net investment income	0	48,579	(48,579)
Benefit payments, including refunds of employee contribution	(435,594)	(435,594)	0
Administrative expense	0	(23,058)	23,058
Net changes	175,005	(38,335)	213,340
Balances at 9/30/2015	\$ 7,297,031	\$ 4,949,985	\$ 2,347,046
Plan fiduciary net position as a percentage of the total pension liability		67.84%	
Covered employee payroll		\$ 4,890,737	
Net pension liability as a percentage of covered employee payroll		47.99%	

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

17. Pension Plans (continued)

Pension Plan B (continued)

At June 30, 2016, 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	\$ (180,886)
Changes of assumptions	0	(66,264)
Net difference between projected and actual earnings on pension plan investments	244,095	0
Contributions subsequent to the measurement date	260,870	0
Totals	<u>\$ 504,965</u>	<u>\$ (247,150)</u>

The \$260,870 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	
2017	\$ 1,552
2018	1,552
2019	1,552
2020	9,427
2021	(17,138)
Totals	<u>\$ (3,055)</u>

17. Pension Plans (continued)

Pension Plan B (continued)

Actuarial Assumptions. The total pension liability in the January 1, 2016 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.

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.

17. Pension Plans (continued)

Pension Plan B (continued)

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, 2015 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.

17. 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%	\$ 3,147,484
Current discount rate	7.75%	2,347,046
1% increase	8.75%	1,671,561

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.

18. Post-Employment Health Care Benefits

Plan Description

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

City 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	247
Active participants	489
Total number of participants	<u>736</u>

18. 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 \$743,194, 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, 2015 is 25 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.

18. Post-Employment Health Care Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

For fiscal year 2016, the City's annual OPEB cost of \$5,681,611 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	\$ 6,459,338
Interest on net OPEB obligation	1,191,658
Adjustment to ARC	<u>(1,969,385)</u>
Annual OPEB cost	5,681,611
Contributions made	<u>(1,926,670)</u>
Increase (decrease) in net OPEB obligation	3,754,941
Net OPEB obligation - beginning of year	<u>29,791,451</u>
Net OPEB obligation - end of year	<u><u>\$ 33,546,392</u></u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

18. 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
2014	\$ 4,921,707	41%	\$ 27,838,614
2015	3,810,294	49%	29,791,451
2016	5,681,611	34%	33,546,392

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

19. Hotel/Motel Lodging Tax

The City has levied a 6% lodging tax in accordance with OCGA 48-13-51(a)(4). The City is required to spend an amount equal to at least 60% for the purpose of promoting tourism, conventions, and trade shows or for facilities used for these purposes. A summary of the transactions for the year ended June 30, 2016, follows:

Lodging Tax Receipts	\$ 911,847	
Disbursements for tourism and visitor programs	\$ 912,150	100.03% of tax receipts

20. Major Users/Taxpayers

The ten major customers of the water and sewer system are primarily from the poultry and food processing industry. The major users represent approximately 38 percent of the water sales and sewer charges from the system in fiscal year 2016.

The ten major taxpayers of the City for fiscal year 2016 represent approximately 15 percent of the current year tax levy. The ten largest taxpayers are comprised of various types of entities including retail, manufacturing and food processing.

21. Joint Ventures

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

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 2016, the City contributed the use of three police officers for assignment to the HCMOTF. The City paid \$279,100 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.

21. 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 2016, the city paid \$39,024 in such dues. Membership in a regional commission (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RCs in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, GA 30501.

22. Related Organizations

The City of Gainesville Housing Authority is considered a related organization to the City of Gainesville. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Gainesville. The City received \$92,186 as payment-in-lieu-of-taxes during fiscal year 2016.

23. 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.

24. 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, 2016, 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	\$ 134,012

The City has active construction projects as of June 30, 2016. At fiscal year end, the City's commitments with contractors are as follows:

Project	Amount Expended to Date	Remaining Commitment
Expansion of the water and sewer distribution system	\$ 6,982,463	\$ 3,488,339

24. 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.

25. Subsequent Event

On September 27, 2016, the City issued \$26,910,000 City of Gainesville Water and Sewerage Refunding Revenue Bonds, Series 2016 to refund the remaining Series 2006 Water and Sewerage Bonds.



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, 2016
(Unaudited)

	Fiscal Year End		
	2016	2015	2014
Total pension liability			
Service cost	\$ 3,650,560	\$ 3,522,833	\$ 3,500,226
Interest	9,061,392	8,576,549	8,177,872
Differences between expected and actual experience	586,393	1,827,514	636,486
Changes of assumptions	(246,666)	0	0
Benefit payments, including refunds of employee contributions	(7,642,229)	(7,282,407)	(6,715,366)
Net change in total pension liability	5,409,450	6,644,489	5,599,218
Total pension liability - beginning	124,639,679	117,995,190	112,395,972
Total pension liability - ending (a)	\$ 130,049,129	\$ 124,639,679	\$ 117,995,190
Plan fiduciary net position			
Contributions - employer	\$ 3,021,182	\$ 2,862,539	\$ 2,766,404
Contributions - employee	3,021,182	2,862,539	2,766,404
Net investment income	1,794,845	2,909,159	10,171,570
Benefit payments, including refunds of employee contributions	(7,642,229)	(7,282,407)	(6,715,366)
Administrative expense	(143,004)	(169,045)	(104,589)
Net change in total pension liability	51,976	1,182,785	8,884,423
Plan fiduciary net position - beginning	82,165,946	80,983,161	72,098,738
Plan fiduciary net position - ending (b)	\$ 82,217,922	\$ 82,165,946	\$ 80,983,161
Net pension liability (asset) - ending : (a) - (b)	\$ 47,831,207	\$ 42,473,733	\$ 37,012,029
Plan's fiduciary net position as a percentage of the total pension liability	63.22%	65.92%	68.63%
Covered-employee payroll	\$ 22,887,742	\$ 21,685,902	\$ 20,957,606
Net pension liability as a percentage of covered-employee payroll	208.98%	195.86%	176.60%

Note: This schedule is intended to show ten years of information; however, fiscal year 2014 was the first year of implementation. Additional years' information will be displayed as it becomes available.

CITY OF GAINESVILLE, GEORGIA
PENSION TRUST FUND (PENSION PLAN A)
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2016
(Unaudited)

	Fiscal Year End		
	2016	2015	2014
Actuarially determined contribution	\$ 3,736,793	\$ 3,579,097	\$ 3,703,299
Contributions in relation to the actuarially determined contribution	(3,021,182)	(2,862,539)	(2,766,404)
Contribution deficiency (excess)	<u>\$ 715,611</u>	<u>\$ 716,558</u>	<u>\$ 936,895</u>
Covered-employee payroll	\$ 22,887,742	\$ 21,685,902	\$ 20,957,606
Contributions as a percentage of covered-employee payroll	13.20%	13.20%	13.20%

Note: This schedule is intended to show ten years of information; however, fiscal year 2014 was the first year of implementation. Additional years' information will be displayed as it becomes available.
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, 2016
(Unaudited)

	Fiscal Year End		
	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.660%	7.835%	8.065%

Note: This schedule is intended to show ten years of information; however, fiscal year 2014 was the first year of implementation. Additional years' information will be displayed as it becomes available.

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, 2016
(Unaudited)

	Fiscal Year End	
	2016	2015
Total pension liability		
Service cost	\$ 178,348	\$ 168,281
Interest	535,078	532,517
Differences between expected and actual experience	(102,827)	(142,791)
Benefit payments, including refunds of employee contributions	(435,594)	(415,541)
Other changes	0	(99,394)
Net change in total pension liability	175,005	43,072
Total pension liability - beginning	7,122,026	7,078,954
Total pension liability - ending (a)	\$ 7,297,031	\$ 7,122,026
Plan fiduciary net position		
Contributions - employer	\$ 371,738	\$ 393,721
Contributions - employee	0	0
Net investment income	48,579	396,786
Benefit payments, including refunds of employee contributions	(435,594)	(415,541)
Administrative expense	(23,058)	(18,652)
Other		0
Net change in total pension liability	(38,335)	356,314
Plan fiduciary net position - beginning	4,988,320	4,632,006
Plan fiduciary net position - ending (b)	\$ 4,949,985	\$ 4,988,320
Net pension liability (asset) - ending : (a) - (b)	\$ 2,347,046	\$ 2,133,706
Plan's fiduciary net position as a percentage of the total pension liability	67.84%	70.04%
Covered-employee payroll	\$ 4,890,737	\$ 4,779,243
Net pension liability as a percentage of covered-employee payroll	47.99%	44.65%

Note: This schedule is intended to show ten years of information; however, fiscal year 2015 was the first year of implementation. Additional years' information will be displayed as it becomes available.

CITY OF GAINESVILLE, GEORGIA
GMEBS (PENSION PLAN B)
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2016
(Unaudited)

	Fiscal Year End	
	2016	2015
Actuarially determined contribution	\$ 324,651	\$ 347,773
Contributions in relation to the actuarially determined contribution	(324,651)	(347,773)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 4,890,737	\$ 4,779,243
Contributions as a percentage of covered-employee payroll	6.64%	7.28%

Note: This schedule is intended to show ten years of information; however, fiscal year 2015 was the first year of implementation. Additional years' information will be displayed as it becomes available.

Pension Trust Fund (Pension Plan A)

1. Valuation Date

The actuarially determined contribution rate was determined as of July 1, 2016, 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 = 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, 2016, 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, 2017.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Entry age normal

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, 2016

	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	\$ 2,478,349	\$ 644,395	\$ 0	\$ 114,822	\$ 521,941	\$ 9,274	\$ 0
Investments	0	1,479,461	0	0	0	0	43,022
Receivables (net)							
Accounts	388	0	0	0	0	0	0
Intergovernmental	166,925	0	0	9,165	300	202,518	42,287
Taxes	0	0	83,402	0	0	0	0
Notes	0	0	0	0	0	0	0
Prepaid items	0	0	0	0	0	0	0
Inventory	67,770	0	0	0	0	0	0
Advances to other funds	0	81,691	0	0	0	0	0
Total assets	\$ 2,713,432	\$ 2,205,547	\$ 83,402	\$ 123,987	\$ 522,241	\$ 211,792	\$ 85,309
LIABILITIES							
Payables							
Accounts	\$ 86,850	\$ 5,004	\$ 0	\$ 1,463	\$ 3,860	\$ 126,224	\$ 10,956
Deposits	186	0	0	0	0	0	0
Accrued salaries	39,495	0	0	3,466	0	0	2,443
Due to other funds	0	0	20,263	0	0	0	28,888
Due to others	0	0	0	0	19,853	0	0
Total liabilities	126,531	5,004	20,263	4,929	23,713	126,224	42,287
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	0	0	0	0	0	0	0
notes receivable	0	0	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0	0	0
FUND BALANCES							
Nonspendable	67,770	81,691	0	0	0	0	0
Restricted	1,306,538	0	0	63,289	404,528	11,790	43,022
Committed	0	0	0	0	0	4,868	0
Assigned	1,212,593	2,118,852	63,139	55,769	94,000	68,910	0
Total fund balances	2,586,901	2,200,543	63,139	119,058	498,528	85,568	43,022
Total liabilities, deferred inflows, and fund balances	\$ 2,713,432	\$ 2,205,547	\$ 83,402	\$ 123,987	\$ 522,241	\$ 211,792	\$ 85,309

Special Revenue						Capital Projects			Total Nonmajor Governmental Funds
Revolving Loan	Impact Fee	Tax Allocation District	Information Technology	Cemetery Trust	Debt Service	General Government	SPLOST	Grants	
\$ 148,020 0	\$ 1,490,750 0	\$ 694,546 0	\$ 227,654 0	\$ 240,263 0	\$ 1,402,528 0	\$ 7,134,258 0	\$ 3,887,007 0	\$ 1,701,442 0	\$ 20,695,249 1,522,483
0	0	0	0	0	0	0	0	0	388
0	0	150,331	0	0	290	0	819,511	41,969	1,433,296
0	0	0	0	0	41,026	0	0	0	124,428
303,534	0	0	0	0	0	0	0	0	303,534
0	0	0	0	0	13,620	0	0	0	13,620
0	0	0	0	0	0	0	0	0	67,770
0	0	0	0	0	0	0	0	0	81,691
<u>\$ 451,554</u>	<u>\$ 1,490,750</u>	<u>\$ 844,877</u>	<u>\$ 227,654</u>	<u>\$ 240,263</u>	<u>\$ 1,457,464</u>	<u>\$ 7,134,258</u>	<u>\$ 4,706,518</u>	<u>\$ 1,743,411</u>	<u>\$ 24,242,459</u>
\$ 0 0 0 0 0	\$ 0 0 0 0 0	\$ 0 0 0 0 0	\$ 0 0 0 0 0	\$ 600 0 0 0 0	\$ 0 0 0 0 0	\$ 398,312 0 0 0 0	\$ 0 0 0 0 0	\$ 215,717 0 0 0 0	\$ 848,986 186 45,404 49,151 19,853
0	0	0	0	600	0	398,312	0	215,717	963,580
0 303,534	0 0	0 0	0 0	0 0	40,099 0	0 0	0 0	0 0	40,099 303,534
303,534	0	0	0	0	40,099	0	0	0	343,633
0 148,020 0 0	0 1,490,750 0 0	0 844,877 0 0	0 188,404 0 39,250	0 0 239,663 0	13,620 0 0 1,403,745	0 2,772,655 0 3,963,291	0 4,525,068 0 181,450	0 6,718 0 1,520,976	163,081 11,805,659 244,531 10,721,975
148,020	1,490,750	844,877	227,654	239,663	1,417,365	6,735,946	4,706,518	1,527,694	22,935,246
<u>\$ 451,554</u>	<u>\$ 1,490,750</u>	<u>\$ 844,877</u>	<u>\$ 227,654</u>	<u>\$ 240,263</u>	<u>\$ 1,457,464</u>	<u>\$ 7,134,258</u>	<u>\$ 4,706,518</u>	<u>\$ 1,743,411</u>	<u>\$ 24,242,459</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, 2016

	Special Revenue						
	Community Service Center	Economic Development	Hotel/Motel Tax	Government Access Cable TV Channel	Confiscated Assets	Grants	HUD Grant
REVENUES							
Taxes	\$ 0	\$ 0	\$ 911,847	\$ 0	\$ 0	\$ 0	\$ 0
Fines, fees, and forfeitures	0	0	0	0	205,826	0	0
Charges for services	616,856	0	0	0	0	0	0
Intergovernmental	1,352,692	0	0	103,438	0	249,973	412,522
Interest and investment earnings	3,551	3,615	107	166	750	0	0
Contributions	105,628	0	0	0	0	0	0
Other	83,017	0	0	0	0	0	0
Total revenues	2,161,744	3,615	911,954	103,604	206,576	249,973	412,522
EXPENDITURES							
Current							
General Government	0	0	0	206,961	0	0	0
Public Safety	0	0	0	0	185,413	43,599	0
Health and Welfare	2,721,629	0	0	0	0	0	0
Housing and Development	0	89,705	581,594	0	0	213,737	412,522
Debt service:							
Principal	0	0	0	0	0	0	0
Interest and fiscal charges	0	13,823	0	0	0	0	0
Capital outlay	0	0	0	0	0	0	0
Total expenditures	2,721,629	103,528	581,594	206,961	185,413	257,336	412,522
Excess (deficiency) of revenues over (under) expenditures	(559,885)	(99,913)	330,360	(103,357)	21,163	(7,363)	0
Other financing sources (uses)							
Transfers in	573,965	0	0	103,438	0	7,051	0
Transfers out	0	(395,000)	(330,556)	0	0	0	0
Total other financing sources (uses)	573,965	(395,000)	(330,556)	103,438	0	7,051	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	14,080	(494,913)	(196)	81	21,163	(312)	0
Fund balances, July 1	2,572,821	2,695,456	63,335	118,977	477,365	85,880	43,022
Fund balances, June 30	\$ 2,586,901	\$ 2,200,543	\$ 63,139	\$ 119,058	\$ 498,528	\$ 85,568	\$ 43,022

Special Revenue						Capital Projects			Total Nonmajor Governmental Funds
Revolving Loan	Impact Fee	Tax Allocation District	Information Technology	Cemetery Trust	Debt Service	General Government	SPLOST	Grants	
\$ 0	\$ 0	\$ 65,056	\$ 0	\$ 0	\$ 2,223,559	\$ 0	\$ 0	\$ 0	\$ 3,200,462
0	0	0	67,044	0	0	0	0	0	272,870
92,881	616,093	0	0	25,607	0	0	0	0	1,351,437
0	0	280,826	0	0	0	0	5,005,188	101,969	7,506,608
148	1,851	926	253	403	8,281	0	0	0	20,051
0	0	0	0	0	0	0	0	0	105,628
54,392	0	0	0	0	6,500	0	0	0	143,909
147,421	617,944	346,808	67,297	26,010	2,238,340	0	5,005,188	101,969	12,600,965
0	0	0	0	0	0	0	0	0	206,961
0	0	0	0	0	0	0	0	0	229,012
0	0	0	0	0	0	0	0	0	2,721,629
50,294	0	210,000	0	0	0	0	0	0	1,557,852
0	0	0	0	0	1,222,585	0	0	0	1,222,585
0	0	0	0	0	524,268	0	0	0	538,091
0	0	0	0	0	0	2,947,786	480,080	1,713,843	5,141,709
50,294	0	210,000	0	0	1,746,853	2,947,786	480,080	1,713,843	11,617,839
97,127	617,944	136,808	67,297	26,010	491,487	(2,947,786)	4,525,108	(1,611,874)	983,126
0	6,996	0	42,664	0	151,975	3,166,078	181,410	0	4,233,577
0	(19,209)	0	0	(110,000)	0	(191,083)	0	(16,633)	(1,062,481)
0	(12,213)	0	42,664	(110,000)	151,975	2,974,995	181,410	(16,633)	3,171,096
97,127	605,731	136,808	109,961	(83,990)	643,462	27,209	4,706,518	(1,628,507)	4,154,222
50,893	885,019	708,069	117,693	323,653	773,903	6,708,737	0	3,156,201	18,781,024
\$ 148,020	\$ 1,490,750	\$ 844,877	\$ 227,654	\$ 239,663	\$ 1,417,365	\$ 6,735,946	\$ 4,706,518	\$ 1,527,694	\$ 22,935,246

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2016

	Airport	Solid Waste	Chattahoochee Golf Course	Total Nonmajor Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,147,688	\$ 2,600,444	\$ 191,517	\$ 3,939,649
Receivables				
Accounts (net)	12,344	207,919	54,099	274,362
Intergovernmental	72,603	0	0	72,603
Prepays	0	0	2,920	2,920
Total current assets	1,232,635	2,808,363	248,536	4,289,534
Noncurrent assets				
Capital assets				
Non-depreciable	585,055	0	53,271	638,326
Depreciable (net)	9,582,607	810,892	2,904,188	13,297,687
Total noncurrent assets	10,167,662	810,892	2,957,459	13,936,013
Total assets	11,400,297	3,619,255	3,205,995	18,225,547
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	38,434	0	49,809	88,243
Pension contributions subsequent to measurement date	0	33,004	13,530	46,534
Pension investment return differences	13,808	73,571	13,740	101,119
Pension experience differences	5,052	14,611	0	19,663
Total deferred outflow or resources	57,294	121,186	77,079	255,559
LIABILITIES				
Current liabilities				
Payables				
Accounts	170,970	58,546	64,572	294,088
Retainages	8,067	0	0	8,067
Deposits	4,036	0	0	4,036
Sales tax	0	0	7,100	7,100
Interest	4,313	0	8,867	13,180
Accrued salaries	2,030	25,690	16,554	44,274
Compensated absences	3,553	41,070	19,340	63,963
Capital lease payable	420,000	0	0	420,000
Other liabilities	0	0	41,014	41,014
Total current liabilities	612,969	125,306	157,447	895,722
Noncurrent liabilities				
Advances from other funds	0	0	400,233	400,233
Compensated absences	395	4,563	2,149	7,107
Net pension liability	125,675	660,175	121,515	907,365
OPEB obligation	23,993	1,166,026	273,179	1,463,198
Capital leases payable	1,353,852	0	2,715,000	4,068,852
Total noncurrent liabilities	1,503,915	1,830,764	3,512,076	6,846,755
Total liabilities	2,116,884	1,956,070	3,669,523	7,742,477

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2016

	Airport	Solid Waste	Chattahoochee Golf Course	Total Nonmajor Enterprise Funds
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	\$ 526	\$ 9,918	\$ 3,442	\$ 13,886
Pension investment return differences	5,220	18,079	1,228	24,527
Pension experience differences	0	22,814	9,343	32,157
Total deferred inflows of resources	5,746	50,811	14,013	70,570
NET POSITION				
Net investment in capital assets	8,351,574	810,892	292,267	9,454,733
Restricted for capital outlay	0	0	42,165	42,165
Unrestricted	983,387	922,668	(734,894)	1,171,161
Total net position	\$ 9,334,961	\$ 1,733,560	\$ (400,462)	\$ 10,668,059

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2016

	Airport	Solid Waste	Chattahoochee Golf Course	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for sales and services	\$ 925,009	\$ 2,619,559	\$ 1,034,234	\$ 4,578,802
Other	259	9,172	16,872	26,303
Total operating revenues	925,268	2,628,731	1,051,106	4,605,105
OPERATING EXPENSES				
Costs of sales and services	405,581	822,112	390,794	1,618,487
Personal services	89,610	1,385,990	540,087	2,015,687
Depreciation	773,435	148,766	287,622	1,209,823
Total operating expenses	1,268,626	2,356,868	1,218,503	4,843,997
Operating income (loss)	(343,358)	271,863	(167,397)	(238,892)
Non-operating revenues (expenses)				
Interest revenue	16,075	3,641	123	19,839
Interest expense	(49,964)	0	(72,362)	(122,326)
Gain (loss) on sale of capital assets	0	2,414	0	2,414
Total non-operating revenues (expenses)	(33,889)	6,055	(72,239)	(100,073)
Income (loss) before capital contributions and transfers	(377,247)	277,918	(239,636)	(338,965)
Capital contributions				
Intergovernmental revenue	72,603	0	0	72,603
Income (loss) before transfers	(304,644)	277,918	(239,636)	(266,362)
Transfers in (out)				
Transfers in	0	60,013	335,462	395,475
Change in net position	(304,644)	337,931	95,826	129,113
Net position, July 1	9,639,605	1,395,629	(496,288)	10,538,946
Net position, June 30	\$ 9,334,961	\$ 1,733,560	\$ (400,462)	\$ 10,668,059

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2016

	Airport	Solid Waste	Chattahoochee Golf Course	Total Nonmajor Enterprise Funds
Cash flows from operating activities:				
Receipts from customers	\$ 844,434	\$ 2,597,011	\$ 1,071,018	\$ 4,512,463
Payments to suppliers	(321,945)	(814,223)	(360,155)	(1,496,323)
Payments to employees	(77,686)	(1,197,458)	(508,592)	(1,783,736)
Other receipts	259	9,172	1,272	10,703
Net cash provided (used) by operating activities	445,062	594,502	203,543	1,243,107
Cash flows from non-capital financing activities:				
Receipts from other funds	0	60,013	182,112	242,125
Cash flows from capital and related financing activities:				
Receipts from other governments	72,603	0	0	72,603
Interest paid	(39,589)	0	(65,475)	(105,064)
Acquisition of capital assets	(9,350)	(186,120)	(130,236)	(325,706)
Principal payments - capital leases	(405,000)	0	0	(405,000)
Net cash provided (used) by capital and related financing activities	(381,336)	(186,120)	(195,711)	(763,167)
Cash flows from investing activities:				
Interest received	1,602	3,641	123	5,366
Net increase (decrease) in cash and cash equivalents	65,328	472,036	190,067	727,431
Cash and cash equivalents, July 1	1,082,360	2,128,408	1,450	3,212,218
Cash and cash equivalents, June 30	\$ 1,147,688	\$ 2,600,444	\$ 191,517	\$ 3,939,649

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2016

	<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)	\$ (343,358)	\$ 271,863	\$ (167,397)	\$ (238,892)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	773,435	148,766	287,622	1,209,823
(Increase) decrease in accounts receivable	(7,972)	(22,548)	20,591	(9,929)
(Increase) decrease in intergovernmental receivable	(72,603)	0	0	(72,603)
(Increase) decrease in prepaid expenses	0	0	(2,920)	(2,920)
(Increase) decrease in net pension contributions after measurement date	0	3,003	1,228	4,231
Increase (decrease) in accounts payable	84,358	30,449	23,912	138,719
Increase (decrease) in sales tax payable	0	0	593	593
Increase (decrease) in accrued salaries and benefits	457	9,376	1,614	11,447
Increase (decrease) in other liabilities	0	0	9,647	9,647
Increase (decrease) in net pension liability	13,716	66,506	10,950	91,172
Increase (decrease) in pension experience differences	1,163	11,139	3,177	15,479
Increase (decrease) in pension investment return differences	(10,564)	(65,194)	(14,144)	(89,902)
Increase (decrease) in pension assumption differences	526	(554)	(850)	(878)
Increase (decrease) in OPEB obligation	5,904	141,696	29,520	177,120
Total adjustments	788,420	322,639	370,940	1,481,999
Net cash provided (used) by operating activities	\$ 445,062	\$ 594,502	\$ 203,543	\$ 1,243,107

Noncash investing, capital, and financing activities:

Capital assets acquired through accounts payable totaled \$80,670 for the fiscal year ended June 30, 2016.

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,472,122	\$ 5,896,168	\$ 307,929	\$ 7,676,219
Receivables				
Accounts	0	30,488	0	30,488
Intergovernmental	0	0	5,015	5,015
Inventory	0	0	77,477	77,477
Other assets	94,065	0	0	94,065
Total current assets	1,566,187	5,926,656	390,421	7,883,264
Noncurrent assets				
Depreciable capital assets (net)	0	0	135,109	135,109
Total assets	1,566,187	5,926,656	525,530	8,018,373
LIABILITIES				
Current liabilities				
Payables				
Accounts	29,720	59,198	89,540	178,458
Accrued salaries	0	0	8,674	8,674
Compensated absences	0	0	18,891	18,891
Claims reserves	954,638	940,350	0	1,894,988
Total current liabilities	984,358	999,548	117,105	2,101,011
Long-term liabilities				
Compensated absences	0	0	2,099	2,099
Total liabilities	984,358	999,548	119,204	2,103,110
NET POSITION				
Investment in capital assets	0	0	135,109	135,109
Unrestricted	581,829	4,927,108	271,217	5,780,154
Total net position	\$ 581,829	\$ 4,927,108	\$ 406,326	\$ 5,915,263

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2016

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
OPERATING REVENUES				
Interfund services provided	\$ 1,252,455	\$ 9,023,896	\$ 1,811,822	\$ 12,088,173
Contributions	0	0	0	0
Other	6,536	0	2,426	8,962
Total operating revenues	1,258,991	9,023,896	1,814,248	12,097,135
OPERATING EXPENSES				
Costs of services	1,258,991	8,798,985	1,459,685	11,517,661
Personal services	0	0	364,198	364,198
Depreciation	0	0	25,970	25,970
Total operating expenses	1,258,991	8,798,985	1,849,853	11,907,829
Operating income (loss)	0	224,911	(35,605)	189,306
Non-operating revenues (expenses)				
Interest revenue	2,743	7,862	0	10,605
Gain (loss) on sale of capital assets	0	0	605	605
Total non-operating revenues (expenses)	2,743	7,862	605	11,210
Net income (loss) before transfers	2,743	232,773	(35,000)	200,516
Transfers in (out)				
General Fund	0	0	35,000	35,000
Change in net position	2,743	232,773	0	235,516
Net position, July 1	579,086	4,694,335	406,326	5,679,747
Net position, June 30	\$ 581,829	\$ 4,927,108	\$ 406,326	\$ 5,915,263

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2016

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 1,259,028	\$ 8,995,889	\$ 1,814,650	\$ 12,069,567
Payments to suppliers	(1,550,068)	(8,208,019)	(1,400,561)	(11,158,648)
Payments to employees	0	0	(356,247)	(356,247)
Other receipts	6,536	0	2,426	8,962
Net cash provided (used) by operating activities	(284,504)	787,870	60,268	563,634
Cash flows from capital and related financing activities:				
Receipts from other funds	0	0	35,000	35,000
Acquisition of capital assets	0	0	(33,276)	(33,276)
Net cash provided (used) by capital and related financing activities	0	0	1,724	1,724
Cash flows from investing activities:				
Interest received	2,743	7,862	0	10,605
Net increase (decrease) in cash and cash equivalents	(281,761)	795,732	61,992	575,963
Cash and cash equivalents, July 1	1,753,883	5,100,436	245,937	7,100,256
Cash and cash equivalents, June 30	\$ 1,472,122	\$ 5,896,168	\$ 307,929	\$ 7,676,219
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 0	\$ 224,911	\$ (35,605)	\$ 189,306
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	0	0	25,970	25,970
(Increase) decrease in accounts receivable	6,573	(28,007)	0	(21,434)
(Increase) decrease in intergovernmental receivables	0	0	2,828	2,828
(Increase) decrease in inventory	0	0	26,752	26,752
(Increase) decrease in prepaid expenses	0	107,643	0	107,643
(Increase) decrease in other assets	(32,520)	0	0	(32,520)
Increase (decrease) in accounts payable	(28,350)	(40,447)	32,372	(36,425)
Increase (decrease) in accrued salaries and benefits	0	0	7,951	7,951
Increase (decrease) in claims reserve	(230,207)	523,770	0	293,563
Total adjustments	(284,504)	562,959	95,873	374,328
Net cash provided (used) by operating activities	<u>\$ (284,504)</u>	<u>\$ 787,870</u>	<u>\$ 60,268</u>	<u>\$ 563,634</u>



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, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 11,533,466	\$ 9,615,732
Receivables (net)		
Accounts	17,359	353,587
Intergovernmental	18,751	99,191
Taxes	1,066,708	789,561
Prepaid items	3,097	3,339
Due from other funds	49,151	589,128
Advances to other funds	318,542	471,892
Total assets	\$ 13,007,074	\$ 11,922,430
LIABILITIES		
Payables		
Accounts	\$ 334,535	\$ 296,304
Intergovernmental	41,823	76,783
Accrued salaries	481,081	384,114
Total liabilities	857,439	757,201
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	125,491	161,812
FUND BALANCES		
Nonspendable:		
Prepaid items	3,097	3,339
Advances to other funds	318,542	471,892
Committed for Housing and Development	4,957	5,848
Assigned for:		
Public Works	116,717	107,217
Budget	4,100,000	2,350,000
Unassigned	7,480,831	8,065,121
Total fund balances	12,024,144	11,003,417
Total liabilities, deferred inflows, and fund balances	\$ 13,007,074	\$ 11,922,430

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
REVENUES		
Taxes	\$ 21,410,290	\$ 20,759,249
Licenses and permits	1,020,055	1,008,077
Fines, fees and forfeitures	1,462,999	1,361,982
Charges for services	2,238,122	2,213,040
Intergovernmental	314,990	330,497
Interest	34,636	27,289
Contributions	0	18,303
Other	39,607	49,983
Total revenues	26,520,699	25,768,420
EXPENDITURES		
Current		
General Government	3,344,029	3,236,951
Judicial	470,043	465,915
Public Safety	15,958,887	15,266,958
Public Works	4,994,225	4,672,187
Health and Welfare	15,750	12,500
Culture and Recreation	400,000	150,000
Housing and Development	880,825	866,957
Total expenditures	26,063,759	24,671,468
Excess (deficiency) of revenues over (under) expenditures	456,940	1,096,952
Other financing sources (uses)		
Transfers in (out)		
Community Service Center Fund	(573,965)	(562,592)
Government Access Cable TV Channel Fund	(103,438)	(97,189)
Grants Special Revenue Fund	(7,051)	226,085
Impact Fee Fund	19,209	14,912
SPLOST Capital Projects Fund	(100,000)	0
General Government Capital Projects Fund	(1,939,564)	(2,812,024)
Grants Capital Projects Fund	0	(610,000)
Public Utilities Fund	3,590,122	3,329,535
Chattahoochee Golf Course Fund	(335,462)	(297,681)
Vehicle Services Fund	(35,000)	0
Sales of capital assets	48,936	48,126
Total other financing sources (uses)	563,787	(760,828)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,020,727	336,124
Fund balances, July 1	11,003,417	10,667,293
Fund balances, June 30	\$ 12,024,144	\$ 11,003,417

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Current year levy	\$ 5,707,966	\$ 5,783,276	\$ 75,310	\$ 5,663,134
Prior years' levies	57,020	99,782	42,762	95,772
Motor vehicle tax	1,052,896	1,221,311	168,415	1,199,582
Cost, penalties, and interest	64,000	67,439	3,439	42,378
Total general property taxes	6,881,882	7,171,808	289,926	7,000,866
Intangibles tax	98,000	129,076	31,076	133,186
Franchise tax	4,151,056	4,381,245	230,189	4,371,358
Insurance premium tax	1,800,000	1,948,090	148,090	1,823,481
Occupational tax	1,271,640	1,368,983	97,343	1,268,021
Liquor tax	111,008	117,543	6,535	111,949
Beer and wine tax	808,520	909,143	100,623	859,420
Mixed drink tax	94,915	102,598	7,683	96,242
Local option sales tax	4,740,000	5,281,804	541,804	5,094,726
Total taxes	19,957,021	21,410,290	1,453,269	20,759,249
Licenses and permits	817,186	1,020,055	202,869	1,008,077
Fines, fees and forfeitures	1,316,200	1,462,999	146,799	1,361,982
Charges for services	2,147,413	2,238,122	90,709	2,213,040
Intergovernmental	328,246	314,990	(13,256)	330,497
Interest	27,000	34,636	7,636	27,289
Contributions	6,300	0	(6,300)	18,303
Other				
Miscellaneous	175,045	39,607	(135,438)	49,983
Total other	175,045	39,607	(135,438)	49,983
Total revenues	<u>\$ 24,774,411</u>	<u>\$ 26,520,699</u>	<u>\$ 1,746,288</u>	<u>\$ 25,768,420</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	\$ 229,026	\$ 222,596	\$ 6,430	\$ 206,677
Other	134,653	91,619	43,034	72,187
Capital outlay	8,000	8,000	0	6,881
Total Mayor and Council	371,679	322,215	49,464	285,745
City Manager's Office				
Personal services	554,641	509,759	44,882	560,026
Other	101,468	94,372	7,096	86,627
Total City Manager's Office	656,109	604,131	51,978	646,653
Financial Services and IT				
Personal services	1,473,520	1,463,689	9,831	1,393,037
Other	377,181	338,043	39,138	332,197
Total Financial Services and IT	1,850,701	1,801,732	48,969	1,725,234
Human Resources				
Personal services	586,847	564,311	22,536	539,969
Other	56,000	51,640	4,360	39,350
Total Human Resources	642,847	615,951	26,896	579,319
Total General Government	3,521,336	3,344,029	177,307	3,236,951
Judicial				
Municipal Court				
Personal services	407,071	382,707	24,364	387,327
Other	88,676	87,336	1,340	78,588
Total Judicial	495,747	470,043	25,704	465,915
Public Safety				
Police				
Personal services	7,385,036	7,083,572	301,464	6,925,649
Other	1,775,516	1,457,529	317,987	1,545,898
Total Police	9,160,552	8,541,101	619,451	8,471,547
Code Enforcement				
Personal services	225,105	202,637	22,468	185,920
Other	74,719	82,461	(7,742)	67,034
Total Code Enforcement	299,824	285,098	14,726	252,954
Fire				
Personal services	6,513,027	6,457,764	55,263	5,869,985
Other	755,831	642,792	113,039	659,469
Capital outlay	32,132	32,132	0	13,003
Total Fire	7,300,990	7,132,688	168,302	6,542,457
Total Public Safety	16,761,366	15,958,887	802,479	15,266,958
Public Works				
Public Lands and Buildings				
Personal services	255,756	215,558	40,198	251,646
Other	349,633	308,357	41,276	309,430
Total Public Lands and Buildings	605,389	523,915	81,474	561,076

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
Public Works, continued				
Engineering				
Personal services	\$ 805,812	\$ 797,284	\$ 8,528	\$ 568,665
Other	109,842	98,887	10,955	116,747
Total Engineering	915,654	896,171	19,483	685,412
Traffic				
Personal services	397,824	382,869	14,955	421,475
Other	829,955	780,546	49,409	763,461
Total Traffic	1,227,779	1,163,415	64,364	1,184,936
Street Maintenance				
Personal services	1,285,696	1,199,626	86,070	1,227,722
Other	370,484	314,783	55,701	389,410
Capital outlay	67,785	67,508	277	31,977
Total Street Maintenance	1,723,965	1,581,917	142,048	1,649,109
Storm Water				
Personal services	215,641	215,640	1	81,041
Other	40,261	39,964	297	12,417
Capital outlay	26,600	26,024	576	0
Total Storm Water	282,502	281,628	874	93,458
Cemetery				
Personal services	407,015	364,199	42,816	339,500
Other	180,644	182,980	(2,336)	150,838
Capital outlay	0	0	0	7,858
Total Cemetery	587,659	547,179	40,480	498,196
Total Public Works	5,342,948	4,994,225	348,723	4,672,187
Health and Welfare				
Agency allocations	15,750	15,750	0	12,500
Culture and Recreation				
Agency allocations	400,000	400,000	0	150,000
Housing and Development				
Planning				
Personal services	481,939	481,463	476	465,572
Other	86,594	83,776	2,818	85,237
Total Planning	568,533	565,239	3,294	550,809
Inspection				
Personal services	270,948	246,968	23,980	258,024
Other	40,199	39,303	896	29,426
Total Inspection	311,147	286,271	24,876	287,450
Agency allocations	99,315	29,315	70,000	28,698
Total Housing and Development	978,995	880,825	98,170	866,957
Total expenditures	\$ 27,516,142	\$ 26,063,759	\$ 1,452,383	\$ 24,671,468

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, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 2,478,349	\$ 2,126,339
Receivables		
Accounts	388	446
Intergovernmental	166,925	492,289
Inventory	67,770	84,314
Total assets	\$ 2,713,432	\$ 2,703,388
LIABILITIES		
Payables		
Accounts	\$ 86,850	\$ 102,390
Deposits	186	186
Accrued salaries	39,495	27,991
Total liabilities	126,531	130,567
FUND BALANCES		
Nonspendable:		
Inventories	67,770	84,314
Restricted for Health and Welfare	1,306,538	1,298,154
Assigned for:		
Health and Welfare	1,212,593	1,190,353
Total fund balances	2,586,901	2,572,821
Total liabilities and fund balances	\$ 2,713,432	\$ 2,703,388

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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 629,308	\$ 616,856	\$ (12,452)	\$ 586,378
Intergovernmental	1,434,631	1,352,692	(81,939)	1,891,023
Interest	2,000	3,551	1,551	2,672
Contributions	102,196	105,628	3,432	79,081
Other	82,220	83,017	797	71,683
Total revenues	2,250,355	2,161,744	(88,611)	2,630,837
EXPENDITURES				
Current				
Health and Welfare				
Personal services	1,492,790	1,454,148	38,642	1,401,873
Other	1,327,797	1,233,636	94,161	1,474,668
Capital outlay	33,845	33,845	0	79,188
Total expenditures	2,854,432	2,721,629	132,803	2,955,729
Excess (deficiency) of revenues over (under) expenditures	(604,077)	(559,885)	44,192	(324,892)
Other financing sources (uses)				
Transfers in (out)				
General Fund	573,965	573,965	0	562,592
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(30,112)	14,080	44,192	237,700
Fund balance, July 1	30,112	2,572,821	2,542,709	2,335,121
Fund balances, June 30	\$ 0	\$ 2,586,901	\$ 2,586,901	\$ 2,572,821

CITY OF GAINESVILLE, GEORGIA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 644,395	\$ 1,029,637
Investments	1,479,461	1,479,049
Receivables		
Accounts	0	12,352
Notes	0	100,356
Advances to other funds	81,691	81,691
Total assets	\$ 2,205,547	\$ 2,703,085
LIABILITIES		
Payables		
Accounts	\$ 5,004	\$ 7,301
Unearned revenue	0	328
Total liabilities	5,004	7,629
FUND BALANCES		
Nonspendable:		
Advances to other funds	81,691	81,691
Assigned for:		
Housing and Development	2,038,052	2,409,885
Budget	80,800	203,880
Total fund balances	2,200,543	2,695,456
Total liabilities and fund balances	\$ 2,205,547	\$ 2,703,085

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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 0	\$ 0	\$ 0	\$ 152,060
Interest and investment earnings	205,120	3,615	(201,505)	86,526
Total revenue	<u>205,120</u>	<u>3,615</u>	<u>(201,505)</u>	<u>238,586</u>
EXPENDITURES				
Current				
Housing and Development				
Other	100,180	89,705	10,475	72,770
Debt Service				
Interest expense	15,000	13,823	1,177	17,641
Total expenditures	<u>115,180</u>	<u>103,528</u>	<u>11,652</u>	<u>90,411</u>
Excess (deficiency) of revenues over (under) expenditures	89,940	(99,913)	(189,853)	148,175
Other financing sources (uses)				
Transfers in (out)				
General Government				
Capital Projects Fund	(395,000)	(395,000)	0	(507,648)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(305,060)	(494,913)	(189,853)	(359,473)
Fund balances, July 1	<u>305,060</u>	<u>2,695,456</u>	<u>2,390,396</u>	<u>3,054,929</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 2,200,543</u></u>	<u><u>\$ 2,200,543</u></u>	<u><u>\$ 2,695,456</u></u>

CITY OF GAINESVILLE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Taxes receivable	\$ 83,402	\$ 74,137
LIABILITIES		
Due to other funds	\$ 20,263	\$ 10,802
FUND BALANCES		
Assigned for:		
Housing and Development	63,139	63,335
Total liabilities and fund balances	\$ 83,402	\$ 74,137

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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	\$ 911,599	\$ 911,847	\$ 248	\$ 828,925
Interest	250	107	(143)	213
Total revenues	<u>911,849</u>	<u>911,954</u>	<u>105</u>	<u>829,138</u>
EXPENDITURES				
Current				
Housing and Development				
Other	<u>581,596</u>	<u>581,594</u>	<u>2</u>	<u>693,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>330,253</u>	<u>330,360</u>	<u>107</u>	<u>135,518</u>
Other financing sources (uses)				
Transfers in (out)				
Debt Service Fund	(151,975)	(151,975)	0	(108,667)
General Government				
Capital Projects Fund	<u>(178,581)</u>	<u>(178,581)</u>	<u>0</u>	<u>(354,184)</u>
Total other financing sources (uses)	<u>(330,556)</u>	<u>(330,556)</u>	<u>0</u>	<u>(462,851)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(303)</u>	<u>(196)</u>	<u>107</u>	<u>(327,333)</u>
Fund balances, July 1	<u>303</u>	<u>63,335</u>	<u>63,032</u>	<u>390,668</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 63,139</u></u>	<u><u>\$ 63,139</u></u>	<u><u>\$ 63,335</u></u>

CITY OF GAINESVILLE, GEORGIA
GOVERNMENT ACCESS CABLE TV CHANNEL SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 114,822	\$ 113,998
Intergovernmental receivables	9,165	7,677
Total assets	\$ 123,987	\$ 121,675
LIABILITIES		
Accounts payable	\$ 1,463	\$ 119
Accrued salaries	3,466	2,579
Total liabilities	4,929	2,698
FUND BALANCES		
Restricted for:		
General Government	53,756	53,799
Capital outlay	9,533	9,533
Assigned for General Government	55,769	55,645
Total fund balances	119,058	118,977
Total liabilities and fund balances	\$ 123,987	\$ 121,675

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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 103,439	\$ 103,438	\$ (1)	\$ 97,189
Interest	0	166	166	140
Total revenues	<u>103,439</u>	<u>103,604</u>	<u>165</u>	<u>97,329</u>
EXPENDITURES				
Current				
General Government				
Personal services	135,629	134,963	666	130,701
Other	76,473	71,998	4,475	63,592
Total expenditures	<u>212,102</u>	<u>206,961</u>	<u>5,141</u>	<u>194,293</u>
Excess (deficiency) of revenues over (under) expenditures	(108,663)	(103,357)	5,306	(96,964)
Other financing sources (uses)				
Transfers in (out)				
General Fund	<u>103,439</u>	<u>103,438</u>	<u>(1)</u>	<u>97,189</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(5,224)	81	5,305	225
Fund balance, July 1	<u>5,224</u>	<u>118,977</u>	<u>113,753</u>	<u>118,752</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 119,058</u></u>	<u><u>\$ 119,058</u></u>	<u><u>\$ 118,977</u></u>

CITY OF GAINESVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 521,941	\$ 487,846
Intergovernmental receivables	300	791
Total assets	\$ 522,241	\$ 488,637
LIABILITIES		
Accounts payable	\$ 3,860	\$ 11,272
Due to others	19,853	0
Total liabilities	23,713	11,272
FUND BALANCES		
Restricted for Public Safety	404,528	477,365
Assigned for budget	94,000	0
Total fund balances	498,528	477,365
Total liabilities and fund balances	\$ 522,241	\$ 488,637

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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	\$ 75,000	\$ 205,826	\$ 130,826	\$ 357,514
Interest	0	750	750	480
Total revenues	<u>75,000</u>	<u>206,576</u>	<u>131,576</u>	<u>357,994</u>
EXPENDITURES				
Current				
Public Safety				
Other	231,328	128,476	102,852	73,785
Capital outlay	130,000	56,937	73,063	42,772
Total expenditures	<u>361,328</u>	<u>185,413</u>	<u>175,915</u>	<u>116,557</u>
Excess (deficiency) of revenues over (under) expenditures	(286,328)	21,163	307,491	241,437
Fund balance, July 1	<u>286,328</u>	<u>477,365</u>	<u>191,037</u>	<u>235,928</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 498,528</u></u>	<u><u>\$ 498,528</u></u>	<u><u>\$ 477,365</u></u>

CITY OF GAINESVILLE, GEORGIA
GRANTS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 9,274	\$ 200
Intergovernmental receivables	202,518	342,904
Total assets	\$ 211,792	\$ 343,104
LIABILITIES		
Accounts payable	\$ 126,224	\$ 2,247
Due to other funds	0	254,977
Total liabilities	126,224	257,224
FUND BALANCES		
Restricted for Public Safety	11,790	12,103
Committed for Housing and Development	4,868	4,868
Assigned for General Government	68,910	68,909
Total fund balances	85,568	85,880
Total liabilities and fund balances	\$ 211,792	\$ 343,104

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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 1,446,258	\$ 249,973	\$ (1,196,285)	\$ 408,079
EXPENDITURES				
Current				
Public Safety	101,875	43,599	58,276	79,307
Housing and Development	1,369,396	213,737	1,155,659	22,937
Recreation	0	0	0	33,682
Total expenditures	1,471,271	257,336	1,213,935	135,926
Excess (deficiency) of revenues over (under) expenditures	(25,013)	(7,363)	17,650	272,153
Other financing sources (uses)				
Transfers in (out)				
General Fund	7,050	7,051	1	(226,085)
Public Utilities Fund	0	0	0	(37,687)
Total other financing sources (uses)	7,050	7,051	1	(263,772)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(17,963)	(312)	17,651	8,381
Fund balance, July 1	17,963	85,880	67,917	77,499
Fund balances, June 30	\$ 0	\$ 85,568	\$ 85,568	\$ 85,880

CITY OF GAINESVILLE, GEORGIA
HUD GRANT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Investments	\$ 43,022	\$ 43,022
Intergovernmental receivables	42,287	31,150
Total assets	\$ 85,309	\$ 74,172
LIABILITIES		
Accounts payable	\$ 10,956	\$ 6,406
Accrued salaries	2,443	2,291
Due to other funds	28,888	22,453
Total liabilities	42,287	31,150
FUND BALANCES		
Restricted for Housing and Development	43,022	43,022
Total liabilities and fund balances	\$ 85,309	\$ 74,172

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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 943,468	\$ 412,522	\$ (530,946)	\$ 345,401
EXPENDITURES				
Current				
Housing and Development				
Personal services	155,379	110,222	45,157	116,132
Other	788,089	302,300	485,789	229,269
Payments to others	0	0	0	67,435
Total expenditures	943,468	412,522	530,946	412,836
Excess (deficiency) of revenues over (under) expenditures	0	0	0	(67,435)
Fund balances, July 1	0	43,022	43,022	110,457
Fund balances, June 30	\$ 0	\$ 43,022	\$ 43,022	\$ 43,022

CITY OF GAINESVILLE, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 148,020	\$ 50,893
Notes receivable	<u>303,534</u>	<u>391,845</u>
Total assets	<u><u>\$ 451,554</u></u>	<u><u>\$ 442,738</u></u>
 LIABILITIES		
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - notes receivable and investments	\$ 303,534	\$ 391,845
 FUND BALANCES		
Restricted for Housing and Development	<u>148,020</u>	<u>50,893</u>
Total liabilities, deferred inflows, and fund balances	<u><u>\$ 451,554</u></u>	<u><u>\$ 442,738</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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 97,511	\$ 92,881	\$ (4,630)	\$ 26,732
Interest	0	148	148	128
Other	54,392	54,392	0	625
Total revenues	151,903	147,421	(4,482)	27,485
EXPENDITURES				
Current				
Housing and Development				
Other	95,673	50,294	45,379	17,350
Excess (deficiency) of revenues over (under) expenditures	56,230	97,127	40,897	10,135
Fund balances, July 1	(56,230)	50,893	107,123	40,758
Fund balances, June 30	\$ 0	\$ 148,020	\$ 148,020	\$ 50,893

CITY OF GAINESVILLE, GEORGIA
IMPACT FEE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 1,490,750	\$ 885,019
	<u> </u>	<u> </u>
FUND BALANCES		
Restricted for:		
Public Safety	\$ 344,590	\$ 230,252
Cultural and Recreation	1,146,160	654,767
	<u> </u>	<u> </u>
Total fund balances	<u>\$ 1,490,750</u>	<u>\$ 885,019</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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 236,000	\$ 616,093	\$ 380,093	\$ 511,948
Interest	800	1,851	1,051	1,251
Total revenues	<u>236,800</u>	<u>617,944</u>	<u>381,144</u>	<u>513,199</u>
EXPENDITURES				
Current				
Culture and Recreation				
Other	<u>206,500</u>	<u>0</u>	<u>206,500</u>	<u>250,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,300</u>	<u>617,944</u>	<u>587,644</u>	<u>263,199</u>
Other financing sources (uses)				
Transfers in (out)				
General Fund	(30,300)	(19,209)	11,091	(14,912)
General Government				
Capital Projects Fund	<u>6,996</u>	<u>6,996</u>	<u>0</u>	<u>(298,876)</u>
Total other financing sources (uses)	<u>(23,304)</u>	<u>(12,213)</u>	<u>11,091</u>	<u>(313,788)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>6,996</u>	<u>605,731</u>	<u>598,735</u>	<u>(50,589)</u>
Fund balances, July 1	<u>(6,996)</u>	<u>885,019</u>	<u>892,015</u>	<u>935,608</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 1,490,750</u></u>	<u><u>\$ 1,490,750</u></u>	<u><u>\$ 885,019</u></u>

CITY OF GAINESVILLE, GEORGIA
TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 694,546	\$ 679,386
Intergovernmental receivable	150,331	28,683
Total assets	\$ 844,877	\$ 708,069
FUND BALANCES		
Restricted for Housing and Development	\$ 844,877	\$ 708,069

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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 17,000	\$ 65,056	\$ 48,056	\$ 17,591
Intergovernmental	91,000	280,826	189,826	79,117
Interest	800	926	126	896
Total revenues	108,800	346,808	238,008	97,604
EXPENDITURES				
Current				
Housing and Development	210,000	210,000	0	62,000
Excess (deficiency) of revenues over (under) expenditures	(101,200)	136,808	238,008	35,604
Other financing sources (uses)				
Transfers in (out)				
Transfer to Grants Capital Projects Fund	0	0	0	(69,480)
Contingency	(800)	0	800	0
Total other financing sources (uses)	(800)	0	800	(69,480)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(102,000)	136,808	238,808	(33,876)
Fund balances, July 1	102,000	708,069	606,069	741,945
Fund balances, June 30	\$ 0	\$ 844,877	\$ 844,877	\$ 708,069

CITY OF GAINESVILLE, GEORGIA
INFORMATION TECHNOLOGY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 227,654	\$ 117,693
FUND BALANCES		
Restricted for Public Safety	\$ 188,404	\$ 117,693
Assigned for budget	39,250	0
Total fund balances	\$ 227,654	\$ 117,693

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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	\$ 62,000	\$ 67,044	\$ 5,044	\$ 59,274
Interest	200	253	53	224
Total revenues	62,200	67,297	5,097	59,498
EXPENDITURES				
Current				
Public Safety				
Other	62,200	0	62,200	0
Excess (deficiency) of revenues over (under) expenditures	0	67,297	67,297	59,498
Other financing sources (uses)				
Transfers in (out)				
General Government				
Capital Projects Fund	42,664	42,664	0	(130,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	42,664	109,961	67,297	(70,502)
Fund balances, July 1	(42,664)	117,693	160,357	188,195
Fund balances, June 30	\$ 0	\$ 227,654	\$ 227,654	\$ 117,693

CITY OF GAINESVILLE, GEORGIA
CEMETERY TRUST SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 240,263	\$ 323,653
LIABILITIES		
Accounts payable	\$ 600	\$ 0
FUND BALANCES		
Committed for Public Works	239,663	216,151
Assigned for Public Works	0	107,502
Total fund balances	239,663	323,653
Total liabilities and fund balances	\$ 240,263	\$ 323,653

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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Sales and services	\$ 20,000	\$ 25,607	\$ 5,607	\$ 46,350
Interest	280	403	123	384
Total revenues	20,280	26,010	5,730	46,734
EXPENDITURES				
Public Works				
Other	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	20,280	26,010	5,730	46,734
Other financing sources (uses)				
Transfers in (out)				
General Government				
Capital Projects Fund	(110,000)	(110,000)	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(89,720)	(83,990)	5,730	46,734
Fund balances, July 1	89,720	323,653	233,933	276,919
Fund balances, June 30	\$ 0	\$ 239,663	\$ 239,663	\$ 323,653



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.

CITY OF GAINESVILLE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 1,402,528	\$ 752,591
Receivables		
Intergovernmental	290	674
Taxes	41,026	60,832
Prepaid items	13,620	15,053
Total assets	\$ 1,457,464	\$ 829,150
LIABILITIES		
Accounts payable	\$ 0	\$ 629
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	40,099	54,618
FUND BALANCES		
Nonspendable prepaid items	13,620	15,053
Assigned for:		
Budget	0	553,357
Debt service	1,403,745	205,493
Total fund balances	1,417,365	773,903
Total deferred inflows and fund balances	\$ 1,457,464	\$ 829,150

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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 1,644,302	\$ 2,223,559	\$ 579,257	\$ 1,657,749
Interest	2,866	8,281	5,415	6,509
Other	6,500	6,500	0	0
Total revenues	1,653,668	2,238,340	584,672	1,664,258
EXPENDITURES				
Debt Service				
Principal	1,649,702	1,222,585	427,117	10,111,549
Interest and fiscal charges	677,490	524,268	153,222	1,151,575
Total expenditures	2,327,192	1,746,853	580,339	11,263,124
Excess (deficiency) of revenues over (under) expenditures	(673,524)	491,487	1,165,011	(9,598,866)
Other financing sources (uses)				
Transfers in (out)				
Hotel/Motel Tax Fund	151,975	151,975	0	108,667
Issuance of capital leases	0	0	0	8,515,000
Total other financing sources (uses)	151,975	151,975	0	8,623,667
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(521,549)	643,462	1,165,011	(975,199)
Fund balances, July 1	521,549	773,903	252,354	1,749,102
Fund balances, June 30	\$ 0	\$ 1,417,365	\$ 1,417,365	\$ 773,903



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, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 7,134,258	\$ 7,061,707
LIABILITIES		
Accounts payable	\$ 398,312	\$ 352,970
FUND BALANCES		
Restricted for capital projects:		
General Government	2,769,250	2,714,923
Public Safety	3,405	10,401
Assigned for capital projects:		
General Government	2,185,213	2,036,578
Public Safety	125,816	444,234
Public Works	1,652,262	1,502,601
Total fund balances	6,735,946	6,708,737
Total liabilities and fund balances	\$ 7,134,258	\$ 7,061,707

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, 2016 and 2015

	2016	2015
REVENUES		
Other	\$ 0	\$ 0
EXPENDITURES		
Capital outlay		
General Government	1,149,014	396,839
Public Safety	813,306	1,841,736
Public Works	722,286	899,057
Culture and Recreation	50,850	0
Housing and Development	212,330	33,000
Total expenditures	2,947,786	3,170,632
Excess (deficiency) of revenues over (under) expenditures	(2,947,786)	(3,170,632)
Other financing sources (uses)		
Transfers in (out)		
General Fund	1,939,564	2,812,024
Hotel/Motel Tax Fund	178,581	354,184
Economic Development Fund	395,000	150,000
Information Technology Fund	(42,664)	130,000
Impact Fees Fund	(6,996)	298,876
Cemetery Trust Fund	110,000	0
Grants Capital Projects Fund	16,633	(473,550)
SPLOST Capital Projects Fund	(81,410)	835,407
Department of Water Resources Fund	526,300	18,125
Solid Waste Fund	(60,013)	250,000
Issuance of capital lease	0	402,392
Total other financing sources (uses)	2,974,995	4,777,458
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	27,209	1,606,826
Fund balances, July 1	6,708,737	5,101,911
Fund balances, June 30	\$ 6,735,946	\$ 6,708,737

CITY OF GAINESVILLE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 3,887,007	\$ 0
Intergovernmental receivables	819,511	802,280
Total assets	\$ 4,706,518	\$ 802,280
LIABILITIES		
Intergovernmental payables	\$ 0	\$ 501,384
Due to other funds	0	300,896
Total liabilities	0	802,280
FUND BALANCES		
Restricted for capital projects		
Public Safety	1,940,724	0
Public Works	2,584,344	0
Assigned for capital projects:		
Public Safety	100,000	
Public Works	81,450	0
Total fund balances	4,706,518	0
Total liabilities and fund balances	\$ 4,706,518	\$ 802,280

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, 2016 and 2015

	2016	2015
REVENUES		
Intergovernmental	\$ 5,005,188	\$ 802,280
EXPENDITURES		
Capital outlay		
Public Safety	390,561	0
Public Works	89,519	224,831
Debt service		
Public Safety	0	217,696
Total expenditures	480,080	442,527
Excess (deficiency) of revenues over (under) expenditures	4,525,108	359,753
Other financing sources (uses)		
Transfers in (out)		
General Fund	100,000	0
General Government Capital Projects Fund	81,410	(835,407)
Total other financing sources (uses)	181,410	(835,407)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,706,518	(475,654)
Fund balances, July 1	0	475,654
Fund balances, June 30	\$ 4,706,518	\$ 0

CITY OF GAINESVILLE, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 1,701,442	\$ 3,156,201
Intergovernmental receivables	41,969	0
Total assets	\$ 1,743,411	\$ 3,156,201
LIABILITIES		
Payables		
Accounts	\$ 215,717	\$ 0
FUND BALANCES		
Restricted for capital projects:		
Public Works	6,718	487,796
Assigned for capital projects:		
Public Works	1,520,976	2,668,405
Total fund balances	1,527,694	3,156,201
Total liabilities and fund balances	\$ 1,743,411	\$ 3,156,201

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, 2016 and 2015

	2016	2015
REVENUES		
Intergovernmental	\$ 101,969	\$ 531,157
Contributions	0	50,000
Total revenues	101,969	581,157
EXPENDITURES		
Capital outlay		
Public Works	1,713,843	433,738
Excess (deficiency) of revenues over (under) expenditures	(1,611,874)	147,419
Other financing sources (uses)		
Transfers in (out)		
General Fund	0	610,000
General Government Capital Projects Fund	(16,633)	473,550
Economic Development Fund	0	357,648
Tax Allocation Fund	0	69,480
Total other financing sources (uses)	(16,633)	1,510,678
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,628,507)	1,658,097
Fund balances, July 1	3,156,201	1,498,104
Fund balances, June 30	\$ 1,527,694	\$ 3,156,201



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.

Department of Water Resources 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 Department of Water Resources 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
DEPARTMENT OF WATER RESOURCES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 34,967,508	\$ 33,598,822
Receivables		
Accounts (net)	3,877,429	3,524,209
Intergovernmental	503,071	66,268
Inventories	1,866,600	1,537,499
Prepaid items	81,854	202,247
Total current assets	41,296,462	38,929,045
Restricted assets		
Extension and Renewal		
Cash and cash equivalents	53,826,682	42,143,715
Debt Redemption		
Cash and cash equivalents	9,755,487	8,861,094
Customer Deposits		
Cash and cash equivalents	2,158,428	2,074,462
Total restricted assets	65,740,597	53,079,271
Capital assets		
Land	30,977,493	30,966,093
Nondepreciable intangibles	2,051,336	2,014,321
Land improvements	385,370	385,370
Buildings	44,853,971	44,839,539
Distribution system	536,363,603	526,261,862
Vehicles and equipment	26,753,854	26,348,807
Depreciable intangibles	5,386,158	5,386,158
Construction in progress	13,946,091	13,658,306
Accumulated depreciation	(197,400,456)	(182,258,934)
Capital assets (net of accumulated depreciation)	463,317,420	467,601,522
Total assets	570,354,479	559,609,838
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	1,274,760	1,983,180
Pension contributions subsequent to measurement date	65,904	71,870
Pension investment return differences	2,123,944	1,214,361
Pension experience differences	749,740	923,714
Total deferred outflow of resources	4,214,348	4,193,125

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
LIABILITIES		
Current liabilities		
Payables		
Accounts	\$ 1,373,111	\$ 873,467
Intergovernmental	2,665	43,308
Accrued salaries	308,928	238,810
Compensated absences	584,202	602,572
Capital lease payable	1,261,588	1,261,588
Total current liabilities	3,530,494	3,019,745
Current liabilities payable from restricted assets		
Payables		
Accounts	857,311	545,577
Retainages	490,646	398,629
Customer deposits	2,158,428	2,074,462
Revenue bonds payable	15,325,000	14,560,000
Interest payable	663,836	807,024
Total liabilities payable from restricted assets	19,495,221	18,385,692
Long-term liabilities		
Net pension liability	19,281,433	17,177,525
OPEB obligation	11,549,059	10,279,700
Compensated absences	64,911	66,952
Capital leases payable	17,662,232	18,923,820
Revenue bonds payable	123,714,842	140,579,294
Total long-term liabilities	172,272,477	187,027,291
Total liabilities	195,298,192	208,432,728
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	95,452	20,903
Pension investment return differences	777,371	1,516,165
Pension experience differences	45,465	30,029
Total deferred inflows of resources	918,288	1,567,097
NET POSITION		
Net investment in capital assets	305,280,559	293,316,738
Restricted for:		
Capital outlay	53,826,682	42,143,715
Debt service	9,091,652	8,054,070
Unrestricted	10,153,454	10,288,615
Total net position	\$ 378,352,347	\$ 353,803,138

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Charges for sales and services		
Water sales	\$ 35,361,371	\$ 34,002,113
Sewer charges	28,858,012	28,231,507
Tap fees	1,147,922	1,044,188
Other	1,228,723	1,037,608
Other	165,316	120,792
Total operating revenues	66,761,344	64,436,208
OPERATING EXPENSES		
Costs of sales and services	12,387,761	11,561,132
Personal services	14,478,502	13,099,794
Depreciation	15,443,458	15,089,381
Total operating expenses	42,309,721	39,750,307
Operating income (loss)	24,451,623	24,685,901
Non-operating revenues (expenses)		
Interest revenue	1,254,490	756,707
Interest expense	(6,002,335)	(6,713,013)
Other	(15,049)	(34,711)
Debt issue costs	(95,817)	(765,185)
Gain (loss) on sale of capital assets	2,706	9,964
Total non-operating revenues (expenses)	(4,856,005)	(6,746,238)
Net income (loss) before capital contributions and transfers	19,595,618	17,939,663
Capital contributions		
Connection fees	4,016,246	3,293,074
Capital contributions	4,732,288	5,052,748
Contributions of capital assets from Governmental Activities	0	862,638
Intergovernmental revenue	321,479	66,268
Total capital contributions	9,070,013	9,274,728
Net income (loss) before transfers	28,665,631	27,214,391
Transfers in (out)		
General Fund	(3,590,122)	(3,329,535)
General Government Capital Projects Fund	(526,300)	(18,125)
Grants Capital Projects Fund	0	37,687
Total transfers in (out)	(4,116,422)	(3,309,973)
Change in net position	24,549,209	23,904,418
Net position, July 1 (original)	353,803,138	345,521,247
Prior period adjustment	0	(15,622,527)
Net position, July 1 (restated)	353,803,138	329,898,720
Net position, June 30	\$ 378,352,347	\$ 353,803,138

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Receipts from customers	\$ 65,889,972	\$ 64,333,372
Payments to suppliers	(12,137,468)	(11,903,599)
Payments to employees	(12,433,981)	(12,427,668)
Other receipts	150,267	120,792
	<u>41,468,790</u>	<u>40,122,897</u>
Net cash provided (used) by operating activities		
Cash flows from non-capital financing activities:		
Payments to other funds	(4,116,422)	(3,347,660)
	<u>(4,116,422)</u>	<u>(3,347,660)</u>
Cash flows from capital and related financing activities:		
Connection fees	4,016,246	3,294,099
Receipts from other funds	0	37,687
Receipts from other governments	321,479	66,268
Interest paid	(5,582,850)	(6,322,821)
Acquisition of capital assets	(6,340,699)	(4,501,707)
Payment of capital related accounts payable	(944,206)	(1,010,324)
Sale of capital assets	2,706	80,804
Bond issue costs	(95,817)	(765,185)
Principal payments - bonds	(32,838,546)	(14,640,000)
Proceeds - bonds	17,865,000	98,244,957
Principal payments - promissory notes	0	(94,539,645)
	<u>(23,596,687)</u>	<u>(20,055,867)</u>
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Interest received	274,331	90,060
	<u>274,331</u>	<u>90,060</u>
Net increase (decrease) in cash and cash equivalents	14,030,012	16,809,430
Cash and cash equivalents, July 1	86,678,093	69,868,663
Cash and cash equivalents, June 30	<u><u>\$ 100,708,105</u></u>	<u><u>\$ 86,678,093</u></u>

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 24,451,623	\$ 24,685,901
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	15,443,458	15,089,381
(Increase) decrease in accounts receivable	(353,219)	(41,385)
(Increase) decrease in intergovernmental receivables	(436,803)	(65,337)
(Increase) decrease in inventory	(329,101)	(96,385)
(Increase) decrease in prepaids	120,393	0
(Increase) decrease in net pension contributions after measurement date	5,966	(71,870)
Increase (decrease) in accounts payable	499,644	(255,424)
Increase (decrease) in intergovernmental payables	(40,643)	9,342
Increase (decrease) in deposits payable	83,966	124,678
Increase (decrease) in accrued salaries and benefits	49,707	57,413
Increase (decrease) in pension obligation	0	(965,838)
Increase (decrease) in net pension liability	2,103,908	1,554,998
Increase (decrease) in pension experience differences	189,410	(893,685)
Increase (decrease) in pension investment return differences	(1,663,427)	301,805
Increase (decrease) in pension assumption differences	74,549	20,903
Increase (decrease) in OPEB obligation	1,269,359	668,400
Total adjustments	17,017,167	15,436,996
Net cash provided (used) by operating activities	\$ 41,468,790	\$ 40,122,897
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 34,967,508	\$ 33,598,822
Extension and Renewal		
Cash and cash equivalents	53,826,682	42,143,715
Debt Redemption		
Cash and cash equivalents	9,755,487	8,861,094
Customer Deposits		
Cash and cash equivalents	2,158,428	2,074,462
Total cash and cash equivalents	\$ 100,708,105	\$ 86,678,093

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled \$3,470,700 and \$3,790,135 for the fiscal years ended June 30, 2016 and 2015, respectively.

Contributions of capital assets from government totaled \$1,261,588 and \$862,638 for the fiscal years ended June 30, 2016 and 2015, respectively.

Acquisition of capital assets through accounts payable totaled \$1,347,957 and \$944,206 for the fiscal years ended June 30, 2016 and 2015, respectively.

Forgiveness of capital lease through capital contributions totaled \$1,261,588 and \$1,261,588 for the fiscal years ended June 30, 2016 and 2015, respectively.

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,147,688	\$ 1,082,360
Receivables		
Accounts	12,344	4,372
Intergovernmental	72,603	0
Total current assets	1,232,635	1,086,732
Capital assets		
Land	504,385	504,385
Land improvements	12,065,254	12,065,254
Buildings	6,669,021	6,669,021
Vehicles and equipment	493,232	483,884
Intangibles	118,000	118,000
Construction in progress	80,670	0
Accumulated depreciation	(9,762,900)	(8,989,465)
Total capital assets (net of accumulated depreciation)	10,167,662	10,851,079
Total assets	11,400,297	11,937,811
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	38,434	49,821
Pension investment return differences	13,808	8,172
Pension experience differences	5,052	6,215
Total deferred outflows of resources	57,294	64,208
LIABILITIES		
Current liabilities		
Payables		
Accounts	170,970	14,009
Retainages	8,067	0
Interest	4,313	5,325
Customer deposits	4,036	4,036
Accrued salaries	2,030	1,578
Compensated absences	3,553	3,549
Capital leases payable	420,000	405,000
Total current liabilities	612,969	433,497
Long-term liabilities		
Net pension liability	125,675	111,959
OPEB obligation	23,993	18,089
Compensated absences	395	394
Capital leases payable	1,353,852	1,788,327
Total long-term liabilities	1,503,915	1,918,769
Total liabilities	2,116,884	2,352,266
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	526	0
Pension investment return differences	5,220	10,148
Total deferred inflows of resources	5,746	10,148
NET POSITION		
Net investment in capital assets	8,351,574	8,707,575
Unrestricted	983,387	932,030
Total net position	\$ 9,334,961	\$ 9,639,605

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Charges for sales and services		
Fuel sales	\$ 23,813	\$ 18,137
Rent	901,196	879,089
Other	259	290
Total operating revenues	<u>925,268</u>	<u>897,516</u>
OPERATING EXPENSES		
Costs of sales and services	405,581	362,376
Personal services	89,610	83,761
Depreciation	773,435	751,114
Total operating expenses	<u>1,268,626</u>	<u>1,197,251</u>
Operating income (loss)	<u>(343,358)</u>	<u>(299,735)</u>
Non-operating revenues (expenses)		
Interest revenue	16,075	15,780
Interest expense	(49,964)	(58,026)
Gain (loss) on sale of capital assets	0	1,445
Total non-operating revenues (expenses)	<u>(33,889)</u>	<u>(40,801)</u>
Net income (loss) before capital contributions	<u>(377,247)</u>	<u>(340,536)</u>
Capital contributions		
Contribution of capital assets from Governmental Activities	0	4,565
Intergovernmental revenue	72,603	33,719
Total capital contributions	<u>72,603</u>	<u>38,284</u>
Change in net position	<u>(304,644)</u>	<u>(302,252)</u>
Net position, July 1 (original)	9,639,605	10,044,465
Prior period adjustment	0	(102,608)
Net position, July 1 (restated)	<u>9,639,605</u>	<u>9,941,857</u>
Net position, June 30	<u><u>\$ 9,334,961</u></u>	<u><u>\$ 9,639,605</u></u>

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Receipts from customers	\$ 844,434	\$ 901,205
Payments to suppliers	(321,945)	(365,060)
Payments to employees	(77,686)	(76,698)
Other receipts	259	290
	<u>445,062</u>	<u>459,737</u>
Net cash provided (used) by operating activities		
Cash flows from capital and related financing activities:		
Receipts from other governments	72,603	33,719
Sale of capital assets	0	2,420
Interest paid	(39,589)	(47,638)
Acquisition of capital assets	(9,350)	(43,115)
Principal payments - capital leases	(405,000)	(400,000)
	<u>(381,336)</u>	<u>(454,614)</u>
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Interest received	1,602	1,307
	<u>1,602</u>	<u>1,307</u>
Net increase (decrease) in cash and cash equivalents	65,328	6,430
Cash and cash equivalents, July 1	1,082,360	1,075,930
Cash and cash equivalents, June 30	<u><u>\$ 1,147,688</u></u>	<u><u>\$ 1,082,360</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (343,358)	\$ (299,735)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	773,435	751,114
(Increase) decrease in accounts receivable	(7,972)	3,979
(Increase) decrease in intergovernmental receivable	(72,603)	0
Increase (decrease) in accounts payable	84,358	(2,684)
Increase (decrease) in accrued payroll liabilities	457	4,233
Increase (decrease) in pension obligation	0	(5,362)
Increase (decrease) in net pension liability	13,716	9,351
Increase (decrease) in pension assumption differences	526	0
Increase (decrease) in pension experience differences	1,163	(6,215)
Increase (decrease) in pension investment return differences	(10,564)	1,976
Increase (decrease) in OPEB obligation	5,904	3,080
	<u>788,420</u>	<u>759,472</u>
Total adjustments		
Net cash provided by operating activities	<u><u>\$ 445,062</u></u>	<u><u>\$ 459,737</u></u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets from government totaled \$0 and \$4,565 for the fiscal years ended June 30, 2016 and 2015, respectively.		
Capital assets acquired through accounts payable totaled \$80,670 and \$0 for the fiscal years ended June 30, 2016 and 2015, respectively.		

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,600,444	\$ 2,128,408
Accounts receivable (net)	207,919	185,371
Total current assets	2,808,363	2,313,779
Capital assets		
Buildings	25,051	25,051
Vehicles and equipment	2,591,662	2,417,029
Accumulated depreciation	(1,805,821)	(1,670,956)
Total capital assets (net of accumulated depreciation)	810,892	771,124
Total assets	3,619,255	3,084,903
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	33,004	36,007
Pension investment return differences	73,571	23,640
Pension experience differences	14,611	17,981
Total deferred outflow of resources	121,186	77,628
LIABILITIES		
Current liabilities		
Accounts payable	58,546	28,097
Accrued salaries	25,690	19,375
Compensated absences	41,070	38,315
Total current liabilities	125,306	85,787
Long-term liabilities		
Net pension liability	660,175	593,669
OPEB obligation	1,166,026	1,024,330
Compensated absences	4,563	4,257
Total long-term liabilities	1,830,764	1,622,256
Total liabilities	1,956,070	1,708,043
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	9,918	10,472
Pension investment return differences	18,079	33,342
Pension experience differences	22,814	15,045
Total deferred inflows of resources	50,811	58,859
NET POSITION		
Investment in capital assets	810,892	771,124
Unrestricted	922,668	624,505
Total net position	\$ 1,733,560	\$ 1,395,629

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, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Charges for sales and services	\$ 2,619,559	\$ 2,462,485
Other	9,172	18,753
Total operating revenues	2,628,731	2,481,238
OPERATING EXPENSES		
Costs of sales and services	566,513	570,397
Costs of sales and services - landfill	255,599	214,650
Personal services	1,385,990	1,309,954
Depreciation	148,766	123,463
Total operating expenses	2,356,868	2,218,464
Operating income (loss)	271,863	262,774
Non-operating revenues (expenses)		
Interest revenue	3,641	2,801
Gain (loss) on sale of capital assets	2,414	0
Total non-operating revenues (expenses)	6,055	2,801
Net income (loss) before transfers	277,918	265,575
Transfers in (out)		
General Government Capital Projects Fund	60,013	(250,000)
Change in net position	337,931	15,575
Net position, July 1 (original)	1,395,629	1,942,562
Prior period adjustment	0	(562,508)
Net position, July 1 (restated)	1,395,629	1,380,054
Net position, June 30	\$ 1,733,560	\$ 1,395,629

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Receipts from customers	\$ 2,597,011	\$ 2,449,064
Payments to suppliers	(814,223)	(782,899)
Payments to employees	(1,197,458)	(1,241,231)
Other receipts	9,172	18,753
Net cash provided (used) by operating activities	594,502	443,687
Cash flows from noncapital and related financing activities:		
Payments from other funds	60,013	0
Payments to other funds	0	(250,000)
Net cash provided (used) by noncapital and related financing activities	60,013	(250,000)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(186,120)	(300,631)
Cash flows from investing activities:		
Interest received	3,641	2,801
Net increase (decrease) in cash and cash equivalents	472,036	(104,143)
Cash and cash equivalents, July 1	2,128,408	2,232,551
Cash and cash equivalents, June 30	\$ 2,600,444	\$ 2,128,408
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 271,863	\$ 262,774
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	148,766	123,463
(Increase) decrease in accounts receivable	(22,548)	(13,421)
(Increase) decrease in net pension contributions after measurement date	3,003	(36,007)
Increase (decrease) in accounts payable	30,449	2,148
Increase (decrease) in accrued payroll liabilities	9,376	(21,449)
Increase (decrease) in pension obligation	0	3,856
Increase (decrease) in net pension liability	66,506	31,161
Increase (decrease) in pension experience differences	11,139	(7,509)
Increase (decrease) in pension assumption differences	(554)	33,342
Increase (decrease) in pension investment return differences	(65,194)	(8,595)
Increase (decrease) in OPEB obligation	141,696	73,924
Total adjustments	322,639	180,913
Net cash used by operating activities	\$ 594,502	\$ 443,687

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 191,517	\$ 1,450
Accounts receivable (net)	54,099	74,690
Prepaid items	2,920	0
Total current assets	<u>248,536</u>	<u>76,140</u>
Capital assets		
Land	53,271	53,271
Land improvements	5,399,594	5,385,859
Buildings	715,452	715,452
Vehicles and equipment	899,200	856,295
Accumulated depreciation	(4,110,058)	(3,896,032)
Total capital assets (net of accumulated depreciation)	<u>2,957,459</u>	<u>3,114,845</u>
Total assets	<u>3,205,995</u>	<u>3,190,985</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	49,809	55,395
Pension contributions subsequent to measurement date	13,530	14,758
Pension investment return differences	13,740	0
Total deferred outflow of resources	<u>77,079</u>	<u>70,153</u>
LIABILITIES		
Current liabilities		
Payables		
Accounts	64,572	40,660
Sales tax	7,100	6,507
Interest	8,867	7,566
Accrued salaries	16,554	11,938
Compensated absences	19,340	22,042
Other liabilities	41,014	31,367
Total current liabilities	<u>157,447</u>	<u>120,080</u>
Long-term liabilities		
Advances from other funds	400,233	553,583
Net pension liability	121,515	110,565
OPEB obligation	273,179	243,659
Compensated absences	2,149	2,449
Capital leases payable	2,715,000	2,715,000
Total long-term liabilities	<u>3,512,076</u>	<u>3,625,256</u>
Total liabilities	<u>3,669,523</u>	<u>3,745,336</u>
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	3,442	4,292
Pension investment return differences	1,228	1,632
Pension experience differences	9,343	6,166
Total deferred inflows of resources	<u>14,013</u>	<u>12,090</u>
NET POSITION		
Net investment in capital assets	292,267	455,239
Restricted for capital outlay	42,165	32,475
Unrestricted	(734,894)	(984,002)
Total net position	<u>\$ (400,462)</u>	<u>\$ (496,288)</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, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Charges for sales and services		
Greens fees	\$ 676,229	\$ 652,090
Cart fees	269,764	252,413
Handicap fees	20,096	19,280
Practice range	55,827	60,149
Tournament fees	12,318	0
Rent revenue	15,600	15,867
Other	1,272	1,230
Total operating revenues	1,051,106	1,001,029
OPERATING EXPENSES		
Costs of sales and services	390,794	353,487
Personal services	540,087	524,004
Depreciation	287,622	266,044
Total operating expenses	1,218,503	1,143,535
Operating income (loss)	(167,397)	(142,506)
Non-operating revenues (expenses)		
Interest revenue	123	77
Interest expense	(72,362)	(110,749)
Debt issue costs	0	(32,945)
Gain (loss) on sale of capital assets	0	5,913
Total non-operating revenues (expenses)	(72,239)	(137,704)
Net income (loss) before transfers	(239,636)	(280,210)
Transfers in (out)		
General Fund	335,462	297,681
Change in net position	95,826	17,471
Net position, July 1 (original)	(496,288)	(402,446)
Prior period adjustment	0	(111,313)
Net position, July 1 (restated)	(496,288)	(513,759)
Net position, June 30	\$ (400,462)	\$ (496,288)

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Receipts from customers	\$ 1,071,018	\$ 967,442
Payments to suppliers	(360,155)	(344,891)
Payments to employees	(508,592)	(510,658)
Other receipts	1,272	1,230
Net cash provided (used) by operating activities	203,543	113,123
Cash flows from non-capital financing activities:		
Receipts from other funds	182,112	419,175
Cash flows from capital and related financing activities:		
Interest paid	(65,475)	(173,824)
Proceeds - capital leases	0	2,715,000
Principal payments - capital leases	0	(3,040,000)
Debt issue costs	0	(32,945)
Sale of capital assets	0	5,913
Acquisition of capital assets	(130,236)	(45,667)
Net cash provided (used) by capital and related financing activities	(195,711)	(571,523)
Cash flows from investing activities:		
Interest received	123	77
Net increase (decrease) in cash and cash equivalents	190,067	(39,148)
Cash and cash equivalents, July 1	1,450	40,598
Cash and cash equivalents, June 30	\$ 191,517	\$ 1,450
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (167,397)	\$ (142,506)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	287,622	266,044
(Increase) decrease in accounts receivable	20,591	(31,834)
(Increase) decrease in net pension contributions after measurement date	1,228	(14,758)
(Increase) decrease in prepaid expenses	(2,920)	0
Increase (decrease) in accounts payable	23,912	28,949
Increase (decrease) in sales tax payable	593	(523)
Increase (decrease) in accrued payroll liabilities	1,614	4,441
Increase (decrease) in other liabilities	9,647	(20,353)
Increase (decrease) in OPEB obligation	29,520	12,321
Increase (decrease) in pension experience differences	3,177	4,292
Increase (decrease) in pension assumption differences	(850)	1,632
Increase (decrease) in pension investment return differences	(14,144)	6,166
Increase (decrease) in net pension liability	10,950	(748)
Total adjustments	370,940	255,629
Net cash provided (used) by operating activities	\$ 203,543	\$ 113,123



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, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,472,122	\$ 1,753,883
Accounts receivable	0	6,573
Other assets	94,065	61,545
Total assets	<u>1,566,187</u>	<u>1,822,001</u>
LIABILITIES		
Current liabilities		
Accounts payable	29,720	58,070
Claims reserves	954,638	1,184,845
Total liabilities	<u>984,358</u>	<u>1,242,915</u>
NET POSITION		
Unrestricted	<u>\$ 581,829</u>	<u>\$ 579,086</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, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Interfund services provided	\$ 1,252,455	\$ 1,724,310
Other	6,536	16,109
Total operating revenue	1,258,991	1,740,419
OPERATING EXPENSES		
Costs of services		
Insurance	552,677	694,636
Claims	524,809	840,158
Administrative fees	181,505	205,625
Total operating expenses	1,258,991	1,740,419
Operating income (loss)	0	0
Non-operating revenues (expenses)		
Interest revenue	2,743	2,031
Change in net position	2,743	2,031
Net position, July 1	579,086	577,055
Net position, June 30	\$ 581,829	\$ 579,086

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 1,259,028	\$ 1,718,804
Payments to suppliers	(1,550,068)	(1,388,763)
Other receipts	<u>6,536</u>	<u>16,109</u>
Net cash provided (used) by operating activities	(284,504)	346,150
Cash flows from investing activities:		
Interest received	<u>2,743</u>	<u>2,031</u>
Net increase (decrease) in cash and cash equivalents	(281,761)	348,181
Cash and cash equivalents, July 1	<u>1,753,883</u>	<u>1,405,702</u>
Cash and cash equivalents, June 30	<u><u>\$ 1,472,122</u></u>	<u><u>\$ 1,753,883</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 0</u>	<u>\$ 0</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	6,573	(5,506)
(Increase) decrease in other assets	(32,520)	78,455
Increase (decrease) in accounts payable	(28,350)	20,701
Increase (decrease) in claims reserve	<u>(230,207)</u>	<u>252,500</u>
Total adjustments	<u>(284,504)</u>	<u>346,150</u>
Net cash provided (used) by operating activities	<u><u>\$ (284,504)</u></u>	<u><u>\$ 346,150</u></u>

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,896,168	\$ 5,100,436
Accounts receivable	30,488	2,481
Prepaid expenses	0	107,643
Total assets	5,926,656	5,210,560
LIABILITIES		
Current liabilities		
Accounts payable	59,198	99,645
Claims reserves	940,350	416,580
Total liabilities	999,548	516,225
NET POSITION		
Unrestricted	\$ 4,927,108	\$ 4,694,335

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Interfund services provided	\$ 9,023,896	\$ 8,778,905
OPERATING EXPENSES		
Costs of services		
Insurance	1,687,297	1,735,279
Claims	5,705,707	5,541,412
Wellness program	1,026,948	1,003,450
Administrative fees	379,033	383,963
Total operating expenses	8,798,985	8,664,104
Operating income (loss)	224,911	114,801
Non-operating revenues (expenses)		
Interest revenue	7,862	6,671
Change in net position	232,773	121,472
Net position, July 1	4,694,335	4,572,863
Net position, June 30	\$ 4,927,108	\$ 4,694,335

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 8,995,889	\$ 9,003,398
Payments to suppliers	(8,208,019)	(8,825,424)
Net cash provided (used) by operating activities	787,870	177,974
Cash flows from investing activities:		
Interest received	7,862	6,671
Net increase (decrease) in cash and cash equivalents	795,732	184,645
Cash and cash equivalents, July 1	5,100,436	4,915,791
Cash and cash equivalents, June 30	\$ 5,896,168	\$ 5,100,436
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 224,911	\$ 114,801
Adjustments to reconcile net income to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	(28,007)	224,493
(Increase) decrease in prepaid expenses	107,643	(107,643)
Increase (decrease) in accounts payable	(40,447)	63,217
Increase (decrease) in deposits payable	0	(10,174)
Increase (decrease) in claims reserve	523,770	(106,720)
Total adjustments	562,959	63,173
Net cash provided (used) by operating activities	\$ 787,870	\$ 177,974

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 307,929	\$ 245,937
Intergovernmental receivables	5,015	7,843
Inventory	77,477	104,229
Total current assets	390,421	358,009
Capital assets		
Buildings	266,255	246,835
Vehicles and equipment	416,756	379,522
Accumulated depreciation	(547,902)	(499,159)
Capital assets (net of accumulated depreciation)	135,109	127,198
Total assets	525,530	485,207
LIABILITIES		
Current liabilities		
Accounts payable	89,540	57,168
Accrued salaries	8,674	6,830
Compensated absences	18,891	13,395
Total current liabilities	117,105	77,393
Long-term liabilities		
Compensated absences	2,099	1,488
Total liabilities	119,204	78,881
NET POSITION		
Investment in capital assets	135,109	127,198
Unrestricted	271,217	279,128
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, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Interfund services provided	\$ 1,811,822	\$ 2,113,392
Other	2,426	0
Total operating revenues	1,814,248	2,113,392
OPERATING EXPENSES		
Costs of services	1,459,685	1,735,719
Personal services	364,198	353,976
Depreciation	25,970	23,697
Total operating expenses	1,849,853	2,113,392
Operating income (loss)	(35,605)	0
Non-operating revenues (expenses)		
Gain (loss) on sale of capital assets	605	0
Net income (loss) before transfers	(35,000)	0
Transfers in (out)		
General Fund	35,000	0
Change in net position	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, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 1,814,650	\$ 2,117,435
Payments to suppliers	(1,400,561)	(1,720,921)
Payments to employees	(356,247)	(351,501)
Other receipts	2,426	0
Net cash provided (used) by operating activities	60,268	45,013
Cash flows from capital and related financing activities:		
Receipts from other funds	35,000	0
Acquisition of capital assets	(33,276)	0
Net cash provided (used) by capital and related financing activities	1,724	0
Net increase (decrease) in cash and cash equivalents	61,992	45,013
Cash and cash equivalents, July 1	245,937	200,924
Cash and cash equivalents, June 30	\$ 307,929	\$ 245,937
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (35,605)	\$ 0
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Depreciation	25,970	23,697
(Increase) decrease in intergovernmental receivables	2,828	4,043
(Increase) decrease in inventory	26,752	97,703
Increase (decrease) in accounts payable	32,372	(82,905)
Increase (decrease) in accrued salaries and benefits	7,951	2,475
Total adjustments	95,873	45,013
Net cash provided (used) by operating activities	\$ 60,268	\$ 45,013

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	<u>\$ 14,844</u>	<u>\$ 14,700</u>
NET POSITION		
Net position held in trust for employee assistance	<u>\$ 14,844</u>	<u>\$ 14,700</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, 2016 and 2015

	2016	2015
ADDITIONS		
Employee donations	\$ 52,461	\$ 47,860
Interest revenue	2	1
Total additions	52,463	47,861
DEDUCTIONS		
Distributions for assistance	52,319	47,224
Net increase (decrease)	144	637
Net position held in trust for employee assistance		
Net position, July 1	14,700	14,063
Net position, June 30	\$ 14,844	\$ 14,700

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF PLAN NET POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 819,985	\$ 822,230
Investments		
Mutual funds		
Equity	52,785,089	51,990,381
Fixed income	28,633,683	29,368,947
Total assets	82,238,757	82,181,558
LIABILITIES		
Accounts payable	20,837	15,612
NET POSITION		
Net position held in trust for pension benefits	<u>\$ 82,217,920</u>	<u>\$ 82,165,946</u>

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF CHANGES IN PLAN NET POSITION
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
ADDITIONS		
Contributions		
Employer contributions	\$ 3,021,182	\$ 2,862,539
Employee contributions	3,021,182	2,862,539
Total contributions	6,042,364	5,725,078
Investment Income		
Net appreciation (depreciation) in fair value of investments	179,593	1,369,026
Interest	76	63
Dividends	1,615,174	1,540,070
Investment expense	(143,004)	(169,044)
Net investment income (loss)	1,651,839	2,740,115
Total additions (reductions)	7,694,203	8,465,193
DEDUCTIONS		
Benefits	6,985,547	6,681,676
Refunds	656,682	600,731
Total deductions	7,642,229	7,282,407
Net increase (decrease)	51,974	1,182,786
Net position held in trust for pension benefits		
Net position, July 1	82,165,946	80,983,160
Net position, June 30	<u>\$ 82,217,920</u>	<u>\$ 82,165,946</u>

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT AGENCY FUND
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	<u>\$ 85,283</u>	<u>\$ 82,228</u>
LIABILITIES		
Due to other agencies	<u>\$ 85,283</u>	<u>\$ 82,228</u>

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2016

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
ASSETS				
Cash and cash equivalents	<u>\$ 82,228</u>	<u>\$ 121,690</u>	<u>\$ (118,635)</u>	<u>\$ 85,283</u>
LIABILITIES				
Due to other agencies	<u>\$ 82,228</u>	<u>\$ 121,690</u>	<u>\$ (118,635)</u>	<u>\$ 85,283</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, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 2,246,571	\$ 2,629,643
Receivables		
Accounts	8,051	4,055
Property tax	58,770	96,319
Restricted assets		
Cash and cash equivalents	100,137	100,000
Total assets	\$ 2,413,529	\$ 2,830,017
LIABILITIES		
Payables		
Accounts	\$ 109,983	\$ 181,906
Retainages	0	1,200
Sales tax	12,988	12,025
Intergovernmental	6,563	3,903
Accrued salaries	83,852	63,961
Unearned revenue	300	2,054
Other	10,693	12,266
Total liabilities	224,379	277,315
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	56,719	73,944
FUND BALANCES		
Restricted for:		
Clarks Bridge Legacy	5,255	5,255
Capital projects	15,421	23,744
Committed for:		
Booster Club	187,553	187,275
Development Fund	100,137	100,000
Civic Center	40,000	30,000
Children at Play Fund	10,000	10,000
Assigned for:		
Capital projects	86,734	741,296
Budget	151,808	79,506
Culture and Recreation	1,535,523	1,301,682
Total fund balances	2,132,431	2,478,758
Total liabilities, deferred inflows, and fund balances	\$ 2,413,529	\$ 2,830,017

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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 2,592,349	\$ 2,788,251	\$ 195,902	\$ 2,650,849
Charges for sales and services				
Recreation Division	174,995	189,727	14,732	169,891
Lanier Point/Ivey Watson	140,750	142,196	1,446	131,109
Youth Sports Booster Club	107,600	110,120	2,520	86,406
Gainesville Civic Center	323,800	358,839	35,039	368,048
Allen Creek Soccer Complex	20,146	21,200	1,054	22,185
Frances Meadows Community Center	809,180	857,543	48,363	878,230
Intergovernmental	0	0	0	283,683
Interest	3,430	12,613	9,183	10,929
Contributions	10,500	10,000	(500)	6,000
Other	1,000	991	(9)	12,598
Total revenues	4,183,750	4,491,480	307,730	4,619,928
EXPENDITURES				
Current				
Culture and recreation				
Administration Division	745,260	739,327	5,933	724,628
Recreation Division	419,476	388,966	30,510	376,223
Parks Division	887,253	841,586	45,667	873,061
Maintenance Shop	115,056	96,909	18,147	102,738
Lanier Point/Ivey Watson	206,485	201,722	4,763	189,111
Youth Sports Booster Club	82,496	74,696	7,800	60,402
Gainesville Civic Center	489,971	462,442	27,529	480,821
Allen Creek Soccer Complex	49,221	49,218	3	51,982
Frances Meadows Center	1,313,342	1,211,655	101,687	1,362,066
Capital outlay	1,104,490	777,385	327,105	352,226
Total expenditures	5,413,050	4,843,906	569,144	4,573,258
Excess (deficiency) of revenues over (under) expenditures	(1,229,300)	(352,426)	876,874	46,670
Other financing sources (uses)				
Sales of capital assets	500	6,099	5,599	4,698
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,228,800)	(346,327)	882,473	51,368
Fund balances, July 1	1,228,800	2,478,758	1,249,958	2,427,390
Fund balances, June 30	\$ 0	\$ 2,132,431	\$ 2,132,431	\$ 2,478,758

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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 2,592,349	\$ 2,788,251	\$ 195,902	\$ 2,650,849
Charges for sales and services				
Recreation Division	174,995	189,727	14,732	169,891
Lanier Point/Ivey Watson	140,750	142,196	1,446	131,109
Youth Sports Booster Club	107,600	110,120	2,520	86,406
Gainesville Civic Center	323,800	358,839	35,039	368,048
Allen Creek Soccer Complex	20,146	21,200	1,054	22,185
Frances Meadows Center	809,180	857,543	48,363	878,230
Intergovernmental	0	0	0	33,682
Interest	3,430	12,613	9,183	10,929
Contributions	10,500	10,000	(500)	6,000
Other	1,000	991	(9)	12,598
Total revenues	4,183,750	4,491,480	307,730	4,369,927
EXPENDITURES				
Current				
Culture and recreation				
Administrative services	745,260	739,327	5,933	724,628
Recreational services	419,476	388,966	30,510	376,223
Park services	887,253	841,586	45,667	873,061
Maintenance shop	115,056	96,909	18,147	102,738
Lanier Point/Ivey Watson	206,485	201,722	4,763	189,111
Booster Club	82,496	74,696	7,800	60,402
Civic Center	489,971	462,442	27,529	480,821
Allen Creek Soccer Complex	49,221	49,218	3	51,982
Frances Meadows Center	1,313,342	1,211,655	101,687	1,362,066
Capital outlay	0	0	0	54,894
Total expenditures	4,308,560	4,066,521	242,039	4,275,926
Excess (deficiency) of revenues over (under) expenditures	(124,810)	424,959	549,769	94,001
Other financing sources (uses)				
Transfers in (out)				
Capital Projects Activity	(114,500)	(114,500)	0	(581,128)
Sales of capital assets	500	6,099	5,599	4,698
Total other financing sources (uses)	(114,000)	(108,401)	5,599	(576,430)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(238,810)	\$ 316,558	\$ 555,368	\$ (482,429)
Fund balances, July 1	238,810			
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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 250,000
EXPENDITURES				
Current				
Culture and recreation				
Capital outlay	1,104,490	777,386	327,104	297,332
Excess (deficiency) of revenues over (under) expenditures	(1,104,490)	(777,386)	327,104	(47,332)
Other financing sources (uses)				
Transfers in (out)				
Operating Activity	114,500	114,500	0	581,128
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(989,990)	<u>\$ (662,886)</u>	<u>\$ 327,104</u>	<u>\$ 533,797</u>
Fund balances, July 1	989,990			
Fund balances, June 30	<u>\$ 0</u>			

CITY OF GAINESVILLE, GEORGIA
CONVENTION AND VISITOR'S BUREAU (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 438,623	\$ 289,737
Accounts receivable	<u>0</u>	<u>9,104</u>
Total assets	<u><u>\$ 438,623</u></u>	<u><u>\$ 298,841</u></u>
LIABILITIES		
Accounts payable	\$ 9,016	\$ 10,447
Accrued salaries	<u>9,033</u>	<u>5,931</u>
Total liabilities	18,049	16,378
FUND BALANCES		
Assigned for:		
Housing and Development	<u>420,574</u>	<u>282,463</u>
Total liabilities and fund balances	<u><u>\$ 438,623</u></u>	<u><u>\$ 298,841</u></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, 2016
(With comparative actual amounts for the year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	\$ 581,596	\$ 581,595	\$ (1)	\$ 693,619
Interest	0	458	458	177
Other	13,500	19,658	6,158	24,647
Total revenues	595,096	601,711	6,615	718,443
EXPENDITURES				
Current				
Housing and Development				
Personal services	292,104	277,486	14,618	283,303
Other	173,984	163,898	10,086	152,677
Capital outlay	41,400	22,216	19,184	0
Total expenditures	507,488	463,600	43,888	435,980
Excess (deficiency) of revenues over (under) expenditures	87,608	138,111	50,503	282,463
Other financing sources (uses)				
Contingency	(87,608)	0	87,608	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	138,111	138,111	282,463
Fund balances, July 1	0	282,463	282,463	0
Fund balances, June 30	\$ 0	\$ 420,574	\$ 420,574	\$ 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.....	189-202
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.....	203-210
These tables/schedules contain information that may assist the reader in assessing the viability of the City's most significant revenue sources.	
Debt Capacity.....	211-216
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.....	217-218
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.....	219-223
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.....	224-231
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)

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 56,451,206 ⁽¹⁾	\$ 63,283,044	\$ 67,749,010	\$ 60,193,753
Restricted	13,871,748	15,285,263	13,579,449	19,518,264
Unrestricted	<u>9,863,975</u>	<u>8,020,964</u>	<u>2,727,185</u>	<u>2,534,296</u>
Total governmental activities net position	<u>\$ 80,186,929</u>	<u>\$ 86,589,271</u>	<u>\$ 84,055,644</u>	<u>\$ 82,246,313</u>
Business-type activities				
Net investment in capital assets	\$ 205,362,082 ⁽¹⁾	\$ 226,811,308	\$ 234,871,719	\$ 248,507,489
Restricted	42,895,444	45,853,659	30,780,543	44,475,796
Unrestricted	<u>23,301,410</u>	<u>21,726,107</u>	<u>35,144,675</u>	<u>14,276,555</u>
Total business-type activities net position	<u>\$ 271,558,936</u>	<u>\$ 294,391,074</u>	<u>\$ 300,796,937</u>	<u>\$ 307,259,840</u>
Primary government				
Net investment in capital assets	\$ 261,813,288 ⁽¹⁾	\$ 290,094,352	\$ 302,620,729	\$ 308,701,242
Restricted	56,767,192	61,138,922	44,359,992	63,994,060
Unrestricted	<u>33,165,385</u>	<u>29,747,071</u>	<u>37,871,860</u>	<u>16,810,851</u>
Total primary government net position	<u>\$ 351,745,865</u>	<u>\$ 380,980,345</u>	<u>\$ 384,852,581</u>	<u>\$ 389,506,153</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): GASB67/68: Accounting and Financial Reporting for Pensions was implemented in FY15; with an ongoing negative impact to unrestricted net position.

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 63,722,901	\$ 70,549,134	\$ 74,015,737	\$ 80,039,885	\$ 78,338,733	\$ 78,415,202
4,913,949 ⁽²⁾	11,586,492	12,560,215	4,642,578	6,827,434	12,230,983
19,692,245 ⁽²⁾	11,878,957	9,380,465	10,217,825	(14,451,203)	(17,854,932)
<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>	<u>\$ 72,791,253</u>
\$ 259,477,278	\$ 271,791,712	\$ 282,968,294	\$ 295,579,225	\$ 303,250,676	\$ 314,735,292
43,710,594	40,623,794	28,713,968	43,776,271	50,230,260	62,960,499
16,169,226	20,918,748	29,468,343	18,915,019	12,067,163	12,598,780
<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>	<u>\$ 390,294,571</u>
\$ 323,200,179	\$ 342,340,846	\$ 356,984,031	\$ 375,619,110	\$ 381,589,409	\$ 393,150,494
48,624,543	52,210,286	41,274,183	48,418,849	57,057,694	75,191,482
35,861,471	32,797,705	38,848,808	29,132,844	(2,384,040)	(5,256,152) ⁽³⁾
<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>	<u>\$ 463,085,824</u>

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

Expenses	Fiscal Year			
	2007	2008	2009	2010
Governmental activities:				
General Government	\$ 3,072,278	\$ 3,152,030	\$ 3,682,213	\$ 3,578,661
Judicial	360,345	371,743	432,380	434,137
Public Safety	14,450,489	15,103,008	17,760,718	16,930,483
Public Works	5,188,523	6,491,116	6,649,367	7,023,969
Health and Welfare	2,914,363	3,554,427	3,784,135	3,724,473
Culture and Recreation	1,553,091	2,521,243	2,214,061	1,883,742
Housing and Development	1,887,154	2,224,676	1,524,790	2,108,631
Interest on long-term debt	158,451	528,726	671,224	1,837,734
Total governmental activities expenses	29,584,694	33,946,969	36,718,888	37,521,830
Business-type activities:				
Water and Sewer	38,462,407	39,826,297	45,745,119	44,812,789
Airport	981,357	1,005,505	929,020	912,187
Solid Waste	1,912,477	2,010,885	2,274,543	2,142,384
Golf Course	926,065 ⁽¹⁾	1,559,985 ⁽¹⁾	1,519,259	1,346,564
Total business-type activities expenses	42,282,306	44,402,672	50,467,941	49,213,924
Total primary government expenses	\$ 71,867,000	\$ 78,349,641	\$ 87,186,829	\$ 86,735,754
Indirect Costs				
Governmental activities:				
General Government	(1,145,200)	(1,192,270)	(1,261,885)	(1,215,314)
Business-type activities:				
Water and Sewer	1,145,200	1,192,270	1,261,885	1,115,314
Airport	0	0	0	100,000
Solid Waste	0	0	0	0
Total Business-type activities indirect cost	1,145,200	1,192,270	1,261,885	1,215,314
Total primary government indirect cost	\$ 0	\$ 0	\$ 0	\$ 0
Program Revenues				
Governmental activities:				
Charges for services:				
General Government	653,781	606,106	630,377	623,419
Public Safety	2,474,898	2,101,796	1,374,428 ⁽⁴⁾	1,320,003
Public Works	58,870	44,720	38,090	38,110
Health and Welfare	465,968	434,828	442,328	416,661
Housing and Development	770,227 ⁽³⁾	395,079	180,394	48,135
Culture and Recreation	613,332	528,498	519,989	435,955
Operating grants and contributions	3,168,729	3,929,031	3,287,187	3,776,757
Capital grants and contributions	2,340,185	3,772,803	3,449,017	8,177,269 ⁽⁶⁾
Total governmental activities program revenues	10,545,990	11,812,861	9,921,810	14,836,309
Business-Type activities:				
Charges for services:				
Water and Sewer	47,400,388	45,377,623	45,616,460	50,039,158
Airport	894,132	866,972	851,644	865,739
Solid Waste	1,564,861	1,565,923	1,703,937	1,769,329
Golf Course	578,762 ⁽¹⁾	1,108,078 ⁽¹⁾	1,057,516	907,160
Operating grants and contributions	171,924	130,880	110,652	69,070
Capital grants and contributions	23,850,849	18,587,741	8,309,881 ⁽⁵⁾	3,794,048 ⁽⁵⁾
Total business-type activities program revenues	74,460,916	67,637,217	57,650,090	57,444,504
Total primary government program revenues	\$ 85,006,906	\$ 79,450,078	\$ 67,571,900	\$ 72,280,813

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					
2011	2012	2013	2014	2015	2016
\$ 4,064,412	\$ 4,031,095	\$ 4,376,553	\$ 3,933,108	\$ 3,675,464	\$ 4,368,490
404,862	460,066	450,165	510,221	486,947	523,970
16,160,112	17,932,227	16,423,939	18,460,345	17,460,335	19,480,809
6,641,424	7,646,177	7,480,636	8,900,466	8,745,852	10,317,372
3,360,632	3,391,482	2,686,449	3,173,758	2,765,034	2,591,485
1,211,214	1,185,988	1,686,715	224,853	440,482	436,250
1,363,356	1,196,185	1,104,631	1,591,303	2,136,524	2,406,705
1,668,489	1,396,524	1,201,196	883,628	1,198,530	533,058
34,874,501	37,239,744	35,410,284	37,677,682	36,909,168	40,658,139
43,974,519	46,692,190	45,332,806	47,020,782	46,183,666	47,333,997
967,856	1,207,743	983,083	1,014,521	1,045,716	1,109,029
1,901,016	1,944,248	1,866,955	1,965,935	2,072,012	2,210,416
1,396,446	1,241,853	1,193,905	1,234,260	1,287,229	1,290,865
48,239,837	51,086,034	49,376,749	51,235,498	50,588,623	51,944,307
\$ 83,114,338	\$ 88,325,778	\$ 84,787,033	\$ 88,913,180	\$ 87,497,791	\$ 92,602,446
(1,343,539)	(1,304,961)	(1,369,231)	(1,390,442)	(1,394,235)	(1,376,788)
1,106,596	1,022,416	1,086,686	1,034,429	1,038,222	1,020,775
200,000	200,000	200,000	209,561	209,561	209,561
36,943	82,545	82,545	146,452	146,452	146,452
1,343,539	1,304,961	1,369,231	1,390,442	1,394,235	1,376,788
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
681,743	708,578	814,922	674,536	723,777	719,185
1,590,400	1,369,278	1,800,569	1,639,954	1,930,830	1,735,868
36,030	36,795	37,070	90,135	129,956	134,580
438,537	410,052	440,824	423,368	134,570	144,162
154,849	158,773	703,972	661,299	1,057,304	1,216,162
506,750	377,754	159,336	0	0	0
3,739,620	3,862,903	2,744,521	2,813,369	2,577,766	2,782,085
7,718,212 ⁽⁶⁾	9,565,586 ⁽⁶⁾	1,419,674	2,044,189	2,322,290	6,087,822
14,866,141	16,489,719	8,120,888	8,346,850	8,876,493	12,819,864
55,401,138	57,492,303	56,832,305	58,759,620	64,315,416	66,596,028
818,874	832,971	913,459	944,120	897,226	925,009
2,057,883	2,299,960	2,272,930	2,369,815	2,462,485	2,619,559
1,012,377	1,031,717	1,006,129	992,168	983,932	1,034,234
0	0	0	0	0	0
4,009,685	5,257,388	3,546,989	8,646,783	8,445,809	9,142,616
63,299,957	66,914,339	64,571,812	71,712,506	77,104,868	80,317,446
\$ 78,166,098	\$ 83,404,058	\$ 72,692,700	\$ 80,059,356	\$ 85,981,361	\$ 93,137,310

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

	Fiscal Year			
	2007	2008	2009	2010
Net (expense)/revenue				
Governmental activities	\$ (17,893,504)	\$ (20,941,838)	\$ (25,535,193)	\$ (21,470,207)
Business-type activities	31,033,410 ⁽²⁾	22,042,275	5,920,264	7,015,266
Total primary government net (expense)/revenue	13,139,906	1,100,437	(19,614,929)	(14,454,941)
General revenues and other changes in net position				
Governmental activities:				
Taxes				
Property	6,571,545	7,101,695	7,421,155	7,253,570
Intangibles	307,098	237,483	180,064	97,161
Franchise	3,474,822	4,599,218	4,451,348	3,866,595
Occupational	1,342,953	1,354,234	1,288,785	1,114,317
Insurance premium	1,340,284	1,398,065	1,431,555	1,418,124
Alcoholic beverages	1,112,799	1,056,980	1,000,788	942,016
Hotel/Motel	487,172	479,684	473,047	444,852
Local option sales	5,866,449	5,829,689	4,799,932	4,943,847
Grants and contributions	0	0	0	0
Investment earnings	1,033,946 ⁽³⁾	1,033,414 ⁽³⁾	209,981 ⁽³⁾	498,737 ⁽³⁾
Payments from component unit	0	0	0	0
Gain on sale of assets	1,282,635 ⁽²⁾	900,112	17,246	40,591
Miscellaneous	377,785	297,695	325,996	363,279
Transfers	1,585,275	3,055,911	1,495,051	2,190,747
Total governmental activities	24,782,763	27,344,180	23,094,948	23,173,836
Business-type activities				
Investment earnings	3,483,808 ⁽³⁾	2,664,847 ⁽³⁾	1,013,233 ⁽³⁾	401,971 ⁽³⁾
Payments from component unit	0	0	0	0
Gain on sale of assets	84,099	29,804	1,315	19,569
Miscellaneous	1,340,749	1,151,124	1,020,458	1,023,096
Transfers	(1,585,275)	(3,055,911)	(1,495,051)	(2,190,747)
Total business-type activities	3,323,381	789,864	539,955	(746,111)
Total primary government	28,106,144	28,134,044	23,634,903	22,427,725
Change in net position				
Governmental activities	6,889,259	6,402,342	(2,440,245)	1,703,629
Business-type activities	34,356,791 ⁽¹⁾	22,832,138	6,460,219	6,269,155
Total primary government	\$ 41,246,050	\$ 29,234,480	\$ 4,019,974	\$ 7,972,784

Note (1): Substantial contributions were received from developers.

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 the interest rate trends, investment market, and debt refunding.

Note (4): Miscellaneous revenue included CCA Rental Revenue 2013 and 2014.

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ (18,664,821)	\$ (19,445,064)	\$ (25,920,165)	\$ (27,940,390)	\$ (26,638,440)	\$ (26,461,487)
13,716,581	15,828,305	13,825,832	19,086,566	25,122,010	26,996,351
(4,948,240)	(3,616,759)	(12,094,333)	(8,853,824)	(1,516,430)	534,864
7,886,437	7,338,537	7,825,290	8,363,877	8,654,493	9,409,584
59,343	81,841	80,720	105,044	133,186	129,075
4,072,511	4,240,193	4,092,271	4,014,946	4,371,358	4,381,245
1,111,954	1,139,926	1,199,374	1,263,534	1,268,021	1,368,983
1,376,910	1,585,550	1,684,119	1,743,745	1,823,481	1,948,090
999,642	994,573	979,409	1,022,245	1,067,611	1,129,284
517,456	563,902	591,793	715,260	828,925	911,847
5,030,213	5,259,684	5,300,279	4,983,807	5,094,727	5,281,804
0	0	0	0	0	0
450,031 ⁽³⁾	426,185 ⁽³⁾	448,728 ⁽³⁾	246,266 ⁽³⁾	142,917 ⁽³⁾	72,796 ⁽³⁾
0	0	0	0	0	0
0	0	67,897	0	0	605
236,416	245,524	1,057,074 ⁽⁴⁾	1,017,590 ⁽⁴⁾	122,294	183,516
3,006,690	3,254,637	5,122,095	3,407,947	2,395,089	3,720,947
24,747,603	25,130,552	28,449,049	26,884,261	25,902,102	28,537,776
355,561 ⁽³⁾	314,147 ⁽³⁾	334,347 ⁽³⁾	292,577 ⁽³⁾	775,365 ⁽³⁾	1,274,329 ⁽³⁾
0	0	0	0	0	0
20,718	33,411	12,331	53,471	17,322	5,120
1,011,088	1,055,930	1,042,459	1,095,243	156,932	191,619
(3,006,690)	(3,254,637)	(5,122,095)	(3,407,947)	(2,395,089)	(3,720,947)
(1,619,323)	(1,851,149)	(3,732,958)	(1,966,656)	(1,445,470)	(2,249,879)
23,128,280	23,279,403	24,716,091	24,917,605	24,456,632	26,287,897
6,082,782	5,685,488	2,528,884	(1,056,129)	(736,338)	2,076,289
12,097,258	13,977,156	10,092,874	17,119,910	23,676,540	24,746,472
\$ 18,180,040	\$ 19,662,644	\$ 12,621,758	\$ 16,063,781	\$ 22,940,202	\$ 26,822,761

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
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
2016	9,409,584	129,075	4,381,245	1,368,983

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 reform, Title Ad Valorem Tax (TAVT), 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
1,340,284	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
1,948,090	1,129,284	911,847	5,281,804	24,559,912

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund				
Reserved	\$ 49,289	\$ 70,002	\$ 102,572	\$ 27,622
Unreserved	6,697,460	4,066,767	3,595,792	4,164,074
Nonspendable (4)				
Committed (4)				
Assigned (4)				
Unassigned (4)				
Total general fund	<u>\$ 6,746,749</u>	<u>\$ 4,136,769</u>	<u>\$ 3,698,364</u>	<u>\$ 4,191,696</u>
All other governmental funds				
Reserved	\$ 12,757,904	\$ 4,535,228	\$ 24,515,444 ⁽³⁾	\$ 10,815,234 ⁽³⁾
Unreserved, reported in:				
Special revenue funds	6,983,598 ⁽¹⁾	10,081,308 ⁽²⁾	9,982,391	10,546,826
Capital project funds	4,569,334	4,184,614	2,296,318	9,403,152
Debt service funds	1,753,653	1,602,964	2,266,195	1,293,247
Nonspendable (4)				
Restricted (4)				
Committed (4)				
Assigned (4)				
Total all other governmental funds	<u>\$ 26,064,489</u>	<u>\$ 20,404,114</u>	<u>\$ 39,060,348</u>	<u>\$ 32,058,459</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					
2011	2012	2013	2014	2015	2016
\$ 406,166	\$ 384,796	\$ 367,035	\$ 352,744	\$ 475,231	\$ 321,639
0	10,054	6,583	6,208	5,848	4,957
2,996,014	3,040,356	2,321,338	3,295,367	2,457,217	4,216,717
5,134,064	5,874,076	6,565,665	7,012,974	8,065,121	7,480,831
<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>	<u>\$ 12,024,144</u>
\$ 10,854,556	\$ 11,214,865	\$ 130,769	\$ 132,816	\$ 99,367	\$ 163,081
91,939	115,428	6,385,355	4,174,002	6,868,770	11,805,659
11,457,922	11,225,020	174,187	174,285	221,019	244,531
<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>	<u>\$ 22,935,246</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Revenues				
Taxes	\$ 20,557,731	\$ 21,931,347	\$ 21,030,163	\$ 20,073,154
Licenses and permits	1,045,039	726,127	563,085	526,787
Fines, fees and forfeitures	1,888,411	1,782,062	1,200,508	1,179,773
Charges for services	3,127,789	2,621,736	2,590,476	2,405,885
Intergovernmental	6,233,048	8,157,297	6,340,062	12,994,964
Interest	952,438	983,198	186,918	110,152
Contributions	262,754	150,346	95,806	140,042
Other	355,432	297,697	325,993	363,276
Total revenues	<u>34,422,642</u>	<u>36,649,810</u>	<u>32,333,011</u>	<u>37,794,033</u>
Expenditures				
General Government	3,036,416	3,183,110	3,260,291	2,985,636
Judicial	360,906	370,393	369,537	385,823
Public Safety	13,260,428	14,206,369	14,097,303	14,010,732
Public Works	4,081,934	4,638,378	4,586,349	4,358,836
Health and Welfare	2,922,009	3,479,259	3,381,182	4,095,212
Culture and Recreation	1,200,173	1,372,628	1,169,614	1,204,508
Housing and Development	2,249,375	4,624,623	1,951,894	1,649,911
Debt Service				
Principal	1,402,087	2,442,202	1,659,125 ⁽³⁾	3,119,832 ⁽³⁾
Interest	326,320	718,082	644,194	1,962,450
Capital Outlay	<u>5,042,938</u>	<u>15,104,298</u>	<u>18,184,470</u>	<u>13,690,589</u>
Total expenditures	<u>33,882,586</u>	<u>50,139,342</u>	<u>49,303,959</u>	<u>47,463,529</u>
Excess of revenues over (under) expenditures	<u>540,056</u>	<u>(13,489,532)</u>	<u>(16,970,948)</u>	<u>(9,669,496)</u>
Other financing sources (uses)				
Transfers in	10,434,930	11,509,650	5,072,824	6,738,573
Transfers out	(8,916,559)	(9,131,665)	(3,506,803)	(4,240,053)
Issuance of notes payable	0	0	7,437,971	0
Refunding of notes payable	0	0	(7,437,971)	0
Issuance of capital leases	11,898,663 ⁽¹⁾	795,481	33,697,531	0
Sale of capital assets	<u>5,673,013 ⁽²⁾</u>	<u>2,045,711</u>	<u>18,607</u>	<u>50,888</u>
Total other financing sources (uses)	<u>19,090,047</u>	<u>5,219,177</u>	<u>35,282,159</u>	<u>2,549,408</u>
Net change in fund balances	<u>\$ 19,630,103</u>	<u>\$ (8,270,355)</u>	<u>\$ 18,311,211</u>	<u>\$ (7,120,088)</u>
Debt service as a percentage of noncapital expenditures	6.0%	9.3%	7.3%	15.4% ⁽³⁾

Note (1): A \$11,885,000 capital lease was assumed in 2007 to finance the Frances Meadows Community Center.

Note (2): Includes \$3.7 million sale to Gainesville City Schools for middle school property, along with \$1.9 million sale of Industrial Park Property.

Note (3): Increase due to Public Safety Facilities and GMC Parking Deck debt service payments; Public Safety Debt paid off in 2014.

Note (4): 2013-2014 miscellaneous revenue includes CCA rent from the Main Street property.

Note (5): Refunded Frances Meadows debt in 2015 with GRA Bond.

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 21,039,421	\$ 21,205,179	\$ 21,798,180	\$ 22,193,025	\$ 23,263,514	\$ 24,610,752
540,906	533,141	727,631	768,827	1,008,077	1,020,055
1,390,242	1,142,066	1,663,768	1,635,471	1,778,770	1,735,869
2,935,491	2,740,521	2,910,952	3,004,541	3,331,778	3,589,559
12,190,933	12,456,574	4,067,439	3,959,460	4,689,473	7,821,598
56,785	35,839	52,479	41,823	126,712	54,687
152,829	574,090	96,754	96,860	147,384	105,628
235,905	245,210	1,057,730 ⁽⁴⁾	1,017,595 ⁽⁴⁾	122,291	183,516
<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>	<u>39,121,664</u>
3,289,626	3,317,143	3,287,366	3,228,407	3,431,244	3,550,990
367,454	417,255	421,756	460,849	465,915	470,043
14,555,914	15,880,473	14,617,996	14,934,311	15,462,822	16,187,899
4,334,170	4,415,291	4,325,418	4,491,711	4,672,187	4,994,225
3,073,671	3,053,511	2,529,431	3,391,256	2,968,229	2,737,379
764,611	1,052,118	592,617	165,000	433,682	400,000
1,750,971	1,726,625	1,639,307	2,082,930	2,148,470	2,438,677
8,034,940 ⁽³⁾	7,112,064 ⁽³⁾	7,349,754 ⁽³⁾	8,382,841 ⁽³⁾	10,111,549 ⁽⁵⁾	1,222,585
1,772,225	1,478,240	1,266,876	964,579	1,386,912	538,091
8,874,469	3,491,050	9,500,033	2,128,323	3,829,201	5,141,709
<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>37,681,598</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>	<u>1,440,066</u>
17,371,193	14,414,525	21,464,150	7,477,632	10,698,274	7,842,908
(14,788,283)	(11,222,388)	(16,413,039)	(4,112,658)	(7,435,982)	(4,156,961)
0	0	0	0	0	0
0	0	0	0	0	0
346,228	721,833	8,220,268	0	8,917,392	0
36,907	10,891	70,410	32,803	48,126	48,936
<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>3,734,883</u>
<u>\$ (5,309,494)</u>	<u>\$ 913,711</u>	<u>\$ 186,168</u>	<u>\$ (4,114,828)</u>	<u>\$ 1,785,598</u>	<u>\$ 5,174,949</u>
25.6%	22.7%	23.6%	24.7%	27.1%	5.0%

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
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
2016	9,409,584	129,075	4,381,245	1,948,090

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 reform, Title Ad Valorem Tax (TVAT), 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
1,342,953	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
1,368,983	1,129,284	911,847	5,281,804	24,559,912

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	
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)
2016	2,953,976,780	1,055,500,805	122,903,835	86,348,763	(294,384,891)

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
(26,774,000)	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%
(1,902,555)	3,922,442,737	2.98	3,922,442,737	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	
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
2015	2016	1.63	0.75	0.60	2.98

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				Hall County		Total Direct & Overlapping Rates
Operating Millage	Debt Service Millage	Total School Millage	State of Georgia	Operating Millage	Total County Millage	
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
6.89	0.00	6.89	0.05	5.74	5.74	15.66

CITY OF GAINESVILLE, GEORGIA
PRINCIPAL TAXPAYERS
June 30, 2016

Taxpayer	2016			2007		
	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	\$ 141,460,665	1	3.61%	\$ 180,876,967	1	6.33%
Cargill, Inc.	110,895,420	2	2.83%	61,823,349	2	2.16%
ZF Industries, Inc.	75,636,788	3	1.93%	37,617,942	4	1.32%
Ace Hardware Corporation	47,747,157	4	1.22%	42,635,462	3	1.49%
Fieldale Farms Corporation (Queen City Foods)	46,320,226	5	1.18%	20,200,823	10	0.71%
Merial Select	37,824,477	6	0.96%			
Pilgrims Pride formerly ConAgra	37,324,408	7	0.95%	35,260,836	5	1.23%
Georgia Power	33,929,549	8	0.87%			
SAPA Extruder	33,080,326	9	0.84%			
Alkermes Gainesville LLC (Pharmaceutical)	32,955,495	10	0.84%			
Hayes Lemmerz Intl GA, Inc. (Western Wheel Georgia, Inc.)				33,559,772	6	1.17%
Caradon Peachtree, Inc. (Peachtree Doors)				30,984,336	7	1.08%
Colonial Realty Limited Part. (Camelot Real Estate Corp.)				26,423,072	8	0.92%
Bell South Communications				24,199,289	9	0.85%
Total	<u>\$ 597,174,511</u>		<u>15.22%</u>	<u>\$ 493,581,848</u>		<u>17.26%</u>

Source: 2015 and 2006 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
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	(67,104)	9,579,640	97.48%	247,978	9,827,618	100.00%
2011	10,629,985	(190,452)	10,239,192	98.08%	177,839	10,417,031	99.78%
2012	10,023,134	(301,224)	9,518,471	97.91%	178,952	9,697,423	99.75%
2013	9,294,659	336,808	9,333,018	96.90%	286,546	9,619,564	99.88%
2014	9,272,596	263,184	9,363,036	98.19%	160,132	9,523,168	99.87%
2015	10,039,209	(68,319)	9,762,578	97.91%	147,475	9,910,053	99.39%
2016	11,053,043	(132,105)	10,829,944	99.17%		10,829,944	99.17%

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, 2016

Commodity	2015			2006		
	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total
Food	\$ 6,472,209	1	21.98%	\$ 7,140,985	1	24.25%
General	4,319,460	2	14.67%	3,686,111	3	12.52%
Wholesale	4,018,552	3	13.65%	0		0.00%
Other Retail	3,648,926	4	12.39%	2,912,970	5	9.89%
Miscellaneous Service	2,461,380	5	8.36%	1,780,891	8	6.05%
Home	2,224,109	6	7.55%	1,811,969	7	6.15%
Utilities	2,200,900	7	7.47%	2,339,924	6	7.95%
Manufacturer	1,589,367	8	5.40%	1,307,576	9	4.44%
Auto	1,281,914	9	4.35%	5,275,559	2	17.91%
Accommodations	547,976	10	1.86%			0.00%
Other Services	503,442	11	1.71%			0.00%
Construction	178,841	12	0.61%	3,193,611	4	10.84%
Total	<u>\$ 29,447,075</u>		<u>100.00%</u>	<u>\$ 29,449,596</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
DEPARTMENT OF WATER RESOURCES TEN LARGEST SYSTEM CUSTOMERS
JUNE 30, 2016

Customer	Type of Business	Total Water Billings	Total Sewer Billings	Total Billings	Percentage of System Revenues
Fieldale Farms Corporation	Manufacturer - Poultry Products	\$ 3,309,430	\$ 6,456,233	\$ 9,765,662	15.21%
Pilgrim's Pride	Manufacturer - Poultry Products	1,260,256	3,541,946	4,802,202	7.48%
Mar-Jac Poultry, Inc.	Manufacturer - Poultry Products	1,189,467	3,109,047	4,298,514	6.69%
NE GA Health Systems	Hospital	453,365	695,740	1,149,106	1.79%
Cargill, Inc.	Manufacturer - Soybean Products	401,959	454,263	856,222	1.33%
Cooley Enterprises (DBA Kings Delight)	Food Further Processing	291,385	397,833	689,218	1.07%
Hall County Commissioners	Local Government	261,966	425,625	687,591	1.07%
John Soules Acquisitions LLC (Pro View Foods)	Manufacturer - Meat Products	160,187	457,190	617,377	0.96%
Prime Pak Foods, Inc.	Manufacturer - Beef/Pork Products	166,514	243,175	409,690	0.64%
Mid America Apartment Comm.	Apartments	108,832	294,440	403,272	0.63%
Total		<u>\$ 7,603,361</u>	<u>\$ 16,075,492</u>	<u>\$ 23,678,853</u>	<u>36.87%</u>

Note: This information is included to comply with continuing disclosure requirements of 2005, 2006, 2014, and 2015 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 Obligation Bonds	Capital Leases	Water & Sewer Bonds	Notes Payable	Capital Leases			
2007	3,490,000	13,428,006 ⁽¹⁾	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 ⁽²⁾	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	- ⁽³⁾	25,093,735	202,231,408	16.41%	5,570
2016	0	20,766,180	139,039,842	-	23,412,672	183,218,694	13.34%	4,733

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the Schedule of Demographic and Economic Statistics on Exhibit L-19 for personal income and population data.

Note (1): Increase due to a \$11,885,000 capital lease issued for the construction of the Frances Meadows Community Center.

Note (2): Increase due to capital leases issued for Public Safety Facilities (\$27,022,224) and Georgia Mountain Center Parking Garage (\$6,308,832).

Note (3): 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⁾
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
2016	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, 2016

<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	\$ 32,512,501	100%	\$ 32,512,501
Hall County	2,526,214	19%	\$ 479,981
Subtotal, overlapping debt			<u>32,992,482</u>
City of Gainesville direct debt			<u>20,766,285</u>
Total direct and overlapping debt			<u><u>\$ 53,758,767</u></u>

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

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

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

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

	Fiscal Year			
	2007	2008	2009	2010
Debt Limit	\$ 330,171,198	\$ 406,664,323	\$ 412,732,440	\$ 403,529,632
Total net debt applicable to limit	15,070,859	13,668,320 ⁽¹⁾	43,267,440	42,514,285
Legal debt margin	<u>\$ 315,100,339</u>	<u>\$ 392,996,003</u>	<u>\$ 369,465,000</u>	<u>\$ 361,015,347</u>
Total net debt applicable to the limit as a percentage of debt limit	4.56%	3.36% ⁽¹⁾	10.48%	10.54%

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					
2011	2012	2013	2014	2015	2016
\$ 386,525,819	\$ 369,409,894	\$ 360,749,247	\$ 361,538,289	\$ 389,205,108	421,873,018
34,302,996	27,431,657	20,877,219	15,770,863	15,289,643	14,030,339
<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>	<u>\$ 407,842,679</u>
8.87%	7.43%	5.79%	4.36%	3.93%	3.33%

Legal Debt Margin Calculation for Fiscal Year 2016

Total Assessed value	\$ 4,218,730,183
Debt limit (10% of total assessed value)	421,873,018
Debt applicable to limit:	
General obligation debt	20,766,285
Less: Amount set aside for repayment of general obligation debt	<u>(6,735,946)</u>
Total net debt applicable to limit	<u>14,030,339</u>
Legal debt margin	<u><u>\$ 407,842,679</u></u>

**CITY OF GAINESVILLE, GEORGIA
 PLEDGED-REVENUE COVERAGE
 DEPARTMENT OF WATER RESOURCES
 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⁾	
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
2016	72,032,080	26,866,263	45,165,817	14,560,000	6,271,250	2.17

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): FY2007 - 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)
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%
2016	38,712	1,373,928	35,491	7,973	4.2%

Source (a): Fiscal year 2007-2010, 2012-2013 are estimates and fiscal year 2011 is based on 2010 Census provided by the U.S. Census Bureau. Fiscal year 2014-2016 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, 2016

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Northeast Georgia Medical Center	7,900	1	8.99%	4,095	1	4.92%
Fieldale Farms	2,550	2	2.90%	2,350	2	2.82%
ZF Gainesville, LLC	1,560	3	1.77%			
Pilgrims Pride	1,380	4	1.57%	1,555	3	1.87%
Victory Processing LLC	1,310	5	1.49%			
Coleman Natural Foods (Kings Delight)				1,100	5	1.32%
Kubota Manufacturing of America	1,300	6	1.48%	830	8	1.00%
Wrigley Manufacturing Company, LLC				1,000	6	1.20%
Mar-Jac	1,250	7	1.42%	1,260	4	1.51%
Cottrell, Inc.	985	8	1.12%			
Koch Foods, Inc.				600	9	0.72%
Gold Creek Foods	975	9	1.11%			
Wal-Mart Super Center	972	10	1.11%	1,000	7	1.20%
Liberty Mutual Insurance				520	10	0.62%
Total	<u>20,182</u>		<u>22.96%</u>	<u>14,310</u>		<u>17.18%</u>

Source: Greater Hall Chamber of Commerce.

Note (1): Excludes governmental and educational employers. Percentage of employment in 2007 was based on the 2006 Hall County annual average employment of 83,263, whereas 2016 is based on 2015 Hall County annual average employment of 87,894 per the Georgia Department of Labor and U.S. Bureau of Labor Statistics.

CITY OF GAINESVILLE, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Primary government										
General Government	44	46	41	45	46	48	51	50	51	51
Judicial	8	8	8	7	8	8	10	10	10	10
Public Safety										
Police	119	122	115	113	113	113	113	114	114	114
Fire	82	83	81	102	103	103	103	103	103	103
City Marshal	9	7	5	3	3	3	5	4	4	4
Public Works	62	63	54	53	52	54	53	53	55	55
Health and Welfare	44	49	49	45	47	39	37	32	32	32
Culture and Recreation	11	11	10	7	7	5	0	0	0	0
Housing and Development	22	22	18	17	17	17	13	13	13	13
General Insurance	2	2	2	0	0	0	0	0	0	0
Vehicle Services	5	5	5	5	5	6	6	6	6	6
Water and Sewer	249	253	231	225	229	229	229	230	233	233
Solid Waste	27	31	24	24	24	24	24	24	24	24
Golf Course	12	13	13	7	4	4	4	4	4	4
Total primary government	696	715	656	653	658	653	648	643	649	649
Component unit										
City of Gainesville										
Parks and Recreation										
Culture and Recreation	34	38	37	36	36	37	37	38	39	39
Gainesville Convention and Visitor's Bureau										
Housing and Development	0	0	0	0	0	0	0	0	4 (1)	4
Total Component units	34	38	37	36	36	37	37	38	43	43
Total employees	730	753	693	689	694	690	685	681	692	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			
	2007	2008	2009	2010
Police				
Number of citations issued	14,326	13,585	11,394 ⁽¹⁾	12,307
Number of calls for service	76,208	76,555	74,329	75,866
Fire				
Number of calls answered	6,443	5,998	5,901	6,020
Number of inspections conducted	3,490	2,607	2,631	2,848
Highways and streets				
Square feet of sidewalks replaced	5,127	14,040	2,351 ⁽¹⁾	3,552 ⁽¹⁾
Linear feet curb and gutter installed	1,679	2,091	1,071	217
Sanitation				
Refuse collected (tons)	5,489	5,320	5,261	5,015
Recyclables collected (tons)	711	799	653	688
Culture and Recreation				
Enrolled in youth athletics	1,297	1,741	1,173 ⁽¹⁾	1,139
Civic Center/Cabin rentals	1,229	1,579	823 ⁽¹⁾	969
Water System (MGD -Millions of Gallons per Day)				
Number of service connections	48,652	49,783	46,550 ⁽¹⁾	46,674
Daily average consumption in gallons	19.85 MGD	17.86 MGD	16.56 MGD	17.13 MGD
Sewer System (MGD -Millions of Gallons per Day)				
Number of service connections	9,489	9,683	8,896 ⁽¹⁾	8,840
Daily average treatment in gallons	8.42 MGD	7.80 MGD	8.00 MGD	9.20 MGD

Source: Various City Departments.

Note (1): Numbers are lower than preceding years due to declining economy.

FISCAL YEAR					
2011	2012	2013	2014	2015	2016
13,671 67,879	9,306 63,839	11,353 62,744	11,622 60,380	9,734 70,534	12,060 68,007
6,566	6,962	7,031	7,174	7,814	8,108
1,439	1,725	1,325	1,862	2,019	3,850
445 ⁽¹⁾	9,063	4,500	11,727	8,217	2,562
50	698	211	544	241	329
4,897 657	4,743 726	4,857 759	4,989 794	5,374 772	5,791 697
1,507 992	1,553 1,068	1,398 1,223	1,424 1,169	1,181 1,230	1,388 991
46,632 17.64 MGD	47,018 17.7 MGD	47,892 16.74 MGD	53,676 16.74 MGD	55,274 16.74 MGD	50,950 17.40 MGD
8,716	8,847	9,157	10,977	11,580	10,020
8.50 MGD	8.1 MGD	8.50 MGD	8.90 MGD	8.00 MGD	9.1 MGD

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

Function	FISCAL YEAR			
	2007	2008	2009	2010
Public safety				
Number of police stations	5	5	5	3
Number of fire stations	4	4	4	4
Solid Waste				
Collection Trucks	9	9	9	9
Highways and streets				
Miles of streets	133	136	136	136
Miles of storm sewers	20.00	20.11	20.20	20.20
Number of street lights	2,352	2,340	2,380	2,414
Culture and Recreation				
Community/Civic Centers	2	8	8	2
Parks	21	22	21	21
Park acreage	443+	443+	444+	445
Golf courses	1	1	1	1
Swimming pools	1	1	5	5
Baseball/Softball fields	10	9	9	10
Soccer fields	10	10	9	10
Multipurpose fields	1	1	1	1
Tennis courts	16	16	16	16
Water and Sewerage System-Gainesville and Hall County (MGD - Millions of Gallons per Day)				
Water System:				
Miles of water mains	1,247	1,302	1,310	1,315
Number of fire hydrants	7,840	7,843	8,538	8,719
Number of water treatment plants	2	2	2	2
Maximum daily capacity of treatment plants in gallons	35 MGD	35 MGD	35 MGD	35MGD
Sewer System:				
Miles of sanitary sewers	268	271	278	280
Number of wastewater treatment plants	2	2	2	2
Maximum daily capacity of treatment plants in gallons	14.7 MGD	17 MGD	17 MGD	17 MGD

Source: Various City Departments.

Note (1): Elimination of Community Police Precincts in Housing Developments during FY11.

FISCAL YEAR					
2011	2012	2013	2014	2015	2016
2 ⁽¹⁾ 4	2 4	2 4	2 4	2 4	2 4
9	10	10	12	13	13
136 20.20 2,627	136 20.47 2,694	136 20.47 2,700	140 20.49 2,676	140 20.52 2,639	141 20.81 2,679
2 21 445 1 5 10 10 1 16	2 21 445 1 5 11 10 1 16	2 22 450+ 1 5 11 10 1 16	2 22 450+ 1 4 10 10 2 15	2 22 450+ 1 4 10 10 2 15	2 22 454+ 1 4 10 10 2 15
1,344 8,803 2	1,344 8,855 2	1,344 8,735 2	1,355 8,772 2	1,363 8,838 2	1,372 8,885 2
35 MGD	35 MGD	35 MGD	35 MGD	35 MGD	35 MGD
280	286	286	289	291	294
2	2	2	2	2	2
17 MGD	17 MGD	17 MGD	17 MGD	17 MGD	17 MGD

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES
WATER RATES AND MINIMUM DEMAND CHARGES
JUNE 30, 2016

Water Rates (Monthly Charges):

	Inside City Limits	Outside City Limits
Account Servicing Fee	\$ 6.17	\$ 6.17
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, 2014, and 2015 Water and Sewerage bond issues.

Note (1): 748 gallons equals 100 cubic feet.

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES
WATER TAP/METER, CONNECTION AND ADMINISTRATIVE FEES
JUNE 30, 2016

Inside and Outside City Limits:

<u>Tap Size (Meter Inches)</u>	<u>Tap and Meter</u>	<u>Connection Fee</u>	<u>Administrative Fee</u>	<u>Total</u>
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, 2014, and 2015 Water and Sewerage bond issues.

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES
SEWER RATES AND CHARGES
JUNE 30, 2016

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	\$ 7.54

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 \$6.17 inside the City and \$6.17 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, \$7.54 for Oakwood customers.

Residential sewer charges are based on 91% 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, 2014, and 2015 Water and Sewerage bond issues.

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES
SEWER TAPPING, CONNECTION AND ADMINISTRATIVE FEES
JUNE 30, 2016

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:

Size of Sewer (Meter Inches)	Connection	Administrative
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, 2014, and 2015 Water and Sewerage bond issues.

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES CAPITAL IMPROVEMENTS
LAST TEN FISCAL YEARS

Year	Total Cost of Capital Improvements	Funding Sources	
		System Revenues and Capital Contributions	Debt Proceeds and Investment Earnings
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
2016	8,136,724	8,136,724	0

Note: This information is included to comply with continuing disclosure requirements of 2005, 2006, 2014, and 2015 Water and Sewerage bond issues.

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF INSURANCE COVERAGE
June 30, 2016

	<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	(\$5,766,842)
Inland Marine (Contractor's Equipment) (\$2,500 deductible)	Actual cash value	(\$5,564,825)
EDP Equipment (\$10,000.00 deductible)	Replacement Cost	(\$1,870,164)
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, 2006, 2014, and 2015 Water and Sewerage bond issues.

Note (1): Maximum property limit of \$254,483,329.

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	Multi-Family ⁽¹⁾ / Number of Units			
	Family				
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-Jan	54,999,600	52	14,583,500 ⁽³⁾
2009	180	1	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
2015	352	0	75,544,500	25	34,139,300

City of Gainesville

	Number of Residential Permits		Total Estimated Value	Number of Commercial Permits	Total Estimated Value
	Single	Multi-Family ⁽¹⁾ / Number of Units			
	Family				
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
2015	405	8/34	76,109,044	21	37,344,159

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)	38,712
Hall County Population, including City (Estimate)	193,535
Area of City in square miles	34.25
Number of full time employees	649

Government facilities and services:

Public Safety:

ISO Fire Classification	Class II
Number of fire personnel and officers	103
Number of police personnel and officers	116
Number of police patrol units	124

Facilities and services not included in the reporting entity:

Education:

Number of elementary schools	5
Number of elementary school instructors	284
Number of middle schools	2
Number of middle school instructors	108
Number of secondary schools	2
Number of secondary school instructors	132
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, 2016, 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 21, 2016.

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 21, 2016

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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 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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, but not for the purpose of

expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Gainesville's internal control over compliance.

Report on Internal Control over Compliance

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rushon & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 21, 2016

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2016

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	\$ 412,522
Passed through Georgia Department of Community Affairs			
Home Investment Partnerships Program	14.239	2012-850	72,716
		2014-912	12,262
		SF2014-102	128,758
			<u>213,736</u>
Total U.S. Department of Housing and Urban Development			<u>626,258</u>
U.S. Department of Justice			
Equitable Sharing for State and Local Law Enforcement Agencies	16.922	N/A	152,769
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607	N/A	<u>15,789</u>
Total U.S. Department of Justice			<u>168,558</u>
U.S. Department of Transportation			
Federal Aviation Administration			
Passed through the Georgia Department of Transportation: Airport Improvement Program	20.106	AP013-9016-31(139)	<u>68,973</u>
Passed through the Georgia Department of Transportation: Federal Transit - Formula Grants	20.507	T005475	<u>330,036</u>
Passed through the Georgia Office of Highway Safety: State and Community Highway Safety	20.600	TEN-2015-174-00316	1,238
		TEN-2016-174-00303	8,005
			<u>9,243</u>
Total U.S. Department of Transportation			<u>408,252</u>
Appalachian Regional Commission			
Appalachian Area Development	23.002	N/A	<u>20,000</u>
Environmental Protection Agency			
Passed through the Georgia Environmental Protection Division: Nonpoint Source Implementation Grants	66.460	C9994458-13-0, 751-150095	<u>321,479</u>
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	219,685
		Gainesville - Title III, C2	89,659
			<u>309,344</u>
Nutrition Services Incentive Program	93.053	Gainesville - NSIP	<u>63,416</u>
Total Aging Cluster of Programs			<u>372,760</u>

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2016

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	\$ 44,410
Total U.S. Department of Health and Human Services			417,170
U.S. Department of Homeland Security			
Passed through the Georgia Emergency Management Agency: Disaster Grants - Public Assistance - (Presidentially Declared Disasters)	97.036	FEMA-4215-DR-GA	8,426
Homeland Security Grant Program	97.067	EMW-2014-SS-00092-S01	498
		EMW-2015-SS-00065-S01	2,280
			2,778
Total U.S. Department of Homeland Security			11,204
Total Federal Awards			\$ 1,972,921

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, 2016

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Gainesville, Georgia, under programs for the federal government for the fiscal year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. De Minimis Indirect Cost Rate

The City of Gainesville, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

4. Subrecipients

Of the federal expenditures presented in the Schedule, the City of Gainesville provided federal awards of \$84,978 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, 2016

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 the Uniform Guidance?	None reported
Identification of major programs:	
14.218 Community Development Block Grants/Entitlement Grants	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2016

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.



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, 2016

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST VII					
Public Safety Fire Station	\$ 3,750,000	\$ 3,750,000	\$ 0	\$ 5,900	\$ 5,900
Public Safety Fire Vehicle	1,500,000	1,500,000	0	384,661	384,661
Roads, Bridges, Stormwater	11,738,816	11,738,816	0	89,519	89,519
Total	<u>\$ 16,988,816</u>	<u>\$ 16,988,816</u>	<u>\$ 0</u>	<u>\$ 480,080</u>	<u>\$ 480,080</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.