

City of Gainesville

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018



CITY OF GAINESVILLE, GEORGIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018



CITY OF GAINESVILLE, GEORGIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

***Prepared by the 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 |
| Nikki Perry | Director of Gainesville CVB |
| Perry R. Ligon | Director of Community Development |
| Phillippa L. Moss | Director of Community Service Center |
| Janeann Allison | Administrative Services Director |
| Jerome Yarbrough | Chief of Fire |
| J. Melvin Cooper | Director of Parks and Recreation |
| Carol Martin | Chief of Police |
| Linda MacGregor | Director of Water Resources |
| Chris Rotalsky | Director of Public Works |



Government Finance Officers Association

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

Presented to

**City of Gainesville
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

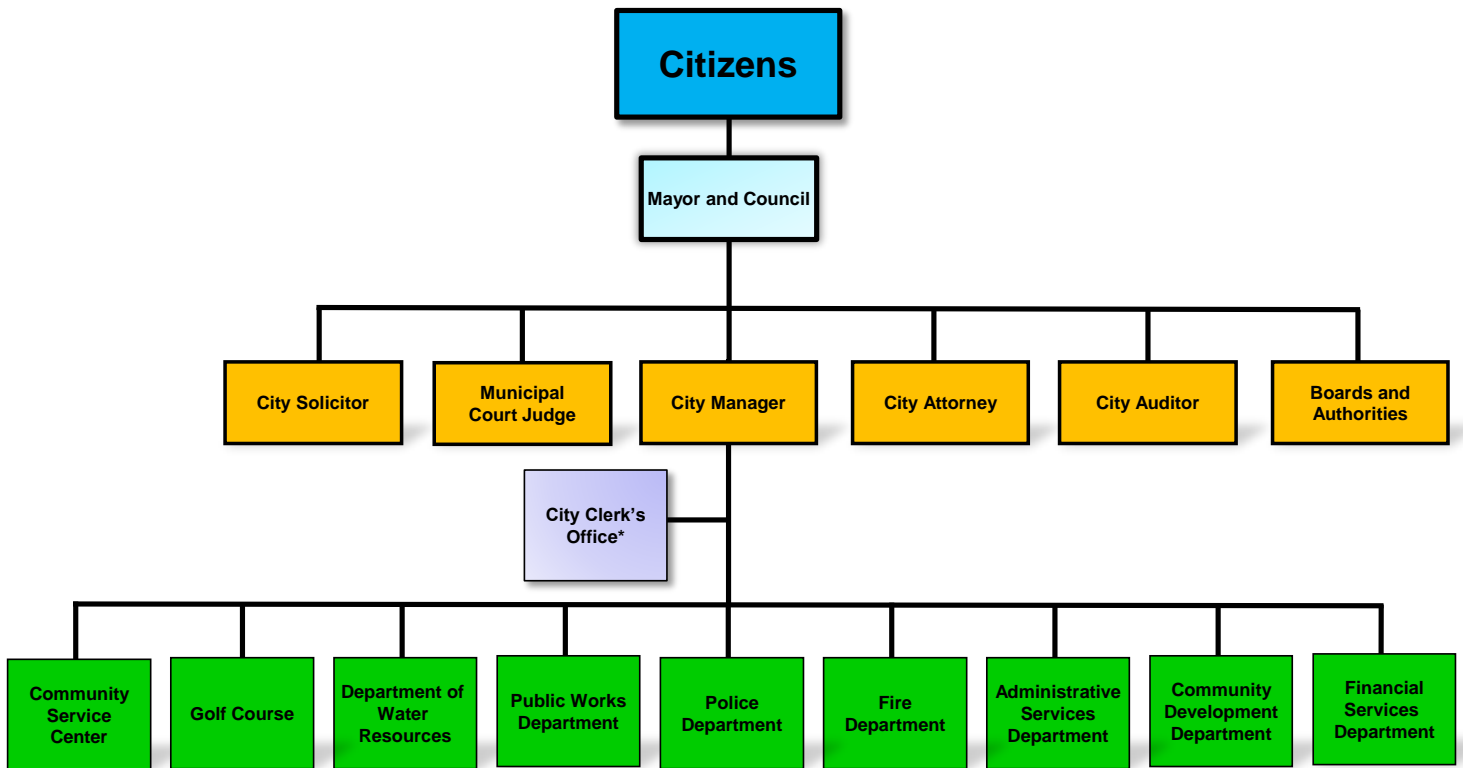
Christopher P. Morill


Executive Director/CEO



CITY OF GAINESVILLE

Organizational Chart



 = Appointed by Mayor and Council

* Division within the City Manager's Office





City of Gainesville Office of the City Manager

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Gainesville, GA 30503**

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770.535.6865
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www.gainesville.org**

November 28, 2018

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, 2018. 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. 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, 2018, 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, 2018 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 the 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 north-east 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 2017 show Gainesville and Hall County's population at 40,359 and 199,335, respectively, with over 150,000 people either living or employed in the City during work-day 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 Financial 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". In addition, the 2017 Milliken Institute study placed Gainesville as the 3rd best-performing small city in America, up from 27th in 2015 and 10th in 2016; 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 2018 numbers show Metro Gainesville as having the one of the lowest unemployment rates in the state. Gainesville's July 2018 rate was 3.4%, down from the July 2017 4.2% rate. Overall, Gainesville-Hall County gained 4,000 jobs over the last year, which factored to a 4.27% 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.



Downtown 2018 Beach Bash

The Gainesville community continues to see impressive growth in both manufacturing and retail sectors. 2017 was another year of substantial capital investment reported by the Greater Hall Chamber of Commerce. More than 900 jobs are anticipated from the 29 new and existing projects reported for the Gainesville/Hall County area, with a total investment of over \$170 million. Several of these projects are multi-year projects where investment and job creation will take place over a number of years, creating an ongoing positive ripple effect.

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 developing business parks to choose from.

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. In a 2016 report by Gartner, Gainesville-Hall MSA ranked as the highest concentrated metro area for food manufacturing and processing in the United States, with over 10,000 employees.

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 booming 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 physicians to the Gainesville area; nearly 600 physicians practicing more than 50 specialties are on staff, and 119 new physicians joined the staff in 2017. NEGMC has earned recognition as Georgia's top hospital for the fourth consecutive year by CareChex, a national healthcare ratings agency. NEGMC has also been ranked as Georgia's #1 Heart, Stroke Care, and Women's Health hospital. NEGMC has expanded its footprint in North Georgia by acquiring Barrow Regional Medical Center in Winder and opening its Joint Care Center in Braselton.

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. Construction permits continued to signal growth during 2017 in both the residential and especially, the commercial category. Residential permits totaled 416 for 2017. This number includes 412 single-family homes and 4 multi-family units. Commercial permits saw an increase in new construction with more than 31 projects with a construction valuation of over \$234,766,657. A few notable projects include Carroll Daniel Construction's new headquarters, and several new professional buildings. Along with the increase in building permits, the Inspection Services Division conducted a record 15,283 inspections in 2017. The building permit data reflects Gainesville's robust economy and the desire for businesses to operate within the City. The City's various commercial sectors continue to lead the region in output and keeps Gainesville's unemployment rate as one of the lowest in the state.

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.

Aligning with the goals of the Renaissance Strategic Vision and Plan, two new mixed-use development projects totaling \$53 million are currently planned for the downtown area. This venture is led by Knight Commercial Real Estate and Carroll Daniel Construction, who were selected as the winning bid for an RFP issued by the City. To help accommodate the expected increase in visitors and residents, the City has started the expansion of the Downtown Parking Deck. The expansion will add 168 new, much-needed, parking spaces to the Downtown Square area. The expansion of the existing parking deck aligns with the goals of the Renaissance Strategic Vision and Plan.



"Mutts on Main"

As the City moves forward with its Renaissance Strategic Vision and Plan, an important piece was recently implemented with the Roosevelt Square renovation, which was completed in 2016. More green-space and walking paths were added to create a more pedestrian friendly space. Roosevelt Square is frequently used by fitness groups, students, and other pedestrians looking for a quiet place to relax and enjoy the outdoors. The 2018 Main Street Concert Series saw many free concerts on the lawn of Roosevelt Square. The renovation of Roosevelt Square has proved to be a valuable asset in the City. Many people enjoy the space everyday and it continues to grow as a popular spot for community events.

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 could 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 cross-walk 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 way-finding signage, the extension of the Midtown Greenway, and aesthetic improvements to the City's gateway corridors coming into the City.



Friday Night Concerts in Roosevelt Square

One of the top improvements cited was to celebrate the walk-ability 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. The final step of the strategic planning process involved creating an implementation plan that makes the vision a reality.



Rendering of the downtown mixed-use development

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 on the City’s Community Development Department web page.

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 purchase of needed equipment. A prime example of the equipment is the recently installed gateway corridor signage around the city. The new signage was designed to highlight the entrance to the City at several key locations.

The City’s current five year general government capital improvements plan has identified \$67.2 million in projected expenditures through fiscal year 2023; \$11.6 million of this has been approved to be expended in FY2019. Leading the way in 2019 are projected expenditures totaling \$1.05 million for streetscaping along Washington and Bradford Streets. Other notable projected capital costs include \$750,000 for an Aerial Apparatus for the Fire Department, \$660,000 for street paving, and \$825,000 for Administration Building renovations.

The City of Gainesville Department of Water Resources maintains a separate capital improvement plan. The most recently adopted plan indicates that \$39.2 million will be earmarked in the next fiscal year for maintenance and facility construction of the City’s water, wastewater, and stormwater systems, with some allowance for growth. For 2019, estimated enhancements are projected to cost \$35.4 million. Stormwater improvements are projected to cost \$900,000.



City of Gainesville Gateway Corridor Signage

Relevant Financial Policies

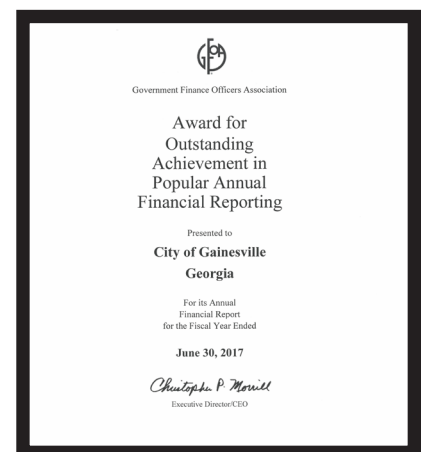
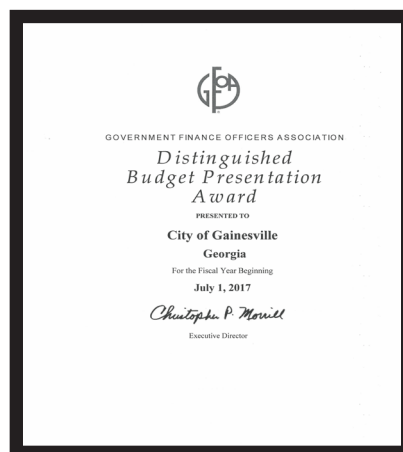
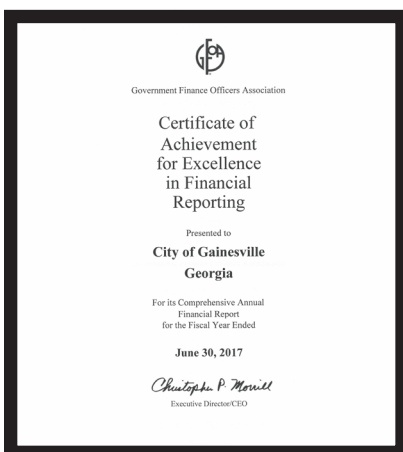
The City of Gainesville's Investment and Cash Management policy states that the City shall seek competitive investment rates within its safety criteria. Maximum opportunity shall be provided to all local financial institutions to bid and compete for City investments due to the importance of the financial institutions to the local economy. Abiding by this policy proved highly beneficial to the City in FY2018, as the City enjoyed increased investment earnings in an environment of rising interest rates.

Awards and Acknowledgment

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, 2017. This was the twenty-seventh 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, 2017. This was the twenty-fifth 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, 2017. This was the fourth 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, 2018.



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

We would like to also thank the City Council for their consistent support for maintaining the highest standards of professionalism in the management of the City's finances, 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, 2018, 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, 2018, 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 20 and 97 through 111 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 schedule of projects financed with special purpose local option sales tax, 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, 2017, which are not presented with the accompanying financial statements. In our report dated December 12, 2017, 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 2017 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 2017 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 2017 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 28, 2018, 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.

Ruskton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 28, 2018



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, 2018. 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 xiv-xxiii 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, 2018, by \$536.0 million (reported as *net position*). Of this amount, \$2.4 million (reported as *unrestricted net position*) may be used to meet the City's ongoing obligations.
- As of June 30, 2018, Gainesville's governmental funds reported combined ending fund balances of \$48.3 million. Approximately 18.8% of this total amount, \$9.1 million, is unassigned fund balance in the General Fund, which is available for spending at the City Council's discretion.

More detailed information regarding these activities and funds begins on page 9.

Overview of the Financial Statements

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

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

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

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

The purpose of the **Statement of Net Position** (pages 21-22) 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 23), 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 21-23.

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 112. 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 each statement.

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

Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 112-115 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 24-28 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 29-33.

- **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, Employees' Pension Trust and Municipal Court Fund.

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 34-35.

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 39-96 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 combined 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 25 and 27), 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 21-23):

City of Gainesville Statement of Net Position Fiscal Years 2018 and 2017

| | Governmental Activities | | Business Type Activities | | Total | |
|---------------------------------------|----------------------------|----------------|-----------------------------|-----------------|-----------------|-----------------|
| | | | | | | |
| | | | (In millions of dollars) | | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Current assets | \$ 58.2 | \$ 50.6 | \$ 128.6 | \$ 127.5 | \$ 186.8 | \$ 178.1 |
| Capital assets | 103.5 | 98.2 | 483.6 | 475.4 | 587.1 | 573.6 |
| Other noncurrent assets | - | 0.1 | - | - | - | 0.1 |
| Total assets | <u>161.7</u> | <u>148.9</u> | <u>612.2</u> | <u>602.9</u> | <u>773.9</u> | <u>751.8</u> |
| Deferred Outflows of Resources | <u>5.6</u> | <u>4.1</u> | <u>4.2</u> | <u>3.7</u> | <u>9.8</u> | <u>7.8</u> |
| Current liabilities | 7.6 | 8.0 | 27.1 | 25.3 | 34.7 | 33.3 |
| Noncurrent liabilities | 64.7 | 63.9 | 140.0 | 158.0 | 204.7 | 221.9 |
| Total liabilities | <u>72.3</u> | <u>71.9</u> | <u>167.1</u> | <u>183.3</u> | <u>239.4</u> | <u>255.2</u> |
| Deferred Inflows of Resources | <u>5.0</u> | <u>3.9</u> | <u>3.3</u> | <u>2.7</u> | <u>8.3</u> | <u>6.6</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 85.2 | 78.0 | 356.5 | 330.3 | 441.7 | 408.3 |
| Restricted | 20.3 | 14.6 | 71.6 | 70.5 | 91.9 | 85.1 |
| Unrestricted | <u>(15.5)</u> | <u>(15.3)</u> | <u>17.9</u> | <u>19.8</u> | <u>2.4</u> | <u>4.5</u> |
| Total net position | <u>\$ 90.0</u> | <u>\$ 77.3</u> | <u>\$ 446.0</u> | <u>\$ 420.6</u> | <u>\$ 536.0</u> | <u>\$ 497.9</u> |

Net position may serve over time as a useful indicator of a government's financial position. The City of Gainesville reported a \$12.7 million increase in net position for governmental activities, while posting \$25.4 million in positive growth for business type activities. Overall, the City's net position rose \$38.1 million to close the current fiscal year with a \$536.0 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 (82.4%) 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 \$33.4 million from previous year totals, from \$408.3 million to \$441.7 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 17.2% of total net position. Restricted net position experienced a \$6.8 million gain during the past year, jumping from \$85.1 million to \$91.9 million at the end of fiscal year 2018. Restricted net position represent amounts that are subject to limitation in the manner which funds may be spent; these constraints are imposed by external sources, enabling legislation or constitutional provision.

The remaining balance represents unrestricted net position. The statement reveals a \$2.4 million balance at the end of this year, a decrease of \$2.1 million from fiscal year 2017. The unrestricted net position balance was impacted unfavorably due to the implementation of GASB 75, which concerns other post-employment benefits. 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 decreased by \$229,318 between 2017 and 2018, increasing the deficit balance from \$15.3 million to \$15.5 million. Business-type activities also showed a decrease in unrestricted net position, from \$19.8 million to \$17.9 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.

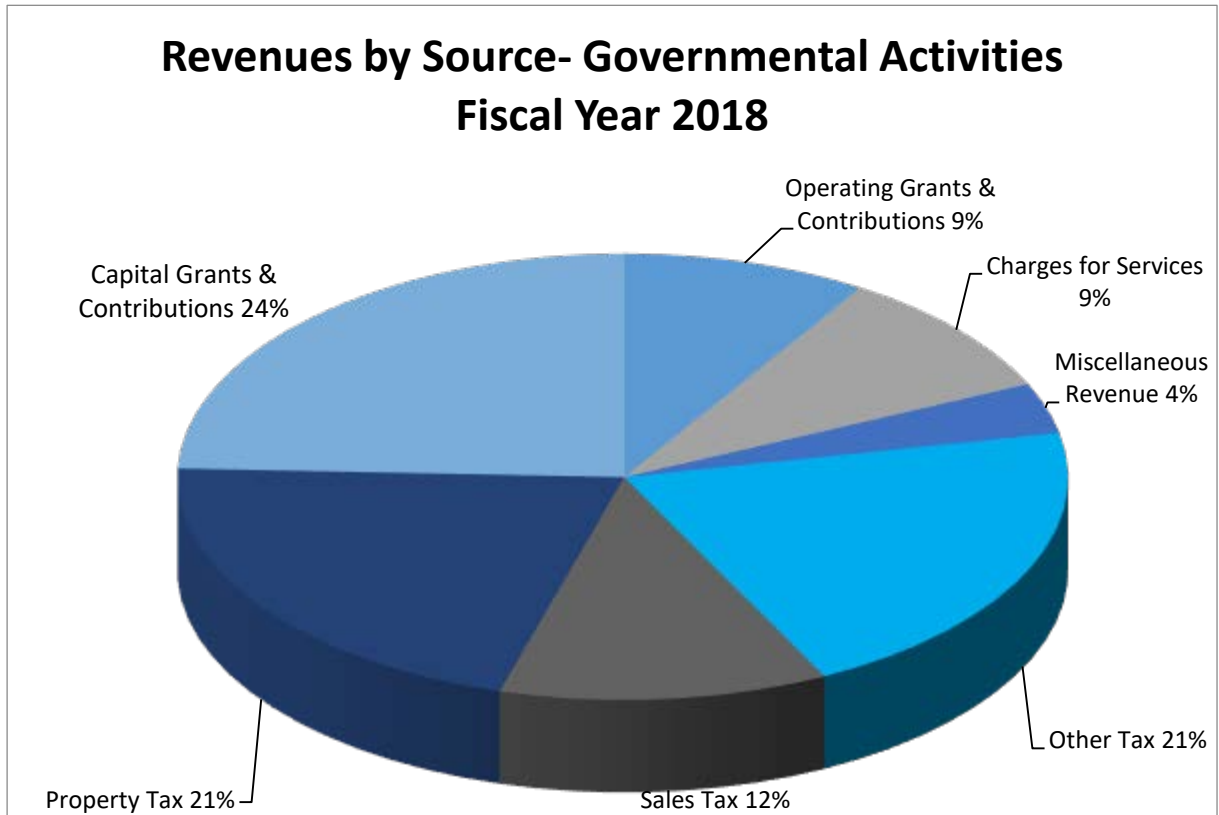
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Gainesville's net position changed during the fiscal year.

**City of Gainesville
Changes in Net Position
Fiscal Years 2018 and 2017**

| | Governmental Activities | | Business Type Activities | | Total | |
|--|----------------------------|----------------|-----------------------------|-----------------|-----------------|-----------------|
| | (In millions of dollars) | | | | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4.6 | \$ 5.3 | \$ 76.8 | \$ 76.3 | \$ 81.4 | \$ 81.6 |
| Operating grants and contributions | 4.4 | 3.6 | 0.0 | 0.0 | 4.4 | 3.6 |
| Capital grants and contributions | 12.1 | 7.9 | 9.5 | 9.0 | 21.6 | 16.9 |
| General revenues: | | | | | | |
| Property taxes | 10.4 | 9.8 | 0.0 | 0.0 | 10.4 | 9.8 |
| Sales tax | 5.9 | 5.4 | 0.0 | 0.0 | 5.9 | 5.4 |
| Other taxes | 10.2 | 10.5 | 0.0 | 0.0 | 10.2 | 10.5 |
| Miscellaneous revenue | 1.8 | 2.9 | 2.6 | 1.7 | 4.4 | 4.6 |
| Special Item- loss on demolition | 0.0 | (6.5) | 0.0 | 0.0 | 0.0 | (6.5) |
| Total revenues | 49.4 | 38.9 | 88.9 | 87.0 | 138.3 | 125.9 |
| Expenses | | | | | | |
| General government | 7.2 | 6.4 | 0.0 | 0.0 | 7.2 | 6.4 |
| Judicial | 0.6 | 0.5 | 0.0 | 0.0 | 0.6 | 0.5 |
| Public safety | 19.9 | 18.2 | 0.0 | 0.0 | 19.9 | 18.2 |
| Public works | 6.9 | 7.2 | 0.0 | 0.0 | 6.9 | 7.2 |
| Health and welfare | 2.4 | 2.7 | 0.0 | 0.0 | 2.4 | 2.7 |
| Culture and recreation | 0.4 | 0.4 | 0.0 | 0.0 | 0.4 | 0.4 |
| Housing and development | 2.7 | 3.8 | 0.0 | 0.0 | 2.7 | 3.8 |
| Interest on long-term debt | 0.5 | 0.6 | 0.0 | 0.0 | 0.5 | 0.6 |
| Water and sewer | 0.0 | 0.0 | 52.9 | 46.3 | 52.9 | 46.3 |
| Airport | 0.0 | 0.0 | 1.1 | 1.5 | 1.1 | 1.5 |
| Solid waste | 0.0 | 0.0 | 2.3 | 2.2 | 2.3 | 2.2 |
| Golf course | 0.0 | 0.0 | 1.3 | 1.3 | 1.3 | 1.3 |
| Total expenses | 40.6 | 39.8 | 57.6 | 51.3 | 98.2 | 91.1 |
| Indirect Cost Allocation | 1.4 | 1.4 | (1.4) | (1.4) | 0.0 | 0.0 |
| Increase in net position | | | | | | |
| before transfers | 10.2 | 0.5 | 29.9 | 34.3 | 40.1 | 34.8 |
| Transfers | 3.9 | 4.0 | (3.9) | (4.0) | 0.0 | 0.0 |
| Increase in net position | 14.1 | 4.5 | 26.0 | 30.3 | 40.1 | 34.8 |
| Net position - beginning | 77.3 | 72.8 | 420.6 | 390.3 | 497.9 | 463.1 |
| Prior period adjustment | (1.4) | 0.0 | (0.6) | 0.0 | (2.0) | 0.0 |
| Net position-beginning (restated) | 75.9 | 72.8 | 420.0 | 390.3 | 495.9 | 463.1 |
| Net position - ending | \$ 90.0 | \$ 77.3 | \$ 446.0 | \$ 420.6 | \$ 536.0 | \$ 497.9 |

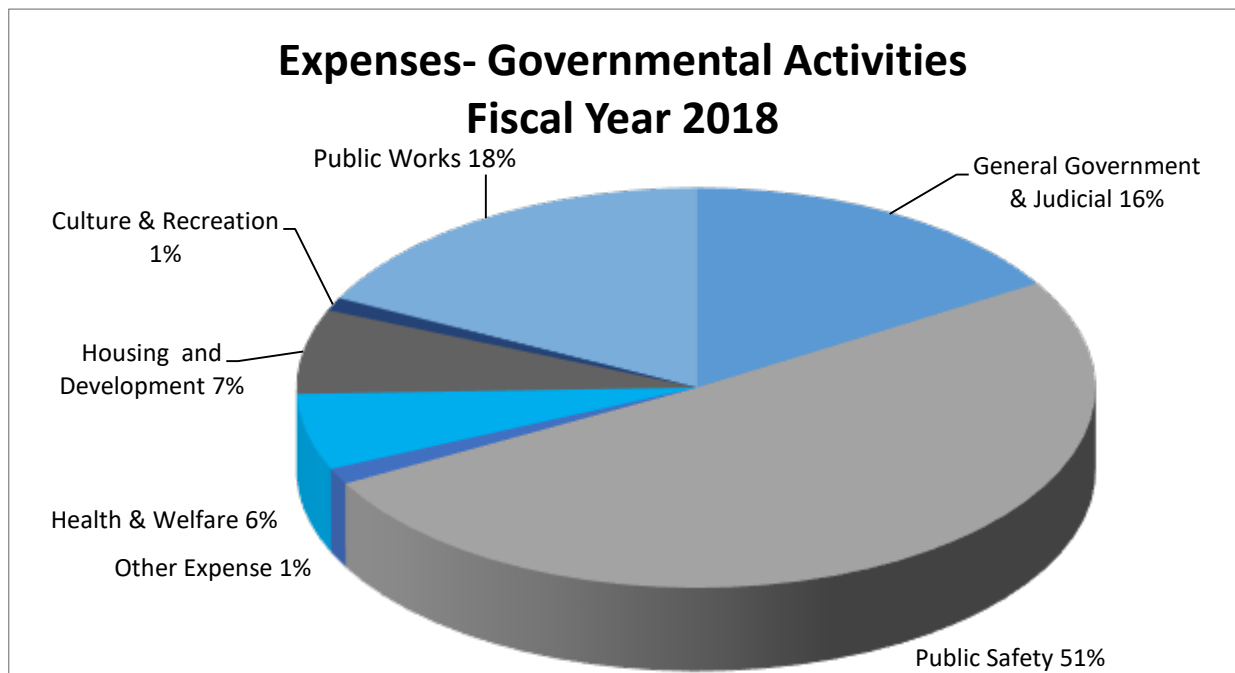
Governmental Activities –

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



The revenue chart indicates that Capital Grants & Contributions was the largest source of revenue for governmental activities during the fiscal year 2018. Capital Grants and Contributions exhibited a \$4.2 million growth over FY17 totals; \$2.7 million of this increase is attributable to a jump in developer infrastructure contributions. Other tax, which includes franchise, insurance premium, hotel/motel and occupational taxes, represented 21% of governmental activities revenue. Other revenue showed a decrease from FY2017; this is due mainly to a \$293,084 drop in franchise fee collections. Property tax revenue, which made up 21% of total governmental activities revenue, surpassed FY17 collections by \$648,626. A \$512,652 rise in tax collections on current real and personal property made up the bulk of this increase, followed by a \$221,368 jump in TAVT. Sales tax, which comprised 12% of governmental activities revenue, experienced a \$445,858 boost over 2017 collections. Charges for services made up 9% of total revenue as well; this source showed a \$685,944 decline from 2017 totals. Decreased impact fee collections of \$351,386 made up a good portion of this drop, followed by a \$269,056 decline in Municipal Court fines and fees collections.

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 2018 was providing Public Safety services such as fire and police protection, followed by Public Works. Overall, costs were up \$792,591 when compared with FY17. The largest portion of increased expenditure stems from Public Safety, which shows a \$1.8 million upturn, due largely to a \$737,095 jump in police and fire salary and benefits costs. Public Works, which makes up 18% of total costs, had a \$291,067 reduction in costs when compared to fiscal year 2017. General Government and Judicial expense, which makes up 16% of total governmental activities, shows a \$799,576 increase in costs, due mainly to a growth in capital outlay acquisitions. Housing and Development costs, which make up 7% of governmental activities expense, showed a \$1.1 million decrease in costs from FY2017. Home Grant and Community Health Initiative Program (CHIP) expenses for affordable home construction was up considerably in FY2017, due to the construction of the Enclave cottages. In FY2018, the City did not have a new home construction project taking place, and this is reflected by the decrease in costs.

Business-type Activities –

Business-type activities increased the City of Gainesville's net position by \$26.0 million, expanding total net position to \$446.0 million. Key elements involving business-type activities are as follows:

- Total revenue for business-type activities was \$1.9 million higher than collections recorded in FY17. This gain is due predominantly to a \$1.9 million surge in capital contributions, as well as an increase in interest revenue earned due to favorable investment rates. Water sales were down \$1.3 million, however, due to 1.02% decline in water volume usage.
- FY18 Solid Waste and Airport charges for services increased \$118,502 and \$11,799 from fiscal year 2017 totals, respectively, while Golf Course operating revenues showed a \$28,405 reduction in collections.
- Overall expenses for business-type activities were up \$6.3 million from FY17 totals. An increase in capital projects and the consequent use of consultant services contributed to this increase, as well as the purchase of several new water meters. Department of Water Resources experienced a \$6.6 million rise in costs, with the largest growth occurring in costs of sales and services. Airport expenses decreased \$426,240 over fiscal year 2017 totals, due largely to a \$190,950 downturn in depreciation expense and a \$213,933 decrease in costs of sales and services. Solid Waste expenses were up \$78,082, while the Golf Course showed reduced expense of \$57,632.

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 \$48.3 million. Of this amount, \$9.1 million or 18.8% constitutes unassigned fund balance, meaning 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 2019 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 \$9.1 million, while total fund balance reached \$13.3 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 31.8% of total General Fund expenditures, while total fund balance represents 46.5% of that same amount. Of the \$13.3 million total fund balance for the general fund, \$3.9 million is assigned, comprised predominantly of \$3.8 million which is assigned for budget.

The General Fund's fund balance increased by \$1.3 million during the current fiscal year. This was due to better than projected revenue proceeds, combined with maintaining costs below budget. Other key factors regarding FY18 activity are as follows:

Revenue exceeded the final budget by \$2.6 million. Real and Motor Vehicle and Property Tax revenues exceeded budget by \$589,354, while Local Option Sales Tax and Investment Income exceeded expectations by \$588,410 and \$222,625 respectively. In addition, Intergovernmental revenue exceeded budget by \$642,317, due to better than anticipated Tax Equity revenue. Expenditures came in under budget by \$1.3 million; personal services accounted for \$730,825 of this cost reduction, of which \$363,425 is attributable to Public Works personnel costs. Public Works savings were due in part to unfilled positions.

- Transfers to the General Fund totaled \$3.4 million, with \$3.4 million originating from Department of Water Resources for General Fund operations, followed by \$30,871 transferred from the Impact Fee fund for administrative fee services. Transfers out of the General Fund totaled \$4.6 million; \$3.2 million was transferred to the General Government Capital Projects for various projects, including \$500,000 for the Administration Renovation, \$490,000 for street maintenance fleet and equipment, and \$405,000 for the replacement of police vehicles. In addition, \$665,631 was transmitted to the Community Service Center (CSC), providing assistance with CSC operational costs.

The **Special Projects Local Option Sales Tax (SPLOST) Capital Projects Fund** has a \$12.5 million fund balance at fiscal year-end. Of this fund balance, \$3.7 million is restricted for Public Safety projects, of which \$3.2 million is allocated for the relocation of Fire Station #2. Another \$7.6 million is restricted for Public Works projects, which includes \$2.4 million for various street paving and resurfacing projects, \$1.2 million for the Oak Tree Drive intersection, along with \$1.1 million set aside for the Stormwater plan project. Among the fund's expenditures was \$1.3 million paid toward the new Senior Life Center, \$578,477 for Traffic Software, and \$560,738 for the Fire Station #2 relocation project. The largest source of revenue for the General Government Capital Projects Fund was \$3.2 million and \$2.2 million received from SPLOST VII and SPLOST VI grants. In addition, the City received \$1.3 million from Hall County government to be paid toward the construction of the Senior Life Center. The SPLOST Fund also received transfers from a number of City funds.

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:

- Charges for services revenue and Transfer from Department of Water Resources budget was increased \$203,000 to cover Storm Water costs.
- Increased Police Budget by \$334,200 for Police Incentive Pay.
- Increased Public Land and Buildings budget by \$450,000; \$300,000 for costs associated with the purchase of Arts Council Property and \$150,000 for the relocation of underground utilities.
- Increased the Sale of Capital Assets revenue budget and the transfer to Economic Fund budget by \$745,000, for proceeds from the sale of 330 Main Street property.
- Increased budgeted fund balance to cover FY19 reappropriations
- Increased/decreased various expenditure budgets for adjustments as needed.

General Fund expenditures for fiscal 2018 were \$28.6 million, 95.6% of the final amended budget, and there were no net overexpenditures by General Fund departments. Total actual expenditures in the General Fund were lower than the final amended budget total by \$1.3 million; General Fund expenditures as a whole were less than the original budget numbers as well. Personal services costs came under the final budget by \$730,825.

Total actual revenues exceeded the final amended budget by a total of \$2.6 million; this is due mainly to tax collections, which came in \$1.8 million above projections.

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 | \$13,769,725 |
| ▪ Nonmajor Funds (Airport, Solid Waste, Golf Course) | <u>\$2,669,245</u> |
| Total | <u>\$16,438,970</u> |

Prior to the consolidation adjustment of internal service fund activity, the total increase in combined net position showed a growth of \$25.4 million, with net investment in capital assets showing an increase of \$26.2 million. Overall unrestricted net position for all four enterprise funds showed a \$1.9 million decrease from FY17.

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

Capital Assets and Debt Administration

Capital Assets. The City of Gainesville has invested \$586.9 million in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 82.4% of this investment is related to business-type activities while only 17.6% relates to governmental activities.

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

City of Gainesville
Capital Assets (net of accumulated depreciation)
Fiscal Years 2018 and 2017

| | Governmental Activities | | Business Type Activities | | Total | |
|-----------------------------------|----------------------------|---------|-----------------------------|----------|----------|----------|
| | (In millions of dollars) | | | | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land and easements | \$ 26.4 | \$ 25.5 | \$ 33.6 | \$ 33.6 | \$ 60.0 | \$ 59.1 |
| Buildings | 58.7 | 57.1 | 52.2 | 52.2 | 110.9 | 109.3 |
| Improvements other than buildings | 3.1 | 3.1 | 10.2 | 10.2 | 13.3 | 13.3 |
| Vehicles and equipment | 22.8 | 20.2 | 38.4 | 31.4 | 61.2 | 51.6 |
| Infrastructure | 39.3 | 34.8 | 551.9 | 550.7 | 591.2 | 585.5 |
| Intangibles | 3.2 | 3.3 | 6.1 | 6.1 | 9.3 | 9.4 |
| Construction in progress | 3.8 | 4.3 | 35.9 | 20.4 | 39.7 | 24.7 |
| Total | 157.3 | 148.3 | 728.3 | 704.6 | 885.6 | 852.9 |
| Accumulated depreciation | (54.0) | (50.2) | (244.7) | (229.1) | (298.7) | (279.3) |
| Net Capital Assets | \$ 103.3 | \$ 98.1 | \$ 483.6 | \$ 475.5 | \$ 586.9 | \$ 573.6 |

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

- Senior Life Center Building, \$1.3 million
- Administration Building Renovation, \$1.1 million
- Traffic Communication System, \$578,477
- Fire Station #2 Relocation, \$560,738

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

- Riverside Drive Water Treatment Plant Improvements, \$6.3 million
- Cleveland Highway Bridge Utilities Relocation, \$2.9 million
- Athens Highway Utilities Relocation, \$1.6 million

Additional information on the City of Gainesville's capital assets can be found in Note 9 on pages 63-65 of this report.

Long-term debt. At June 30, 2018, the City of Gainesville had \$142.8 million in bonds, notes, and capital leases outstanding, net of unamortized bond premium and discount. This is a \$20.5 million decline from last year's totals. The decrease in debt was due to payments made to reduce bonds, notes, and capital leases outstanding.

**City of Gainesville
Outstanding Debt
Fiscal Years 2018 and 2017**

| | Governmental Activities | | Business Type Activities | | Total | |
|--------------------------|----------------------------|---------|-----------------------------|----------|----------|----------|
| | (In millions of dollars) | | | | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Capital Leases | \$ 17.8 | \$ 19.3 | \$ 19.5 | \$ 21.4 | \$ 37.3 | \$ 40.7 |
| Revenue Bonds | - | - | 94.6 | 110.6 | 94.6 | 110.6 |
| Unamortized Bond Premium | - | - | 10.9 | 12.0 | 10.9 | 12.0 |
| Total | \$ 17.8 | \$ 19.3 | \$ 125.0 | \$ 144.0 | \$ 142.8 | \$ 163.3 |

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 \$472.3 million, which is significantly in excess of the City's general obligation debt outstanding of \$17.8 million.

Additional information on the City's long-term debt can be found in Notes 10 and 11 on pages 66-71 of this report.

Economic Condition and Outlook

- According to the most recent U.S. Census numbers, the population for Gainesville is 40,359, with current estimates showing an 18.9% uptick in population since the 2010 census was released.
- Gainesville adopted a 3.364 tax millage rate for fiscal year 2019. The gross property tax digest for the City of Gainesville rose from \$4.7 billion for fiscal year 2018 to \$5.2 billion for fiscal year 2019, which computes to a 10.64% 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 2019. Departments are spending conservatively and continue to monitor their 2019 budgeted costs closely.

These were among the many factors taken into consideration when preparing the 2019 budget. Of the \$13.3 million fund balance in the General Fund, \$3.8 million has been appropriated for spending in the 2019 fiscal budget.

Contacting the City's Financial Services Group

This financial report is designed to provide our citizens, taxpayers, customers, 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: Financial Services Department
Financial Services
PO Box 2496
Gainesville, GA 30503



BASIC FINANCIAL STATEMENTS

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2018

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|----------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 53,853,634 | \$ 46,472,580 | \$ 100,326,214 | \$ 3,187,478 |
| Investments | 1,226,849 | 0 | 1,226,849 | 0 |
| Restricted assets | | | | |
| Cash and cash equivalents | 0 | 74,339,011 | 74,339,011 | 100,000 |
| Receivables (net) | | | | |
| Accounts | 128,081 | 4,684,663 | 4,812,744 | 9,706 |
| Intergovernmental | 2,525,777 | 277,973 | 2,803,750 | 0 |
| Taxes | 1,288,407 | 0 | 1,288,407 | 47,883 |
| Notes | 131,605 | 0 | 131,605 | 0 |
| Internal balances | (1,239,425) | 1,239,425 | 0 | 0 |
| Inventories | 152,236 | 1,618,684 | 1,770,920 | 0 |
| Prepaid items | 12,020 | 0 | 12,020 | 0 |
| Other | 140,000 | 0 | 140,000 | 0 |
| Total current assets | 58,219,184 | 128,632,336 | 186,851,520 | 3,345,067 |
| Noncurrent assets | | | | |
| Notes receivable | 135,785 | 0 | 135,785 | 0 |
| Capital assets | | | | |
| Non-depreciable | 30,161,553 | 69,536,385 | 99,697,938 | 4,940,382 |
| Depreciable (net) | 73,175,174 | 414,103,440 | 487,278,614 | 5,390,915 |
| Total noncurrent assets | 103,472,512 | 483,639,825 | 587,112,337 | 10,331,297 |
| Total assets | 161,691,696 | 612,272,161 | 773,963,857 | 13,676,364 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charges on refunding | 0 | 530,498 | 530,498 | 0 |
| Deferred outflows related to pensions | 4,318,237 | 2,772,993 | 7,091,230 | 113,017 |
| Deferred outflows related to other post employment benefits | 1,284,725 | 871,125 | 2,155,850 | 142,748 |
| Total deferred outflows of resources | 5,602,962 | 4,174,616 | 9,777,578 | 255,765 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Payables | | | | |
| Accounts | 1,518,328 | 2,392,328 | 3,910,656 | 209,474 |
| Retainages | 16,644 | 1,447,347 | 1,463,991 | 34,316 |
| Intergovernmental | 0 | 5,070 | 5,070 | 2,968 |
| Sales tax | 0 | 7,661 | 7,661 | 11,984 |
| Deposits | 109,710 | 4,036 | 113,746 | 0 |
| Interest | 63,942 | 9,464 | 73,406 | 0 |
| Accrued salaries | 705,235 | 448,219 | 1,153,454 | 121,417 |
| Compensated absences | 1,158,261 | 652,765 | 1,811,026 | 111,146 |
| Unearned revenue | 0 | 0 | 0 | 905 |
| Claims reserve | 2,262,685 | 0 | 2,262,685 | 0 |
| Capital lease payable | 1,715,236 | 1,951,588 | 3,666,824 | 0 |
| Other liabilities | 82,004 | 47,458 | 129,462 | 13,576 |
| Liabilities payable from restricted assets | | | | |
| Payables | | | | |
| Accounts | 0 | 1,207,819 | 1,207,819 | 0 |
| Customer deposits | 0 | 2,300,009 | 2,300,009 | 0 |
| Interest | 0 | 425,471 | 425,471 | 0 |
| Bonds payable | 0 | 16,200,000 | 16,200,000 | 0 |
| Total current liabilities | 7,632,045 | 27,099,235 | 34,731,280 | 505,786 |

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2018

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|----------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Noncurrent liabilities | | | | |
| Compensated absences | \$ 128,696 | \$ 72,530 | \$ 201,226 | \$ 12,339 |
| Net pension liability | 27,842,342 | 19,030,019 | 46,872,361 | 596,210 |
| Net OPEB liability | 20,595,623 | 13,965,124 | 34,560,747 | 2,288,402 |
| Capital lease payable | 16,093,119 | 17,573,959 | 33,667,078 | 0 |
| Bonds payable | 0 | 89,359,369 | 89,359,369 | 0 |
| Total noncurrent liabilities | 64,659,780 | 140,001,001 | 204,660,781 | 2,896,951 |
| Total liabilities | 72,291,825 | 167,100,236 | 239,392,061 | 3,402,737 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pensions | 3,317,150 | 2,199,279 | 5,516,429 | 186,227 |
| Deferred inflows related to other post employment benefits | 1,684,116 | 1,141,936 | 2,826,052 | 187,124 |
| Total deferred inflows of resources | 5,001,266 | 3,341,215 | 8,342,481 | 373,351 |
| NET POSITION | | | | |
| Net investment in capital assets | 85,186,895 | 356,428,961 | 441,615,856 | 10,296,981 |
| Restricted for: | | | | |
| General Government | 62,402 | 0 | 62,402 | 0 |
| Public Safety | 1,009,969 | 0 | 1,009,969 | 0 |
| Public Works | 19,150 | 0 | 19,150 | 0 |
| Health and Welfare | 1,264,418 | 0 | 1,264,418 | 0 |
| Culture and Recreation | 2,155,816 | 0 | 2,155,816 | 6,161 |
| Housing and Development | 1,745,318 | 0 | 1,745,318 | 0 |
| Debt service | 1,219,885 | 9,341,319 | 10,561,204 | 0 |
| Capital outlay | 12,842,616 | 62,297,861 | 75,140,477 | 30,239 |
| Unrestricted | (15,504,902) | 17,937,185 | 2,432,283 | (177,340) |
| Total net position | \$ 90,001,567 | \$ 446,005,326 | \$ 536,006,893 | \$ 10,156,041 |

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2018

| FUNCTIONS/PROGRAMS | Expenses | Indirect Costs | Program Revenues | | | Net (Expense) Revenue |
|--------------------------------------|--------------|----------------|--------------------------------|------------------------------------|----------------------------------|------------------------|
| | | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government | | | | | | |
| Governmental activities | | | | | | |
| General Government | \$ 7,228,728 | \$ (1,398,722) | \$ 762,256 | \$ 1,343,265 | \$ 0 | \$ (3,724,485) |
| Judicial | 544,453 | 0 | 0 | 0 | 0 | (544,453) |
| Public Safety | 19,920,072 | 0 | 1,680,375 | 396,487 | 0 | (17,843,210) |
| Public Works | 6,907,223 | 0 | 198,769 | 435,795 | 7,239,043 | 966,384 |
| Health and Welfare | 2,416,453 | 0 | 93,300 | 1,586,259 | 1,286,948 | 550,054 |
| Culture and Recreation | 415,439 | 0 | 0 | 14,544 | 3,265,937 | 2,865,042 |
| Housing and Development | 2,683,623 | 0 | 1,858,414 | 621,560 | 275,858 | 72,209 |
| Interest on long-term debt | 509,730 | 0 | 0 | 0 | 0 | (509,730) |
| Total governmental activities | 40,625,721 | (1,398,722) | 4,593,114 | 4,397,910 | 12,067,786 | (18,168,189) |
| Business-type activities | | | | | | |
| Department of | | | | | | |
| Water Resources | 52,913,991 | 1,042,707 | 71,963,509 | 0 | 9,421,649 | 27,428,460 |
| Airport | 1,091,970 | 209,563 | 931,143 | 0 | 98,172 | (272,218) |
| Solid Waste | 2,274,033 | 146,452 | 2,887,724 | 0 | 0 | 467,239 |
| Golf Course | 1,356,195 | 0 | 1,061,026 | 0 | 0 | (295,169) |
| Total business-type activities | 57,636,189 | 1,398,722 | 76,843,402 | 0 | 9,519,821 | 27,328,312 |
| Total primary government | 98,261,910 | 0 | 81,436,516 | 4,397,910 | 21,587,607 | 9,160,123 |
| Component Units | | | | | | |
| Communication and Tourism | | | | | | |
| Housing and Development | 639,598 | 0 | 0 | 0 | 0 | (639,598) |
| Parks and Recreation | | | | | | |
| Culture and Recreation | 5,666,011 | 0 | 1,830,685 | 21,000 | 250 | (3,814,076) |
| Total Component Units | 6,305,609 | 0 | 1,830,685 | 21,000 | 250 | (4,453,674) |
| | | | Governmental Activities | Business-Type Activities | Total | Component Units |
| Change in net position | | | | | | |
| Net (expense) revenue | | | \$ (18,168,189) | \$ 27,328,312 | \$ 9,160,123 | \$ (4,453,674) |
| General revenues | | | | | | |
| Taxes | | | | | | |
| Property | | | 10,457,466 | 0 | 10,457,466 | 3,246,674 |
| Intangibles | | | 213,556 | 0 | 213,556 | 0 |
| Franchise | | | 4,208,097 | 0 | 4,208,097 | 0 |
| Occupational | | | 1,394,517 | 0 | 1,394,517 | 0 |
| Insurance premium | | | 2,346,272 | 0 | 2,346,272 | 0 |
| Alcoholic beverages | | | 1,152,257 | 0 | 1,152,257 | 0 |
| Hotel/Motel | | | 965,036 | 0 | 965,036 | 0 |
| Local option sales | | | 5,885,171 | 0 | 5,885,171 | 0 |
| Interest and Investment earnings | | | 481,963 | 2,184,898 | 2,666,861 | 39,812 |
| Payments from City of Gainesville | | | 0 | 0 | 0 | 860,990 |
| Gain on sale of assets | | | 887,411 | 298,965 | 1,186,376 | 0 |
| Miscellaneous | | | 441,324 | 128,941 | 570,265 | 12,545 |
| Transfers | | | 3,920,070 | (3,920,070) | 0 | 0 |
| Total general revenues and transfers | | | 32,353,140 | (1,307,266) | 31,045,874 | 4,160,021 |
| Change in net position | | | 14,184,951 | 26,021,046 | 40,205,997 | (293,653) |
| Net position - beginning (original) | | | 77,247,904 | 420,601,224 | 497,849,128 | 10,826,768 |
| Prior period adjustment | | | (1,431,288) | (616,944) | (2,048,232) | (377,074) |
| Net position - beginning (restated) | | | 75,816,616 | 419,984,280 | 495,800,896 | 10,449,694 |
| Net position - ending | | | \$ 90,001,567 | \$ 446,005,326 | \$ 536,006,893 | \$ 10,156,041 |

CITY OF GAINESVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

| | General | SPLOST | Nonmajor Governmental Funds | Totals |
|---|----------------------|----------------------|--|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 12,345,180 | \$ 11,556,248 | \$ 21,099,530 | \$ 45,000,958 |
| Investments | 0 | 0 | 1,226,849 | 1,226,849 |
| Receivables (net) | | | | |
| Accounts | 66,992 | 0 | 34,505 | 101,497 |
| Intergovernmental | 32,670 | 1,009,788 | 1,474,737 | 2,517,195 |
| Taxes | 1,170,461 | 0 | 117,946 | 1,288,407 |
| Notes | 0 | 0 | 267,390 | 267,390 |
| Prepaid items | 1,268 | 0 | 10,752 | 12,020 |
| Due from other funds | 885,971 | 0 | 0 | 885,971 |
| Inventory | 0 | 0 | 34,002 | 34,002 |
| Advances to other funds | 258,790 | 0 | 0 | 258,790 |
| Total assets | \$ 14,761,332 | \$ 12,566,036 | \$ 24,265,711 | \$ 51,593,079 |
| LIABILITIES | | | | |
| Payables | | | | |
| Accounts | \$ 752,012 | \$ 31,572 | \$ 427,864 | \$ 1,211,448 |
| Retainages | 0 | 0 | 16,644 | 16,644 |
| Accrued salaries | 639,397 | 0 | 56,769 | 696,166 |
| Due to other funds | 0 | 0 | 885,971 | 885,971 |
| Due to others | 27,994 | 0 | 54,010 | 82,004 |
| Total liabilities | 1,419,403 | 31,572 | 1,441,258 | 2,892,233 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - | | | | |
| Property taxes | 77,518 | 0 | 24,669 | 102,187 |
| Notes receivable | 0 | 0 | 267,390 | 267,390 |
| Total deferred inflows of resources | 77,518 | 0 | 292,059 | 369,577 |
| FUND BALANCES | | | | |
| Nonspendable | 260,058 | 0 | 44,754 | 304,812 |
| Restricted | 0 | 11,619,014 | 8,408,501 | 20,027,515 |
| Committed | 4,957 | 0 | 298,141 | 303,098 |
| Assigned | 3,912,390 | 915,450 | 13,780,998 | 18,608,838 |
| Unassigned | 9,087,006 | 0 | 0 | 9,087,006 |
| Total fund balances | 13,264,411 | 12,534,464 | 22,532,394 | 48,331,269 |
| Total liabilities, deferred inflows, and fund balances | \$ 14,761,332 | \$ 12,566,036 | \$ 24,265,711 | \$ 51,593,079 |

CITY OF GAINESVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2018

| | | |
|--|--|----------------------|
| Total fund balance - total governmental funds | | \$ 48,331,269 |
|--|--|----------------------|

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 | | 103,336,727 |
|---|--|-------------|

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

These are:

| | | |
|------------------|------------|---------|
| Property taxes | \$ 102,187 | |
| Notes receivable | 267,390 | 369,577 |

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

These are:

| | | |
|-----------------------|-----------------|--------------|
| Capital leases | \$ (17,808,355) | |
| Interest payable | (63,942) | |
| Compensated absences | (1,286,957) | |
| Net pension liability | (27,842,342) | |
| Net OPEB obligation | (20,595,623) | (67,597,219) |

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:

| | | |
|---|--------------|--|
| Deferred outflows related to pensions | \$ 4,318,237 | |
| Deferred outflows related to other post employment benefits | 1,284,725 | |

Deferred inflows of resources:

| | | |
|--|-------------|---------|
| Deferred inflows related to pensions | (3,317,150) | |
| Deferred inflows related to other post employment benefits | (1,684,116) | 601,696 |

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 | \$ 6,583,035 | |
| Less internal balance resulting from allocation of internal service fund activities allocated to business-type activities | (1,498,215) | |
| Less capital assets included above | (151,779) | |
| Add compensated absences included above | 26,476 | 4,959,517 |

| | | |
|---|--|-----------------------------|
| Net position of governmental activities | | <u><u>\$ 90,001,567</u></u> |
|---|--|-----------------------------|

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2018

| | General | SPLOST | Nonmajor Governmental Funds | Totals |
|--|----------------------|----------------------|-----------------------------------|----------------------|
| REVENUES | | | | |
| Taxes | \$ 23,181,523 | \$ 0 | \$ 3,485,264 | \$ 26,666,787 |
| Licenses and permits | 1,143,187 | 0 | 0 | 1,143,187 |
| Fines, fees and forfeitures | 1,345,500 | 0 | 334,875 | 1,680,375 |
| Charges for services | 2,321,193 | 0 | 1,562,396 | 3,883,589 |
| Intergovernmental | 1,496,497 | 6,777,358 | 3,365,821 | 11,639,676 |
| Investment and interest | 271,934 | 0 | 135,061 | 406,995 |
| Contributions | 8,597 | 44,000 | 161,553 | 214,150 |
| Other | 356,668 | 0 | 84,656 | 441,324 |
| Total revenues | 30,125,099 | 6,821,358 | 9,129,626 | 46,076,083 |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | 4,861,538 | 0 | 253,447 | 5,114,985 |
| Judicial | 523,018 | 0 | 0 | 523,018 |
| Public Safety | 17,302,602 | 0 | 412,676 | 17,715,278 |
| Public Works | 4,612,450 | 0 | 419,322 | 5,031,772 |
| Health and Welfare | 12,500 | 0 | 2,677,723 | 2,690,223 |
| Culture and Recreation | 0 | 0 | 245,982 | 245,982 |
| Housing and Development | 1,266,422 | 0 | 1,137,591 | 2,404,013 |
| Debt service | | | | |
| Principal | 0 | 0 | 1,462,303 | 1,462,303 |
| Interest and other charges | 0 | 0 | 517,843 | 517,843 |
| Capital outlay | 0 | 3,215,041 | 4,119,756 | 7,334,797 |
| Total expenditures | 28,578,530 | 3,215,041 | 11,246,643 | 43,040,214 |
| Excess (deficiency) of revenues over (under) expenditures | 1,546,569 | 3,606,317 | (2,117,017) | 3,035,869 |
| Other financing sources (uses) | | | | |
| Transfers in | 3,477,093 | 962,975 | 5,509,945 | 9,950,013 |
| Transfers out | (4,593,056) | 0 | (1,436,888) | (6,029,944) |
| Proceeds from issuance of capital leases | 0 | 0 | 10,932 | 10,932 |
| Sales of capital assets | 906,970 | 0 | 6,494 | 913,464 |
| Total other financing sources (uses) | (208,993) | 962,975 | 4,090,483 | 4,844,465 |
| Net changes in fund balances | 1,337,576 | 4,569,292 | 1,973,466 | 7,880,334 |
| Fund balances, July 1 | 11,926,835 | 7,965,172 | 20,558,928 | 40,450,935 |
| Fund balances, June 30 | \$ 13,264,411 | \$ 12,534,464 | \$ 22,532,394 | \$ 48,331,269 |

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, 2018

| | | |
|---|-----------|------------------|
| Net change in fund balances - total governmental funds | \$ | 7,880,334 |
|---|-----------|------------------|

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 | \$ 6,404,715 | |
| Depreciation | <u>(4,535,268)</u> | 1,869,447 |

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

| | | |
|----------------------------------|----------------|-------------|
| Cost of assets disposed | \$ (2,136,818) | |
| Related accumulated depreciation | <u>813,578</u> | (1,323,240) |

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.

| | | |
|----------------------------------|------------------|-----------|
| Business-type activities | \$ 169,248 | |
| Related accumulated depreciation | (49,254) | |
| Individual contributors | <u>4,513,297</u> | 4,633,291 |

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. (65,942)

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 | \$ 1,469,807 | |
| Debt proceeds | (10,932) | |
| Net change in interest payable | <u>8,112</u> | 1,466,987 |

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 | \$ 2,122,514 | |
| Cost of benefits earned net of employee contributions | <u>(2,399,558)</u> | (277,044) |

Other post employment benefits are reported in the statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

| | | |
|---|--------------------|-----------|
| OPEB contributions | \$ 1,729,093 | |
| Cost of benefits earned net of employee contributions | <u>(2,164,846)</u> | (435,753) |

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 | (63,953) |
|----------------------|----------|

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 | \$ 768,182 | |
| Add depreciation expense included above | 34,021 | |
| Add change in compensated absences included above | 1,609 | |
| Add consolidation of internal service fund activities allocated to business-type activities | (261,752) | |
| Subtract capital outlay included above | <u>(41,236)</u> | 500,824 |
| Change in net position of governmental activities | | <u><u>\$ 14,184,951</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, 2018

| | Budget | | | Variance with |
|--|-------------------|-------------------|----------------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Taxes | \$ 21,428,152 | \$ 21,428,152 | \$ 23,181,523 | \$ 1,753,371 |
| Licenses and permits | 879,000 | 879,000 | 1,143,187 | 264,187 |
| Fines, fees and forfeitures | 1,441,500 | 1,441,500 | 1,345,500 | (96,000) |
| Charges for services | 2,421,499 | 2,421,499 | 2,321,193 | (100,306) |
| Intergovernmental | 327,197 | 860,357 | 1,496,497 | 636,140 |
| Interest | 49,309 | 49,309 | 271,934 | 222,625 |
| Contributions | 0 | 8,597 | 8,597 | 0 |
| Other | 247,600 | 405,679 | 356,668 | (49,011) |
| Total revenues | 26,794,257 | 27,494,093 | 30,125,099 | 2,631,006 |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | | | | |
| Mayor and Council | 418,554 | 423,709 | 317,339 | 106,370 |
| City Manager's Office | 828,050 | 832,221 | 801,392 | 30,829 |
| Finance | 1,228,049 | 1,228,049 | 1,158,231 | 69,818 |
| Information Technologies | 781,305 | 781,305 | 726,017 | 55,288 |
| Human Resources | 800,063 | 800,063 | 656,265 | 143,798 |
| Public Lands and Buildings | 650,063 | 1,264,992 | 1,202,294 | 62,698 |
| Judicial | | | | |
| Municipal Court | 556,615 | 556,615 | 523,018 | 33,597 |
| Public Safety | | | | |
| Police | 9,251,588 | 9,405,144 | 9,356,941 | 48,203 |
| Fire | 7,842,904 | 7,991,585 | 7,945,661 | 45,924 |
| Public Works | | | | |
| Engineering | 986,831 | 986,831 | 908,613 | 78,218 |
| Traffic | 1,268,050 | 1,268,050 | 1,267,765 | 285 |
| Street Maintenance | 1,832,022 | 1,869,318 | 1,583,421 | 285,897 |
| Storm Water | 405,394 | 405,394 | 301,821 | 103,573 |
| Cemetery | 601,278 | 601,278 | 550,830 | 50,448 |
| Health and Welfare | | | | |
| Agency allocations | 12,500 | 56,372 | 12,500 | 43,872 |
| Housing and Development | | | | |
| Planning | 629,960 | 685,810 | 545,955 | 139,855 |
| Inspection | 364,788 | 364,788 | 360,121 | 4,667 |
| Code Enforcement | 295,752 | 328,479 | 328,409 | 70 |
| Agency allocations | 31,938 | 31,938 | 31,937 | 1 |
| Total expenditures | 28,785,704 | 29,881,941 | 28,578,530 | 1,303,411 |
| Excess (deficiency) of revenues over (under) expenditures | (1,991,447) | (2,387,848) | 1,546,569 | 3,934,417 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| Transfers in | 3,358,857 | 3,572,378 | 3,477,093 | (95,285) |
| Transfers out | (4,537,382) | (4,597,783) | (4,593,056) | 4,727 |
| Contingency | (709,774) | (688,603) | 0 | 688,603 |
| Sales of capital assets | 40,000 | 785,000 | 906,970 | 121,970 |
| Total other financing sources (uses) | (1,848,299) | (929,008) | (208,993) | 720,015 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (3,839,746) | (3,316,856) | 1,337,576 | 4,654,432 |
| Fund balances, July 1 | 3,839,746 | 3,316,856 | 11,926,835 | 8,609,979 |
| Fund balances, June 30 | \$ 0 | \$ 0 | \$ 13,264,411 | \$ 13,264,411 |

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

| | Business-Type Activities | | | Governmental Activities |
|---|-------------------------------|---------------------------|---------------|-------------------------|
| | Department of Water Resources | Nonmajor Enterprise Funds | Totals | Internal Service |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 41,197,857 | \$ 5,274,723 | \$ 46,472,580 | \$ 8,852,676 |
| Restricted assets | | | | |
| Cash and cash equivalents | 74,339,011 | 0 | 74,339,011 | 0 |
| Receivables (net) | | | | |
| Accounts | 4,345,677 | 338,986 | 4,684,663 | 26,584 |
| Intergovernmental | 169,017 | 108,956 | 277,973 | 8,582 |
| Inventories | 1,618,684 | 0 | 1,618,684 | 118,234 |
| Other assets | 0 | 0 | 0 | 140,000 |
| Total current assets | 121,670,246 | 5,722,665 | 127,392,911 | 9,146,076 |
| Noncurrent assets | | | | |
| Capital assets | | | | |
| Non-depreciable | 68,735,349 | 801,036 | 69,536,385 | 0 |
| Depreciable (net) | 402,762,155 | 11,341,285 | 414,103,440 | 151,779 |
| Total noncurrent assets | 471,497,504 | 12,142,321 | 483,639,825 | 151,779 |
| Total assets | 593,167,750 | 17,864,986 | 611,032,736 | 9,297,855 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charges on refunding | 476,203 | 54,295 | 530,498 | 0 |
| Deferred outflows related to pensions | 2,648,054 | 124,939 | 2,772,993 | 0 |
| Deferred outflows related to other post employment benefits | 764,979 | 106,146 | 871,125 | 0 |
| Total deferred outflow of resources | 3,889,236 | 285,380 | 4,174,616 | 0 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Payables | | | | |
| Accounts | 2,271,008 | 121,320 | 2,392,328 | 306,880 |
| Intergovernmental | 5,070 | 0 | 5,070 | 0 |
| Deposits | 0 | 4,036 | 4,036 | 109,710 |
| Sales tax | 0 | 7,661 | 7,661 | 0 |
| Interest | 0 | 9,464 | 9,464 | 0 |
| Accrued salaries | 396,366 | 51,853 | 448,219 | 9,069 |
| Compensated absences | 580,677 | 72,088 | 652,765 | 23,828 |
| Claims reserve | 0 | 0 | 0 | 2,262,685 |
| Capital lease payable | 1,261,588 | 690,000 | 1,951,588 | 0 |
| Other liabilities | 0 | 47,458 | 47,458 | 0 |
| Liabilities payable from restricted assets: | | | | |
| Payables | | | | |
| Accounts | 1,207,819 | 0 | 1,207,819 | 0 |
| Retainages | 1,447,347 | 0 | 1,447,347 | 0 |
| Customer deposits | 2,300,009 | 0 | 2,300,009 | 0 |
| Interest | 425,471 | 0 | 425,471 | 0 |
| Revenue bonds payable | 16,200,000 | 0 | 16,200,000 | 0 |
| Total current liabilities | 26,095,355 | 1,003,880 | 27,099,235 | 2,712,172 |

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

| | Business-Type Activities | | | Governmental Activities |
|---|-------------------------------|---------------------------|----------------|-------------------------|
| | Department of Water Resources | Nonmajor Enterprise Funds | Totals | Internal Service |
| Noncurrent liabilities | | | | |
| Advances from other funds | \$ 0 | \$ 258,790 | \$ 258,790 | \$ 0 |
| Compensated absences | 64,520 | 8,010 | 72,530 | 2,648 |
| Net pension liability | 18,464,956 | 565,063 | 19,030,019 | 0 |
| Net OPEB liability | 12,263,491 | 1,701,633 | 13,965,124 | 0 |
| Capital leases payable | 15,139,056 | 2,434,903 | 17,573,959 | 0 |
| Revenue bonds payable | 89,359,369 | 0 | 89,359,369 | 0 |
| Total noncurrent liabilities | 135,291,392 | 4,968,399 | 140,259,791 | 2,648 |
| Total liabilities | 161,386,747 | 5,972,279 | 167,359,026 | 2,714,820 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pensions | 1,925,663 | 273,616 | 2,199,279 | 0 |
| Deferred inflows related to other post employment benefits | 1,002,793 | 139,143 | 1,141,936 | 0 |
| Total deferred inflows of resources | 2,928,456 | 412,759 | 3,341,215 | 0 |
| NET POSITION | | | | |
| Net investment in capital assets | 347,358,527 | 9,070,434 | 356,428,961 | 151,779 |
| Restricted for: | | | | |
| Capital outlay | 62,272,212 | 25,649 | 62,297,861 | 0 |
| Debt service | 9,341,319 | 0 | 9,341,319 | 0 |
| Unrestricted | 13,769,725 | 2,669,245 | 16,438,970 | 6,431,256 |
| Total net position | \$ 432,741,783 | \$ 11,765,328 | 444,507,111 | \$ 6,583,035 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | 1,498,215 | |
| Net position of business-type activities | | | \$ 446,005,326 | |

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2018

| | Business-Type Activities | | | Governmental Activities |
|---|--------------------------|----------------------|-----------------------|-------------------------|
| | Department of | Nonmajor | | Internal |
| | Water Resources | Enterprise Funds | Totals | Service |
| OPERATING REVENUES | | | | |
| Charges for sales and services | \$ 71,963,509 | \$ 4,879,893 | \$ 76,843,402 | \$ 0 |
| Interfund services provided | 0 | 0 | 0 | 13,979,977 |
| Other | 91,685 | 37,256 | 128,941 | 51,093 |
| Total operating revenues | 72,055,194 | 4,917,149 | 76,972,343 | 14,031,070 |
| OPERATING EXPENSES | | | | |
| Costs of sales and services | 18,260,466 | 1,742,674 | 20,003,140 | 12,940,913 |
| Personal services | 13,460,571 | 1,866,303 | 15,326,874 | 367,314 |
| Depreciation | 15,101,193 | 1,370,406 | 16,471,599 | 34,022 |
| Total operating expenses | 46,822,230 | 4,979,383 | 51,801,613 | 13,342,249 |
| Operating income (loss) | 25,232,964 | (62,234) | 25,170,730 | 688,821 |
| Non-operating revenues (expenses) | | | | |
| Interest revenue | 2,123,320 | 61,578 | 2,184,898 | 71,772 |
| Interest expense | (3,852,573) | (98,830) | (3,951,403) | 0 |
| Gain (loss) on sale of capital assets | (3,543,647) | 298,965 | (3,244,682) | 7,589 |
| Total non-operating revenues (expenses) | (5,272,900) | 261,713 | (5,011,187) | 79,361 |
| Income (loss) before capital contributions and transfers | 19,960,064 | 199,479 | 20,159,543 | 768,182 |
| Capital contributions | | | | |
| Connection fees | 4,173,891 | 0 | 4,173,891 | 0 |
| Capital contributions | 5,247,758 | 0 | 5,247,758 | 0 |
| Intergovernmental revenue | 0 | 98,172 | 98,172 | 0 |
| Total capital contributions | 9,421,649 | 98,172 | 9,519,821 | 0 |
| Income (loss) before transfers | 29,381,713 | 297,651 | 29,679,364 | 768,182 |
| Transfers in (out) | | | | |
| Transfers in | 0 | 293,765 | 293,765 | 0 |
| Transfers out | (4,208,175) | (5,660) | (4,213,835) | 0 |
| Total transfers in (out) | (4,208,175) | 288,105 | (3,920,070) | 0 |
| Change in net position | 25,173,538 | 585,756 | 25,759,294 | 768,182 |
| Net position, July 1 (original) | 407,983,339 | 11,381,422 | 419,364,761 | 5,814,853 |
| Prior period adjustment | (415,094) | (201,850) | (616,944) | 0 |
| Net position, July 1 (restated) | 407,568,245 | 11,179,572 | 418,747,817 | 5,814,853 |
| Net position, June 30 | \$ 432,741,783 | \$ 11,765,328 | \$ 444,507,111 | \$ 6,583,035 |
| Change in net position - enterprise funds | | | \$ 25,759,294 | |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | 261,752 | |
| Change in net position - business-type activities | | | <u>\$ 26,021,046</u> | |

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2018

| | Business-Type Activities | | | Governmental Activities |
|--|--------------------------------------|----------------------------------|-----------------------|--------------------------------|
| | Department of Water Resources | Nonmajor Enterprise Funds | Totals | Internal Service |
| Cash flows from operating activities: | | | | |
| Receipts from customers | \$ 71,962,211 | \$ 4,762,682 | \$ 76,724,893 | \$ 0 |
| Receipts from interfund services provided | 0 | 0 | 0 | 13,925,976 |
| Payments to suppliers | (17,596,302) | (1,726,818) | (19,323,120) | (12,231,005) |
| Payments to employees | (12,962,475) | (1,893,952) | (14,856,427) | (365,627) |
| Other receipts | 91,685 | 25,306 | 116,991 | 51,093 |
| Net cash provided (used) by operating activities | 41,495,119 | 1,167,218 | 42,662,337 | 1,380,437 |
| Cash flows from non-capital financing activities: | | | | |
| Receipts from other funds | 0 | 293,765 | 293,765 | 0 |
| Payments to other funds | (3,446,222) | (39,794) | (3,486,016) | 0 |
| Net cash provided (used) by non-capital financing activities | (3,446,222) | 253,971 | (3,192,251) | 0 |
| Cash flows from capital and related financing activities: | | | | |
| Connection fees | 4,173,891 | 0 | 4,173,891 | 0 |
| Receipts of capital contributions | 56,400 | 0 | 56,400 | 0 |
| Payments to other funds | (761,953) | 0 | (761,953) | 0 |
| Receipts from other governments | 0 | 207,218 | 207,218 | 0 |
| Proceeds from sale of capital assets | 57,796 | 299,701 | 357,497 | 7,589 |
| Interest paid | (3,916,336) | (83,726) | (4,000,062) | 0 |
| Acquisition of capital assets | (21,227,024) | (416,331) | (21,643,355) | (41,235) |
| Payment of capital related accounts payable | (1,705,218) | (49,925) | (1,755,143) | 0 |
| Principal payments - bonds | (15,940,000) | 0 | (15,940,000) | 0 |
| Principal payments - capital leases and promissory notes | 0 | (670,000) | (670,000) | 0 |
| Net cash provided (used) by capital and related financing activities | (39,262,444) | (713,063) | (39,975,507) | (33,646) |
| Cash flows from investing activities: | | | | |
| Interest received | 1,313,144 | 47,104 | 1,360,248 | 71,773 |
| Net increase (decrease) in cash and cash equivalents | 99,597 | 755,230 | 854,827 | 1,418,564 |
| Cash and cash equivalents, July 1 | 115,437,271 | 4,519,493 | 119,956,764 | 7,434,112 |
| Cash and cash equivalents, June 30 | \$ 115,536,868 | \$ 5,274,723 | \$ 120,811,591 | \$ 8,852,676 |

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2018

| | 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) | \$ 25,232,964 | \$ (62,234) | \$ 25,170,730 | \$ 688,821 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | | |
| Depreciation | 15,101,193 | 1,370,406 | 16,471,599 | 34,022 |
| (Increase) decrease in accounts receivable | (62,153) | (31,070) | (93,223) | (9,357) |
| (Increase) decrease in intergovernmental receivables | (3,949) | (98,172) | (102,121) | 12,933 |
| (Increase) decrease in inventory | 81,502 | 0 | 81,502 | (22,872) |
| (Increase) decrease in prepaid expenses | 3,800 | 0 | 3,800 | 0 |
| (Increase) decrease in deferred outflows of resources | (1,661,882) | (71,903) | (1,733,785) | 0 |
| Increase (decrease) in accounts payable | 577,481 | 13,679 | 591,160 | 136,348 |
| Increase (decrease) in intergovernmental payables | 1,381 | 0 | 1,381 | 0 |
| Increase (decrease) in sales tax payable | 0 | 81 | 81 | 0 |
| Increase (decrease) in accrued salaries and benefits | 66,446 | 1,597 | 68,043 | 1,688 |
| Increase (decrease) in deposits payable | 64,804 | 0 | 64,804 | 33,774 |
| Increase (decrease) in claims reserve | 0 | 0 | 0 | 505,080 |
| Increase (decrease) in net pension liability | 600,454 | (76,049) | 524,405 | 0 |
| Increase (decrease) in deferred inflows of resources | 2,046,871 | 195,549 | 2,242,420 | 0 |
| Increase (decrease) in OPEB liability | (553,793) | (76,844) | (630,637) | 0 |
| Increase (decrease) in other liabilities | 0 | 2,178 | 2,178 | 0 |
| Total adjustments | 16,262,155 | 1,229,452 | 17,491,607 | 691,616 |
| Net cash provided (used) by operating activities | \$ 41,495,119 | \$ 1,167,218 | \$ 42,662,337 | \$ 1,380,437 |
| Cash and cash equivalents reconciliation: | | | | |
| Cash and cash equivalents | \$ 41,197,857 | \$ 5,274,723 | \$ 46,472,580 | \$ 8,852,676 |
| Restricted assets | | | | |
| Cash and cash equivalents | 74,339,011 | 0 | 74,339,011 | 0 |
| Total cash and cash equivalents | \$ 115,536,868 | \$ 5,274,723 | \$ 120,811,591 | \$ 8,852,676 |

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled \$3,929,770.
Acquisition of capital assets through accounts payable totaled \$2,656,445.
Forgiveness of capital lease through capital contributions totaled \$1,261,588.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2018

| | Community Private-Purpose Trust Fund | Employees' Pension Trust Fund | Municipal Court Agency Fund |
|----------------------------|---|--|--|
| ASSETS | | | |
| Cash and cash equivalents | \$ 23,284 | \$ 821,251 | \$ 75,967 |
| Investments, at fair value | | | |
| Mutual funds | | | |
| Equity | 0 | 65,864,108 | 0 |
| Fixed income | 0 | 28,601,077 | 0 |
| Real estate | | 4,351,920 | 0 |
| Total assets | 23,284 | 99,638,356 | 75,967 |
| LIABILITIES | | | |
| Accounts payable | 0 | 31,540 | 0 |
| Due to other agencies | 0 | 0 | 75,967 |
| Total liabilities | 0 | 31,540 | 75,967 |
| NET POSITION | | | |
| Restricted for: | | | |
| Pensions | 0 | 99,606,816 | 0 |
| Employee assistance | 23,284 | 0 | 0 |
| Total net position | \$ 23,284 | \$ 99,606,816 | \$ 0 |

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the fiscal year ended June 30, 2018

| | Community Private-Purpose Trust Fund | Employees' Pension Trust Fund |
|---|---|--|
| ADDITIONS | | |
| Contributions | | |
| Employer contributions | \$ 0 | \$ 3,209,624 |
| Employee contributions | 0 | 3,209,624 |
| Employee donations | 49,502 | 0 |
| Total contributions and donations | 49,502 | 6,419,248 |
| Investment Income | | |
| Net appreciation (depreciation) in fair value of investments | 0 | 9,135,951 |
| Interest | 3 | 4,419 |
| Dividends | 0 | 1,616,795 |
| Investment expense | 0 | (219,595) |
| Net investment income (loss) | 3 | 10,537,570 |
| Total additions (reductions) | 49,505 | 16,956,818 |
| DEDUCTIONS | | |
| Benefits | 0 | 8,022,423 |
| Refunds | 0 | 639,207 |
| Distributions for assistance | 57,913 | 0 |
| Total deductions | 57,913 | 8,661,630 |
| Change in net position | (8,408) | 8,295,188 |
| Net position held in trust for pension benefits and other purposes | | |
| Net position, July 1 | 31,692 | 91,311,628 |
| Net position, June 30 | <u>\$ 23,284</u> | <u>\$ 99,606,816</u> |

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2018

| | City of Gainesville Parks and Recreation | Gainesville Convention and Visitor's Bureau | Total Component Units |
|---|---|---|-----------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 2,753,238 | \$ 434,240 | \$ 3,187,478 |
| Receivables | | | |
| Accounts | 9,706 | 0 | 9,706 |
| Taxes | 47,883 | 0 | 47,883 |
| Restricted assets | | | |
| Cash and cash equivalents | 100,000 | 0 | 100,000 |
| Total current assets | 2,910,827 | 434,240 | 3,345,067 |
| Noncurrent assets | | | |
| Capital assets | | | |
| Non-depreciable | 4,940,382 | 0 | 4,940,382 |
| Depreciable (net) | 5,378,326 | 12,589 | 5,390,915 |
| Total noncurrent assets | 10,318,708 | 12,589 | 10,331,297 |
| Total assets | 13,229,535 | 446,829 | 13,676,364 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | 43,685 | 69,332 | 113,017 |
| Deferred outflows related to other post employment benefits | 128,108 | 14,640 | 142,748 |
| Total deferred outflows of resources | 171,793 | 83,972 | 255,765 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | | | |
| Accounts | 194,104 | 15,370 | 209,474 |
| Intergovernmental | 2,968 | 0 | 2,968 |
| Sales tax | 11,984 | 0 | 11,984 |
| Retainage | 34,316 | 0 | 34,316 |
| Accrued salaries | 111,644 | 9,773 | 121,417 |
| Compensated absences | 104,795 | 6,351 | 111,146 |
| Unearned revenue | 905 | 0 | 905 |
| Other liabilities | 13,576 | 0 | 13,576 |
| Total current liabilities | 474,292 | 31,494 | 505,786 |
| Noncurrent liabilities | | | |
| Compensated absences | 11,633 | 706 | 12,339 |
| Net pension liability | 149,410 | 446,800 | 596,210 |
| Net OPEB liability | 2,053,694 | 234,708 | 2,288,402 |
| Total noncurrent liabilities | 2,214,737 | 682,214 | 2,896,951 |
| Total liabilities | 2,689,029 | 713,708 | 3,402,737 |

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2018

| | City of Gainesville Parks and Recreation | Gainesville Convention and Visitor's Bureau | Total Component Units |
|--|---|---|-----------------------------|
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | \$ 138,483 | \$ 47,744 | \$ 186,227 |
| Deferred inflows related to other post employment benefits | 167,932 | 19,192 | 187,124 |
| Total deferred inflows of resources | 306,415 | 66,936 | 373,351 |
| NET POSITION | | | |
| Net investment in capital assets | 10,284,392 | 12,589 | 10,296,981 |
| Restricted for cultural and recreation | 6,161 | 0 | 6,161 |
| Restricted for capital outlay | 30,239 | 0 | 30,239 |
| Unrestricted | 85,092 | (262,432) | (177,340) |
| Total net position | \$ 10,405,884 | \$ (249,843) | \$ 10,156,041 |

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
COMPONENT UNITS
For the fiscal year ended June 30, 2018

| | City of Gainesville Parks and Recreation | Gainesville Convention and Visitor's Bureau | Total Component Units |
|--|---|---|-----------------------------|
| Expenses | | | |
| Culture and Recreation | \$ 5,666,011 | \$ 0 | \$ 5,666,011 |
| Housing and Development | 0 | 639,598 | 639,598 |
| Total expenses | 5,666,011 | 639,598 | 6,305,609 |
| Program revenues | | | |
| Charges for services | 1,813,587 | 17,098 | 1,830,685 |
| Operating grants and contributions | 21,000 | 0 | 21,000 |
| Total program revenues | 1,834,587 | 17,098 | 1,851,685 |
| Net (expense) revenue | (3,831,424) | (622,500) | (4,453,924) |
| General revenues | | | |
| Property taxes | 3,246,674 | 0 | 3,246,674 |
| Interest | 35,389 | 4,423 | 39,812 |
| Payments from City of Gainesville | 399,457 | 461,533 | 860,990 |
| Contributions | 0 | 250 | 250 |
| Miscellaneous | 899 | 11,646 | 12,545 |
| Total general revenues | 3,682,419 | 477,852 | 4,160,271 |
| Change in net position | (149,005) | (144,648) | (293,653) |
| Net position, July 1 (original) | 10,768,116 | 58,652 | 10,826,768 |
| Prior period adjustment | (213,227) | (163,847) | (377,074) |
| Net position, July 1 (restated) | 10,554,889 | (105,195) | 10,449,694 |
| Net position, June 30 | \$ 10,405,884 | \$ (249,843) | \$ 10,156,041 |



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 funds:

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

Special Purpose Local Option Sales Tax Capital Project Fund – This fund is used to account for general purpose long-term capital projects financed through special purpose local option sales tax.

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 and internal service 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 Department of Water Resources Fund, Airport Fund, Solid Waste Fund, and Chattahoochee Golf Course Fund, and internal service funds are charges to customers for sales and services. The Department of Water Resources Fund also recognizes as operating revenue a portion of tap fees intended to recover the cost of connecting new customers to the system. 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.

2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting, continued

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

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

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.

2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting, continued

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.

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.

2. Summary of Significant Accounting Policies (continued)

K. Prepaid Items

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

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

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

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 | \$ 10,000 |
| 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 | \$ 10,000 |
| Vehicles | 5 to 15 | \$ 10,000 |
| Furniture and fixtures | 3 to 8 | \$ 10,000 |
| Intangibles | 3 to 15 | \$ 10,000 |
| Computer software | 3 to 5 | \$ 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.

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 outflows of resources for deferred charges on bond refunding and their defined benefit pension plans and OPEB plan. 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 and OPEB plan.

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 prior fiscal year amounts have been reclassified to conform to the current fiscal year 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 the end of the current fiscal year was 10 days. At the end of the current fiscal year, the City's balance in Georgia Fund 1 was \$65,547,119.

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 the end of the current fiscal year, the duration for the index was 6.20 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 | \$ 6,661,454 | 10.02 | N/A |
| PIMCO Total Return Fund | 6,323,059 | 5.17 | N/A |
| PIMCO All Asset Fund | 9,711,177 | 5.55 | N/A |
| | <u>\$ 22,695,690</u> | | |

Foreign currency risk

The City has no investments denominated in a foreign currency.

Investments

The investments reported in the Economic Development, Grants 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, 2018

3. Deposit and Investment Risk (continued)

At the end of the current fiscal year, the City had the following recurring fair value measurements in the Employees' Pension Trust Fund.

| Investment by fair value level | Fair Value | | | |
|---------------------------------------|-----------------------|----------------------|----------------------|---------------------|
| | Total | Level 1 | Level 2 | Level 3 |
| Debt Securities | | | | |
| Mutual Funds | \$ 28,601,077 | \$ 0 | \$ 28,601,077 | \$ 0 |
| Equities | | | | |
| Mutual Funds | 65,864,108 | 65,864,108 | 0 | 0 |
| Other | | | | |
| Real Estate Funds | 4,351,920 | 0 | 0 | 4,351,920 |
| Property held for resale | 1,226,849 | 0 | 0 | 1,226,849 |
| Total Investments | <u>\$ 100,043,954</u> | <u>\$ 65,864,108</u> | <u>\$ 28,601,077</u> | <u>\$ 5,578,769</u> |

4. Accounts Receivable

Net accounts receivable at the end of the current fiscal year consist of the following:

Primary Government:

Major Funds

| | | |
|------------------------------------|--------------------|-----------|
| General Fund | | \$ 66,992 |
| Water Resources Enterprise Fund | \$ 5,507,405 | |
| Less: Allowance for Uncollectibles | <u>(1,161,728)</u> | 4,345,677 |

Nonmajor Funds

| | | |
|------------------------------------|---------------|---------|
| Special Revenue Funds | | |
| Confiscated Assets Fund | 3,257 | |
| Community Service Center | <u>3,290</u> | 6,547 |
| Capital Projects Funds | | |
| Grants | | 27,958 |
| Enterprise Funds | | |
| Airport | 23,912 | |
| Solid Waste | 358,576 | |
| Less: Allowance for Uncollectibles | (82,884) | |
| Golf Course | <u>39,382</u> | 338,986 |
| Internal Service Funds | | |
| General Insurance | 2,820 | |
| Employee Benefits | <u>23,764</u> | 26,584 |

| | | |
|--------------------------|--|----------------------------|
| Total Primary Government | | <u><u>\$ 4,812,744</u></u> |
|--------------------------|--|----------------------------|

Component Units:

| | | |
|----------------------|--|------------------------|
| Parks and Recreation | | <u><u>\$ 9,706</u></u> |
|----------------------|--|------------------------|

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

5. Intergovernmental Receivables

Intergovernmental receivables at the end of the current fiscal year consist of the following:

Primary Government:

Major Funds

General Fund

| | | | |
|---------------------------------|----|--------|-----------|
| Gainesville City School System | \$ | 20,561 | |
| Drug Enforcement Administration | | 8,303 | |
| Federal Bureau of Investigation | | 2,815 | |
| State of Georgia | | 991 | \$ 32,670 |

SPLOST Fund

| | | |
|----------------------|---------|-----------|
| Hall County, Georgia | 958,329 | |
| State of Georgia | 51,412 | |
| Miscellaneous | 47 | 1,009,788 |

Department of Water Resources

Enterprise Fund

| | | |
|----------------------|--|---------|
| Hall County, Georgia | | 169,017 |
|----------------------|--|---------|

Nonmajor Funds

Special Revenue Funds

Community Service Center

| | |
|----------------------|---------|
| State of Georgia | 14,776 |
| Hall County, Georgia | 195,263 |

Grants

| | |
|--|---------|
| State of Georgia | 29,325 |
| Federal Emergency Management Agency | 395,298 |
| US Department of Justice | 6,126 |
| US Office of Highway Safety | 123,233 |
| US Department of Housing & Urban Development | 202,432 |

Government Access Cable TV

| | |
|----------------------|--------|
| Hall County, Georgia | 33,825 |
|----------------------|--------|

HUD Grant

| | | |
|--|---------|-----------|
| US Department of Housing & Urban Development | 244,220 | 1,244,498 |
|--|---------|-----------|

Debt Service Funds

Debt Service

| | | |
|---------------|--|-----|
| Miscellaneous | | 414 |
|---------------|--|-----|

Capital Projects Funds

Grants

| | | |
|------------------|--|---------|
| State of Georgia | | 229,825 |
|------------------|--|---------|

Enterprise funds

Airport

| | | |
|------------------|---------|---------|
| State of Georgia | 7,802 | |
| US Treasury | 101,154 | 108,956 |

Vehicle Services Internal Service Fund

| | | |
|--------------------------------|--|-------|
| Gainesville City School System | | 8,582 |
|--------------------------------|--|-------|

Total Primary Government

\$ 2,803,750

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 2018, based upon the assessments of January 1, 2017 and the levy date of September 26, 2017, were final billed on October 1, 2017, and due on December 1, 2017. 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 Department of Water Resources Enterprise Fund includes \$141,822 of intradepartmental billings for water and sewer usage for the current fiscal year.

8. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at the end of the current fiscal year is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------|-------------------|
| General | Nonmajor Governmental | <u>\$ 885,971</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. \$258,790 is also reported in the General Fund 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 | SPLOST Capital Project | \$ 100,000 |
| | Nonmajor Governmental | 4,199,291 |
| | Nonmajor Enterprise | 293,765 |
| Department of Water Resources | General | 3,446,222 |
| | SPLOST Capital Projects | 208,440 |
| | Nonmajor Governmental | 553,513 |
| Nonmajor Governmental | General | 30,871 |
| | SPLOST Capital Projects | 654,535 |
| | Nonmajor Governmental | 751,482 |
| Nonmajor Enterprise | Nonmajor Governmental | 5,660 |
| | | <u>\$ 10,243,779</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
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9. Capital Assets

Capital asset activity for the primary government for the year current fiscal year was as follows:

| | Balance Beginning | Increases | Decreases | Balance Ending |
|--|------------------------------|----------------------|------------------------|---------------------------|
| Governmental activities | | | | |
| Non-depreciable assets | | | | |
| Land | \$ 25,539,510 | \$ 855,458 | \$ (5,527) | \$ 26,389,441 |
| Construction in progress | 4,278,640 | 3,527,258 | (4,033,786) | 3,772,112 |
| Total non-depreciable assets | 29,818,150 | 4,382,716 | (4,039,313) | 30,161,553 |
| Depreciable assets | | | | |
| Buildings | 57,131,997 | 1,632,874 | (15,066) | 58,749,805 |
| Land improvements | 3,124,046 | 0 | 0 | 3,124,046 |
| Vehicles and equipment | 20,163,056 | 3,397,692 | (729,632) | 22,831,116 |
| Intangibles | 3,317,114 | 0 | (161,079) | 3,156,035 |
| Infrastructure | 34,825,652 | 4,482,250 | 0 | 39,307,902 |
| Total depreciable assets | 118,561,865 | 9,512,816 | (905,777) | 127,168,904 |
| Less accumulated depreciation | | | | |
| Buildings | (16,807,059) | (1,427,999) | 15,065 | (18,219,993) |
| Land improvements | (1,699,522) | (118,317) | 0 | (1,817,839) |
| Vehicles and equipment | (15,222,944) | (1,607,127) | 701,866 | (16,128,205) |
| Intangibles | (1,989,103) | (255,554) | 96,647 | (2,148,010) |
| Infrastructure | (14,504,158) | (1,175,525) | 0 | (15,679,683) |
| Total accumulated depreciation | (50,222,786) | (4,584,522) | 813,578 | (53,993,730) |
| Total depreciable assets, net | 68,339,079 | 4,928,294 | (92,199) | 73,175,174 |
| Governmental activities capital assets, net | <u>\$ 98,157,229</u> | <u>\$ 9,311,010</u> | <u>\$ (4,131,512)</u> | <u>\$ 103,336,727</u> |
| Business-type activities | | | | |
| Non-depreciable assets | | | | |
| Land | \$ 31,534,764 | \$ 0 | \$ (736) | \$ 31,534,028 |
| Easements | 2,051,336 | 5,662 | 0 | 2,056,998 |
| Construction in progress | 20,441,711 | 26,298,695 | (10,795,047) | 35,945,359 |
| Total non-depreciable assets | 54,027,811 | 26,304,357 | (10,795,783) | 69,536,385 |
| Depreciable assets | | | | |
| Buildings | 52,213,906 | 0 | 0 | 52,213,906 |
| Land improvements | 10,211,827 | 0 | 0 | 10,211,827 |
| Vehicles and equipment | 31,359,937 | 7,880,827 | (890,440) | 38,350,324 |
| Intangibles | 6,089,224 | 0 | 0 | 6,089,224 |
| Infrastructure | 550,676,211 | 7,517,301 | (6,247,565) | 551,945,947 |
| Total depreciable assets | 650,551,105 | 15,398,128 | (7,138,005) | 658,811,228 |
| Less accumulated depreciation | | | | |
| Buildings | (12,741,111) | (1,170,642) | 0 | (13,911,753) |
| Land improvements | (5,371,797) | (434,516) | 0 | (5,806,313) |
| Vehicles and equipment | (18,395,716) | (1,848,700) | 858,695 | (19,385,721) |
| Intangibles | (2,249,542) | (299,855) | 0 | (2,549,397) |
| Infrastructure | (190,336,718) | (12,717,886) | 0 | (203,054,604) |
| Total accumulated depreciation | (229,094,884) | (16,471,599) | 858,695 | (244,707,788) |
| Total depreciable assets, net | 421,456,221 | (1,073,471) | (6,279,310) | 414,103,440 |
| Business-type activities capital assets, net | <u>\$ 475,484,032</u> | <u>\$ 25,230,886</u> | <u>\$ (17,075,093)</u> | <u>\$ 483,639,825</u> |

CITY OF GAINESVILLE, GEORGIA
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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 current fiscal year 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 | 229,498 | 169,457 | (73,756) | 325,199 |
| Total non-depreciable assets | <u>4,844,681</u> | <u>169,457</u> | <u>(73,756)</u> | <u>4,940,382</u> |
| Depreciable assets | | | | |
| Buildings | 8,978,851 | 76,120 | 0 | 9,054,971 |
| Land improvements | 3,744,842 | 356,745 | 0 | 4,101,587 |
| Vehicles and equipment | 1,529,509 | 113,232 | (68,080) | 1,574,661 |
| Intangibles | 281,365 | 0 | 0 | 281,365 |
| Infrastructure | 3,137,259 | 0 | (17,200) | 3,120,059 |
| Total depreciable assets | <u>17,671,826</u> | <u>546,097</u> | <u>(85,280)</u> | <u>18,132,643</u> |
| Less accumulated depreciation | | | | |
| Buildings | (6,933,252) | (201,151) | 0 | (7,134,403) |
| Land improvements | (2,312,534) | (312,828) | 0 | (2,625,362) |
| Vehicles and equipment | (1,136,761) | (106,579) | 18,357 | (1,224,983) |
| Intangibles | (217,314) | (17,286) | 0 | (234,600) |
| Infrastructure | (1,397,230) | (142,558) | 4,819 | (1,534,969) |
| Total accumulated depreciation | <u>(11,997,091)</u> | <u>(780,402)</u> | <u>23,176</u> | <u>(12,754,317)</u> |
| Total depreciable assets, net | <u>5,674,735</u> | <u>(234,305)</u> | <u>(62,104)</u> | <u>5,378,326</u> |
| Parks & Recreation Component Unit capital assets, net | <u>\$ 10,519,416</u> | <u>\$ (64,848)</u> | <u>\$ (135,860)</u> | <u>\$ 10,318,708</u> |
| Convention and Visitor's Bureau Component Unit | | | | |
| Depreciable assets | | | | |
| Vehicles and equipment | \$ 22,216 | \$ 0 | \$ 0 | \$ 22,216 |
| Less accumulated depreciation | | | | |
| Vehicles and equipment | (5,184) | (4,443) | 0 | (9,627) |
| Convention and Visitor's Bureau Component Unit capital assets, net | <u>\$ 17,032</u> | <u>\$ (4,443)</u> | <u>\$ 0</u> | <u>\$ 12,589</u> |

Decreases in construction in progress for the governmental activities consist of projects placed into service in the amount of \$2,808,272 and projects abandoned in the amount of \$1,225,514.

Decreases in construction in progress for the business-type activities consist of projects placed into service in the amount of \$7,670,315 and projects abandoned in the amount of \$3,124,732.

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9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

| | | |
|--|----|-----------|
| General Government | \$ | 1,971,065 |
| Public Safety | | 1,111,994 |
| Public Works | | 1,005,330 |
| Health and Welfare | | 219,643 |
| Housing and Development | | 193,215 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | | 34,021 |
| Total depreciation expense for governmental activities | \$ | 4,535,268 |

Business-type activities

| | | |
|---|----|------------|
| Department of Water Resources | \$ | 15,101,193 |
| Airport | | 896,619 |
| Solid Waste | | 170,157 |
| Golf Course | | 303,630 |
| Total depreciation expense for business-type activities | \$ | 16,471,599 |

Component Unit

| | | |
|---------------------------------|----|---------|
| Parks and Recreation | \$ | 764,152 |
| Convention and Visitor's Bureau | | 4,443 |

| | Primary Government | | Component Units | |
|---|--------------------------------|---------------------------------|-----------------------------|--|
| | Governmental Activities | Business-type Activities | Parks and Recreation | Convention and Visitor's Bureau |
| Current year depreciation expense | \$ 4,535,268 | \$ 16,471,599 | \$ 764,152 | \$ 4,443 |
| Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component unit | 49,254 | 0 | 16,250 | 0 |
| Additions to accumulated depreciation | \$ 4,584,522 | \$ 16,471,599 | \$ 780,402 | \$ 4,443 |

CITY OF GAINESVILLE, GEORGIA
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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 the end of the current fiscal year, are \$17,808,355 and \$19,525,547 for governmental and business-type activities, respectively.

Total assets leased under capital leases are \$24,783,414 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 | \$ 2,488,369 |
| Golf Course improvements | 0 | 0 | 2,715,000 | 1,493,250 |
| Water and sewer system | 0 | 0 | 31,539,701 | 15,139,056 |
| Land | 745,413 | 0 | 0 | 0 |
| Buildings | 16,516,041 | 2,393,471 | 0 | 0 |
| Vehicles and equipment | 818,195 | 237,825 | 0 | 0 |
| Infrastructure | 6,703,765 | 1,608,904 | 0 | 0 |
| Total assets under capital leases | <u>\$ 24,783,414</u> | <u>\$ 4,240,200</u> | <u>\$ 39,586,921</u> | <u>\$ 19,120,675</u> |

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

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments at the end of the current fiscal year:

| Year Ending June 30, | Governmental Activities | Business-type Activities |
|---|--------------------------------|---------------------------------|
| 2019 | \$ 2,193,089 | \$ 2,033,667 |
| 2020 | 2,203,825 | 2,029,219 |
| 2021 | 2,146,840 | 1,567,368 |
| 2022 | 3,254,059 | 1,570,372 |
| 2023 | 1,880,377 | 1,568,181 |
| 2024-2028 | 8,584,633 | 7,227,737 |
| 2029-2031 | 0 | 3,784,764 |
| Total minimum lease payments | 20,262,823 | 19,781,308 |
| Less amounts representing interest | (2,454,468) | (255,761) |
| Present value of minimum lease payments | <u>\$ 17,808,355</u> | <u>\$ 19,525,547</u> |

10. Capital and Operating Leases Agreements (continued)

On June 30, 2017, 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, 2018, the City has a balance of \$741,858 of the certificate proceeds for the purpose of financing the acquisition of equipment and is included with other leases above. These amounts are presented as capital leases in the governmental activities on the Government-wide Statement of Net Position. The remaining balance of the certificate proceeds is held in trust pursuant to the certificate and is not considered legal debt of the City.

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

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

10. Capital and Operating Leases Agreements (continued)

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

On September 25, 2012, the Gainesville, Redevelopment Authority issued \$8,950,000 in the Series 2012B Revenue Bonds, with an interest rate of 2.542%. An intergovernmental lease became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the lease, bond proceeds of the Authority issue will be for acquiring certain properties 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.

10. Capital and Operating Leases Agreements (continued)

On November 29, 2016, the Gainesville Redevelopment Authority issued \$1,680,000 in the Series 2016 Revenue Refunding Bonds, with an interest rate of 2.53%. 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 toward the purchase of land and a building at 300 Brenau Avenue, and the property will be leased to the City. In return, the City will make payment 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 building thereon to the Authority. The City will continue to maintain, repair and have use of the property. The property is currently leased out to the former property owners in the short-term, while retained for future redevelopment by the City in accordance to the City's adopted urban redevelopment plan.

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

11. Long-Term Debt

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at the end of the current fiscal year:

- \$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% (\$63,580,000 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% (\$7,395,000 outstanding).
- \$26,910,000 2016 Water and Sewer System Refunding series bonds due in annual installments of \$3,250,000 to \$8,595,000 through November 15, 2021; interest at 1.27% (\$23,660,000 outstanding)

CITY OF GAINESVILLE, GEORGIA
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11. Long-Term Debt (continued)

Revenue Bonds, continued

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

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------------------|----------------------|----------------------|-----------------------|
| 2019 | \$ 16,200,000 | \$ 3,142,933 | \$ 19,342,933 |
| 2020 | 12,615,000 | 2,770,244 | 15,385,244 |
| 2021 | 14,615,000 | 2,449,025 | 17,064,025 |
| 2022 | 14,965,000 | 2,025,828 | 16,990,828 |
| 2023 | 6,300,000 | 1,654,500 | 7,954,500 |
| 2024-2028 | 26,225,000 | 3,998,925 | 30,223,925 |
| 2029 | 3,715,000 | 92,875 | 3,807,875 |
| Totals | \$ 94,635,000 | \$ 16,134,330 | \$ 110,769,330 |

The Water and Sewerage Revenue Bonds Series 2014 (\$83,650,000), Water and Sewerage Revenue Bonds Series 2015 (\$17,865,000), and Water and Sewerage Revenue Bonds Series 2016 (\$26,910,000) are collateralized by operating income from the water and sewerage system of the City of Gainesville, Georgia. 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. Proceeds from the Series 2016 were used to refund a portion of the Series 2006 water and sewerage revenue bond issue and to pay expenses necessary to accomplish the Series 2016 refunding issue.

The bonds are payable solely from the water and sewer operating income, and are payable through the fiscal years ending 2029, 2020, and 2022, respectively. Total principal and interest remaining to be paid on the bonds is \$78,873,350, \$7,503,063, and \$24,392,917 respectively. Principal and interest paid for the current year was \$10,662,372, \$5,543,695, and \$3,631,318, respectively. Water and sewer operating revenue totaled \$72,055,194 for the current year.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
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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 the current fiscal year:

| | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
|--|------------------------------|---------------------|------------------------|---------------------------|--------------------------------|
| Governmental activities | | | | | |
| Capital lease obligations | \$ 19,267,230 | \$ 10,932 | \$ (1,469,807) | \$ 17,808,355 | \$ 1,715,236 |
| Compensated absences | 1,223,004 | 1,467,418 | (1,403,465) | 1,286,957 | 1,158,261 |
| Total Governmental activities | <u>\$ 20,490,234</u> | <u>\$ 1,478,350</u> | <u>\$ (2,873,272)</u> | <u>\$ 19,095,312</u> | <u>\$ 2,873,497</u> |
| Business-type activities | | | | | |
| Revenue bonds | \$ 110,575,000 | \$ 0 | \$ (15,940,000) | \$ 94,635,000 | \$ 16,200,000 |
| Unamortized bond premium | 11,973,109 | 0 | (1,048,740) | 10,924,369 | 0 |
| Capital lease obligations | 21,471,609 | 0 | (1,946,062) | 19,525,547 | 1,951,588 |
| Compensated absences | 726,885 | 909,436 | (911,026) | 725,295 | 652,765 |
| Total business-type activities | <u>\$ 144,746,603</u> | <u>\$ 909,436</u> | <u>\$ (19,845,828)</u> | <u>\$ 125,810,211</u> | <u>\$ 18,804,353</u> |
| Component Units | | | | | |
| City of Gainesville | | | | | |
| Parks and Recreation | | | | | |
| Compensated absences | \$ 128,646 | \$ 126,341 | \$ (138,559) | \$ 116,428 | \$ 104,795 |
| Gainesville Convention and Visitor's Bureau | | | | | |
| Compensated absences | 14,663 | 18,503 | (26,109) | 7,057 | 6,351 |
| Total Component Units | <u>\$ 143,309</u> | <u>\$ 144,844</u> | <u>\$ (164,668)</u> | <u>\$ 123,485</u> | <u>\$ 111,146</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, net pension liability, and other post-employment benefit obligation, 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 current fiscal year was \$509,730 and \$3,951,403, respectively.

12. Conduit Debt

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

At the end of the current fiscal year, there were 14 series of Revenue Bonds outstanding. The current aggregate principal amount payable for the series totaled \$126,159,759. The original issue amounts totaled \$131,247,930.

13. Changes in Beginning Balances

A restatement of beginning balances has been made to adjust the OPEB liability for implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This restatement decreased beginning net position as follows:

| | |
|---|----------------------------|
| Primary Government | |
| Governmental Activities | <u>\$ 1,431,288</u> |
| Business-Type Activities | |
| Department of Water Resources | 415,094 |
| Nonmajor Enterprise Funds | |
| Airport | 34,580 |
| Solid Waste | 152,748 |
| Golf Course | 14,522 |
| Total Business-Type Activities | <u>616,944</u> |
| Total Primary Government | <u><u>\$ 2,048,232</u></u> |
| Component Units | |
| City of Gainesville Parks and Recreation | \$ 213,227 |
| Gainesville Convention and Visitor's Bureau | 163,847 |
| Total Component Units | <u><u>\$ 377,074</u></u> |

CITY OF GAINESVILLE, GEORGIA
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14. Nonspendable, Restricted, Committed, and Assigned Fund Balances

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds at the end of the current fiscal year:

| | General | SPLOST | Nonmajor Governmental Funds | Total Governmental Funds |
|-------------------------------------|------------------|-------------------|-----------------------------------|--------------------------------|
| Nonspendable: | | | | |
| Inventories | \$ 0 | \$ 0 | \$ 34,002 | \$ 34,002 |
| Prepaid items | 1,268 | 0 | 10,752 | 12,020 |
| Advances to other funds | 258,790 | 0 | 0 | 258,790 |
| | <u>260,058</u> | <u>0</u> | <u>44,754</u> | <u>304,812</u> |
| Restricted for: | | | | |
| General Government | | | | |
| TV 18 operations | 0 | 0 | 62,402 | 62,402 |
| Public Safety | | | | |
| Police facilities and equipment | 0 | 0 | 603,638 | 603,638 |
| Fire facilities and equipment | 0 | 0 | 406,331 | 406,331 |
| Public Works | | | | |
| Streets facilities and equipment | 0 | 0 | 19,150 | 19,150 |
| Health and Welfare | | | | |
| Community Service Center operations | 0 | 0 | 1,264,418 | 1,264,418 |
| Culture and Recreation | | | | |
| Recreation facilities and equipment | 0 | 0 | 2,155,816 | 2,155,816 |
| Housing and Development | | | | |
| Neighborhood improvements | 0 | 0 | 399,010 | 399,010 |
| Midtown development | 0 | 0 | 1,078,918 | 1,078,918 |
| Capital projects | 0 | 11,619,014 | 1,223,602 | 12,842,616 |
| Debt service | 0 | 0 | 1,195,216 | 1,195,216 |
| | <u>0</u> | <u>11,619,014</u> | <u>8,408,501</u> | <u>20,027,515</u> |
| Committed for: | | | | |
| Public Works | | | | |
| Cemetery improvements | 0 | 0 | 293,273 | 293,273 |
| Housing and Development | | | | |
| Tree replacement | 4,957 | 0 | 0 | 4,957 |
| Energy efficiency retrofits | 0 | 0 | 4,868 | 4,868 |
| | <u>4,957</u> | <u>0</u> | <u>298,141</u> | <u>303,098</u> |
| Assigned for: | | | | |
| General Government | | | | |
| TV 18 operations | 0 | 0 | 57,990 | 57,990 |
| Matching funds for grants | 0 | 0 | 68,909 | 68,909 |
| Public Works | | | | |
| City Hall improvements | 131,649 | 0 | 0 | 131,649 |
| Health and Welfare | | | | |
| Community Service Center operations | 0 | 0 | 1,373,147 | 1,373,147 |
| Housing and Development | | | | |
| Economic development | 0 | 0 | 5,042,972 | 5,042,972 |
| Tourism and City promotion | 0 | 0 | 134,965 | 134,965 |
| Budget | 3,780,741 | 0 | 325,950 | 4,106,691 |
| Capital projects | 0 | 915,450 | 5,182,820 | 6,098,270 |
| Debt service | 0 | 0 | 1,594,245 | 1,594,245 |
| | <u>3,912,390</u> | <u>915,450</u> | <u>13,780,998</u> | <u>18,608,838</u> |

15. Self-Insurance

General Insurance

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

As part of the newly established self-insurance program, the City has utilized the services of a broker and a third-party administrator. The broker and third-party administrator assist to determine the self-insurance funding requirements using data from the City's claim history. The third-party administrator files claims and forms required by the State of Georgia and provides risk control services. The City has also established excess workers' compensation coverage with New York Fire and Marine to assist with claims exceeding \$650,000.

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:

15. Self-Insurance (continued)

| | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|--|----------------------------|----------------------------|
| General Insurance Internal Service Fund | | |
| Balance, beginning of year | \$ 1,074,978 | \$ 954,638 |
| Current year claims and changes in estimate | 2,176,038 | 579,733 |
| Claim payments | <u>(1,348,355)</u> | <u>(459,393)</u> |
| Balance, end of year | <u><u>\$ 1,902,661</u></u> | <u><u>\$ 1,074,978</u></u> |
| Employee Benefits Internal Service Fund | | |
| Balance, beginning of year | \$ 682,627 | \$ 940,350 |
| Current year claims and changes in estimate | 5,140,268 | 5,839,866 |
| Claim payments | <u>(5,462,871)</u> | <u>(6,097,589)</u> |
| Balance, end of year | <u><u>\$ 360,024</u></u> | <u><u>\$ 682,627</u></u> |

16. 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 – six members are elected by active and retired plan members and one is appointed by position.

16. 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, 2018, the date of the most recent actuarial valuation, there were 812 participants consisting of the following:

| | |
|--|------------|
| Retirees and beneficiaries currently receiving benefits | 277 |
| Terminated vested participants entitled to but not yet receiving benefits | 46 |
| Active participants | 489 |
| Total number of participants | <u>812</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.

16. 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 the end of the current fiscal year:

| <u>Asset Class</u> | <u>Target Allocation</u> |
|---------------------------|-------------------------------------|
| Domestic Equity | 55% |
| Fixed Income (core) | 35% |
| Fixed Income (high yield) | 5% |
| Real Estate | 5% |
| Totals | 100% |

Rate of return. For the current fiscal year, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.353 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, 2018

16. Pension Plans (continued)

Pension Plan A (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At the end of the current fiscal year, the City reported a net pension liability of \$46,913,172. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. For the current fiscal year, the City recognized pension expense of \$3,942,215.

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 6/30/2017 | \$ 136,232,421 | \$ 91,311,628 | \$ 44,920,793 |
| Changes for the year: | | | |
| Service cost | 3,272,080 | 0 | 3,272,080 |
| Interest | 9,800,092 | 0 | 9,800,092 |
| Differences between expected and actual experience | 2,438,030 | 0 | 2,438,030 |
| Changes in assumptions | 3,438,994 | 0 | 3,438,994 |
| Contributions-employer | 0 | 3,209,624 | (3,209,624) |
| Contributions-employee | 0 | 3,209,624 | (3,209,624) |
| Net investment income | 0 | 10,757,165 | (10,757,165) |
| Benefit payments, including refunds of employee contribution | (8,661,630) | (8,661,630) | 0 |
| Administrative expense | 0 | (219,596) | 219,596 |
| Net changes | <u>10,287,566</u> | <u>8,295,187</u> | <u>1,992,379</u> |
| Balances at 6/30/2018 | <u>\$ 146,519,987</u> | <u>\$ 99,606,815</u> | <u>\$ 46,913,172</u> |
| Plan fiduciary net position as a percentage of the total pension liability | | 67.98% | |
| Covered payroll | | \$ 24,315,333 | |
| Employer's net pension liability as percentage of covered payroll | | 192.94% | |

16. Pension Plans (continued)

Pension Plan A (continued)

At the end of the current fiscal year, 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 | \$ 4,014,230 | \$ 0 |
| Changes of assumptions | 2,865,830 | (123,333) |
| Net difference between projected and actual earnings on pension plan investments | 0 | (4,321,884) |
| Totals | <u><u>\$ 6,880,060</u></u> | <u><u>\$ (4,445,217)</u></u> |

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

| Year Ending June 30 | |
|------------------------------------|----------------------------|
| 2019 | \$ 1,353,404 |
| 2020 | 261,852 |
| 2021 | (598,597) |
| 2022 | 438,680 |
| 2023 | <u>979,504</u> |
| Totals | <u><u>\$ 2,434,843</u></u> |

16. Pension Plans (continued)

Pension Plan A (continued)

Actuarial Assumptions. The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-------------------------------|--|
| Inflation | 2.75% |
| Projected salary increases | 2.75% plus service based merit increases |
| Cost of living adjustments | 0.00% |
| Net investment rate of return | 7.00% |
| Actuarial cost method | Entry age |
| Amortization method | Level percent of payroll, using 3.00% annual increases |
| Remaining amortization period | 5-30 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, 2018 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.

16. 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 at the end of the current fiscal year are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---------------------------|--------------------------|---|
| Domestic equity | 55% | 6.40% |
| Fixed income (core) | 35% | 1.75% |
| Fixed income (high yield) | 5% | 4.30% |
| Real Estate | 5% | 5.10% |
| Total | 100% | |

Discount Rate. The discount rate used to measure the total pension liability was 7.00 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 (6.00 percent) or one percentage-point higher (8.00 percent) than the current rate:

| | Discount Rate | Net Pension Liability |
|-----------------------|----------------------|------------------------------|
| 1% decrease | 6.00% | \$64,458,252 |
| Current discount rate | 7.00% | 46,913,172 |
| 1% increase | 8.00% | 32,331,922 |

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.

16. 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, 2018, the date of the most recent actuarial valuation, there were 249 participants consisting of the following:

| | |
|--|------------|
| Retirees and beneficiaries currently receiving benefits | 68 |
| Terminated vested participants entitled to but not yet receiving benefits | 33 |
| Active participants | 148 |
| Total number of participants | <u>249</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.

16. 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 current fiscal year was \$324,651 or 6.37% of covered 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 the end of the current fiscal year, the City reported a net pension liability of \$555,399. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. For the current fiscal year, the City recognized pension income of \$71,498. For the Governmental Activities, the net pension liability is liquidated by the General Fund.

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 9/30/2016 | \$ 7,622,888 | \$ 6,578,590 | \$ 1,044,298 |
| Changes for the year: | | | |
| Service cost | 179,299 | 0 | 179,299 |
| Interest | 572,572 | 0 | 572,572 |
| Differences between expected and actual experience | (74,578) | 0 | (74,578) |
| Contributions-employer | 0 | 350,507 | (350,507) |
| Net investment income | 0 | 968,510 | (968,510) |
| Benefit payments, including refunds of employee contributions | (469,718) | (469,718) | 0 |
| Administrative expense | 0 | (33,775) | 33,775 |
| Other | 119,050 | 0 | 119,050 |
| Net changes | <u>326,625</u> | <u>815,524</u> | <u>(488,899)</u> |
| Balances at 9/30/2017 | \$ 7,949,513 | \$ 7,394,114 | \$ 555,399 |

Plan fiduciary net position as a percentage of the total pension liability

93.01%

Covered payroll

\$ 4,862,847

Net pension liability as a percentage of covered payroll

11.42%

16. Pension Plans (continued)

Pension Plan B (continued)

At June 30, 2018, 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 | \$ 7,665 | \$ (158,676) |
| Changes of assumptions | 95,240 | (33,132) |
| Net difference between projected and actual earnings on pension plan investments | 0 | (1,065,631) |
| Contributions subsequent to the measurement date | 221,282 | 0 |
| Totals | <u>\$ 324,187</u> | <u>\$ (1,257,439)</u> |

The \$221,282 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, 2019. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ending June 30 | |
|------------------------------------|-----------------------|
| 2019 | \$ (353,233) |
| 2020 | (345,358) |
| 2021 | (371,923) |
| 2022 | (84,020) |
| Totals | <u>\$ (1,154,534)</u> |

16. Pension Plans (continued)

Pension Plan B (continued)

Actuarial Assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-------------------------------|--|
| Inflation | 2.75% |
| Projected salary increases | 2.75% plus service-based merit increases |
| Cost of living adjustments | 0.00% |
| Net investment rate of return | 7.50% |
| Actuarial cost method | Entry age normal |
| Amortization method | Closed level dollar |
| Remaining amortization period | 10 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, 2018 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.

16. 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, 2017 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------|---------------------------------|--|
| Domestic equity | 45% | 6.71% |
| International equity | 20% | 7.71% |
| Global fixed income | 5% | 3.36% |
| Domestic fixed income | 20% | 2.11% |
| Real estate | 10% | 5.21% |
| Total | <u>100%</u> | |

Discount Rate. The discount rate used to measure the total pension liability was 7.50 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.

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

| | <u>Discount Rate</u> | <u>Net Pension Liability</u> |
|-----------------------|-----------------------------|-------------------------------------|
| 1% decrease | 6.50% | \$ 1,401,394 |
| Current discount rate | 7.50% | 555,399 |
| 1% increase | 8.50% | (161,192) |

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.

16. Pension Plans (continued)

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. These plans are immaterial to the financial statements.

17. Post-Employment Benefits Other Than Pensions

Plan Description. The City of Gainesville Other Postemployment Benefits Plan (the "OPEB Plan") is a defined benefit postretirement health care and prescription drug plan. The OPEB plan is administered through the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer OPEB Plan administered by the Georgia Municipal Association (GMA). The City has established provisions, which assign the authority to the City Council members to establish and amend the benefit provisions of the plan.

At July 1, 2016, the date of the most recent actuarial valuation, there were 363 participants consisting of the following:

| | |
|--|-------------------|
| Retirees and beneficiaries currently receiving benefits | 182 |
| Vested terminated members entitled to but not yet receiving benefits | 0 |
| Active participants | <u>640</u> |
| Total number of participants | <u><u>822</u></u> |

Benefits Provided. City employees become eligible after 20 years of service. Benefits valued herein are for Retiree Medical and Prescription Drug. Life Insurance, Vision, and Dental are optional, paid in full by retirees and are not valued here. Coverage is for the retiree's lifetime for retirees hired before 2002, but ceases at age 65 if hired after 2001; spouses have the same coverage provisions. Retirees hired before July 1, 2008, or those with 25 years of service, get a 50% City-paid Supplement. Retirees hired after June 30, 2008 with 20 years of service get a 25% City-paid Supplement, which increases up to 50% with additional service.

17. Post-Employment Benefits Other Than Pensions (continued)

Contributions. The City has not elected to advance fund the OPEB Plan, but rather maintains the OPEB Plan on a “pay-as-you-go” basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB. At the end of the current fiscal year, the City reported a net OPEB liability of \$36,849,149. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined from actuarial valuations using data as of July 1, 2016 and measured by an actuarial valuation as of July 1, 2017. During the current fiscal year, the City recognized OPEB expense of \$2,506,877.

The components of the net OPEB liability are as follows:

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a)-(b) |
|---|---|--|---|
| Balances at 6/30/2016 | \$ 38,513,180 | \$ 0 | \$ 38,513,180 |
| Changes for the year: | | | |
| Service cost | 1,789,852 | | 1,789,852 |
| Interest | 1,123,999 | | 1,123,999 |
| Differences between expected and actual experience | 666,584 | | 666,584 |
| Contributions-employer | | 1,729,093 | (1,729,093) |
| Changes in assumptions | (3,515,373) | | (3,515,373) |
| Benefit payments, including refunds of member contributions | (1,729,093) | (1,729,093) | 0 |
| Net changes | (1,664,031) | 0 | (1,664,031) |
| Balances at 6/30/2017 | \$ 36,849,149 | \$ 0 | \$ 36,849,149 |
| Plan fiduciary net position as a percentage of the total OPEB liability | | 0.00% | |
| Covered employee payroll | | \$ 27,547,554 | |
| Plan net OPEB liability as a percentage of covered employee payroll | | 133.77% | |

17. Post-Employment Benefits Other Than Pensions (continued)

At the end of the current fiscal year, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 571,362 | \$ 0 |
| Changes of assumptions | 0 | (3,013,176) |
| Contributions subsequent to the measurement date | 1,727,236 | 0 |
| Totals | <u>\$ 2,298,598</u> | <u>\$ (3,013,176)</u> |

The \$1,727,236 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 OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

| Year Ending June 30 | |
|------------------------------------|-----------------------|
| 2019 | \$ (406,969) |
| 2020 | (406,969) |
| 2021 | (406,969) |
| 2022 | (406,969) |
| 2023 | (406,969) |
| Thereafter | (406,969) |
| Totals | <u>\$ (2,441,814)</u> |

17. Post-Employment Benefits Other Than Pensions (continued)

Actuarial Assumptions. The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-------------------------------|--|
| Inflation | 3.25% |
| Projected salary increases | 3.75% to 8.75%, including inflation |
| Actuarial cost method | Entry age |
| Discount rate | 3.58%, 2.85% in previous year |
| Healthcare cost trend rates | Pre-65 Medical: 7.00% trended down to 4.50% by 2026 Medicare Advantage: 5.50% trended down to 4.50% by 2020. Pre-65 Prescription Drug: 10.00% trended down to 4.50% by 2027. Administrative Expenses: 3.00% |
| Mortality rates | Healthy mortality rates were based on 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 RP-2000 Disabled Retiree Mortality Table with sex-distinct rates. |
| Amortization method | Open 30 years, level percent of payroll |
| Remaining amortization period | 30 years |
| Asset valuation method | Market value |

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

17. Post-Employment Benefits Other Than Pensions (continued)

Development of Long-Term Rate. Since the City funds this plan on a pay-as-you-go basis, GASB requires the discount rate be based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). To comply with this requirement, the discount rate is based on an index of 20-year, tax-exempt general obligation bonds. Specifically, the chosen rate is 3.58%, the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of June 30, 2017.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.58%) or one percentage-point higher (4.58%) than the current rate. Also, shown is the Net OPEB Liability as if it were calculated using healthcare cost trend rates that were on percentage point lower or on percentage point higher than the current healthcare trend rates:

| <u>Discount Rate</u> | | <u>Net OPEB Liability</u> |
|------------------------------------|-------|---------------------------|
| 1% decrease | 2.58% | \$ 41,780,902 |
| Current discount rate | 3.58% | 36,849,149 |
| 1% increase | 4.58% | 32,683,736 |
| <u>Healthcare Cost Trend Rates</u> | | <u>Net OPEB Liability</u> |
| 1% decrease | | \$ 31,779,539 |
| Current discount rate | | 36,849,149 |
| 1% increase | | 43,049,433 |

OPEB 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.

18. Hotel/Motel Lodging Tax

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

| | | |
|--|------------|------------------------|
| Lodging Tax Receipts | \$ 965,037 | |
| Disbursements for tourism and visitor programs | \$ 894,152 | 92.65% of tax receipts |

19. Major Users/Taxpayers

The ten major customers of the water and sewer system are primarily from the poultry and food processing industry. The major users represent approximately 39 percent of the water sales and sewer charges from the system in current fiscal year.

The ten major taxpayers of the City for the current fiscal year represent approximately 16 percent of the current year tax levy. The ten largest taxpayers are comprised of various types of entities including manufacturing and food processing.

20. Joint Ventures

The City of Gainesville participates in three different task forces with various other governments throughout northeast Georgia, including Hall County, Forsyth County, Cherokee County, the Drug Enforcement Agency, and the Federal Bureau of Investigation.

The Hall County Multi Agency Narcotics Squad (MANS) Task Force investigates crimes involving narcotics, prostitution, gang violence, and organized crime, and it conducts both undercover and traditional investigations to effectively prosecute cases in court. The Hall County Sheriff's Office is responsible for the funding and reporting for the Hall County MANS Task Force. During fiscal year 2018, the City paid \$76,351 in personnel costs for one police officer assigned to the MANS unit.

The Organized Crime Drug Enforcement Task Force (OCDETF) Strike Force Group One Task Force disrupts illicit drug traffic, gathers and reports intelligence related to drug trafficking, and conducts both undercover and traditional investigations to effectively prosecute cases in court. The Drug Enforcement Agency is responsible for the funding and reporting for the OCDETF Strike Force Group One Task Force. During fiscal year 2018, the City paid \$103,781 in personnel costs for one police officer assigned to the OCDETF Strike Force Group One Task Force.

The Safe Streets Task Force Identifies and targets for prosecution criminal enterprises affecting northeast Georgia, such as organized crime groups responsible for drug trafficking, money laundering and crimes of violence. The Federal Bureau of Investigation is responsible for the funding and reporting for the Safe Streets Task Force. During fiscal year 2018, the City paid \$83,625 in personnel costs for one police officer assigned to the Safe Streets Task Force.

20. 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 the current fiscal year, the city paid \$31,937 in such dues. Membership in a regional commission (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RCs in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, GA 30501.

21. Related Organizations

The City of Gainesville Housing Authority is considered a related organization to the City of Gainesville. The City appoints members to the Authority but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Gainesville. The City received \$81,820 as payment-in-lieu-of-taxes during the current fiscal year.

22. Risk Pools

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

23. Commitments and Contingencies

Commitments

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At the end of the current fiscal year, 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 | \$ 205,428 |
| Nonmajor governmental funds | 30,316 | 0 |
| | <u>\$ 30,316</u> | <u>\$ 205,428</u> |

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

| Project | <u>Amount Expended to Date</u> | <u>Remaining Commitment</u> |
|--|--|---------------------------------|
| Expansion of the water and sewer distribution system | \$ 9,426,988 | \$ 13,560,309 |
| Improvements to recreational facilities | 405,561 | 882,294 |
| City buildings and facilities improvements | 592,363 | 732,733 |
| Safety improvements to airport runway | 99,873 | 153,078 |
| Improvements to roadways | 48,516 | 8,304 |
| Totals | <u>\$ 10,573,301</u> | <u>\$ 15,336,718</u> |

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.

24. Tax Abatements

The City is subject to tax incentives granted by the Gainesville and Hall County Development Authority (the "Authority"), an entity created by the State of Georgia and activated by the City of Gainesville and the Board of Commissioners of Hall County, Georgia. The authority can enter into agreements with companies for industrial projects to encourage the creation of jobs and new capital investment through an "Investment Assistance Program." Each agreement, negotiated on an individual basis, provides a property tax benefit to the company through a schedule of discounted valuation that reduces the fair market value of real and personal property and requires the company to enter into a sale-leaseback transaction with the Authority. The incentives may be granted to new and existing industrial businesses meeting an established set of criteria established by the Investment Assistance Committee. In return for a property tax benefit, a company is required to commit to creating jobs and capital investment within a defined period as part of a performance and accountability agreement with the Authority that includes provisions for the company to pay back a prorated portion of the benefit if they fail to meet the performance criteria by a specified date. For the City of Gainesville's current fiscal year, the cumulative property tax not collected by the City due to abatement programs was \$222,285.

25. Subsequent Events

On October 12, 2018, the City sold a large tract of land that was held for resale in the amount of \$701,590.

On August 16, 2018, the \$4,695,000 Gainesville Redevelopment Authority Revenue Bond, Series 2018 (Taxable) was issued for the Downtown Parking Garage expansion and Park Projects. An intergovernmental lease became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville.

On November 6, 2018, the City of Gainesville paid \$1,823,041 to Koch Foods to purchase 41 acres of property in the Gainesville Industrial Park West.

25. Subsequent Events (continued)

On November 16, 2018, the City purchased a 6.8 acre property tract located on the southern side of the Pedestrian Bridge for \$10,000,000, for the development of the City's central business district.

On November 16, 2018, the City sold a 23.06 acre tract of land in the Gainesville Industrial Park West for the purchase price of \$876,356.

26. New Accounting Standards

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the City's current fiscal year.

The City early implemented GASB Statement No. 89, *Accounting for Interest Cost incurred before the End of a Construction Period*, effective for the City's current fiscal year.

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, 2018
(Unaudited)

| | Fiscal Year End | |
|--|-----------------------|-----------------------|
| | 2018 | 2017 |
| Total pension liability | | |
| Service cost | \$ 3,272,080 | \$ 3,292,073 |
| Interest | 9,800,092 | 9,366,300 |
| Differences between expected and actual experience | 2,438,030 | 1,826,638 |
| Changes of assumptions | 3,438,994 | 0 |
| Benefit payments, including refunds of employee contributions | (8,661,630) | (8,301,719) |
| Net change in total pension liability | 10,287,566 | 6,183,292 |
| Total pension liability - beginning | 136,232,421 | 130,049,129 |
| Total pension liability - ending (a) | \$ 146,519,987 | \$ 136,232,421 |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 3,209,624 | \$ 3,079,855 |
| Contributions - employee | 3,209,624 | 3,132,277 |
| Net investment income | 10,757,165 | 11,348,553 |
| Benefit payments, including refunds of employee contributions | (8,661,630) | (8,301,719) |
| Administrative expense | (219,596) | (165,260) |
| Net change in total pension liability | 8,295,187 | 9,093,706 |
| Plan fiduciary net position - beginning | 91,311,628 | 82,217,922 |
| Plan fiduciary net position - ending (b) | \$ 99,606,815 | \$ 91,311,628 |
| Net pension liability (asset) - ending : (a) - (b) | \$ 46,913,172 | \$ 44,920,793 |
| Plan's fiduciary net position as a percentage of the total pension liability | 67.98% | 67.03% |
| Covered payroll | \$ 24,315,333 | \$ 23,729,379 |
| Net pension liability as a percentage of covered payroll | 192.94% | 189.30% |

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

| Fiscal Year End | | |
|--------------------|----------------|----------------|
| 2016 | 2015 | 2014 |
| \$ 3,650,560 | \$ 3,522,833 | \$ 3,500,226 |
| 9,061,392 | 8,576,549 | 8,177,872 |
| 586,393 | 1,827,514 | 636,486 |
| (246,666) | 0 | 0 |
| (7,642,229) | (7,282,407) | (6,715,366) |
| 5,409,450 | 6,644,489 | 5,599,218 |
| 124,639,679 | 117,995,190 | 112,395,972 |
| 130,049,129 | \$ 124,639,679 | \$ 117,995,190 |
| 3,021,182 | \$ 2,862,539 | \$ 2,766,404 |
| 3,021,182 | 2,862,539 | 2,766,404 |
| 1,794,845 | 2,909,159 | 10,171,570 |
| (7,642,229) | (7,282,407) | (6,715,366) |
| (143,004) | (169,045) | (104,589) |
| 51,976 | 1,182,785 | 8,884,423 |
| 82,165,946 | 80,983,161 | 72,098,738 |
| 82,217,922 | \$ 82,165,946 | \$ 80,983,161 |
| 47,831,207 | \$ 42,473,733 | \$ 37,012,029 |
| 63.22% | 65.92% | 68.63% |
| \$ 22,887,742 | \$ 21,685,902 | \$ 20,957,606 |
| 208.98% | 195.86% | 176.60% |

CITY OF GAINESVILLE, GEORGIA
PENSION TRUST FUND (PENSION PLAN A)
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2018
(Unaudited)

| | Fiscal Year End | |
|--|---------------------|---------------------|
| | 2018 | 2017 |
| Actuarially determined contribution | \$ 4,509,116 | \$ 4,170,598 |
| Contributions in relation to the actuarially determined contribution | (3,209,624) | (3,079,855) |
| Contribution deficiency (excess) | <u>\$ 1,299,492</u> | <u>\$ 1,090,743</u> |
| Covered payroll | \$ 24,315,333 | \$ 23,729,379 |
| Contributions as a percentage of covered payroll | 13.20% | 12.98% |

Note: This schedule is intended to report 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 has 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, 2018
(Unaudited)

| | Fiscal Year End | |
|---|--------------------|--------|
| | 2018 | 2017 |
| Annual money-weighted rate of return, net of investment expense | 7.353% | 7.765% |

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

| Fiscal Year End | | |
|-----------------------------|-----------------------------|-----------------------------|
| 2016 | 2015 | 2014 |
| \$ 3,736,793 (3,021,182) | \$ 3,579,097 (2,862,539) | \$ 3,703,299 (2,766,404) |
| <u>\$ 715,611</u> | <u>\$ 716,558</u> | <u>\$ 936,895</u> |
| \$ 22,887,742 | \$ 21,685,902 | \$ 20,957,606 |
| 13.20% | 13.20% | 13.20% |

| Fiscal Year End | | |
|--------------------|--------|--------|
| 2016 | 2015 | 2014 |
| 7.660% | 7.835% | 8.065% |

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, 2018
(Unaudited)

| | Fiscal Year End | |
|--|----------------------------|---------------------|
| | 2018 | 2017 |
| Total pension liability | | |
| Service cost | \$ 179,299 | \$ 175,050 |
| Interest | 572,572 | 549,573 |
| Differences between expected and actual experience | (74,578) | 12,775 |
| Benefit payments, including refunds of employee contributions | (469,718) | (411,541) |
| Other changes | 119,050 | 0 |
| Net change in total pension liability | 326,625 | 325,857 |
| Total pension liability - beginning | 7,622,888 | 7,297,031 |
| Total pension liability - ending (a) | \$ 7,949,513 | \$ 7,622,888 |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 350,507 | \$ 314,938 |
| Net investment income | 968,510 | 1,745,662 |
| Benefit payments, including refunds of employee contributions | (469,718) | (411,541) |
| Administrative expense | (33,775) | (20,454) |
| Net change in total pension liability | 815,524 | 1,628,605 |
| Plan fiduciary net position - beginning | 6,578,590 | 4,949,985 |
| Plan fiduciary net position - ending (b) | \$ 7,394,114 | \$ 6,578,590 |
| Net pension liability (asset) - ending : (a) - (b) | \$ 555,399 | \$ 1,044,298 |
| Plan's fiduciary net position as a percentage of the total pension liability | 93.01% | 86.30% |
| Covered payroll | \$ 4,862,847 | 5,080,284 |
| Net pension liability as a percentage of covered payroll | 11.42% | 20.56% |

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

| Fiscal Year End | |
|---------------------|---------------------|
| 2016 | 2015 |
| \$ 178,348 | \$ 168,281 |
| 535,078 | 532,517 |
| (102,827) | (142,791) |
| (435,594) | (415,541) |
| 0 | (99,394) |
| 175,005 | 43,072 |
| 7,122,026 | 7,078,954 |
| <u>\$ 7,297,031</u> | <u>\$ 7,122,026</u> |
| | |
| \$ 371,738 | \$ 393,721 |
| 48,579 | 396,786 |
| (435,594) | (415,541) |
| (23,058) | (18,652) |
| (38,335) | 356,314 |
| 4,988,320 | 4,632,006 |
| <u>\$ 4,949,985</u> | <u>\$ 4,988,320</u> |
| | |
| <u>\$ 2,347,046</u> | <u>\$ 2,133,706</u> |
| 67.84% | 70.04% |
| | |
| \$ 4,890,737 | \$ 4,779,243 |
| 47.99% | 44.65% |

CITY OF GAINESVILLE, GEORGIA
GMEBS (PENSION PLAN B)
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2018
(Unaudited)

| | Fiscal Year End | |
|--|--------------------|--------------|
| | 2018 | 2017 |
| Actuarially determined contribution | \$ 324,651 | \$ 319,859 |
| Contributions in relation to the actuarially determined contribution | (324,651) | (319,859) |
| Contribution deficiency (excess) | <u>\$ 0</u> | <u>\$ 0</u> |
| Covered payroll | \$ 5,099,054 | \$ 5,179,922 |
| Contributions as a percentage of covered payroll | 6.37% | 6.17% |

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

| Fiscal Year End | |
|-------------------------|-------------------------|
| 2016 | 2015 |
| \$ 324,651 (324,651) | \$ 347,773 (347,773) |
| \$ 0 | \$ 0 |
| \$ 5,272,975 | \$ 4,845,902 |
| 6.16% | 7.18% |

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2018
(Unaudited)

| | Fiscal Year End |
|---|----------------------------|
| | 2018 |
| Total OPEB liability | |
| Service cost | \$ 1,789,852 |
| Interest | 1,123,997 |
| Differences between expected and actual experience | 666,587 |
| Changes in assumptions | (3,515,374) |
| Benefit payments, including refunds of member contributions | (1,729,093) |
| Net change in total OPEB liability | (1,664,031) |
| Total OPEB liability - beginning | 38,513,180 |
| Total OPEB liability - ending (a) | \$ 36,849,149 |
| Plan fiduciary net position | |
| Contributions - employer | \$ 1,729,093 |
| Benefit payments, including refunds of member contributions | (1,729,093) |
| Net change in plan fiduciary net position | 0 |
| Plan fiduciary net position - beginning | 0 |
| Plan fiduciary net position - ending (b) | \$ 0 |
| Net OPEB liability (asset) - ending : (a) - (b) | \$ 36,849,149 |
| Plan's fiduciary net position as a percentage of the total OPEB liability | 0.00% |
| Covered employee payroll | \$ 27,547,554 |
| Plan net OPEB liability as a percentage of covered employee payroll | 133.77% |

Note: Fiscal year 2018 was the first year of implementation. Therefore, years prior are not reported.

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF OPEB CONTRIBUTIONS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2018
(Unaudited)

| | Fiscal Year End |
|--|----------------------------|
| | 2018 |
| Actuarially determined contribution | \$ 3,479,497 |
| Contributions in relation to the actuarially determined contribution | (1,729,093) |
| Contribution deficiency (excess) | <u>\$ 1,750,404</u> |
| Covered employee payroll | \$ 29,628,098 |
| Contributions as a percentage of covered employee payroll | 5.84% |

Note: Fiscal year 2018 was the first year of implementation. Therefore, years prior are not reported.

Pension Trust Fund (Pension Plan A)

1. Valuation Date

The actuarially determined contribution rate was determined as of July 1, 2018, 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, 2018.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Entry age normal

Amortization method = Level percent of payroll, using 3.00% annual increases

Remaining amortization period = 5-30 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 = 7.00% including inflation, net of pension plan investment expense

Inflation rate = 2.75%

Projected salary increases = Inflation plus merit increases that vary by service, ranging from 0.00% to 11.00%

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.

Pension Trust Fund (Pension Plan A), continued

3. Changes in Benefits

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

4. Changes of Assumptions

The following assumption changes were reflected for the first time in the June 30, 2018 disclosure:

The investment return assumption was decreased from 7.25% to 7.00%.

The inflation assumption was lowered from 3.00% to 2.75%.

The payroll growth rate assumption (used for determining the amortization of the unfunded actuarial accrued liability) was lowered from 3.00% to 2.75%.

The service-based salary scale assumption was modified in accordance with the decrease in inflation.

The administrative expense assumption was increased from \$180,000 to \$190,000.

GMEBS (Pension Plan B)

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2018, 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, 2018.

GMEBS (Pension Plan B), continued

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

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

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

Net investment rate of return = 7.50%

Projected salary increases = 2.75% plus service-based merit increases

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

There were no changes in benefit provisions since the last valuation.

GMEBS (Pension Plan B), continued

4. Changes of Assumptions

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

The investment return assumption was decreased from 7.75% to 7.50%.

The inflation assumption was decreased from 3.25% to 2.75%.

The Social Security wage base rate increase assumption was reduced by .50% for all years of service from 3.25% to 2.75%.

The salary increase rates were reduced by 0.50% for all years of service, consistent with the reduction in the inflation assumptions.

OPEB Plan

1. Valuation Date

The actuarially determined contribution rates are determined as of June 30, 2016, based on the most recent valuation date, two years prior to the end of the fiscal year in which contributions are reported.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Entry age level

Amortization method = Open 30 years, level percent of payroll

Remaining amortization period = 30 years

Asset valuation method = Market value

OPEB Plan, continued

2. Methods and Assumptions Used to Determine Contribution Rates (continued)

Projected salary increases = 3.75% to 8.75%, including inflation

Projected payroll increases = 3.25%

Inflation = 3.25%

Funding discount rate = 3.58%

Discount rate = 3.58%

Retirement age = 65

Healthcare cost trend rates = Pre-65 Medical: 7.00% trended down to 4.50% by 2026 Medicare Advantage: 5.50% trended down to 4.50% by 2020. Pre-65 Prescription Drug: 10.00% trended down to 4.50% by 2027. Administrative Expenses: 3.00%

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 one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

3. Changes in Benefits

There have been no benefit changes since GASB 75 implementation.

4. Changes of Assumptions

The discount rate increased from 2.85% to 3.58%.

COMBINING STATEMENTS

Nonmajor Governmental Funds

Nonmajor Enterprise Funds

Internal Service Funds

CITY OF GAINESVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

| | 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 | \$ 2,615,463 | \$ 4,174,878 | \$ 52,842 | \$ 101,722 | \$ 601,053 | \$ 300 | \$ 0 |
| Investments | 0 | 933,619 | 0 | 0 | 0 | 200,332 | 92,898 |
| Receivables (net) | | | | | | | |
| Accounts | 3,290 | 0 | 0 | 0 | 3,257 | 0 | 0 |
| Intergovernmental | 210,039 | 0 | 0 | 33,825 | 0 | 756,414 | 244,220 |
| Taxes | 0 | 0 | 82,123 | 0 | 0 | 0 | 0 |
| Notes | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Prepaid items | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventory | 34,002 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total assets | \$ 2,862,794 | \$ 5,108,497 | \$ 134,965 | \$ 135,547 | \$ 604,310 | \$ 957,046 | \$ 337,118 |
| LIABILITIES | | | | | | | |
| Payables | | | | | | | |
| Accounts | \$ 149,605 | \$ 7,525 | \$ 0 | \$ 306 | \$ 0 | \$ 11,538 | \$ 3,741 |
| Retainages | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accrued salaries | 41,622 | 0 | 0 | 14,849 | 0 | 0 | 298 |
| Due to other funds | 0 | 0 | 0 | 0 | 0 | 645,789 | 240,182 |
| Due to others | 0 | 0 | 0 | 0 | 54,010 | 0 | 0 |
| Total liabilities | 191,227 | 7,525 | 0 | 15,155 | 54,010 | 657,327 | 244,221 |
| 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 | 34,002 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restricted | 1,264,418 | 0 | 0 | 62,402 | 282,350 | 225,941 | 92,897 |
| Committed | 0 | 0 | 0 | 0 | 0 | 4,868 | 0 |
| Assigned | 1,373,147 | 5,100,972 | 134,965 | 57,990 | 267,950 | 68,910 | 0 |
| Total fund balances | 2,671,567 | 5,100,972 | 134,965 | 120,392 | 550,300 | 299,719 | 92,897 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 2,862,794 | \$ 5,108,497 | \$ 134,965 | \$ 135,547 | \$ 604,310 | \$ 957,046 | \$ 337,118 |

| Special Revenue | | | | | | Capital Projects | | Total |
|-------------------|---------------------|------------------------|---------------------------|-------------------|---------------------|-----------------------|---------------------|-----------------------------------|
| Revolving Loan | Impact Fee | Tax | Information Technology | Cemetery Trust | Debt Service | General Government | Grants | Nonmajor Governmental Funds |
| | | Allocation District | | | | | | |
| \$ 105,781 | \$ 2,751,979 | \$ 1,080,438 | \$ 124,997 | \$ 293,273 | \$ 2,777,893 | \$ 5,636,365 | \$ 782,546 | \$ 21,099,530 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,226,849 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 27,958 | 34,505 |
| 0 | 0 | 0 | 0 | 0 | 414 | 0 | 229,825 | 1,474,737 |
| 0 | 0 | 0 | 0 | 0 | 35,823 | 0 | 0 | 117,946 |
| 267,390 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 267,390 |
| 0 | 0 | 0 | 0 | 0 | 10,752 | 0 | 0 | 10,752 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 34,002 |
| <u>\$ 373,171</u> | <u>\$ 2,751,979</u> | <u>\$ 1,080,438</u> | <u>\$ 124,997</u> | <u>\$ 293,273</u> | <u>\$ 2,824,882</u> | <u>\$ 5,636,365</u> | <u>\$ 1,040,329</u> | <u>\$ 24,265,711</u> |
| | | | | | | | | |
| \$ 0 | \$ 0 | \$ 1,520 | \$ 0 | \$ 0 | \$ 0 | \$ 241,906 | \$ 11,723 | \$ 427,864 |
| 0 | 0 | 0 | 0 | 0 | 0 | 16,644 | 0 | 16,644 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 56,769 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 885,971 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 54,010 |
| 0 | 0 | 1,520 | 0 | 0 | 0 | 258,550 | 11,723 | 1,441,258 |
| | | | | | | | | |
| 0 | 0 | 0 | 0 | 0 | 24,669 | 0 | 0 | 24,669 |
| 267,390 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 267,390 |
| 267,390 | 0 | 0 | 0 | 0 | 24,669 | 0 | 0 | 292,059 |
| | | | | | | | | |
| 0 | 0 | 0 | 0 | 0 | 10,752 | 0 | 0 | 44,754 |
| 105,781 | 2,751,979 | 1,078,918 | 124,997 | 0 | 1,195,216 | 1,028,154 | 195,448 | 8,408,501 |
| 0 | 0 | 0 | 0 | 293,273 | 0 | 0 | 0 | 298,141 |
| 0 | 0 | 0 | 0 | 0 | 1,594,245 | 4,349,661 | 833,158 | 13,780,998 |
| 105,781 | 2,751,979 | 1,078,918 | 124,997 | 293,273 | 2,800,213 | 5,377,815 | 1,028,606 | 22,532,394 |
| <u>\$ 373,171</u> | <u>\$ 2,751,979</u> | <u>\$ 1,080,438</u> | <u>\$ 124,997</u> | <u>\$ 293,273</u> | <u>\$ 2,824,882</u> | <u>\$ 5,636,365</u> | <u>\$ 1,040,329</u> | <u>\$ 24,265,711</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, 2018

| | Special Revenue | | | | | | |
|---|--------------------------------|-------------------------|--------------------|--|-----------------------|-------------------|------------------|
| | Community Service Center | Economic Development | Hotel/Motel Tax | Government Access Cable TV Channel | Confiscated Assets | Grants | HUD Grant |
| REVENUES | | | | | | | |
| Taxes | \$ 0 | \$ 0 | \$ 965,037 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Fines, fees, and forfeitures | 0 | 0 | 0 | 0 | 265,130 | 0 | 0 |
| Charges for services | 359,270 | 243,830 | 0 | 0 | 0 | 0 | 0 |
| Intergovernmental | 1,473,755 | 0 | 0 | 123,636 | 0 | 808,738 | 315,096 |
| Interest and investment earnings | 22,877 | 39,016 | 753 | 1,035 | 5,710 | 0 | 0 |
| Contributions | 146,393 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 84,209 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total revenues | 2,086,504 | 282,846 | 965,790 | 124,671 | 270,840 | 808,738 | 315,096 |
| EXPENDITURES | | | | | | | |
| Current | | | | | | | |
| General Government | 0 | 0 | 0 | 241,613 | 0 | 11,834 | 0 |
| Public Safety | 0 | 0 | 0 | 0 | 269,102 | 115,000 | 0 |
| Public Works | 0 | 0 | 0 | 0 | 0 | 418,674 | 0 |
| Health and Welfare | 2,677,723 | 0 | 0 | 0 | 0 | 0 | 0 |
| Culture and Recreation | 0 | 0 | 0 | 0 | 0 | 15,982 | 0 |
| Housing and Development | 0 | 95,816 | 472,783 | 0 | 0 | 98,265 | 315,096 |
| Debt service: | | | | | | | |
| Principal | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and fiscal charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total expenditures | 2,677,723 | 95,816 | 472,783 | 241,613 | 269,102 | 659,755 | 315,096 |
| Excess (deficiency) of revenues over (under) expenditures | (591,219) | 187,030 | 493,007 | (116,942) | 1,738 | 148,983 | 0 |
| Other financing sources (uses) | | | | | | | |
| Transfers in | 665,631 | 0 | 0 | 123,636 | 0 | 52,443 | 0 |
| Transfers out | (43,436) | (30,000) | (421,369) | (5,660) | 0 | 0 | 0 |
| Proceeds from capital lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of capital assets | 6,494 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total other financing sources (uses) | 628,689 | (30,000) | (421,369) | 117,976 | 0 | 52,443 | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 37,470 | 157,030 | 71,638 | 1,034 | 1,738 | 201,426 | 0 |
| Fund balances, July 1 | 2,634,097 | 4,943,942 | 63,327 | 119,358 | 548,562 | 98,293 | 92,897 |
| Fund balances, June 30 | \$ 2,671,567 | \$ 5,100,972 | \$ 134,965 | \$ 120,392 | \$ 550,300 | \$ 299,719 | \$ 92,897 |

| Special Revenue | | | | | Capital Projects | | | Total |
|-----------------|--------------|--------------|-------------|------------|------------------|--------------|--------------|---------------|
| Revolving | Impact | Tax | Information | Cemetery | Debt | General | | Nonmajor |
| Loan | Fee | Allocation | Technology | Trust | Service | Government | Grants | Governmental |
| | | District | | | | | | Funds |
| \$ 0 | \$ 0 | \$ 42,545 | \$ 0 | \$ 0 | \$ 2,477,682 | \$ 0 | \$ 0 | \$ 3,485,264 |
| 0 | 0 | 0 | 69,745 | 0 | 0 | 0 | 0 | 334,875 |
| 20,595 | 892,597 | 0 | 0 | 46,104 | 0 | 0 | 0 | 1,562,396 |
| 0 | 0 | 247,900 | 0 | 0 | 0 | 0 | 396,696 | 3,365,821 |
| 1,070 | 23,107 | 8,296 | 1,841 | 2,834 | 28,522 | 0 | 0 | 135,061 |
| 0 | 0 | 0 | 0 | 4,500 | 0 | 5,660 | 5,000 | 161,553 |
| 0 | 0 | 0 | 0 | 0 | 0 | 447 | 0 | 84,656 |
| 21,665 | 915,704 | 298,741 | 71,586 | 53,438 | 2,506,204 | 6,107 | 401,696 | 9,129,626 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 253,447 |
| 0 | 0 | 0 | 28,574 | 0 | 0 | 0 | 0 | 412,676 |
| 0 | 0 | 0 | 0 | 648 | 0 | 0 | 0 | 419,322 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,677,723 |
| 0 | 230,000 | 0 | 0 | 0 | 0 | 0 | 0 | 245,982 |
| 18,281 | 0 | 137,350 | 0 | 0 | 0 | 0 | 0 | 1,137,591 |
| 0 | 0 | 0 | 0 | 0 | 1,462,303 | 0 | 0 | 1,462,303 |
| 0 | 0 | 0 | 0 | 0 | 517,843 | 0 | 0 | 517,843 |
| 0 | 0 | 0 | 0 | 0 | 0 | 3,871,550 | 248,206 | 4,119,756 |
| 18,281 | 230,000 | 137,350 | 28,574 | 648 | 1,980,146 | 3,871,550 | 248,206 | 11,246,643 |
| 3,384 | 685,704 | 161,391 | 43,012 | 52,790 | 526,058 | (3,865,443) | 153,490 | (2,117,017) |
| 0 | 0 | 0 | 0 | 0 | 316,869 | 4,261,366 | 90,000 | 5,509,945 |
| 0 | (30,871) | 0 | (181,500) | (49,652) | 0 | (307,416) | (366,984) | (1,436,888) |
| 0 | 0 | 0 | 0 | 0 | 0 | 10,932 | 0 | 10,932 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,494 |
| 0 | (30,871) | 0 | (181,500) | (49,652) | 316,869 | 3,964,882 | (276,984) | 4,090,483 |
| 3,384 | 654,833 | 161,391 | (138,488) | 3,138 | 842,927 | 99,439 | (123,494) | 1,973,466 |
| 102,397 | 2,097,146 | 917,527 | 263,485 | 290,135 | 1,957,286 | 5,278,376 | 1,152,100 | 20,558,928 |
| \$ 105,781 | \$ 2,751,979 | \$ 1,078,918 | \$ 124,997 | \$ 293,273 | \$ 2,800,213 | \$ 5,377,815 | \$ 1,028,606 | \$ 22,532,394 |

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2018

| | Airport | Solid Waste | Chattahoochee Golf Course | Total Nonmajor Enterprise Funds |
|---|-------------------|--------------------|----------------------------------|--|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 1,051,661 | \$ 3,577,577 | \$ 645,485 | \$ 5,274,723 |
| Receivables | | | | |
| Accounts (net) | 23,912 | 275,692 | 39,382 | 338,986 |
| Intergovernmental | 108,956 | 0 | 0 | 108,956 |
| Total current assets | 1,184,529 | 3,853,269 | 684,867 | 5,722,665 |
| Noncurrent assets | | | | |
| Capital assets | | | | |
| Non-depreciable | 733,861 | 0 | 67,175 | 801,036 |
| Depreciable (net) | 8,186,494 | 715,414 | 2,439,377 | 11,341,285 |
| Total noncurrent assets | 8,920,355 | 715,414 | 2,506,552 | 12,142,321 |
| Total assets | 10,104,884 | 4,568,683 | 3,191,419 | 17,864,986 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charges on refunding | 15,658 | 0 | 38,637 | 54,295 |
| Deferred outflows related to pensions | 14,670 | 93,108 | 17,161 | 124,939 |
| Deferred outflows related to other post employment benefits | 3,660 | 84,184 | 18,302 | 106,146 |
| Total deferred outflows of resources | 33,988 | 177,292 | 74,100 | 285,380 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Payables | | | | |
| Accounts | 19,287 | 45,389 | 56,644 | 121,320 |
| Deposits | 4,036 | 0 | 0 | 4,036 |
| Sales tax | 0 | 0 | 7,661 | 7,661 |
| Interest | 2,213 | 0 | 7,251 | 9,464 |
| Accrued salaries | 1,864 | 29,352 | 20,637 | 51,853 |
| Compensated absences | 986 | 47,177 | 23,925 | 72,088 |
| Capital lease payable | 435,000 | 0 | 255,000 | 690,000 |
| Other liabilities | 0 | 0 | 47,458 | 47,458 |
| Total current liabilities | 463,386 | 121,918 | 418,576 | 1,003,880 |
| Noncurrent liabilities | | | | |
| Advances from other funds | 0 | 0 | 258,790 | 258,790 |
| Compensated absences | 110 | 5,242 | 2,658 | 8,010 |
| Net pension liability | 121,925 | 419,206 | 23,932 | 565,063 |
| Net OPEB liability | 58,677 | 1,349,571 | 293,385 | 1,701,633 |
| Capital leases payable | 469,903 | 0 | 1,965,000 | 2,434,903 |
| Total noncurrent liabilities | 650,615 | 1,774,019 | 2,543,765 | 4,968,399 |
| Total liabilities | 1,114,001 | 1,895,937 | 2,962,341 | 5,972,279 |

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2018

| | <u>Airport</u> | <u>Solid Waste</u> | <u>Chattahoochee Golf Course</u> | <u>Total Nonmajor Enterprise Funds</u> |
|---|---------------------|------------------------|--|--|
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pensions | \$ 9,108 | \$ 197,195 | \$ 67,313 | \$ 273,616 |
| Deferred inflows related to other post employment benefits | 4,798 | 110,355 | 23,990 | 139,143 |
| Total deferred inflows of resources | <u>13,906</u> | <u>307,550</u> | <u>91,303</u> | <u>412,759</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 8,031,110 | 715,414 | 323,910 | 9,070,434 |
| Restricted for capital outlay | 0 | 0 | 25,649 | 25,649 |
| Unrestricted | 979,855 | 1,827,074 | (137,684) | 2,669,245 |
| Total net position | <u>\$ 9,010,965</u> | <u>\$ 2,542,488</u> | <u>\$ 211,875</u> | <u>\$ 11,765,328</u> |

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2018

| | Airport | Solid Waste | Chattahoochee Golf Course | Total Nonmajor Enterprise Funds |
|--|---------------------|---------------------|----------------------------------|--|
| OPERATING REVENUES | | | | |
| Charges for sales and services | \$ 931,143 | \$ 2,887,724 | \$ 1,061,026 | \$ 4,879,893 |
| Other | 235 | 11,328 | 25,693 | 37,256 |
| Total operating revenues | 931,378 | 2,899,052 | 1,086,719 | 4,917,149 |
| OPERATING EXPENSES | | | | |
| Costs of sales and services | 310,953 | 1,010,232 | 421,489 | 1,742,674 |
| Personal services | 60,686 | 1,240,096 | 565,521 | 1,866,303 |
| Depreciation | 896,619 | 170,157 | 303,630 | 1,370,406 |
| Total operating expenses | 1,268,258 | 2,420,485 | 1,290,640 | 4,979,383 |
| Operating income (loss) | (336,880) | 478,567 | (203,921) | (62,234) |
| Non-operating revenues (expenses) | | | | |
| Interest revenue | 23,777 | 32,834 | 4,967 | 61,578 |
| Interest expense | (33,275) | 0 | (65,555) | (98,830) |
| Gain (loss) on sale of capital assets | 0 | 6,296 | 292,669 | 298,965 |
| Total non-operating revenues (expenses) | (9,498) | 39,130 | 232,081 | 261,713 |
| Income (loss) before capital contributions and transfers | (346,378) | 517,697 | 28,160 | 199,479 |
| Capital contributions | | | | |
| Intergovernmental revenue | 98,172 | 0 | 0 | 98,172 |
| Income (loss) before transfers | (248,206) | 517,697 | 28,160 | 297,651 |
| Transfers in (out) | | | | |
| Transfers in | 0 | 0 | 293,765 | 293,765 |
| Transfers out | 0 | (5,660) | 0 | (5,660) |
| Total transfers in (out) | 0 | (5,660) | 293,765 | 288,105 |
| Change in net position | (248,206) | 512,037 | 321,925 | 585,756 |
| Net position, July 1 (original) | 9,293,751 | 2,183,199 | (95,528) | 11,381,422 |
| Prior period adjustment | (34,580) | (152,748) | (14,522) | (201,850) |
| Net position, July 1 (restated) | 9,259,171 | 2,030,451 | (110,050) | 11,179,572 |
| Net position, June 30 | \$ 9,010,965 | \$ 2,542,488 | \$ 211,875 | \$ 11,765,328 |

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2018

| | Airport | Solid Waste | Chattahoochee Golf Course | Total Nonmajor Enterprise Funds |
|--|---------------------|---------------------|----------------------------------|--|
| Cash flows from operating activities: | | | | |
| Receipts from customers | \$ 821,713 | \$ 2,841,251 | \$ 1,099,718 | \$ 4,762,682 |
| Payments to suppliers | (302,175) | (1,005,218) | (419,425) | (1,726,818) |
| Payments to employees | (62,012) | (1,253,984) | (577,956) | (1,893,952) |
| Other receipts | 235 | 11,328 | 13,743 | 25,306 |
| Net cash provided (used) by operating activities | 457,761 | 593,377 | 116,080 | 1,167,218 |
| Cash flows from non-capital financing activities: | | | | |
| Receipts from other funds | 0 | 0 | 293,765 | 293,765 |
| Payments to other funds | 0 | (5,660) | (34,134) | (39,794) |
| Net cash provided (used) by non-capital financing activities | 0 | (5,660) | 259,631 | 253,971 |
| Cash flows from capital and related financing activities: | | | | |
| Receipts from other governments | 207,218 | 0 | 0 | 207,218 |
| Sale of capital asset | 0 | 6,296 | 293,405 | 299,701 |
| Payment of capital related accounts payable | 0 | 0 | (49,925) | (49,925) |
| Interest paid | (22,938) | 0 | (60,788) | (83,726) |
| Acquisition of capital assets | (150,653) | (201,555) | (64,123) | (416,331) |
| Principal payments - capital leases | (420,000) | 0 | (250,000) | (670,000) |
| Net cash provided (used) by capital and related financing activities | (386,373) | (195,259) | (131,431) | (713,063) |
| Cash flows from investing activities: | | | | |
| Interest received | 9,303 | 32,834 | 4,967 | 47,104 |
| Net increase (decrease) in cash and cash equivalents | 80,691 | 425,292 | 249,247 | 755,230 |
| Cash and cash equivalents, July 1 | 970,970 | 3,152,285 | 396,238 | 4,519,493 |
| Cash and cash equivalents, June 30 | \$ 1,051,661 | \$ 3,577,577 | \$ 645,485 | \$ 5,274,723 |

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2018

| | <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) | \$ (336,880) | \$ 478,567 | \$ (203,921) | \$ (62,234) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | | |
| Depreciation | 896,619 | 170,157 | 303,630 | 1,370,406 |
| (Increase) decrease in accounts receivable | (11,258) | (46,473) | 26,661 | (31,070) |
| (Increase) decrease in intergovernmental receivable | (98,172) | 0 | 0 | (98,172) |
| (Increase) decrease in deferred outflows of resources | (8,127) | (56,659) | (7,117) | (71,903) |
| Increase (decrease) in accounts payable | 8,778 | 5,015 | (114) | 13,679 |
| Increase (decrease) in sales tax payable | 0 | 0 | 81 | 81 |
| Increase (decrease) in accrued salaries and benefits | (3,880) | 1,923 | 3,554 | 1,597 |
| Increase (decrease) in other liabilities | 0 | 0 | 2,178 | 2,178 |
| Increase (decrease) in net pension liability | 3,575 | (50,507) | (29,117) | (76,049) |
| Increase (decrease) in deferred inflows of resources | 9,756 | 152,299 | 33,494 | 195,549 |
| Increase (decrease) in OPEB liability | (2,650) | (60,945) | (13,249) | (76,844) |
| Total adjustments | <u>794,641</u> | <u>114,810</u> | <u>320,001</u> | <u>1,229,452</u> |
| Net cash provided (used) by operating activities | <u>\$ 457,761</u> | <u>\$ 593,377</u> | <u>\$ 116,080</u> | <u>\$ 1,167,218</u> |

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$1,279.

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2018

| | General Insurance Fund | Employee Benefits Fund | Vehicle Services Fund | Totals |
|----------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|---------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 2,411,810 | \$ 6,180,583 | \$ 260,283 | \$ 8,852,676 |
| Receivables | | | | |
| Accounts | 2,820 | 23,764 | 0 | 26,584 |
| Intergovernmental | 0 | 0 | 8,582 | 8,582 |
| Inventory | 0 | 0 | 118,234 | 118,234 |
| Other assets | 140,000 | 0 | 0 | 140,000 |
| Total current assets | 2,554,630 | 6,204,347 | 387,099 | 9,146,076 |
| Noncurrent assets | | | | |
| Depreciable capital assets (net) | 0 | 0 | 151,779 | 151,779 |
| Total assets | 2,554,630 | 6,204,347 | 538,878 | 9,297,855 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Payables | | | | |
| Accounts | 48,817 | 161,056 | 97,007 | 306,880 |
| Deposits | 0 | 109,710 | 0 | 109,710 |
| Accrued salaries | 0 | 0 | 9,069 | 9,069 |
| Compensated absences | 0 | 0 | 23,828 | 23,828 |
| Claims reserves | 1,902,661 | 360,024 | 0 | 2,262,685 |
| Total current liabilities | 1,951,478 | 630,790 | 129,904 | 2,712,172 |
| Long-term liabilities | | | | |
| Compensated absences | 0 | 0 | 2,648 | 2,648 |
| Total liabilities | 1,951,478 | 630,790 | 132,552 | 2,714,820 |
| NET POSITION | | | | |
| Investment in capital assets | 0 | 0 | 151,779 | 151,779 |
| Unrestricted | 603,152 | 5,573,557 | 254,547 | 6,431,256 |
| Total net position | \$ 603,152 | \$ 5,573,557 | \$ 406,326 | \$ 6,583,035 |

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2018

| | General Insurance Fund | Employee Benefits Fund | Vehicle Services Fund | Totals |
|--|---------------------------------------|---------------------------------------|--------------------------------------|---------------------|
| OPERATING REVENUES | | | | |
| Interfund services provided | \$ 2,292,312 | \$ 9,505,521 | \$ 2,182,144 | \$ 13,979,977 |
| Other | 49,136 | 0 | 1,957 | 51,093 |
| Total operating revenues | 2,341,448 | 9,505,521 | 2,184,101 | 14,031,070 |
| OPERATING EXPENSES | | | | |
| Costs of services | 2,341,448 | 8,809,111 | 1,790,354 | 12,940,913 |
| Personal services | 0 | 0 | 367,314 | 367,314 |
| Depreciation | 0 | 0 | 34,022 | 34,022 |
| Total operating expenses | 2,341,448 | 8,809,111 | 2,191,690 | 13,342,249 |
| Operating income (loss) | 0 | 696,410 | (7,589) | 688,821 |
| Non-operating revenues (expenses) | | | | |
| Interest revenue | 16,347 | 55,425 | 0 | 71,772 |
| Gain (loss) on sale of capital assets | 0 | 0 | 7,589 | 7,589 |
| Total non-operating revenues (expenses) | 16,347 | 55,425 | 7,589 | 79,361 |
| Change in net position | 16,347 | 751,835 | 0 | 768,182 |
| Net position, July 1 | 586,805 | 4,821,722 | 406,326 | 5,814,853 |
| Net position, June 30 | \$ 603,152 | \$ 5,573,557 | \$ 406,326 | \$ 6,583,035 |

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2018

| | General Insurance Fund | Employee Benefits Fund | Vehicle Services Fund | Totals |
|---|---------------------------------------|---------------------------------------|--------------------------------------|---------------------|
| Cash flows from operating activities: | | | | |
| Receipts from interfund services provided | \$ 2,231,917 | \$ 9,498,983 | \$ 2,195,076 | \$ 13,925,976 |
| Payments to suppliers | (1,441,159) | (9,013,470) | (1,776,376) | (12,231,005) |
| Payments to employees | 0 | 0 | (365,627) | (365,627) |
| Other receipts | 49,136 | 0 | 1,957 | 51,093 |
| Net cash provided (used) by operating activities | 839,894 | 485,513 | 55,030 | 1,380,437 |
| Cash flows from capital and related financing activities: | | | | |
| Payments to other funds | 0 | 0 | 7,589 | 7,589 |
| Acquisition of capital assets | 0 | 0 | (41,235) | (41,235) |
| Net cash provided (used) by capital and related financing activities | 0 | 0 | (33,646) | (33,646) |
| Cash flows from investing activities: | | | | |
| Interest received | 16,347 | 55,426 | 0 | 71,773 |
| Net increase (decrease) in cash and cash equivalents | 856,241 | 540,939 | 21,384 | 1,418,564 |
| Cash and cash equivalents, July 1 | 1,555,569 | 5,639,644 | 238,899 | 7,434,112 |
| Cash and cash equivalents, June 30 | \$ 2,411,810 | \$ 6,180,583 | \$ 260,283 | \$ 8,852,676 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ 0 | \$ 696,410 | \$ (7,589) | \$ 688,821 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | | |
| Depreciation | 0 | 0 | 34,022 | 34,022 |
| (Increase) decrease in accounts receivable | (2,820) | (6,537) | 0 | (9,357) |
| (Increase) decrease in intergovernmental receivables | 0 | 0 | 12,933 | 12,933 |
| (Increase) decrease in inventory | 0 | 0 | (22,872) | (22,872) |
| Increase (decrease) in accounts payable | 15,030 | 84,470 | 36,848 | 136,348 |
| Increase (decrease) in deposits payable | 0 | 33,774 | 0 | 33,774 |
| Increase (decrease) in accrued salaries and benefits | 0 | 0 | 1,688 | 1,688 |
| Increase (decrease) in claims reserve | 827,684 | (322,604) | 0 | 505,080 |
| Total adjustments | 839,894 | (210,897) | 62,619 | 691,616 |
| Net cash provided (used) by operating activities | \$ 839,894 | \$ 485,513 | \$ 55,030 | \$ 1,380,437 |



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, 2018 and 2017

| | 2018 | 2017 |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 12,345,180 | \$ 11,140,815 |
| Receivables (net) | | |
| Accounts | 66,992 | 29,423 |
| Intergovernmental | 32,670 | 30,807 |
| Taxes | 1,170,461 | 1,088,936 |
| Prepaid items | 1,268 | 2,332 |
| Due from other funds | 885,971 | 367,821 |
| Advances to other funds | 258,790 | 292,924 |
| Total assets | \$ 14,761,332 | \$ 12,953,058 |
| LIABILITIES | | |
| Payables | | |
| Accounts | \$ 752,012 | \$ 346,862 |
| Intergovernmental | 0 | 16,194 |
| Due to others | 27,994 | 0 |
| Accrued salaries | 639,397 | 551,372 |
| Total liabilities | 1,419,403 | 914,428 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue - property taxes | 77,518 | 111,795 |
| FUND BALANCES | | |
| Nonspendable: | | |
| Prepaid items | 1,268 | 2,332 |
| Advances to other funds | 258,790 | 292,924 |
| Committed for Housing and Development | 4,957 | 4,957 |
| Assigned for: | | |
| Public Works | 131,649 | 126,595 |
| Budget | 3,780,741 | 3,839,746 |
| Unassigned | 9,087,006 | 7,660,281 |
| Total fund balances | 13,264,411 | 11,926,835 |
| Total liabilities, deferred inflows, and fund balances | \$ 14,761,332 | \$ 12,953,058 |

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2018 and 2017

| | 2018 | 2017 |
|---|----------------------|----------------------|
| REVENUES | | |
| Taxes | \$ 23,181,523 | \$ 22,282,388 |
| Licenses and permits | 1,143,187 | 1,304,203 |
| Fines, fees and forfeitures | 1,345,500 | 1,642,513 |
| Charges for services | 2,321,193 | 2,279,279 |
| Intergovernmental | 1,496,497 | 376,069 |
| Interest | 271,934 | 80,030 |
| Contributions | 8,597 | 7,294 |
| Other | 356,668 | 132,170 |
| Total revenues | 30,125,099 | 28,103,946 |
| EXPENDITURES | | |
| Current | | |
| General Government | 4,861,538 | 5,772,300 |
| Judicial | 523,018 | 521,707 |
| Public Safety | 17,302,602 | 16,152,041 |
| Public Works | 4,612,450 | 4,436,759 |
| Health and Welfare | 12,500 | 48,129 |
| Culture and Recreation | 0 | 160,606 |
| Housing and Development | 1,266,422 | 1,291,399 |
| Total expenditures | 28,578,530 | 28,382,941 |
| Excess (deficiency) of revenues over (under) expenditures | 1,546,569 | (278,995) |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| Community Service Center Fund | (665,631) | (616,596) |
| Government Access Cable TV Channel Fund | (123,636) | (162,368) |
| Grants Special Revenue Fund | (52,443) | 0 |
| Economic Development Fund | 0 | (705,000) |
| Impact Fee Fund | 30,871 | 43,460 |
| SPLOST Capital Projects Fund | (100,000) | (10,000) |
| General Government Capital Projects Fund | (3,176,581) | (3,645,225) |
| Grants Capital Projects Fund | (25,000) | (25,000) |
| Debt Service Fund | (156,000) | 0 |
| Department of Water Resources Fund | 3,446,222 | 3,273,211 |
| Chattahoochee Golf Course Fund | (293,765) | (343,654) |
| Proceeds from bond issuance | 0 | 1,630,000 |
| Sales of capital assets | 906,970 | 742,858 |
| Total other financing sources (uses) | (208,993) | 181,686 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 1,337,576 | (97,309) |
| Fund balances, July 1 | 11,926,835 | 12,024,144 |
| Fund balances, June 30 | \$ 13,264,411 | \$ 11,926,835 |

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018
(With comparative actual amounts for the fiscal year ended June 30, 2017)

| | 2018 | | | 2017 |
|------------------------------------|-------------------------|----------------------|---------------------|----------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Taxes | | | | |
| General property taxes | | | | |
| Current year levy | \$ 6,288,504 | \$ 6,603,492 | \$ 314,988 | \$ 6,154,715 |
| Prior years' levies | 62,823 | 14,670 | (48,153) | 90,613 |
| Motor vehicle tax | 1,005,969 | 1,330,150 | 324,181 | 1,142,923 |
| Cost, penalties, and interest | 26,000 | 33,341 | 7,341 | 19,534 |
| Total general property taxes | 7,383,296 | 7,981,653 | 598,357 | 7,407,785 |
| Intangibles tax | 126,000 | 213,556 | 87,556 | 190,764 |
| Franchise tax | 4,217,056 | 4,208,097 | (8,959) | 4,501,181 |
| Insurance premium tax | 2,000,000 | 2,346,272 | 346,272 | 2,203,406 |
| Occupational tax | 1,352,300 | 1,394,517 | 42,217 | 1,373,680 |
| Alcohol tax | 1,072,500 | 1,152,257 | 79,757 | 1,166,259 |
| Local option sales tax | 5,277,000 | 5,885,171 | 608,171 | 5,439,313 |
| Total taxes | 21,428,152 | 23,181,523 | 1,753,371 | 22,282,388 |
| Licenses and permits | 879,000 | 1,143,187 | 264,187 | 1,304,203 |
| Fines, fees and forfeitures | 1,441,500 | 1,345,500 | (96,000) | 1,642,513 |
| Charges for services | 2,421,499 | 2,321,193 | (100,306) | 2,279,279 |
| Intergovernmental | 860,357 | 1,496,497 | 636,140 | 376,069 |
| Interest | 49,309 | 271,934 | 222,625 | 80,030 |
| Contributions | 8,597 | 8,597 | 0 | 7,294 |
| Other | | | | |
| Rents | 212,600 | 226,045 | 13,445 | 101,800 |
| Miscellaneous | 193,079 | 130,623 | (62,456) | 30,370 |
| Total other | 405,679 | 356,668 | (49,011) | 132,170 |
| Total revenues | <u>\$ 27,494,093</u> | <u>\$ 30,125,099</u> | <u>\$ 2,631,006</u> | <u>\$ 28,103,946</u> |

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018
(With comparative actual amounts for the fiscal year ended June 30, 2017)

| | 2018 | | | 2017 |
|----------------------------------|-----------------|------------|-----------|------------|
| | Final Budget | Actual | Variance | Actual |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | | | | |
| Mayor and Council | | | | |
| Personal services | \$ 244,570 | \$ 230,243 | \$ 14,327 | \$ 233,643 |
| Other | 179,139 | 87,096 | 92,043 | 106,666 |
| Total Mayor and Council | 423,709 | 317,339 | 106,370 | 340,309 |
| City Manager's Office | | | | |
| Personal services | 614,545 | 614,544 | 1 | 593,724 |
| Other | 217,676 | 186,848 | 30,828 | 102,052 |
| Total City Manager's Office | 832,221 | 801,392 | 30,829 | 695,776 |
| Finance | | | | |
| Personal services | 987,485 | 956,641 | 30,844 | 1,414,185 |
| Other | 240,564 | 201,590 | 38,974 | 333,094 |
| Total Finance | 1,228,049 | 1,158,231 | 69,818 | 1,747,279 |
| Information Technologies | | | | |
| Personal services | 511,846 | 511,846 | 0 | 9,426 |
| Other | 269,459 | 214,171 | 55,288 | 115,260 |
| Total Information Technologies | 781,305 | 726,017 | 55,288 | 124,686 |
| Human Resources | | | | |
| Personal services | 713,237 | 578,401 | 134,836 | 596,803 |
| Other | 86,826 | 77,864 | 8,962 | 58,725 |
| Total Human Resources | 800,063 | 656,265 | 143,798 | 655,528 |
| Public Lands and Buildings | | | | |
| Personal services | 324,229 | 261,604 | 62,625 | 237,083 |
| Other | 640,763 | 640,690 | 73 | 446,639 |
| Capital outlay | 300,000 | 300,000 | 0 | 1,525,000 |
| Total Public Lands and Buildings | 1,264,992 | 1,202,294 | 62,698 | 2,208,722 |
| Total General Government | 5,330,339 | 4,861,538 | 468,801 | 5,772,300 |
| Judicial | | | | |
| Municipal Court | | | | |
| Personal services | 465,799 | 432,256 | 33,543 | 438,896 |
| Other | 90,816 | 90,762 | 54 | 82,811 |
| Total Judicial | 556,615 | 523,018 | 33,597 | 521,707 |
| Public Safety | | | | |
| Police | | | | |
| Personal services | 7,873,770 | 7,843,229 | 30,541 | 7,205,639 |
| Other | 1,531,374 | 1,513,712 | 17,662 | 1,508,441 |
| Capital outlay | 0 | 0 | 0 | 30,965 |
| Total Police | 9,405,144 | 9,356,941 | 48,203 | 8,745,045 |
| Fire | | | | |
| Personal services | 7,209,362 | 7,209,361 | 1 | 6,775,251 |
| Other | 782,223 | 736,300 | 45,923 | 619,134 |
| Capital outlay | 0 | 0 | 0 | 12,611 |
| Total Fire | 7,991,585 | 7,945,661 | 45,924 | 7,406,996 |
| Total Public Safety | 17,396,729 | 17,302,602 | 94,127 | 16,152,041 |

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018
(With comparative actual amounts for the fiscal year ended June 30, 2017)

| | 2018 | | | 2017 |
|--------------------------------|-------------------------|----------------------|---------------------|----------------------|
| | Final Budget | Actual | Variance | Actual |
| Public Works | | | | |
| Engineering | | | | |
| Personal services | \$ 886,821 | \$ 830,982 | \$ 55,839 | \$ 768,005 |
| Other | 100,010 | 77,631 | 22,379 | 92,331 |
| Total Engineering | 986,831 | 908,613 | 78,218 | 860,336 |
| Traffic | | | | |
| Personal services | 443,891 | 443,891 | 0 | 340,531 |
| Other | 811,979 | 811,694 | 285 | 770,535 |
| Capital outlay | 12,180 | 12,180 | 0 | 10,931 |
| Total Traffic | 1,268,050 | 1,267,765 | 285 | 1,121,997 |
| Street Maintenance | | | | |
| Personal services | 1,359,366 | 1,104,398 | 254,968 | 1,210,523 |
| Other | 438,881 | 409,877 | 29,004 | 372,396 |
| Capital outlay | 71,071 | 69,146 | 1,925 | 31,357 |
| Total Street Maintenance | 1,869,318 | 1,583,421 | 285,897 | 1,614,276 |
| Storm Water | | | | |
| Personal services | 308,372 | 268,946 | 39,426 | 259,027 |
| Other | 97,022 | 32,875 | 64,147 | 51,953 |
| Total Storm Water | 405,394 | 301,821 | 103,573 | 310,980 |
| Cemetery | | | | |
| Personal services | 392,526 | 379,334 | 13,192 | 349,670 |
| Other | 208,752 | 171,496 | 37,256 | 179,500 |
| Total Cemetery | 601,278 | 550,830 | 50,448 | 529,170 |
| Total Public Works | 5,130,871 | 4,612,450 | 518,421 | 4,436,759 |
| Health and Welfare | | | | |
| Agency allocations | 56,372 | 12,500 | 43,872 | 48,129 |
| Culture and Recreation | | | | |
| Agency allocations | 0 | 0 | 0 | 160,606 |
| Housing and Development | | | | |
| Planning | | | | |
| Personal services | 529,672 | 468,991 | 60,681 | 499,764 |
| Other | 156,138 | 76,964 | 79,174 | 115,692 |
| Total Planning | 685,810 | 545,955 | 139,855 | 615,456 |
| Inspection | | | | |
| Personal services | 330,917 | 330,917 | 0 | 293,195 |
| Other | 33,871 | 29,204 | 4,667 | 34,205 |
| Total Inspection | 364,788 | 360,121 | 4,667 | 327,400 |
| Code Enforcement | | | | |
| Personal services | 260,988 | 260,987 | 1 | 240,216 |
| Other | 67,491 | 67,422 | 69 | 78,374 |
| Total Code Enforcement | 328,479 | 328,409 | 70 | 318,590 |
| Agency allocations | 31,938 | 31,937 | 1 | 29,953 |
| Total Housing and Development | 1,411,015 | 1,266,422 | 144,593 | 1,291,399 |
| Total expenditures | \$ 29,881,941 | \$ 28,578,530 | \$ 1,303,411 | \$ 28,382,941 |

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, 2018 and 2017

| | 2018 | 2017 |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,615,463 | \$ 2,453,100 |
| Receivables | | |
| Accounts | 3,290 | 20 |
| Intergovernmental | 210,039 | 325,572 |
| Inventory | 34,002 | 40,191 |
| Total assets | \$ 2,862,794 | \$ 2,818,883 |
| LIABILITIES | | |
| Payables | | |
| Accounts | \$ 149,605 | \$ 145,859 |
| Accrued salaries | 41,622 | 38,927 |
| Total liabilities | 191,227 | 184,786 |
| FUND BALANCES | | |
| Nonspendable: | | |
| Inventories | 34,002 | 40,191 |
| Restricted for Health and Welfare | 1,264,418 | 1,311,111 |
| Assigned for: | | |
| Health and Welfare | 1,373,147 | 1,282,795 |
| Total fund balances | 2,671,567 | 2,634,097 |
| Total liabilities and fund balances | \$ 2,862,794 | \$ 2,818,883 |

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, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|------------------|---------------------|---------------------|---------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Charges for services | \$ 644,206 | \$ 359,270 | \$ (284,936) | \$ 549,658 |
| Intergovernmental | 1,824,776 | 1,473,755 | (351,021) | 1,483,582 |
| Interest | 2,500 | 22,877 | 20,377 | 6,840 |
| Contributions | 169,835 | 146,393 | (23,442) | 129,822 |
| Other | 82,859 | 84,209 | 1,350 | 82,354 |
| Total revenues | 2,724,176 | 2,086,504 | (637,672) | 2,252,256 |
| EXPENDITURES | | | | |
| Current | | | | |
| Health and Welfare | | | | |
| Personal services | 1,575,587 | 1,417,879 | 157,708 | 1,470,771 |
| Other | 1,438,284 | 1,259,844 | 178,440 | 1,377,019 |
| Capital outlay | 332,500 | 0 | 332,500 | 0 |
| Total expenditures | 3,346,371 | 2,677,723 | 668,648 | 2,847,790 |
| Excess (deficiency) of revenues over (under) expenditures | (622,195) | (591,219) | 30,976 | (595,534) |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | 665,631 | 665,631 | 0 | 616,596 |
| General Government Capital Projects Fund | (28,301) | (28,301) | 0 | 0 |
| SPLOST Capital Projects Fund | (15,135) | (15,135) | 0 | 0 |
| Sale of capital assets | 0 | 6,494 | 6,494 | 26,134 |
| Total other financing sources (uses) | 622,195 | 628,689 | 6,494 | 642,730 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | 37,470 | 37,470 | 47,196 |
| Fund balance, July 1 | 0 | 2,634,097 | 2,634,097 | 2,586,901 |
| Fund balances, June 30 | \$ 0 | \$ 2,671,567 | \$ 2,671,567 | \$ 2,634,097 |

CITY OF GAINESVILLE, GEORGIA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

| | 2018 | 2017 |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 4,174,878 | \$ 4,017,869 |
| Investments | 933,619 | 929,945 |
| Total assets | \$ 5,108,497 | \$ 4,947,814 |
| LIABILITIES | | |
| Accounts payable | \$ 7,525 | \$ 3,872 |
| FUND BALANCES | | |
| Assigned for: | | |
| Housing and Development | 5,042,972 | 4,833,094 |
| Budget | 58,000 | 110,848 |
| Total fund balances | 5,100,972 | 4,943,942 |
| Total liabilities and fund balances | \$ 5,108,497 | \$ 4,947,814 |

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, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|-------------------------|---------------------|---------------------|---------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Charges for services | \$ 233,495 | \$ 243,830 | \$ 10,335 | \$ 138,243 |
| Investment and interest | 34,240 | 39,016 | 4,776 | 1,867,099 |
| Contributions | 0 | 0 | 0 | 5,000 |
| Other | 0 | 0 | 0 | 157,183 |
| Total revenue | 267,735 | 282,846 | 15,111 | 2,167,525 |
| EXPENDITURES | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Other | 237,735 | 95,816 | 141,919 | 128,107 |
| Debt Service | | | | |
| Interest expense | 0 | 0 | 0 | 1,019 |
| Total expenditures | 237,735 | 95,816 | 141,919 | 129,126 |
| Excess (deficiency) of revenues over (under) expenditures | 30,000 | 187,030 | 157,030 | 2,038,399 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | 0 | 0 | 0 | 705,000 |
| General Government | | | | |
| Capital Projects Fund | (30,000) | (30,000) | 0 | 0 |
| Total other financing sources (uses) | (30,000) | (30,000) | 0 | 705,000 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | 157,030 | 157,030 | 2,743,399 |
| Fund balances, July 1 | 0 | 4,943,942 | 4,943,942 | 2,200,543 |
| Fund balances, June 30 | \$ 0 | \$ 5,100,972 | \$ 5,100,972 | \$ 4,943,942 |

CITY OF GAINESVILLE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

| | 2018 | 2017 |
|--|-------------------|------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 52,842 | \$ 0 |
| Taxes receivable | 82,123 | 83,620 |
| Total assets | \$ 134,965 | \$ 83,620 |
| LIABILITIES | | |
| Due to other funds | \$ 0 | \$ 20,293 |
| FUND BALANCES | | |
| Assigned for: | | |
| Housing and Development | 134,965 | 63,327 |
| Total liabilities and fund balances | \$ 134,965 | \$ 83,620 |

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, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|------------------|-------------------|-------------------|------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Hotel/motel taxes | \$ 872,202 | \$ 965,037 | \$ 92,835 | \$ 929,034 |
| Interest | 200 | 753 | 553 | 188 |
| Total revenues | <u>872,402</u> | <u>965,790</u> | <u>93,388</u> | <u>929,222</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Other | <u>472,783</u> | <u>472,783</u> | <u>0</u> | <u>613,443</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>399,619</u> | <u>493,007</u> | <u>93,388</u> | <u>315,779</u> |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| Debt Service Fund | (160,869) | (160,869) | 0 | (154,867) |
| General Government | | | | |
| Capital Projects Fund | <u>(260,500)</u> | <u>(260,500)</u> | <u>0</u> | <u>(160,724)</u> |
| Total other financing sources (uses) | <u>(421,369)</u> | <u>(421,369)</u> | <u>0</u> | <u>(315,591)</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | <u>(21,750)</u> | <u>71,638</u> | <u>93,388</u> | <u>188</u> |
| Fund balances, July 1 | <u>21,750</u> | <u>63,327</u> | <u>41,577</u> | <u>63,139</u> |
| Fund balances, June 30 | <u>\$ 0</u> | <u>\$ 134,965</u> | <u>\$ 134,965</u> | <u>\$ 63,327</u> |

CITY OF GAINESVILLE, GEORGIA
GOVERNMENT ACCESS CABLE TV CHANNEL SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

| | 2018 | 2017 |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 101,722 | \$ 96,372 |
| Intergovernmental receivables | 33,825 | 27,639 |
| Total assets | \$ 135,547 | \$ 124,011 |
| LIABILITIES | | |
| Accounts payable | \$ 306 | \$ 54 |
| Accrued salaries | 14,849 | 4,599 |
| Total liabilities | 15,155 | 4,653 |
| FUND BALANCES | | |
| Restricted for: | | |
| General Government | 55,977 | 55,460 |
| Capital outlay | 6,425 | 6,425 |
| Assigned for General Government | 57,990 | 57,473 |
| Total fund balances | 120,392 | 119,358 |
| Total liabilities and fund balances | \$ 135,547 | \$ 124,011 |

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, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|--------------------|--------------------------|--------------------------|--------------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Intergovernmental | \$ 125,778 | \$ 123,636 | \$ (2,142) | \$ 162,368 |
| Interest | 0 | 1,035 | 1,035 | 301 |
| Total revenues | <u>125,778</u> | <u>124,671</u> | <u>(1,107)</u> | <u>162,669</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | | | | |
| Personal services | 175,927 | 174,521 | 1,406 | 159,934 |
| Other | 69,969 | 67,092 | 2,877 | 65,303 |
| Total expenditures | <u>245,896</u> | <u>241,613</u> | <u>4,283</u> | <u>225,237</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(120,118)</u> | <u>(116,942)</u> | <u>3,176</u> | <u>(62,568)</u> |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | 125,778 | 123,636 | (2,142) | 162,368 |
| General Government | | | | |
| Capital Projects Fund | (5,660) | (5,660) | 0 | (99,500) |
| Total other financing sources (uses) | <u>120,118</u> | <u>117,976</u> | <u>(2,142)</u> | <u>62,868</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | <u>0</u> | <u>1,034</u> | <u>1,034</u> | <u>300</u> |
| Fund balance, July 1 | <u>0</u> | <u>119,358</u> | <u>119,358</u> | <u>119,058</u> |
| Fund balances, June 30 | <u><u>\$ 0</u></u> | <u><u>\$ 120,392</u></u> | <u><u>\$ 120,392</u></u> | <u><u>\$ 119,358</u></u> |

CITY OF GAINESVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

| | 2018 | 2017 |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 601,053 | \$ 617,545 |
| Receivables | 3,257 | 4,000 |
| Prepaid items | 0 | 15,000 |
| Total assets | \$ 604,310 | \$ 636,545 |
| LIABILITIES | | |
| Accounts payable | \$ 0 | \$ 1,668 |
| Due to others | 54,010 | 86,315 |
| Total liabilities | 54,010 | 87,983 |
| FUND BALANCES | | |
| Nonspendable: | | |
| Prepaid items | 0 | 15,000 |
| Restricted for Public Safety | 282,350 | 488,712 |
| Assigned for budget | 267,950 | 44,850 |
| Total fund balances | 550,300 | 548,562 |
| Total liabilities and fund balances | \$ 604,310 | \$ 636,545 |

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, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|-----------------|-------------------|-------------------|-------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Fines, fees, and forfeitures | \$ 247,655 | \$ 265,130 | \$ 17,475 | \$ 220,751 |
| Interest | 4,888 | 5,710 | 822 | 1,556 |
| Total revenues | <u>252,543</u> | <u>270,840</u> | <u>18,297</u> | <u>222,307</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | | | | |
| Other | 283,594 | 208,294 | 75,300 | 137,422 |
| Capital outlay | 80,876 | 60,808 | 20,068 | 34,851 |
| Total expenditures | <u>364,470</u> | <u>269,102</u> | <u>95,368</u> | <u>172,273</u> |
| Excess (deficiency) of revenues over (under) expenditures | (111,927) | 1,738 | 113,665 | 50,034 |
| Other financing sources (uses) | | | | |
| Sales of capital assets | 7,842 | 0 | 7,842 | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (104,085) | 1,738 | 105,823 | 50,034 |
| Fund balance, July 1 | 104,085 | 548,562 | 444,477 | 498,528 |
| Fund balances, June 30 | <u>\$ 0</u> | <u>\$ 550,300</u> | <u>\$ 550,300</u> | <u>\$ 548,562</u> |

CITY OF GAINESVILLE, GEORGIA
GRANTS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

| | 2018 | 2017 |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 300 | \$ 300 |
| Investments | 200,332 | 0 |
| Intergovernmental receivables | 756,414 | 369,363 |
| Total assets | \$ 957,046 | \$ 369,663 |
| LIABILITIES | | |
| Accounts payable | \$ 11,538 | \$ 8,472 |
| Due to other funds | 645,789 | 262,898 |
| Total liabilities | 657,327 | 271,370 |
| FUND BALANCES | | |
| Restricted for | | |
| Public Safety | 6,459 | 5,365 |
| Public Works | 19,150 | 19,150 |
| Housing and Development | 200,332 | 0 |
| Committed for Housing and Development | 4,868 | 4,868 |
| Assigned for General Government | 68,910 | 68,910 |
| Total fund balances | 299,719 | 98,293 |
| Total liabilities and fund balances | \$ 957,046 | \$ 369,663 |

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, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|------------------|-------------------|-------------------|------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Intergovernmental | \$ 1,185,198 | \$ 808,738 | \$ (376,460) | \$ 603,277 |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | 11,834 | 11,834 | 0 | 0 |
| Public Safety | 190,150 | 115,000 | 75,150 | 136,197 |
| Public Works | 418,677 | 418,674 | 3 | 0 |
| Culture and Recreation | 15,982 | 15,982 | 0 | 0 |
| Housing and Development | 603,582 | 98,265 | 505,317 | 454,355 |
| Total expenditures | 1,240,225 | 659,755 | 580,470 | 590,552 |
| Excess (deficiency) of revenues over (under) expenditures | (55,027) | 148,983 | 204,010 | 12,725 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | 55,027 | 52,443 | (2,584) | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | 201,426 | 201,426 | 12,725 |
| Fund balance, July 1 | 0 | 98,293 | 98,293 | 85,568 |
| Fund balances, June 30 | \$ 0 | \$ 299,719 | \$ 299,719 | \$ 98,293 |

CITY OF GAINESVILLE, GEORGIA
HUD GRANT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|--------------------------|--------------------------|
| ASSETS | | |
| Investments | \$ 92,898 | \$ 91,182 |
| Intergovernmental receivables | <u>244,220</u> | <u>331,384</u> |
| Total assets | <u><u>\$ 337,118</u></u> | <u><u>\$ 422,566</u></u> |
| LIABILITIES | | |
| Payables | | |
| Accounts | \$ 3,741 | \$ 222,870 |
| Retainages | 0 | 19,917 |
| Accrued salaries | 298 | 2,253 |
| Due to other funds | <u>240,182</u> | <u>84,629</u> |
| Total liabilities | 244,221 | 329,669 |
| FUND BALANCES | | |
| Restricted for Housing and Development | <u>92,897</u> | <u>92,897</u> |
| Total liabilities and fund balances | <u><u>\$ 337,118</u></u> | <u><u>\$ 422,566</u></u> |

CITY OF GAINESVILLE, GEORGIA
HUD GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|-------------------------|------------------|------------------|------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Intergovernmental | \$ 854,971 | \$ 315,096 | \$ (539,875) | \$ 721,239 |
| EXPENDITURES | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Personal services | 133,478 | 39,459 | 94,019 | 50,725 |
| Other | 721,493 | 275,637 | 445,856 | 620,639 |
| Total expenditures | 854,971 | 315,096 | 539,875 | 671,364 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 0 | 0 | 49,875 |
| Fund balances, July 1 | 0 | 92,897 | 92,897 | 43,022 |
| Fund balances, June 30 | \$ 0 | \$ 92,897 | \$ 92,897 | \$ 92,897 |

CITY OF GAINESVILLE, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 105,781 | \$ 100,682 |
| Investments | 0 | 1,715 |
| Notes receivable | <u>267,390</u> | <u>284,611</u> |
| Total assets | <u><u>\$ 373,171</u></u> | <u><u>\$ 387,008</u></u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue - notes receivable | \$ 267,390 | \$ 284,611 |
| FUND BALANCES | | |
| Restricted for Housing and Development | <u>105,781</u> | <u>102,397</u> |
| Total deferred inflows and fund balances | <u><u>\$ 373,171</u></u> | <u><u>\$ 387,008</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, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|-------------------------|-------------------|-------------------|-------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Charges for services | \$ 24,127 | \$ 20,595 | \$ (3,532) | \$ 23,014 |
| Interest | 4,840 | 1,070 | (3,770) | 386 |
| Total revenues | 28,967 | 21,665 | (7,302) | 23,400 |
| EXPENDITURES | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Other | 87,449 | 18,281 | 69,168 | 69,023 |
| Excess (deficiency) of revenues over (under) expenditures | (58,482) | 3,384 | 61,866 | (45,623) |
| Fund balances, July 1 | 58,482 | 102,397 | 43,915 | 148,020 |
| Fund balances, June 30 | \$ 0 | \$ 105,781 | \$ 105,781 | \$ 102,397 |

CITY OF GAINESVILLE, GEORGIA
IMPACT FEE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--------------------------------|----------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | <u>\$ 2,751,979</u> | <u>\$ 2,097,146</u> |
| FUND BALANCES | | |
| Restricted for: | | |
| Public Safety | \$ 596,163 | \$ 452,138 |
| Cultural and Recreation | <u>2,155,816</u> | <u>1,645,008</u> |
| Total fund balances | <u><u>\$ 2,751,979</u></u> | <u><u>\$ 2,097,146</u></u> |

CITY OF GAINESVILLE, GEORGIA
IMPACT FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|--------------------|----------------------------|----------------------------|----------------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Charges for services | \$ 709,271 | \$ 892,597 | \$ 183,326 | \$ 1,256,573 |
| Interest | 1,250 | 23,107 | 21,857 | 6,960 |
| Total revenues | <u>710,521</u> | <u>915,704</u> | <u>205,183</u> | <u>1,263,533</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Culture and Recreation | | | | |
| Other | <u>679,650</u> | <u>230,000</u> | <u>449,650</u> | <u>73,677</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>30,871</u> | <u>685,704</u> | <u>654,833</u> | <u>1,189,856</u> |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | (30,871) | (30,871) | 0 | (43,460) |
| SPLOST Fund | 0 | 0 | 0 | (450,000) |
| General Government | | | | |
| Capital Projects Fund | <u>0</u> | <u>0</u> | <u>0</u> | <u>(90,000)</u> |
| Total other financing sources (uses) | <u>(30,871)</u> | <u>(30,871)</u> | <u>0</u> | <u>(583,460)</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | <u>0</u> | <u>654,833</u> | <u>654,833</u> | <u>606,396</u> |
| Fund balances, July 1 | <u>0</u> | <u>2,097,146</u> | <u>2,097,146</u> | <u>1,490,750</u> |
| Fund balances, June 30 | <u><u>\$ 0</u></u> | <u><u>\$ 2,751,979</u></u> | <u><u>\$ 2,751,979</u></u> | <u><u>\$ 2,097,146</u></u> |

CITY OF GAINESVILLE, GEORGIA
TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

| | 2018 | 2017 |
|--|---------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,080,438 | \$ 779,488 |
| Intergovernmental receivable | 0 | 138,039 |
| Total assets | \$ 1,080,438 | \$ 917,527 |
| LIABILITIES | | |
| Accounts payable | \$ 1,520 | \$ 0 |
| FUND BALANCES | | |
| Restricted for Housing and Development | 1,078,918 | 917,527 |
| Total liabilities and fund balances | \$ 1,080,438 | \$ 917,527 |

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, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|-------------------------|---------------------|---------------------|-------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Property taxes | \$ 47,513 | \$ 42,545 | \$ (4,968) | \$ 59,652 |
| Intergovernmental | 200,367 | 247,900 | 47,533 | 221,713 |
| Interest | 6,843 | 8,296 | 1,453 | 2,498 |
| Total revenues | 254,723 | 298,741 | 44,018 | 283,863 |
| EXPENDITURES | | | | |
| Current | | | | |
| Housing and Development | 478,305 | 137,350 | 340,955 | 211,213 |
| Excess (deficiency) of revenues over (under) expenditures | (223,582) | 161,391 | 384,973 | 72,650 |
| Fund balances, July 1 | 223,582 | 917,527 | 693,945 | 844,877 |
| Fund balances, June 30 | \$ 0 | \$ 1,078,918 | \$ 1,078,918 | \$ 917,527 |

CITY OF GAINESVILLE, GEORGIA
INFORMATION TECHNOLOGY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

| | 2018 | 2017 |
|------------------------------|-------------|-------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 124,997 | \$ 263,485 |
| FUND BALANCES | | |
| Restricted for Public Safety | \$ 124,997 | \$ 121,985 |
| Assigned for budget | 0 | 141,500 |
| Total fund balances | \$ 124,997 | \$ 263,485 |

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, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|-------------------------|-------------------|-------------------|-------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Fines, fees, and forfeitures | \$ 55,000 | \$ 69,745 | \$ 14,745 | \$ 81,554 |
| Interest | 250 | 1,841 | 1,591 | 737 |
| Total revenues | 55,250 | 71,586 | 16,336 | 82,291 |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | | | | |
| Other | 28,574 | 28,574 | 0 | 6,460 |
| Excess (deficiency) of revenues over (under) expenditures | 26,676 | 43,012 | 16,336 | 75,831 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Government | | | | |
| Capital Projects Fund | (181,500) | (181,500) | 0 | (40,000) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (154,824) | (138,488) | 16,336 | 35,831 |
| Fund balances, July 1 | 154,824 | 263,485 | 108,661 | 227,654 |
| Fund balances, June 30 | \$ 0 | \$ 124,997 | \$ 124,997 | \$ 263,485 |

CITY OF GAINESVILLE, GEORGIA
CEMETERY TRUST SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

| | 2018 | 2017 |
|----------------------------|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 293,273 | \$ 289,535 |
| Accounts receivable, net | 0 | 600 |
| Total assets | \$ 293,273 | \$ 290,135 |
| FUND BALANCES | | |
| Committed for Public Works | 293,273 | 270,385 |
| Assigned for Budget | 0 | 19,750 |
| Total fund balances | \$ 293,273 | \$ 290,135 |

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, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|-------------------------|-------------------|-------------------|-------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Sales and services | \$ 30,000 | \$ 46,104 | \$ 16,104 | \$ 48,550 |
| Contributions | 0 | 4,500 | 4,500 | 0 |
| Interest | 250 | 2,834 | 2,584 | 797 |
| Total revenues | 30,250 | 53,438 | 23,188 | 49,347 |
| EXPENDITURES | | | | |
| Public Works | | | | |
| Other | 648 | 648 | 0 | 129 |
| Total expenditures | 648 | 648 | 0 | 129 |
| Excess (deficiency) of revenues over (under) expenditures | 29,602 | 52,790 | 23,188 | 49,218 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Government | | | | |
| Capital Projects Fund | (49,652) | (49,652) | 0 | 1,254 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (20,050) | 3,138 | 23,188 | 50,472 |
| Fund balances, July 1 | 20,050 | 290,135 | 270,085 | 239,663 |
| Fund balances, June 30 | \$ 0 | \$ 293,273 | \$ 293,273 | \$ 290,135 |



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, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,777,893 | \$ 1,953,875 |
| Receivables | | |
| Intergovernmental | 414 | 408 |
| Taxes | 35,823 | 29,930 |
| Prepaid items | <u>10,752</u> | <u>12,186</u> |
| Total assets | <u><u>\$ 2,824,882</u></u> | <u><u>\$ 1,996,399</u></u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue - property taxes | <u>\$ 24,669</u> | <u>\$ 39,113</u> |
| FUND BALANCES | | |
| Nonspendable prepaid items | 10,752 | 12,186 |
| Restricted for debt service | 1,195,216 | 531,070 |
| Assigned for debt service | <u>1,594,245</u> | <u>1,414,030</u> |
| Total fund balances | <u>2,800,213</u> | <u>1,957,286</u> |
| Total deferred inflows and fund balances | <u><u>\$ 2,824,882</u></u> | <u><u>\$ 1,996,399</u></u> |

CITY OF GAINESVILLE, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|------------------|---------------------|---------------------|---------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Property taxes | \$ 2,398,030 | \$ 2,477,682 | \$ 79,652 | \$ 2,353,259 |
| Interest | 5,386 | 28,522 | 23,136 | 8,479 |
| Other | 0 | 0 | 0 | 1,806 |
| Total revenues | 2,403,416 | 2,506,204 | 102,788 | 2,363,544 |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal | 1,679,757 | 1,462,303 | 217,454 | 1,456,462 |
| Interest and fiscal charges | 536,126 | 517,843 | 18,283 | 522,028 |
| Total expenditures | 2,215,883 | 1,980,146 | 235,737 | 1,978,490 |
| Excess (deficiency) of revenues over (under) expenditures | 187,533 | 526,058 | 338,525 | 385,054 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | 156,000 | 156,000 | 0 | 0 |
| Hotel/Motel Tax Fund | 160,869 | 160,869 | 0 | 154,867 |
| Contingency | (485,800) | 0 | 485,800 | 0 |
| Total other financing sources (uses) | (168,931) | 316,869 | 485,800 | 154,867 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 18,602 | 842,927 | 824,325 | 539,921 |
| Fund balances, July 1 | (18,602) | 1,957,286 | 1,975,888 | 1,417,365 |
| Fund balances, June 30 | \$ 0 | \$ 2,800,213 | \$ 2,800,213 | \$ 1,957,286 |



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 Capital Projects 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 Capital Projects Fund - *This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax.*

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

Grants Capital Projects 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, 2018 and 2017

| | 2018 | 2017 |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 5,636,365 | \$ 5,029,031 |
| Accounts receivable | 0 | 578,254 |
| Total assets | <u>\$ 5,636,365</u> | <u>\$ 5,607,285</u> |
| LIABILITIES | | |
| Accounts payable | \$ 241,906 | \$ 321,352 |
| Retainages payable | 16,644 | 7,557 |
| Total liabilities | <u>258,550</u> | <u>328,909</u> |
| FUND BALANCES | | |
| Restricted for capital projects: | | |
| General Government | 778,781 | 839,897 |
| Public Safety | 52,862 | 114,030 |
| Health and Welfare | 196,511 | 0 |
| Assigned for capital projects: | | |
| General Government | 2,268,433 | 2,549,650 |
| Public Safety | 73,412 | 145,844 |
| Public Works | 2,007,816 | 1,628,955 |
| Total fund balances | <u>5,377,815</u> | <u>5,278,376</u> |
| Total liabilities and fund balances | <u>\$ 5,636,365</u> | <u>\$ 5,607,285</u> |

CITY OF GAINESVILLE, GEORGIA
GENERAL GOVERNMENT CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2018 and 2017

| | 2018 | 2017 |
|---|---------------------|---------------------|
| REVENUES | | |
| Intergovernmental | \$ 0 | \$ 81,303 |
| Contributions | 5,660 | 29,000 |
| Other | 447 | 0 |
| Total revenues | 6,107 | 110,303 |
| EXPENDITURES | | |
| Capital outlay | | |
| General Government | 2,224,982 | 1,649,618 |
| Public Safety | 892,027 | 1,407,331 |
| Public Works | 602,024 | 1,829,064 |
| Housing and Development | 152,517 | 124,705 |
| Debt service | | |
| General Government | 0 | 2,472,351 |
| Total expenditures | 3,871,550 | 7,483,069 |
| Excess (deficiency) of revenues over (under) expenditures | (3,865,443) | (7,372,766) |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| General Fund | 3,176,581 | 3,645,225 |
| Community Service Center Fund | 28,300 | 0 |
| Hotel/Motel Tax Fund | 260,500 | 160,724 |
| Government Access Cable TV Channel Fund | 5,660 | 99,500 |
| Information Technology Fund | 181,500 | 40,000 |
| Impact Fees Fund | 0 | 90,000 |
| Cemetery Trust Fund | 49,652 | (1,254) |
| Grants Capital Projects Fund | (35,000) | (25,957) |
| SPLOST Capital Projects Fund | (272,416) | 0 |
| Department of Water Resources Fund | 553,513 | 1,099,694 |
| Solid Waste Fund | 5,660 | 0 |
| Issuance of capital lease | 10,932 | 807,264 |
| Total other financing sources (uses) | 3,964,882 | 5,915,196 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 99,439 | (1,457,570) |
| Fund balances, July 1 | 5,278,376 | 6,735,946 |
| Fund balances, June 30 | \$ 5,377,815 | \$ 5,278,376 |

CITY OF GAINESVILLE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

| | 2018 | 2017 |
|--|----------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 11,556,248 | \$ 8,301,004 |
| Intergovernmental receivables | 1,009,788 | 1,225,292 |
| Total assets | \$ 12,566,036 | \$ 9,526,296 |
| LIABILITIES | | |
| Accounts payable | \$ 31,572 | \$ 602,560 |
| Retainages payable | 0 | 9,086 |
| Unearned revenue | 0 | 949,478 |
| Total liabilities | 31,572 | 1,561,124 |
| FUND BALANCES | | |
| Restricted for capital projects: | | |
| Public Safety | 3,745,632 | 4,426,610 |
| Public Works | 7,617,762 | 2,801,874 |
| Culture and Recreation | 255,620 | 105,238 |
| Assigned for capital projects: | | |
| Public Safety | 100,000 | 100,000 |
| Public Works | 365,450 | 81,450 |
| Health and Welfare | 450,000 | 450,000 |
| Total fund balances | 12,534,464 | 7,965,172 |
| Total liabilities and fund balances | \$ 12,566,036 | \$ 9,526,296 |

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, 2018 and 2017

| | 2018 | 2017 |
|---|----------------------|---------------------|
| REVENUES | | |
| Intergovernmental | \$ 6,777,358 | \$ 5,501,010 |
| Contributions | 44,000 | 0 |
| Total revenues | 6,821,358 | 5,501,010 |
| EXPENDITURES | | |
| Capital outlay | | |
| Public Safety | 680,768 | 964,115 |
| Public Works | 1,157,625 | 1,398,278 |
| Health and Welfare | 1,322,029 | 225,522 |
| Culture and Recreation | 54,619 | 114,441 |
| Total expenditures | 3,215,041 | 2,702,356 |
| Excess (deficiency) of revenues over (under) expenditures | 3,606,317 | 2,798,654 |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| General Fund | 100,000 | 10,000 |
| Impact Fee Fund | 0 | 450,000 |
| Department of Water Resources Fund | 208,440 | 0 |
| Community Service Center Fund | 15,135 | 0 |
| Grants Capital Projects Fund | 366,984 | 0 |
| General Government Capital Projects Fund | 272,416 | 0 |
| Total other financing sources (uses) | 962,975 | 460,000 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 4,569,292 | 3,258,654 |
| Fund balances, July 1 | 7,965,172 | 4,706,518 |
| Fund balances, June 30 | \$ 12,534,464 | \$ 7,965,172 |

CITY OF GAINESVILLE, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

| | 2018 | 2017 |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 782,546 | \$ 909,565 |
| Accounts receivable | 27,958 | 0 |
| Intergovernmental receivables | 229,825 | 259,587 |
| Total assets | \$ 1,040,329 | \$ 1,169,152 |
| LIABILITIES | | |
| Accounts payable | \$ 11,723 | \$ 17,052 |
| FUND BALANCES | | |
| Restricted for capital projects: | | |
| Public Works | 195,448 | 190,738 |
| Assigned for capital projects: | | |
| Public Works | 833,158 | 961,362 |
| Total fund balances | 1,028,606 | 1,152,100 |
| Total liabilities and fund balances | \$ 1,040,329 | \$ 1,169,152 |

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, 2018 and 2017

| | 2018 | 2017 |
|---|---------------------|---------------------|
| REVENUES | | |
| Intergovernmental | \$ 396,696 | \$ 237,618 |
| Contributions | 5,000 | 0 |
| Total revenues | 401,696 | 237,618 |
| EXPENDITURES | | |
| Capital outlay | | |
| General Government | 114,838 | 21,775 |
| Public Works | 133,368 | 642,394 |
| Total expenditures | 248,206 | 664,169 |
| Excess (deficiency) of revenues over (under) expenditures | 153,490 | (426,551) |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| General Fund | 25,000 | 25,000 |
| Economic Development Special Revenue Fund | 30,000 | 0 |
| SPLOST Capital Projects Funds | (366,984) | 0 |
| General Government Capital Projects Fund | 35,000 | 25,957 |
| Total other financing sources (uses) | (276,984) | 50,957 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (123,494) | (375,594) |
| Fund balances, July 1 | 1,152,100 | 1,527,694 |
| Fund balances, June 30 | \$ 1,028,606 | \$ 1,152,100 |



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, 2018 and 2017

| | 2018 | 2017 |
|---|--------------------|--------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 41,197,857 | \$ 42,226,490 |
| Receivables | | |
| Accounts (net) | 4,345,677 | 4,283,524 |
| Intergovernmental | 169,017 | 165,068 |
| Inventories | 1,618,684 | 1,700,186 |
| Prepaid items | 0 | 3,800 |
| Total current assets | 47,331,235 | 48,379,068 |
| Restricted assets | | |
| Extension and Renewal | | |
| Cash and cash equivalents | 62,272,212 | 61,359,581 |
| Debt Redemption | | |
| Cash and cash equivalents | 9,766,790 | 9,615,995 |
| Customer Deposits | | |
| Cash and cash equivalents | 2,300,009 | 2,235,205 |
| Total restricted assets | 74,339,011 | 73,210,781 |
| Capital assets | | |
| Land | 30,977,493 | 30,977,493 |
| Nondepreciable intangibles | 2,056,998 | 2,051,336 |
| Land improvements | 2,184,504 | 1,813,045 |
| Buildings | 44,835,815 | 44,853,971 |
| Distribution system | 541,932,094 | 541,938,923 |
| Vehicles and equipment | 34,422,825 | 27,474,409 |
| Depreciable intangibles | 5,971,224 | 5,495,361 |
| Construction in progress | 35,700,858 | 19,786,561 |
| Accumulated depreciation | (226,584,307) | (212,002,918) |
| Capital assets (net of accumulated depreciation) | 471,497,504 | 462,388,181 |
| Total assets | 593,167,750 | 583,978,030 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred charges on refunding | 476,203 | 714,767 |
| Deferred outflows related to pensions | 2,648,054 | 1,175,704 |
| Deferred outflows related to other post employment benefits | 764,979 | 0 |
| Total deferred outflows of resources | 3,889,236 | 1,890,471 |

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2018 and 2017

| | 2018 | 2017 |
|--|-----------------------|-----------------------|
| LIABILITIES | | |
| Current liabilities | | |
| Payables | | |
| Accounts | \$ 2,271,008 | \$ 1,514,138 |
| Intergovernmental | 5,070 | 3,689 |
| Accrued salaries | 396,366 | 330,545 |
| Compensated absences | 580,677 | 580,115 |
| Capital lease payable | 1,261,588 | 1,261,588 |
| Total current liabilities | 4,514,709 | 3,690,075 |
| Current liabilities payable from restricted assets | | |
| Payables | | |
| Accounts | 1,207,819 | 1,131,257 |
| Retainages | 1,447,347 | 753,350 |
| Customer deposits | 2,300,009 | 2,235,205 |
| Revenue bonds payable | 16,200,000 | 15,940,000 |
| Interest payable | 425,471 | 489,234 |
| Total liabilities payable from restricted assets | 21,580,646 | 20,549,046 |
| Noncurrent liabilities | | |
| Net pension liability | 18,464,956 | 17,864,502 |
| Net OPEB liability | 12,263,491 | 11,826,744 |
| Compensated absences | 64,520 | 64,457 |
| Capital leases payable | 15,139,056 | 16,400,644 |
| Revenue bonds payable | 89,359,369 | 106,608,109 |
| Total noncurrent liabilities | 135,291,392 | 152,764,456 |
| Total liabilities | 161,386,747 | 177,003,577 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to pensions | 1,925,663 | 881,585 |
| Deferred inflows related to other post employment benefits | 1,002,793 | 0 |
| Total deferred inflows of resources | 2,928,456 | 881,585 |
| NET POSITION | | |
| Net investment in capital assets | 347,358,527 | 321,008,000 |
| Restricted for: | | |
| Capital outlay | 62,272,212 | 61,359,581 |
| Debt service | 9,341,319 | 9,126,761 |
| Unrestricted | 13,769,725 | 16,488,997 |
| Total net position | \$ 432,741,783 | \$ 407,983,339 |

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, 2018 and 2017

| | 2018 | 2017 |
|--|-----------------------|-----------------------|
| OPERATING REVENUES | | |
| Charges for sales and services | | |
| Water sales | \$ 36,988,937 | \$ 38,229,155 |
| Sewer charges | 32,137,911 | 30,546,233 |
| Tap fees | 1,437,760 | 1,448,614 |
| Other | 1,398,901 | 1,297,458 |
| Other | 91,685 | 69,575 |
| Total operating revenues | 72,055,194 | 71,591,035 |
| OPERATING EXPENSES | | |
| Costs of sales and services | 18,260,466 | 14,346,536 |
| Personal services | 13,460,571 | 13,132,924 |
| Depreciation | 15,101,193 | 14,952,305 |
| Total operating expenses | 46,822,230 | 42,431,765 |
| Operating income (loss) | 25,232,964 | 29,159,270 |
| Non-operating revenues (expenses) | | |
| Interest revenue | 2,123,320 | 1,372,085 |
| Interest expense | (3,852,573) | (4,724,102) |
| Debt issue costs | 0 | (91,423) |
| Gain (loss) on sale of capital assets | (3,543,647) | 22,941 |
| Total non-operating revenues (expenses) | (5,272,900) | (3,420,499) |
| Net income (loss) before capital contributions and transfers | 19,960,064 | 25,738,771 |
| Capital contributions | | |
| Connection fees | 4,173,891 | 4,911,419 |
| Capital contributions | 5,247,758 | 3,330,707 |
| Total capital contributions | 9,421,649 | 8,242,126 |
| Net income (loss) before transfers | 29,381,713 | 33,980,897 |
| Transfers in (out) | | |
| General Fund | (3,446,222) | (3,273,211) |
| General Government Capital Projects Fund | (553,513) | (1,099,694) |
| SPLOST Capital Projects Fund | (208,440) | 0 |
| General Insurance Fund | 0 | 23,000 |
| Total transfers in (out) | (4,208,175) | (4,349,905) |
| Change in net position | 25,173,538 | 29,630,992 |
| Net position, July 1 (original) | 407,983,339 | 378,352,347 |
| Prior period adjustment | (415,094) | 0 |
| Net position, July 1 (restated) | 407,568,245 | 378,352,347 |
| Net position, June 30 | \$ 432,741,783 | \$ 407,983,339 |

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2018 and 2017

| | 2018 | 2017 |
|--|-----------------------|-----------------------|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 71,962,211 | \$ 71,530,145 |
| Payments to suppliers | (17,596,302) | (13,780,628) |
| Payments to employees | (12,962,475) | (12,527,913) |
| Other receipts | 91,685 | 69,575 |
| Net cash provided (used) by operating activities | 41,495,119 | 45,291,179 |
| Cash flows from non-capital financing activities: | | |
| Payments to other funds | (3,446,222) | (3,273,211) |
| Net cash provided (used) by non-capital financing activities | (3,446,222) | (3,273,211) |
| Cash flows from capital and related financing activities: | | |
| Connection fees | 4,173,891 | 4,911,419 |
| Receipts of capital contributions | 56,400 | 26,579 |
| Receipts from other funds | 0 | 23,000 |
| Payments to other funds | (761,953) | (1,099,694) |
| Interest paid | (3,916,336) | (4,517,077) |
| Acquisition of capital assets | (21,227,024) | (10,293,588) |
| Payment of capital related accounts payable | (1,705,218) | (1,347,957) |
| Sale of capital assets | 57,796 | 41,221 |
| Bond issue costs | 0 | (91,423) |
| Principal payments - bonds | (15,940,000) | (41,935,000) |
| Proceeds - bonds | 0 | 26,910,000 |
| Net cash provided (used) by capital and related financing activities | (39,262,444) | (27,372,520) |
| Cash flows from investing activities: | | |
| Interest received | 1,313,144 | 83,718 |
| Net increase (decrease) in cash and cash equivalents | 99,597 | 14,729,166 |
| Cash and cash equivalents, July 1 | 115,437,271 | 100,708,105 |
| Cash and cash equivalents, June 30 | \$ 115,536,868 | \$ 115,437,271 |

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2018 and 2017

| | 2018 | 2017 |
|---|----------------|----------------|
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ 25,232,964 | \$ 29,159,270 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation expense | 15,101,193 | 14,952,305 |
| (Increase) decrease in accounts receivable | (62,153) | (406,095) |
| (Increase) decrease in intergovernmental receivables | (3,949) | 338,003 |
| (Increase) decrease in inventory | 81,502 | 166,414 |
| (Increase) decrease in prepaid items | 3,800 | 78,054 |
| (Increase) decrease in deferred outflows of resources | (1,661,882) | (2,485) |
| Increase (decrease) in accounts payable | 577,481 | 320,416 |
| Increase (decrease) in intergovernmental payables | 1,381 | 1,024 |
| Increase (decrease) in deposits payable | 64,804 | 76,777 |
| Increase (decrease) in accrued salaries and benefits | 66,446 | 17,076 |
| Increase (decrease) in net pension liability | 600,454 | (1,416,931) |
| Increase (decrease) in deferred inflows of resources | 2,046,871 | 1,729,666 |
| Increase (decrease) in OPEB liability | (553,793) | 277,685 |
| Total adjustments | 16,262,155 | 16,131,909 |
| Net cash provided (used) by operating activities | \$ 41,495,119 | \$ 45,291,179 |
| Cash and cash equivalents reconciliation: | | |
| Cash and cash equivalents | \$ 41,197,857 | \$ 42,226,490 |
| Extension and Renewal | | |
| Cash and cash equivalents | 62,272,212 | 61,359,581 |
| Debt Redemption | | |
| Cash and cash equivalents | 9,766,790 | 9,615,995 |
| Customer Deposits | | |
| Cash and cash equivalents | 2,300,009 | 2,235,205 |
| Total cash and cash equivalents | \$ 115,536,868 | \$ 115,437,271 |

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled \$3,929,770 and \$2,042,540 for the fiscal years ended June 30, 2018 and 2017, respectively.

Contributions of capital assets from other governments totaled \$1,261,588 and \$1,261,588 for the fiscal years ended June 30, 2018 and 2017, respectively.

Acquisition of capital assets through accounts payable totaled \$2,655,166 and \$1,705,218 for the fiscal years ended June 30, 2018 and 2017, respectively.

Forgiveness of capital lease through capital contributions totaled \$1,261,588 and \$1,261,588 for the fiscal years ended June 30, 2018 and 2017, respectively.

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2018 and 2017

| | 2018 | 2017 |
|---|--------------|--------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,051,661 | \$ 970,970 |
| Receivables | | |
| Accounts | 23,912 | 12,654 |
| Intergovernmental | 108,956 | 119,830 |
| Total current assets | 1,184,529 | 1,103,454 |
| Capital assets | | |
| Land | 504,385 | 504,385 |
| Land improvements | 12,641,581 | 12,065,254 |
| Buildings | 6,637,588 | 6,637,588 |
| Vehicles and equipment | 526,982 | 526,982 |
| Intangibles | 118,000 | 118,000 |
| Construction in progress | 229,476 | 655,149 |
| Accumulated depreciation | (11,737,657) | (10,841,038) |
| Total capital assets (net of accumulated depreciation) | 8,920,355 | 9,666,320 |
| Total assets | 10,104,884 | 10,769,774 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred charges on refunding | 15,658 | 27,046 |
| Deferred outflows related to pensions | 14,670 | 7,449 |
| Deferred outflows related to other post employment benefits | 3,660 | 0 |
| Total deferred outflows of resources | 33,988 | 34,495 |
| LIABILITIES | | |
| Current liabilities | | |
| Payables | | |
| Accounts | 19,287 | 10,509 |
| Interest | 2,213 | 3,263 |
| Customer deposits | 4,036 | 4,036 |
| Accrued salaries | 1,864 | 2,258 |
| Compensated absences | 986 | 4,124 |
| Capital leases payable | 435,000 | 420,000 |
| Total current liabilities | 463,386 | 444,190 |
| Noncurrent liabilities | | |
| Net pension liability | 121,925 | 118,350 |
| Net OPEB liability | 58,677 | 23,993 |
| Compensated absences | 110 | 458 |
| Capital leases payable | 469,903 | 919,377 |
| Total noncurrent liabilities | 650,615 | 1,062,178 |
| Total liabilities | 1,114,001 | 1,506,368 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to pensions | 9,108 | 4,150 |
| Deferred inflows related to other post employment benefits | 4,798 | 0 |
| Total deferred inflows of resources | 13,906 | 4,150 |
| NET POSITION | | |
| Net investment in capital assets | 8,031,110 | 8,353,989 |
| Unrestricted | 979,855 | 939,762 |
| Total net position | \$ 9,010,965 | \$ 9,293,751 |

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2018 and 2017

| | 2018 | 2017 |
|--|----------------------------|----------------------------|
| OPERATING REVENUES | | |
| Charges for sales and services | | |
| Fuel sales | \$ 42,685 | \$ 34,100 |
| Rent | 888,458 | 885,244 |
| Other | 235 | 150 |
| Total operating revenues | <u>931,378</u> | <u>919,494</u> |
| OPERATING EXPENSES | | |
| Costs of sales and services | 310,953 | 524,886 |
| Personal services | 60,686 | 82,043 |
| Depreciation | 896,619 | 1,087,569 |
| Total operating expenses | <u>1,268,258</u> | <u>1,694,498</u> |
| Operating income (loss) | <u>(336,880)</u> | <u>(775,004)</u> |
| Non-operating revenues (expenses) | | |
| Interest revenue | 23,777 | 17,566 |
| Interest expense | (33,275) | (41,675) |
| Gain (loss) on sale of capital assets | 0 | (20,055) |
| Total non-operating revenues (expenses) | <u>(9,498)</u> | <u>(44,164)</u> |
| Net income (loss) before capital contributions | (346,378) | (819,168) |
| Capital contributions | | |
| Intergovernmental revenue | <u>98,172</u> | <u>777,958</u> |
| Change in net position | <u>(248,206)</u> | <u>(41,210)</u> |
| Net position, July 1 (original) | 9,293,751 | 9,334,961 |
| Prior period adjustment | <u>(34,580)</u> | <u>0</u> |
| Net position, July 1 (restated) | <u>9,259,171</u> | <u>9,334,961</u> |
| Net position, June 30 | <u><u>\$ 9,010,965</u></u> | <u><u>\$ 9,293,751</u></u> |

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2018 and 2017

| | 2018 | 2017 |
|---|---------------------|-------------------|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 821,713 | \$ 919,034 |
| Payments to suppliers | (302,175) | (612,744) |
| Payments to employees | (62,012) | (78,691) |
| Other receipts | 235 | 150 |
| | <u>457,761</u> | <u>227,749</u> |
| Net cash provided (used) by operating activities | | |
| | <u>457,761</u> | <u>227,749</u> |
| Cash flows from capital and related financing activities: | | |
| Receipts from other governments | 207,218 | 730,731 |
| Sale of capital assets | 0 | 1,947 |
| Interest paid | (22,938) | (31,337) |
| Payment of capital related accounts payable | 0 | (80,670) |
| Acquisition of capital assets | (150,653) | (608,229) |
| Principal payments - capital leases | (420,000) | (420,000) |
| | <u>(386,373)</u> | <u>(407,558)</u> |
| Net cash provided (used) by capital and related financing activities | | |
| | <u>(386,373)</u> | <u>(407,558)</u> |
| Cash flows from investing activities: | | |
| Interest received | 9,303 | 3,091 |
| | <u>9,303</u> | <u>3,091</u> |
| Net increase (decrease) in cash and cash equivalents | 80,691 | (176,718) |
| Cash and cash equivalents, July 1 | 970,970 | 1,147,688 |
| | <u>970,970</u> | <u>1,147,688</u> |
| Cash and cash equivalents, June 30 | <u>\$ 1,051,661</u> | <u>\$ 970,970</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ (336,880) | \$ (775,004) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation expense | 896,619 | 1,087,569 |
| (Increase) decrease in accounts receivable | (11,258) | (310) |
| (Increase) decrease in intergovernmental receivable | (98,172) | 0 |
| (Increase) decrease in deferred outflows of resources | (8,127) | 12,316 |
| Increase (decrease) in accounts payable | 8,778 | (87,858) |
| Increase (decrease) in accrued payroll liabilities | (3,880) | 862 |
| Increase (decrease) in net pension liability | 3,575 | (7,325) |
| Increase (decrease) in deferred inflows of resources | 9,756 | (2,501) |
| Increase (decrease) in OPEB liability | (2,650) | 0 |
| | <u>794,641</u> | <u>1,002,753</u> |
| Total adjustments | | |
| | <u>794,641</u> | <u>1,002,753</u> |
| Net cash provided by operating activities | <u>\$ 457,761</u> | <u>\$ 227,749</u> |

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2018 and 2017

| | 2018 | 2017 |
|---|--------------|--------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 3,577,577 | \$ 3,152,285 |
| Accounts receivable (net) | 275,692 | 229,218 |
| Total current assets | 3,853,269 | 3,381,503 |
| Capital assets | | |
| Buildings | 25,051 | 25,051 |
| Vehicles and equipment | 2,524,732 | 2,576,278 |
| Accumulated depreciation | (1,834,369) | (1,917,314) |
| Total capital assets (net of accumulated depreciation) | 715,414 | 684,015 |
| Total assets | 4,568,683 | 4,065,518 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows related to pensions | 93,108 | 57,307 |
| Deferred outflows related to other post employment benefits | 84,184 | 0 |
| Total deferred outflows of resources | 177,292 | 57,307 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | 45,389 | 40,374 |
| Accrued salaries | 29,352 | 27,671 |
| Compensated absences | 47,177 | 46,959 |
| Total current liabilities | 121,918 | 115,004 |
| Noncurrent liabilities | | |
| Net pension liability | 419,206 | 469,713 |
| Net OPEB liability | 1,349,571 | 1,194,440 |
| Compensated absences | 5,242 | 5,218 |
| Total noncurrent liabilities | 1,774,019 | 1,669,371 |
| Total liabilities | 1,895,937 | 1,784,375 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to pensions | 197,195 | 155,251 |
| Deferred inflows related to other post employment benefits | 110,355 | 0 |
| Total deferred inflows of resources | 307,550 | 155,251 |
| NET POSITION | | |
| Investment in capital assets | 715,414 | 684,015 |
| Unrestricted | 1,827,074 | 1,499,184 |
| Total net position | \$ 2,542,488 | \$ 2,183,199 |

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, 2018 and 2017

| | 2018 | 2017 |
|--|---------------------|---------------------|
| OPERATING REVENUES | | |
| Charges for sales and services | \$ 2,887,724 | \$ 2,769,222 |
| Other | 11,328 | 13,164 |
| Total operating revenues | 2,899,052 | 2,782,386 |
| OPERATING EXPENSES | | |
| Costs of sales and services | 707,084 | 628,700 |
| Costs of sales and services - landfill | 303,148 | 267,176 |
| Personal services | 1,240,096 | 1,275,376 |
| Depreciation | 170,157 | 171,151 |
| Total operating expenses | 2,420,485 | 2,342,403 |
| Operating income (loss) | 478,567 | 439,983 |
| Non-operating revenues (expenses) | | |
| Interest revenue | 32,834 | 9,047 |
| Gain (loss) on sale of capital assets | 6,296 | 609 |
| Total non-operating revenues (expenses) | 39,130 | 9,656 |
| Net income (loss) before transfers | 517,697 | 449,639 |
| Transfers in (out) | | |
| General Government Capital Projects Fund | (5,660) | 0 |
| Change in net position | 512,037 | 449,639 |
| Net position, July 1 (original) | 2,183,199 | 1,733,560 |
| Prior period adjustment | (152,748) | 0 |
| Net position, July 1 (restated) | 2,030,451 | 1,733,560 |
| Net position, June 30 | \$ 2,542,488 | \$ 2,183,199 |

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2018 and 2017

| | 2018 | 2017 |
|---|----------------------------|----------------------------|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 2,841,251 | \$ 2,747,923 |
| Payments to suppliers | (1,005,218) | (914,048) |
| Payments to employees | (1,253,984) | (1,260,580) |
| Other receipts | 11,328 | 13,164 |
| | <u>593,377</u> | <u>586,459</u> |
| Net cash provided (used) by operating activities | | |
| Cash flows from noncapital and related financing activities: | | |
| Payments to other funds | (5,660) | 0 |
| | <u></u> | <u></u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (201,555) | (44,274) |
| Sale of capital asset | 6,296 | 609 |
| | <u></u> | <u></u> |
| Net cash provided (used) by capital and related financing activities | (195,259) | (43,665) |
| Cash flows from investing activities: | | |
| Interest received | 32,834 | 9,047 |
| | <u></u> | <u></u> |
| Net increase (decrease) in cash and cash equivalents | 425,292 | 551,841 |
| Cash and cash equivalents, July 1 | 3,152,285 | 2,600,444 |
| | <u></u> | <u></u> |
| Cash and cash equivalents, June 30 | <u><u>\$ 3,577,577</u></u> | <u><u>\$ 3,152,285</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ 478,567 | \$ 439,983 |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | |
| Depreciation expense | 170,157 | 171,151 |
| (Increase) decrease in accounts receivable | (46,473) | (21,299) |
| (Increase) decrease in deferred outflows of resources | (56,659) | 184,506 |
| Increase (decrease) in accounts payable | 5,015 | (18,172) |
| Increase (decrease) in accrued payroll liabilities | 1,923 | 8,525 |
| Increase (decrease) in net pension liability | (50,507) | (190,462) |
| Increase (decrease) in deferred inflows of resources | 152,299 | (16,187) |
| Increase (decrease) in OPEB liability | (60,945) | 28,414 |
| | <u></u> | <u></u> |
| Total adjustments | 114,810 | 146,476 |
| | <u></u> | <u></u> |
| Net cash used by operating activities | <u><u>\$ 593,377</u></u> | <u><u>\$ 586,459</u></u> |

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2018 and 2017

| | 2018 | 2017 |
|---|-------------|-------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 645,485 | \$ 396,238 |
| Accounts receivable (net) | 39,382 | 66,042 |
| Total current assets | 684,867 | 462,280 |
| Capital assets | | |
| Land | 52,151 | 52,887 |
| Land improvements | 5,399,594 | 5,399,594 |
| Buildings | 715,452 | 715,452 |
| Vehicles and equipment | 875,788 | 911,199 |
| Construction in progress | 15,024 | 0 |
| Accumulated depreciation | (4,551,457) | (4,333,616) |
| Total capital assets (net of accumulated depreciation) | 2,506,552 | 2,745,516 |
| Total assets | 3,191,419 | 3,207,796 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred charge on refunding | 38,637 | 44,223 |
| Deferred outflows related to pensions | 17,161 | 14,578 |
| Deferred outflows related to other post employment benefits | 18,302 | 0 |
| Total deferred outflows of resources | 74,100 | 58,801 |
| LIABILITIES | | |
| Current liabilities | | |
| Payables | | |
| Accounts | 56,644 | 105,404 |
| Sales tax | 7,661 | 7,580 |
| Interest | 7,251 | 8,067 |
| Accrued salaries | 20,637 | 18,112 |
| Compensated absences | 23,925 | 22,999 |
| Capital lease payable | 255,000 | 250,000 |
| Other liabilities | 47,458 | 45,280 |
| Total current liabilities | 418,576 | 457,442 |
| Noncurrent liabilities | | |
| Advances from other funds | 258,790 | 292,924 |
| Net pension liability | 23,932 | 53,050 |
| Net OPEB liability | 293,385 | 278,345 |
| Compensated absences | 2,658 | 2,555 |
| Capital leases payable | 1,965,000 | 2,220,000 |
| Total noncurrent liabilities | 2,543,765 | 2,846,874 |
| Total liabilities | 2,962,341 | 3,304,316 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to pensions | 67,313 | 57,809 |
| Deferred inflows related to other post employment benefits | 23,990 | 0 |
| Total deferred inflows of resources | 91,303 | 57,809 |
| NET POSITION | | |
| Net investment in capital assets | 323,910 | 269,814 |
| Restricted for capital outlay | 25,649 | 25,589 |
| Unrestricted | (137,684) | (390,931) |
| Total net position | \$ 211,875 | \$ (95,528) |

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, 2018 and 2017

| | 2018 | 2017 |
|--|-------------------|--------------------|
| OPERATING REVENUES | | |
| Charges for sales and services | | |
| Greens fees | \$ 692,174 | \$ 709,080 |
| Cart fees | 291,593 | 300,965 |
| Handicap fees | 20,740 | 19,888 |
| Practice range | 56,519 | 59,498 |
| Rent revenue | 11,950 | 12,600 |
| Contributions | 0 | 11,127 |
| Other | 13,743 | 1,259 |
| Total operating revenues | 1,086,719 | 1,114,417 |
| OPERATING EXPENSES | | |
| Costs of sales and services | 421,489 | 407,046 |
| Personal services | 565,521 | 527,322 |
| Depreciation | 303,630 | 298,640 |
| Total operating expenses | 1,290,640 | 1,233,008 |
| Operating income (loss) | (203,921) | (118,591) |
| Non-operating revenues (expenses) | | |
| Interest revenue | 4,967 | 658 |
| Interest expense | (65,555) | (71,984) |
| Gain (loss) on sale of capital assets | 292,669 | 151,197 |
| Total non-operating revenues (expenses) | 232,081 | 79,871 |
| Net income (loss) before transfers | 28,160 | (38,720) |
| Transfers in (out) | | |
| General Fund | 293,765 | 343,654 |
| Change in net position | 321,925 | 304,934 |
| Net position, July 1 (original) | (95,528) | (400,462) |
| Prior period adjustment | (14,522) | 0 |
| Net position, July 1 (restated) | (110,050) | (400,462) |
| Net position, June 30 | \$ 211,875 | \$ (95,528) |

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2018 and 2017

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 1,099,718 | \$ 1,090,568 |
| Payments to suppliers | (419,425) | (408,951) |
| Payments to employees | (577,956) | (528,510) |
| Other receipts | 13,743 | 12,385 |
| Net cash provided (used) by operating activities | 116,080 | 165,492 |
| Cash flows from non-capital financing activities: | | |
| Receipts from other funds | 293,765 | 236,344 |
| Payments to other funds | (34,134) | 0 |
| Net cash provided (used) by non-capital financing activities | 259,631 | 236,344 |
| Cash flows from capital and related financing activities: | | |
| Interest paid | (60,788) | (67,198) |
| Principal payments - capital leases | (250,000) | (245,000) |
| Sale of capital assets | 293,405 | 151,581 |
| Payment of capital related accounts payable | (49,925) | 0 |
| Acquisition of capital assets | (64,123) | (37,156) |
| Net cash provided (used) by capital and related financing activities | (131,431) | (197,773) |
| Cash flows from investing activities: | | |
| Interest received | 4,967 | 658 |
| Net increase (decrease) in cash and cash equivalents | 249,247 | 204,721 |
| Cash and cash equivalents, July 1 | 396,238 | 191,517 |
| Cash and cash equivalents, June 30 | \$ 645,485 | \$ 396,238 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ (203,921) | \$ (118,591) |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | |
| Depreciation expense | 303,630 | 298,640 |
| (Increase) decrease in accounts receivable | 26,661 | (11,943) |
| (Increase) decrease in deferred outflows of resources | (7,117) | (511) |
| (Increase) decrease in prepaid expenses | 0 | 2,920 |
| Increase (decrease) in accounts payable | (114) | (9,092) |
| Increase (decrease) in sales tax payable | 81 | 480 |
| Increase (decrease) in accrued salaries and benefits | 3,554 | 5,623 |
| Increase (decrease) in other liabilities | 2,178 | 4,266 |
| Increase (decrease) in OPEB liability | (13,249) | 5,166 |
| Increase (decrease) in deferred inflows of resources | 33,494 | 56,999 |
| Increase (decrease) in net pension liability | (29,117) | (68,465) |
| Total adjustments | 320,001 | 284,083 |
| Net cash provided (used) by operating activities | \$ 116,080 | \$ 165,492 |

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$1,279 and \$49,925 for the fiscal years ended June 30, 2018 and 2017, respectively.



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, 2018 and 2017

| | 2018 | 2017 |
|----------------------------|------------------|------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 2,411,810 | \$ 1,555,569 |
| Accounts receivable | 2,820 | 0 |
| Other assets | 140,000 | 140,000 |
| Total assets | 2,554,630 | 1,695,569 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | 48,817 | 33,786 |
| Claims reserves | 1,902,661 | 1,074,978 |
| Total liabilities | 1,951,478 | 1,108,764 |
| NET POSITION | | |
| Unrestricted | \$ 603,152 | \$ 586,805 |

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2018 and 2017

| | 2018 | 2017 |
|------------------------------------|-------------------|-------------------|
| OPERATING REVENUES | | |
| Interfund services provided | \$ 2,292,312 | \$ 1,384,850 |
| Other | 49,136 | 109,147 |
| Total operating revenue | 2,341,448 | 1,493,997 |
| OPERATING EXPENSES | | |
| Costs of services | | |
| Insurance | 795,007 | 706,452 |
| Claims | 1,348,355 | 459,393 |
| Administrative fees | 198,086 | 305,152 |
| Total operating expenses | 2,341,448 | 1,470,997 |
| Operating income (loss) | 0 | 23,000 |
| Non-operating revenues (expenses) | | |
| Interest revenue | 16,347 | 4,976 |
| Net income (loss) before transfers | 16,347 | 27,976 |
| Transfers in (out) | | |
| Department of Water Resources Fund | 0 | (23,000) |
| Change in net position | 16,347 | 4,976 |
| Net position, July 1 | 586,805 | 581,829 |
| Net position, June 30 | \$ 603,152 | \$ 586,805 |

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---|----------------------------|----------------------------|
| Cash flows from operating activities: | | |
| Receipts from interfund services provided | \$ 2,231,917 | \$ 1,384,850 |
| Payments to suppliers | (1,441,159) | (1,392,526) |
| Other receipts | <u>49,136</u> | <u>109,147</u> |
| Net cash provided (used) by operating activities | 839,894 | 101,471 |
| Cash flows from capital and related financing activities: | | |
| Payments to other funds | 0 | (23,000) |
| Cash flows from investing activities: | | |
| Interest received | <u>16,347</u> | <u>4,976</u> |
| Net increase (decrease) in cash and cash equivalents | 856,241 | 83,447 |
| Cash and cash equivalents, July 1 | <u>1,555,569</u> | <u>1,472,122</u> |
| Cash and cash equivalents, June 30 | <u><u>\$ 2,411,810</u></u> | <u><u>\$ 1,555,569</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | <u>\$ 0</u> | <u>\$ 23,000</u> |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | |
| (Increase) decrease in accounts receivable | (2,820) | 0 |
| (Increase) decrease in other assets | 0 | (45,935) |
| Increase (decrease) in accounts payable | 15,030 | 4,067 |
| Increase (decrease) in claims reserve | <u>827,684</u> | <u>120,339</u> |
| Total adjustments | <u>839,894</u> | <u>78,471</u> |
| Net cash provided (used) by operating activities | <u><u>\$ 839,894</u></u> | <u><u>\$ 101,471</u></u> |

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2018 and 2017

| | 2018 | 2017 |
|----------------------------|---------------------|---------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 6,180,583 | \$ 5,639,644 |
| Accounts receivable | 23,764 | 17,227 |
| Total assets | <u>6,204,347</u> | <u>5,656,871</u> |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | 161,056 | 76,586 |
| Deposits payable | 109,710 | 75,936 |
| Claims reserves | 360,024 | 682,627 |
| Total liabilities | <u>630,790</u> | <u>835,149</u> |
| NET POSITION | | |
| Unrestricted | <u>\$ 5,573,557</u> | <u>\$ 4,821,722</u> |

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2018 and 2017

| | 2018 | 2017 |
|-----------------------------------|---------------------|---------------------|
| OPERATING REVENUES | | |
| Interfund services provided | \$ 9,505,521 | \$ 9,146,125 |
| OPERATING EXPENSES | | |
| Costs of services | | |
| Insurance | 1,785,895 | 1,733,811 |
| Claims | 5,462,871 | 6,097,589 |
| Wellness program | 1,078,448 | 1,134,041 |
| Administrative fees | 481,897 | 302,435 |
| Total operating expenses | 8,809,111 | 9,267,876 |
| Operating income (loss) | 696,410 | (121,751) |
| Non-operating revenues (expenses) | | |
| Interest revenue | 55,425 | 16,365 |
| Change in net position | 751,835 | (105,386) |
| Net position, July 1 | 4,821,722 | 4,927,108 |
| Net position, June 30 | \$ 5,573,557 | \$ 4,821,722 |

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2018 and 2017

| | 2018 | 2017 |
|---|----------------------------|----------------------------|
| Cash flows from operating activities: | | |
| Receipts from interfund services provided | \$ 9,498,983 | \$ 9,159,386 |
| Payments to suppliers | <u>(9,013,470)</u> | <u>(9,432,275)</u> |
| Net cash provided (used) by operating activities | 485,513 | (272,889) |
| Cash flows from investing activities: | | |
| Interest received | <u>55,426</u> | <u>16,365</u> |
| Net increase (decrease) in cash and cash equivalents | 540,939 | (256,524) |
| Cash and cash equivalents, July 1 | <u>5,639,644</u> | <u>5,896,168</u> |
| Cash and cash equivalents, June 30 | <u><u>\$ 6,180,583</u></u> | <u><u>\$ 5,639,644</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | <u>\$ 696,410</u> | <u>\$ (121,751)</u> |
| Adjustments to reconcile net income to net cash provided (used) by operating activities: | | |
| (Increase) decrease in accounts receivable | (6,537) | 13,261 |
| Increase (decrease) in accounts payable | 84,470 | 17,388 |
| Increase (decrease) in deposits payable | 33,774 | 75,936 |
| Increase (decrease) in claims reserve | <u>(322,604)</u> | <u>(257,723)</u> |
| Total adjustments | <u>(210,897)</u> | <u>(151,138)</u> |
| Net cash provided (used) by operating activities | <u><u>\$ 485,513</u></u> | <u><u>\$ (272,889)</u></u> |

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2018 and 2017

| | 2018 | 2017 |
|--|-------------|-------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 260,283 | \$ 238,899 |
| Intergovernmental receivables | 8,582 | 21,515 |
| Inventory | 118,234 | 95,364 |
| Total current assets | 387,099 | 355,778 |
| Capital assets | | |
| Buildings | 266,254 | 266,254 |
| Vehicles and equipment | 465,896 | 444,661 |
| Accumulated depreciation | (580,371) | (566,349) |
| Capital assets (net of accumulated depreciation) | 151,779 | 144,566 |
| Total assets | 538,878 | 500,344 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | 97,007 | 60,162 |
| Accrued salaries | 9,069 | 8,989 |
| Compensated absences | 23,828 | 22,380 |
| Total current liabilities | 129,904 | 91,531 |
| Noncurrent liabilities | | |
| Compensated absences | 2,648 | 2,487 |
| Total liabilities | 132,552 | 94,018 |
| NET POSITION | | |
| Investment in capital assets | 151,779 | 144,566 |
| Unrestricted | 254,547 | 261,760 |
| 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, 2018 and 2017

| | 2018 | 2017 |
|---------------------------------------|-------------------|-------------------|
| OPERATING REVENUES | | |
| Interfund services provided | \$ 2,182,144 | \$ 1,930,196 |
| Other | 1,957 | 2,710 |
| Total operating revenues | 2,184,101 | 1,932,906 |
| OPERATING EXPENSES | | |
| Costs of services | 1,790,354 | 1,532,879 |
| Personal services | 367,314 | 366,530 |
| Depreciation | 34,022 | 33,964 |
| Total operating expenses | 2,191,690 | 1,933,373 |
| Operating income (loss) | (7,589) | (467) |
| Non-operating revenues (expenses) | | |
| Gain (loss) on sale of capital assets | 7,589 | 467 |
| 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, 2018 and 2017

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Receipts from interfund services provided | \$ 2,195,076 | \$ 1,913,696 |
| Payments to suppliers | (1,776,376) | (1,580,144) |
| Payments to employees | (365,627) | (362,338) |
| Other receipts | 1,957 | 2,710 |
| Net cash provided (used) by operating activities | 55,030 | (26,076) |
| Cash flows from capital and related financing activities: | | |
| Sale of capital assets | 7,589 | 0 |
| Acquisition of capital assets | (41,235) | (42,954) |
| Net cash provided (used) by capital and related financing activities | (33,646) | (42,954) |
| Net increase (decrease) in cash and cash equivalents | 21,384 | (69,030) |
| Cash and cash equivalents, July 1 | 238,899 | 307,929 |
| Cash and cash equivalents, June 30 | \$ 260,283 | \$ 238,899 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ (7,589) | \$ (467) |
| Adjustments to reconcile net income to net cash provided (used) by operating activities: | | |
| Depreciation expense | 34,022 | 33,964 |
| (Increase) decrease in intergovernmental receivables | 12,933 | (16,500) |
| (Increase) decrease in inventory | (22,872) | (17,887) |
| Increase (decrease) in accounts payable | 36,848 | (29,378) |
| Increase (decrease) in accrued salaries and benefits | 1,688 | 4,192 |
| Total adjustments | 62,619 | (25,609) |
| Net cash provided (used) by operating activities | \$ 55,030 | \$ (26,076) |

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, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|------------------------------------|------------------|------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 23,284 | \$ 31,692 |
| NET POSITION | | |
| Restricted for employee assistance | <u>\$ 23,284</u> | <u>\$ 31,692</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, 2018 and 2017

| | 2018 | 2017 |
|---|------------------|------------------|
| ADDITIONS | | |
| Employee donations | \$ 49,502 | \$ 51,540 |
| Interest revenue | 3 | 2 |
| Total additions | 49,505 | 51,542 |
| DEDUCTIONS | | |
| Distributions for assistance | 57,913 | 34,694 |
| Net increase (decrease) | (8,408) | 16,848 |
| Net position held in trust for employee assistance | | |
| Net position, July 1 | 31,692 | 14,844 |
| Net position, June 30 | \$ 23,284 | \$ 31,692 |

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF PLAN NET POSITION
June 30, 2018 and 2017

| | 2018 | 2017 |
|---------------------------|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 821,251 | \$ 829,193 |
| Investments | | |
| Mutual funds | | |
| Equity | 65,864,108 | 61,252,507 |
| Fixed income | 28,601,077 | 25,194,368 |
| Real estate | 4,351,920 | 4,062,432 |
| Total assets | 99,638,356 | 91,338,500 |
| LIABILITIES | | |
| Accounts payable | 31,540 | 26,872 |
| NET POSITION | | |
| Restricted for pensions | <u>\$ 99,606,816</u> | <u>\$ 91,311,628</u> |

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF CHANGES IN PLAN NET POSITION
For the fiscal years ended June 30, 2018 and 2017

| | 2018 | 2017 |
|--|----------------------|----------------------|
| ADDITIONS | | |
| Contributions | | |
| Employer contributions | \$ 3,209,624 | \$ 3,079,855 |
| Employee contributions | 3,209,624 | 3,132,278 |
| Total contributions | 6,419,248 | 6,212,133 |
| Investment Income | | |
| Net appreciation (depreciation) in fair value of investments | 9,135,951 | 9,831,925 |
| Interest | 4,419 | 790 |
| Dividends | 1,616,795 | 1,515,839 |
| Investment expense | (219,595) | (165,260) |
| Net investment income (loss) | 10,537,570 | 11,183,294 |
| Total additions (reductions) | 16,956,818 | 17,395,427 |
| DEDUCTIONS | | |
| Benefits | 8,022,423 | 7,616,626 |
| Refunds | 639,207 | 685,093 |
| Total deductions | 8,661,630 | 8,301,719 |
| Net increase (decrease) | 8,295,188 | 9,093,708 |
| Net position held in trust for pension benefits | | |
| Net position, July 1 | 91,311,628 | 82,217,920 |
| Net position, June 30 | \$ 99,606,816 | \$ 91,311,628 |

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT AGENCY FUND
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---------------------------|------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | <u>\$ 75,967</u> | <u>\$ 113,102</u> |
| LIABILITIES | | |
| Due to other agencies | <u>\$ 75,967</u> | <u>\$ 113,102</u> |

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2018

| | <u>Balance</u> <u>July 1</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30</u> |
|---------------------------|---------------------------------|-----------------------|------------------------|----------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | <u>\$ 113,102</u> | <u>\$ 1,871,084</u> | <u>\$ (1,908,219)</u> | <u>\$ 75,967</u> |
| LIABILITIES | | | | |
| Due to other agencies | <u>\$ 113,102</u> | <u>\$ 1,871,084</u> | <u>\$ (1,908,219)</u> | <u>\$ 75,967</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, 2018 and 2017

| | 2018 | 2017 |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,753,238 | \$ 2,570,650 |
| Receivables | | |
| Accounts | 9,706 | 5,233 |
| Property tax | 47,883 | 39,636 |
| Restricted assets | | |
| Cash and cash equivalents | 100,000 | 100,000 |
| Total assets | \$ 2,910,827 | \$ 2,715,519 |
| LIABILITIES | | |
| Payables | | |
| Accounts | \$ 194,104 | \$ 96,921 |
| Sales tax | 11,984 | 10,060 |
| Retainage | 34,316 | 0 |
| Intergovernmental | 2,968 | 7,753 |
| Accrued salaries | 111,644 | 94,484 |
| Unearned revenue | 905 | 3,810 |
| Other | 13,576 | 12,441 |
| Total liabilities | 369,497 | 225,469 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue - property taxes | 33,145 | 51,099 |
| FUND BALANCES | | |
| Restricted for: | | |
| Clarks Bridge Legacy | 6,161 | 5,255 |
| Capital projects | 30,239 | 26,469 |
| Committed for: | | |
| Booster Club | 237,548 | 238,513 |
| Development Fund | 100,000 | 100,000 |
| Civic Center | 60,000 | 50,000 |
| Children at Play Fund | 10,000 | 10,000 |
| Assigned for: | | |
| Capital projects | 167,236 | 51,577 |
| Budget | 0 | 410,334 |
| Culture and Recreation | 1,897,001 | 1,546,803 |
| Total fund balances | 2,508,185 | 2,438,951 |
| Total liabilities, deferred inflows, and fund balances | \$ 2,910,827 | \$ 2,715,519 |

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, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|------------------|---------------------|---------------------|---------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Property taxes | \$ 3,160,848 | \$ 3,264,627 | \$ 103,779 | \$ 2,947,557 |
| Charges for sales and services | | | | |
| Recreation Division | 191,000 | 169,715 | (21,285) | 189,831 |
| Lanier Point/Ivey Watson | 128,150 | 126,315 | (1,835) | 143,468 |
| Youth Sports Booster Club | 100,540 | 93,935 | (6,605) | 102,187 |
| Gainesville Civic Center | 361,800 | 387,350 | 25,550 | 362,170 |
| Allen Creek Soccer Complex | 21,200 | 20,304 | (896) | 14,523 |
| Frances Meadows Community Center | 1,000,000 | 1,015,966 | 15,966 | 1,004,437 |
| Intergovernmental | 230,000 | 230,000 | 0 | 51,359 |
| Interest | 3,650 | 35,389 | 31,739 | 11,780 |
| Contributions | 15,500 | 21,000 | 5,500 | 15,611 |
| Other | 1,000 | 902 | (98) | 1,150 |
| Total revenues | 5,213,688 | 5,365,503 | 151,815 | 4,844,073 |
| EXPENDITURES | | | | |
| Current | | | | |
| Culture and recreation | | | | |
| Administration Division | 1,040,150 | 1,007,661 | 32,489 | 749,659 |
| Recreation Division | 443,693 | 379,318 | 64,375 | 400,090 |
| Parks Division | 949,632 | 849,598 | 100,034 | 794,270 |
| Maintenance Shop | 113,526 | 92,461 | 21,065 | 93,364 |
| Lanier Point/Ivey Watson | 208,363 | 198,275 | 10,088 | 197,280 |
| Youth Sports Booster Club | 108,818 | 97,677 | 11,141 | 88,544 |
| Gainesville Civic Center | 531,861 | 492,840 | 39,021 | 466,567 |
| Allen Creek Soccer Complex | 49,220 | 47,235 | 1,985 | 47,224 |
| Frances Meadows Center | 1,598,731 | 1,521,084 | 77,647 | 1,465,573 |
| Capital outlay | 887,600 | 616,595 | 271,005 | 236,876 |
| Total expenditures | 5,931,594 | 5,302,744 | 628,850 | 4,539,447 |
| Excess (deficiency) of revenues over (under) expenditures | (717,906) | 62,759 | 780,665 | 304,626 |
| Other financing sources (uses) | | | | |
| Sales of capital assets | 500 | 6,475 | 5,975 | 1,894 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (717,406) | 69,234 | 786,640 | 306,520 |
| Fund balances, July 1 | 717,406 | 2,438,951 | 1,721,545 | 2,132,431 |
| Fund balances, June 30 | \$ 0 | \$ 2,508,185 | \$ 2,508,185 | \$ 2,438,951 |

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, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|---------------------------|---------------------------|--------------------------|--------------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Property taxes | \$ 3,160,848 | \$ 3,264,627 | \$ 103,779 | \$ 2,947,557 |
| Charges for sales and services | | | | |
| Recreation Division | 191,000 | 169,715 | (21,285) | 189,831 |
| Lanier Point/Ivey Watson | 128,150 | 126,315 | (1,835) | 143,468 |
| Youth Sports Booster Club | 100,540 | 93,935 | (6,605) | 102,187 |
| Gainesville Civic Center | 361,800 | 387,350 | 25,550 | 362,170 |
| Allen Creek Soccer Complex | 21,200 | 20,304 | (896) | 14,523 |
| Frances Meadows Center | 1,000,000 | 1,015,966 | 15,966 | 1,004,437 |
| Intergovernmental | 0 | 0 | 0 | 8,984 |
| Interest | 3,650 | 35,389 | 31,739 | 11,780 |
| Contributions | 15,500 | 21,000 | 5,500 | 15,611 |
| Other | 1,000 | 902 | (98) | 1,149 |
| Total revenues | 4,983,688 | 5,135,503 | 151,815 | 4,801,697 |
| EXPENDITURES | | | | |
| Current | | | | |
| Culture and recreation | | | | |
| Administrative services | 1,040,150 | 1,007,661 | 32,489 | 749,659 |
| Recreational services | 443,693 | 379,318 | 64,375 | 400,090 |
| Park services | 949,632 | 849,598 | 100,034 | 825,572 |
| Maintenance shop | 113,526 | 92,461 | 21,065 | 93,364 |
| Lanier Point/Ivey Watson | 208,363 | 198,275 | 10,088 | 197,280 |
| Booster Club | 108,818 | 97,677 | 11,141 | 88,544 |
| Civic Center | 531,861 | 492,840 | 39,021 | 466,567 |
| Allen Creek Soccer Complex | 49,220 | 47,235 | 1,985 | 47,224 |
| Frances Meadows Center | 1,598,731 | 1,521,084 | 77,647 | 1,465,573 |
| Total expenditures | 5,043,994 | 4,686,149 | 357,845 | 4,333,873 |
| Excess (deficiency) of revenues over (under) expenditures | (60,306) | 449,354 | 509,660 | 467,824 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| Capital Projects Activity | (506,023) | (506,023) | 0 | (138,866) |
| Sales of capital assets | 500 | 6,475 | 5,975 | 1,894 |
| Total other financing sources (uses) | (505,523) | (499,548) | 5,975 | (136,972) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (565,829) | <u><u>\$ (50,194)</u></u> | <u><u>\$ 515,635</u></u> | <u><u>\$ 330,852</u></u> |
| Fund balances, July 1 | 565,829 | | | |
| Fund balances, June 30 | <u><u>\$ 0</u></u> | | | |

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, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|-----------------|------------|------------|-------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Intergovernmental | \$ 230,000 | \$ 230,000 | \$ 0 | \$ 73,677 |
| EXPENDITURES | | | | |
| Current | | | | |
| Culture and recreation | | | | |
| Capital outlay | 887,600 | 616,595 | 271,005 | 236,876 |
| Excess (deficiency) of revenues over (under) expenditures | (657,600) | (386,595) | 271,005 | (163,199) |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| Operating Activity | 506,023 | 506,023 | 0 | 138,866 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (151,577) | \$ 119,428 | \$ 271,005 | \$ (24,333) |
| Fund balances, July 1 | 151,577 | | | |
| Fund balances, June 30 | \$ 0 | | | |

CITY OF GAINESVILLE, GEORGIA
CONVENTION AND VISITOR'S BUREAU (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

| | 2018 | 2017 |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 434,240 | \$ 533,825 |
| Prepaid items | 0 | 29,500 |
| Total assets | \$ 434,240 | \$ 563,325 |
| LIABILITIES | | |
| Accounts payable | \$ 15,370 | \$ 11,088 |
| Accrued salaries | 9,773 | 7,874 |
| Total liabilities | 25,143 | 18,962 |
| FUND BALANCES | | |
| Nonspendable for prepaid items | 0 | 29,500 |
| Assigned for: | | |
| Budget | 4,555 | 118,105 |
| Housing and Development | 404,542 | 396,758 |
| Total fund balances | 409,097 | 544,363 |
| Total liabilities and fund balances | \$ 434,240 | \$ 563,325 |

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, 2018
(With comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | | 2017 |
|--|-----------------|-------------------|-------------------|-------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Hotel/motel taxes | \$ 461,533 | \$ 461,533 | \$ 0 | \$ 613,443 |
| Charges for sales and services | 0 | 17,098 | 17,098 | 0 |
| Interest | 0 | 4,423 | 4,423 | 1,344 |
| Contributions | 0 | 250 | 250 | 0 |
| Other | 13,500 | 11,645 | (1,855) | 18,556 |
| Total revenues | 475,033 | 494,949 | 19,916 | 633,343 |
| EXPENDITURES | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Personal services | 351,356 | 351,380 | (24) | 300,670 |
| Other | 279,381 | 278,835 | 546 | 208,884 |
| Total expenditures | 630,737 | 630,215 | 522 | 509,554 |
| Excess (deficiency) of revenues over (under) expenditures | (155,704) | (135,266) | 20,438 | 123,789 |
| Other financing sources (uses) | | | | |
| Contingency | 155,704 | 0 | (155,704) | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | (135,266) | (135,266) | 123,789 |
| Fund balances, July 1 | 0 | 544,363 | 544,363 | 420,574 |
| Fund balances, June 30 | \$ 0 | \$ 409,097 | \$ 409,097 | \$ 544,363 |



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..... | 196-209 |
| 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..... | 210-217 |
| These tables/schedules contain information that may assist the reader in assessing the viability of the City's most significant revenue sources. | |
| Debt Capacity..... | 218-223 |
| 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..... | 224-225 |
| 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..... | 226-230 |
| 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..... | 231-238 |
| 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)

| | 2009 | 2010 | 2011 | 2012 |
|---|-----------------------|-----------------------|---------------------------|-----------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 67,749,010 | \$ 60,193,753 | \$ 63,722,901 | \$ 70,549,134 |
| Restricted | 13,579,449 | 19,518,264 | 4,913,949 ⁽¹⁾ | 11,586,492 |
| Unrestricted | 2,727,185 | 2,534,296 | 19,692,245 ⁽¹⁾ | 11,878,957 |
| Total governmental activities net position | <u>\$ 84,055,644</u> | <u>\$ 82,246,313</u> | <u>\$ 88,329,095</u> | <u>\$ 94,014,583</u> |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 234,871,719 | \$ 248,507,489 | \$ 259,477,278 | \$ 271,791,712 |
| Restricted | 30,780,543 | 44,475,796 | 43,710,594 | 40,623,794 |
| Unrestricted | 35,144,675 | 14,276,555 | 16,169,226 | 20,918,748 |
| Total business-type activities net position | <u>\$ 300,796,937</u> | <u>\$ 307,259,840</u> | <u>\$ 319,357,098</u> | <u>\$ 333,334,254</u> |
| Primary government | | | | |
| Net investment in capital assets | \$ 302,620,729 | \$ 308,701,242 | \$ 323,200,179 | \$ 342,340,846 |
| Restricted | 44,359,992 | 63,994,060 | 48,624,543 | 52,210,286 |
| Unrestricted | 37,871,860 | 16,810,851 | 35,861,471 | 32,797,705 |
| Total primary government net position | <u>\$ 384,852,581</u> | <u>\$ 389,506,153</u> | <u>\$ 407,686,193</u> | <u>\$ 427,348,837</u> |

Note (1): 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 (2): GASB67/68: Accounting and Financial Reporting for Pensions was implemented in FY15; with an ongoing negative impact to unrestricted net position.

| Fiscal Year | | | | | |
|-----------------------|-----------------------|----------------------------|-----------------------|-----------------------|-----------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ 74,015,737 | \$ 80,039,885 | \$ 78,338,733 | \$ 78,415,202 | \$ 77,972,132 | \$ 85,186,895 |
| 12,560,215 | 4,642,578 | 6,827,434 | 12,149,291 | 14,551,356 | 20,319,574 |
| 9,380,465 | 10,217,825 | (14,451,203) | (17,773,240) | (15,275,584) | (15,504,902) |
| <u>\$ 95,956,417</u> | <u>\$ 94,900,288</u> | <u>\$ 70,714,964</u> | <u>\$ 72,791,253</u> | <u>\$ 77,247,904</u> | <u>\$ 90,001,567</u> |
| | | | | | |
| \$ 282,968,294 | \$ 295,579,225 | \$ 303,250,676 | \$ 314,735,292 | \$ 330,315,818 | \$ 356,428,961 |
| 28,713,968 | 43,776,271 | 50,230,260 | 62,960,499 | 70,511,931 | 71,639,180 |
| 29,468,343 | 18,915,019 | 12,067,163 | 12,598,780 | 19,773,475 | 17,937,185 |
| <u>\$ 341,150,605</u> | <u>\$ 358,270,515</u> | <u>\$ 365,548,099</u> | <u>\$ 390,294,571</u> | <u>\$ 420,601,224</u> | <u>\$ 446,005,326</u> |
| | | | | | |
| \$ 356,984,031 | \$ 375,619,110 | \$ 381,589,409 | \$ 393,150,494 | \$ 408,287,950 | \$ 441,615,856 |
| 41,274,183 | 48,418,849 | 57,057,694 | 75,109,790 | 85,063,287 | 91,958,754 |
| 38,848,808 | 29,132,844 | (2,384,040) ⁽²⁾ | (5,174,460) | 4,497,891 | 2,432,283 |
| <u>\$ 437,107,022</u> | <u>\$ 453,170,803</u> | <u>\$ 436,263,063</u> | <u>\$ 463,085,824</u> | <u>\$ 497,849,128</u> | <u>\$ 536,006,893</u> |

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

| Expenses | 2009 | 2010 | 2011 | 2012 |
|---|--------------------------|--------------------------|--------------------------|----------------------|
| Governmental activities: | | | | |
| General Government | \$ 3,682,213 | \$ 3,578,661 | \$ 4,064,412 | \$ 4,031,095 |
| Judicial | 432,380 | 434,137 | 404,862 | 460,066 |
| Public Safety | 17,760,718 | 16,930,483 | 16,160,112 | 17,932,227 |
| Public Works | 6,649,367 | 7,023,969 | 6,641,424 | 7,646,177 |
| Health and Welfare | 3,784,135 | 3,724,473 | 3,360,632 | 3,391,482 |
| Culture and Recreation | 2,214,061 | 1,883,742 | 1,211,214 | 1,185,988 |
| Housing and Development | 1,524,790 | 2,108,631 | 1,363,356 | 1,196,185 |
| Interest on long-term debt | 671,224 | 1,837,734 | 1,668,489 | 1,396,524 |
| Total governmental activities expenses | <u>36,718,888</u> | <u>37,521,830</u> | <u>34,874,501</u> | <u>37,239,744</u> |
| Business-type activities: | | | | |
| Water and Sewer | 45,745,119 | 44,812,789 | 43,974,519 | 46,692,190 |
| Airport | 929,020 | 912,187 | 967,856 | 1,207,743 |
| Solid Waste | 2,274,543 | 2,142,384 | 1,901,016 | 1,944,248 |
| Golf Course | 1,519,259 | 1,346,564 | 1,396,446 | 1,241,853 |
| Total business-type activities expenses | <u>50,467,941</u> | <u>49,213,924</u> | <u>48,239,837</u> | <u>51,086,034</u> |
| Total primary government expenses | <u>\$ 87,186,829</u> | <u>\$ 86,735,754</u> | <u>\$ 83,114,338</u> | <u>\$ 88,325,778</u> |
| Indirect Costs | | | | |
| Governmental activities: | | | | |
| General Government | (1,261,885) | (1,215,314) | (1,343,539) | (1,304,961) |
| Business-type activities: | | | | |
| Water and Sewer | 1,261,885 | 1,115,314 | 1,106,596 | 1,022,416 |
| Airport | 0 | 100,000 | 200,000 | 200,000 |
| Solid Waste | 0 | 0 | 36,943 | 82,545 |
| Total Business-type activities indirect cost | <u>1,261,885</u> | <u>1,215,314</u> | <u>1,343,539</u> | <u>1,304,961</u> |
| Total primary government indirect cost | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General Government | 630,377 | 623,419 | 681,743 | 708,578 |
| Public Safety | 1,374,428 ⁽¹⁾ | 1,320,003 | 1,590,400 | 1,369,278 |
| Public Works | 38,090 | 38,110 | 36,030 | 36,795 |
| Health and Welfare | 442,328 | 416,661 | 438,537 | 410,052 |
| Housing and Development | 180,394 | 48,135 | 154,849 | 158,773 |
| Culture and Recreation | 519,989 | 435,955 | 506,750 | 377,754 |
| Operating grants and contributions | 3,287,187 | 3,776,757 | 3,739,620 | 3,862,903 |
| Capital grants and contributions | 3,449,017 | 8,177,269 ⁽³⁾ | 7,718,212 ⁽³⁾ | 9,565,586 |
| Total governmental activities program revenues | <u>9,921,810</u> | <u>14,836,309</u> | <u>14,866,141</u> | <u>16,489,719</u> |
| Business-Type activities: | | | | |
| Charges for services: | | | | |
| Water and Sewer | 45,616,460 | 50,039,158 | 55,401,138 | 57,492,303 |
| Airport | 851,644 | 865,739 | 818,874 | 832,971 |
| Solid Waste | 1,703,937 | 1,769,329 | 2,057,883 | 2,299,960 |
| Golf Course | 1,057,516 | 907,160 | 1,012,377 | 1,031,717 |
| Operating grants and contributions | 110,652 | 69,070 | 0 | 0 |
| Capital grants and contributions | 8,309,881 ⁽²⁾ | 3,794,048 ⁽²⁾ | 4,009,685 | 5,257,388 |
| Total business-type activities program revenues | <u>57,650,090</u> | <u>57,444,504</u> | <u>63,299,957</u> | <u>66,914,339</u> |
| Total primary government program revenues | <u>\$ 67,571,900</u> | <u>\$ 72,280,813</u> | <u>\$ 78,166,098</u> | <u>\$ 83,404,058</u> |

Note (1): Municipal court fees decrease due in part to law changes involving illegal immigrant deportation

Note (2): Public Utility contributions revenue was much lower due to diminished building activity

Note (3): Significant increase due to SPLOST revenues received for the Public Safety Facilities

Note (4): Excess SPLOST Funds from Hall County.

Note (5): Effective FY17, PLB expenses were included in General Government, in prior years these expenses were charged to Public Works.

Note (6): Effective FY17, Code Enforcement expenses were included in Housing and Development, in prior years these expenses were charged to Public Safety.

Note (7): Significant increase due to large repair and maintenance expenses for Water and Sewer

| Fiscal Year | | | | | |
|--------------------------|---------------|---------------|---------------|-----------------------------|---------------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ 4,376,553 | \$ 3,933,108 | \$ 3,675,464 | \$ 4,368,490 | \$ 6,429,519 ⁽⁵⁾ | \$ 7,228,728 |
| 450,165 | 510,221 | 486,947 | 523,970 | 544,083 | 544,453 |
| 16,423,939 | 18,460,345 | 17,460,335 | 19,480,809 | 18,168,500 ⁽⁶⁾ | 19,920,072 |
| 7,480,636 | 8,900,466 | 8,745,852 | 10,317,369 | 7,199,267 ⁽⁵⁾ | 6,907,223 |
| 2,686,449 | 3,173,758 | 2,765,034 | 2,591,485 | 2,726,152 | 2,416,453 |
| 1,686,715 | 224,853 | 440,482 | 436,250 | 348,180 | 415,439 |
| 1,104,631 | 1,591,303 | 2,136,524 | 2,406,705 | 3,769,857 ⁽⁶⁾ | 2,683,623 |
| 1,201,196 | 883,628 | 1,198,530 | 533,058 | 619,743 | 509,730 |
| 35,410,284 | 37,677,682 | 36,909,168 | 40,658,136 | 39,805,301 | 40,625,721 |
| 45,332,806 | 47,020,782 | 46,183,666 | 47,333,997 | 46,270,110 | 52,913,991 ⁽⁷⁾ |
| 983,083 | 1,014,521 | 1,045,716 | 1,109,029 | 1,526,612 | 1,091,970 |
| 1,866,955 | 1,965,935 | 2,072,012 | 2,210,416 | 2,195,951 | 2,274,033 |
| 1,193,905 | 1,234,260 | 1,287,229 | 1,290,865 | 1,304,992 | 1,356,195 |
| 49,376,749 | 51,235,498 | 50,588,623 | 51,944,307 | 51,297,665 | 57,636,189 |
| \$ 84,787,033 | \$ 88,913,180 | \$ 87,497,791 | \$ 92,602,443 | \$ 91,102,966 | \$ 98,261,910 |
| (1,369,231) | (1,390,442) | (1,394,235) | (1,376,788) | (1,370,895) | (1,398,722) |
| 1,086,686 | 1,034,429 | 1,038,222 | 1,020,775 | 1,014,882 | 1,042,707 |
| 200,000 | 209,561 | 209,561 | 209,561 | 209,561 | 209,563 |
| 82,545 | 146,452 | 146,452 | 146,452 | 146,452 | 146,452 |
| 1,369,231 | 1,390,442 | 1,394,235 | 1,376,788 | 1,370,895 | 1,398,722 |
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 814,922 | 674,536 | 723,777 | 719,185 | 748,458 | 762,256 |
| 1,800,569 | 1,639,954 | 1,930,830 | 1,735,868 | 1,944,818 | 1,680,375 |
| 37,070 | 90,135 | 129,956 | 134,580 | 219,680 | 198,769 |
| 440,824 | 423,368 | 134,570 | 144,162 | 106,322 | 93,300 |
| 703,972 | 661,299 | 1,057,304 | 1,216,162 | 2,259,780 ⁽⁴⁾ | 1,858,414 ⁽⁴⁾ |
| 159,336 | 0 | 0 | 0 | 0 | 0 |
| 2,744,521 | 2,813,369 | 2,577,766 | 2,782,085 | 3,602,699 | 4,397,910 |
| ⁽³⁾ 1,419,674 | 2,044,189 | 2,322,290 | 6,087,822 | 7,932,793 | 12,067,786 |
| 8,120,888 | 8,346,850 | 8,876,493 | 12,819,864 | 16,814,550 | 21,058,810 |
| 56,832,305 | 58,759,620 | 64,315,416 | 66,596,028 | 71,521,460 | 71,963,509 |
| 913,459 | 944,120 | 897,226 | 925,009 | 919,344 | 931,143 |
| 2,272,930 | 2,369,815 | 2,462,485 | 2,619,559 | 2,769,222 | 2,887,724 |
| 1,006,129 | 992,168 | 983,932 | 1,034,234 | 1,089,431 | 1,061,026 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 3,546,989 | 8,646,783 | 8,445,809 | 9,142,616 | 9,020,084 | 9,519,821 |
| 64,571,812 | 71,712,506 | 77,104,868 | 80,317,446 | 85,319,541 | 86,363,223 |
| \$ 72,692,700 | \$ 80,059,356 | \$ 85,981,361 | \$ 93,137,310 | \$ 102,134,091 | \$ 107,422,033 |

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

| | 2009 | 2010 | 2011 | 2012 |
|---|-----------------|-----------------|-----------------|-----------------|
| Net (expense)/revenue | | | | |
| Governmental activities | \$ (25,535,193) | \$ (21,470,207) | \$ (18,664,821) | \$ (19,445,064) |
| Business-type activities | 5,920,264 | 7,015,266 | 13,716,581 | 15,828,305 |
| Total primary government net (expense)/revenue | (19,614,929) | (14,454,941) | (4,948,240) | (3,616,759) |
| General revenues and other changes in net position | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property | 7,421,155 | 7,253,570 | 7,886,437 | 7,338,537 |
| Intangibles | 180,064 | 97,161 | 59,343 | 81,841 |
| Franchise | 4,451,348 | 3,866,595 | 4,072,511 | 4,240,193 |
| Occupational | 1,288,785 | 1,114,317 | 1,111,954 | 1,139,926 |
| Insurance premium | 1,431,555 | 1,418,124 | 1,376,910 | 1,585,550 |
| Alcoholic beverages | 1,000,788 | 942,016 | 999,642 | 994,573 |
| Hotel/Motel | 473,047 | 444,852 | 517,456 | 563,902 |
| Local option sales | 4,799,932 | 4,943,847 | 5,030,213 | 5,259,684 |
| Investment earnings | 209,981 | 498,737 | 450,031 | 426,185 |
| Gain on sale of assets | 17,246 | 40,591 | 0 | 0 |
| Miscellaneous | 325,996 | 363,279 | 236,416 | 245,524 |
| Special Item-loss on demolition of building | 0 | 0 | 0 | 0 |
| Transfers | 1,495,051 | 2,190,747 | 3,006,690 | 3,254,637 |
| Total governmental activities | 23,094,948 | 23,173,836 | 24,747,603 | 25,130,552 |
| Business-type activities | | | | |
| Investment earnings | 1,013,233 | 401,971 | 355,561 | 314,147 |
| Gain on sale of assets | 1,315 | 19,569 | 20,718 | 33,411 |
| Miscellaneous | 1,020,458 | 1,023,096 | 1,011,088 | 1,055,930 |
| Transfers | (1,495,051) | (2,190,747) | (3,006,690) | (3,254,637) |
| Total business-type activities | 539,955 | (746,111) | (1,619,323) | (1,851,149) |
| Total primary government | 23,634,903 | 22,427,725 | 23,128,280 | 23,279,403 |
| Change in net position | | | | |
| Governmental activities | (2,440,245) | 1,703,629 | 6,082,782 | 5,685,488 |
| Business-type activities | 6,460,219 | 6,269,155 | 12,097,258 | 13,977,156 |
| Total primary government | \$ 4,019,974 | \$ 7,972,784 | \$ 18,180,040 | \$ 19,662,644 |

Note (1): Miscellaneous revenue included CCA Rental Revenue 2013 and 2014.

Note (2): Includes proceeds the from sale of Gainesville Business Park property.

Note (3): Demolition of jail facility.

| Fiscal Year | | | | | |
|--------------------------|--------------------------|-----------------|-----------------|----------------------------|-----------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ (25,920,165) | \$ (27,940,390) | \$ (26,638,440) | \$ (26,461,484) | \$ (21,619,856) | \$ (18,168,189) |
| 13,825,832 | 19,086,566 | 25,122,010 | 26,996,351 | 32,650,981 | 27,328,312 |
| (12,094,333) | (8,853,824) | (1,516,430) | 534,867 | 11,031,125 | 9,160,123 |
| 7,825,290 | 8,363,877 | 8,654,493 | 9,409,584 | 9,808,840 | 10,457,466 |
| 80,720 | 105,044 | 133,186 | 129,075 | 190,764 | 213,556 |
| 4,092,271 | 4,014,946 | 4,371,358 | 4,381,245 | 4,501,181 | 4,208,097 |
| 1,199,374 | 1,263,534 | 1,268,021 | 1,368,983 | 1,373,680 | 1,394,517 |
| 1,684,119 | 1,743,745 | 1,823,481 | 1,948,090 | 2,203,406 | 2,346,272 |
| 979,409 | 1,022,245 | 1,067,611 | 1,129,284 | 1,166,259 | 1,152,257 |
| 591,793 | 715,260 | 828,925 | 911,847 | 929,035 | 965,036 |
| 5,300,279 | 4,983,807 | 5,094,727 | 5,281,804 | 5,439,313 | 5,885,171 |
| 448,728 | 246,266 | 142,917 | 72,796 | 2,001,892 | 481,963 |
| 67,897 | 0 | 0 | 605 | 574,310 | 887,411 |
| 1,057,074 ⁽¹⁾ | 1,017,590 ⁽¹⁾ | 122,294 | 183,512 | 373,513 | 441,324 |
| 0 | 0 | 0 | 0 | (6,491,937) ⁽³⁾ | 0 |
| 5,122,095 | 3,407,947 | 2,395,089 | 3,720,948 | 4,006,251 | 3,920,070 |
| 28,449,049 | 26,884,261 | 25,902,102 | 28,537,773 | 26,076,507 | 32,353,140 |
| 334,347 | 292,577 | 775,365 | 1,274,329 | 1,399,356 | 2,184,898 |
| 12,331 | 53,471 | 17,322 | 5,120 | 154,692 | 298,965 |
| 1,042,459 | 1,095,243 | 156,932 | 191,620 | 107,875 | 128,941 |
| (5,122,095) | (3,407,947) | (2,395,089) | (3,720,948) | (4,006,251) | (3,920,070) |
| (3,732,958) | (1,966,656) | (1,445,470) | (2,249,879) | (2,344,328) | (1,307,266) |
| 24,716,091 | 24,917,605 | 24,456,632 | 26,287,894 | 23,732,179 | 31,045,874 |
| 2,528,884 | (1,056,129) | (736,338) | 2,076,289 | 4,456,651 | 14,184,951 |
| 10,092,874 | 17,119,910 | 23,676,540 | 24,746,472 | 30,306,653 | 26,021,046 |
| \$ 12,621,758 | \$ 16,063,781 | \$ 22,940,202 | \$ 26,822,761 | \$ 34,763,304 | \$ 40,205,997 |

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 |
|--------------------|--------------------------|---------------------------|----------------------|-------------------------|
| 2009 | \$ 7,421,155 | \$ 180,064 ⁽²⁾ | \$ 4,451,348 | \$ 1,288,785 |
| 2010 | 7,253,570 | 97,161 ⁽²⁾ | 3,866,595 | 1,114,317 |
| 2011 | 7,886,437 ⁽³⁾ | 59,343 ⁽²⁾ | 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 ⁽⁴⁾ | 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 |
| 2017 | 9,808,840 | 190,764 | 4,501,181 | 1,373,680 |
| 2018 | 10,457,466 | 213,556 | 4,208,097 | 1,394,517 |

Note (1): Local option sales tax collections were down significantly due to economic downturn.

Note (2): 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 (3): General Fund millage rate was increased to provide funding for increased Public Safety fire protection.

Note (4): 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 |
|----------------------------------|------------------------------------|----------------------------|-----------------------------------|---------------|
| \$ 1,431,555 | \$ 1,000,788 | \$ 473,047 | \$ 4,799,932 ⁽¹⁾ | \$ 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 ⁽⁴⁾ | 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 |
| 2,203,406 | 1,166,259 | 929,035 | 5,439,313 | 25,612,478 |
| 2,346,272 | 1,152,257 | 965,036 | 5,885,171 | 26,622,372 |

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

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|------------------------------------|------------------------------|------------------------------|----------------------|----------------------|
| General fund | | | | |
| Reserved | \$ 102,572 | \$ 27,622 | | |
| Unreserved | 3,595,792 | 4,164,074 | | |
| Nonspendable | | | \$ 406,166 | \$ 384,796 |
| Committed | | | | 10,054 |
| Assigned | | | 2,996,014 | 3,040,356 |
| Unassigned | | | 5,134,064 | 5,874,076 |
| Total general fund | <u>\$ 3,698,364</u> | <u>\$ 4,191,696</u> | <u>\$ 8,536,244</u> | <u>\$ 9,309,282</u> |
| All other governmental funds | | | | |
| Reserved | \$ 24,515,444 ⁽¹⁾ | \$ 10,815,234 ⁽¹⁾ | | |
| Unreserved, reported in: | | | | |
| Special revenue funds | 9,982,391 | 10,546,826 | | |
| Capital project funds | 2,296,318 | 9,403,152 | | |
| Debt service funds | 2,266,195 | 1,293,247 | | |
| Nonspendable | | | | |
| Restricted | | | \$ 10,854,556 | \$ 11,214,865 |
| Committed | | | 91,939 | 115,428 |
| Assigned | | | 11,457,922 | 11,225,020 |
| Total all other governmental funds | <u>\$ 39,060,348</u> | <u>\$ 32,058,459</u> | <u>\$ 22,404,417</u> | <u>\$ 22,555,313</u> |

Note (1): Fluctuations due to SPLOST revenue collections reserved for debt service on Public Safety Facilities.

Note (2): The City adopted GASB 54 for reporting of fund balance classifications in 2011.

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ 367,035 | \$ 352,744 | \$ 475,231 | \$ 321,639 | \$ 295,256 | \$ 260,058 |
| 6,583 | 6,208 | 5,848 | 4,957 | 4,957 | 4,957 |
| 2,321,338 | 3,295,367 | 2,457,217 | 4,216,717 | 3,966,341 | 3,912,390 |
| 6,565,665 | 7,012,974 | 8,065,121 | 7,480,831 | 7,660,281 | 9,087,006 |
| <u>\$ 9,260,621</u> | <u>\$ 10,667,293</u> | <u>\$ 11,003,417</u> | <u>\$ 12,024,144</u> | <u>\$ 11,926,835</u> | <u>\$ 13,264,411</u> |
| | | | | | |
| \$ 130,769 | \$ 132,816 | \$ 99,367 | \$ 81,390 | \$ 67,377 | \$ 44,754 |
| 6,385,355 | 4,174,002 | 6,868,770 | 11,805,659 | 14,227,632 | 20,027,515 |
| 174,187 | 174,285 | 221,019 | 244,531 | 275,253 | 298,141 |
| 16,162,739 | 12,850,447 | 11,591,868 | 10,803,666 | 13,953,838 | 14,696,448 |
| <u>\$ 22,853,050</u> | <u>\$ 17,331,550</u> | <u>\$ 18,781,024</u> | <u>\$ 22,935,246</u> | <u>\$ 28,524,100</u> | <u>\$ 35,066,858</u> |

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

| | 2009 | 2010 | 2011 | 2012 |
|--|---------------|--------------------------|--------------------------|--------------------------|
| Revenues | | | | |
| Taxes | \$ 21,030,163 | \$ 20,073,154 | \$ 21,039,421 | \$ 21,205,179 |
| Licenses and permits | 563,085 | 526,787 | 540,906 | 533,141 |
| Fines, fees and forfeitures | 1,200,508 | 1,179,773 | 1,390,242 | 1,142,066 |
| Charges for services | 2,590,476 | 2,405,885 | 2,935,491 | 2,740,521 |
| Intergovernmental | 6,340,062 | 12,994,964 | 12,190,933 | 12,456,574 |
| Interest | 186,918 | 110,152 | 56,785 | 35,839 |
| Contributions | 95,806 | 140,042 | 152,829 | 574,090 |
| Other | 325,993 | 363,276 | 235,905 | 245,210 |
| Total revenues | 32,333,011 | 37,794,033 | 38,542,512 | 38,932,620 |
| Expenditures | | | | |
| General Government | 3,260,291 | 2,985,636 | 3,289,626 | 3,317,143 |
| Judicial | 369,537 | 385,823 | 367,454 | 417,255 |
| Public Safety | 14,097,303 | 14,010,732 | 14,555,914 | 15,880,473 |
| Public Works | 4,586,349 | 4,358,836 | 4,334,170 | 4,415,291 |
| Health and Welfare | 3,381,182 | 4,095,212 | 3,073,671 | 3,053,511 |
| Culture and Recreation | 1,169,614 | 1,204,508 | 764,611 | 1,052,118 |
| Housing and Development | 1,951,894 | 1,649,911 | 1,750,971 | 1,726,625 |
| Debt Service | | | | |
| Principal | 1,659,125 | 3,119,832 ⁽¹⁾ | 8,034,940 ⁽¹⁾ | 7,112,064 ⁽¹⁾ |
| Interest | 644,194 | 1,962,450 | 1,772,225 | 1,478,240 |
| Capital Outlay | 18,184,470 | 13,690,589 | 8,874,469 | 3,491,050 |
| Total expenditures | 49,303,959 | 47,463,529 | 46,818,051 | 41,943,770 |
| Excess of revenues over (under) expenditures | (16,970,948) | (9,669,496) | (8,275,539) | (3,011,150) |
| Other financing sources (uses) | | | | |
| Transfers in | 5,072,824 | 6,738,573 | 17,371,193 | 14,414,525 |
| Transfers out | (3,506,803) | (4,240,053) | (14,788,283) | (11,222,388) |
| Issuance of notes payable | 7,437,971 | 0 | 0 | 0 |
| Refunding of notes payable | (7,437,971) | 0 | 0 | 0 |
| Issuance of capital leases | 33,697,531 | 0 | 346,228 | 721,833 |
| Issuance of bonds | 0 | 0 | 0 | 0 |
| Sales of capital assets | 18,607 | 50,888 | 36,907 | 10,891 |
| Total other financing sources (uses) | 35,282,159 | 2,549,408 | 2,966,045 | 3,924,861 |
| Net change in fund balances | \$ 18,311,211 | \$ (7,120,088) | \$ (5,309,494) | \$ 913,711 |
| Debt service as a percentage of noncapital expenditures | 7.3% | 15.4% | 25.6% | 22.7% |

Note (1): Increase due to Public Safety Facilities and GMC Parking Deck debt service payments; Public Safety Debt paid off in 2014.

Note (2): 2013-2014 miscellaneous revenue includes CCA rent from the Main Street property.

Note (3): Refunded Frances Meadows debt in 2015 with GRA Bond.

Note (4): Includes sale of investment property at Gainesville Business Park.

Note (5): Effective FY17, PLB expenses were included in General Government, in prior years these expenses were charged to Public Works.

Note (6): Effective FY17, Code Enforcement expenses were included in Housing and Development, in prior years these expenses were charged to Public Safety.

| Fiscal Year | | | | | |
|--------------------------|--------------------------|---------------------------|-------------------|---------------------------|-------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ 21,798,180 | \$ 22,193,025 | \$ 23,263,514 | \$ 24,610,752 | \$ 25,624,333 | \$ 26,666,787 |
| 727,631 | 768,827 | 1,008,077 | 1,020,055 | 1,304,203 | 1,143,187 |
| 1,663,768 | 1,635,471 | 1,778,770 | 1,735,869 | 1,944,818 | 1,680,375 |
| 2,910,952 | 3,004,541 | 3,331,778 | 3,589,559 | 4,295,317 | 3,883,589 |
| 4,067,439 | 3,959,460 | 4,689,473 | 7,821,598 | 9,388,179 | 11,639,676 |
| 52,479 | 41,823 | 126,712 | 54,687 | 1,975,871 ⁽⁴⁾ | 406,995 |
| 96,754 | 96,860 | 147,384 | 105,628 | 171,116 | 214,150 |
| 1,057,730 ⁽²⁾ | 1,017,595 ⁽²⁾ | 122,291 | 183,516 | 373,513 | 441,324 |
| <u>32,374,933</u> | <u>32,717,602</u> | <u>34,467,999</u> | <u>39,121,664</u> | <u>45,077,350</u> | <u>46,076,083</u> |
| 3,287,366 | 3,228,407 | 3,431,244 | 3,550,990 | 5,997,537 ⁽⁵⁾ | 5,115,043 |
| 421,756 | 460,849 | 465,915 | 470,043 | 521,707 | 523,018 |
| 14,617,996 | 14,934,311 | 15,462,822 | 16,187,899 | 16,466,971 ⁽⁶⁾ | 17,713,931 |
| 4,325,418 | 4,491,711 | 4,672,187 | 4,994,225 | 4,436,888 ⁽⁵⁾ | 5,032,748 |
| 2,529,431 | 3,391,256 | 2,968,229 | 2,737,379 | 2,895,919 | 2,690,223 |
| 592,617 | 165,000 | 433,682 | 400,000 | 234,283 | 245,982 |
| 1,639,307 | 2,082,930 | 2,148,470 | 2,438,677 | 3,438,904 ⁽⁶⁾ | 2,404,326 |
| 7,349,754 ⁽¹⁾ | 8,382,841 ⁽¹⁾ | 10,111,549 ⁽³⁾ | 1,222,585 | 3,928,813 | 1,462,303 |
| 1,266,876 | 964,579 | 1,386,912 | 538,091 | 523,047 | 517,843 |
| 9,500,033 | 2,128,323 | 3,829,201 | 5,141,709 | 8,377,243 | 7,334,797 |
| <u>45,530,554</u> | <u>40,230,207</u> | <u>44,910,211</u> | <u>37,681,598</u> | <u>46,821,312</u> | <u>43,040,214</u> |
| (13,155,621) | (7,512,605) | (10,442,212) | 1,440,066 | (1,743,962) | 3,035,869 |
| 21,464,150 | 7,477,632 | 10,698,274 | 7,835,912 | 10,656,899 | 9,950,013 |
| (16,413,039) | (4,112,658) | (7,435,982) | (4,149,965) | (6,627,648) | (6,029,944) |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 8,220,268 | 0 | 8,917,392 | 0 | 807,264 | 10,932 |
| 0 | 0 | 0 | 0 | 1,630,000 | 0 |
| 70,410 | 32,803 | 48,126 | 48,936 | 768,992 | 913,464 |
| <u>13,341,789</u> | <u>3,397,777</u> | <u>12,227,810</u> | <u>3,734,883</u> | <u>7,235,507</u> | <u>4,844,465</u> |
| \$ 186,168 | \$ (4,114,828) | \$ 1,785,598 | \$ 5,174,949 | \$ 5,491,545 | \$ 7,880,334 |
| 23.6% | 24.7% | 27.1% | 5.0% | 11.5% | 5.4% |

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 |
|--------------------|--------------------------|---------------------------|----------------------|------------------------------|
| 2009 | \$ 7,404,644 | \$ 180,064 ⁽²⁾ | \$ 4,451,348 | \$ 1,431,555 |
| 2010 | 7,246,242 | 97,161 ⁽²⁾ | 3,866,595 | 1,418,124 |
| 2011 | 7,871,392 ⁽³⁾ | 59,343 ⁽²⁾ | 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 ⁽⁴⁾ | 105,044 | 4,014,946 | 1,743,745 |
| 2015 | 8,676,206 | 133,186 | 4,371,358 | 1,823,481 |
| 2016 | 9,358,744 | 129,075 | 4,381,245 | 1,948,090 |
| 2017 | 9,794,158 | 190,764 | 4,501,181 | 2,203,406 |
| 2018 | 10,408,745 | 213,556 | 4,208,097 | 2,346,272 |

Note (1): Significant decrease due to economic decline experienced in FY09.

Note (2): 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 (3): General Fund millage rate was increased to provide funding for increased Public Safety fire protection.

Note (4): 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 |
|-----------------------------|------------------------------------|----------------------------|-----------------------------------|---------------|
| \$ 1,288,785 | \$ 1,000,788 | \$ 473,047 | \$ 4,799,932 ⁽¹⁾ | \$ 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 ⁽⁴⁾ | 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 | 24,509,072 |
| 1,373,680 | 1,166,259 | 929,035 | 5,439,313 | 25,597,796 |
| 1,394,517 | 1,152,257 | 965,036 | 5,885,171 | 26,573,651 |

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 | |
| 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 ⁽⁴⁾ | 86,348,763 | (298,500,191) |
| 2017 | 3,036,116,245 | 1,102,797,493 | 87,802,225 ⁽⁴⁾ | 79,112,033 | (329,203,623) |
| 2018 | 3,414,339,560 | 1,176,119,518 | 65,383,400 ⁽⁴⁾ | 67,319,268 | (343,066,757) |

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.

Note (4): Effective March 1, 2013, the Title Ad Valorem Tax was enacted, imposing a one-time tax on new vehicle purchases. Over time, motor vehicle taxes should progressively decline.

| Exemption Adjustments | Total Taxable Assessed Value⁽¹⁾ | Total Direct Tax Rate | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|----------------------------------|---|----------------------------------|---|---|
| \$ (29,134,000) ⁽²⁾ | \$ 3,708,134,604 | 2.660 | 3,708,134,604 | 100% |
| (550,000) ⁽³⁾ | 3,719,820,242 | 2.660 | 3,719,820,242 | 100% |
| (550,000) | 3,640,405,873 | 2.920 | 3,640,405,873 | 100% |
| (800,000) | 3,432,580,000 | 2.920 | 3,432,580,000 | 100% |
| (800,000) | 3,270,409,078 | 3.060 | 3,270,409,078 | 100% |
| (1,234,240) | 3,277,975,263 | 3.060 | 3,277,975,263 | 100% |
| (1,486,210) | 3,578,430,411 | 3.020 | 3,578,430,411 | 100% |
| (1,902,555) | 3,918,327,437 | 2.980 | 3,918,327,437 | 100% |
| (2,210,476) | 3,974,413,897 | 2.980 | 3,974,413,897 | 100% |
| (2,937,666) | 4,377,157,323 | 2.864 | 4,377,157,323 | 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 | |
| 2008 | 2009 | 1.430 | 0.750 | 0.480 | 2.660 |
| 2009 | 2010 | 1.430 | 0.750 | 0.480 | 2.660 |
| 2010 | 2011 | 1.690 | 0.750 | 0.480 | 2.920 |
| 2011 | 2012 | 1.690 | 0.750 | 0.480 | 2.920 |
| 2012 | 2013 | 1.770 | 0.790 | 0.500 | 3.060 |
| 2013 | 2014 | 1.770 | 0.790 | 0.500 | 3.060 |
| 2014 | 2015 | 1.750 | 0.780 | 0.490 | 3.020 |
| 2015 | 2016 | 1.630 | 0.750 | 0.600 | 2.980 |
| 2016 | 2017 | 1.630 | 0.750 | 0.600 | 2.980 |
| 2017 | 2018 | 1.545 | 0.750 | 0.569 | 2.864 |

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 | |
| 7.420 | 0.390 | 7.810 | 0.250 | 6.250 | 6.250 | 16.970 |
| 7.410 | 0.300 | 7.710 | 0.250 | 6.250 | 6.250 | 16.870 |
| 7.390 | 0.300 | 7.690 | 0.250 | 6.250 | 6.250 | 17.110 |
| 7.390 | 0.000 | 7.390 | 0.250 | 6.250 | 6.250 | 16.810 |
| 7.590 | 0.000 | 7.590 | 0.250 | 6.250 | 6.250 | 17.150 |
| 7.590 | 0.000 | 7.590 | 0.150 | 6.250 | 6.250 | 17.050 |
| 7.590 | 0.000 | 7.590 | 0.150 | 5.989 | 5.989 | 16.749 |
| 6.890 | 0.000 | 6.890 | 0.050 | 5.735 | 5.735 | 15.655 |
| 6.850 | 0.000 | 6.850 | 0.000 | 5.716 | 5.716 | 15.546 |
| 6.850 | 0.000 | 6.850 | 0.000 | 6.700 | 6.700 | 16.414 |

CITY OF GAINESVILLE, GEORGIA
PRINCIPAL TAXPAYERS
June 30, 2018

| Taxpayer | Fiscal Year 2018 | | | Fiscal Year 2009 | | |
|---|---------------------------------------|------|--|---------------------------------------|------|--|
| | 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/ | \$ 141,768,136 | 1 | 3.24% | \$ 193,264,832 | 1 | 5.42% |
| Cargill, Inc. | 109,634,477 | 2 | 2.50% | 93,124,995 | 2 | 2.61% |
| ZF Industries, Inc. | 82,244,637 | 3 | 1.88% | 40,830,922 | 5 | 1.14% |
| Fieldale Farms Corporation (Queen City Foods) | 63,344,346 | 4 | 1.45% | 39,649,839 | 6 | 1.11% |
| Ace Hardware Corporation | 50,188,843 | 5 | 1.15% | 47,610,666 | 4 | 1.33% |
| Merial Select | 40,111,921 | 6 | 0.92% | | NR* | |
| Marel Stork Poultry Processing Inc. | 38,850,167 | 7 | 0.89% | | NR* | |
| Pilgrims Pride formerly ConAgra | 38,335,571 | 8 | 0.88% | 37,646,109 | 7 | 1.06% |
| I M S Gear | 36,629,616 | 9 | 0.84% | | NR* | |
| Georgia Power | 36,115,980 | 10 | 0.83% | | NR* | |
| Hayes Lemmerz Intl GA, Inc. (Western Wheel Georgia, Inc.) | | | | 54,136,183 | 3 | 1.52% |
| Colonial Realty Limited Part. (Camelot Real Estate Corp.) | | | | 30,232,120 | 8 | 0.85% |
| Caradon Peachtree, Inc. (Peachtree Doors) | | | | 25,074,607 | 9 | 0.70% |
| Bell South Communications | | | | 19,435,155 | 10 | 0.54% |
| Total | <u>\$ 637,223,694</u> | | <u>14.58%</u> | <u>\$ 581,005,428</u> | | <u>16.28%</u> |

Source: Tax Year 2017 and 2008 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.

* Not Ranked

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 |
| 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% | 247,963 | 9,827,603 | 100.00% |
| 2011 | 10,629,985 | (208,997) | 10,239,192 | 98.26% | 181,796 | 10,420,988 | 100.00% |
| 2012 | 10,023,134 | (317,398) | 9,518,471 | 98.07% | 187,265 | 9,705,736 | 100.00% |
| 2013 | 9,294,659 | 340,617 | 9,333,018 | 96.86% | 293,981 | 9,626,999 | 99.91% |
| 2014 | 9,272,596 | 271,984 | 9,363,036 | 98.10% | 174,580 | 9,537,616 | 99.93% |
| 2015 | 10,039,209 | (82,638) | 9,762,578 | 98.05% | 186,775 | 9,949,353 | 99.93% |
| 2016 | 11,053,043 | (182,240) | 10,829,944 | 99.62% | 31,217 | 10,861,161 | 99.91% |
| 2017 | 11,346,349 | (16,287) | 11,280,816 | 99.57% | 36,332 | 11,317,148 | 99.89% |
| 2018 | 12,156,116 | 192,732 | 12,212,440 | 98.90% | | 12,212,440 | 98.90% |

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, 2018

| Commodity | 2017 | | | 2007 | | |
|-----------------------|----------------------|------|----------------|----------------------|------|----------------|
| | Total Distributed | Rank | % of Total | Total Distributed | Rank | % of Total |
| Food | \$ 6,978,790 | 1 | 22.04% | \$ 7,493,256 | 1 | 31.00% |
| General | 4,081,088 | 2 | 12.89% | 3,837,609 | 3 | 15.88% |
| Other Retail | 4,040,505 | 3 | 12.76% | | NR* | 0.00% |
| Wholesale | 3,715,952 | 4 | 11.74% | | NR* | 0.00% |
| Home | 2,966,958 | 5 | 9.37% | 1,902,209 | 7 | 7.87% |
| Miscellaneous Service | 2,784,219 | 6 | 8.79% | 1,785,456 | 8 | 7.39% |
| Utilities | 2,081,787 | 7 | 6.58% | 2,507,993 | 5 | 10.38% |
| Manufacturer | 1,788,511 | 8 | 5.65% | 1,444,670 | 9 | 5.98% |
| Auto | 1,444,702 | 9 | 4.56% | 5,197,957 | 2 | 21.51% |
| Other Services | 959,771 | 10 | 3.03% | | NR* | 0.00% |
| Accommodations | 577,439 | 11 | 1.82% | | NR* | 0.00% |
| Construction | 239,565 | 12 | 0.76% | | NR* | 0.00% |
| Total | <u>\$ 31,659,288</u> | | <u>100.00%</u> | <u>\$ 24,169,150</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.

* Not Ranked

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES TEN LARGEST SYSTEM CUSTOMERS
JUNE 30, 2018

| Customer | Type of Business | Total Water Billings | Total Sewer Billings | Total Billings | Percentage of System Revenues |
|----------------------------|------------------------------------|-------------------------------------|-------------------------------------|---------------------------|--|
| Fieldale Farms Corporation | Manufacturer - Poultry Products | \$ 3,972,296 | \$ 8,025,052 | \$ 11,997,349 | 17.36% |
| Pilgrim's Pride | Manufacturer - Poultry Products | 1,323,349 | 3,782,350 | 5,105,699 | 7.39% |
| Mar-Jac Poultry, Inc. | Manufacturer - Poultry Products | 1,459,461 | 3,640,351 | 5,099,812 | 7.38% |
| NE GA Health Systems | Hospital | 553,727 | 810,903 | 1,364,630 | 1.97% |
| Hall County Commissioners | Local Government | 195,070 | 616,966 | 812,036 | 1.17% |
| Cargill, Inc. | Manufacturer - Soybean Products | 262,541 | 356,043 | 618,583 | 0.89% |
| North GA Linen Service | Service | 217,762 | 318,036 | 535,798 | 0.78% |
| St Partners LLC dba Almark | Food Further Processing | 210,592 | 307,394 | 517,987 | 0.75% |
| Gold Greek LLC | Manufacturer - Poultry Products | 133,372 | 376,949 | 510,321 | 0.74% |
| Shasta Beverages Inc. | Manufacturer- Beverages | 248,777 | 231,329 | 480,107 | 0.69% |
| Total | | <u>\$ 8,576,948</u> | <u>\$ 18,465,373</u> | <u>\$ 27,042,321</u> | <u>39.12%</u> |

Note: This information is included to comply with continuing disclosure requirements of 2005, 2006, 2014, 2015, and 2016 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 | | | |
| 2009 | \$1,840,000 | \$45,469,691 ⁽¹⁾ | \$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 ⁽¹⁾ | 27,094,798 | 214,864,165 | 18.44% | 6,047 |
| 2015 | 0 | 21,998,379 | 155,139,294 | - | 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 |
| 2017 | 0 | 19,267,230 | 122,548,109 | - | 21,471,610 | 163,286,949 | 10.85% | 4,082 |
| 2018 | 0 | 17,808,355 | 105,559,369 | - | 19,525,547 | 142,893,271 | 9.06% | 3,541 |

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): 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⁾ |
|------------------------|---|---|-------------------------------------|
| 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 |
| 2017 | 0 | 0.00% | 0 |
| 2018 | 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, 2018

| <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 | \$ 23,280,480 | 100% | \$ 23,280,480 |
| Hall County | 3,612,541 | 20% | 722,508 |
| Subtotal, overlapping debt | | | <u>24,002,989</u> |
| City of Gainesville direct debt | | | <u>17,808,355</u> |
| Total direct and overlapping debt | | | <u><u>\$ 41,811,344</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 | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2009 | 2010 | 2011 | 2012 |
| Debt Limit | \$ 412,732,440 | \$ 403,529,632 | \$ 386,525,819 | \$ 369,409,894 |
| Total net debt applicable to limit | <u>43,267,440</u> | <u>42,514,285</u> | <u>34,302,996</u> | <u>27,431,657</u> |
| Legal debt margin | <u>\$ 369,465,000</u> | <u>\$ 361,015,347</u> | <u>\$ 352,222,823</u> | <u>\$ 341,978,237</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 10.48% | 10.54% | 8.87% | 7.43% |

Note: 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.

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ 360,749,247 | \$ 361,538,289 | \$ 389,205,108 | \$ 421,873,018 | \$ 430,582,800 | \$ 472,316,175 |
| 20,877,219 | 15,770,863 | 15,289,643 | 14,030,339 | 17,309,944 | 20,608,568 |
| <u>\$ 339,872,028</u> | <u>\$ 345,767,426</u> | <u>\$ 373,915,465</u> | <u>\$ 407,842,679</u> | <u>\$ 413,272,856</u> | <u>\$ 451,707,607</u> |
| 5.79% | 4.36% | 3.93% | 3.33% | 4.02% | 4.36% |

Legal Debt Margin Calculation for Fiscal Year 2018

| | |
|--|-----------------------|
| Total Assessed value | \$ 4,723,161,746 |
| Debt limit (10% of total assessed value) | 472,316,175 |
| Debt applicable to limit: | |
| General obligation debt | 17,808,355 |
| Less: Amount set aside for repayment of general obligation debt | <u>2,800,213</u> |
| Total net debt applicable to limit | <u>20,608,568</u> |
| Legal debt margin | <u>\$ 451,707,607</u> |

**CITY OF GAINESVILLE, GEORGIA
 PLEDGED-REVENUE COVERAGE
 DEPARTMENT OF WATER RESOURCES
 LAST TEN FISCAL YEARS**

| Department of Water Resources Revenue Bonds | | | | | | |
|--|--|---|--------------------------------------|---------------------------|-------------------------------|-----------------|
| Fiscal Year | Gross Revenue⁽¹⁾ | Less: Operating Expenses⁽²⁾ | Net Available Revenue | Debt Service | | Coverage |
| | | | | Principal | Interest⁽³⁾ | |
| 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 | 8,140,000 | 6,271,250 | 3.13 |
| 2017 | 77,874,539 | 27,479,460 | 50,395,079 | 15,940,000 ⁽⁴⁾ | 5,658,796 | 2.33 |
| 2018 | 78,352,405 | 35,290,737 | 43,061,668 | 16,200,000 | 3,722,583 | 2.16 |

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.

Note (4): New refunding bond issues included GEFA notes payable that were not included in prior year totals.

**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) |
|--------------------|---|---|---|--|--|
| 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% |
| 2017 | 40,000 | 1,505,480 | 37,637 | 7,997 | 4.2% |
| 2018 | 40,359 | 1,576,624 | 39,065 | 8,069 | 3.5% |

Source (a): Fiscal year 2009-2010, 2012-2013 are estimates and fiscal year 2011 is based on 2010 Census provided by the U.S. Census Bureau. Fiscal year 2014-2018 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, 2018

| <u>Employer</u> | <u>2018</u> | | | <u>2009</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 | 8,331 | 1 | 8.64% | 4,000 | 1 | 4.60% |
| Fieldale Farms | 2,550 | 2 | 2.64% | 2,400 | 2 | 2.76% |
| Victory Processing LLC | 1,730 | 3 | 1.79% | | NR* | |
| Kubota Manufacturing of America | 1,695 | 4 | 1.76% | 890 | 7 | 1.02% |
| Pilgrims Pride | 1,380 | 5 | 1.43% | 1,599 | 3 | 1.84% |
| Gold Creek Foods | 1,300 | 6 | 1.35% | | NR* | |
| Mar-Jac | 1,280 | 7 | 1.33% | 1,100 | 4 | 1.26% |
| ZF Gainesville, LLC | 1,045 | 8 | 1.08% | | NR* | |
| Cottrell, Inc. | 1,040 | 9 | 1.08% | | NR* | |
| Wal-Mart | 970 | 10 | 1.01% | | NR* | |
| Total | <u>21,321</u> | | <u>22.11%</u> | <u>9,989</u> | | <u>11.48%</u> |

Source: Greater Hall Chamber of Commerce.

Note (1): Excludes governmental and educational employers.

* Not Ranked

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

| Function | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Primary government | | | | | | | | | | |
| General Government | 41 | 45 | 46 | 48 | 51 | 50 | 51 | 51 | 53 | 52 |
| Judicial | 8 | 7 | 8 | 8 | 10 | 10 | 10 | 10 | 10 | 10 |
| Public Safety | | | | | | | | | | |
| Police | 115 | 113 | 113 | 113 | 113 | 114 | 114 | 114 | 116 | 117 |
| Fire | 81 | 102 | 103 | 103 | 103 | 103 | 103 | 103 | 103 | 103 |
| Code Enforcement | 5 | 3 | 3 | 3 | 5 | 4 | 4 | 4 | 4 | 5 |
| Public Works | 54 | 53 | 52 | 54 | 53 | 53 | 55 | 55 | 59 | 60 |
| Health and Welfare | 49 | 45 | 47 | 39 | 37 | 32 | 32 | 32 | 40 | 40 |
| Culture and Recreation | 10 | 7 | 7 | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing and Development | 18 | 17 | 17 | 17 | 13 | 13 | 13 | 13 | 13 | 13 |
| General Insurance | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vehicle Services | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Water and Sewer | 231 | 225 | 229 | 229 | 229 | 230 | 233 | 233 | 233 | 234 |
| Solid Waste | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 |
| Golf Course | 13 | 7 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 |
| Total primary government | 656 | 653 | 658 | 653 | 648 | 643 | 649 | 649 | 665 | 669 |
| Component unit | | | | | | | | | | |
| City of Gainesville | | | | | | | | | | |
| Parks and Recreation | | | | | | | | | | |
| Culture and Recreation | 37 | 36 | 36 | 37 | 37 | 38 | 39 | 39 | 37 | 37 |
| Gainesville Convention and Visitor's Bureau | | | | | | | | | | |
| Housing and Development | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 | 4 | 4 |
| Total Component units | 37 | 36 | 36 | 37 | 37 | 38 | 43 | 43 | 41 | 41 |
| Total employees | 693 | 689 | 694 | 690 | 685 | 681 | 692 | 692 | 706 | 710 |

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**

| | 2009 | 2010 | 2011 | 2012 |
|---|-----------|-----------|-----------|----------|
| Function | | | | |
| Police | | | | |
| Number of citations issued | 11,394 | 12,307 | 13,671 | 9,306 |
| Number of calls for service | 74,329 | 75,866 | 67,879 | 63,839 |
| Fire | | | | |
| Number of calls answered | 5,901 | 6,020 | 6,566 | 6,962 |
| Number of inspections conducted | 2,631 | 2,848 | 1,439 | 1,725 |
| Highways and streets | | | | |
| Square feet of sidewalks replaced | 2,351 | 3,552 | 445 | 9,063 |
| Linear feet curb and gutter installed | 1,071 | 217 | 50 | 698 |
| Sanitation | | | | |
| Refuse collected (tons) | 5,261 | 5,015 | 4,897 | 4,743 |
| Recyclables collected (tons) | 653 | 688 | 657 | 726 |
| Culture and Recreation | | | | |
| Enrolled in youth athletics | 1,173 | 1,139 | 1,507 | 1,553 |
| Civic Center/Cabin rentals | 823 | 969 | 992 | 1,068 |
| Water System (MGD -Millions of Gallons per Day) | | | | |
| Number of service connections | 46,550 | 46,674 | 46,632 | 47,018 |
| Daily average consumption in gallons | 16.56 MGD | 17.13 MGD | 17.64 MGD | 17.7 MGD |
| Sewer System (MGD -Millions of Gallons per Day) | | | | |
| Number of service connections | 8,896 | 8,840 | 8,716 | 8,847 |
| Daily average treatment in gallons | 8.00 MGD | 9.20 MGD | 8.50 MGD | 8.1 MGD |

Source: Various City Departments.

| Fiscal Year | | | | | |
|-------------|-----------|-----------|-----------|-----------|-----------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| 11,353 | 11,622 | 9,734 | 12,060 | 13,431 | 11,606 |
| 62,744 | 60,380 | 70,534 | 68,007 | 68,952 | 83,252 |
| 7,031 | 7,174 | 7,814 | 8,108 | 8,592 | 8,550 |
| 1,325 | 1,862 | 2,019 | 3,850 | 3,543 | 3,764 |
| 4,500 | 11,727 | 8,217 | 2,562 | 2,360 | 1,951 |
| 211 | 544 | 241 | 329 | 227 | 50 |
| 4,857 | 4,989 | 5,374 | 5,791 | 6,392 | 6,763 |
| 759 | 794 | 772 | 697 | 858 | 820 |
| 1,398 | 1,424 | 1,181 | 1,388 | 2,407 | 2,366 |
| 1,223 | 1,169 | 1,230 | 991 | 879 | 1,213 |
| 47,892 | 53,676 | 55,274 | 50,950 | 54,572 | 55,638 |
| 16.74 MGD | 16.74 MGD | 16.74 MGD | 17.40 MGD | 18.69 MGD | 18.75 MGD |
| 9,157 | 10,977 | 11,580 | 10,020 | 10,687 | 11,101 |
| 8.50 MGD | 8.90 MGD | 8.00 MGD | 9.1 MGD | 9 MGD | 10.0 MGD |

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

| Function | Fiscal Year | | | |
|--|-------------|--------|------------------|--------|
| | 2009 | 2010 | 2011 | 2012 |
| Public safety | | | | |
| Number of police stations | 5 | 3 | 2 ⁽¹⁾ | 2 |
| Number of fire stations | 4 | 4 | 4 | 4 |
| Solid Waste | | | | |
| Collection Trucks | 9 | 9 | 9 | 10 |
| Highways and streets | | | | |
| Miles of streets | 136 | 136 | 136 | 136 |
| Miles of storm sewers | 20.20 | 20.20 | 20.20 | 20.47 |
| Number of street lights | 2,380 | 2,414 | 2,627 | 2,694 |
| Culture and Recreation | | | | |
| Community/Civic Centers | 8 | 2 | 2 | 2 |
| Parks | 21 | 21 | 21 | 21 |
| Park acreage | 444+ | 445 | 445 | 445 |
| Golf courses | 1 | 1 | 1 | 1 |
| Swimming pools | 5 | 5 | 5 | 5 |
| Baseball/Softball fields | 9 | 10 | 10 | 11 |
| Soccer fields | 9 | 10 | 10 | 10 |
| Multipurpose fields | 1 | 1 | 1 | 1 |
| Tennis courts | 16 | 16 | 16 | 16 |
| Water and Sewerage System-Gainesville and Hall County (MGD - Millions of Gallons per Day) | | | | |
| Water System: | | | | |
| Miles of water mains | 1,310 | 1,315 | 1,344 | 1,344 |
| Number of fire hydrants | 8,538 | 8,719 | 8,803 | 8,855 |
| Number of water treatment plants | 2 | 2 | 2 | 2 |
| Maximum daily capacity of treatment plants in gallons | 35 MGD | 35MGD | 35 MGD | 35 MGD |
| Sewer System: | | | | |
| Miles of sanitary sewers | 278 | 280 | 280 | 286 |
| Number of wastewater treatment plants | 2 | 2 | 2 | 2 |
| Maximum daily capacity of treatment plants in gallons | 17 MGD | 17 MGD | 17 MGD | 17 MGD |

Source: Various City Departments.

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

Note (2): Increase in acreage is due to the addition of the Allen Creek Park Complex.

| Fiscal Year | | | | | |
|-------------|--------|--------|--------|---------------------|--------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| 2 | 2 | 2 | 2 | 2 | 1 |
| 4 | 4 | 4 | 4 | 4 | 4 |
| 10 | 12 | 13 | 13 | 13 | 14 |
| 136 | 140 | 140 | 141 | 143 | 147 |
| 20.47 | 20.49 | 20.52 | 20.81 | 21.68 | 24.18 |
| 2,700 | 2,676 | 2,639 | 2,679 | 2,668 | 2,769 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 22 | 22 | 22 | 22 | 22 | 22 |
| 450+ | 450+ | 450+ | 454+ | 644+ ⁽²⁾ | 658+ |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 5 | 4 | 4 | 4 | 4 | 4 |
| 11 | 10 | 10 | 10 | 10 | 10 |
| 10 | 10 | 10 | 10 | 10 | 10 |
| 1 | 2 | 2 | 2 | 2 | 2 |
| 16 | 15 | 15 | 15 | 15 | 15 |
| 1,344 | 1,355 | 1,363 | 1,372 | 1,390 | 1,383 |
| 8,735 | 8,772 | 8,838 | 8,885 | 9,096 | 9,557 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 35 MGD | 35 MGD | 35 MGD | 35 MGD | 35 MGD | 35 MGD |
| 286 | 289 | 291 | 294 | 301 | 306 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 17 MGD | 17 MGD | 17 MGD | 17 MGD | 21.25 MGD | 17 MGD |

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES
WATER RATES AND MINIMUM DEMAND CHARGES
JUNE 30, 2018

Water Rates (Monthly Charges):

| | Inside City Limits | Outside City Limits |
|-------------------------|----------------------------------|-----------------------------------|
| | <hr/> | <hr/> |
| 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, 2015, and 2016 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, 2018

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, 2015, and 2016 Water and Sewerage bond issues.

**CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES
SEWER TAPPING, CONNECTION AND ADMINISTRATIVE FEES
JUNE 30, 2018**

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, 2015, and 2016 Water and Sewerage bond issues.

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES
SEWER RATES AND CHARGES
JUNE 30, 2018

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 93% 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, 2015, and 2016 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 |
| 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 |
| 2017 | 13,052,152 | 13,052,152 | 0 |
| 2018 | 26,133,018 | 26,133,018 | 0 |

Note: This information is included to comply with continuing disclosure requirements of 2005, 2006, 2014, 2015, and 2016 Water and Sewerage bond issues.

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF INSURANCE COVERAGE
June 30, 2018

| | <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 (\$5,574,728) |
| Inland Marine (Contractor's Equipment) (\$2,500 deductible) | | Actual cash value (\$6,275,250) |
| EDP Equipment (\$10,000 deductible) | | Replacement Cost (\$1,854,448) |
| 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, 2015, and 2016 Water and Sewerage bond issues.

Note (1): Maximum property limit of \$249,134,265.

Note (2): Aggregate annual amount of \$3,000,000 for General Liability, Law Enforcement Liability, Public Officials Liability, and Employment Practices Liability.

Note (3): Retro date 7/1/2000 applies.

CITY OF GAINESVILLE, GEORGIA
PROPERTY VALUE - CONSTRUCTION
LAST TEN CALENDAR YEARS

Hall County

| | Number of Residential Permits | | Total Estimated Value | Number of Commercial Permits | Total Estimated Value |
|------|-------------------------------|--|-----------------------------|------------------------------------|------------------------------|
| | Single Family | Multi-Family ⁽¹⁾ / Number of Units | | | |
| 2008 | 303 | 0 | \$ 54,999,600 | 52 | \$ 14,583,500 ⁽²⁾ |
| 2009 | 180 | 1 | 29,629,500 | 50 | 10,319,500 ⁽²⁾ |
| 2010 | 152 | 0 | 23,615,800 | 24 | 11,775,300 ⁽²⁾ |
| 2011 | 140 | 0 | 23,159,500 | 17 | 4,653,000 ⁽²⁾ |
| 2012 | 167 | 0 | 28,447,800 | 17 | 3,873,000 ⁽²⁾ |
| 2013 | 264 | 0 | 47,710,100 | 26 | 132,020,900 ⁽³⁾ |
| 2014 | 341 | 0 | 67,877,695 | 17 | 7,685,100 |
| 2015 | 352 | 0 | 75,544,500 | 25 | 34,139,300 |
| 2016 | 410 | 0 | 91,138,400 | 20 | 15,171,000 |
| 2017 | 548 | 0 | 118,793,900 | 28 | 16,236,000 |

City of Gainesville

| | Number of Residential Permits | | Total Estimated Value | Number of Commercial Permits | Total Estimated Value |
|------|-------------------------------|--|-----------------------------|------------------------------------|------------------------------|
| | Single Family | Multi-Family ⁽¹⁾ / Number of Units | | | |
| 2008 | 51 | 0 | \$ 6,815,850 | 33 | \$ 32,348,400 ⁽²⁾ |
| 2009 | 19 | 0 | 4,431,080 | 25 | 55,633,500 ⁽²⁾ |
| 2010 | 35 | 0 | 5,544,591 | 12 | 31,119,415 ⁽²⁾ |
| 2011 | 45 | 0 | 7,086,101 | 14 | 19,138,000 ⁽²⁾ |
| 2012 | 122 | 2/88 | 29,873,617 | 7 | 18,033,377 ⁽²⁾ |
| 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 |
| 2016 | 435 | 19/556 | 118,707,947 ⁽⁴⁾ | 31 | 58,129,477 |
| 2017 | 412 | 4/96 | 70,021,683 | 31 | 234,766,657 |

Source: Hall County Building and Zoning Department.

Note (1): Multifamily housing includes duplexes, triplexes, and apartment buildings.

Note (2): Economic decline contributed to decreased numbers beginning in 2008.

Note (3): Northeast Georgia Medical Center acquired permits for new hospital in Braselton and new medical office building.

Note (4): A 55.97% growth was due to an increase in multi-family housing projects and single-family dwelling permits.

CITY OF GAINESVILLE, GEORGIA
MISCELLANEOUS STATISTICS

Source: Various city departments and local institutions

| | |
|--|-----------------|
| Date of Incorporation | 1821 |
| Form of Government | Council/Manager |
| City Population (2017 Estimate) | 40,359 |
| Hall County Population, including City (2017 Estimate) | 199,335 |
| Area of City in square miles | 34.41 |
| Number of full time employees | 680 |

Government facilities and services:

Public Safety:

| | |
|---|---------|
| ISO Fire Classification | Class I |
| Number of fire personnel and officers | 104 |
| Number of police personnel and officers | 119 |
| Number of police patrol units | 70 |

Facilities and services not included in the reporting entity:

Education:

| | |
|---|-----|
| Number of elementary schools | 6 |
| Number of elementary school instructors | 279 |
| Number of middle schools | 1 |
| Number of middle school instructors | 115 |
| Number of secondary schools | 1 |
| Number of secondary school instructors | 124 |
| 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 |



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, 2018, 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 28, 2018.

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 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 28, 2018

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, 2018. 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, Georgia's, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Gainesville, Georgia'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, 2018.

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, Georgia'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 Georgia'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.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 28, 2018

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2018

| Federal Grant/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass- Through Number | Total Federal Expenditures | Passed Through to Subrecipients |
|---|------------------------------------|--|---|--|
| U.S. Department of Housing and Urban Development | | | | |
| CDBG - Entitlement Grants Cluster | | | | |
| Community Development Block Grant/Entitlement Grants | 14.218 | N/A | \$ 315,096 | \$ 0 |
| Passed through Georgia Department of Community Affairs Home Investment Partnerships Program | 14.239 | 2014-912 SF2014-102 | 31,490 267,107 <u>298,597</u> | 31,490 0 <u>31,490</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>613,693</u> | <u>31,490</u> |
| U.S. Department of Justice | | | | |
| Bulletproof Vest Partnership Program | 16.607 | N/A | 9,550 | 0 |
| Equitable Sharing for State and Local Law Enforcement Agencies | 16.922 | N/A | 149,572 | 0 |
| Total U.S. Department of Justice | | | <u>159,122</u> | <u>0</u> |
| U.S. Department of Transportation | | | | |
| Passed through the Georgia Department of Transportation: Airport Improvement Program | 20.106 | AP017-9031-33(139) AP018-9034-34(139) | 60,426 30,214 <u>90,640</u> | 0 0 <u>0</u> |
| Federal Transit Cluster | | | | |
| Federal Transit - Formula Grants | 20.507 | T006041 T006043 | 362,741 11,084 <u>373,825</u> | 0 0 <u>0</u> |
| Total Federal Transit Cluster | | | | |
| Highway Safety Cluster | | | | |
| Passed through Hall County, Georgia: State and Community Highway Safety | 20.600 | GA-2017-402PT-144 GA-2018-402PT-005 | 19,968 56,002 <u>75,970</u> | 0 0 <u>0</u> |
| Total Highway Safety Cluster | | | | |
| Total U.S. Department of Transportation | | | <u>540,435</u> | <u>0</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 Gainesville - Title III, C2 | 223,974 92,479 <u>316,453</u> | 0 0 <u>0</u> |
| Nutrition Services Incentive Program | 93.053 | Gainesville - NSIP | 88,356 | 0 |
| Total Aging Cluster of Programs | | | 404,809 | 0 |
| Passed through Legacy Link, Inc.: Social Services Block Grant | 93.667 | Gainesville - SSBG | 24,924 | 0 |
| Total U.S. Department of Health and Human Services | | | <u>429,733</u> | <u>0</u> |
| U.S. Department of Homeland Security | | | | |
| Passed through the Georgia Emergency Management Agency: Disaster Grants - Public Assistance - (Presidentially Declared Disasters) | 97.036 | FEMA-4338-DR-GA | 391,827 | 0 |
| Homeland Security Grant Program | 97.067 | EMW-2017-SS-00015-S01 | 3,471 | 0 |
| Total U.S. Department of Homeland Security | | | <u>395,298</u> | <u>0</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 2,138,281</u> | <u>\$ 31,490</u> |

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2018

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 current fiscal year. 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 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. 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.

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2018

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: | |
| 20.600 State and Community Highway Safety | |
| 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) | |
| 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, 2018

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, 2018

| Project | Estimated Cost * | | Expenditures | | |
|---|----------------------|----------------------|---------------------|---------------------|---------------------|
| | Original | Current | Prior Years | Current Year | Total |
| SPLOST VII | | | | | |
| Public Safety Fire Station | \$ 3,750,000 | \$ 3,750,000 | \$ 13,697 | \$ 560,528 | \$ 574,225 |
| Public Safety Fire Vehicle | 1,750,000 | 1,750,000 | 1,340,979 | 120,240 | 1,461,219 |
| Roads, Bridges, Stormwater | 12,914,482 | 12,914,482 | 1,487,797 | 1,157,625 | 2,645,422 |
| Youth Sports Athletic Complex | 6,750,000 | 6,750,000 | 114,441 | 54,619 | 169,060 |
| Park Improvements | 250,000 | 250,000 | 0 | 0 | 0 |
| Total | <u>\$ 25,414,482</u> | <u>\$ 25,414,482</u> | <u>\$ 2,956,914</u> | <u>\$ 1,893,012</u> | <u>\$ 4,849,926</u> |
| Current year expenditures | | | | \$ 1,893,012 | |
| Expenditures financed through other revenues | | | | 1,322,029 | |
| Total SPLOST Capital Projects Fund Expenditures | | | | <u>\$ 3,215,041</u> | |

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax.
Actual costs that are in excess of these amounts have been financed through alternative funds.

Note: The beginning balance of prior years expenditures and estimated costs have been restated by \$225,222 and \$1,500,000, respectively. This restatement is due to including the Senior Life Center Building project which was financed with other revenue sources.



