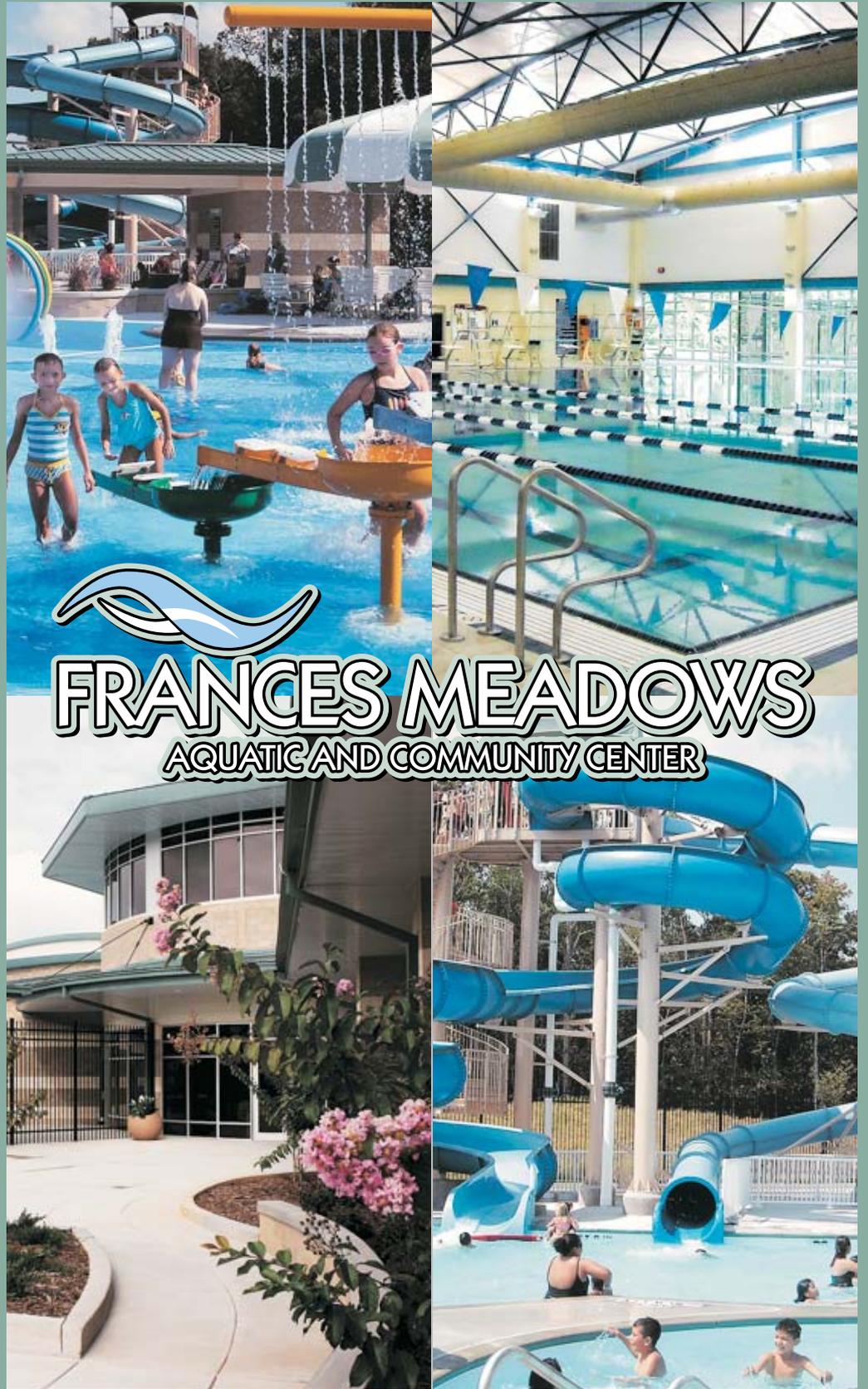


Comprehensive Annual Financial Report



FRANCES MEADOWS AQUATIC AND COMMUNITY CENTER

City of Gainesville, Georgia
For the Fiscal Year Ended June 30, 2009

CITY OF GAINESVILLE, GEORGIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009



CITY OF GAINESVILLE, GEORGIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

***Prepared by the Department of Financial Services and Information Technologies
Melody N. Marlowe,
Chief Financial Services Officer***



CITY OF GAINESVILLE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2009

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OFFICIALS OF THE CITY OF GAINESVILLE

LEGISLATIVE BRANCH CITY COUNCIL

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

OFFICERS OF THE COUNCIL

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

JUDICIAL BRANCH

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

EXECUTIVE BRANCH CITY MANAGER AND DEPARTMENT DIRECTORS

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

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, 2008

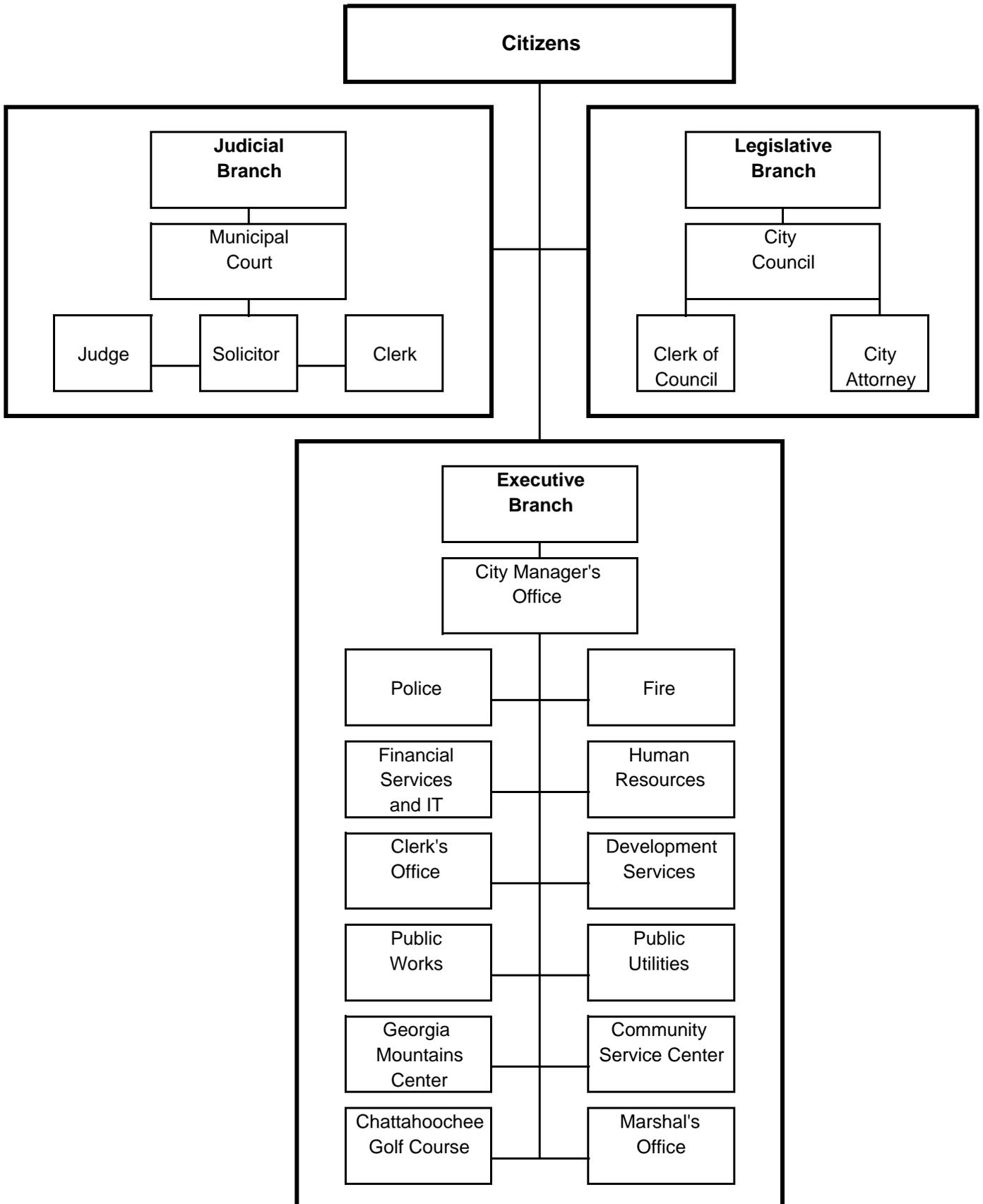
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



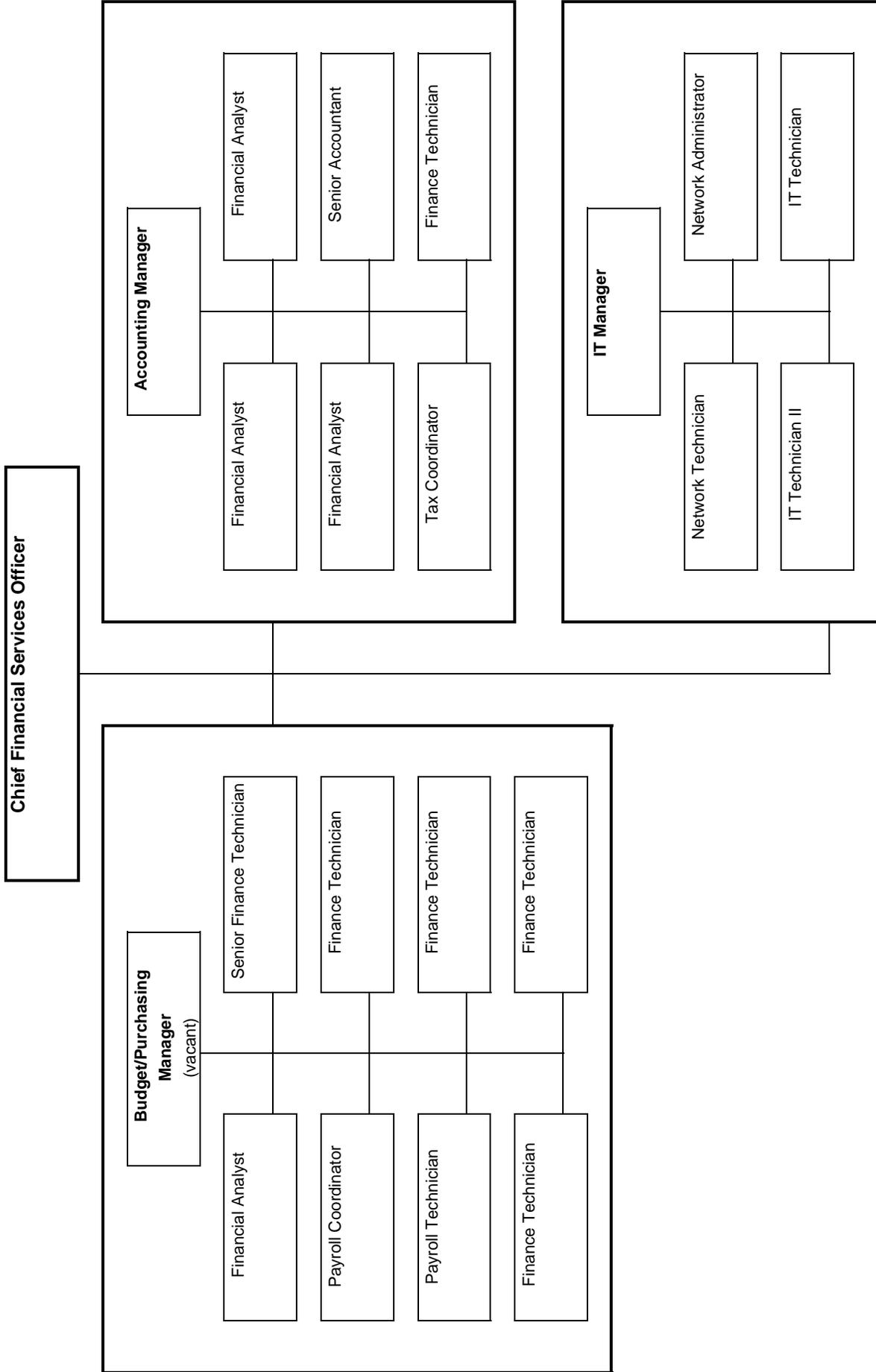
President

Executive Director

Gainesville City Government Organizational Chart By Governmental Branch and Department



**CITY OF GAINESVILLE
FINANCIAL SERVICES AND INFORMATION TECHNOLOGIES
ORGANIZATION CHART 2009**





CITY OF GAINESVILLE

**OFFICE OF
FINANCIAL SERVICES
AND
INFORMATION
TECHNOLOGIES**

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Gainesville, Georgia 30503-2496

Telephone: 770.535.6898

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Web Site: www.gainesville.org

November 23, 2009

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

Ladies and Gentlemen:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. These statements are to be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, it is our pleasure to present the Comprehensive Annual Financial Report (CAFR) of the City of Gainesville (City) for the fiscal year ended June 30, 2009.

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

Rushton and Company, LLC, a firm of certified public accountants has audited the City of Gainesville's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Gainesville for the fiscal year ended June 30, 2009, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by

management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Gainesville's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Gainesville's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Gainesville is located in Northeast Georgia, approximately 50 miles northeast of Atlanta. Gainesville is the principal city and county seat of Hall County. Bordered on the west by Lake Sidney Lanier, Hall County lies at the southern edge of the Chattahoochee National Forest and the foothills of the Blue Ridge Mountains. According to the 2000 U.S. Census, Gainesville has a population of 25,578, while Hall County's population is 139,277. Census Bureau estimates for 2008 show Gainesville with a population of 35,668 and Hall County with a population of 184,814. The City of Gainesville is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Gainesville was incorporated on November 30, 1821 and operates under a Council-Manager form of government. Gainesville's City Council is composed of a Mayor and four council members responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards and the City Manager. The City Manager is the chief executive officer of the City and is responsible for enforcement of laws and ordinances, as well as appointments and supervision of the various department directors of the municipal government. Under the guidance of the City Manager and the Council, the City provides a full range of services. These services include police and fire protection; the maintenance of streets and infrastructure; parks; municipal golf course; recreational activities and cultural events; planning, zoning, and building inspection services; water and water pollution control services; solid waste collection; and an airport.

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

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

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

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

The annual budget serves as the foundation for the City of Gainesville's financial planning and control. The City of Gainesville budget is adopted by City Council on or before June 30 at a regular Council meeting that is open to the public. The level of legal budgetary control is the department level. Department directors may request budget adjustments through the 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.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Gainesville operates.

Local Economy. Despite the current downward slope in the economy, the Gainesville-Hall County area continues to experience growth. According to U.S. Census numbers released in July 2009, Hall County's estimated population increased from 178,620 in 2007 to nearly 185,000 in 2008. Although the region's rate of growth has slowed in recent years, Gainesville-Hall County still ranks as the 5th fastest growing metropolitan area in the United States for 2007-2008, and Hall County continues to maintain its ranking as the 11th most populous county in Georgia. The sense of community the area provides, coupled with easy access to large metropolitan areas, makes the region especially enticing to families and retirees.

Recently released housing market data from the Zillow Home Value Index supports the desirability of the Gainesville region; Gainesville was recognized in 2009 as having one of the best housing markets in the nation. While many metropolitan districts are seeing double digit decreases, the Gainesville-Hall County area has bucked that trend and is

showing a 4.2% increase in the median home price over last year. This is a result of a price rebound due to demand in some areas, with those nearing retirement and young couples driving most of the demand. This is especially good news for the Gainesville citizen; the major lifetime investment of their home continues to maintain its value even during the tough economic times we're currently experiencing.

Conveniently situated with access to major interstates, Lake Lanier, and at the foothills of the Appalachian Mountains, Gainesville continues to garner its share of accolades. These include Forbes Magazine's designation of Gainesville as one of the "Best Small Places for Business and Careers", as well as Relocate America naming Gainesville-Hall County among its "Top 100 Places to Live in 2009". Like the rest of the nation, the Gainesville-Hall County unemployment rate has dramatically risen over the last year, and as of June 30, it stood at 9.6%. In spite of this, the City's rate continues to rank lower than the state's overall rate. This can be attributed to the Gainesville area's well diversified business environment; the region is home to 40 global industries represented by 15 different countries, along with US companies providing jobs in the automotive, biomedical, poultry and plastic industries.

Despite the overall national gloom, bright spots of growth, both large and small, were evident in the Gainesville community during the 2009 fiscal year. In April 2009, the area witnessed the unveiling of the \$180 million North Patient Tower of the Northeast Georgia Medical Center, consisting of a seven story building housing 32 ICU beds, 96 surgical beds and offering patients new options for surgery. Also significant was the success seen with the Featherbone Communiversity, a business incubator facility designed to assist and house beginning businesses during their early years. Opening two years ago with one client, the facility now houses 14 startup companies, with more businesses wanting to join on a waiting list. Perhaps most impressive is the fact that over the two year of existence, all of the beginning companies continue to be in business. These types of business success have helped Hall County maintain its high ranking on the Georgia Department of Community Affairs prosperous counties; the most recent data ranks Hall County as the 13th most prosperous of the state's 159 counties, based on unemployment, per capita income and poverty level data.

Most recent Georgia Department of Labor statistics from 2008 indicate that the Hall County's private sector employment makes up 86% the total employment, with the remaining 14% of employment deriving from the government sector. Service producing industry, led by health care and retail trade make up 56% of total employment, while goods producing employment, headed by food manufacturing and construction jobs, created 30% of total jobs.

US Census estimates released in 2008 indicate that Hall County's Hispanic population increased by 71.8 percent between 2000 and 2007, accounting for half of the overall population growth for the area. Gainesville-Hall County has long been recognized as an attractive destination for Hispanic residents. The initial inflow of Hispanic people came to Hall County in search of abundant jobs available in the poultry and construction industry; these were followed by a later wave seeking professional and business occupations. It appears this rapid growth has slowed and recent speculation even points to a possible decline in the Hispanic population due to tougher immigration enforcement and a decline in the construction industry.

Although not totally immune to the effects of a declining economy, Gainesville seems to be faring better than most communities. A vibrant small business and industrial base exist; along with continued business expansion in a broad mix of industries continue to support a stable economy for the region.

Major Initiatives. Bordered by Lake Sidney Lanier and the picturesque Blue Ridge Mountains, the innate beauty of the Gainesville area, along with a positive business climate continues to attract the aforementioned growth. Gainesville leadership remains focused on maintaining an expanding economic base, all while supporting a healthy quality of life for those who work and live in the region.

The City proudly unveiled the \$16.2 million aquatics megacenter, the Frances Meadows Aquatic and Community Center this year. The facility features an outdoor splash zone and pool, along with two indoor pools, an Olympic-sized competition pool and smaller instructional pool, as well as 4,400 square feet of meeting space. The meeting space has a catering kitchen that can be used for business seminars and receptions. The facility was built with focus on reaching as much of the population as possible. The Frances Meadows Aquatic and Community Center is one of the many facilities managed by the City's Park and Recreation Department, whose goal is committed to enriching the quality of life of the Gainesville citizen by providing safe accessible recreational opportunities and facilities for thousands of families to enjoy everyday. The Parks and Recreation Department is responsible for maintaining over 425 acres of land, 20 parks, 20 athletic fields, 16 tennis courts, and 12 playgrounds. They operate the Gainesville Civic Center, Frances Meadows Aquatic and Community Center, Martha Hope Cabin, Fair Street Neighborhood Center in addition to assisting with the operation of Allen Creek Soccer Complex and the maintenance of the Lake Lanier Olympic Center. Most notably, the City's Recreation Department is only one of 4 nationally accredited parks and recreation agencies in the state of Georgia and just 1 of 71 in the nation.

In addition, the innovative Midtown Redevelopment program continues to progress, as both the City and commercial developers plan multimillion dollar investments in the Midtown district. A private developer is currently continuing plans to construct a new 250 room hotel and two multistory office buildings on the former dilapidated Townview Plaza site. The proposal also includes an air walk to the City owned Georgia Mountains Center, connecting the two business districts currently separated by an often congested Jesse Jewell Parkway. In 2010, the overcrowded City police and fire departments will be relocated to a 13 acre site in the Midtown Development district that will allow faster and more effective responses to emergency calls and allow future growth. The Midtown Redevelopment program also includes the City acquisition of the CSX railway rail line crossing this section of town, and the creation of a "greenway" system, designed to compliment and attract appropriate commercial or mixed use developments. When finished, the mile-long greenway will include landscaping and benches on a 12-foot-wide concrete path. A tax allocation district for the Midtown area, consisting of 270 acres, was established three years ago as a tool to foster redevelopment and providing funding to assist with this important revitalization project.

Cash Management. The City has contracted with SunTrust Bank to provide investment and banking services. All operating funds of the City are carried in interest-bearing checking accounts, paying between .40 and .50% per annum based on a May 2009

SunTrust agreement set to expire in December 2009, and funds are fully guaranteed by the FDIC. The May 2009 agreement was put into place due to the unusually low Treasury bill rates occurring in early 2009. Once interest rates normalize to where 90 Treasury bill monthly rates exceed .40% per annum, accounts will be paid based on the interest rate and collateralization structure in place prior to May 2009. With the original arrangement, interest was based on the current month's closing 90 day T-Bill auction rate plus ten basis points and all deposits into SunTrust Bank were either insured by federal depository insurance or collateralized at 110% of market value. In addition, the City participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). This fund is structured to provide one-day liquidity on deposits while paying competitive market rates.

Risk Management. The General Insurance and Employee Benefit Funds (Internal Service Funds) record the activity of the City's group health, workers compensation, and liability insurance programs. The GASB 10 accounting standards have been implemented for insurance-related activities of the City, and reserves are believed to be fully funded. Additional information on the City's risk and self-insurance management activity can be found in the footnotes to the financial statements.

Long-term Financial Planning. The City of Gainesville maintains a flexible, yet thorough five year capital improvement plan whereby capital needs are identified several years before funding and implementation, to allow adequate time for planning. This plan also provides for the orderly replacement of facilities and equipment. The City's current five year plan has identified \$81 million in projected expenditures through fiscal year 2014; \$3.0 million of this is budgeted for the 2009 fiscal year. Leading the way in 2010 projected expenditures is \$882 thousand designated for street resurfacing and major storm drain improvements. The 2010 budget also set aside \$652 thousand for fire equipment replacement, as well as \$460 thousand for park renovation and improvements.

Relevant Financial Policies. The City of Gainesville financial policies state that the objective of Investment and Cash Management is to maximize interest earnings, within an environment that strongly emphasizes legal compliance and safety while providing cash flow liquidity to meet the City's financial obligations. With this purpose in mind, the City's Investment and Cash Management Financial Policy was amended in fiscal year 2008 to allow increased participation in the State of Georgia Local Government Investment Pool. The City may now participate up to 40% of the City's cash and investments in the Local Government Pool; earlier policies had limited contributions to 30%. Participation greater than the 40% of the City's investments shall require approval by City Council.

Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gainesville for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the eighteenth 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

comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Gainesville for its annual budget for the fiscal year beginning July 1, 2008. In order to receive this award, 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 Distinguished Budget Presentation Award Program's requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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

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

Respectfully submitted,



Kipling D. Padgett
City Manager



Melody N. Marlowe
Chief Financial Services Officer



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Georgia, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Gainesville, Georgia, management. Our responsibility is to express opinions on these financial statements based on our audit.

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

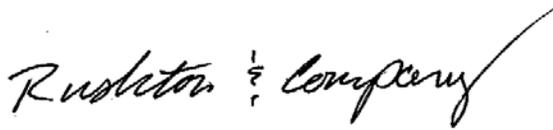
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Georgia, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2009, on our consideration of the City of Gainesville, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and, not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 17 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Gainesville, Georgia, basic financial statements. The introductory section, combining and individual fund financial statements and schedules, the statistical section, and the state reporting section with the special purpose local option sales tax report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The single audit section with the schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, the state reporting section with the special purpose local option sales tax report, and the single audit section with the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Certified Public Accountants

Gainesville, Georgia
November 23, 2009

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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, 2009. The purpose of this narrative is to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Gainesville. This analytical information is designed to be read in conjunction with the Letter of Transmittal located on pages xv-xxi of this Comprehensive Annual Financial Report and with the City's financial statements, which follow this section.

Financial Highlights

- The City of Gainesville's assets exceeded its liabilities at June 30, 2009, by \$385.0 million (reported as *net assets*). Of this amount, \$37.9 million (reported as *unrestricted net assets*) may be used to meet the City's ongoing obligations.
- As of June 30, 2009, Gainesville's governmental funds reported combined ending fund balances of \$42.8 million. Approximately 5.4% of this total amount, \$2.3 million, is unreserved, undesignated fund balance in the General Fund, which is available for spending at the City Council's discretion.

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

Overview of the Financial Statements

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

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

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

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

The purpose of the **Statement of Net Assets** (pages 18-19) is to attempt to report all of the assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net assets*. Although the purpose of the City is not to accumulate net assets, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The **Statement of Activities** (page 20), on the other hand, presents the revenues and expenses of the City. This statement is prepared using the accrual basis of accounting mentioned earlier, where revenues are recognized when earned and expenses when incurred. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net assets*. The primary focus of the Statement of Activities is on the *net cost* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, or other sources.

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

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

The City's government-wide financial statements are presented on pages 18-20.

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 87. The City's funds are divided into three broad categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

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

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided at the bottom of each statement.

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

Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 87-90 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 21-25 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 26-30.

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

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

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

The City's fiduciary fund financial statements are presented on pages 31-32.

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 33-86 of this report.

Other Supplementary Information

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

This report includes two schedules (pages 22 and 24), which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

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

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for this fiscal year is summarized as follows based on the information included in the government-wide financial statements (see pages 18-20):

City of Gainesville Net Assets (Financial Position) Fiscal Years 2009 and 2008

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
	(In millions of dollars)					
Current assets	\$ 51.4	\$ 32.8	\$ 72.7	\$ 77.2	\$ 124.1	\$ 110.0
Capital assets	87.8	70.9	504.2	495.5	592.0	566.4
Other noncurrent assets	2.0	3.9	7.4	10.5	9.4	14.4
Total assets	<u>141.2</u>	<u>107.6</u>	<u>584.3</u>	<u>583.2</u>	<u>725.5</u>	<u>690.8</u>
Current liabilities	9.2	7.1	22.1	26.8	31.3	33.9
Noncurrent liabilities	47.9	13.9	261.4	262.0	309.3	275.9
Total liabilities	<u>57.1</u>	<u>21.0</u>	<u>283.5</u>	<u>288.8</u>	<u>340.6</u>	<u>309.8</u>
Net assets:						
Invested in capital assets, net of related debt	67.8	63.3	234.9	226.8	302.7	290.1
Restricted	13.6	15.3	30.8	45.9	44.4	61.2
Unrestricted	2.7	8.0	35.1	21.7	37.8	29.7
Total net assets	<u>\$ 84.1</u>	<u>\$ 86.6</u>	<u>\$ 300.8</u>	<u>\$ 294.4</u>	<u>\$ 384.9</u>	<u>\$ 381.0</u>

Net assets may serve over time as a useful indicator of a government's financial position. The City of Gainesville reported positive net asset growth for both governmental and business type activities, and experienced an overall \$3.9 million in growth from fiscal year 2008 to close the current fiscal year with \$384.9 million in net assets. However, much of these net assets either are restricted as to the purposes for which they can be used, or are invested in capital assets.

The largest portion of the City of Gainesville's net assets (78.6%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire the assets. Investment capital increased by \$12.6 million between the end of fiscal years 2008 and 2009, from \$290.1 million to \$302.7 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 assets are the next largest component, comprising 11.5%. Restricted net assets experienced a decrease during the past year, declining from \$61.2 million to \$44.4 million at the end of fiscal year 2009. Restricted net assets represent resources that are subject to external restrictions or enabling legislation on how they can be used.

The remaining balance represents unrestricted net assets. The statement reveals a \$37.8 million surplus at the end of this year, an increase of \$8.1 million from fiscal year 2008. The evidence of a surplus does not mean that the City has resources available beyond its long-term commitments. Rather, it is the result of having currently available resources that are greater than long-term commitments.

Unrestricted net assets for governmental activities decreased from \$8.0 million in fiscal year 2008 to \$2.7 million in 2009. As practiced in previous years, the City held a portion of prior year fund balance as a management reserve; this reserve balance stands at \$2.3 million at year end.

Although the unrestricted net assets of our business-type activities represents 92.9% (\$35.1 million) of total unrestricted net assets, these resources cannot be used to add to the net asset surplus in governmental activities. The City generally can only use these net assets to finance the continuing operations of the business-type activities.

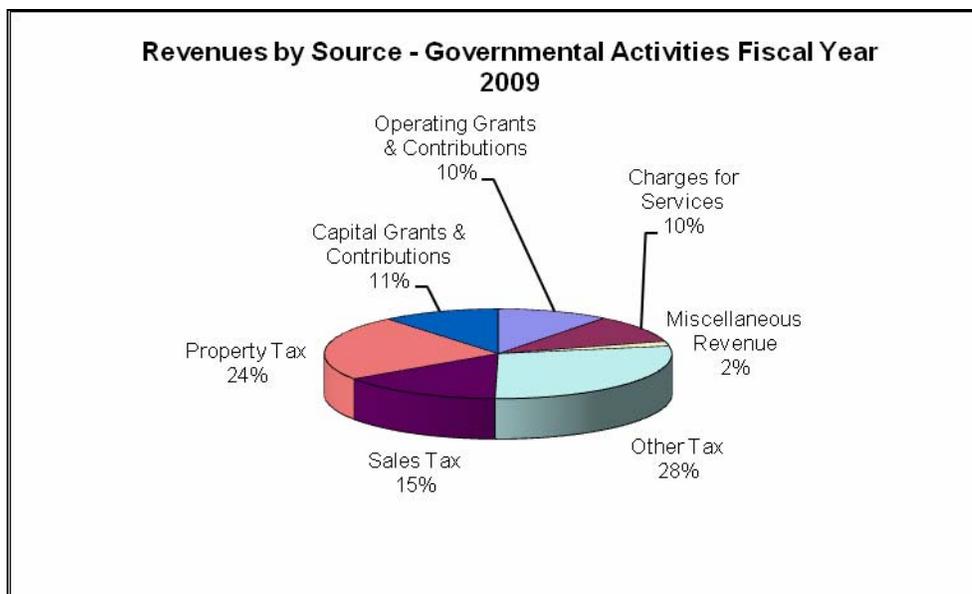
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Gainesville's net assets changed during the fiscal year.

**City of Gainesville
Changes in Net Assets
Fiscal Years 2009 and 2008**

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 3.2	\$ 4.1	\$ 49.3	\$ 48.9	\$ 52.5	\$ 53.0
Operating grants and contributions	3.3	3.9	0.1	0.1	3.4	4.0
Capital grants and contributions	3.5	3.8	8.3	18.6	11.8	22.4
General revenues:						
Property taxes	7.4	7.1	0.0	0.0	7.4	7.1
Sales tax	4.8	5.8	0.0	0.0	4.8	5.8
Other taxes	8.8	9.1	0.0	0.0	8.8	9.1
Miscellaneous revenue	0.6	2.2	2.0	3.9	2.6	6.1
Total revenues	<u>31.6</u>	<u>36.0</u>	<u>59.7</u>	<u>71.5</u>	<u>91.3</u>	<u>107.5</u>
Expenses						
General government	2.4	2.0	0.0	0.0	2.4	2.0
Judicial	0.4	0.4	0.0	0.0	0.4	0.4
Public safety	17.8	15.1	0.0	0.0	17.8	15.1
Public works	6.7	6.5	0.0	0.0	6.7	6.5
Health and social services	3.8	3.5	0.0	0.0	3.8	3.5
Culture and recreation	2.2	2.5	0.0	0.0	2.2	2.5
Housing and development	1.5	2.2	0.0	0.0	1.5	2.2
Interest on long-term debt	0.7	0.5	0.0	0.0	0.7	0.5
Water and sewer	0.0	0.0	47.0	41.0	47.0	41.0
Airport	0.0	0.0	0.9	1.0	0.9	1.0
Solid waste	0.0	0.0	2.3	2.0	2.3	2.0
Golf course	0.0	0.0	1.5	1.6	1.5	1.6
Total expenses	<u>35.5</u>	<u>32.7</u>	<u>51.7</u>	<u>45.6</u>	<u>87.2</u>	<u>78.3</u>
Increase in net assets						
before transfers	(3.9)	3.3	8.0	25.9	4.1	29.2
Transfers	1.5	3.1	(1.5)	(3.1)	0.0	0.0
Increase in net assets	<u>(2.4)</u>	<u>6.4</u>	<u>6.5</u>	<u>22.8</u>	<u>4.1</u>	<u>29.2</u>
Net assets - beginning (original)	86.6	80.2	294.4	271.6	381.0	351.8
Prior period adjustment	(0.1)	0.0	(0.1)	0.0	(0.2)	0.0
Net assets - beginning (restated)	<u>86.5</u>	<u>80.2</u>	<u>294.3</u>	<u>271.6</u>	<u>380.8</u>	<u>351.8</u>
Net assets - ending	<u>\$ 84.1</u>	<u>\$ 86.6</u>	<u>\$ 300.8</u>	<u>\$ 294.4</u>	<u>\$ 384.9</u>	<u>\$ 381.0</u>

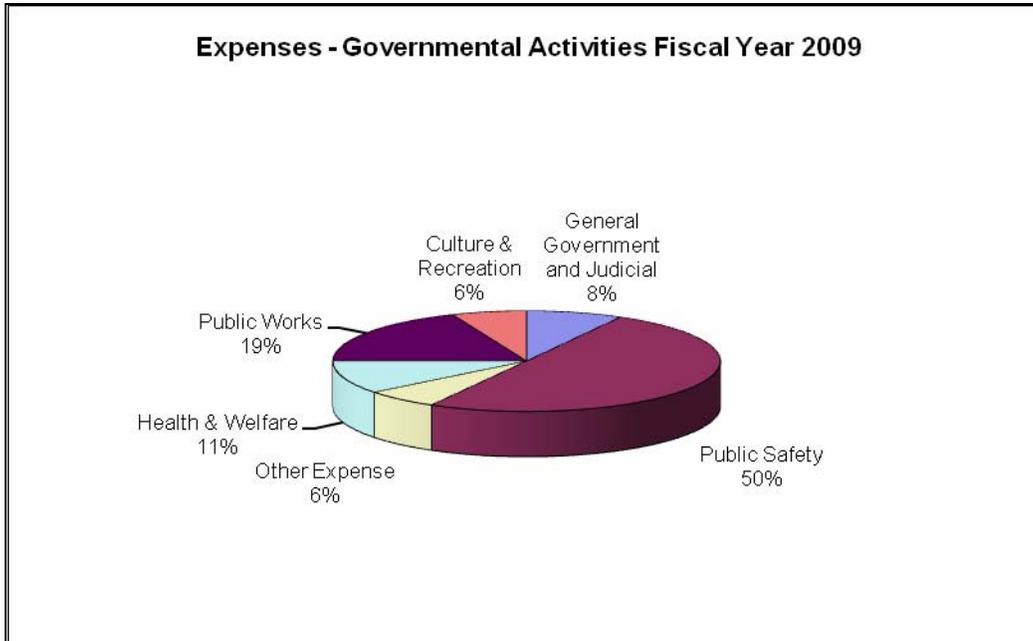
Governmental Activities –

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



The revenue chart indicates that other tax, followed by property and sales tax, were the largest sources of revenue for governmental activities during fiscal year 2009. Other tax revenue showed a \$300,077 decline from 2008 revenues; a portion of this decline can be attributed additional franchise tax income received in FY08 from an audit of previous years' collections. FY09 property tax collections jumped \$319,460 over FY08; this is due in part to a slight increase in property assessed values coupled with a substantial collection of prior year taxes from two taxpayers that had filed bankruptcy. Sales tax revenue experienced a \$1.0 million reduction from 2008 numbers due to a decline in overall local retail spending. Charges for services revenue showed a significant decline of \$727,368 from 2008 totals. The majority of this revenue decline stems from dwindling Municipal Court collections, and is due in part to law changes regarding illegal immigrant deportation procedures. Diminished inspection revenues, a casualty of the depressed building industry, also contributed to the decline in charges for services revenue. Both Operating and Capital grants and contributions showed shrinking revenue over fiscal year 2008 numbers (\$641,844 and \$323,786 respectively); subsiding HUD grant revenues created the decrease in operating grants while an overall decline in large project construction funded by capital grants explains the slide in capital grant revenue. Also noteworthy is the \$1.6 million decline in miscellaneous revenue. Interest revenue was a significant part of this decline, as was a substantial, non recurring gain from the sale of an asset disposed of in 2008.

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 2009 was providing public safety services such as fire and police protection, followed by public works. Overall, expenses increased \$2.8 million from 2008; this increase is due mainly to \$3.7 million in first time Other Postemployment Benefits (OPEB) costs included in fiscal year 2009 numbers. Public Safety expense increased \$2.7 million; \$2.1 million of this is due to the aforementioned OPEB costs.

Business-type Activities –

Business-type activities increased the City of Gainesville's assets by \$6.5 million. This increase can be attributed to capital asset growth, which grew from \$495.5 million in 2008 to \$504.2 in 2009. Key elements involving business-type activities are as follows:

- Total revenue for business-type activities was \$11.8 million lower in 2009 than 2008. Included in this decline is a \$10.3 million drop in Capital grants and contribution revenue followed by a \$2.4 million downturn in Public Utility connection fees income. Both of these declines are a result of the depressed building climate. In addition, miscellaneous revenue showed a \$1.9 decline, due predominantly to decreased interest rates on City deposits.
- Charges for services revenue increased \$388,337 from 2008 numbers. Public Utilities, Airport, and Solid Waste revenues showed modest gains while the Chattahoochee Golf Course charges for services revenue showed a \$50,562 decrease from last year.

- Overall, expenses for business-type activities were \$6.1 million over expenses recorded in 2008. Public utility expenses clocked \$6.0 million of this increase; \$2.4 of this increase is attributed to the 2009 OPEB allocation, along with \$2.2 million expensed for the dredging of the City's Longwood Cove Park. Solid Waste showed a \$263,658 increase in expense as well, also due to OPEB costs. The Airport and Chattahoochee Golf Course both showed slight decreases in expenditures when compared with last year.

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, unreserved 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 \$42.8 million. Of this amount, \$16.8 million or 39.3% constitutes unreserved, undesignated fund balance, which is available for appropriation for the general purposes of the funds. The remainder of fund balance is reserved, designated for projects or for the fiscal year 2010 budget, and is not available for spending.

The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, the unreserved, undesignated fund balance of the General Fund was \$2.3 million, while total fund balance reached \$3.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 10.0% of total General Fund expenditures, while total fund balance represents 15.8% of that same amount.

The General Fund's fund balance decreased by \$438,405 million during the current fiscal year. Key factors to this reduction are as follows:

- Overall declining revenues were the predominant reason behind the fund balance decrease. Most notable of the revenue declines was local option sales tax, which came in over \$1.0 million less than 2008 receipts.
- Diminished revenue was tempered by decreased expenditure costs; 2009 costs were \$267,999 less than last year. Much of this decrease can be attributed to lessened personnel costs, due to a freeze in hiring and salaries, implemented early in the year.

The SPLOST Capital Project Fund has a \$23.3 million fund balance at year end, which is \$17.4 million more than the 2008 balance. This increase is due to the \$25.4 million in unspent proceeds from the issuance of capital lease funds related to the new Public Safety facility and Georgia Mountains Center parking deck. Consequently, all of the SPLOST fund balance is classified as reserved for restricted assets.

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:

- Decreased local option sales tax revenue by \$323,518, to cover lower than anticipated collections.
- Increased transfer to the Golf Course for \$122,852 to cover budget shortfall (\$100,000) and purchase of an aerator (\$22,852).
- Increased transfer to Capital Projects Fund by \$43,715. Purchased a \$73,715 vibratory roller for street repair/maintenance, offset by \$30,000 in funds remaining from a project closure.
- Increased budgeted fund balance to cover FY09 reappropriations.
- Decreased various expenditure budgets as savings were recognized due to efforts to cut spending.
- Contingency funds budget was decreased and reallocated as needed.

General Fund expenditures for fiscal 2009 were \$23.4 million, 92.6% 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 \$1.9 million; General Fund expenditures as a whole were less than the original budget numbers as well. The majority of savings (\$1.2 million) was achieved by the previously mentioned reduction in personal services cost, achieved by imposing a salary rate and hiring freeze.

Total actual revenues fell short of the final amended budget by a total of \$1,080,696. This was due mainly to the aforementioned shortfall of local option tax collections.

Proprietary Funds

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

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

▪ Public Utilities Department	\$34,066,376
▪ Nonmajor Funds (Airport, Solid Waste, Golf Course)	<u>1,206,676</u>
Total	\$35,273,052

The total increase in unrestricted net assets for all four funds was \$13.5 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Capital Assets and Debt Administration

Capital Assets. The City of Gainesville has invested \$591.9 million in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 85.2% of this investment is related to business-type activities while only 14.8% 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 2009 and 2008**

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
	(In millions of dollars)					
Land	\$ 28.9	\$ 23.1	\$ 18.2	\$ 17.7	\$ 47.1	\$ 40.8
Buildings	26.5	14.1	73.1	16.6	99.6	30.7
Improvements other than buildings	3.1	2.1	13.8	13.7	16.9	15.8
Water and sewer facilities and lines	0.0	0.0	476.0	461.4	476.0	461.4
Vehicles and equipment	14.2	13.8	14.8	14.6	29.0	28.4
Infrastructure	28.0	25.9	0.0	0.0	28.0	25.9
Intangibles	1.8	1.8	3.2	5.3	5.0	7.1
Construction in progress	9.7	13.3	16.4	70.5	26.1	83.8
Total	112.2	94.1	615.5	599.8	727.7	693.9
Accumulated depreciation	(24.4)	(21.8)	(111.4)	(101.8)	(135.8)	(123.6)
Net Capital Assets	<u>\$ 87.8</u>	<u>\$ 72.3</u>	<u>\$ 504.1</u>	<u>\$ 498.0</u>	<u>\$ 591.9</u>	<u>\$ 570.3</u>

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

- Public Safety Facility, \$10.3 million
- Georgia Mountains Center Parking Deck, \$3.7 million
- Frances Meadows Center, \$2.5 million
- 10 New Police Vehicles, \$366,475
- Hall Area Transit Facility Remodel, \$243,202

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

- Balus Creek Regional Sewerage Facilities, \$3.3 million
- Water Meter Replacement/Installation Program, \$2.8 million
- Thompson Bridge Road Pump Station Improvements, \$2.8 million
- Dawsonville Highway Utilities Relocation, \$1.5 million
- Athens Highway Regional Sewerage Facilities, \$1.5 million
- Lee Gilmer Runway Taxiway Relocation, \$1.4 million

Additional information on the City of Gainesville's capital assets can be found in Note 9 on pages 55-57 of this report.

Long-term debt. At June 30, 2009, the City of Gainesville had \$316.4 million in bonds, notes, and capital leases outstanding, an increase in total of \$27.9 million over last year. Payments of \$13.9 million were made to reduce bonds, notes, and capital leases outstanding. Included in the \$41.8 million additional debt acquired for fiscal year 2009 were two capital lease borrowings, one for \$25.3 million obtained to finance a new Public Safety building and \$6.2 for the Georgia Mountains Center parking deck. Also, \$9.4 million was acquired in notes payable for the construction of the Linwood Reclamation Water Plant.

**City of Gainesville
Outstanding Debt
Fiscal Years 2009 and 2008**

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Capital Leases	\$ 43.7	\$ 12.6	\$ 35.7	\$ 37.5	\$ 79.4	\$ 50.1
General Obligation Bonds	1.8	2.7	0.0	0.0	1.8	2.7
Revenue Bonds	0.0	0.0	109.6	116.5	109.6	116.5
Notes Payable	0.0	0.0	125.6	119.2	125.6	119.2
Total	\$ 45.5	\$ 15.3	\$ 270.9	\$ 273.2	\$ 316.4	\$ 288.5

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Gainesville is \$412.7 million, which is significantly in excess of the City's general obligation debt outstanding of \$45.5 million.

Additional information on the City's long-term debt can be found in Note 12 on pages 62-66 of this report.

Economic Condition and Outlook

- Gainesville continues to rank high on the Census Bureau listing of the fastest growing metropolitan areas in the United States, grading fifth on the Bureau's listing published in March 2009. The population in the Gainesville-Hall County metropolitan statistical area, or MSA, grew an estimated 3.5 percent between July, 2007 and July 1, 2008.
- Gainesville adopted a \$2.66 tax millage rate for fiscal year 2010; this rate is the same as the 2009 adopted rate. The gross property tax digest for the City of Gainesville declined from \$4.13 billion for fiscal year 2009 to \$4.04 billion for fiscal year 2010, which computes to a 2.2% projected decrease in the tax base.
- Concern continues regarding the impact volatile energy prices may have on fuel, construction and paving costs for the City.
- The area's prolonged drought situation has disappeared as a result of record-breaking rainfall received during the late summer/early fall of 2009. Water issues continue to be prominent, however, due to a recent court ruling regarding the amount of water the City may withdraw from Lake Lanier in future years.
- Local option sales tax collections, along with impact, building permit, and service fees were trailing budget at the end of the first quarter of fiscal year 2010. City wide furloughs were mandated in November 2009, and departments were directed to cut 2010 budgeted costs in an attempt to offset ongoing declining revenues.

These were among the many factors taken into consideration when preparing the 2010 budget. Of the \$3.7 million fund balance in the General Fund, \$1.2 million has been appropriated for spending in the 2010 fiscal budget.

Contacting the City's Financial Services Department

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

City of Gainesville
ATTN: Financial Services Dept.
PO Box 2496
Gainesville, GA 30503



BASIC FINANCIAL STATEMENTS

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Gainesville Parks and Recreation
ASSETS				
Current assets				
Cash and cash equivalents	\$ 21,190,367	\$ 31,267,361	\$ 52,457,728	\$ 2,631,530
Investments	609,858	0	609,858	0
Restricted assets				
Cash and cash equivalents	25,424,602	35,698,762	61,123,364	103,173
Receivables (net)				
Accounts	482,321	3,952,526	4,434,847	2,041
Intergovernmental	2,250,787	975,827	3,226,614	0
Property taxes	297,708	0	297,708	117,423
Internal balances	377,702	(377,702)	0	0
Inventories	126,835	885,661	1,012,496	0
Prepaid items	164,326	6,685	171,011	0
Pension assets	487,523	325,015	812,538	0
Total current assets	51,412,029	72,734,135	124,146,164	2,854,167
Noncurrent assets				
Receivables				
Intergovernmental	945,000	0	945,000	0
Notes	387,829	0	387,829	0
Capital assets				
Non-depreciable	38,556,668	34,643,069	73,199,737	2,931,976
Depreciable (net)	49,237,432	469,497,901	518,735,333	9,300,107
Other assets				
Debt issue costs (net)	662,043	3,262,774	3,924,817	0
Deferred interest expense (net)	0	4,135,117	4,135,117	0
Total noncurrent assets	89,788,972	511,538,861	601,327,833	12,232,083
Total assets	141,201,001	584,272,996	725,473,997	15,086,250
LIABILITIES				
Current liabilities				
Payables				
Accounts	2,447,893	2,201,849	4,649,742	129,923
Retainages	497,045	556,011	1,053,056	0
Intergovernmental	46,992	0	46,992	2,798
Interest	205,691	1,535,881	1,741,572	0
Accrued salaries	720,797	444,512	1,165,309	126,787
Compensated absences	993,366	592,857	1,586,223	97,350
Claims reserve	1,168,853	0	1,168,853	0
Customer deposits payable	10,897	1,802,653	1,813,550	8,821
Construction deposits payable	0	175,671	175,671	0
Capital lease payable	2,224,833	1,707,806	3,932,639	0
Notes payable	0	5,876,666	5,876,666	0
Bonds payable	895,000	7,150,000	8,045,000	0
Other liabilities	19,668	30,782	50,450	241
Total current liabilities	9,231,035	22,074,688	31,305,723	365,920

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government			Component Unit
	Governmental	Business-type	Total	City of
	Activities	Activities		Gainesville Parks and Recreation
Noncurrent liabilities				
OPEB obligation	\$ 3,724,463	\$ 2,731,273	\$ 6,455,736	\$ 372,446
Capital lease payable	43,244,859	34,048,349	77,293,208	0
Notes payable	0	119,704,491	119,704,491	0
Bonds payable	945,000	104,917,258	105,862,258	0
Total noncurrent liabilities	<u>47,914,322</u>	<u>261,401,371</u>	<u>309,315,693</u>	<u>372,446</u>
Total liabilities	<u>57,145,357</u>	<u>283,476,059</u>	<u>340,621,416</u>	<u>738,366</u>
NET ASSETS				
Invested in capital assets, net of related debt	67,749,010	234,871,719	302,620,729	12,232,083
Restricted for:				
Public safety	876,902	0	876,902	0
Health and welfare	1,255,136	0	1,255,136	0
Culture and recreation	199,735	0	199,735	214,928
Housing and development	8,930,681	0	8,930,681	0
Debt service	2,114,910	6,421,614	8,536,524	0
Capital outlay	202,085	24,358,929	24,561,014	0
Unrestricted	<u>2,727,185</u>	<u>35,144,675</u>	<u>37,871,860</u>	<u>1,900,873</u>
Total net assets	<u>\$ 84,055,644</u>	<u>\$ 300,796,937</u>	<u>\$ 384,852,581</u>	<u>\$ 14,347,884</u>

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2009

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General Government	\$ 2,420,328	\$ 630,377	\$ 88,606	\$ 0	\$ (1,701,345)
Judicial	432,380	0	0	0	(432,380)
Public Safety	17,760,718	1,374,428	505,633	1,004,997	(14,875,660)
Public Works	6,649,367	38,090	24,431	1,172,264	(5,414,582)
Health and Welfare	3,784,135	442,328	2,340,098	689,245	(312,464)
Culture and Recreation	2,214,061	519,989	0	582,511	(1,111,561)
Housing and Development	1,524,790	180,394	328,419	0	(1,015,977)
Interest on long-term debt	671,224	0	0	0	(671,224)
Total governmental activities	35,457,003	3,185,606	3,287,187	3,449,017	(25,535,193)
Business-type activities					
Public Utilities	47,007,004	45,616,460	0	6,413,952	5,023,408
Airport	929,020	851,644	0	1,895,929	1,818,553
Solid Waste	2,274,543	1,703,937	110,652	0	(459,954)
Golf Course	1,519,259	1,057,516	0	0	(461,743)
Total business-type activities	51,729,826	49,229,557	110,652	8,309,881	5,920,264
Total primary government	87,186,829	52,415,163	3,397,839	11,758,898	(19,614,929)
Component Unit					
City of Gainesville					
Parks and Recreation					
Culture and Recreation	4,739,529	1,271,622	8,100	2,748,342	(711,465)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Change in net assets				
Net (expense) revenue	\$ (25,535,193)	\$ 5,920,264	\$ (19,614,929)	\$ (711,465)
General revenues				
Taxes				
Property	7,421,155	0	7,421,155	2,798,299
Intangibles	180,064	0	180,064	0
Franchise	4,451,348	0	4,451,348	0
Occupational	1,288,785	0	1,288,785	0
Insurance premium	1,431,555	0	1,431,555	0
Alcoholic beverages	1,000,788	0	1,000,788	0
Hotel/Motel	473,047	0	473,047	0
Local option sales	4,799,932	0	4,799,932	0
Interest and investment earnings	209,981	1,013,233	1,223,214	26,931
Gain on sale of assets	17,246	1,315	18,561	0
Miscellaneous	325,996	1,020,458	1,346,454	763
Transfers	1,495,051	(1,495,051)	0	0
Total general revenues and transfers	23,094,948	539,955	23,634,903	2,825,993
Change in net assets	(2,440,245)	6,460,219	4,019,974	2,114,528
Net assets - beginning (original)	86,589,271	294,391,074	380,980,345	12,233,356
Prior period adjustments	(93,382)	(54,356)	(147,738)	0
Net assets - beginning (restated)	86,495,889	294,336,718	380,832,607	12,233,356
Net assets - ending	\$ 84,055,644	\$ 300,796,937	\$ 384,852,581	\$ 14,347,884

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	<u>General</u>	<u>SPLOST Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 3,576,564	\$ 0	\$ 14,947,503	\$ 18,524,067
Investments	0	0	609,858	609,858
Receivables (net)				
Accounts	421,342	0	60,979	482,321
Intergovernmental	541,290	402,918	384,542	1,328,750
Property taxes	230,286	0	67,422	297,708
Notes	0	0	387,829	387,829
Prepaid items	8,448	0	820	9,268
Due from other funds	109,153	0	0	109,153
Advances to other funds	0	0	249,325	249,325
Restricted assets				
Cash and cash equivalents	0	25,424,602	0	25,424,602
Total assets	\$ 4,887,083	\$ 25,827,520	\$ 16,708,278	\$ 47,422,881
LIABILITIES AND FUND BALANCES				
Liabilities				
Payables				
Accounts	\$ 318,569	\$ 1,856,919	\$ 180,034	\$ 2,355,522
Intergovernmental	46,992	0	0	46,992
Sales tax	0	0	808	808
Retainages	0	497,045	0	497,045
Accrued salaries	616,472	3,541	87,378	707,391
Deferred revenue	187,826	105,991	631,356	925,173
Due to other funds	0	109,153	0	109,153
Other liabilities	18,860	0	3,225	22,085
Total liabilities	1,188,719	2,572,649	902,801	4,664,169
Fund balances				
Reserved for:				
Program	0	0	844,387	844,387
Encumbrances	94,124	0	166,041	260,165
Prepaid items	8,448	0	820	9,268
Advances to other funds	0	0	249,325	249,325
Restricted assets	0	23,254,871	0	23,254,871
Unreserved, designated for:				
Improvements	53,928	0	0	53,928
Special Revenue Funds	0	0	53,704	53,704
Budget	1,200,000	0	0	1,200,000
Special Revenue Funds	0	0	77,220	77,220
Unreserved, undesignated	2,341,864	0	0	2,341,864
Special Revenue Funds	0	0	9,851,467	9,851,467
Capital Projects Funds	0	0	2,296,318	2,296,318
Debt Service Fund	0	0	2,266,195	2,266,195
Total fund balances	3,698,364	23,254,871	15,805,477	42,758,712
Total liabilities and fund balances	\$ 4,887,083	\$ 25,827,520	\$ 16,708,278	\$ 47,422,881

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2009

Total fund balance - total governmental funds \$ 42,758,712

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets of \$112,114,316, net of accumulated depreciation of (\$24,350,216), debt issue costs of \$662,043, and pension assets of \$487,523 are not financial resources and, therefore, are not reported in the funds. 88,943,666

Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These include deferred property taxes of \$242,232, deferred notes receivable of \$387,829, and deferred intergovernmental revenue of \$295,112. 925,173

Intergovernmental receivables for reimbursement payments of long-term debt are not due and receivable in the current period and are not reported in the funds. These include payments for general obligation bonds. 1,840,000

Long-term liabilities of are not due and payable in the current period and are not reported in the funds. These are bonds payable of (\$1,840,000), capital leases payable of (\$45,469,692), interest payable of (\$205,691), compensated absences of (\$993,366), and OPEB obligations of (\$3,724,463). (52,233,212)

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

Internal service funds net assets	1,767,505	
Add internal balance resulting from allocation of net operating loss to business-type activities	128,377	
Less capital assets included above	(91,593)	
Add compensated absences included above	17,016	1,821,305

Net assets of governmental activities \$ 84,055,644

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2009

	<u>General</u>	<u>SPLOST Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
REVENUES				
Taxes	\$ 18,701,942	\$ 0	\$ 2,328,221	\$ 21,030,163
Licenses and permits	563,085	0	0	563,085
Fines, fees and forfeitures	1,179,218	0	21,290	1,200,508
Charges for services	1,538,668	0	1,051,808	2,590,476
Intergovernmental	453,994	1,522,607	4,363,461	6,340,062
Interest	51,005	8,506	127,407	186,918
Contributions	0	15,000	80,806	95,806
Other	92,377	0	233,616	325,993
Total revenues	<u>22,580,289</u>	<u>1,546,113</u>	<u>8,206,609</u>	<u>32,333,011</u>
EXPENDITURES				
Current				
General Government	3,087,183	0	173,108	3,260,291
Judicial	369,537	0	0	369,537
Public Safety	14,020,713	0	76,590	14,097,303
Public Works	4,509,296	0	77,053	4,586,349
Health and Welfare	61,765	0	3,319,417	3,381,182
Culture and Recreation	241,865	0	927,749	1,169,614
Housing and Development	1,063,028	0	888,866	1,951,894
Debt service				
Principal	0	0	1,659,125	1,659,125
Interest and other charges	0	0	644,194	644,194
Capital outlay	0	17,356,726	827,744	18,184,470
Total expenditures	<u>23,353,387</u>	<u>17,356,726</u>	<u>8,593,846</u>	<u>49,303,959</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(773,098)</u>	<u>(15,810,613)</u>	<u>(387,237)</u>	<u>(16,970,948)</u>
Other financing sources (uses)				
Transfers in	2,400,843	274,892	2,397,089	5,072,824
Transfers out	(2,084,376)	(359,242)	(1,063,185)	(3,506,803)
Issuance of notes payable	0	7,437,971	0	7,437,971
Refunding of notes payable	0	(7,437,971)	0	(7,437,971)
Issuance of capital leases	0	33,331,056	366,475	33,697,531
Sales of capital assets	18,226	0	381	18,607
Total other financing sources (uses)	<u>334,693</u>	<u>33,246,706</u>	<u>1,700,760</u>	<u>35,282,159</u>
Net changes in fund balances	<u>(438,405)</u>	<u>17,436,093</u>	<u>1,313,523</u>	<u>18,311,211</u>
Fund balances, July 1 (original)	4,136,769	5,818,778	14,585,336	24,540,883
Prior period adjustments	0	0	(93,382)	(93,382)
Fund balances, July 1 (restated)	<u>4,136,769</u>	<u>5,818,778</u>	<u>14,491,954</u>	<u>24,447,501</u>
Fund balances, June 30	<u>\$ 3,698,364</u>	<u>\$ 23,254,871</u>	<u>\$ 15,805,477</u>	<u>\$ 42,758,712</u>

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2009

Net change in fund balances - total governmental funds \$ 18,311,211

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. This is the amount by which capital outlays of \$17,909,543 exceeded depreciation of (\$3,118,386), amortization of (\$11,296) and prior construction in progress projects not capitalized of (\$6,374) in the current period.	14,773,487
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. The change in net assets differs from the change in fund balance by the cost of the assets disposed of (\$955,008), net of related accumulated depreciation of \$610,573.	(344,435)
Donations of capital assets from individuals of \$999,813 increase net assets in the statement of activities, but do not appear in the governmental funds activities, because they are not financial resources.	999,813
Distributions of capital assets to proprietary funds of (\$1,575) decrease net assets in the statement of activities, but do not appear in the governmental funds activities, because they are not financial resources.	(1,575)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred revenue.	405,046
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt proceeds of (\$33,697,531) exceeded repayments of \$1,659,125 and capitalized debt issue costs of \$453,071.	(31,585,335)
Intergovernmental revenues for reimbursement of debt payments provide current financial resources to governmental funds, but receipt of payments decrease intergovernmental receivables for those payments.	(850,000)
Internal service funds are used by management to charge the cost of certain activities, such as risk management and vehicle maintenance, to individual funds. Net revenue (expense) of internal service funds is reported with governmental activities.	
Add change in net assets of internal service funds	(404,877)
Add portion of net operating loss allocated to business-type activities	128,377
	(276,500)
Employer contributions to retirement plans in excess of annual pension cost are reported as expenditures in the governmental funds, but result in assets in the governmental activities.	(8,969)
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. These include the net change in interest payable of (\$149,040), compensated absences of \$10,515, and OPEB obligation of (\$3,724,463).	(3,862,988)
Change in net assets of governmental activities	\$ (2,440,245)

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) TO ACTUAL
For the fiscal year ended June 30, 2009

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes	\$ 19,311,872	\$ 18,986,554	\$ 18,701,942	\$ (284,612)
Licenses and permits	856,550	856,550	563,085	(293,465)
Fines, fees and forfeitures	1,696,000	1,696,000	1,179,218	(516,782)
Charges for services	1,488,389	1,488,389	1,538,668	50,279
Intergovernmental	409,703	409,703	453,994	44,291
Interest	140,000	140,000	51,005	(88,995)
Other	80,000	83,789	92,377	8,588
Total revenues	23,982,514	23,660,985	22,580,289	(1,080,696)
EXPENDITURES				
Current				
General Government				
City Manager's Office	1,045,899	1,020,899	1,001,824	19,075
Financial Services and IT	1,854,768	1,835,768	1,668,387	167,381
Human Resources	484,564	454,989	416,972	38,017
Judicial				
Municipal Court	417,444	414,921	369,537	45,384
Public Safety				
Police	9,002,179	8,951,480	8,360,381	591,099
City Marshal	465,117	459,117	411,508	47,609
Fire	5,517,120	5,498,070	5,248,824	249,246
Public Works				
Public Lands and Buildings	496,134	508,573	488,150	20,423
Engineering	855,691	841,691	732,698	108,993
Traffic	1,295,600	1,214,047	1,078,637	135,410
Street Maintenance	2,168,423	2,145,125	1,869,403	275,722
Cemetery	381,985	410,774	340,408	70,366
Health and Welfare				
Agency allocations	65,000	65,000	61,765	3,235
Culture and Recreation				
Agency allocations	0	241,865	241,865	0
Housing and Development				
Planning	627,742	615,119	559,513	55,606
Inspection	475,110	475,110	434,341	40,769
Economic Development Council	32,500	32,500	32,500	0
GA Mountains Regional Development Center	36,674	36,674	36,674	0
Total expenditures	25,221,950	25,221,722	23,353,387	1,868,335
Excess (deficiency) of revenues over (under) expenditures	(1,239,436)	(1,560,737)	(773,098)	787,639
Other financing sources (uses)				
Transfers in (out)				
Transfers in	2,408,325	2,408,325	2,400,843	(7,482)
Transfers out	(2,151,059)	(2,086,066)	(2,084,376)	1,690
Contingency	(558,634)	(385,767)	0	385,767
Sales of capital assets	25,000	25,000	18,226	(6,774)
Total other financing sources (uses)	(276,368)	(38,508)	334,693	373,201
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,515,804)	(1,599,245)	(438,405)	1,160,840
Fund balances, July 1	1,515,804	1,599,245	4,136,769	2,537,524
Fund balances, June 30	\$ 0	\$ 0	\$ 3,698,364	\$ 3,698,364

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
ASSETS				
Current assets				
Cash and cash equivalents	\$ 29,717,275	\$ 1,550,086	\$ 31,267,361	\$ 2,666,300
Restricted assets				
Cash and cash equivalents	35,698,560	202	35,698,762	0
Receivables (net)				
Accounts	3,757,941	194,585	3,952,526	0
Intergovernmental	107,328	868,499	975,827	27,037
Inventories	885,661	0	885,661	126,835
Prepaid items	5,250	1,435	6,685	155,058
Pension asset	325,015	0	325,015	0
Total current assets	<u>70,497,030</u>	<u>2,614,807</u>	<u>73,111,837</u>	<u>2,975,230</u>
Noncurrent assets				
Capital assets				
Non-depreciable	31,807,109	2,835,960	34,643,069	0
Depreciable (net)	453,743,619	15,754,282	469,497,901	91,593
Other assets				
Debt issue costs (net)	3,095,315	167,459	3,262,774	0
Deferred interest expense (net)	4,135,117	0	4,135,117	0
Total noncurrent assets	<u>492,781,160</u>	<u>18,757,701</u>	<u>511,538,861</u>	<u>91,593</u>
Total assets	<u>563,278,190</u>	<u>21,372,508</u>	<u>584,650,698</u>	<u>3,066,823</u>
LIABILITIES				
Current liabilities				
Payables				
Accounts	528,768	676,030	1,204,798	92,371
Retainages	0	100,726	100,726	0
Interest	0	48,524	48,524	0
Accrued salaries	387,508	57,004	444,512	13,406
Compensated absences	536,113	56,744	592,857	17,016
Claims reserve	0	0	0	1,168,853
Capital lease payable	1,261,588	446,218	1,707,806	0
Notes payable	5,794,975	81,691	5,876,666	0
Other liabilities	0	30,782	30,782	0
Liabilities payable from restricted assets:				
Payables				
Accounts	997,051	0	997,051	0
Retainages	455,285	0	455,285	0
Customer deposits	1,802,653	0	1,802,653	7,672
Construction deposits	175,671	0	175,671	0
Interest	1,487,357	0	1,487,357	0
Revenue bonds payable	7,150,000	0	7,150,000	0
Total current liabilities	<u>20,576,969</u>	<u>1,497,719</u>	<u>22,074,688</u>	<u>1,299,318</u>

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Public Utilities</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service</u>
Noncurrent liabilities				
Advances from other funds	\$ 0	\$ 249,325	\$ 249,325	\$ 0
OPEB Obligation	2,375,020	356,253	2,731,273	0
Capital leases payable	26,493,349	7,555,000	34,048,349	0
Revenue bonds payable	104,917,258	0	104,917,258	0
Notes payable	119,704,491	0	119,704,491	0
	<u>253,490,118</u>	<u>8,160,578</u>	<u>261,650,696</u>	<u>0</u>
Total noncurrent liabilities	<u>253,490,118</u>	<u>8,160,578</u>	<u>261,650,696</u>	<u>0</u>
Total liabilities	<u>274,067,087</u>	<u>9,658,297</u>	<u>283,725,384</u>	<u>1,299,318</u>
NET ASSETS				
Invested in capital assets, net of related debt	224,364,184	10,507,535	234,871,719	91,593
Restricted for restricted assets	30,780,543	0	30,780,543	0
Unrestricted	34,066,376	1,206,676	35,273,052	1,675,912
	<u>289,211,103</u>	<u>11,714,211</u>	<u>300,925,314</u>	<u>1,767,505</u>
Total net assets	<u>\$ 289,211,103</u>	<u>\$ 11,714,211</u>	<u>300,925,314</u>	<u>\$ 1,767,505</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(128,377)</u>	
Net assets of business-type activities			<u>\$ 300,796,937</u>	

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2009

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
OPERATING REVENUES				
Charges for sales and services	\$ 45,616,460	\$ 3,613,097	\$ 49,229,557	\$ 0
Interfund services provided	0	0	0	10,536,096
Miscellaneous revenues	1,006,235	14,223	1,020,458	7,753
Total operating revenues	46,622,695	3,627,320	50,250,015	10,543,849
OPERATING EXPENSES				
Costs of sales and services	10,126,888	1,159,914	11,286,802	10,608,079
Personal services	14,226,148	2,126,207	16,352,355	266,464
Depreciation	11,749,787	1,025,408	12,775,195	27,901
Total operating expenses	36,102,823	4,311,529	40,414,352	10,902,444
Operating income (loss)	10,519,872	(684,209)	9,835,663	(358,595)
Non-operating revenues (expenses)				
Contributions	0	110,652	110,652	0
Interest revenue	995,575	17,658	1,013,233	23,062
Interest expense	(8,126,001)	(397,744)	(8,523,745)	0
Amortization	(230,338)	(13,549)	(243,887)	0
Miscellaneous expenses	(2,211,741)	0	(2,211,741)	0
Gain (loss) on sale of capital assets	(207,724)	1,315	(206,409)	51
Total non-operating revenues (expenses)	(9,780,229)	(281,668)	(10,061,897)	23,113
Income (loss) before capital contributions and transfers	739,643	(965,877)	(226,234)	(335,482)
Capital contributions				
Connection fees	852,183	0	852,183	0
Capital contributions	3,830,377	1,575	3,831,952	0
Intergovernmental revenue	1,731,392	1,895,929	3,627,321	0
Total capital contributions	6,413,952	1,897,504	8,311,456	0
Income (loss) before transfers	7,153,595	931,627	8,085,222	(335,482)
Transfers in (out)				
Transfers in	509,242	352,457	861,699	718,000
Transfers out	(2,312,025)	(46,300)	(2,358,325)	(787,395)
Total transfers in (out)	(1,802,783)	306,157	(1,496,626)	(69,395)
Change in net assets	5,350,812	1,237,784	6,588,596	(404,877)
Net assets, July 1 (original)	283,860,291	10,530,783	294,391,074	2,172,382
Prior period adjustments	0	(54,356)	(54,356)	0
Net assets, July 1 (restated)	283,860,291	10,476,427	294,336,718	2,172,382
Net assets, June 30	\$ 289,211,103	\$ 11,714,211	\$ 300,925,314	\$ 1,767,505
Change in net assets - enterprise funds			\$ 6,588,596	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(128,377)	
Change in net assets - business-type activities			\$ 6,460,219	

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2009

	Business-Type Activities			Governmental
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
Cash flows from operating activities:				
Receipts from customers	\$ 44,232,132	\$ 3,679,271	\$ 47,911,403	\$ 0
Receipts from interfund services provided	0	0	0	10,558,678
Payments to suppliers	(10,179,385)	(1,162,622)	(11,342,007)	(10,415,710)
Payments to employees	(12,138,011)	(1,765,923)	(13,903,934)	(138,049)
Other receipts	1,006,235	11,192	1,017,427	7,753
Net cash provided (used) by operating activities	<u>22,920,971</u>	<u>761,918</u>	<u>23,682,889</u>	<u>12,672</u>
Cash flows from non-capital financing activities:				
Receipts from other entities	0	110,652	110,652	0
Receipts from other funds	509,242	352,457	861,699	630,605
Payments to other funds	(2,312,025)	(46,300)	(2,358,325)	(700,000)
Net cash provided (used) by non-capital financing activities	<u>(1,802,783)</u>	<u>416,809</u>	<u>(1,385,974)</u>	<u>(69,395)</u>
Cash flows from capital and related financing activities:				
Receipt of capital contributions	2,934,272	1,258,867	4,193,139	0
Interest paid	(8,269,456)	(400,354)	(8,669,810)	0
Acquisition of capital assets	(15,815,644)	(1,673,070)	(17,488,714)	(10,644)
Sale of capital assets	5,511	1,315	6,826	51
Principal payments - bonds	(6,845,000)	0	(6,845,000)	0
Issuance of promissory notes	4,666,988	0	4,666,988	0
Principal payments - capital leases and promissory notes	(3,652,237)	(436,787)	(4,089,024)	0
Net cash provided (used) by capital and related financing activities	<u>(26,975,566)</u>	<u>(1,250,029)</u>	<u>(28,225,595)</u>	<u>(10,593)</u>
Cash flows from investing activities:				
Interest received	754,239	17,658	771,897	23,062
Net increase (decrease) in cash and cash equivalents	(5,103,139)	(53,644)	(5,156,783)	(44,254)
Cash and cash equivalents, July 1	70,518,974	1,603,932	72,122,906	2,710,554
Cash and cash equivalents, June 30	<u><u>\$ 65,415,835</u></u>	<u><u>\$ 1,550,288</u></u>	<u><u>\$ 66,966,123</u></u>	<u><u>\$ 2,666,300</u></u>

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2009

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 10,519,872	\$ (684,209)	\$ 9,835,663	\$ (358,595)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	11,749,787	1,025,408	12,775,195	27,901
(Increase) decrease in accounts receivable	(393,243)	63,143	(330,100)	12,129
(Increase) decrease in intergovernmental receivables	0	0	0	10,453
(Increase) decrease in prepaid items	(5,250)	0	(5,250)	(15,643)
(Increase) decrease in inventory	80,257	0	80,257	67,400
(Increase) decrease in pension asset	(325,015)	0	(325,015)	0
Increase (decrease) in accounts payable	(127,504)	11,305	(116,199)	(96,547)
Increase (decrease) in accrued salaries and benefits	38,132	4,031	42,163	937
Increase (decrease) in deposits payable	(991,085)	0	(991,085)	7,672
Increase (decrease) in claims reserve	0	0	0	356,965
Increase (decrease) in OPEB obligation	2,375,020	356,253	2,731,273	0
Increase (decrease) in other liabilities		(14,013)	(14,013)	0
Total adjustments	12,401,099	1,446,127	13,847,226	371,267
Net cash provided (used) by operating activities	\$ 22,920,971	\$ 761,918	\$ 23,682,889	\$ 12,672
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	\$ 29,717,275	\$ 1,550,086	\$ 31,267,361	\$ 2,666,300
Restricted assets				
Cash and cash equivalents	35,698,560	202	35,698,762	0
Total cash and cash equivalents	\$ 65,415,835	\$ 1,550,288	\$ 66,966,123	\$ 2,666,300

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled \$2,554,711 for the fiscal year ended June 30, 2009
Contributions of capital assets from government totaled \$1,575 for the fiscal year ended June 30, 2009
Distributions of capital assets to component unit totaled \$2,221,741 for the fiscal year ended June 30, 2009
Capitalized construction period interest totaled \$1,545,082 for the fiscal year ended June 30, 2009

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	<u>Community Private-Purpose Trust Fund</u>	<u>Employees' Pension Trust Fund</u>	<u>Municipal Court Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$ 19,365	\$ 2,351,586	\$ 105,439
Investments, at fair value			
Common stock	0	4,705,765	0
Mutual funds			
Equity	0	12,897,499	0
Fixed income	0	30,263,601	0
Accounts receivables (net)	<u>0</u>	<u>0</u>	<u>761,563</u>
Total assets	<u>19,365</u>	<u>50,218,451</u>	<u>867,002</u>
LIABILITIES			
Accounts payable	0	18,235	0
Due to other agencies	<u>0</u>	<u>0</u>	<u>867,002</u>
Total liabilities	<u>0</u>	<u>18,235</u>	<u>867,002</u>
NET ASSETS			
Held in trust for pension benefits and other purposes (a schedule of pension funding progress is presented on page 76)	<u>\$ 19,365</u>	<u>\$ 50,200,216</u>	<u>\$ 0</u>

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the fiscal year ended June 30, 2009

	Community Private-Purpose Trust Fund	Employees' Pension Trust Fund
ADDITIONS		
Contributions		
Employer contributions	\$ 0	\$ 2,767,985
Employee contributions	0	2,767,985
Employee donations	52,866	0
Total contributions and donations	52,866	5,535,970
Investment Income		
Net appreciation (depreciation) in fair value of investments	0	(10,209,025)
Interest	0	15,155
Dividends	0	2,508,844
Investment expense	0	(137,153)
Net investment income (loss)	0	(7,822,179)
Total additions (reductions)	52,866	(2,286,209)
DEDUCTIONS		
Benefits	0	4,525,289
Refunds	0	565,131
Distributions for assistance	50,528	0
Total deductions	50,528	5,090,420
Net increase (decrease)	2,338	(7,376,629)
Net assets held in trust for pension benefits and other purposes		
Net assets, July 1	17,027	57,576,845
Net assets, June 30	\$ 19,365	\$ 50,200,216

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

1. Description of Government Unit

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

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

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

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the City of Gainesville, Georgia, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the City are discussed below.

B. Reporting Entity

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

City of Gainesville Parks and Recreation Board

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

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

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

2. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements, continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program expenses also include certain indirect costs reported for individual functions and activities. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

2. Summary of Significant Accounting Policies (continued)

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities that normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Governmental Fund Financial Statements

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

2. Summary of Significant Accounting Policies (continued)

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

Governmental Fund Financial Statements (continued)

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary fund:

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

2. Summary of Significant Accounting Policies (continued)

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

Additionally, the City reports the following fund types:

Governmental Fund Types

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

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

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

Proprietary Fund Types

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

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

2. Summary of Significant Accounting Policies (continued)

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

Fiduciary Fund Types

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

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

Component Unit

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

2. Summary of Significant Accounting Policies (continued)

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

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

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

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting, continued

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

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

F. Cash and Investments

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

G. Intergovernmental Receivables

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

H. Inventories

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

2. Summary of Significant Accounting Policies (continued)

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items.

J. Capital Assets

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

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

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

2. Summary of Significant Accounting Policies (continued)

J. Capital Assets, continued

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

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

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

2. Summary of Significant Accounting Policies (continued)

K. Restricted Assets

Restricted assets of the Enterprise Funds primarily represent unexpended money collected and receivables consisting of extension and renewal receipts which remain restricted for future construction of specific projects for the improvement and expansion of the Water and Sewer system and unspent debt proceeds for improvements at the Lee Gilmer Memorial Airport.

L. Compensated Absences

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

M. Long-Term Obligations

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

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

2. Summary of Significant Accounting Policies (continued)

N. 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.

O. Reservations and Designations of Fund Balances

Reservations represent the portions of fund balances which are not appropriable for expenditure or have been segregated for specific future uses by legal mandate. Designations represent the portions of fund balance for which the government has made tentative plans.

P. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain 2008 amounts have been reclassified to conform with the 2009 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. At June 30, 2009, the City had \$28,920 in deposits held in the Employees' Pension Trust Fund which were uninsured and uncollateralized. The Employees' Pension Trust Fund is exempt from the City's policy requiring that all deposits be federally insured or fully collateralized.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

3. Deposit and Investment Risk (continued)

Investment policies

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.

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

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

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

The Georgia Fund 1 is rated AAAM by Standard & Poor's. The weighted average maturity at June 30, 2009 was 41 days. At June 30, 2009, the City's balance in Georgia Fund 1 was \$59,662,161.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

3. Deposit and Investment Risk (continued)

Investment policies – Employees’ Pension Trust Fund

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

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

City policy requires that fixed income portfolio should bear an average credit quality of “A” or higher. Investments in Collateralized Mortgage Obligations shall be limited to 15% of the market value of the investment manager’s total portfolio. No more than 5% (at cost) of an investment manager’s total fixed income portfolio shall be invested in the securities of any single corporate issuer. There is no limit imposed on investments in fixed income securities issued directly by the US government or any agency or instrumentality thereof. Investments in corporate fixed income securities shall be limited to securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia. The duration of the fixed income portfolio should be less than 135% of the duration of the Barclays Capital US Aggregate Bond Index. At June 30, 2009, the duration for the index was 4.2 years. Investments in corporate fixed income securities shall be limited to those securities rated “BAA” or higher by Moody’s or “BBB” or higher by Standard & Poor’s rating services. Fixed income securities may be managed through the purchase of open-ended, no-load mutual funds or commingled funds as long as these funds in aggregate adhere to the fixed income guidelines of the policy.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

3. Deposit and Investment Risk (continued)

Credit, concentration of credit, and interest rate risk

At June 30, 2009, the City's investments in fixed income mutual funds were as follows:

Investment	Fair Value	Average Maturity (in years)	Standard and Poor's Credit Rating
PIMCO Total Return Fund	\$ <u>26,337,350</u>	5.80	AA

Foreign currency risk

The City has no investments denominated in a foreign currency.

Investments

The investment recorded in the Economic Development Special Revenue Fund is property held for resale.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

4. Accounts Receivable

Net accounts receivable at June 30, 2009 consist of the following:

Primary Government:

Major Funds

General Fund		\$ 421,342
Public Utilities Enterprise Fund	4,196,588	
Less: Allowance for Uncollectibles	<u>(438,647)</u>	3,757,941

Nonmajor Funds

Special Revenue Funds		
Georgia Mountains Center	1,892	
Community Service Center	1,752	
Hotel/Motel Tax	<u>57,335</u>	60,979

Enterprise Funds

Airport	23,958	
Less: Allowance for Uncollectibles	(8,918)	
Solid Waste	172,742	
Less: Allowance for Uncollectibles	(33,160)	
Golf Course	<u>39,963</u>	<u>194,585</u>

Total Primary Government		<u>\$ 4,434,847</u>
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Component Units:

Parks and Recreation		<u>\$ 2,041</u>
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Fiduciary Funds

Agency Funds		
Municipal Court	\$ 1,394,562	
Less: Allowance for Uncollectibles	<u>(632,999)</u>	<u>\$ 761,563</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2009 consist of the following:

Primary Government:

Major Funds

General Fund			
State of Georgia	\$ 506,411		
Hall County, Georgia	32,734		
Gainesville City Schools	<u>2,145</u>	\$	541,290

SPLOST Capital Projects Fund			
State of Georgia	53,516		
Hall County, Georgia	<u>349,402</u>		402,918

Public Utilities Enterprise Fund			
State of Georgia	84,966		
Hall County, Georgia	18,758		
White County, Georgia	<u>3,604</u>		107,328

Nonmajor Funds

Special Revenue Funds			
Community Service Center			
State of Georgia	45,525		
Hall County, Georgia	244,224		
Legacy Link	3,909		
Grants			
US Treasury	44,445		
State of Georgia	5,545		
HUD Grant			
US Treasury	9,681		
Government Access Cable TV			
Hall County, Georgia	<u>15,027</u>		368,356

Debt Service Fund			
Gainesville City School System			1,840,000

Grants Capital Projects Fund			
State of Georgia			16,186

Airport Enterprise Fund			
US Treasury	398,335		
State of Georgia	<u>470,164</u>		868,499

Vehicle Services Internal Service Fund			
Gainesville City School System			<u>27,037</u>

Total Primary Government			<u><u>\$ 4,171,614</u></u>
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CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

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 2009, based upon the assessments of January 1, 2008 and the levy date of June 17, 2008, were final billed on October 22, 2008 and due on December 22, 2008. Tax liens are issued 90 days after the due date. The City of Gainesville bills and collects its own property taxes with property tax collections appearing as revenues to the respective funds (General, Tax Allocation District, Debt Service, and Parks and Recreation Component Unit) according to the tax rates set by City Council.

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

7. Intradepartmental Billings

Total operating revenues and total operating expenses in the Public Utilities Enterprise Fund includes \$99,493 of intradepartmental billings for water and sewer usage for fiscal year 2009.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

8. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2009 is as follows:

	Due from:		
	SPLOST Capital Projects	Nonmajor Enterprise Funds	Total
Due to:			
Major Funds			
General	\$ 109,153	\$ 0	\$ 109,153
Nonmajor Funds			
Governmental	0	249,325	249,325
Total	\$ 109,153	\$ 249,325	\$ 358,478

The balance reported as Due to/Due from represent loans between the borrower funds and the lender. Balances reported in the General Fund resulted from transactions to alleviate equity in pooled cash deficits at year-end. The \$249,325 is reported in the Community Development Fund as an advance to other fund and as an advance from other fund in the Chattahoochee Golf Course Enterprise Fund; this balance is not expected to be repaid within one year.

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

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

A summary of interfund transfers is as follows:

Transfer Out Fund	Transfer In Fund	Amount
General	Nonmajor Governmental	\$ 1,713,919
	Nonmajor Enterprise	352,457
	Internal Service	18,000
Public Utilities	General	2,308,025
	Nonmajor Governmental	4,000
SPLOST Capital Projects	Public Utilities	359,242
Nonmajor Governmental	General	46,518
	Public Utilities	150,000
	SPLOST Capital Projects	274,892
	Nonmajor Governmental	591,775
Nonmajor Enterprise	General	46,300
Internal Service	Nonmajor Governmental	87,395
	Internal Service	700,000
		<u>6,652,523</u>
Transfer of Capital Assets		
Governmental Activities	Nonmajor Enterprise	1,575
		<u>\$ 6,654,098</u>

Interfund transfers were used to transfer unrestricted revenues from payor funds to subsidize operations in payee funds in accordance with budgetary authorizations, to transfer City matching funds in accordance with grant agreements, to transfer funds to Capital Projects Funds for capital projects in accordance with budgetary authorizations, and to move capital assets between governmental activities and business-type activities. The transfer from the Public Utilities Fund to the General Fund was a return on equity. The transfer between Internal Service Funds was to transfer unrestricted net assets for self-funding of health insurance benefits (See Note 18). Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

9. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2009 was as follows:

	<u>Balance June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
Governmental activities				
Non-depreciable assets				
Land	\$ 23,140,294	\$ 5,703,061	\$ 0	\$ 28,843,355
Construction in progress	13,333,360	17,276,407	(20,896,454)	9,713,313
Total non-depreciable assets	<u>36,473,654</u>	<u>22,979,468</u>	<u>(20,896,454)</u>	<u>38,556,668</u>
Depreciable assets				
Buildings	14,132,772	12,791,252	(430,000)	26,494,024
Land improvements	2,080,987	1,200,383	(220,113)	3,061,257
Vehicles and equipment	13,754,016	740,482	(328,731)	14,165,767
Intangibles	1,848,021	0	0	1,848,021
Infrastructure	25,902,095	2,116,484	0	28,018,579
Total depreciable assets	<u>57,717,891</u>	<u>16,848,601</u>	<u>(978,844)</u>	<u>73,587,648</u>
Less accumulated depreciation				
Buildings	(5,468,252)	(684,209)	207,333	(5,945,128)
Land improvements	(636,600)	(96,388)	99,376	(633,612)
Vehicles and equipment	(10,359,517)	(1,139,067)	326,125	(11,172,459)
Intangibles	(335,635)	(189,765)	0	(525,400)
Infrastructure	(5,018,772)	(1,054,845)	0	(6,073,617)
Total accumulated depreciation	<u>(21,818,776)</u>	<u>(3,164,274)</u>	<u>632,834</u>	<u>(24,350,216)</u>
Total depreciable assets, net	<u>35,899,115</u>	<u>13,684,327</u>	<u>(346,010)</u>	<u>49,237,432</u>
Governmental activities capital assets, net	<u>\$ 72,372,769</u>	<u>\$ 36,663,795</u>	<u>\$ (21,242,464)</u>	<u>\$ 87,794,100</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 17,707,025	\$ 536,187	\$ 0	\$ 18,243,212
Construction in progress	70,507,870	18,440,393	(72,548,406)	16,399,857
Total non-depreciable assets	<u>88,214,895</u>	<u>18,976,580</u>	<u>(72,548,406)</u>	<u>34,643,069</u>
Depreciable assets				
Buildings	16,569,823	56,481,314	0	73,051,137
Land improvements	13,736,763	11,600	0	13,748,363
Distribution system	461,393,879	15,610,641	(990,508)	476,014,012
Intangibles	5,290,770	321,277	(2,387,626)	3,224,421
Vehicles and equipment	14,616,711	340,870	(121,211)	14,836,370
Total depreciable assets	<u>511,607,946</u>	<u>72,765,702</u>	<u>(3,499,345)</u>	<u>580,874,303</u>
Less accumulated depreciation				
Buildings	(2,470,675)	(519,159)	0	(2,989,834)
Land improvements	(4,078,912)	(600,143)	0	(4,679,055)
Distribution system	(81,062,892)	(10,580,933)	688,243	(90,955,582)
Intangibles	(2,778,481)	(147,677)	2,387,626	(538,532)
Vehicles and equipment	(11,392,083)	(931,557)	110,241	(12,213,399)
Total accumulated depreciation	<u>(101,783,043)</u>	<u>(12,779,469)</u>	<u>3,186,110</u>	<u>(111,376,402)</u>
Total depreciable assets, net	<u>409,824,903</u>	<u>59,986,233</u>	<u>(313,235)</u>	<u>469,497,901</u>
Business-type activities capital assets, net	<u>\$ 498,039,798</u>	<u>\$ 78,962,813</u>	<u>\$ (72,861,641)</u>	<u>\$ 504,140,970</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

9. Capital Assets (continued)

Capital asset activity for the Parks and Recreation Component Unit for the year ended June 30, 2009 was as follows:

	<u>Balance June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
Parks & Recreation Component Unit				
Non-depreciable assets				
Land	\$ 2,634,933	\$ 0	\$ 0	\$ 2,634,933
Construction in progress	690,462	296,278	(689,697)	297,043
Total non-depreciable assets	<u>3,325,395</u>	<u>296,278</u>	<u>(689,697)</u>	<u>2,931,976</u>
Depreciable assets				
Buildings	9,596,773	318,345	0	9,915,118
Land improvements	1,403,334	2,111,739	0	3,515,073
Vehicles and equipment	1,226,517	0	(47,368)	1,179,149
Intangibles	148,170	0	0	148,170
Infrastructure	1,518,813	689,697	0	2,208,510
Total depreciable assets	<u>13,893,607</u>	<u>3,119,781</u>	<u>(47,368)</u>	<u>16,966,020</u>
Less accumulated depreciation				
Buildings	(5,304,857)	(505,689)	0	(5,810,546)
Land improvements	(264,675)	(51,989)	0	(316,664)
Vehicles and equipment	(1,014,506)	(65,290)	47,368	(1,032,428)
Intangibles	(136,555)	(1,467)	0	(138,022)
Infrastructure	(308,385)	(59,868)	0	(368,253)
Total accumulated depreciation	<u>(7,028,978)</u>	<u>(684,303)</u>	<u>47,368</u>	<u>(7,665,913)</u>
Total depreciable assets, net	<u>6,864,629</u>	<u>2,435,478</u>	<u>0</u>	<u>9,300,107</u>
Parks & Recreation Component Unit capital assets, net	<u>\$ 10,190,024</u>	<u>\$ 2,731,756</u>	<u>\$ (689,697)</u>	<u>\$ 12,232,083</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$	108,216
Public Safety		849,524
Public Works		1,524,706
Health and Welfare		66,942
Culture and Recreation		309,898
Housing and Development		259,100
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		27,901
Total depreciation expense for governmental activities	\$	3,146,287

Business-type activities

Public Utilities	\$	11,749,787
Airport		613,291
Solid Waste		124,795
Golf Course		287,322
Total depreciation expense for business-type activities	\$	12,775,195

Component Unit

Parks and Recreation	\$	465,958
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	Governmental Activities	Business-type Activities	Component Unit
Current year depreciation expense	\$ 3,146,287	\$ 12,775,195	\$ 465,958
Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component unit	17,987	4,274	218,345
Additions to accumulated depreciation	\$ 3,164,274	\$ 12,779,469	\$ 684,303

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

10. Capital and Operating Leases Agreements

The City has entered into agreements for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these leases at June 30, 2009, are \$45,469,692 and \$35,796,155 for governmental and business-type activities, respectively.

Total assets leased under capital leases are \$33,004,475 and \$41,296,718 for governmental and business-type activities, respectively, and are classified as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Airport improvements	\$ 0	\$ 5,332,220
Golf Course improvements	0	4,321,397
Water and sewer system	0	31,539,701
Land	7,203,693	0
Buildings	15,209,686	0
Vehicles and equipment	1,844,656	103,400
Construction in progress	8,746,440	0
Total assets under capital leases	<u>\$ 33,004,475</u>	<u>\$ 41,296,718</u>

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2009:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2010	\$ 4,832,513	\$ 2,085,199
2011	9,484,755	2,081,108
2012	9,077,054	2,077,105
2013	8,917,054	2,076,901
2014	8,678,360	2,075,401
2015-2019	6,120,391	10,385,832
2020-2024	6,611,369	8,396,921
2025-2029	4,440,964	6,942,614
2030-2031	0	2,523,176
Total minimum lease payments	58,162,460	38,644,257
Less amounts representing interest	<u>(12,692,768)</u>	<u>(2,888,102)</u>
Present value of minimum lease payments	<u>\$ 45,469,692</u>	<u>\$ 35,756,155</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

10. Capital and Operating Leases Agreements (continued)

The City has entered into an agreement to participate in a pooled lease program sponsored by the Georgia Municipal Association. Certificates of Participation in the amount of \$150,126,000 were issued in connection with the lease program, with the City's pro rata share of the principal being \$1,166,000. At June 30, 2009, the City has a balance of \$726,941 of the certificate proceeds for the purpose of financing the acquisition of equipment and is included with other leases above. These amounts are presented as capital leases in the governmental activities on the government-wide Statement of Net Assets. The remaining balance of the certificate proceeds is held in trust pursuant to the certificate, and is not considered legal debt of the City.

On July 13, 2004, the Gainesville Redevelopment Authority issued \$5,000,000 in the Series 2004 Revenue Bonds, with interest rates of 5.18% for the \$2,290,000 tax-exempt series and 6.10% for the \$2,710,000 taxable series. An intergovernmental contract became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. The Authority will provide for the acquisition, construction, installation, and equipping of improvements to the Lee Gilmer Memorial Airport. The City will possess, operate and maintain, and have use of the airport, and pay for the use thereof in amounts sufficient to enable the Authority to pay the principal of and interest on the Series 2004 Bonds as the same become due and payable. This intergovernmental contract has been recorded as a capital lease payable by the City. At June 30, 2009, there were \$202 in unspent proceeds from this capital lease. This amount is shown as cash equivalents restricted for construction in the Airport Enterprise Fund.

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

10. Capital and Operating Leases Agreements (continued)

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

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

10. Capital and Operating Leases Agreements (continued)

On May 20, 2009, the Gainesville Redevelopment Authority issued \$6,230,000 in the Series 2009A Revenue Bonds, with interest rates of 3.00-5.00%. An intergovernmental lease became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the lease, bond proceeds of the Authority issue will be applied to construct and equip the 2009A Project, which includes the construction of the Downtown Parking Garage, to be made by the City, and the 2009 Project will be leased to the City. In return, the City will make payments to the trustee for the bonds on behalf of the Authority sufficient to pay the principal and interest on the bonds. In conjunction with the issuance of the bonds, the City conveyed title to land and the Parking Garage thereon to the Authority. The City will continue to operate, maintain, repair and have use of the Parking Garage. At June 30, 2009, there were \$6,124,198 in unspent proceeds from this capital lease. This amount is shown as cash equivalents restricted for construction in the SPLOST Capital Projects Fund.

On May 20, 2009, the Gainesville Redevelopment Authority issued \$25,325,000 in the Series 2009B Revenue Bonds, with interest rates of 3.00-5.00%. An intergovernmental lease became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the lease, bond proceeds of the Authority issue will be applied to construct and equip the 2009 Project, which includes the purchase of land and the construction of the Public Safety Facility, to be made by the City, and the 2009 Project will be leased to the City. In return, the City will make payments to the trustee for the bonds on behalf of the Authority sufficient to pay the principal and interest on the bonds. In conjunction with the issuance of the bonds, the City conveyed title to the land and the Facility thereon to the Authority. The City will continue to operate, maintain, repair and have use of the Center. At June 30, 2009, there were \$19,300,404 in unspent proceeds from this capital lease. This amount is shown as cash equivalents restricted for construction in the SPLOST Capital Projects Fund.

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

11. Short-term Debt

In January 2008, the City entered into a lending agreement with SunTrust Bank for the purchase of real property, in the amount of \$7,500,000, in anticipation of the Series 2009B Gainesville Redevelopment Authority Revenue Bonds (See Note 10); the City drew a total of \$7,437,971 on this lending agreement. On June 1, 2009, the City repaid the note plus \$25,165 in interest at a rate of 0.945%.

Short-term debt activity for the year ended June 30, 2009, is as follows:

	<u>Balance 6/30/2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2009</u>
Governmental activities				
Notes payable	\$ 0	\$ 7,437,971	\$ 7,437,971	\$ 0

12. Long-Term Debt

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

Notes Payable

The City has entered into an agreement to participate in a pooled borrowing program sponsored by the Georgia Environmental Facilities Authority for expansion of the City's water and sewerage system. At June 30, 2009, the City had entered into 13 borrowings in the original amount of \$141,384,488, with a total outstanding balance of \$125,499,466. Monthly installments of principal and interest are due through May 1, 2029; interest at 3.00% to 5.43%. Two of these borrowings were assumed from Hall County, Georgia, as part of the intergovernmental lease and management agreement for the operation of the Hall County Water System (see Note 10).

The City has entered into a lending agreement with the Small Business Development Company for improvements at the Chattahoochee Golf Course in the original amount of \$207,691. At June 30, 2009, the balance of this note is \$81,691. This note carries a variable interest rate equivalent to the interest rate on the City's pooled cash account, which was 0.50% at June 30, 2009. Interest payments are due monthly, with principal payments of \$81,691 due when the City sells residential lots adjacent to the Golf Course.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

12. Long-Term Debt (continued)

Notes Payable, continued

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 5,876,666	\$ 3,916,367	\$ 9,793,033
2011	5,986,919	3,724,422	9,711,341
2012	6,181,213	3,530,097	9,711,310
2013	6,394,630	3,316,714	9,711,344
2014	6,602,959	3,108,381	9,711,340
2014-2018	34,465,931	12,354,278	46,820,209
2019-2023	35,071,978	6,589,740	41,661,718
2024-2028	25,000,861	1,702,839	26,703,700
Totals	<u>\$ 125,581,157</u>	<u>\$ 38,242,838</u>	<u>\$ 163,823,995</u>

General Obligation Bonds

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

General obligation bonds have been issued for governmental activities and are comprised of the following individual issue at June 30, 2009:

- \$8,670,000 1993 General Obligation Refunding series bonds due in annual installments of \$895,000 to \$945,000 through January 1, 2011; interest at 5.375% (\$1,840,000 outstanding), for refunding of Gainesville City School System debt; the City is reimbursed by the school system for debt service (see intergovernmental receivable in Note 5).

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

12. Long-Term Debt (continued)

General Obligation Bonds, continued

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

Year Ending June 30,	Principal	Interest	Total
2010	\$ 895,000	\$ 98,900	\$ 993,900
2011	945,000	50,794	995,794
Totals	<u>\$ 1,840,000</u>	<u>\$ 149,694</u>	<u>\$ 1,989,694</u>

\$2,266,195 is available in the Debt Service Fund to service the general obligation bonds.

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at June 30, 2009:

- \$15,875,000 1992 Water and Sewerage Revenue – Series A, B, & C series bonds due in annual installments of \$230,000 to \$3,845,000 through November 15, 2012; interest at 6.00% (\$7,950,000 outstanding); for the expansion of the City’s water and sewerage system.
- \$18,325,000 1993 Water and Sewerage Refunding Revenue series bonds due in annual installments of \$3,010,000 to \$3,170,000 through November 15, 2010; interest at 5.25% (\$6,180,000 outstanding).
- \$41,385,000 1999 Water and Sewerage Revenue series bonds; an annual installment of \$295,000 due November 15, 2009; interest at 5.00% (\$295,000 outstanding); for the expansion of the City’s water and sewerage system. This bond issue was partially advanced refunded during fiscal year 2006.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

12. Long-Term Debt (continued)

Revenue Bonds, continued

- \$57,535,000 2001 Water and Sewerage Revenue – Series A & B series bonds due in annual installments of \$1,890,000 to \$2,115,000 through November 15, 2012; interest at 3.80% to 5.25% (\$7,985,000 outstanding); for the expansion of the City’s water and sewerage system. This bond issue was partially advanced refunded during fiscal year 2007.
- \$52,570,000 2005 Water and Sewer System Refunding series bonds due in annual installments of \$120,000 to \$6,870,000 through November 15, 2020; interest at 3.30% to 5.00% (\$48,565,000 outstanding).
- \$39,205,000 2006 Water and Sewer System Refunding series bonds due in annual installments of \$295,000 to \$8,845,000 through November 15, 2021; interest at 3.50% to 5.00% (\$38,660,000 outstanding).

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

Year Ending June 30,	Principal	Interest	Total
2010	\$ 7,150,000	\$ 4,865,080	\$ 12,015,080
2011	7,470,000	4,541,358	12,011,358
2012	7,710,000	4,174,998	11,884,998
2013	7,955,000	3,768,352	11,723,352
2014	8,360,000	3,368,156	11,728,156
2015-2019	47,240,000	10,389,363	57,629,363
2020-2022	23,750,000	1,560,428	25,310,428
Totals	<u>\$ 109,635,000</u>	<u>\$ 32,667,735</u>	<u>\$ 142,302,735</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

12. Long-Term Debt (continued)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for fiscal year ended June 30, 2009:

	<u>Balance 6/30/2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2009</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation bonds	\$ 2,690,000	\$ 0	\$ 850,000	\$ 1,840,000	\$ 895,000
Capital lease obligations	12,581,286	33,697,532	809,126	45,469,692	2,224,833
Compensated absences	1,004,081	993,366	1,004,081	993,366	993,366
Total Governmental activities	<u>\$ 16,275,367</u>	<u>\$ 34,690,898</u>	<u>\$ 2,663,207</u>	<u>\$ 48,303,058</u>	<u>\$ 4,113,199</u>
Business-type activities					
Revenue bonds	\$ 116,480,000	\$ 0	\$ 6,845,000	\$ 109,635,000	\$ 7,150,000
Unamortized bond premium	2,754,032	0	241,336	2,512,696	0
Unamortized bond discount	(123,847)	0	(43,409)	(80,438)	0
Notes payable	119,221,083	10,012,312	3,652,238	125,581,157	5,876,666
Capital lease obligations	37,454,530	0	1,698,375	35,756,155	1,707,806
Compensated absences	570,530	592,857	570,530	592,857	592,857
Total business-type activities	<u>\$ 276,356,328</u>	<u>\$ 10,605,169</u>	<u>\$ 12,964,070</u>	<u>\$ 273,997,427</u>	<u>\$ 15,327,329</u>
Park & Recreation Component Unit					
Compensated absences	<u>\$ 89,762</u>	<u>\$ 97,350</u>	<u>\$ 89,762</u>	<u>\$ 97,350</u>	<u>\$ 97,350</u>

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

13. Bond Refunding

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the appropriate fund. As of June 30, 2009, the amount of defeased debt outstanding but removed from the City's records for business-type activities amounted to \$37,905,000.

14. Conduit Debt

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

As of June 30, 2009, there were 34 series of Revenue Bonds outstanding. The current aggregate principal amount payable for the series totaled \$336,364,285; the original issue amounts totaled \$500,006,741.

15. Reserved/Restricted Equity Balances

A. General Fund

Reserved for prepaid items - An amount of \$8,448 has been reserved for prepaid items since this amount is not legally available for appropriation.

Reserved for encumbrances - An amount of \$94,124 has been reserved for encumbrances since this amount is not legally available for appropriation.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

15. Reserved/Restricted Equity Balances (continued)

B. Special Revenue Funds

Reserved for encumbrances – Amounts of \$156,694, \$7,897, and \$1,450 have been reserved for encumbrances in the Community Service Center, Economic Development, and Grants Funds, respectively, since these amounts are not legally available for appropriation.

Reserved for program – Amounts of \$68,032 and \$776,355 have been reserved for program expenditures in the Government Access Cable TV Channel and Impact Fee Funds, respectively, since these amounts are not legally available for appropriation.

Reserved for prepaid items – An amount \$820 has been reserved for prepaid items in the Georgia Mountains Center Fund since this amount is not legally available for appropriation.

Reserved for advances to other funds - An amount of \$249,325 has been reserved for an advance to another fund in the Community Development Fund since this amount is not available for appropriation.

C. Capital Projects

Reserved for restricted assets – An amount of \$23,254,871 has been reserved in the SPLOST Fund for restricted assets since this amount is not legally available for appropriation.

D. Enterprise Funds

Restricted for restricted assets – An amount of \$30,780,543 has been reserved in the Public Utilities Fund for restricted assets since this amount is not legally available for appropriation.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

15. Reserved/Restricted Equity Balances (continued)

E. Trust Funds

Reserved for employees' pension benefits - An amount of \$50,200,216 has been reserved in the Employee Pension Trust Fund as this amount represents pension benefits of the employee retirement system.

Reserved for employee assistance - An amount of \$19,365 has been reserved in the Community Private-Purpose Trust Fund in accordance with the trust terms.

F. Parks and Recreation (A Component Unit)

Reserved for Booster Club - Parks and Recreation oversees the funds for the Booster Club. The balance of the funds, \$87,999, is not available for appropriation.

Reserved for Development Fund - An amount of \$103,173 is reserved for facilities development for Parks and Recreation.

Reserved for Civic Center - An amount of \$18,501 is reserved for repairs and maintenance of the Civic Center facility.

Reserved for Clarks Bridge Legacy - Clarks Bridge Park was the 1996 Olympic Venue for rowing and kayak events. An amount of \$5,255 is reserved to preserve the legacy of the historical event through maintenance of the Park.

16. Designated Equity Balances

The following equity balance designations have been established to indicate tentative plans for utilization of financial resources in fiscal year 2010:

A. General Fund

An amount of \$1,200,000 has been designated for the fiscal year 2010 budget. An amount of \$53,928 has been designated for improvements to City Hall.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

16. Designated Equity Balances (continued)

B. Special Revenue Funds

An amount of \$53,704 has been designated in the Hotel/Motel Tax Fund for improvements to the Georgia Mountains Center. Amounts of \$73,740 and \$3,480 have been designated in the Community Service Center and Cemetery Trust Funds, respectively, for the fiscal 2010 budget.

C. Parks and Recreation (A Component Unit)

An amount of \$1,008,171 has been designated for the fiscal year 2010 budget.

Designations of equity balance are not legally required segregations but are segregated for a specific purpose.

17. Changes in Beginning Balances

Governmental Activities

Community Service Center Special Revenue Fund – A prior period adjustment has been made to reflect intergovernmental revenue incorrectly accrued at June 30, 2008. The 2008 amounts for intergovernmental revenue, intergovernmental receivables, and unreserved fund balance were restated to reflect this adjustment. This adjustment decreased beginning fund balance by \$93,382.

This adjustment decreased beginning net assets of the governmental activities by \$93,382.

Business-type Activities

Airport Enterprise Fund – A prior period adjustment has been made to reflect intergovernmental revenue incorrectly accrued at June 30, 2008. The 2008 amounts for intergovernmental revenue, intergovernmental receivables, and unrestricted net assets were restated to reflect this adjustment. This adjustment decreased beginning net assets by \$54,356.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
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18. Self-Insurance

General Insurance

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

The City provides health care benefits to its active and retired employees and their dependents. Effective July 1, 2008 the City contracted with Consumers Life Insurance Company for health care coverage. The contract is a minimum premium plan, which is a fully insured plan with self insured characteristics. Under this arrangement, the City is responsible for paying all claims up to an agreed-upon aggregate level, with the insurer responsible for the excess. The insurer is also responsible for processing claims and administrative services.

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

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
General Insurance Internal Service Fund		
Balance, beginning of year	\$ 811,888	\$ 334,814
Current year claims and changes in estimate	278,965	1,304,589
Claim payments	(341,630)	(827,515)
Balance, end of year	<u>\$ 749,223</u>	<u>\$ 811,888</u>
Employee Benefits Internal Service Fund		
Balance, beginning of year	\$ 0	\$ 0
Current year claims and changes in estimate	5,860,183	0
Claim payments	(5,440,553)	0
Balance, end of year	<u>\$ 419,630</u>	<u>\$ 0</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

18. Self-Insurance (continued)

General Insurance, continued

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

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

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

19. Pension Plans

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

19. Pension Plans (continued)

Plan Description and Contribution Information

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

	<u>Plan A</u>	<u>Plan B</u>
Retirees and beneficiaries currently receiving benefits	176	40
Terminated vested participants entitled to but not yet receiving benefits	6	22
Active participants	<u>493</u>	<u>160</u>
Total number of participants	<u><u>675</u></u>	<u><u>222</u></u>

Pension Plan A

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

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

19. Pension Plans (continued)

Plan Description and Contribution Information, continued

Pension Plan A (continued)

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

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

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

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

19. Pension Plans (continued)

Plan Description and Contribution Information, continued

Pension Plan B

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

Plan Description and Contribution Information, continued

Funding Policy. The contribution requirements of the City are established and may be amended by City Council. Plan members are not allowed to make contributions to this plan. The City is required to contribute at an actuarially determined rate. The current rate is 9.6% of annual covered payroll. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy. Costs of administering the plan are financed through contributions and earnings.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

19. Pension Plans (continued)

Annual Pension Cost and Net Pension Obligation

The net pension obligation was computed as part of an actuarial valuation performed as of July 1, 2008 for Pension Plan A and March 1, 2009, for Pension Plan B. Significant actuarial assumptions used in the valuation include:

	<u>Plan A</u>	<u>Plan B</u>
Rate of return on investments of present and future assets compounded annually	7.5%	8.0%
Projected salary increases:		
Inflation	3.5%	5.0%
Merit or seniority	1.3-4.0%	0.5%
Post-retirement benefit increases	none	none

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the entry age normal actuarial funding method for Plan A and the projected unit credit actuarial funding method for Plan B. The actuarial value of assets for Plan A was determined by recognizing a portion of the difference between the market value of assets and the expected market value of assets smoothed over a 5 year period. The actuarial value of assets for Plan B was determined by using the prior year's actuarial value, plus current year activity, plus 10% of investment gains (losses) during the 10 prior years.

The unfunded actuarially accrued liability for Plan A is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2008, varies for the bases. The unfunded actuarially accrued liability for Plan B is being amortized as a level dollar amount on a closed basis over a thirty-year period from 1994. The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the net pension obligations.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

19. Pension Plans (continued)

Annual Pension Cost and Net Pension Obligation, continued

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

	Pension Plan	
	A	B
Annual required contribution (ARC)	\$ 2,457,722	\$ 495,058
Interest on net pension obligation	(37,237)	0
Adjustment to ARC	36,775	0
Annual pension cost	2,457,260	495,058
Contributions made	2,773,306	495,058
Increase (decrease) in net pension obligation	(316,046)	0
Net pension obligation (asset) - beginning of year	(496,492)	0
Net pension obligation (asset) - end of year	<u>\$ (812,538)</u>	<u>\$ 0</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

19. Pension Plans (continued)

Historical Trend Information

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

Schedule of Employer Contributions			
Funding Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Pension Plan A:			
7/1/2003	\$ 1,537,497	100%	\$ 0
7/1/2004	1,803,224	100%	0
7/1/2005	1,811,991	105%	(86,615)
7/1/2006	1,896,939	104%	(172,829)
7/1/2007	2,294,558	114%	(496,492)
7/1/2008	2,457,260	113%	(812,538)
Pension Plan B:			
3/1/2004	\$ 331,001	100%	\$ 0
3/1/2005	364,946	100%	0
3/1/2006	390,072	100%	0
3/1/2007	372,060	100%	0
3/1/2008	395,234	100%	0
3/1/2009	495,058	100%	0

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

19. Pension Plans (continued)

Historical Trend Information, continued

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll** (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Pension Plan A:						
7/1/2003	\$ 44,193,025	\$ 62,274,733	\$ 18,081,708	70.96%	\$ 16,268,063	111%
7/1/2004	46,556,691	66,188,322	19,631,631	70.34%	16,914,710	116%
7/1/2005	47,575,300	77,379,022	29,803,722	61.48%	17,992,112	166%
7/1/2006	50,726,813	82,648,628	31,921,815	61.38%	18,850,875	169%
7/1/2007	55,891,158	90,589,741	34,698,583	61.70%	20,503,210	169%
7/1/2008	60,238,608	99,886,843	39,648,235	60.31%	21,841,338	182%
Pension Plan B:						
3/1/2004	\$ 2,454,855	\$ 4,363,300	\$ 1,908,445	56.26%	\$ 3,497,762	55%
3/1/2005	2,747,577	4,674,429	1,926,852	58.78%	3,880,590	50%
3/1/2006	3,020,527	4,963,891	1,943,364	60.85%	4,105,937	47%
3/1/2007	3,333,494	4,941,535	1,608,041	67.46%	4,208,818	38%
3/1/2008	3,653,847	5,226,060	1,572,213	69.92%	4,667,233	34%
3/1/2009	3,340,891	5,590,619	2,249,728	59.76%	5,178,221	43%

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

20. Post Employment Health Care Benefits

Plan Description

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

20. Post Employment Health Care Benefits (continued)

Plan Description, continued

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

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

Current Membership is as follows:

Retirees and beneficiaries currently receiving benefits	135
Terminated vested participants entitled to but not yet receiving benefits	0
Active participants	<u>628</u>
Total number of participants	<u><u>763</u></u>

Funding Policy

The funding policy for the plan is to contribute an amount equal to the benefit and administrative costs paid on behalf of retirees and their dependents (ie, pay-as-you-go basis). Plan members receiving benefits contributed \$1,662,522, through their required contributions of \$175.59, \$387.18, \$440.08 and \$678.13 per month for single retiree coverage, retiree and child(ren) coverage, retiree and spouse coverage, and retiree family coverage, respectively. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in GASB Statement No. 45. These contributions are determined under the projected unit credit actuarial cost method and the market value of assets for developing the actuarial value of assets. The unfunded actuarial accrued liability (UAAL) is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2008 is 30 years. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

20. Post Employment Health Care Benefits (continued)

Funding Policy, continued

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

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

Annual OPEB Cost and Net OPEB Obligation

For fiscal year 2009, the City's annual OPEB cost of \$8,910,688 was equal to the City's recommended contribution, as calculated on the pay-as-you go basis. The recommended contribution was computed as part of an actuarial valuation as of July 1, 2008. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 4 percent per year compounded annually, (b) a rate of inflation of 3.5 percent, (c) no post-retirement benefit increases, and (d) a medical and drug cost trend rate of 9.5 percent, graded to 5 percent over 9 years.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

20. Post Employment Health Care Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation, continued

Annual required contribution	\$ 8,490,703
Interest on net OPEB obligation	0
Adjustment to ARC	0
Annual OPEB cost	8,490,703
Contributions made	1,662,521
Increase (decrease) in net OPEB obligation	6,828,182
Net OPEB obligation - beginning of year	0
Net OPEB obligation - end of year	<u>\$ 6,828,182</u>

Historical Trend Information

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

Schedule of Employer Contributions

Fiscal Year ended June 30,	Annual OPEB Cost (AOC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 8,490,703	20%	\$ 6,828,182

Schedule of Funding Progress

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

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

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
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21. Hotel/Motel Lodging Tax

The City has levied a 6% lodging tax in accordance with OCGA 48-13-51(a)(3.1). The City is required to spend an amount equal to at least 62.5% for the purpose of promoting tourism, conventions, and trade shows or for facilities used for these purposes. A summary of the transactions for the year ended June 30, 2009, follows:

Lodging Tax Receipts	\$ 473,047
Disbursements to Convention and Visitors	
Bureau, Main Street Program, Georgia	
Mountains Center and other tourism and	
visitor programs	\$ 419,461 89% of tax receipts

22. Major Users/Taxpayers

The ten major customers of the water and sewer system are primarily from the poultry industry. The major users represent approximately thirty-six percent of the water sales and sewer charges from the system in fiscal year 2009.

The ten major taxpayers of the City for fiscal year 2009 represent approximately sixteen percent of the current year tax levy. The ten largest taxpayers are comprised of various types of entities including retail, communications, manufacturing and food processing.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

23. Joint Ventures

The City of Gainesville participates with Hall County and the City of Oakwood in the Multi-Agency Narcotics Squad (MANS) to facilitate the investigation, arrest, prosecution and conviction of those residents and non-residents involved in the manufacture, use, distribution, and sale of illicit drugs. The City has an ongoing financial responsibility of funding for this unit. This funding is determined each year from a budget of grant monies and individual municipalities participation. The MANS unit is funded primarily through grant monies and operates on a balanced budget determined by revenue. The financial records of the MANS unit are maintained by Hall County and reported in their CAFR report. During fiscal year 2009, the City contributed the use of two police officers for undercover work; the City paid \$117,101 in personnel costs for these officers. A copy of the MANS unit financial statements can be obtained from Hall County, Georgia, Finance Department, PO Box 1435, Gainesville, GA 30503.

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Development Center (GMRDC) and is required to pay annual dues thereto. During fiscal year 2009, the city paid \$36,674 in such dues. Membership in a regional development center (RDC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDCs in Georgia. The RDC 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 RDC. A copy of the GMRDC financial statements can be obtained from GMRDC, 1310 West Ridge Road, Gainesville, GA 30501.

24. 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 \$73,539 as payment-in-lieu-of-taxes during fiscal year 2009.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

25. Risk Pools

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

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

26. Commitments and Contingencies

Commitments

The City has active construction projects as of June 30, 2009. At fiscal year end, the City’s commitments with contractors are as follows:

Project	Amount Expended to Date	Remaining Commitment
Construction of the Public Safety Facility	\$ 2,699,361	\$ 16,500,639
Expansion of the Georgia Mountains Center Parking Deck	3,428,312	2,727,288
Improvements to the Rockcreek Greenway Connector	136,810	83,459
Improvements to the Lee Gilmer Memorial Airport	1,982,743	55,644
Expansion of the water and sewer distribution system	4,984,615	5,285,131
Total	<u>\$ 13,231,841</u>	<u>\$ 24,652,161</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

26. Commitments and Contingencies (continued)

Commitments, continued

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

Contingencies

In a July 17, 2009 ruling, U.S. District Court Judge Paul Magnuson set a three year deadline for Congress to approve a deal over water rights involving Lake Lanier. If Congress does not grant this permission, the City of Gainesville will be allowed to use Lake Lanier for drinking water at mid-1970's authorized levels only. The State has filed a notice to appeal for this decision. In the meantime, the City of Gainesville is exploring opportunities involving reservoir development in order to expand water sources.

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

COMBINING STATEMENTS

Nonmajor Governmental Funds

Nonmajor Enterprise Funds

Internal Service Funds

**CITY OF GAINESVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009**

	Special Revenue						
	Community Development	Community Service Center	Economic Development	Georgia Mountains Center	Hotel/Motel Tax	Government Access Cable TV Channel	
ASSETS							
Cash and cash equivalents	\$ 1,493,838	\$ 1,363,334	\$ 5,912,514	\$ 197,080	\$ 53,833	\$ 169,424	\$ 17,864
Investments	0	0	609,858	0	0	0	0
Receivables (net)							
Accounts	0	1,752	0	1,892	57,335	0	0
Intergovernmental	0	293,658	0	0	0	15,027	0
Property taxes	0	0	0	0	0	0	0
Notes	0	0	0	0	0	0	0
Prepaid items	0	0	0	820	0	0	0
Advances to other funds	249,325	0	0	0	0	0	0
Total assets	\$ 1,743,163	\$ 1,658,744	\$ 6,522,372	\$ 199,792	\$ 111,168	\$ 184,451	\$ 17,864
LIABILITIES AND FUND BALANCES							
Liabilities							
Payables							
Accounts	\$ 0	\$ 72,400	\$ 12,593	\$ 10,580	\$ 0	\$ 1,643	\$ 0
Sales tax	0	0	0	808	0	0	0
Accrued salaries	0	56,523	866	16,257	0	3,968	0
Deferred revenues	0	112,097	0	0	0	0	0
Other liabilities	0	0	0	3,225	0	0	0
Total liabilities	0	241,020	13,459	30,870	0	5,611	0
Fund balances							
Reserved for:							
Encumbrances	0	156,694	7,897	0	0	0	0
Program expenditures	0	0	0	0	0	68,032	0
Prepaid items	0	0	0	820	0	0	0
Advances to other funds	249,325	0	0	0	0	0	0
Unreserved, designated for:							
Georgia Mountains Center improvements	0	0	0	0	53,704	0	0
Budget	0	73,740	0	0	0	0	0
Unreserved, undesignated	1,493,838	1,187,290	6,501,016	168,102	57,464	110,808	17,864
Total fund balances	1,743,163	1,417,724	6,508,913	168,922	111,168	178,840	17,864
Total liabilities and fund balances	\$ 1,743,163	\$ 1,658,744	\$ 6,522,372	\$ 199,792	\$ 111,168	\$ 184,451	\$ 17,864

Special Revenue							Capital Projects		Total Nonmajor Governmental Funds
Grants	HUD Grant	Revolving Loan	Impact Fee	Tax Allocation District	Cemetery Trust	Debt Service	General Government	Grants	
\$ 40,393	\$ 20,825	\$ 11,029	\$ 776,355	\$ 142,467	\$ 120,313	\$ 2,253,179	\$ 2,184,162	\$ 190,893	\$ 14,947,503
0	0	0	0	0	0	0	0	0	609,858
0	0	0	0	0	0	0	0	0	60,979
49,990	9,681	0	0	0	0	0	0	16,186	384,542
0	0	0	0	0	0	67,422	0	0	67,422
0	0	387,829	0	0	0	0	0	0	387,829
0	0	0	0	0	0	0	0	0	820
0	0	0	0	0	0	0	0	0	249,325
<u>\$ 90,383</u>	<u>\$ 30,506</u>	<u>\$ 398,858</u>	<u>\$ 776,355</u>	<u>\$ 142,467</u>	<u>\$ 120,313</u>	<u>\$ 2,320,601</u>	<u>\$ 2,184,162</u>	<u>\$ 207,079</u>	<u>\$ 16,708,278</u>
\$ 1,333	\$ 997	\$ 0	\$ 0	\$ 0	\$ 1,750	\$ 0	\$ 73,744	\$ 4,994	\$ 180,034
0	0	0	0	0	0	0	0	0	808
6,367	3,397	0	0	0	0	0	0	0	87,378
49,445	11,394	387,829	0	0	0	54,406	0	16,185	631,356
0	0	0	0	0	0	0	0	0	3,225
<u>57,145</u>	<u>15,788</u>	<u>387,829</u>	<u>0</u>	<u>0</u>	<u>1,750</u>	<u>54,406</u>	<u>73,744</u>	<u>21,179</u>	<u>902,801</u>
1,450	0	0	0	0	0	0	0	0	166,041
0	0	0	776,355	0	0	0	0	0	844,387
0	0	0	0	0	0	0	0	0	820
0	0	0	0	0	0	0	0	0	249,325
0	0	0	0	0	0	0	0	0	53,704
0	0	0	0	0	3,480	0	0	0	77,220
31,788	14,718	11,029	0	142,467	115,083	2,266,195	2,110,418	185,900	14,413,980
<u>33,238</u>	<u>14,718</u>	<u>11,029</u>	<u>776,355</u>	<u>142,467</u>	<u>118,563</u>	<u>2,266,195</u>	<u>2,110,418</u>	<u>185,900</u>	<u>15,805,477</u>
<u>\$ 90,383</u>	<u>\$ 30,506</u>	<u>\$ 398,858</u>	<u>\$ 776,355</u>	<u>\$ 142,467</u>	<u>\$ 120,313</u>	<u>\$ 2,320,601</u>	<u>\$ 2,184,162</u>	<u>\$ 207,079</u>	<u>\$ 16,708,278</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, 2009

	Special Revenue						Confiscated Assets
	Community Development	Community Service Center	Economic Development	Georgia Mountains Center	Hotel/Motel Tax	Government Access Cable TV Channel	
REVENUES							
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 473,047	\$ 0	\$ 0
Fines, fees, and forfeitures	0	0	0	0	0	0	21,290
Charges for services	0	398,983	0	519,989	0	0	0
Intergovernmental	0	2,783,965	0	0	2,005	80,726	0
Interest	16,167	8,468	66,855	1,679	505	1,960	0
Contributions	0	80,806	0	0	0	0	0
Other	0	146,496	63,327	10,714	0	22	12,168
Total revenues	16,167	3,418,718	130,182	532,382	475,557	82,708	33,458
EXPENDITURES							
Current							
General Government	0	0	0	0	0	157,563	0
Public Safety	0	0	0	0	0	0	22,415
Public Works	0	0	0	0	0	0	0
Health and Welfare	0	3,319,417	0	0	0	0	0
Culture and Recreation	0	0	0	927,749	0	0	0
Housing and Development	0	0	315,699	0	242,686	0	0
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	0	3,319,417	315,699	927,749	242,686	157,563	22,415
Excess (deficiency) of revenues over (under) expenditures	16,167	99,301	(185,517)	(395,367)	232,871	(74,855)	11,043
Other financing sources (uses)							
Transfers in	0	524,547	0	423,231	11,279	80,726	0
Transfers out	0	(225,324)	(150,000)	0	(259,775)	0	0
Issuance of capital lease	0	0	0	0	0	0	0
Sales of capital assets	0	0	0	381	0	0	0
Total other financing sources (uses)	0	299,223	(150,000)	423,612	(248,496)	80,726	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	16,167	398,524	(335,517)	28,245	(15,625)	5,871	11,043
Fund balances, July 1 (original)	1,726,996	1,112,582	6,844,430	140,677	126,793	172,969	6,821
Prior period adjustments	0	(93,382)	0	0	0	0	0
Fund balances, July 1 (restated)	1,726,996	1,019,200	6,844,430	140,677	126,793	172,969	6,821
Fund balances, June 30	\$ 1,743,163	\$ 1,417,724	\$ 6,508,913	\$ 168,922	\$ 111,168	\$ 178,840	\$ 17,864

Special Revenue							Capital Projects		Total Nonmajor Governmental Funds
Grants	HUD Grant	Revolving Loan	Impact Fee	Tax Allocation District	Cemetery Trust	Debt Service	General Government	Grants	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,719	\$ 0	\$ 1,786,455	\$ 0	\$ 0	\$ 2,328,221
0	0	0	0	0	0	0	0	0	21,290
0	0	24,566	64,925	0	43,345	0	0	0	1,051,808
141,835	207,692	0	0	0	0	994,588	0	152,650	4,363,461
0	0	105	8,011	876	1,274	21,507	0	0	127,407
0	0	0	0	0	0	0	0	0	80,806
0	0	839	0	0	50	0	0	0	233,616
141,835	207,692	25,510	72,936	69,595	44,669	2,802,550	0	152,650	8,206,609
15,545	0	0	0	0	0	0	0	0	173,108
54,175	0	0	0	0	0	0	0	0	76,590
77,053	0	0	0	0	0	0	0	0	77,053
0	0	0	0	0	0	0	0	0	3,319,417
0	0	0	0	0	0	0	0	0	927,749
98,001	214,762	17,718	0	0	0	0	0	0	888,866
0	0	0	0	0	0	1,659,125	0	0	1,659,125
0	0	0	0	0	0	644,194	0	0	644,194
0	0	0	0	0	0	0	718,639	109,105	827,744
244,774	214,762	17,718	0	0	0	2,303,319	718,639	109,105	8,593,846
(102,939)	(7,070)	7,792	72,936	69,595	44,669	499,231	(718,639)	43,545	(387,237)
64,196	0	0	0	0	0	164,000	961,110	168,000	2,397,089
0	0	0	(2,518)	0	(44,000)	0	(332,000)	(49,568)	(1,063,185)
0	0	0	0	0	0	0	366,475	0	366,475
0	0	0	0	0	0	0	0	0	381
64,196	0	0	(2,518)	0	(44,000)	164,000	995,585	118,432	1,700,760
(38,743)	(7,070)	7,792	70,418	69,595	669	663,231	276,946	161,977	1,313,523
71,981	21,788	3,237	705,937	72,872	117,894	1,602,964	1,833,472	23,923	14,585,336
0	0	0	0	0	0	0	0	0	(93,382)
71,981	21,788	3,237	705,937	72,872	117,894	1,602,964	1,833,472	23,923	14,491,954
\$ 33,238	\$ 14,718	\$ 11,029	\$ 776,355	\$ 142,467	\$ 118,563	\$ 2,266,195	\$ 2,110,418	\$ 185,900	\$ 15,805,477

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2009

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 699,592	\$ 802,205	\$ 48,289	\$ 1,550,086
Restricted assets				
Cash and cash equivalents	202	0	0	202
Receivables (net)				
Accounts	15,040	139,582	39,963	194,585
Intergovernmental	868,499	0	0	868,499
Prepaid items	0	0	1,435	1,435
Total current assets	<u>1,583,333</u>	<u>941,787</u>	<u>89,687</u>	<u>2,614,807</u>
Noncurrent assets				
Capital assets				
Non-depreciable	2,782,689	0	53,271	2,835,960
Depreciable (net)	10,792,008	528,491	4,433,783	15,754,282
Debt issue costs (net)	85,093	0	82,366	167,459
Total noncurrent assets	<u>13,659,790</u>	<u>528,491</u>	<u>4,569,420</u>	<u>18,757,701</u>
Total assets	<u>15,243,123</u>	<u>1,470,278</u>	<u>4,659,107</u>	<u>21,372,508</u>
LIABILITIES				
Current liabilities				
Payables				
Accounts	570,683	47,522	57,825	676,030
Retainages	100,726	0	0	100,726
Interest	28,765	0	19,759	48,524
Accrued salaries	0	30,594	26,410	57,004
Compensated absences	0	38,958	17,786	56,744
Capital lease payable	270,000	11,218	165,000	446,218
Notes payable	0	0	81,691	81,691
Other liabilities	0	0	30,782	30,782
Total current liabilities	<u>970,174</u>	<u>128,292</u>	<u>399,253</u>	<u>1,497,719</u>
Noncurrent liabilities				
Advances from other funds	0	0	249,325	249,325
OPEB Obligation	0	259,093	97,160	356,253
Capital leases payable	3,780,000	0	3,775,000	7,555,000
Total noncurrent liabilities	<u>3,780,000</u>	<u>259,093</u>	<u>4,121,485</u>	<u>8,160,578</u>
Total liabilities	<u>4,750,174</u>	<u>387,385</u>	<u>4,520,738</u>	<u>9,658,297</u>
NET ASSETS				
Invested in capital assets, net of related debt	9,524,899	517,273	465,363	10,507,535
Unrestricted	968,050	565,620	(326,994)	1,206,676
Total net assets	<u>\$ 10,492,949</u>	<u>\$ 1,082,893</u>	<u>\$ 138,369</u>	<u>\$ 11,714,211</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2009

	Airport	Solid Waste	Chattahoochee Golf Course	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for sales and services	\$ 851,644	\$ 1,703,937	\$ 1,057,516	\$ 3,613,097
Miscellaneous revenues	1,876	3,743	8,604	14,223
Total operating revenues	853,520	1,707,680	1,066,120	3,627,320
OPERATING EXPENSES				
Costs of sales and services	71,953	777,802	310,159	1,159,914
Personal services	0	1,370,965	755,242	2,126,207
Depreciation	613,291	124,795	287,322	1,025,408
Total operating expenses	685,244	2,273,562	1,352,723	4,311,529
Operating income (loss)	168,276	(565,882)	(286,603)	(684,209)
Non-operating revenues (expenses)				
Contributions	0	110,652	0	110,652
Interest revenue	6,378	10,516	764	17,658
Interest expense	(235,541)	(981)	(161,222)	(397,744)
Amortization	(8,235)	0	(5,314)	(13,549)
Gain (loss) on sale of capital assets	21	1,093	201	1,315
Total non-operating revenues (expenses)	(237,377)	121,280	(165,571)	(281,668)
Income (loss) before capital contributions and transfers	(69,101)	(444,602)	(452,174)	(965,877)
Capital contributions				
Capital contributions	0	0	1,575	1,575
Intergovernmental revenue	1,895,929	0	0	1,895,929
Total capital contributions	1,895,929	0	1,575	1,897,504
Income (loss) before transfers	1,826,828	(444,602)	(450,599)	931,627
Transfers in (out)				
Transfers in	0	135,602	216,855	352,457
Transfers out	(46,300)	0	0	(46,300)
Total transfers in (out)	(46,300)	135,602	216,855	306,157
Change in net assets	1,780,528	(309,000)	(233,744)	1,237,784
Net assets, July 1 (original)	8,766,777	1,391,893	372,113	10,530,783
Prior period adjustments	(54,356)	0	0	(54,356)
Net assets, July 1 (restated)	8,712,421	1,391,893	372,113	10,476,427
Net assets, June 30	\$ 10,492,949	\$ 1,082,893	\$ 138,369	\$ 11,714,211

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2009

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:				
Receipts from customers	\$ 872,585	\$ 1,707,042	\$ 1,099,644	\$ 3,679,271
Payments to suppliers	(87,550)	(773,209)	(301,863)	(1,162,622)
Payments to employees	0	(1,110,030)	(655,893)	(1,765,923)
Other receipts	1,876	3,743	5,573	11,192
	<u>786,911</u>	<u>(172,454)</u>	<u>147,461</u>	<u>761,918</u>
Net cash provided (used) by operating activities				
Cash flows from non-capital financing activities:				
Receipts from individuals	0	110,652	0	110,652
Receipts from other funds	0	135,602	216,855	352,457
Payments to other funds	(46,300)	0	0	(46,300)
	<u>(46,300)</u>	<u>246,254</u>	<u>216,855</u>	<u>416,809</u>
Net cash provided (used) by non-capital financing activities				
Cash flows from capital and related financing activities:				
Receipt of capital contributions	1,258,867	0	0	1,258,867
Sale of capital assets	21	1,093	201	1,315
Interest paid	(237,348)	(981)	(162,025)	(400,354)
Acquisition of capital assets	(1,466,431)	(167,814)	(38,825)	(1,673,070)
Principal payments - capital leases	(255,000)	(21,787)	(160,000)	(436,787)
	<u>(699,891)</u>	<u>(189,489)</u>	<u>(360,649)</u>	<u>(1,250,029)</u>
Net cash provided (used) by capital and related financing activities				
Cash flows from investing activities:				
Interest received	6,378	10,516	764	17,658
	<u>6,378</u>	<u>10,516</u>	<u>764</u>	<u>17,658</u>
Net increase (decrease) in cash and cash equivalents	47,098	(105,173)	4,431	(53,644)
Cash and cash equivalents, July 1	652,696	907,378	43,858	1,603,932
Cash and cash equivalents, June 30	<u>\$ 699,794</u>	<u>\$ 802,205</u>	<u>\$ 48,289</u>	<u>\$ 1,550,288</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2009

	<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)	\$ 168,276	\$ (565,882)	\$ (286,603)	\$ (684,209)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	613,291	124,795	287,322	1,025,408
(Increase) decrease in				
accounts receivable	20,941	3,105	39,097	63,143
Increase (decrease) in accounts payable	(15,597)	4,593	22,309	11,305
Increase (decrease) in				
accrued salaries and benefits	0	1,842	2,189	4,031
Increase (decrease) in OPEB obligation	0	259,093	97,160	356,253
Increase (decrease) in other liabilities	0	0	(14,013)	(14,013)
Total adjustments	<u>618,635</u>	<u>393,428</u>	<u>434,064</u>	<u>1,446,127</u>
Net cash provided (used) by operating activities	<u>\$ 786,911</u>	<u>\$ (172,454)</u>	<u>\$ 147,461</u>	<u>\$ 761,918</u>
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	\$ 699,592	\$ 802,205	\$ 48,289	\$ 1,550,086
Restricted assets				
Cash and cash equivalents	<u>202</u>	<u>0</u>	<u>0</u>	<u>202</u>
Total cash and cash equivalents	<u>\$ 699,794</u>	<u>\$ 802,205</u>	<u>\$ 48,289</u>	<u>\$ 1,550,288</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2009

	<u>General Insurance Fund</u>	<u>Employee Benefits Fund</u>	<u>Vehicle Services Fund</u>	<u>Totals</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,202,021	\$ 1,419,403	\$ 44,876	\$ 2,666,300
Intergovernmental receivables	0	0	27,037	27,037
Inventory	0	0	126,835	126,835
Prepaid items	155,058	0	0	155,058
	<u>1,357,079</u>	<u>1,419,403</u>	<u>198,748</u>	<u>2,975,230</u>
Total current assets				
Noncurrent assets				
Depreciable capital assets (net)	0	0	91,593	91,593
	<u>0</u>	<u>0</u>	<u>91,593</u>	<u>91,593</u>
Total assets	<u>1,357,079</u>	<u>1,419,403</u>	<u>290,341</u>	<u>3,066,823</u>
LIABILITIES				
Current Liabilities				
Accounts payable	31,920	48,874	11,577	92,371
Deposits payable	0	7,672	0	7,672
Accrued salaries	4,619	0	8,787	13,406
Compensated absences	7,771	0	9,245	17,016
Claims reserves	749,223	419,630	0	1,168,853
	<u>793,533</u>	<u>476,176</u>	<u>29,609</u>	<u>1,299,318</u>
Total liabilities				
NET ASSETS				
Invested in capital assets	0	0	91,593	91,593
Unrestricted	563,546	943,227	169,139	1,675,912
	<u>563,546</u>	<u>943,227</u>	<u>260,732</u>	<u>1,767,505</u>
Total net assets	<u>\$ 563,546</u>	<u>\$ 943,227</u>	<u>\$ 260,732</u>	<u>\$ 1,767,505</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2009

	<u>General Insurance Fund</u>	<u>Employee Benefits Fund</u>	<u>Vehicle Services Fund</u>	<u>Totals</u>
OPERATING REVENUES				
Interfund services provided	\$ 1,463,746	\$ 7,269,845	\$ 1,802,505	\$ 10,536,096
Other	7,159	594	0	7,753
Total operating revenues	<u>1,470,905</u>	<u>7,270,439</u>	<u>1,802,505</u>	<u>10,543,849</u>
OPERATING EXPENSES				
Costs of services	1,470,905	7,629,034	1,508,140	10,608,079
Personal services	0	0	266,464	266,464
Depreciation	0	0	27,901	27,901
Total operating expenses	<u>1,470,905</u>	<u>7,629,034</u>	<u>1,802,505</u>	<u>10,902,444</u>
Operating income (loss)	<u>0</u>	<u>(358,595)</u>	<u>0</u>	<u>(358,595)</u>
Non-operating revenues (expenses)				
Interest revenue	19,475	3,587	0	23,062
Gain (loss) on sale of assets	0	0	51	51
Total non-operating revenues (expenses)	<u>19,475</u>	<u>3,587</u>	<u>51</u>	<u>23,113</u>
Net income (loss) before transfers	<u>19,475</u>	<u>(355,008)</u>	<u>51</u>	<u>(335,482)</u>
Transfers in (out)				
Transfers in	0	700,000	18,000	718,000
Transfers out	(700,000)	(87,395)	0	(787,395)
Total transfers in (out)	<u>(700,000)</u>	<u>612,605</u>	<u>18,000</u>	<u>(69,395)</u>
Change in net assets	(680,525)	257,597	18,051	(404,877)
Net assets, July 1	<u>1,244,071</u>	<u>685,630</u>	<u>242,681</u>	<u>2,172,382</u>
Net assets, June 30	<u><u>\$ 563,546</u></u>	<u><u>\$ 943,227</u></u>	<u><u>\$ 260,732</u></u>	<u><u>\$ 1,767,505</u></u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2009

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 1,464,265	\$ 7,281,455	\$ 1,812,958	\$ 10,558,678
Payments to suppliers	(1,709,282)	(7,196,073)	(1,510,355)	(10,415,710)
Payments to employees	129,206	0	(267,255)	(138,049)
Other receipts	7,159	594	0	7,753
Net cash provided (used) by operating activities	<u>(108,652)</u>	<u>85,976</u>	<u>35,348</u>	<u>12,672</u>
Cash flows from non-capital financing activities:				
Receipts from other funds	0	612,605	18,000	630,605
Payments to other funds	(700,000)	0	0	(700,000)
Net cash provided (used) by non-capital financing activities	<u>(700,000)</u>	<u>612,605</u>	<u>18,000</u>	<u>(69,395)</u>
Cash flows from capital and related financing activities:				
Sale of capital assets	0	0	51	51
Acquisition of capital assets	0	0	(10,644)	(10,644)
Net cash provided (used) by capital and related financing	<u>0</u>	<u>0</u>	<u>(10,593)</u>	<u>(10,593)</u>
Cash flows from investing activities:				
Interest received	19,475	3,587	0	23,062
Net increase (decrease) in cash and cash equivalents	(789,177)	702,168	42,755	(44,254)
Cash and cash equivalents, July 1	1,991,198	717,235	2,121	2,710,554
Cash and cash equivalents, June 30	<u><u>\$ 1,202,021</u></u>	<u><u>\$ 1,419,403</u></u>	<u><u>\$ 44,876</u></u>	<u><u>\$ 2,666,300</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 0	\$ (358,595)	\$ 0	\$ (358,595)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	0	0	27,901	27,901
(Increase) decrease in accounts receivable	519	11,610	0	12,129
(Increase) decrease in intergovernmental receivables	0	0	10,453	10,453
(Increase) decrease in prepaid items	(15,643)	0	0	(15,643)
(Increase) decrease in inventory	0	0	67,400	67,400
Increase (decrease) in accounts payable	(32,591)	5,659	(69,615)	(96,547)
Increase (decrease) in accrued salaries and benefits	1,728	0	(791)	937
Increase (decrease) in deposits payable	0	7,672	0	7,672
Increase (decrease) in claims reserve	(62,665)	419,630	0	356,965
Total adjustments	<u>(108,652)</u>	<u>444,571</u>	<u>35,348</u>	<u>371,267</u>
Net cash provided (used) by operating activities	<u><u>\$ (108,652)</u></u>	<u><u>\$ 85,976</u></u>	<u><u>\$ 35,348</u></u>	<u><u>\$ 12,672</u></u>

GENERAL FUND

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

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

**CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008**

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 3,576,564	\$ 3,171,434
Receivables (net)		
Accounts	421,342	117,324
Intergovernmental	541,290	1,455,065
Property taxes	230,286	190,206
Due from other funds	109,153	547,809
Prepaid items	8,448	5,371
	Total assets	Total assets
	\$ 4,887,083	\$ 5,487,209
 LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 318,569	\$ 288,960
Intergovernmental	46,992	47,313
Accrued salaries	616,472	572,363
Deferred revenue	187,826	177,234
Other liabilities	18,860	264,570
	Total liabilities	Total liabilities
	1,188,719	1,350,440
 Fund balances		
Reserved for encumbrances	94,124	64,631
Reserved for prepaid items	8,448	5,371
Unreserved, designated for City Hall improvements	53,928	39,429
Unreserved, designated for budget	1,200,000	1,515,804
Unreserved, undesignated	2,341,864	2,511,534
	Total fund balances	Total fund balances
	3,698,364	4,136,769
	Total liabilities and fund balances	Total liabilities and fund balances
	\$ 4,887,083	\$ 5,487,209

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
REVENUES		
Taxes	\$ 18,701,942	\$ 19,672,727
Licenses and permits	563,085	726,127
Fines, fees and forfeitures	1,179,218	1,780,721
Charges for services	1,538,668	1,428,553
Intergovernmental	453,994	460,262
Interest	51,005	217,359
Contributions	0	50,660
Other	92,377	77,738
	<hr/>	<hr/>
Total revenues	<u>22,580,289</u>	<u>24,414,147</u>
EXPENDITURES		
Current		
General Government	3,087,183	2,970,941
Judicial	369,537	370,393
Public Safety	14,020,713	14,168,441
Public Works	4,509,296	4,638,378
Health and Welfare	61,765	74,502
Culture and Recreation	241,865	350,000
Housing and Development	1,063,028	1,048,731
	<hr/>	<hr/>
Total expenditures	<u>23,353,387</u>	<u>23,621,386</u>
Excess (deficiency) of revenues over (under) expenditures	<hr/> <u>(773,098)</u>	<hr/> <u>792,761</u>
Other financing sources (uses)		
Transfers in (out)		
Community Service Center Fund	(520,547)	(494,479)
Georgia Mountains Center Fund	(246,456)	(266,350)
Government Access Cable TV Channel Fund	(80,726)	(67,230)
Grants Special Revenue Fund	(64,196)	(12,433)
Hotel/Motel Tax Fund	(11,279)	(62,775)
Impact Fee Fund	2,518	8,150
Economic Development Fund	0	(4,000,000)
Cemetery Trust Fund	44,000	0
General Government Capital Projects Fund	(790,715)	(1,575,321)
SPLOST Capital Projects Fund	0	(607,000)
Airport Fund	46,300	44,100
Public Utilities Fund	2,308,025	2,308,025
Solid Waste Fund	(135,602)	(376,131)
Chattahoochee Golf Course Fund	(216,855)	(70,000)
Employee Benefits Fund	0	(225,925)
Vehicle Services Fund	(18,000)	(51,083)
Sales of capital assets	18,226	2,045,711
	<hr/>	<hr/>
Total other financing sources (uses)	<u>334,693</u>	<u>(3,402,741)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<hr/> <u>(438,405)</u>	<hr/> <u>(2,609,980)</u>
Fund balances, July 1	<hr/> <u>4,136,769</u>	<hr/> <u>6,746,749</u>
Fund balances, June 30	<hr/> <u>\$ 3,698,364</u>	<hr/> <u>\$ 4,136,769</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2009
(With comparative actual amounts for the fiscal year ended June 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Current year levy	\$ 4,929,594	\$ 5,037,213	\$ 107,619	\$ 4,816,967
Prior years' levies	24,278	111,159	86,881	37,966
Motor vehicle tax	260,000	225,968	(34,032)	261,093
Cost, penalties, and interest	59,000	175,130	116,130	81,032
Total general property taxes	5,272,872	5,549,470	276,598	5,197,058
Intangibles tax	288,000	180,064	(107,936)	237,483
Franchise tax	3,920,000	4,451,348	531,348	4,599,218
Insurance premium tax	1,426,000	1,431,555	5,555	1,398,065
Occupational tax	1,320,000	1,288,785	(31,215)	1,354,234
Liquor tax	110,000	104,110	(5,890)	106,285
Beer and wine tax	905,000	816,524	(88,476)	860,745
Mixed drink tax	120,000	80,154	(39,846)	89,950
Local option sales tax	5,624,682	4,799,932	(824,750)	5,829,689
Total taxes	18,986,554	18,701,942	(284,612)	19,672,727
Licenses and permits	856,550	563,085	(293,465)	726,127
Fines, fees and forfeitures	1,696,000	1,179,218	(516,782)	1,780,721
Charges for services	1,488,389	1,538,668	50,279	1,428,553
Intergovernmental	409,703	453,994	44,291	460,262
Interest	140,000	51,005	(88,995)	217,359
Contributions	0	0	0	50,660
Other				
Cemetery care	40,000	42,375	2,375	41,298
Miscellaneous	43,789	50,002	6,213	36,440
Total other	83,789	92,377	8,588	77,738
Total revenues	<u>\$ 23,660,985</u>	<u>\$ 22,580,289</u>	<u>\$ (1,080,696)</u>	<u>\$ 24,414,147</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2009
(With comparative actual amounts for the fiscal year ended June 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
City Manager's Office				
Personal services	\$ 782,273	\$ 778,923	\$ 3,350	\$ 716,459
Other	238,626	222,901	15,725	290,685
Total City Manager's Office	<u>1,020,899</u>	<u>1,001,824</u>	<u>19,075</u>	<u>1,007,144</u>
Financial Services and IT				
Personal services	1,397,420	1,274,751	122,669	1,188,797
Other	423,048	378,364	44,684	388,099
Capital outlay	15,300	15,272	28	14,708
Total Financial Services and IT	<u>1,835,768</u>	<u>1,668,387</u>	<u>167,381</u>	<u>1,591,604</u>
Human Resources				
Personal services	404,475	385,651	18,824	306,220
Other	50,514	31,321	19,193	60,875
Capital outlay	0	0	0	5,098
Total Human Resources	<u>454,989</u>	<u>416,972</u>	<u>38,017</u>	<u>372,193</u>
Total General Government	<u>3,311,656</u>	<u>3,087,183</u>	<u>224,473</u>	<u>2,970,941</u>
Judicial				
Municipal Court				
Personal services	310,683	282,831	27,852	275,972
Other	104,238	86,706	17,532	94,421
Total Judicial	<u>414,921</u>	<u>369,537</u>	<u>45,384</u>	<u>370,393</u>
Public Safety				
Police				
Personal services	7,288,588	6,863,792	424,796	6,796,689
Other	1,652,392	1,486,089	166,303	1,764,853
Capital outlay	10,500	10,500	0	39,910
Total Police	<u>8,951,480</u>	<u>8,360,381</u>	<u>591,099</u>	<u>8,601,452</u>
City Marshal				
Personal services	346,725	331,183	15,542	427,098
Other	112,392	80,325	32,067	82,741
Total City Marshal	<u>459,117</u>	<u>411,508</u>	<u>47,609</u>	<u>509,839</u>
Fire				
Personal services	4,850,102	4,634,639	215,463	4,457,665
Other	608,368	585,290	23,078	588,485
Capital outlay	39,600	28,895	10,705	11,000
Total Fire	<u>5,498,070</u>	<u>5,248,824</u>	<u>249,246</u>	<u>5,057,150</u>
Total Public Safety	<u>14,908,667</u>	<u>14,020,713</u>	<u>887,954</u>	<u>14,168,441</u>
Public Works				
Public Lands and Buildings				
Personal services	353,732	342,823	10,909	329,658
Other	145,491	136,832	8,659	123,725
Capital outlay	9,350	8,495	855	10,750
Total Public Lands and Buildings	<u>508,573</u>	<u>488,150</u>	<u>20,423</u>	<u>464,133</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2009
(With comparative actual amounts for the fiscal year ended June 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
Public Works, continued				
Engineering				
Personal services	\$ 737,925	\$ 666,338	\$ 71,587	\$ 654,808
Other	103,766	66,360	37,406	108,624
Total Engineering	<u>841,691</u>	<u>732,698</u>	<u>108,993</u>	<u>763,432</u>
Traffic				
Personal services	586,871	476,086	110,785	511,404
Other	598,827	574,202	24,625	649,064
Capital Outlay	28,349	28,349	0	31,509
Total Traffic	<u>1,214,047</u>	<u>1,078,637</u>	<u>135,410</u>	<u>1,191,977</u>
Street Maintenance				
Personal services	1,559,315	1,374,696	184,619	1,283,210
Other	549,810	494,707	55,103	573,789
Capital outlay	36,000	0	36,000	27,316
Total Street Maintenance	<u>2,145,125</u>	<u>1,869,403</u>	<u>275,722</u>	<u>1,884,315</u>
Cemetery				
Personal services	287,059	262,769	24,290	266,900
Other	115,615	70,876	44,739	67,621
Capital outlay	8,100	6,763	1,337	0
Total Cemetery	<u>410,774</u>	<u>340,408</u>	<u>70,366</u>	<u>334,521</u>
Total Public Works	<u>5,120,210</u>	<u>4,509,296</u>	<u>610,914</u>	<u>4,638,378</u>
Health and Welfare				
Agency allocations				
Other	<u>65,000</u>	<u>61,765</u>	<u>3,235</u>	<u>74,502</u>
Culture and Recreation				
Agency allocations				
Other	<u>241,865</u>	<u>241,865</u>	<u>0</u>	<u>350,000</u>
Housing and Development				
Planning				
Personal services	491,283	472,635	18,648	416,883
Other	123,836	86,878	36,958	128,240
Total Planning	<u>615,119</u>	<u>559,513</u>	<u>55,606</u>	<u>545,123</u>
Inspection				
Personal services	425,816	406,655	19,161	402,224
Other	49,294	27,686	21,608	33,196
Total Inspection	<u>475,110</u>	<u>434,341</u>	<u>40,769</u>	<u>435,420</u>
Economic Development Council				
Other	<u>32,500</u>	<u>32,500</u>	<u>0</u>	<u>32,500</u>
GA Mountains Regional Development Center				
Other	<u>36,674</u>	<u>36,674</u>	<u>0</u>	<u>35,688</u>
Total Housing and Development	<u>1,159,403</u>	<u>1,063,028</u>	<u>96,375</u>	<u>1,048,731</u>
Total expenditures	<u>\$ 25,221,722</u>	<u>\$ 23,353,387</u>	<u>\$ 1,868,335</u>	<u>\$ 23,621,386</u>

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF GAINESVILLE, GEORGIA
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 1,493,838	\$ 1,477,671
Advances to other funds	249,325	249,325
Total assets	\$ 1,743,163	\$ 1,726,996
 LIABILITIES AND FUND BALANCES		
Liabilities		
Fund balances		
Reserved for advances to other funds	\$ 249,325	\$ 249,325
Unreserved, undesignated	1,493,838	1,477,671
Total fund balances	\$ 1,743,163	\$ 1,726,996

CITY OF GAINESVILLE, GEORGIA
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2009
(With comparative actual amounts for the year ended June 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Interest	\$ 22,000	\$ 16,167	\$ (5,833)	\$ 47,394
Total revenues	<u>22,000</u>	<u>16,167</u>	<u>(5,833)</u>	<u>47,394</u>
EXPENDITURES				
Current				
Health and Welfare	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,000</u>	<u>16,167</u>	<u>(5,833)</u>	<u>47,394</u>
Other financing sources (uses)				
Transfers in (out)				
Cemetery Trust Fund	0	0	0	35,000
Contingency	<u>(22,000)</u>	<u>0</u>	<u>22,000</u>	<u>0</u>
Total other financing sources (uses)	<u>(22,000)</u>	<u>0</u>	<u>22,000</u>	<u>35,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	16,167	16,167	82,394
Fund balances, July 1	<u>0</u>	<u>1,726,996</u>	<u>1,726,996</u>	<u>1,644,602</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 1,743,163</u></u>	<u><u>\$ 1,743,163</u></u>	<u><u>\$ 1,726,996</u></u>

CITY OF GAINESVILLE, GEORGIA
COMMUNITY SERVICE CENTER SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 1,363,334	\$ 364,789
Receivables		
Accounts	1,752	14,320
Intergovernmental	293,658	1,078,707
Prepaid items	0	3,075
Total assets	\$ 1,658,744	\$ 1,460,891
 LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 72,400	\$ 84,619
Deferred revenues	112,097	53,274
Accrued salaries	56,523	53,513
Due to other funds	0	250,285
Total liabilities	241,020	441,691
 Fund balances		
Reserved for encumbrances	156,694	2,300
Reserved for prepaid items	0	3,075
Unreserved, designated for budget	73,740	0
Unreserved, undesignated	1,187,290	1,013,825
Total fund balances	1,417,724	1,019,200
Total liabilities and fund balances	\$ 1,658,744	\$ 1,460,891

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, 2009
(With comparative actual amounts for the year ended June 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 404,632	\$ 398,983	\$ (5,649)	\$ 393,558
Intergovernmental	3,125,641	2,783,965	(341,676)	3,098,225
Interest	1,000	8,468	7,468	17,641
Contributions	79,750	80,806	1,056	97,570
Other	157,864	146,496	(11,368)	129,909
Total revenues	3,768,887	3,418,718	(350,169)	3,736,903
EXPENDITURES				
Current				
Health and Welfare				
Personal services	1,797,620	1,724,189	73,431	1,631,682
Other	2,165,582	1,594,810	570,772	1,773,075
Capital outlay	50,000	418	49,582	0
Total expenditures	4,013,202	3,319,417	693,785	3,404,757
Excess (deficiency) of revenues over (under) expenditures	(244,315)	99,301	343,616	332,146
Other financing sources (uses)				
Transfers in (out)				
General Fund	512,012	520,547	8,535	494,479
SPLOST Capital Projects Fund	(306,562)	(225,324)	81,238	(657,434)
Public Utilities Fund	4,000	4,000	0	4,000
Total other financing sources (uses)	209,450	299,223	89,773	(158,955)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(34,865)	398,524	433,389	173,191
Fund balance, July 1 (restated)	34,865	1,019,200	984,335	846,009
Fund balances, June 30	\$ 0	\$ 1,417,724	\$ 1,417,724	\$ 1,019,200

CITY OF GAINESVILLE, GEORGIA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 5,912,514	\$ 6,284,638
Investments	<u>609,858</u>	<u>581,273</u>
Total assets	<u><u>\$ 6,522,372</u></u>	<u><u>\$ 6,865,911</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 12,593	\$ 21,453
Accrued salaries	<u>866</u>	<u>28</u>
Total liabilities	<u>13,459</u>	<u>21,481</u>
Fund balances		
Reserved for encumbrances	7,897	0
Unreserved, undesignated	<u>6,501,016</u>	<u>6,844,430</u>
Total fund balances	<u>6,508,913</u>	<u>6,844,430</u>
Total liabilities and fund balances	<u><u>\$ 6,522,372</u></u>	<u><u>\$ 6,865,911</u></u>

CITY OF GAINESVILLE, GEORGIA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2009
(With comparative actual amounts for the year ended June 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Interest	\$ 100,000	\$ 66,855	\$ (33,145)	\$ 143,085
Other	0	63,327	63,327	76,949
Total revenue	100,000	130,182	30,182	220,034
EXPENDITURES				
Current				
Housing and Development				
Other	1,123,929	173,928	950,001	201,541
Capital outlay	694,531	141,771	552,760	1,913,213
Total expenditures	1,818,460	315,699	1,502,761	2,114,754
Excess (deficiency) of revenues over (under) expenditures	(1,718,460)	(185,517)	1,532,943	(1,894,720)
Other financing sources (uses)				
Transfers in (out)				
General Government				
General Fund	0	0	0	4,000,000
Public Utilities Fund	(150,000)	(150,000)	0	535,999
Sales of capital assets	500,000	0	(500,000)	0
Total other financing sources (uses)	350,000	(150,000)	(500,000)	4,535,999
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,368,460)	(335,517)	1,032,943	2,641,279
Fund balances, July 1	1,368,460	6,844,430	5,475,970	4,203,151
Fund balances, June 30	\$ 0	\$ 6,508,913	\$ 6,508,913	\$ 6,844,430

CITY OF GAINESVILLE, GEORGIA
GEORGIA MOUNTAINS CENTER SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 197,080	\$ 172,995
Accounts receivable	1,892	6,631
Prepaid items	820	15,000
Total assets	\$ 199,792	\$ 194,626
 LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 10,580	\$ 29,666
Sales tax	808	1,880
Accrued salaries	16,257	19,278
Customer deposits	3,225	3,125
Total liabilities	30,870	53,949
Fund balances		
Reserved for prepaid items	820	15,000
Unreserved, undesignated	168,102	125,677
Total fund balances	168,922	140,677
Total liabilities and fund balances	\$ 199,792	\$ 194,626

CITY OF GAINESVILLE, GEORGIA
GEORGIA MOUNTAINS CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2009
(With comparative actual amounts for the year ended June 30, 2008)

	<u>2009</u>			<u>2008</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Charges for services	\$ 598,665	\$ 519,989	\$ (78,676)	\$ 528,498
Interest	7,000	1,679	(5,321)	5,905
Other	11,739	10,714	(1,025)	9,714
Total revenues	<u>617,404</u>	<u>532,382</u>	<u>(85,022)</u>	<u>544,117</u>
EXPENDITURES				
Current				
Culture and Recreation				
Personal services	644,683	533,862	110,821	589,758
Other	445,856	393,887	51,969	416,870
Total expenditures	<u>1,090,539</u>	<u>927,749</u>	<u>162,790</u>	<u>1,006,628</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(473,135)</u>	<u>(395,367)</u>	<u>77,768</u>	<u>(462,511)</u>
Other financing sources (uses)				
Transfers in (out)				
General Fund	246,456	246,456	0	266,350
Hotel/Motel Tax Fund	176,775	176,775	0	176,775
Sales of capital assets	1,000	381	(619)	0
Total other financing sources (uses)	<u>424,231</u>	<u>423,612</u>	<u>(619)</u>	<u>443,125</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(48,904)</u>	<u>28,245</u>	<u>77,149</u>	<u>(19,386)</u>
Fund balances, July 1	<u>48,904</u>	<u>140,677</u>	<u>91,773</u>	<u>160,063</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 168,922</u>	<u>\$ 168,922</u>	<u>\$ 140,677</u>

CITY OF GAINESVILLE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 53,833	\$ 72,111
Accounts receivable	57,335	54,682
Total assets	\$ 111,168	\$ 126,793
 LIABILITIES AND FUND BALANCES		
Liabilities		
Fund balances		
Unreserved, designated for Georgia Mountain Center improvements	\$ 53,704	\$ 64,085
Unreserved, undesignated	57,464	62,708
Total fund balances	\$ 111,168	\$ 126,793

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, 2009
(With comparative actual amounts for the year ended June 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	\$ 498,000	\$ 473,047	\$ (24,953)	\$ 479,684
Intergovernmental	0	2,005	2,005	0
Interest	1,500	505	(995)	1,968
Total revenues	499,500	475,557	(23,943)	481,652
EXPENDITURES				
Current				
Housing and Development				
Convention and Visitors Bureau	166,000	157,682	8,318	179,895
Main Street Program	85,004	85,004	0	93,495
Total expenditures	251,004	242,686	8,318	273,390
Excess (deficiency) of revenues over (under) expenditures	248,496	232,871	(15,625)	208,262
Other financing sources (uses)				
Transfers in (out)				
General Fund	11,279	11,279	0	62,775
Georgia Mountains Center	(176,775)	(176,775)	0	(176,775)
General Government				
Capital Projects Fund	(83,000)	(83,000)	0	(77,000)
Total other financing sources (uses)	(248,496)	(248,496)	0	(191,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(15,625)	(15,625)	17,262
Fund balances, July 1	0	126,793	126,793	109,531
Fund balances, June 30	\$ 0	\$ 111,168	\$ 111,168	\$ 126,793

CITY OF GAINESVILLE, GEORGIA
GOVERNMENT ACCESS CABLE TV CHANNEL SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 169,424	\$ 192,369
Intergovernmental receivables	15,027	20,922
Total assets	\$ 184,451	\$ 213,291
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,643	\$ 38,187
Accrued salaries	3,968	2,135
Total liabilities	5,611	40,322
Fund balance		
Reserved for equipment	68,032	68,032
Unreserved, undesignated	110,808	104,937
Total fund balance	178,840	172,969
Total liabilities and fund balance	\$ 184,451	\$ 213,291

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, 2009
(With comparative actual amounts for the year ended June 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 82,416	\$ 80,726	\$ (1,690)	\$ 67,230
Interest	6,000	1,960	(4,040)	7,352
Other	0	22	22	4
Total revenues	88,416	82,708	(5,708)	74,586
EXPENDITURES				
Current				
General Government				
Personal services	112,104	108,636	3,468	87,638
Other	58,728	48,927	9,801	63,764
Capital outlay	0	0	0	36,539
Total expenditures	170,832	157,563	13,269	187,941
Excess (deficiency) of revenues over (under) expenditures	(82,416)	(74,855)	7,561	(113,355)
Other financing sources (uses)				
Transfers in (out)				
General Fund	82,416	80,726	(1,690)	67,230
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	5,871	5,871	(46,125)
Fund balance, July 1	0	172,969	172,969	219,094
Fund balances, June 30	\$ 0	\$ 178,840	\$ 178,840	\$ 172,969

CITY OF GAINESVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 17,864	\$ 6,821
 LIABILITIES AND FUND BALANCE		
Liabilities		
Fund balance		
Unreserved, undesignated	\$ 17,864	\$ 6,821

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, 2009
(With comparative actual amounts for the year ended June 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	\$ 2,712	\$ 21,290	\$ 18,578	\$ 1,341
Other	0	12,168	12,168	3,383
Total revenues	2,712	33,458	30,746	4,724
EXPENDITURES				
Current				
Public Safety				
Other	23,409	22,415	994	7,146
Total expenditures	23,409	22,415	994	7,146
Excess (deficiency) of revenues over (under) expenditures	(20,697)	11,043	31,740	(2,422)
Fund balance, July 1	20,697	6,821	(13,876)	9,243
Fund balances, June 30	\$ 0	\$ 17,864	\$ 17,864	\$ 6,821

**CITY OF GAINESVILLE, GEORGIA
GRANTS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008**

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 40,393	\$ 44,428
Intergovernmental receivables	49,990	50,361
Total assets	\$ 90,383	\$ 94,789
 LIABILITIES AND FUND BALANCE		
Liabilities		
Payables		
Accounts	\$ 1,333	\$ 17,208
Accrued salaries	6,367	0
Deferred revenue	49,445	5,600
Total liabilities	57,145	22,808
Fund balances		
Reserved for encumbrances	1,450	0
Unreserved, undesignated	31,788	71,981
Total fund balances	33,238	71,981
Total liabilities and fund balance	\$ 90,383	\$ 94,789

**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, 2009
(With comparative actual amounts for the year ended June 30, 2008)**

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 416,754	\$ 141,835	\$ (274,919)	\$ 203,544
Contributions	0	0	0	2,116
Total revenues	416,754	141,835	(274,919)	205,660
EXPENDITURES				
Current				
General Government	17,044	15,545	1,499	24,228
Public Safety	75,954	54,175	21,779	30,782
Public Works	94,103	77,053	17,050	0
Culture and Recreation	0	0	0	1,000
Housing and Development	300,000	98,001	201,999	160,419
Total expenditures	487,101	244,774	242,327	216,429
Excess (deficiency) of revenues over (under) expenditures	(70,347)	(102,939)	(32,592)	(10,769)
Other financing sources (uses)				
Transfers in (out)				
General Fund	64,196	64,196	0	12,433
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(6,151)	(38,743)	(32,592)	1,664
Fund balance, July 1	6,151	71,981	65,830	70,317
Fund balances, June 30	\$ 0	\$ 33,238	\$ 33,238	\$ 71,981

CITY OF GAINESVILLE, GEORGIA
HUD GRANT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 20,825	\$ 0
Intergovernmental receivables	9,681	347,307
	Total assets	\$ 347,307
	\$ 30,506	\$ 347,307
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 997	\$ 49,750
Accrued salaries	3,397	3,111
Deferred revenue	11,394	0
Due to other funds	0	272,658
	Total liabilities	325,519
	15,788	325,519
Fund balances		
Unreserved, undesignated	14,718	21,788
	Total liabilities and fund balances	\$ 347,307
	\$ 30,506	\$ 347,307

**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, 2009
 (With comparative actual amounts for the year ended June 30, 2008)**

	<u>2009</u>			<u>2008</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Intergovernmental	\$ 356,135	\$ 207,692	\$ (148,443)	\$ 1,034,508
Total revenues	<u>356,135</u>	<u>207,692</u>	<u>(148,443)</u>	<u>1,034,508</u>
EXPENDITURES				
Current				
Housing and Development				
Personal services	99,098	94,141	4,957	66,061
Other	207,037	120,621	86,416	946,688
Capital outlay	<u>50,000</u>	<u>0</u>	<u>50,000</u>	<u>0</u>
Total expenditures	<u>356,135</u>	<u>214,762</u>	<u>141,373</u>	<u>1,012,749</u>
Excess (deficiency) of revenues over (under) expenditures	0	(7,070)	(7,070)	21,759
Fund balances, July 1	<u>0</u>	<u>21,788</u>	<u>21,788</u>	<u>29</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 14,718</u>	<u>\$ 14,718</u>	<u>\$ 21,788</u>

CITY OF GAINESVILLE, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 11,029	\$ 2,954
Receivables		
Accounts	0	283
Notes	387,829	294,408
Total assets	\$ 398,858	\$ 297,645
 LIABILITIES AND FUND BALANCES		
Liabilities		
Deferred revenue	\$ 387,829	\$ 294,408
Fund balances		
Unreserved, undesignated	11,029	3,237
Total liabilities and fund balance	\$ 398,858	\$ 297,645

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, 2009
(With comparative actual amounts for the year ended June 30, 2008)

	<u>2009</u>			<u>2008</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Charges for services	\$ 24,275	24,566	\$ 291	\$ 15,146
Interest	0	105	105	251
Other	0	839	839	0
Total revenues	<u>24,275</u>	<u>25,510</u>	<u>1,235</u>	<u>15,397</u>
EXPENDITURES				
Current				
Housing and Development				
Other	24,275	17,718	6,557	14,580
Total expenditures	<u>24,275</u>	<u>17,718</u>	<u>6,557</u>	<u>14,580</u>
Excess (deficiency) of revenues over (under) expenditures	0	7,792	7,792	817
Fund balances, July 1	0	3,237	3,237	2,420
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 11,029</u>	<u>\$ 11,029</u>	<u>\$ 3,237</u>

**CITY OF GAINESVILLE, GEORGIA
IMPACT FEE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008**

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 776,355	\$ 705,937
 LIABILITIES AND FUND BALANCES		
Liabilities		
Fund balances		
Reserved for program expenditures		
Police	\$ 126,139	\$ 111,150
Fire	228,921	201,624
Cultural and Recreation	421,295	393,163
Total fund balances	\$ 776,355	\$ 705,937

CITY OF GAINESVILLE, GEORGIA
IMPACT FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2009
(With comparative actual amounts for the year ended June 30, 2008)

	<u>2009</u>			<u>2008</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Charges for services	\$ 281,000	\$ 64,925	\$ (216,075)	\$ 214,711
Intergovernmental	0	0	0	105
Interest	13,000	8,011	(4,989)	23,548
Total revenues	<u>294,000</u>	<u>72,936</u>	<u>(221,064)</u>	<u>238,364</u>
EXPENDITURES				
Current				
Culture and Recreation				
Other	0	0	0	15,000
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>294,000</u>	<u>72,936</u>	<u>(221,064)</u>	<u>223,364</u>
Other financing sources (uses)				
Transfers in (out)				
General Fund	(10,000)	(2,518)	7,482	(8,150)
Contingency	(284,000)	0	284,000	0
Total other financing sources (uses)	<u>(294,000)</u>	<u>(2,518)</u>	<u>291,482</u>	<u>(8,150)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	70,418	70,418	215,214
Fund balances, July 1	0	705,937	705,937	490,723
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 776,355</u>	<u>\$ 776,355</u>	<u>\$ 705,937</u>

**CITY OF GAINESVILLE, GEORGIA
TAX ALLOCATION DISTRICT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 142,467	\$ 72,872
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved, undesignated	\$ 142,467	\$ 72,872

**CITY OF GAINESVILLE, GEORGIA
TAX ALLOCATION DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2009
(With comparative actual amounts for the year ended June 30, 2008)**

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 68,719	\$ 68,719	\$ 0	\$ 72,620
Interest	0	876	876	252
Total revenues	68,719	69,595	876	72,872
EXPENDITURES				
Current				
Housing and Development				
Other	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	68,719	69,595	876	72,872
Other financing sources (uses)				
Contingency	(68,719)	0	68,719	0
Total other financing sources (uses)	(68,719)	0	68,719	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	69,595	69,595	72,872
Fund balances, July 1	0	72,872	72,872	0
Fund balances, June 30	\$ 0	\$ 142,467	\$ 142,467	\$ 72,872

CITY OF GAINESVILLE, GEORGIA
CEMETERY TRUST SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 120,313	\$ 117,894
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 1,750	\$ 0
Fund balances		
Unreserved, designated for budget	3,480	1,000
Unreserved, undesignated	115,083	116,894
Total fund balances	118,563	117,894
 Total liabilities and fund balances	\$ 120,313	\$ 117,894

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, 2009
(With comparative actual amounts for the year ended June 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Sales and services	\$ 40,000	\$ 43,345	\$ 3,345	\$ 41,270
Interest	3,000	1,274	(1,726)	3,573
Other	0	50	50	0
Total revenues	43,000	44,669	1,669	44,843
EXPENDITURES				
Current				
Public Works	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	43,000	44,669	1,669	44,843
Other financing sources (uses)				
Transfers in (out)				
General Fund	(44,000)	(44,000)	0	0
Community Development Fund	0	0	0	(35,000)
Total other financing sources (uses)	(44,000)	(44,000)	0	(35,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,000)	669	1,669	9,843
Fund balances, July 1	1,000	117,894	116,894	108,051
Fund balances, June 30	\$ 0	\$ 118,563	\$ 118,563	\$ 117,894



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, 2009 and 2008**

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 2,253,179	\$ 1,596,138
Receivables		
Intergovernmental	0	3,122
Property taxes	67,422	52,191
Total assets	\$ 2,320,601	\$ 1,651,451
 LIABILITIES AND FUND BALANCES		
Liabilities		
Deferred revenue	\$ 54,406	\$ 48,487
 Fund balances		
Unreserved, undesignated	2,266,195	1,602,964
Total liabilities and fund balances	\$ 2,320,601	\$ 1,651,451

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, 2009
(With comparative actual amounts for the fiscal year ended June 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 1,707,786	\$ 1,786,455	\$ 78,669	\$ 1,706,316
Intergovernmental	994,588	994,588	0	986,988
Interest	14,467	21,507	7,040	58,797
Total revenues	2,716,841	2,802,550	85,709	2,752,101
EXPENDITURES				
Debt Service				
Principal	2,502,123	1,659,125	842,998	2,442,202
Interest and fiscal charges	1,138,718	644,194	494,524	718,082
Total expenditures	3,640,841	2,303,319	1,337,522	3,160,284
Excess (deficiency) of revenues over expenditures	(924,000)	499,231	1,423,231	(408,183)
Other financing sources (uses)				
Transfers in (out)				
General Government				
Capital Projects Fund	164,000	164,000	0	164,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(760,000)	663,231	1,423,231	(244,183)
Fund balances, July 1	760,000	1,602,964	842,964	1,847,147
Fund balances, June 30	\$ 0	\$ 2,266,195	\$ 2,266,195	\$ 1,602,964



CAPITAL PROJECTS FUNDS

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

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

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

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

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

CITY OF GAINESVILLE, GEORGIA
GENERAL GOVERNMENT CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 2,184,162	\$ 1,897,862
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 73,744	\$ 64,390
 Fund balances		
Unreserved, undesignated	2,110,418	1,833,472
Total liabilities and fund balances	\$ 2,184,162	\$ 1,897,862

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, 2009 and 2008

	2009	2008
REVENUES		
Interest	\$ 0	\$ 50,258
Total revenues	0	50,258
EXPENDITURES		
Capital outlay		
General Government	60	0
Public Safety	404,909	461,090
Public Works	245,522	822,109
Health and Welfare	68,148	0
Culture and Recreation	0	107,720
Total expenditures	718,639	1,390,919
Excess (deficiency) of revenues over (under) expenditures	(718,639)	(1,340,661)
Other financing sources (uses)		
Transfers in (out)		
General Fund	790,715	1,575,321
Hotel/Motel Tax Fund	83,000	77,000
Debt Service Fund	(164,000)	(164,000)
Grants Capital Projects Fund	(168,000)	(152,138)
Public Utilities Fund	0	209,000
Employee Benefits Fund	87,395	0
Issuance of capital lease	366,475	795,481
Total other financing sources (uses)	995,585	2,340,664
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	276,946	1,000,003
Fund balances, July 1	1,833,472	833,469
Fund balances, June 30	\$ 2,110,418	\$ 1,833,472

CITY OF GAINESVILLE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 0	\$ 3,780,888
Intergovernmental receivables	402,918	428,182
Restricted assets		
Cash and cash equivalents	25,424,602	3,491,559
Total assets	\$ 25,827,520	\$ 7,700,629
 LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 1,856,919	\$ 1,234,445
Retainages	497,045	643,973
Accrued salaries	3,541	3,433
Deferred revenues	105,991	0
Due to other funds	109,153	0
Total liabilities	2,572,649	1,881,851
Fund balances		
Reserved for restricted assets	23,254,871	3,491,559
Unreserved, undesignated	0	2,327,219
Total fund balances	23,254,871	5,818,778
Total liabilities and fund balances	\$ 25,827,520	\$ 7,700,629

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, 2009 and 2008

	2009	2008
REVENUES		
Intergovernmental	\$ 1,522,607	\$ 1,774,379
Interest	8,506	404,942
Contributions	15,000	0
Total revenues	1,546,113	2,179,321
EXPENDITURES		
Capital outlay		
Public Safety	10,278,378	620,610
Public Works	6,892,714	12,317,157
Culture and Recreation	185,634	219,635
Total expenditures	17,356,726	13,157,402
Excess (deficiency) of revenues over (under) expenditures	(15,810,613)	(10,978,081)
Other financing sources (uses)		
Transfers in (out)		
General Fund	0	607,000
Community Service Center Fund	225,324	657,434
Grants Capital Projects Fund	49,568	52,441
Public Utilities Fund	(359,242)	0
Issuance of notes payable	7,437,971	0
Refunding of notes payable	(7,437,971)	0
Issuance of capital lease	33,331,056	0
Total other financing sources (uses)	33,246,706	1,316,875
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	17,436,093	(9,661,206)
Fund balances, July 1	5,818,778	15,479,984
Fund balances, June 30	\$ 23,254,871	\$ 5,818,778

CITY OF GAINESVILLE, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 190,893	\$ 0
Intergovernmental receivables	16,186	170,061
Total assets	\$ 207,079	\$ 170,061
 LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 4,994	\$ 67,289
Retainages	0	53,644
Accrued salaries	0	339
Deferred revenues	16,185	0
Due to other funds	0	24,866
Total liabilities	21,179	146,138
Fund balances		
Unreserved, undesignated	185,900	23,923
Total liabilities and fund balances	\$ 207,079	\$ 170,061

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, 2009 and 2008

	2009	2008
REVENUES		
Intergovernmental	\$ 152,650	\$ 438,674
Interest	0	873
Total revenues	152,650	439,547
EXPENDITURES		
Capital outlay		
Culture and Recreation	109,105	555,977
Total expenditures	109,105	555,977
Excess (deficiency) of revenues over (under) expenditures	43,545	(116,430)
Other financing sources (uses)		
Transfers in (out)		
General Government Capital Projects Fund	168,000	152,138
SPLOST Capital Projects Fund	(49,568)	(52,441)
Total other financing sources (uses)	118,432	99,697
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	161,977	(16,733)
Fund balances, July 1	23,923	40,656
Fund balances, June 30	\$ 185,900	\$ 23,923



ENTERPRISE FUNDS

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

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

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

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

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

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

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2009 and 2008

ASSETS	<u>2009</u>	<u>2008</u>
Current assets		
Cash and cash equivalents	\$ 29,717,275	\$ 17,570,604
Receivables		
Accounts (net)	3,757,941	3,364,698
Intergovernmental	107,328	443,947
Inventories	885,661	965,918
Prepaid items	5,250	0
Pension asset	325,015	0
	<u>34,798,470</u>	<u>22,345,167</u>
Total current assets		
Restricted assets		
Extension and Renewal		
Cash and cash equivalents	20,834,053	35,684,881
Debt Redemption		
Cash and cash equivalents	6,421,614	6,301,580
Connection Fees		
Cash and cash equivalents	6,464,569	7,992,498
Customer Deposits		
Cash and cash equivalents	1,802,653	1,769,216
Construction deposits		
Cash and cash equivalents	175,671	1,200,195
	<u>35,698,560</u>	<u>52,948,370</u>
Total restricted assets		
Capital assets		
Land	17,696,138	17,159,951
Land improvements	102,678	102,678
Buildings	65,818,313	9,336,998
Distribution system	475,722,781	461,102,647
Vehicles and equipment	11,956,655	11,937,884
Intangibles	3,186,421	5,252,771
Construction in progress	14,110,971	70,342,660
Accumulated depreciation	(103,043,229)	(94,479,551)
	<u>485,550,728</u>	<u>480,756,038</u>
Capital assets (net of accumulated depreciation)		
Other assets		
Debt issuance costs	3,095,315	3,325,653
Deferred interest expense	4,135,117	4,487,739
	<u>7,230,432</u>	<u>7,813,392</u>
Other assets (net of accumulated amortization)		
Total assets	<u>563,278,190</u>	<u>563,862,967</u>

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2009 and 2008

	2009	2008
LIABILITIES		
Current liabilities		
Payables		
Accounts	\$ 528,768	\$ 656,272
Accrued salaries	387,508	367,989
Compensated absences	536,113	517,500
Interest payable	0	4,100,102
Capital lease payable	1,261,588	1,261,588
Notes payable	5,794,975	5,144,561
	8,508,952	12,048,012
Current liabilities payable from restricted assets		
Payables		
Accounts	997,051	1,730,501
Retainages	455,285	667,817
Customer deposits	1,802,653	1,769,216
Construction deposits	175,671	1,200,195
Revenue bonds payable	7,150,000	6,845,000
Interest payable	1,487,357	1,726,982
	12,068,017	13,939,711
Long-term liabilities		
OPEB obligation	2,375,020	0
Capital leases payable	26,493,349	27,754,937
Revenue bonds payable	104,917,258	112,265,185
Notes payable	119,704,491	113,994,831
	253,490,118	254,014,953
	274,067,087	280,002,676
NET ASSETS		
Invested in capital assets, net of related debt	224,364,184	217,977,675
Restricted for restricted assets	30,780,543	45,853,659
Unrestricted	34,066,376	20,028,957
	\$ 289,211,103	\$ 283,860,291

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Charges for sales and services		
Water sales	\$ 25,286,659	\$ 25,461,130
Sewer charges	19,381,220	18,812,928
Tap fees	305,175	962,367
Other	643,406	141,198
Miscellaneous revenues	<u>1,006,235</u>	<u>1,138,861</u>
Total operating revenues	<u>46,622,695</u>	<u>46,516,484</u>
OPERATING EXPENSES		
Costs of sales and services	10,126,888	10,198,011
Personal services	14,226,148	11,321,721
Depreciation	<u>11,749,787</u>	<u>11,201,309</u>
Total operating expenses	<u>36,102,823</u>	<u>32,721,041</u>
Operating income (loss)	<u>10,519,872</u>	<u>13,795,443</u>
Non-operating revenues (expenses)		
Interest revenue	995,575	2,611,570
Interest expense	(8,126,001)	(8,014,870)
Amortization	(230,338)	(230,086)
Miscellaneous expenses	(2,211,741)	0
Gain (loss) on sale of capital assets	<u>(207,724)</u>	<u>(52,570)</u>
Total non-operating revenues (expenses)	<u>(9,780,229)</u>	<u>(5,685,956)</u>
Net income (loss) before capital contributions and transfers	<u>739,643</u>	<u>8,109,487</u>
Capital contributions		
Connection fees	852,183	3,203,407
Capital contributions	3,830,377	14,696,128
Intergovernmental revenue	<u>1,731,392</u>	<u>257,578</u>
Total capital contributions	<u>6,413,952</u>	<u>18,157,113</u>
Net income (loss) before transfers	<u>7,153,595</u>	<u>26,266,600</u>
Transfers in (out)		
General Fund	(2,308,025)	(2,317,525)
Community Service Center Fund	(4,000)	(4,000)
Economic Development Fund	150,000	(535,999)
General Government Capital Projects Fund	0	(209,000)
SPLOST Capital Projects Fund	359,242	0
Employee Benefits Fund	<u>0</u>	<u>(356,004)</u>
Total transfers in (out)	<u>(1,802,783)</u>	<u>(3,422,528)</u>
Change in net assets	5,350,812	22,844,072
Net assets, July 1	<u>283,860,291</u>	<u>261,016,219</u>
Net assets, June 30	<u>\$ 289,211,103</u>	<u>\$ 283,860,291</u>

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Receipts from customers	\$ 44,232,132	\$ 46,010,255
Payments to suppliers	(10,179,385)	(9,943,398)
Payments to employees	(12,138,011)	(11,240,297)
Other receipts	<u>1,006,235</u>	<u>1,138,861</u>
Net cash provided (used) by operating activities	<u>22,920,971</u>	<u>25,965,421</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	509,242	0
Payments to other funds	<u>(2,312,025)</u>	<u>(3,413,028)</u>
Net cash provided (used) by non-capital financing activities	<u>(1,802,783)</u>	<u>(3,413,028)</u>
Cash flows from capital and related financing activities:		
Receipt of capital contributions	2,934,272	5,013,883
Interest paid	(8,269,456)	(8,201,709)
Acquisition of capital assets	(15,815,644)	(18,228,678)
Acquisition of intangible assets	0	(706,783)
Sale of capital assets	5,511	616,348
Principal payments - bonds	(6,845,000)	(6,545,000)
Issuance of promissory notes	4,666,988	7,049,969
Principal payments - promissory notes	<u>(3,652,237)</u>	<u>(3,109,480)</u>
Net cash provided (used) by capital and related financing activities	<u>(26,975,566)</u>	<u>(24,111,450)</u>
Cash flows from investing activities:		
Interest received	<u>754,239</u>	<u>2,370,234</u>
Net increase (decrease) in cash and cash equivalents	(5,103,139)	811,177
Cash and cash equivalents, July 1	<u>70,518,974</u>	<u>69,707,797</u>
Cash and cash equivalents, June 30	<u><u>\$ 65,415,835</u></u>	<u><u>\$ 70,518,974</u></u>

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2009 and 2008

	2009	2008
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 10,519,872	\$ 13,795,443
 Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	11,749,787	11,201,309
(Increase) decrease in accounts receivable	(393,243)	864,270
(Increase) decrease in inventory	80,257	107,033
(Increase) decrease in prepaid items	(5,250)	0
(Increase) decrease in pension asset	(325,015)	0
Increase (decrease) in accounts payable	(127,504)	165,184
Increase (decrease) in intergovernmental payables	0	(17,604)
Increase (decrease) in deposits payable	(991,085)	(231,638)
Increase (decrease) in accrued salaries and benefits	38,132	81,424
Increase (decrease) in OPEB obligation	2,375,020	0
 Total adjustments	12,401,099	12,169,978
 Net cash provided (used) by operating activities	\$ 22,920,971	\$ 25,965,421
 Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 29,717,275	\$ 17,570,604
Extension and Renewal		
Cash and cash equivalents	20,834,053	35,684,881
Debt Redemption		
Cash and cash equivalents	6,421,614	6,301,580
Connection Fees		
Cash and cash equivalents	6,464,569	7,992,498
Customer Deposits		
Cash and cash equivalents	1,802,653	1,769,216
Construction deposits		
Cash and cash equivalents	175,671	1,200,195
 Total cash and cash equivalents	\$ 65,415,835	\$ 70,518,974

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled \$2,554,711 and \$11,902,045 for the fiscal years ended June 30, 2009 and 2008, respectively.

Distributions of capital assets to government totaled \$9,500 for the fiscal year ended June 30, 2008.

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 699,592	\$ 583,127
Receivables (net)		
Accounts	15,040	35,981
Intergovernmental	868,499	231,437
	1,583,131	850,545
Restricted assets		
Construction Fund		
Cash and cash equivalents	202	69,569
	202	69,569
Capital assets		
Land	493,803	493,803
Land improvements	8,578,057	8,578,057
Buildings	6,517,372	6,517,372
Vehicles and equipment	402,700	402,700
Intangibles	38,000	38,000
Construction in progress	2,288,886	165,210
Accumulated depreciation	(4,744,121)	(4,130,830)
	13,574,697	12,064,312
Total capital assets (net of accumulated depreciation)		
Other assets		
Debt issuance cost (net of accumulated amortization)	85,093	93,328
	85,093	93,328
Total assets	15,243,123	13,077,754
LIABILITIES		
Current liabilities		
Payables		
Accounts	570,683	29,761
Retainages	100,726	0
Interest	28,765	30,572
Capital leases payable	270,000	255,000
	970,174	315,333
Total current liabilities		
Long-term liabilities		
Capital leases payable	3,780,000	4,050,000
	3,780,000	4,050,000
Total liabilities	4,750,174	4,365,333
NET ASSETS		
Invested in capital assets, net of related debt	9,524,899	7,828,881
Unrestricted	968,050	883,540
	10,492,949	8,712,421
Total net assets	\$ 10,492,949	\$ 8,712,421

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Charges for sales and services		
Fuel sales	\$ 17,508	\$ 27,852
Rent	834,136	839,120
Miscellaneous revenues	<u>1,876</u>	<u>1,587</u>
Total operating revenues	<u>853,520</u>	<u>868,559</u>
OPERATING EXPENSES		
Costs of sales and services	71,953	145,949
Depreciation	<u>613,291</u>	<u>601,540</u>
Total operating expenses	<u>685,244</u>	<u>747,489</u>
Operating income (loss)	<u>168,276</u>	<u>121,070</u>
Non-operating revenues (expenses)		
Interest revenue	6,378	22,592
Interest expense	(235,541)	(249,781)
Amortization	(8,235)	(8,235)
Gain (loss) on sale of capital assets	<u>21</u>	<u>19,349</u>
Total non-operating revenues (expenses)	<u>(237,377)</u>	<u>(216,075)</u>
Net income (loss) before capital contributions and transfers	(69,101)	(95,005)
Capital contributions		
Intergovernmental revenue	<u>1,895,929</u>	<u>376,272</u>
Net income (loss) before transfers	1,826,828	281,267
Transfers in (out)		
General Fund	<u>(46,300)</u>	<u>(44,100)</u>
Change in net assets	1,780,528	237,167
Net assets, July 1 (restated)	<u>8,712,421</u>	<u>8,475,254</u>
Net assets, June 30	<u><u>\$ 10,492,949</u></u>	<u><u>\$ 8,712,421</u></u>

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Receipts from customers	\$ 872,585	\$ 837,759
Payments to suppliers	(87,550)	(126,830)
Other receipts	1,876	1,587
Net cash provided (used) by operating activities	786,911	712,516
Cash flows from non-capital financing activities:		
Payments to other funds	(46,300)	(44,100)
Cash flows from capital and related financing activities:		
Receipt of capital contributions	1,258,867	294,835
Sale of capital assets	21	138,585
Interest paid	(237,348)	(251,517)
Acquisition of capital assets	(1,466,431)	(456,441)
Principal payments - capital leases	(255,000)	(245,000)
Net cash provided (used) by capital and related financing activities	(699,891)	(519,538)
Cash flows from investing activities:		
Interest received	6,378	22,592
Net increase (decrease) in cash and cash equivalents	47,098	171,470
Cash and cash equivalents, July 1	652,696	481,226
Cash and cash equivalents, June 30	\$ 699,794	\$ 652,696
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income	\$ 168,276	\$ 121,070
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	613,291	601,540
(Increase) decrease in accounts receivable	20,941	(29,213)
Increase (decrease) in accounts payable	(15,597)	19,119
Total adjustments	618,635	591,446
Net cash provided by operating activities	\$ 786,911	\$ 712,516
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 699,592	\$ 583,127
Construction Fund		
Cash and cash equivalents	202	69,569
Total cash and cash equivalents	\$ 699,794	\$ 652,696

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 802,205	\$ 907,378
Accounts receivable (net)	139,582	142,687
Total current assets	941,787	1,050,065
Capital assets		
Vehicles and equipment	1,776,849	1,609,035
Accumulated depreciation	(1,248,358)	(1,123,563)
Total capital assets (net of accumulated depreciation)	528,491	485,472
Total assets	1,470,278	1,535,537
LIABILITIES		
Current liabilities		
Payables		
Accounts	47,522	42,929
Accrued salaries	30,594	30,946
Compensated absences	38,958	36,764
Capital lease payable	11,218	21,787
Total current liabilities	128,292	132,426
Long-term liabilities		
OPEB obligation	259,093	0
Capital lease payable	0	11,218
Total long-term liabilities	259,093	11,218
Total liabilities	387,385	143,644
NET ASSETS		
Invested in capital assets, net of related debt	517,273	452,467
Unrestricted	565,620	939,426
Total net assets	\$ 1,082,893	\$ 1,391,893

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Charges for sales and services		
Sanitation fees	\$ 1,244,738	\$ 1,120,880
Landfill fees	224,564	224,192
Recycling fees	234,635	220,851
Miscellaneous revenues	3,743	2,940
Total operating revenues	1,707,680	1,568,863
OPERATING EXPENSES		
Costs of sales and services	516,094	504,579
Costs of sales and services - landfill	261,708	251,990
Personal services	1,370,965	1,094,401
Depreciation	124,795	158,096
Total operating expenses	2,273,562	2,009,066
Operating income (loss)	(565,882)	(440,203)
Non-operating revenues (expenses)		
Contributions	110,652	130,880
Interest revenue	10,516	28,444
Interest expense	(981)	(1,819)
Gain (loss) on sale of capital assets	1,093	11,075
Total non-operating revenues (expenses)	121,280	168,580
Net income (loss) before transfers	(444,602)	(271,623)
Transfers in (out)		
General Fund	135,602	376,131
Employee Benefits Fund	0	(35,414)
Total transfers in (out)	135,602	340,717
Change in net assets	(309,000)	69,094
Net assets, July 1	1,391,893	1,322,799
Net assets, June 30	\$ 1,082,893	\$ 1,391,893

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Receipts from customers	\$ 1,707,042	\$ 1,595,399
Payments to suppliers	(773,209)	(759,211)
Payments to employees	(1,110,030)	(1,086,749)
Other receipts	3,743	2,940
Net cash provided (used) by operating activities	(172,454)	(247,621)
Cash flows from non-capital financing activities:		
Receipt of contributions	110,652	130,880
Receipts from other funds	135,602	376,131
Payments to other funds	0	(35,414)
Net cash provided (used) by non-capital financing activities	246,254	471,597
Cash flows from capital and related financing activities:		
Interest paid	(981)	(1,819)
Acquisition of capital assets	(167,814)	(152,657)
Sale of capital assets	1,093	11,075
Principal payments - capital leases	(21,787)	(20,951)
Net cash used by capital and related financing activities	(189,489)	(164,352)
Cash flows from investing activities:		
Interest received	10,516	28,444
Net increase (decrease) in cash and cash equivalents	(105,173)	88,068
Cash and cash equivalents, July 1	907,378	819,310
Cash and cash equivalents, June 30	\$ 802,205	\$ 907,378
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating loss	\$ (565,882)	\$ (440,203)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	124,795	158,096
(Increase) decrease in accounts receivable	3,105	29,476
Increase (decrease) in accounts payable	4,593	13,125
Increase (decrease) in intergovernmental payables	0	(15,767)
Increase (decrease) in accrued payroll liabilities	1,842	7,652
Increase (decrease) in pension obligation	259,093	0
Total adjustments	393,428	192,582
Net cash used by operating activities	\$ (172,454)	\$ (247,621)
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 802,205	\$ 907,378

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 48,289	\$ 43,858
Accounts receivable (net)	39,963	79,060
Prepaid items	1,435	1,435
Total current assets	89,687	124,353
Capital assets		
Land	53,271	53,271
Land improvements	5,358,859	5,347,259
Buildings	715,452	715,452
Vehicles and equipment	700,167	667,093
Accumulated depreciation	(2,340,695)	(2,049,099)
Total capital assets (net of accumulated depreciation)	4,487,054	4,733,976
Other assets		
Debt issue costs (net of accumulated amortization)	82,366	87,680
Total assets	4,659,107	4,946,009
LIABILITIES		
Current liabilities		
Payables		
Accounts	57,825	35,516
Interest	19,759	20,562
Accrued salaries	26,410	25,741
Compensated absences	17,786	16,266
Capital leases payable	165,000	160,000
Notes payable	81,691	81,691
Other liabilities	30,782	44,795
Total current liabilities	399,253	384,571
Long-term liabilities		
Advances from other funds	249,325	249,325
OPEB obligation	97,160	0
Capital leases payable	3,775,000	3,940,000
Total long-term liabilities	4,121,485	4,189,325
Total liabilities	4,520,738	4,573,896
NET ASSETS		
Invested in capital assets, net of related debt	465,363	552,285
Unrestricted	(326,994)	(180,172)
Total net assets	\$ 138,369	\$ 372,113

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Charges for sales and services		
Greens fees	\$ 727,203	\$ 764,626
Cart fees	253,424	260,839
Handicap fees	17,466	15,816
Practice range	58,023	66,797
Pro Shop sales	1,400	0
Rent revenue	3,031	2,622
Miscellaneous revenue	5,573	5,113
	<u>1,066,120</u>	<u>1,115,813</u>
OPERATING EXPENSES		
Costs of sales and services	310,159	400,903
Personal services	755,242	640,449
Depreciation	287,322	344,609
	<u>1,352,723</u>	<u>1,385,961</u>
Operating income (loss)	<u>(286,603)</u>	<u>(270,148)</u>
Non-operating revenues (expenses)		
Interest revenue	764	2,241
Interest expense	(161,222)	(168,710)
Amortization	(5,314)	(5,314)
Gain (loss) on sale of capital assets	201	(620)
	<u>(165,571)</u>	<u>(172,403)</u>
Net income (loss) before capital contributions and transfers	(452,174)	(442,551)
Capital contributions	<u>1,575</u>	<u>0</u>
Net income (loss) before transfers	(450,599)	(442,551)
Transfers in (out)		
General Fund	<u>216,855</u>	<u>70,000</u>
Change in net assets	(233,744)	(372,551)
Net assets, July 1	<u>372,113</u>	<u>744,664</u>
Net assets, June 30	<u><u>\$ 138,369</u></u>	<u><u>\$ 372,113</u></u>

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Receipts from customers	\$ 1,099,644	\$ 1,062,927
Payments to suppliers	(301,863)	(396,606)
Payments to employees	(655,893)	(632,529)
Other receipts	5,573	5,113
Net cash provided (used) by operating activities	147,461	38,905
Cash flows from non-capital financing activities:		
Receipts from other funds	216,855	70,000
Cash flows from capital and related financing activities:		
Interest paid	(162,025)	(169,211)
Principal payments - capital leases payable	(160,000)	(106,619)
Sale of capital assets	201	3,082
Acquisition of capital assets	(38,825)	(69,562)
Net cash provided (used) by capital and related financing activities	(360,649)	(342,310)
Cash flows from investing activities:		
Interest received	764	2,241
Net increase (decrease) in cash and cash equivalents	4,431	(231,164)
Cash and cash equivalents, July 1	43,858	275,022
Cash and cash equivalents, June 30	\$ 48,289	\$ 43,858
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (286,603)	\$ (270,148)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	287,322	344,609
(Increase) decrease in accounts receivable	39,097	(47,773)
Increase (decrease) in accounts payable	22,309	(28,531)
Increase (decrease) in intergovernmental payables	0	(108)
Increase (decrease) in accrued payroll liabilities	2,189	7,920
Increase (decrease) in OPEB obligation	97,160	0
Increase (decrease) in other liabilities	(14,013)	32,936
Total adjustments	434,064	309,053
Net cash provided (used) by operating activities	\$ 147,461	\$ 38,905
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 48,289	\$ 43,858

Noncash investing, capital, and financing activities:

Contributions of capital assets from government totaled \$1,575 for the fiscal year ended June 30, 2009.



INTERNAL SERVICE FUNDS

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

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

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

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

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,202,021	\$ 1,991,198
Accounts receivable	0	519
Prepaid items	155,058	139,415
Total assets	1,357,079	2,131,132
LIABILITIES		
Current liabilities		
Accounts payable	31,920	64,511
Accrued salaries	4,619	4,190
Compensated absences	7,771	6,472
Claims reserves	749,223	811,888
Total liabilities	793,533	887,061
NET ASSETS		
Unrestricted	\$ 563,546	\$ 1,244,071

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Interfund services provided	\$ 1,463,746	\$ 1,792,699
Other	7,159	3,268
	<u>1,470,905</u>	<u>1,795,967</u>
OPERATING EXPENSES		
Costs of services		
Insurance	973,879	811,065
Claims	341,630	827,515
Administrative fees	155,396	157,387
	<u>1,470,905</u>	<u>1,795,967</u>
Operating income (loss)	0	0
Non-operating revenues (expenses)		
Interest revenue	19,475	47,215
	<u>19,475</u>	<u>47,215</u>
Net income before transfers	<u>19,475</u>	<u>47,215</u>
Transfers in (out)		
General Fund	0	(30,042)
Employee Benefits Fund	(700,000)	(1,615)
	<u>(700,000)</u>	<u>(31,657)</u>
Change in net assets	(680,525)	15,558
Net assets, July 1	<u>1,244,071</u>	<u>1,228,513</u>
Net assets, June 30	<u><u>\$ 563,546</u></u>	<u><u>\$ 1,244,071</u></u>

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 1,464,265	\$ 1,802,455
Payments to suppliers	(1,709,282)	(1,146,553)
Payments to employees	129,206	(124,792)
Other receipts	7,159	3,269
Net cash provided (used) by operating activities	(108,652)	534,379
Cash flows from non-capital financing activities:		
Payments to other funds	(700,000)	(31,657)
Cash flows from investing activities:		
Interest received	19,475	47,214
Net increase (decrease) in cash and cash equivalents	(789,177)	549,936
Cash and cash equivalents, July 1	1,991,198	1,441,262
Cash and cash equivalents, June 30	\$ 1,202,021	\$ 1,991,198
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 0	\$ 0
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	519	9,757
(Increase) decrease in prepaid items	(15,643)	(6,492)
Increase (decrease) in accounts payable	(32,591)	54,914
Increase (decrease) in accrued salaries and benefits	1,728	(874)
Increase (decrease) in claims reserve	(62,665)	477,074
Total adjustments	(108,652)	534,379
Net cash provided (used) by operating activities	\$ (108,652)	\$ 534,379

Noncash investing, capital, and financing activities:

Distributions of capital assets to government totaled \$30,042 for the fiscal year ended June 30, 2008.

**CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2009 and 2008**

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,419,403	\$ 717,235
Accounts receivable	0	11,610
Total assets	1,419,403	728,845
LIABILITIES		
Current liabilities		
Accounts payable	48,874	43,215
Deposits payable	7,672	0
Claims reserves	419,630	0
Total liabilities	476,176	43,215
NET ASSETS		
Unrestricted	\$ 943,227	\$ 685,630

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Interfund services provided	\$ 7,269,845	\$ 4,806,517
Other	594	359
Total operating revenue	<u>7,270,439</u>	<u>4,806,876</u>
OPERATING EXPENSES		
Costs of services		
Insurance	1,582,915	4,549,568
Claims	5,440,553	220,572
Medical clinic operations	408,432	0
Administrative fees	197,134	36,736
Total operating expenses	<u>7,629,034</u>	<u>4,806,876</u>
Operating income (loss)	<u>(358,595)</u>	<u>0</u>
Non-operating revenues (expenses)		
Intergovernmental	0	46,466
Interest revenue	3,587	2,360
Total non-operating revenues (expenses)	<u>3,587</u>	<u>48,826</u>
Net income before transfers	<u>(355,008)</u>	<u>48,826</u>
Transfers in (out)		
General Fund	0	225,925
General Government Capital Projects Fund	(87,395)	0
Public Utilities Fund	0	356,004
Solid Waste Fund	0	35,414
General Insurance Fund	700,000	1,615
Vehicle Services Fund	0	1,615
Total transfers in (out)	<u>612,605</u>	<u>620,573</u>
Change in net assets	257,597	669,399
Net assets, July 1	<u>685,630</u>	<u>16,231</u>
Net assets, June 30	<u>\$ 943,227</u>	<u>\$ 685,630</u>

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 7,281,455	\$ 4,794,907
Payments to suppliers	(7,196,073)	(4,451,954)
Other receipts	594	359
	<hr/>	<hr/>
Net cash provided (used) by operating activities	85,976	343,312
	<hr/>	<hr/>
Cash flows from non-capital financing activities:		
Receipts from other entities	0	46,466
Receipts from other funds	612,605	620,573
Payments to other funds	0	(307,178)
	<hr/>	<hr/>
Net cash provided (used) from non-capital financing activities	612,605	359,861
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received	3,587	2,360
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	702,168	705,533
Cash and cash equivalents, July 1	717,235	11,702
	<hr/>	<hr/>
Cash and cash equivalents, June 30	<u>\$ 1,419,403</u>	<u>\$ 717,235</u>
	<hr/>	<hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (358,595)	\$ 0
	<hr/>	<hr/>
Adjustments to reconcile net income to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	11,610	(11,610)
(Increase) decrease in prepaid expenses	0	325,000
Increase (decrease) in accounts payable	5,659	29,922
Increase (decrease) in deposits payable	7,672	0
Increase (decrease) in claims reserve	419,630	0
	<hr/>	<hr/>
Total adjustments	444,571	343,312
	<hr/>	<hr/>
Net cash provided (used) by operating activities	<u>\$ 85,976</u>	<u>\$ 343,312</u>
	<hr/>	<hr/>

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 44,876	\$ 2,121
Intergovernmental receivable	27,037	37,490
Inventory	126,835	194,235
Total current assets	198,748	233,846
Capital assets		
Buildings	142,052	142,052
Vehicles and equipment	333,371	322,727
Accumulated depreciation	(383,830)	(355,929)
Capital assets (net of accumulated depreciation)	91,593	108,850
Total assets	290,341	342,696
LIABILITIES		
Current liabilities		
Accounts payable	11,577	81,192
Accrued salaries	8,787	8,079
Compensated absences	9,245	10,744
Total liabilities	29,609	100,015
NET ASSETS		
Invested in capital assets	91,593	108,850
Unrestricted	169,139	133,831
Total net assets	\$ 260,732	\$ 242,681

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Interfund services provided	\$ 1,802,505	\$ 2,179,137
Total operating revenues	<u>1,802,505</u>	<u>2,179,137</u>
OPERATING EXPENSES		
Costs of services	1,508,140	1,887,783
Personal services	266,464	257,659
Depreciation	27,901	33,695
Total operating expenses	<u>1,802,505</u>	<u>2,179,137</u>
Operating income (loss)	<u>0</u>	<u>0</u>
Non-operating revenues (expenses)		
Interest revenue	0	643
Gain (loss) on sale of assets	51	279
Total non-operating revenues (expenses)	<u>51</u>	<u>922</u>
Net income (loss) before transfers	<u>51</u>	<u>922</u>
Transfers in (out)		
General Fund	18,000	51,083
Employee Benefits Fund	0	(1,615)
Total transfers in (out)	<u>18,000</u>	<u>49,468</u>
Change in net assets	18,051	50,390
Net assets, July 1	<u>242,681</u>	<u>192,291</u>
Net assets, June 30	<u>\$ 260,732</u>	<u>\$ 242,681</u>

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 1,812,958	\$ 2,162,012
Payments to suppliers	(1,510,355)	(1,982,562)
Payments to employees	(267,255)	(253,171)
	<u>35,348</u>	<u>(73,721)</u>
Net cash provided (used) by operating activities		
Cash flows from non-capital financing activities:		
Receipts from other funds	18,000	51,083
Payments to other funds	0	(1,615)
	<u>18,000</u>	<u>49,468</u>
Net cash provided (used) by non-capital financing activities		
Cash flows from capital and related financing activities:		
Sale of capital assets	51	279
Acquisition of capital assets	(10,644)	(47,903)
	<u>(10,593)</u>	<u>(47,624)</u>
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Interest received	0	643
	<u>0</u>	<u>643</u>
Net increase (decrease) in cash and cash equivalents	42,755	(71,234)
Cash and cash equivalents, July 1	2,121	73,355
	<u>2,121</u>	<u>73,355</u>
Cash and cash equivalents, June 30	<u>\$ 44,876</u>	<u>\$ 2,121</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 0	\$ 0
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Depreciation	27,901	33,695
(Increase) decrease in intergovernmental receivable	10,453	(17,125)
(Increase) decrease in inventory	67,400	(57,900)
Increase (decrease) in accounts payable	(69,615)	(36,879)
Increase (decrease) in accrued salaries and benefits	(791)	4,488
	<u>(791)</u>	<u>4,488</u>
Total adjustments	<u>35,348</u>	<u>(73,721)</u>
Net cash provided (used) by operating activities	<u>\$ 35,348</u>	<u>\$ (73,721)</u>

TRUST AND AGENCY FUNDS

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

Trust Funds

Community Private-Purpose Trust Fund - *This is an 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.*

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

Agency Fund

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

CITY OF GAINESVILLE, GEORGIA
COMMUNITY PRIVATE-PURPOSE TRUST FUND
COMPARATIVE STATEMENTS OF TRUST NET ASSETS
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 19,365	\$ 17,027
LIABILITIES		
NET ASSETS		
Net assets held in trust for employee assistance	<u>\$ 19,365</u>	<u>\$ 17,027</u>

CITY OF GAINESVILLE, GEORGIA
COMMUNITY PRIVATE-PURPOSE TRUST FUND
COMPARATIVE STATEMENTS OF CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ADDITIONS		
Contributions	\$ 52,857	\$ 51,896
Interest revenue	9	11
Total additions	<u>52,866</u>	<u>51,907</u>
DEDUCTIONS		
Distributions for assistance	<u>50,528</u>	<u>50,321</u>
Total deductions	<u>50,528</u>	<u>50,321</u>
Net increase (decrease)	2,338	1,586
Net assets held in trust for employee assistance		
Net assets, July 1	<u>17,027</u>	<u>15,441</u>
Net assets, June 30	<u>\$ 19,365</u>	<u>\$ 17,027</u>

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF PLAN NET ASSETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 2,351,586	\$ 2,229,062
Investments		
Common stock	4,705,765	12,739,964
Mutual funds		
Equity	12,897,499	17,947,347
Fixed income	30,263,601	24,709,230
Total assets	50,218,451	57,625,603
LIABILITIES		
Accounts payable	18,235	48,758
NET ASSETS		
Net assets held in trust for pension benefits	\$ 50,200,216	\$ 57,576,845

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF CHANGES IN PLAN NET ASSETS
For the fiscal years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ADDITIONS		
Contributions		
Employer contributions	\$ 2,767,985	\$ 2,773,306
Employee contributions	<u>2,767,985</u>	<u>2,773,306</u>
Total contributions	<u>5,535,970</u>	<u>5,546,612</u>
Investment Income		
Net appreciation (depreciation) in fair value of investments	(10,209,025)	(5,327,562)
Interest	15,155	52,805
Dividends	2,508,844	3,168,035
Investment expense	<u>(137,153)</u>	<u>(186,615)</u>
Net investment income (loss)	<u>(7,822,179)</u>	<u>(2,293,337)</u>
Total additions (reductions)	<u>(2,286,209)</u>	<u>3,253,275</u>
DEDUCTIONS		
Benefits	4,525,289	4,332,518
Refunds	<u>565,131</u>	<u>422,717</u>
Total deductions	<u>5,090,420</u>	<u>4,755,235</u>
Net increase (decrease)	(7,376,629)	(1,501,960)
Net assets held in trust for pension benefits		
Net assets, July 1	<u>57,576,845</u>	<u>59,078,805</u>
Net assets, June 30	<u>\$ 50,200,216</u>	<u>\$ 57,576,845</u>

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT AGENCY FUND
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 105,439	\$ 113,057
Accounts receivable (net)	<u>761,563</u>	<u>900,886</u>
Total assets	<u><u>\$ 867,002</u></u>	<u><u>\$ 1,013,943</u></u>
LIABILITIES		
Due to other agencies	<u><u>\$ 867,002</u></u>	<u><u>\$ 1,013,943</u></u>

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2009

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
ASSETS				
Cash and cash equivalents	\$ 113,057	\$ 1,590,169	\$ 1,597,787	\$ 105,439
Accounts receivable (net)	900,886	331,564	470,887	761,563
Total assets	<u>\$ 1,013,943</u>	<u>\$ 1,921,733</u>	<u>\$ 2,068,674</u>	<u>\$ 867,002</u>
LIABILITIES				
Due to others agencies	<u>\$ 1,013,943</u>	<u>\$ 1,921,733</u>	<u>\$ 2,068,674</u>	<u>\$ 867,002</u>



COMPONENT UNIT

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

**CITY OF GAINESVILLE, GEORGIA
PARKS AND RECREATION (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 2,631,530	\$ 2,098,041
Receivables		
Accounts	2,041	2,873
Intergovernmental	0	4,879
Property tax	117,423	97,239
Restricted assets		
Equity in pooled cash	103,173	109,738
	<u>103,173</u>	<u>109,738</u>
Total assets	<u><u>\$ 2,854,167</u></u>	<u><u>\$ 2,312,770</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 129,923	\$ 60,531
Intergovernmental	2,798	6,302
Accrued salaries	126,787	96,171
Deferred revenues	95,909	91,316
Other	9,062	16,672
	<u>9,062</u>	<u>16,672</u>
Total liabilities	<u>364,479</u>	<u>270,992</u>
 Fund balances		
Reserved for Booster Club	87,999	63,853
Reserved for Development Fund	103,173	109,738
Reserved for Civic Center	18,501	23,186
Reserved for Clarks Bridge Legacy	5,255	5,255
Unreserved, designated for budget	1,008,171	230,396
Unreserved, undesignated	1,266,589	1,609,350
	<u>1,266,589</u>	<u>1,609,350</u>
Total fund balances	<u>2,489,688</u>	<u>2,041,778</u>
Total liabilities and fund balances	<u><u>\$ 2,854,167</u></u>	<u><u>\$ 2,312,770</u></u>

CITY OF GAINESVILLE, GEORGIA
PARKS AND RECREATION (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2009
(With comparative actual amounts for the year ended June 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 2,668,416	\$ 2,793,706	\$ 125,290	\$ 2,659,182
Charges for sales and services				
Recreation Division	303,210	218,942	(84,268)	317,639
Aquatics	23,389	21,477	(1,912)	70,258
Parks Division	0	0	0	66,487
Lanier Point/Ivey Watson	112,800	144,786	31,986	159,246
Youth Sports Booster Club	61,900	69,067	7,167	55,766
Gainesville Civic Center	292,500	293,488	988	405,684
Allen Creek Soccer Complex	18,232	17,367	(865)	18,344
Frances Meadows Community Center	413,250	506,495	93,245	0
Intergovernmental	244,232	241,865	(2,367)	365,000
Interest	37,906	26,931	(10,975)	59,246
Contributions	1,658,000	8,100	(1,649,900)	0
Other	5,800	763	(5,037)	2,780
Total revenues	5,839,635	4,342,987	(1,496,648)	4,179,632
EXPENDITURES				
Current				
Culture and recreation				
Administration Division	623,488	585,666	37,822	740,983
Recreation Division	658,989	540,061	118,928	640,398
Aquatics	60,571	50,549	10,022	111,897
Parks Division	916,559	838,104	78,455	838,305
Maintenance Shop	113,537	108,360	5,177	109,130
Lanier Point/Ivey Watson	295,598	242,065	53,533	230,106
Clarks Bridge Park	21,733	18,916	2,817	5,456
Youth Sports Booster Club	54,170	48,711	5,459	49,960
Gainesville Civic Center	625,392	529,367	96,025	537,588
Allen Creek Soccer Complex	64,271	57,525	6,746	60,339
Frances Meadows Center	883,174	875,667	7,507	11,869
Capital outlay	2,154,200	1,540	2,152,660	138,402
Total expenditures	6,471,682	3,896,531	2,575,151	3,474,433
Excess (deficiency) of revenues over (under) expenditures	(632,047)	446,456	1,078,503	705,199
Other financing sources (uses)				
Sales of capital assets	0	1,454	1,454	5,926
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(632,047)	447,910	1,079,957	711,125
Fund balances, July 1	632,047	2,041,778	1,409,731	1,330,653
Fund balances, June 30	\$ 0	\$ 2,489,688	\$ 2,489,688	\$ 2,041,778

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, 2009
(With comparative actual amounts for the year ended June 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 2,668,416	\$ 2,793,706	\$ 125,290	\$ 2,659,182
Charges for sales and services				
Recreation Division	303,210	218,942	(84,268)	317,639
Aquatics	23,389	21,477	(1,912)	70,258
Parks Division	0	0	0	66,487
Lanier Point/Ivey Watson	112,800	144,786	31,986	159,246
Youth Sports Booster Club	61,900	69,067	7,167	55,766
Gainesville Civic Center	292,500	293,488	988	405,684
Allen Creek Soccer Complex	18,232	17,367	(865)	18,344
Frances Meadows Center	413,250	506,495	93,245	0
Intergovernmental	92,232	89,865	(2,367)	0
Interest	37,906	26,931	(10,975)	59,246
Contributions	8,000	8,100	100	0
Other	5,800	763	(5,037)	2,780
Total revenues	4,037,635	4,190,987	153,352	3,814,632
EXPENDITURES				
Current				
Culture and recreation				
Administrative services	623,488	585,666	37,822	740,983
Recreational services	658,989	540,061	118,928	640,398
Aquatic services	60,571	50,549	10,022	111,897
Park services	916,559	838,104	78,455	838,305
Maintenance shop	113,537	108,360	5,177	109,130
Lanier Point/Ivey Watson	295,598	242,065	53,533	230,106
Clarks Bridge Park	21,733	18,916	2,817	5,456
Booster Club	54,170	48,711	5,459	49,960
Civic Center	625,392	529,367	96,025	537,588
Allen Creek Soccer Complex	64,271	57,525	6,746	60,339
Frances Meadows Center	883,174	875,667	7,507	11,869
Capital outlay	2,200	0	2,200	17,389
Total expenditures	4,319,682	3,894,991	424,691	3,353,420
Excess (deficiency) of revenues over (under) expenditures	(282,047)	295,996	578,043	461,212
Other financing sources (uses)				
Sales of capital assets	0	1,454	1,454	5,926
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(282,047)	<u>\$ 297,450</u>	<u>\$ 579,497</u>	<u>\$ 467,138</u>
Fund balances, July 1	282,047			
Fund balances, June 30	\$ 0			

**CITY OF GAINESVILLE, GEORGIA
PARKS AND RECREATION (A COMPONENT UNIT)
CAPITAL PROJECTS ACTIVITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2009
(With comparative actual amounts for the year ended June 30, 2008)**

	<u>2009</u>			<u>2008</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Intergovernmental	\$ 152,000	\$ 152,000	\$ 0	\$ 365,000
Contributions	1,650,000	0	(1,650,000)	0
Total revenues	<u>1,802,000</u>	<u>152,000</u>	<u>(1,650,000)</u>	<u>365,000</u>
EXPENDITURES				
Current				
Culture and recreation				
Capital outlay	<u>2,152,000</u>	<u>1,540</u>	<u>2,150,460</u>	<u>121,013</u>
Excess (deficiency) of revenues over (under) expenditures	(350,000)	<u>\$ 150,460</u>	<u>\$ 500,460</u>	<u>\$ 243,987</u>
Fund balances, July 1	<u>350,000</u>			
Fund balances, June 30	<u>\$ 0</u>			



STATISTICAL SECTION



CITY OF GAINESVILLE, GEORGIA

Introduction to the Statistical Section

(Unaudited)

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

Contents **Pages**

Financial Trends.....170-183

These tables/schedules contain trend information designed to assist the reader in understanding how the City has performed from a financial perspective over time.

Revenue Capacity.....184-192

These tables/schedules contain information that may assist the reader in assessing the viability of the City's most significant revenue sources.

Debt Capacity.....193-199

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.....200-201

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.....202-204

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.....205-212

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.

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

	Fiscal Year	
	2003	2004
Governmental activities		
Invested in capital assets, net of related debt	\$ 24,056,985	\$ 25,820,226
Restricted	10,417,331	8,879,997
Unrestricted	<u>1,236,166</u>	<u>4,856,898</u>
Total governmental activities net assets	<u>\$ 35,710,482</u>	<u>\$ 39,557,121</u>
Business-type activities		
Invested in capital assets, net of related debt	\$ 126,998,317	\$ 145,832,850
Restricted	33,489,493	40,535,656
Unrestricted	<u>18,905,088</u>	<u>11,262,536</u>
Total business-type activities net assets	<u>\$ 179,392,898</u>	<u>\$ 197,631,042</u>
Primary government		
Invested in capital assets, net of related debt	\$ 151,055,302	\$ 171,653,076
Restricted	43,906,824	49,415,653
Unrestricted	<u>20,141,254</u>	<u>16,119,434</u>
Total primary government net assets	<u>\$ 215,103,380</u>	<u>\$ 237,188,163</u>

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

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

Fiscal Year				
2005	2006	2007	2008	2009
\$ 29,652,331	\$ 39,003,296	56,451,206 ⁽¹⁾	63,283,044	67,749,010
9,248,123	5,444,490	13,871,748	15,285,263	13,579,449
6,131,960	9,110,539	9,863,975	8,020,964	2,727,185
<u>\$ 45,032,414</u>	<u>\$ 53,558,325</u>	<u>\$ 80,186,929</u>	<u>\$ 86,589,271</u>	<u>\$ 84,055,644</u>
\$ 156,582,000	\$ 170,623,543	205,362,082 ⁽¹⁾	226,811,308	234,871,719
40,454,376	55,579,857	42,895,444	45,853,659	30,780,543
19,550,986	9,586,367	23,301,410	21,726,107	35,144,675
<u>\$ 216,587,362</u>	<u>\$ 235,789,767</u>	<u>\$ 271,558,936</u>	<u>\$ 294,391,074</u>	<u>\$ 300,796,937</u>
\$ 186,234,331	\$ 209,626,839	\$ 261,813,288 ⁽¹⁾	290,094,352	302,620,729
49,702,499	61,024,347	56,767,192	61,138,922	44,359,992
25,682,946	18,696,906	33,165,385	29,747,071	37,871,860
<u>\$ 261,619,776</u>	<u>\$ 289,348,092</u>	<u>\$ 351,745,865</u>	<u>\$ 380,980,345</u>	<u>\$ 384,852,581</u>

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

Expenses	Fiscal Year	
	2003	2004
Governmental activities:		
General Government	\$ 2,511,898	\$ 1,779,525 ⁽¹⁾
Judicial	0	321,653 ⁽¹⁾
Public Safety	11,145,080	11,702,353
Public Works	3,060,393	3,930,576 ⁽¹⁾
Health and Welfare	2,558,439	2,444,938
Culture and Recreation	1,259,972	2,530,848 ⁽²⁾
Housing and Development	360,648	914,821 ⁽¹⁾
Education	103,635	123,730
Non-departmental	44,729	5,059
Interest on long-term debt	61,052	56,845
Total governmental activities expenses	<u>21,105,846</u>	<u>23,810,348</u>
Business-type activities:		
Water and Sewer	31,383,903	34,358,940
Airport	173,826	186,976
Solid Waste	1,564,623	1,669,048
Golf Course	1,120,029	1,136,346
Total business-type activities expenses	<u>34,242,381</u>	<u>37,351,310</u>
Total primary government expenses	<u>\$ 55,348,227</u>	<u>\$ 61,161,658</u>
Program Revenues		
Governmental activities:		
Charges for services:		
General Government	1,639,592	1,695,057
Public Safety	1,604,764	2,310,103
Public Works	321,294	37,779 ⁽⁶⁾
Health and Welfare	280,808	339,416
Housing and Development	0	0
Culture and Recreation	588,362	498,960
Operating grants and contributions	1,916,517	2,134,842
Capital grants and contributions	1,654,644	3,479,548
Total governmental activities program revenues	<u>8,005,981</u>	<u>10,495,705</u>
Business-Type activities:		
Charges for services:		
Water and Sewer	31,636,070	35,219,292
Airport	275,238	338,185
Solid Waste	1,105,672	1,304,986
Golf Course	924,284	1,034,844
Operating grants and contributions	0	0
Capital grants and contributions	11,137,935	18,596,515
Total business-type activities program revenues	<u>45,079,199</u>	<u>56,493,822</u>
Total primary government program revenues	<u>\$ 53,085,180</u>	<u>\$ 66,989,527</u>

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

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

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

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

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

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

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

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

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

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

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

Fiscal Year				
2005	2006	2007	2008	2009
\$ 1,690,224	\$ 1,593,170	\$ 1,927,078	1,959,760	2,420,328
333,831	326,126	360,345	371,743	432,380
12,846,149	13,564,249	14,450,489	15,103,008	17,760,718
4,469,451	4,922,994	5,188,523	6,491,116	6,649,367
2,646,910	3,304,258	2,914,363	3,554,427	3,784,135
1,949,216	1,368,668	1,553,091	2,521,243	2,214,061
1,174,362	1,374,039	1,887,154	2,224,676	1,524,790
0 ⁽³⁾	0	0	0	0
0	0	0	0	0
60,374	60,179	158,451	528,726	671,224
<u>25,170,517</u>	<u>26,513,683</u>	<u>28,439,494</u>	<u>32,754,699</u>	<u>35,457,003</u>
36,101,997	37,294,489	39,607,607	41,018,567	47,007,004
511,429	707,009 ⁽⁷⁾	981,357	1,005,505	929,020
1,770,159	1,890,733	1,912,477	2,010,885	2,274,543
1,129,727	734,964 ⁽⁴⁾	926,065 ⁽⁴⁾	1,559,985 ⁽⁴⁾	1,519,259
<u>39,513,312</u>	<u>40,627,195</u>	<u>43,427,506</u>	<u>45,594,942</u>	<u>51,729,826</u>
<u>\$ 64,683,829</u>	<u>\$ 67,140,878</u>	<u>\$ 71,867,000</u>	<u>78,349,641</u>	<u>87,186,829</u>
602,774 ⁽⁵⁾	600,678	653,781	606,106	630,377
2,243,110	2,156,808	2,474,898	2,101,796	1,374,428 ⁽⁹⁾
84,187	52,356	58,870	44,720	38,090
359,076	434,877	465,968	434,828	442,328
0	0	770,227 ⁽⁸⁾	395,079	180,394
551,802	500,124	613,332	528,498	519,989
2,157,134	2,862,508	3,168,729	3,929,031	3,287,187
3,455,500	6,266,268	2,340,185	3,772,803	3,449,017
<u>9,453,583</u>	<u>12,873,619</u>	<u>10,545,990</u>	<u>11,812,861</u>	<u>9,921,810</u>
37,284,505	41,548,172	47,400,388	45,377,623	45,616,460
431,109	862,230 ⁽⁷⁾	894,132	866,972	851,644
1,439,122	1,544,902	1,564,861	1,565,923	1,703,937
928,440	462,507 ⁽⁴⁾	578,762 ⁽⁴⁾	1,108,078 ⁽⁴⁾	1,057,516
71,612	190,315	171,924	130,880	110,652
18,736,376	13,095,530	23,850,849	18,587,741	8,309,881 ⁽¹⁰⁾
<u>58,891,164</u>	<u>57,703,656</u>	<u>74,460,916</u>	<u>67,637,217</u>	<u>57,650,090</u>
<u>\$ 68,344,747</u>	<u>\$ 70,577,275</u>	<u>\$ 85,006,906</u>	<u>\$ 79,450,078</u>	<u>\$ 67,571,900</u>

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

	Fiscal Year	
	2003	2004
Net (expense)/revenue		
Governmental activities	\$ (13,099,865)	\$ (13,314,643)
Business-type activities	10,836,818	19,142,512
Total primary government net (expense)/revenue	<u>(2,263,047)</u>	<u>5,827,869</u>
General revenues and other changes in net assets		
Governmental activities:		
Taxes		
Property	4,961,152	5,083,793
Intangibles	307,211	299,365
Franchise	2,974,523	2,905,490
Occupational	0	0
Insurance premium	1,019,432	1,098,706
Alcoholic beverages	997,518	1,027,444
Hotel/Motel	424,779	425,504
Local option sales	4,325,783	4,682,435
Grants and contributions	2,699	3,646
Investment earnings	158,420	128,628
Payments from component unit	0	30,000
Gain on sale of assets	0	229,036
Miscellaneous	205,237	207,923
Transfers	623,703	1,775,008
Total governmental activities	<u>16,000,457</u>	<u>17,896,978</u>
Business-type activities		
Investment earnings	823,168	457,588
Payments from component unit	0	0
Gain on sale of assets	0	6,351
Miscellaneous	640,893	929,030
Transfers	(623,703)	(1,775,008)
Total business-type activities	<u>840,358</u>	<u>(382,039)</u>
Total primary government	<u>16,840,815</u>	<u>17,514,939</u>
Change in net assets		
Governmental activities	2,900,592	4,582,335
Business-type activities	11,677,176	18,760,473
Total primary government	<u>14,577,768</u>	<u>23,342,808</u>
Net assets - beginning		
Governmental activities	32,809,890	35,710,482
Business-type activities	167,715,722	179,392,898
Total primary government	<u>200,525,612</u>	<u>215,103,380</u>
Prior period adjustment		
Governmental activities	0	(735,696)
Business-type activities	0	(522,329)
Total primary government	<u>0</u>	<u>(1,258,025)</u>
Net assets - ending		
Governmental activities	35,710,482	39,557,121
Business-type activities	179,392,898	197,631,042
Total primary government	<u>\$ 215,103,380</u>	<u>\$ 237,188,163</u>

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

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

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

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

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

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

Fiscal Year				
2005	2006	2007	2008	2009
\$ (15,716,934)	\$ (13,640,064)	\$ (17,893,504)	\$ (20,941,838)	(25,535,193)
19,377,582	17,076,461	31,033,410 ⁽²⁾	22,042,275	5,920,264
<u>3,660,648</u>	<u>3,436,397</u>	<u>13,139,906</u>	<u>1,100,437</u>	<u>(19,614,929)</u>
5,258,299	5,456,200	6,571,545	7,101,695	7,421,155
348,523	317,048	307,098	237,483	180,064
2,929,050	3,359,902	3,474,822	4,599,218	4,451,348
1,256,001 ⁽¹⁾	1,260,686	1,342,953	1,354,234	1,288,785
1,190,698	1,281,035	1,340,284	1,398,065	1,431,555
1,030,287	1,043,230	1,112,799	1,056,980	1,000,788
443,492	461,602	487,172	479,684	473,047
4,928,637	5,634,966	5,866,449	5,829,689	4,799,932
0	0	0	0	0
274,289	644,185	1,033,946	1,033,414	209,981 ⁽⁵⁾
213,000	64,470	0	0	0
548,335	93,824	1,282,635 ⁽³⁾	900,112	17,246
194,738	267,811	377,785	297,695	325,996
2,842,126	2,286,216	1,585,275	3,055,911	1,495,051
<u>21,457,475</u>	<u>22,171,175</u>	<u>24,782,763</u>	<u>27,344,180</u>	<u>23,094,948</u>
1,293,209	2,813,927	3,483,808	2,664,847	1,013,233 ⁽⁵⁾
32,500	0	0	0	0
3,031	837	84,099	29,804	1,315
1,091,854	1,446,054	1,340,749	1,151,124	1,020,458
(2,842,126)	(2,286,216)	(1,585,275)	(3,055,911)	(1,495,051)
<u>(421,532)</u>	<u>1,974,602</u>	<u>3,323,381</u>	<u>789,864</u>	<u>539,955</u>
<u>21,035,943</u>	<u>24,145,777</u>	<u>28,106,144</u>	<u>28,134,044</u>	<u>23,634,903</u>
5,740,541	8,531,111	6,889,259	6,402,342	(2,440,245)
18,956,050	19,051,063	34,356,791 ⁽²⁾	22,832,138	6,460,219
<u>24,696,591</u>	<u>27,582,174</u>	<u>41,246,050</u>	<u>29,234,480</u>	<u>4,019,974</u>
39,557,121	45,032,414	53,558,325	80,186,929	86,589,271
197,631,042	216,587,362	235,789,767	271,558,936	294,391,074
<u>237,188,163</u>	<u>261,619,776</u>	<u>289,348,092</u>	<u>351,745,865</u>	<u>380,980,345</u>
(265,248)	(5,200)	19,739,345 ⁽⁴⁾	0	(93,382)
0	151,342	1,412,378 ⁽⁴⁾	0	(54,356)
<u>(265,248)</u>	<u>146,142</u>	<u>21,151,723</u>	<u>0</u>	<u>(147,738)</u>
45,032,414	53,558,325	80,186,929	86,589,271	84,055,644
216,587,092	235,789,767	271,558,936	294,391,074	300,796,937
<u>\$ 261,619,506</u>	<u>\$ 289,348,092</u>	<u>\$ 351,745,865</u>	<u>\$ 380,980,345</u>	<u>\$ 384,852,581</u>

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Intangible Tax</u>	<u>Franchise Tax</u>	<u>Occupational Tax</u>
2003	\$ 4,961,152	\$ 307,211	\$ 2,974,523	\$ 0
2004	5,083,793	299,365	2,905,490	0
2005	5,258,299	348,523	2,929,050	1,256,001 ⁽¹⁾
2006	5,456,200	317,048	3,359,902	1,260,686
2007	6,571,545 ⁽²⁾	307,098	3,474,822	1,342,953
2008	7,101,695	237,483	4,599,218 ⁽³⁾	1,354,234
2009	7,421,155	180,064	4,451,348	1,288,785

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

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

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

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

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

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

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

	Fiscal Year	
	2003	2004
General fund		
Reserved	\$ 8,340	\$ 2,461
Unreserved	3,652,935	4,323,814
Total general fund	<u>3,661,275</u>	<u>4,326,275</u>
All other governmental funds		
Reserved	2,062,094	4,368,660
Unreserved, reported in:		
Special revenue funds	1,932,568	0
Capital project funds	3,356,384	4,540,937
Debt service funds	0	0
Total all other governmental funds	<u>\$ 7,351,046</u>	<u>\$ 8,909,597</u>

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

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

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

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

Fiscal Year				
2005	2006	2007	2008	2009
\$ 24,929	\$ 42,976	49,289	70,002	102,572
<u>5,107,150</u>	<u>5,904,994</u>	<u>6,697,460</u>	<u>4,066,767</u>	<u>3,595,792</u>
5,132,079	5,947,970	6,746,749	4,136,769	3,698,364
387,116	2,333,758	12,757,904	4,535,228	24,515,444 ⁽³⁾
3,368,908	3,565,978	6,983,598 ⁽¹⁾	10,081,308 ⁽²⁾	9,982,391
4,648,892	833,467	4,569,334	4,184,614	2,296,318
679,772	542,766	1,753,653	1,602,964	2,266,195
<u>\$ 9,084,688</u>	<u>\$ 7,275,969</u>	<u>\$ 26,064,489</u>	<u>\$ 20,404,114</u>	<u>\$ 39,060,348</u>

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

	Fiscal Year	
	2003	2004
Revenues		
Taxes	\$ 14,964,682	\$ 15,629,337
Licenses and permits	1,774,282	1,951,898
Fines, fees and forfeitures	1,544,764	1,898,005
Charges for services	2,067,150	2,073,834
Intergovernmental	4,606,374	6,143,323
Interest	146,686	120,384
Property Sales	2,206	685,818
Contributions	1,110,631	500,989
Other	158,975	202,522
Total revenues	<u>26,375,750</u>	<u>29,206,110</u>
Expenditures		
General Government	3,329,586	2,682,906
Judicial	0	317,295
Public Safety	10,595,501	10,986,396
Public Works	2,728,735	3,465,572
Health and Welfare	2,549,587	2,422,265
Culture and Recreation	956,923	939,640
Housing and Development	420,329	893,537
Education	101,723	122,736
Non-departmental	44,729	5,059
Debt Service		
Principal	1,107,334	1,161,452
Interest	429,782	392,165
Capital Outlay	5,519,091	6,017,251
Total expenditures	<u>27,783,320</u>	<u>29,406,274</u>
Excess of revenues over (under) expenditures	<u>(1,407,570)</u>	<u>(200,164)</u>
Other financing sources (uses)		
Transfers in	4,727,456	6,630,018
Transfers out	(3,710,173)	(4,850,582)
Issuance of notes payable	0	0
Refunding of notes payable	0	0
Issuance of capital leases	575,242	596,620
Sales of capital assets	62,444	27,884
Total other financing sources (uses)	<u>1,654,969</u>	<u>2,403,940</u>
Net change in fund balances	247,399	2,203,776
Fund balance, July 1 (original)	10,764,922	11,012,321
Prior period adjustments	<u>0</u>	<u>19,775</u>
Fund balance , June 30	<u>\$ 11,012,321</u>	<u>\$ 13,235,872</u>
Debt service as a percentage of noncapital expenditures	7.1%	6.3%

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

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

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

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

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

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

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

Fiscal Year				
2005	2006	2007	2008	2009
\$ 17,354,577 ⁽¹⁾	\$ 18,800,818	\$ 20,557,731	\$ 21,931,347	\$ 21,030,163
826,075	824,465	1,045,039	726,127	563,085
1,863,379	1,767,286	1,888,411	1,782,062	1,200,508
2,372,006	2,324,512	3,127,789	2,621,736	2,590,476
6,515,951	9,751,128 ⁽²⁾	6,233,048	8,157,297	6,340,062
256,058	592,351	952,438	983,198	186,918
817,958	0	0	0	0
306,728	402,948	262,754	150,346	95,806
196,360	250,984	355,432	297,697	325,993
<u>30,509,092</u>	<u>34,714,492</u>	<u>34,422,642</u>	<u>36,649,810</u>	<u>32,333,011</u>
2,780,457	2,858,175	3,036,416	3,183,110	3,260,291
333,995	324,267	360,906	370,393	369,537
11,689,304	12,304,620	13,260,428	14,206,369	14,097,303
3,785,981	3,990,492	4,081,934	4,638,378	4,586,349
2,693,714	3,348,749	2,922,009	3,479,259	3,381,182
952,239	925,879	1,200,173	1,372,628	1,169,614
1,305,500	1,550,568	2,249,375	4,624,623	1,951,894
0	0	0	0	0
0	0	0	0	0
1,266,622	1,330,139	1,402,087	2,442,202	1,659,125
358,840	324,247	326,320	718,082	644,194
7,445,272	12,512,996 ⁽³⁾	5,042,938	15,104,298	18,184,470
<u>32,611,924</u>	<u>39,470,132</u>	<u>33,882,586</u>	<u>50,139,342</u>	<u>49,303,959</u>
<u>(2,102,832)</u>	<u>(4,755,640)</u>	<u>540,056</u>	<u>(13,489,532)</u>	<u>(16,970,948)</u>
7,611,665	8,441,779	10,434,930	11,509,650	5,072,824
(4,962,853)	(6,184,479)	(8,916,559)	(9,131,665)	(3,506,803)
0	0	0	0	7,437,971
0	0	0	0	(7,437,971)
402,148	1,334,089 ⁽⁴⁾	11,898,663 ⁽⁵⁾	795,481	33,697,531
54,380	176,623	5,673,013 ⁽⁶⁾	2,045,711	18,607
<u>3,105,340</u>	<u>3,768,012</u>	<u>19,090,047</u>	<u>5,219,177</u>	<u>35,282,159</u>
1,002,508	(987,628)	19,630,103	(8,270,355)	18,311,211
13,235,872	14,216,767	13,223,939	32,811,238	24,540,883
<u>(21,613)</u>	<u>(5,200)</u>	<u>(42,804)</u>	<u>0</u>	<u>(93,382)</u>
<u>\$ 14,216,767</u>	<u>\$ 13,223,939</u>	<u>\$ 32,811,238</u>	<u>\$ 24,540,883</u>	<u>\$ 42,758,712</u>
6.2%	6.2%	6.0%	9.3%	7.3%

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Intangibles Tax</u>	<u>Franchise Tax</u>	<u>Insurance Premium Tax</u>
2003	\$ 4,915,436	\$ 307,211	\$ 2,974,523	\$ 1,019,432
2004	5,190,393	299,365	2,905,490	1,098,706
2005	5,227,889	348,523	2,929,050	1,190,698
2006	5,442,349	317,048	3,359,902	1,281,035
2007	6,626,154 ⁽²⁾	307,098	3,474,822	1,340,284
2008	6,903,374	237,483	4,599,218 ⁽³⁾	1,398,065
2009	7,335,925	180,064	4,451,348	1,431,555

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

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

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

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

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

<u>Occupational Tax</u>	<u>Alcoholic Beverages Tax</u>	<u>Hotel/Motel Tax</u>	<u>Local Option Sales Tax</u>	<u>Total</u>
\$ 0	\$ 997,518	\$ 424,779	\$ 4,325,783	\$ 14,964,682
0	1,027,444	425,504	4,682,435	15,629,337
1,256,001 ⁽¹⁾	1,030,287	443,492	4,928,637	17,354,577
1,260,686	1,043,230	461,602	5,634,966	18,800,818
1,342,953	1,112,799	487,172	5,866,449	20,557,731
1,354,234	1,056,980	479,684	5,829,689	21,858,727
1,288,785	1,000,788	473,047	4,799,932 ⁽⁴⁾	20,961,444

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

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

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

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

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

Exemption Adjustments	Total Taxable Assessed Value⁽¹⁾	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ (25,306,044)	\$ 2,391,884,138	\$ 2.75	\$ 2,391,884,138	100%
(26,789,365)	2,609,583,063	2.62	2,609,583,063	100%
(25,739,000)	2,684,651,424	2.62	2,684,651,424	100%
(26,590,000)	2,858,228,420	2.60	2,858,228,420	100%
(26,774,000)	2,950,949,210	2.89	2,950,949,210	100%
(27,784,000)	3,567,900,394	2.66	3,567,900,394	100%
(29,134,000)	3,708,134,604	2.66	3,708,134,604	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	
1999	2000	1.36	0.75	0.19	2.30
2000	2001	1.36	0.75	0.19	2.30
2001	2002	1.36	0.75	0.19	2.30
2002	2003	1.81	0.75	0.19	2.75
2003	2004	1.69	0.75	0.18	2.62
2004	2005	1.69	0.75	0.18	2.62
2005	2006	1.67	0.75	0.18	2.60
2006	2007	1.60	0.75	0.54	2.89
2007	2008	1.43	0.75	0.48	2.66
2008	2009	1.43	0.75	0.48	2.66

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

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

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

Overlapping Rates

Gainesville City Schools			State of Georgia	Hall County		Total Direct & Overlapping Rates
Operating Millage	Debt Service Millage	Total School Millage		Operating Millage	Total County Millage	
7.00	0.35	7.35	0.25	6.50	6.50	16.40
7.00	0.35	7.35	0.25	7.00	7.00	16.90
6.99	0.35	7.34	0.25	7.48	7.48	17.37
7.50	0.50	8.00	0.25	7.13	7.13	18.13
7.01	0.47	7.48	0.25	5.52	5.52	15.87
7.50	0.47	7.97	0.25	6.03	6.03	16.87
7.45	0.47	7.92	0.25	6.55	6.55	17.32
7.45	0.38	7.83	0.25	6.98	6.98	17.95
6.62	0.34	6.96	0.25	6.26	6.26	16.13
7.42	0.39	7.81	0.25	6.25	6.25	16.97

CITY OF GAINESVILLE, GEORGIA
PRINCIPAL TAXPAYERS
June 30, 2009

Taxpayer	2009			2000		
	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Total Taxable Assessed Value
Kubota Manufacturing of America Corporation/ Kubota USA, Inc	\$ 193,264,832	1	5.42%	\$ 50,945,539	1	2.24%
Cargill, Inc.	93,124,995	2	2.61%	39,945,362	3	1.76%
Hayes Lemmerz Intl GA, Inc. (Western Wheel Georgia, Inc.)	54,136,183	3	1.52%	50,646,393	2	2.23%
Ace Hardware Corporation	47,610,666	4	1.33%	36,158,920	4	1.59%
ZF Industries, Inc.	40,830,922	5	1.14%	27,102,961	6	1.19%
Fieldale Farms Corporation (Queen City Foods)	39,649,839	6	1.11%	25,749,216	7	1.13%
Pilgrims Pride formerly ConAgra	37,646,109	7	1.06%	15,432,928	10	0.68%
Colonial Realty Limited Part. (Camelot Real Estate Corp.)	30,232,120	8	0.85%	32,129,870	5	1.41%
Caradon Peachtree, Inc. (Peachtree Doors)	25,074,607	9	0.70%	21,446,227	9	0.94%
Bell South Communications	19,435,155	10	0.54%	24,271,040	8	1.07%
Total	<u>\$ 581,005,428</u>		<u>15.67%</u>	<u>\$ 323,828,456</u>		<u>14.23%</u>

Source: 2008 and 1999 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.

**CITY OF GAINESVILLE, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST SEVEN 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
2003	\$ 6,577,681	-	\$ 6,509,630	98.97%	\$ 32,413	\$ 6,542,043	99.46%
2004	6,837,108	-	6,792,902	99.35%	70,847	6,863,749	100.39%
2005	7,033,787	-	6,997,475	99.48%	101,185	7,098,660	100.92%
2006	7,431,394	-	7,252,591	97.59%	132,831	7,385,422	99.38%
2007	8,528,243	88,877	8,547,295	99.19%	60,960	8,608,255	99.90%
2008	9,490,615	40,686	9,308,622	97.66%	195,265	9,503,887	99.71%
2009	9,863,638	121,448	9,636,926	96.51%	-	9,636,926	96.51%

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

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

Note (1): Adjustments made after tax billing within the fiscal year of the levy; comparative information not available prior fiscal year 2006.

CITY OF GAINESVILLE, GEORGIA
LOCAL OPTION SALES TAX DISTRIBUTION COMMODITY REPORT - HALL COUNTY
LAST FIVE CALENDAR YEARS

<u>Commodity</u>	<u>2008</u>			<u>2007</u>		
	<u>Total Distributed</u>	<u>Rank</u>	<u>% of Total</u>	<u>Total Distributed</u>	<u>Rank</u>	<u>% of Total</u>
Food	\$ 6,333,245	1	22.77%	\$ 7,493,256	1	25.11%
Automotive	5,585,993	2	20.08%	5,197,957	2	17.42%
General	3,914,052	3	14.07%	3,837,609	3	12.86%
Utilities	2,911,221	4	10.47%	2,507,993	5	8.40%
Lumber	1,971,473	5	7.09%	2,985,890	4	10.00%
Miscellaneous	1,879,721	6	6.76%	2,099,210	6	7.03%
Miscellaneous Services	1,843,388	7	6.63%	1,785,456	8	5.98%
Home	1,660,495	8	5.97%	1,902,209	7	6.37%
Manufacturers	1,107,192	9	3.98%	1,444,670	9	4.84%
Apparel	605,400	10	2.18%	592,228	10	1.98%
Total	<u>\$ 27,812,181</u>		<u>100.00%</u>	<u>\$ 29,846,479</u>		<u>100.00%</u>

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

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

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

2006			2005			2004		
Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total
\$ 7,140,985	1	24.25%	\$ 6,022,544	1	23.60%	\$ 5,472,776	1	22.72%
5,275,559	2	17.91%	4,586,086	2	17.97%	4,551,713	2	18.89%
3,686,111	3	12.52%	3,454,990	3	13.54%	3,328,268	3	13.82%
2,339,924	5	7.95%	2,008,869	5	7.87%	1,843,016	6	7.65%
3,193,611	4	10.84%	2,685,104	4	10.52%	2,692,310	4	11.18%
2,329,388	6	7.91%	1,972,519	6	7.73%	1,882,264	5	7.81%
1,780,891	8	6.05%	1,671,242	7	6.55%	1,699,748	7	7.06%
1,811,969	7	6.15%	1,559,727	8	6.11%	1,249,852	8	5.19%
1,307,576	9	4.44%	1,029,195	9	4.03%	965,809	9	4.01%
583,582	10	1.98%	526,676	10	2.06%	404,040	10	1.68%
<u>\$ 29,449,597</u>		<u>100.00%</u>	<u>\$ 25,516,952</u>		<u>100.00%</u>	<u>\$ 24,089,796</u>		<u>100.00%</u>

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES TEN LARGEST SYSTEM CUSTOMERS
JUNE 30, 2009

<u>Customer</u>	<u>Type of Business</u>	<u>Total Water Billings</u>	<u>Total Sewer Billings</u>	<u>Total Billings</u>	<u>Percentage of System Revenues</u>
Fieldale Farms Corporation	Manufacturer - Poultry Products	\$ 1,886,254	\$ 4,377,820	\$ 6,264,074	14.02%
Pilgrim's Pride	Manufacturer - Poultry Products	854,730	2,405,494	3,260,224	7.30%
Mar-Jac Poultry, Inc.	Manufacturer - Poultry Products	709,574	2,305,845	3,015,419	6.75%
NE GA Health Systems/	Hospital	263,898	593,282	857,180	1.92%
Cargill, Inc.	Manufacturer - Soybean Products	339,673	430,529	770,202	1.72%
Hall County Commissioners	Local Government	254,381	308,848	563,230	1.26%
Cooley Enterprises (DBA Kings Delight)	Food Further Processing	199,168	327,643	526,810	1.18%
Islands Management Company LLC	Resort	382,272	-	382,272	0.86%
Hall County Board of Education	Local Government School System	198,457	85,850	284,307	0.64%
Gainesville Housing Authority	Apartments	65,998	192,093	258,091	0.58%
Total		<u>\$ 5,154,404</u>	<u>\$ 11,027,402</u>	<u>\$ 16,181,811</u>	<u>36.23%</u>

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

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

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita ⁽¹⁾
	General Obligation Bonds	Capital Leases	Water & Sewer Bonds	Notes Payable	Capital Leases			
2003	\$ 6,305,000	\$ 1,555,450	\$ 126,150,000	\$ 43,299,098	\$ 102,199	\$ 177,411,747	25.40%	\$ 6,343
2004	5,655,000	1,640,618	121,860,000	55,099,562	81,785	184,336,965	24.91%	6,185
2005	4,970,000	1,461,144	117,510,000	85,986,473	5,151,053 ⁽²⁾	215,078,670	27.62%	6,914
2006	4,250,000	2,185,094 ⁽³⁾	127,635,000	106,718,229	40,626,338 ⁽⁴⁾	281,414,661	33.31%	8,674
2007	3,490,000	13,428,006 ⁽⁵⁾	123,025,000	115,280,594	39,078,688	294,302,288	33.33%	8,827
2008	2,690,000	12,581,284	116,480,000	119,221,083	37,454,530	288,426,897	29.47%	8,284
2009	1,840,000	43,693,635 ⁽⁶⁾	109,635,000	125,581,156	35,756,155	316,505,946	29.96%	8,874

Note:

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

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

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

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

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

Note (6): Increase due to capital leases issued for Public Safety Building (\$25,325,000) and Georgia Mountain Center Parking Garage (\$6,230,000).

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

Fiscal Year	General Obligation Bonds	Capital Leases	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2003	\$ 6,305,000	\$ 1,555,450	\$ 873,969	\$ 6,986,481	0.29%	\$ 249.80
2004	5,655,000	1,640,618	806,894	6,488,724	0.25%	217.70
2005	4,970,000	1,461,144	679,772	5,751,372	0.21%	184.89
2006	4,250,000	2,185,094	735,073	5,700,021	0.20%	175.69
2007	3,490,000	13,428,006 ⁽³⁾	1,847,147	15,070,859	0.51%	452.04
2008	2,690,000	12,581,284	1,602,964	13,668,320	0.38%	392.56
2009	1,840,000	43,693,635 ⁽⁴⁾	2,266,195	43,267,440	1.17%	1,213.06

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

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

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

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

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

Note (4) Includes capital leases issued for construction of new Public Safety Building (\$25,325,000) and Georgia Mountains Center Parking Deck (\$6,230,000).

CITY OF GAINESVILLE, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2009

<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	\$ 16,595,000	100%	\$ 16,595,000
Hall County			<u>13,480,000</u>
Subtotal, overlapping debt			<u>30,075,000</u>
City of Gainesville direct debt			<u>45,533,635</u>
Total direct and overlapping debt			<u><u>\$ 75,608,635</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.

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

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

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

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

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

Fiscal Year			
2006	2007	2008	2009
\$ 313,425,727	330,171,198	406,664,323	412,732,440
<u>5,700,021</u>	<u>15,070,859</u>	<u>13,668,320</u>	<u>43,267,440</u> ⁽²⁾
<u><u>\$ 307,725,706</u></u>	<u><u>\$ 315,100,339</u></u>	<u><u>392,996,003</u></u>	<u><u>369,465,000</u></u>
1.82%	4.56%	3.36%	10.48% ⁽²⁾

Legal Debt Margin Calculation for Fiscal Year 2009

Total Assessed value	\$ 4,127,324,398
Debt limit (10% of total assessed value) ⁽¹⁾	412,732,440
Debt applicable to limit:	
General obligation debt	45,533,635
Less: Amount set aside for repayment of general obligation debt	<u>(2,266,195)</u>
Total net debt applicable to limit	<u>43,267,440</u>
Legal debt margin	<u><u>\$ 369,465,000</u></u>

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

Public Utilities Revenue Bonds						
Fiscal Year	Gross Revenue ⁽¹⁾	Less:	Net	Debt Service		Coverage
		Operating Expenses ⁽²⁾	Available Revenue	Principal	Interest	
2000	33,244,482	12,250,411	20,994,071	1,805,000	3,548,317	3.92
2001	32,915,179	13,297,248	19,617,931	2,235,000	4,474,757	2.92
2002	32,193,490	15,469,290	16,724,200	2,340,000	5,713,529	2.08
2003	35,478,550	16,663,358	18,815,192	4,005,000	6,587,912	1.78
2004	38,805,729	17,039,188	21,766,541	4,175,000	6,415,904	2.06
2005	42,124,247	18,246,090	23,878,157	4,350,000	6,232,571	2.26
2006	48,649,531	19,981,471	28,668,060	4,540,000	7,199,822	2.44
2007	56,613,770	21,037,220	35,576,550	6,040,000	5,775,526	3.01
2008	51,938,276	21,519,732	30,418,544	6,545,000	5,832,260	2.46
2009	48,197,672	24,353,036	23,844,636	6,845,000	5,534,643	1.93

Note (1): Total revenue including interest.

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

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

Fiscal Year	Airport Revenue Bonds					Coverage
	Gross Revenue ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		
				Principal	Interest	
2000	283,573	161,824	121,749	90,000	32,590	0.99
2001	284,997	47,763	237,234	95,000	26,253	1.96
2002	285,104	50,759	234,345	100,000	19,475	1.96
2003	282,343	61,288	221,055	110,000	12,070	1.81
2004	338,620	87,238	251,382	115,000	3,748	2.12

Note: Subsequent to 2004, pledged revenue requirements for revenue bonds were no longer applicable.

Note (1): Total revenue including interest.

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

**CITY OF GAINESVILLE, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST NINE 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)
2001	25,578	\$ 605,636	\$ 23,678	4,199	2.9%
2002	25,578	632,621	24,733	4,438	3.8%
2003	27,968	698,389	24,971	4,724	3.5%
2004	29,806	740,083	24,830	5,039	3.8%
2005	31,107	778,577	25,029	5,206	4.8%
2006	32,444	844,939	26,043	5,681	4.3%
2007	33,340	883,043	26,486	6,138	3.9%
2008	34,818	978,734	28,110	6,361	5.3%
2009	35,668	1,056,593	29,623	6,538	9.6%

Source (a): 2001-2002 based on 2000 census; 2003-2009 are estimates provided by the U.S. Census Bureau

Source (b): Based on City population multiplied by Hall County per capita personal income.

Source (c): Bureau of Economic Analysis, U.S. Department of Commerce; information is provided on Hall County only.

Source (d): Gainesville City Schools, September enrollment

Source (e): Georgia Department of Labor

Note: Comparative information prior to fiscal year 2001 is not available.

CITY OF GAINESVILLE, GEORGIA
PRINCIPAL EMPLOYERS/HALL COUNTY
June 30, 2009

<u>Employer</u>	<u>2009</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Northeast Georgia Medical Center	4,000	1	4.60%	4,200	1	5.34%
Fieldale Farms	2,400	2	2.76%	2,300	2	2.93%
Pilgrims Pride	1,599	3	1.84%	1,553	3	1.98%
Mar-Jac	1,100	4	1.26%	1,259	4	1.60%
Wrigley Manufacturing Company, LLC	1,000	5	1.15%	800	6	1.02%
Coleman Natural Foods (Kings Delight)	975	6	1.12%	950	5	1.21%
Kubota Manufacturing of America	890	7	1.02%	717	7	0.91%
Koch Foods, Inc.	521	8	0.60%	600	8	0.76%
The Longstreet Clinic	512	9	0.59%			
Liberty Mutual Insurance				600	9	0.76%
PFG Milton's Institutional Foods	465	10	0.53%			
Wal-Mart Super Center				500	10	0.64%
Total	13,462		15.36%	13,479		17.14%

Source: Greater Hall Chamber of Commerce.

Note 1: Excludes governmental and educational employers. Percentage of employment in 2006 was based on the 2005 Hall County annual average employment of 78,619, whereas 2009 is based on 2008 Hall County annual average employment of 87,658 per the Georgia Department of Labor and U.S. Bureau of Labor Statistics.

Note 2: Comparative information prior to fiscal year 2006 is not available.

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

Function	Full-time Equivalent Employees as of June 30						
	2003	2004	2005	2006	2007	2008	2009
Primary government							
General Government	46	46	43	44	44	46	41
Judicial	8	8	8	8	8	8	8
Public Safety							
Police	119	117	117	117	119	122	115
Fire	83	82	82	82	82	83	81
City Marshal	4	4	7	7	9	7	5
Public Works	56	58	58	62	62	63	54
Health and Welfare	47	47	45	45	44	49	49
Culture and Recreation	11	11	11	11	11	11	10
Housing and Development	26	27	35	38	22	22	18
General Insurance	1	1	2	2	2	2	2
Vehicle Services	5	5	5	5	5	5	5
Water and Sewer	229	236	237	243	249	253	231
Solid Waste	24	24	27	27	27	31	24
Golf Course	16	18	16	18	12	13	13
Total primary government	675	684	693	709	696	715	656
Component unit							
City of Gainesville							
Parks and Recreation							
Culture and Recreation	31	32	32	34	34	38	37
Total employees	706	716	725	743	730	753	693

Source: Annual City of Gainesville Budget Document.

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

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

Function	FISCAL YEAR						
	2003	2004	2005	2006	2007	2008	2009
Police							
Number of citations issued	18,455	22,567	19,878	16,737	14,326	13,585	11,394 (3)
Number of calls for service	85,780	91,086	88,922	78,904	76,208	76,555	74,329
Fire							
Number of calls answered	5,115	5,871	5,496	5,918	6,443	5,998	5,901
Number of inspections conducted	310	890	3,467	2,856	3,490	2,607	2,631
Highways and streets							
Square feet of sidewalks replaced	10,225	8,000	9,570	6,399	5,127	14,040	2,351 (4)
Linear feet curb and gutter installed	N/A	3,000	5,806	2,161	1,679	2,091	1,071
Sanitation							
Refuse collected (tons)	5,212	5,362	5,407	5,497	5,489	5,320	5,261
Recyclables collected (tons)	647	656	681	700	711	799	653
Culture and Recreation							
Enrolled in youth athletics	959	1,007	997	1,049	1,297	1,741	1,173 (4)
Civic Center/Cabin rentals	891	1,051	1,161	1,350	1,229	1,579	823 (4)
Water System (MGD -Millions of Gallons per Day)							
Number of service connections	38,158	39,382	40,572	46,645	48,652	49,783	46,550 (4)
Daily average consumption in gallons	17.20	18.30	18.10	19.29	19.85	17.86	16.56
Sewer System (MGD -Millions of Gallons per Day)							
Number of service connections	7,365	7,814	7,892	8,170	9,489	9,683	8,896 (4)
Daily average treatment in gallons	8.80	8.38	8.90	9.14	8.42	7.80	8.00

Source: Various City Departments.

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

Note 2: Comparative information prior to fiscal year 2003 is not available.

Note 3: General economic downturn and changes in importation laws were contributing factors to this decrease.

Note 4: Numbers are lower than preceding years due to declining economy.

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

Function	FISCAL YEAR						
	2003	2004	2005	2006	2007	2008	2009
Public safety							
Number of police stations	5	5	5	5	5	5	5
Number of fire stations	3	4	4	4	4	4	4
Solid Waste							
Collection Trucks	9	8	8	9	9	9	9
Highways and streets							
Miles of streets	130	130	130	130	133	136	136
Miles of storm sewers	16.00	18.82	19.78	19.78	20.00	20.11	20.20
Number of street lights	2,296	2,315	2,323	2,346	2,352	2,340	2,380
Culture and Recreation							
Community/Civic Centers	2	2	2	2	2	8	8
Parks	18	20	20	20	21	22	21
Park acreage	400+	400+	425+	425+	443+	443+	444+
Golf courses	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	1	1	5
Baseball/Softball fields	10	10	10	10	10	9	9
Soccer fields	10	10	10	10	10	10	9
Multipurpose fields	1	1	1	1	1	1	1
Tennis courts	16	16	16	16	16	16	16
Water and Sewerage System-Gainesville and Hall County (MGD - Millions of Gallons per Day)							
Water System:							
Miles of water mains	976	1,013	1,053	1,230	1,247	1,302	1,310
Number of fire hydrants	5,162	6,417	7,127	7,596	7,840	7,843	8,538
Number of water treatment plants	2	2	2	2	2	2	2
Maximum daily capacity of treatment plants in gallons	35 MGD	35 MGD	35 MGD	35 MGD	35 MGD	35 MGD	35 MGD
Sewer System:							
Miles of sanitary sewers	229	241	246	261	268	271	278
Number of wastewater treatment plants	2	2	2	2	2	2	2
Maximum daily capacity of treatment plant in gallons	12.9 MGD	12.9 MGD	12.9 MGD	12.9 MGD	14.7 MGD	17 MGD	17 MGD

Source: Various City Departments.

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

Note 2: Comparative information prior to fiscal year 2003 is not available.

**CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES DEPARTMENT
WATER RATES AND MINIMUM DEMAND CHARGES
JUNE 30, 2009**

Water Rates (Monthly Charges):

	<u>Inside City Limits</u>	<u>Outside City Limits</u>
Account Servicing Fee	\$ 3.63	\$ 7.26
Quantity Used Per Month In Cubic Feet		
Per Hundred Cubic feet	\$2.03 Per 100 cf ⁽¹⁾	\$ 4.06 per 100 cf ⁽¹⁾

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

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

**CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES DEPARTMENT
WATER TAP/METER, CONNECTION AND ADMINISTRATIVE FEES
JUNE 30, 2009**

Inside and Outside City Limits:

Tap Size (Meter Inches)	Tap and Meter	Connection Fee	Administrative Fee	Total
3/4 inch	\$ 989	\$ 1,726	\$ 51	\$ 2,766
1 inch	1,070	4,315	129	5,514
1 1/2 inch	2,326	8,630	258	11,214
2 inch	4,445	13,808	414	18,667
3 inch	7,021	27,616	828	35,465
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 1997, 1999, 2001, 2005, and 2006 Water and Sewerage bond issues.

**CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES DEPARTMENT
SEWER RATES AND CHARGES
JUNE 30, 2009**

Sewer Rates (Monthly Charges by Volume):

	Inside City Limits	Outside City Limits	Oakwood
Commodity charge Per Cubic Foot	\$ 5.99	\$ 6.26	\$ 6.59

Industrial Surcharges:

<u>Pollutant</u>	<u>Concentration (mg/l)</u>	<u>Surcharge (dollars per mg/l per 100 cubic feet)</u>
BOD	250-500	\$ 0.0014
	501-700	0.0028
	701-900	0.0056
	Over 900	0.0112
Suspended Solids	250-500	0.0009
	501-700	0.0018
	701-900	0.0036
	Over 900	0.0072
Oil and Grease	100-125	0.0035
	126-150	0.0070
	151-175	0.0140
	Over 175	0.0280
Phosphorus	7-11	0.0140
	12-15	0.0280
	16-20	0.0560
	Over 20	0.1120
Nitrogen	40-75	0.0040
	76-100	0.0080
	101-135	0.0160
	Over 135	0.0320

Accounts billed for sewer only shall pay a monthly account servicing fee of \$3.63 inside the City and \$7.26 outside the City. In addition, sewer only customers pay an additional fee per 100 cubic feet. The rate is \$5.99 for inside city customers, \$6.26 for outside city customers, \$6.59 for Oakwood customers.

Residential sewer charges are based on 85% of monthly metered water consumption.

Commercial, Industrial and Multi-Unit sewer charges are based on 100% of monthly water meter readings.

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

**CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES DEPARTMENT
SEWER TAPPING, CONNECTION AND ADMINISTRATIVE FEES
JUNE 30, 2009**

Sewer Tapping Fees:

For a six inch (6") service line serving a single dwelling or commercial unit the cost is \$745.

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 1997, 1999, 2001, 2005, and 2006 Water and Sewerage bond issues.

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

<u>Year</u>	<u>Total Cost of Capital Improvements</u>	<u>Funding Sources</u>	
		<u>System Revenues and Capital Contributions</u>	<u>Debt Proceeds and Investment Earnings</u>
2000	36,784,561	8,851,658	27,932,903
2001	46,649,621	6,309,438	40,340,183
2002	43,930,437	2,305,087	41,625,350
2003	17,702,084	3,512,334	14,189,750
2004	27,583,013	7,087,954	20,495,059
2005	41,663,448	8,985,488	32,677,960
2006	41,714,311	13,816,574	27,897,736
2007	27,088,233	17,738,660	9,349,573
2008	12,910,399	10,248,858	2,661,541
2009	14,771,610	14,505,829	265,781

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

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF INSURANCE COVERAGE
June 30, 2009

	Amount	
Property Coverage		
Blanket building and contents (\$50,000 deductible)	Replacement Cost ⁽¹⁾	
Flood (\$50,000 deductible)	\$ 5,000,000	
Boiler and Machinery (\$50,000 deductible)	Replacement Cost ⁽¹⁾	
Automobile (Fire Trucks 1994 or newer) (\$5,000 deductible)	Actual cash value	(\$2,296,851)
Inland Marine (Contractor's Equipment) (\$2,500 deductible)	Actual cash value	(\$3,090,609)
EDP Equipment (\$2,500 deductible)	Replacement Cost	(\$1,646,365)
 Casualty		
General Liability ⁽²⁾		
Personal and advertising injury (\$10,000 deductible)	\$ 2,000,000	per occurrence
Products-completed operations (\$10,000 deductible)	\$ 2,000,000	per occurrence
Law enforcement (\$10,000 deductible)	\$ 1,000,000	per occurrence
Public official (\$15,000 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)		
	\$ 250,000	
 Airport Liability (\$2,500 deductible) (Includes TRIA)		
	\$ 10,000,000	

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

Note (1): Maximum property limit of \$221,297,487.

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

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

**CITY OF GAINESVILLE, GEORGIA
PROPERTY VALUE - CONSTRUCTION
LAST NINE 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			
2000	1,499	4/14	\$ 178,798,320	51	\$ 16,046,817
2001	1,431	4/11	179,881,000	75	11,017,400
2002	1,252	2/6	175,835,800	32	11,577,500
2003	1,228	4/157	208,903,800	19	5,415,000
2004	1,055	0	183,472,400	26	4,299,400
2005	1,236	2/26	236,836,600	35	15,737,000
2006	1,332	1/2	279,418,335	66	85,329,200
2007	998	0	188,443,350	60	38,534,400
2008	303	0	54,999,600	52	14,583,500 ⁽³⁾

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			
2000	67	17/333	\$ 18,056,900	51	\$ 63,955,600
2001	70	11/75	13,661,900	60	25,875,400
2002	163	27/387	29,339,700	34	22,150,000
2003	137	20/284	24,915,000	29	23,643,000
2004	235	14/215	38,459,000	46	26,874,000
2005	236	10/116	39,622,400	45	75,791,100
2006	186	10/107	42,646,528	52	153,269,000 ⁽²⁾
2007	275	5/25	37,531,000	50	68,250,000
2008	51	0	6,815,850	33	32,348,400 ⁽³⁾

Source: Hall County Building and Zoning Department

Note: Comparative information prior to calendar year 2000 is not available.

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

Note (2): Northeast Georgia Medical Center acquired permits for several facilities in calendar year 2006.

Note (3): Economic decline contributed to decreased numbers.

CITY OF GAINESVILLE, GEORGIA
MISCELLANEOUS STATISTICS
Source: Various city departments and local institutions

Date of Incorporation	1821
Form of Government	Council/Manager
City Population (2008 Census Bureau Estimate)	35,668
Hall County Population, including City (Estimate)	184,814
Area of City in square miles	33.33
Number of full time employees	677

Government facilities and services:

Public Safety:

ISO Fire Classification	Class II
Number of fire personnel and officers	81
Number of police personnel and officers	118
Number of police patrol units	87

Facilities and services not included in the reporting entity:

Education:

Number of elementary schools	5
Number of elementary school instructors	261
Number of middle schools	1
Number of middle school instructors	96
Number of secondary schools	1
Number of secondary school instructors	103
Number of community colleges (in Hall County, outside City)	1
Number of technical institutions (in Hall County, outside City)	1
Number of universities	1

Hospitals:

Number of hospitals	1
Number of patient beds	570

Bond Rating (Moody's):

General Obligation Bonds	A+
Revenue Bonds	
Senior Lien Bonds	AA-
Junior Lien Bonds	AA-

Note: Some of the Miscellaneous Statistical information that was included on this schedule in previous years is now included on the Operating Indicators by Function and Capital Asset Statistics by Function schedules.

SINGLE AUDIT SECTION



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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Gainesville, Georgia, as of and for the year ended June 30, 2009, which collectively comprise the City of Gainesville, Georgia's basic financial statements and have issued our report thereon dated November 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Gainesville, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Gainesville, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Gainesville, Georgia's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Gainesville, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Gainesville, Georgia's financial statements that is more than inconsequential will not be prevented or detected by the City of Gainesville, Georgia's internal control. We consider the deficiency described as comment 09-1 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Gainesville, Georgia's, internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency listed above is not a material weakness.

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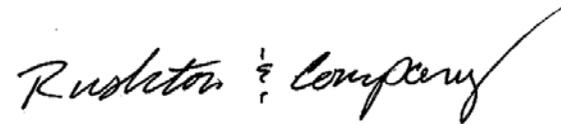
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Gainesville, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters involving the internal control over financial reporting that we have reported to management of the City of Gainesville, Georgia in a separate letter dated November 23, 2009.

The City of Gainesville, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Gainesville, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

Gainesville, Georgia
November 23, 2009

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**Report on Compliance with Requirements Applicable to Each Major
Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133**

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

Compliance

We have audited the compliance of the City of Gainesville, Georgia with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Gainesville, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Gainesville, Georgia's management. Our responsibility is to express an opinion on the City of Gainesville, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Gainesville, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Gainesville, Georgia's compliance with those requirements.

In our opinion, the City of Gainesville, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of the City of Gainesville, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Gainesville, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be significant deficiency.

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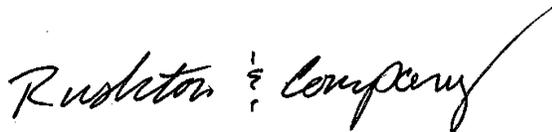
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Gainesville, Georgia's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City of Gainesville, Georgia's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as comment 09-2 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City of Gainesville, Georgia's, internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency listed above is not a material weakness.

The City of Gainesville, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Gainesville, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

Gainesville, Georgia
November 23, 2009

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CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2009

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Number</u>	<u>Expenditures</u>
U. S. Department of Housing and Urban Development			
Community Development Block Grant/Entitlement Grants	14.218	B-04-MC-13-0012 B-05-MC-13-0012 B-06-MC-13-0012 B-07-MC-13-0012 B-08-MC-13-0012	\$ 5,000 13,394 22,321 77,067 96,982 <u>214,764</u>
Passed through Georgia Department of Community Affairs: HOME Investment Partnerships Program	14.239	08x-m-069-2-6007	<u>98,000</u>
Total U.S. Department of Housing and Urban Development			<u>312,764</u>
U.S. Department of the Interior			
Passed through Georgia Department of Natural Resource: Historic Preservation Fund Grants-in-Aid	15.904	SFY2007 SFY2008	1,497 7,830 <u>9,327</u>
Total U.S. Department of the Interior			<u>9,327</u>
U.S. Department of Justice			
Bureau of Justice Assistance Bulletproof Vest Partnership Program	16.607	2007 BVP 2008 BVP	1,315 1,578 <u>2,893</u>
Edward Byrne Memorial Justice Assistance	16.738	2006-DJ-BX-0433 2007-DJ-BX-0309	15,598 16,992 <u>32,590</u>
Total U.S. Department of Justice			<u>35,483</u>
U.S. Department of Transportation			
Airport Improvement Program	20.106	03-13-0060-014	<u>1,400,477</u>
Passed through the Georgia Department of Transportation: Highway Planning and Construction	20.205	TEE-0006-00(615) TEE-0008-00(153)	93,040 103,084 <u>196,124</u>
Federal Transit_Formula Grants	20.507	MTG00-0118-00-005 MTG00-0129-00-005 MTG00-0140-00-004 MTG00-0142-00-003 MTG00-0142-00-013 MTG00-0148-00-020	30,972 55,905 112,453 46,904 211,250 263,730 <u>721,214</u>
Formula Grants for Other than Urbanized Areas	20.509	MTG00-0139-00-113 MTG00-0139-00-205 MTG00-0143-00-056	41,184 96,876 222,954 <u>361,014</u>
Passed through the Georgia Office of Highway Safety: State and Community Highway Safety	20.600	TEN-2009-174-00916	<u>14,017</u>
Total U.S. Department of Transportation			<u>2,692,846</u>

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2009

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Through Number</u>	<u>Expenditures</u>
Appalachian Regional Commission			
Appalachian Regional Development	23.001	GA-16100-08	49,500
Total Appalachian Regional Commission			<u>49,500</u>
U.S. Department of Health and Human Services			
Aged Cluster of Programs			
Passed through the Georgia Department of Human Resources			
Special Programs for the Aging - Title III, Part B			
Grants for Supportive Services and Senior Centers	93.044	427-93-09090300-99	81,198
Passed through Legacy Link, Inc.:			
Special Programs for the Aging - Title III, Part C			
Nutrition Services	93.045	Gainesville - Title III, C1	211,935
		Gainesville - Title III, C2	93,869
			<u>305,804</u>
Nutrition Services Incentive	93.053	Gainesville - NSIP	55,700
Total Aged Cluster of Programs passed through Legacy Link, Inc.			<u>361,504</u>
Total Aged Cluster of Programs			<u>442,702</u>
Passed through the Georgia Department of Community Affairs			
Healthy Marriage Promotion and			
Responsible Fatherhood Grants	93.086	427-93-08081306-99	9,312
Social Services Block Grant			
Passed through Legacy Link, Inc.			
Passed through the Georgia Department of Human Resources	93.667	Gainesville - SSBG	40,263
		427-93-09090300-99	76,945
			<u>117,208</u>
Passed through Hall County Department			
of Family and Children Services:			
Promoting Safe and Stable Families	93.556	CSC1007-0608-LP	9,131
		200902000941	32,316
			<u>41,447</u>
Total U.S. Department of Health and Human Services			<u>610,669</u>
Total Federal Awards			<u>\$ 3,710,589</u>

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2009

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards is a summary of the expenditures relating to the City's federal award programs. The schedule is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2009

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	Yes
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?	Yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	Yes
Identification of major programs:	
20.106 Airport Improvement Program	
20.205 Highway Planning and Construction	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2009

2. Financial Statement Findings

A. Material Noncompliance

None reported.

B. Significant Deficiencies

09-1

Condition: The FY 2008 financial statements for the Community Service Center Special Revenue Fund and the Airport Enterprise Fund were restated due to errors in calculating accrued revenues.

Criteria: Generally accepted account principles require that accruals be properly calculated and recorded.

Effect: Failure to properly apply generally accepted accounting principles led to financial statements that were materially misstated.

Recommendation: The Accounting Manager should review all calculations of accruals to ensure all postings to the general ledger are correct.

Management Response: Management concurs with this finding. The Financial Services management will review all calculations of year-end accruals to ensure all postings to the general ledger are correct. The Financial Services management will also review the City's application of accounting principles to ensure compliance with generally accepted accounting principles.

C. Prior Year Audit Findings Follow-Ups

None reported

3. Federal Award Findings and Questioned Costs

A. Material Noncompliance

None reported.

B. Significant Deficiencies

U.S. Department of Transportation

09-2

Airport Improvement Program – CFDA Number 20.106; Grant Number 03-13-0060-014; Grant Period – Fiscal year ended June 30, 2009.

Condition: During the Parallel Taxiway Relocation project at the Lee Gilmer Memorial Airport, the project manager contracted with 2 vendors for construction costs ancillary to the main construction project. These vendors were not made aware of the compliance requirements of the Davis-Bacon Act; therefore, the vendors did not submit certified payroll documents, as required by the Act.

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2009

3. Federal Award Findings and Questioned Costs, continued

B. Significant Deficiencies (continued)

09-2, continued

Criteria: The Davis-Bacon Act requires that all contractors and subcontractors with contracts in excess of \$2,000 financed by Federal assistance funds pay wages not less than those established for the locality of the project by the U.S Department of Labor. The Act further requires that contractors and subcontractors submit weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance.

Effect: The costs could be subject to disallowance and refund to the Department of Transportation.

Population and Sample Size: A sample of three grants totaling \$1,596,601 was selected from a population of 35 grants totaling \$3,710,589. One grant with questioned costs of \$54,218 was found in noncompliance.

Recommendation: The City has established policies and procedures to ensure that major construction projects meet the requirements of the Davis-Bacon Act. The City should establish policies and procedures to require all construction costs be contracted through the general contractor or be reviewed for grant compliance.

Management Response: Management concurs with this finding. The Financial Services management will review the current City policies and procedures regarding the awarding of construction contracts and establish additional policies and procedures as determined necessary.

Total questioned costs for the U.S. Department of Transportation \$ 54,218

C. Prior Year Audit Findings Follow-Ups

None reported

STATE REPORTING SECTION

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2009

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<u>SPLOST V</u>					
Municipal Allocations	\$ 6,764,982	\$ 6,764,982			
Road Improvements			\$ 2,152,042	\$ 108,935	\$ 2,260,977
Storm Drain Improvements			124,933	107,434	232,367
Green Street Facilities			383,000	0	383,000
Georgia Mountain Center Improvements			320,841	360,159	681,000
Joint Administration Building Improvements			96,000	0	96,000
Hall Area Transit Facilities			35,000	0	35,000
Joint Public Safety Facilities			602,893	987,108	1,590,001
Fire Facilities			17,717	17,869	35,586
Road Improvements	<u>1,591,760</u>	<u>1,591,760</u>	<u>1,233,323</u>	<u>0</u>	<u>1,233,323</u>
Total	<u>\$ 8,356,742</u>	<u>\$ 8,356,742</u>	<u>\$ 4,965,749</u>	<u>\$ 1,581,505</u>	<u>\$ 6,547,254</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.