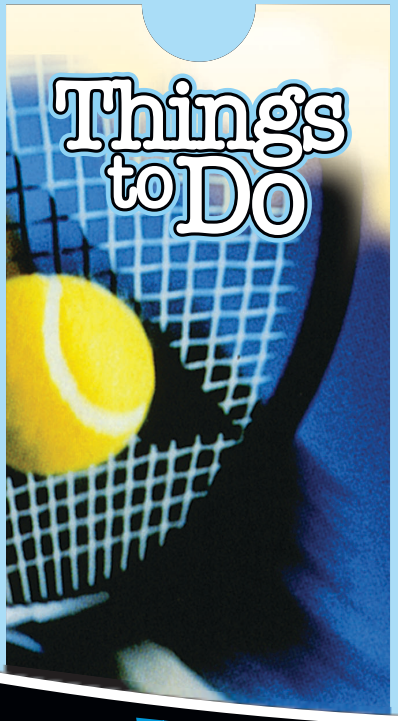
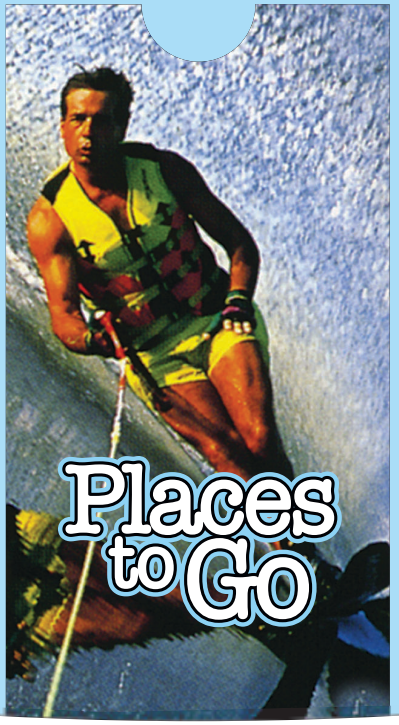
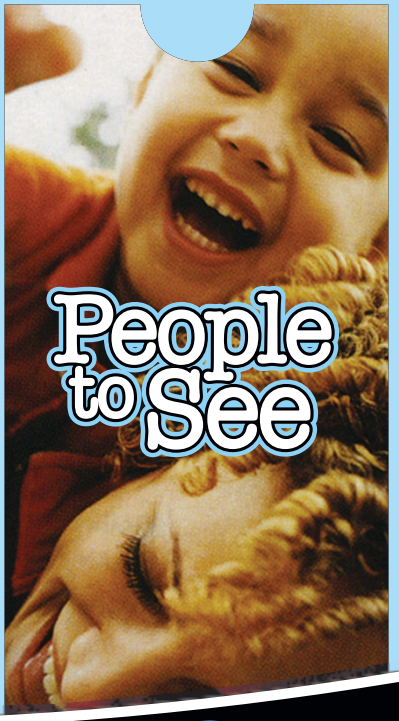
COMPREHENSIVE ANNUAL FINANCIAL REPORT 2010

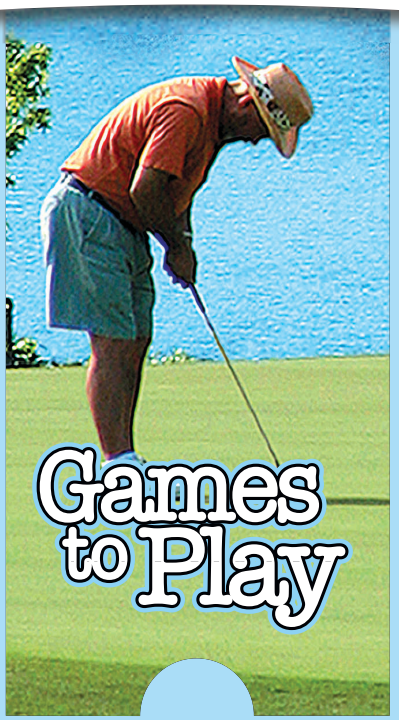






HOSPITALITY CAPITAL OF THE WORLD

GAINESVILLE, GEORGIA



THE CITY OF GAINESVILLE, GEORGIA

For the Fiscal Year Ended June 30, 2010

CITY OF GAINESVILLE, GEORGIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

Gainesville, Georgia

Since 1821

CITY OF GAINESVILLE, GEORGIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

Prepared by the Administrative Services Department, Financial Services Group
Melody N. Marlowe,
Administrative Services Director

Gainesville, Georgia

Since 1821

CITY OF GAINESVILLE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2010

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OFFICIALS OF THE CITY OF GAINESVILLE

LEGISLATIVE BRANCH
CITY COUNCIL

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

EXECUTIVE BRANCH
CITY MANAGER AND DEPARTMENT DIRECTORS

Kipling D. Padgett	**City Manager**
Angela Sheppard	**Assistant City Manager**
Melody N. Marlowe	**Administrative Services Director**
Rodger Hogan	**Director of Chattahoochee Golf Course**
Catiel Felts	**Director of Communication and Tourism**
Perry R. Ligon	**Director of Community Development**
Phillippa L. Moss	**Director of Community Service Center**
Jonathan D. Canada	**Fire Chief**
Carol Moore	**Director of Georgia Mountains Center**
J. Melvin Cooper	**Director of Parks and Recreation**
Brian Kelly	**Chief of Police**
Kelly J. Randall	**Director of Public Utilities**
David Dockery	**Director of Public Works**

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Gainesville Georgia

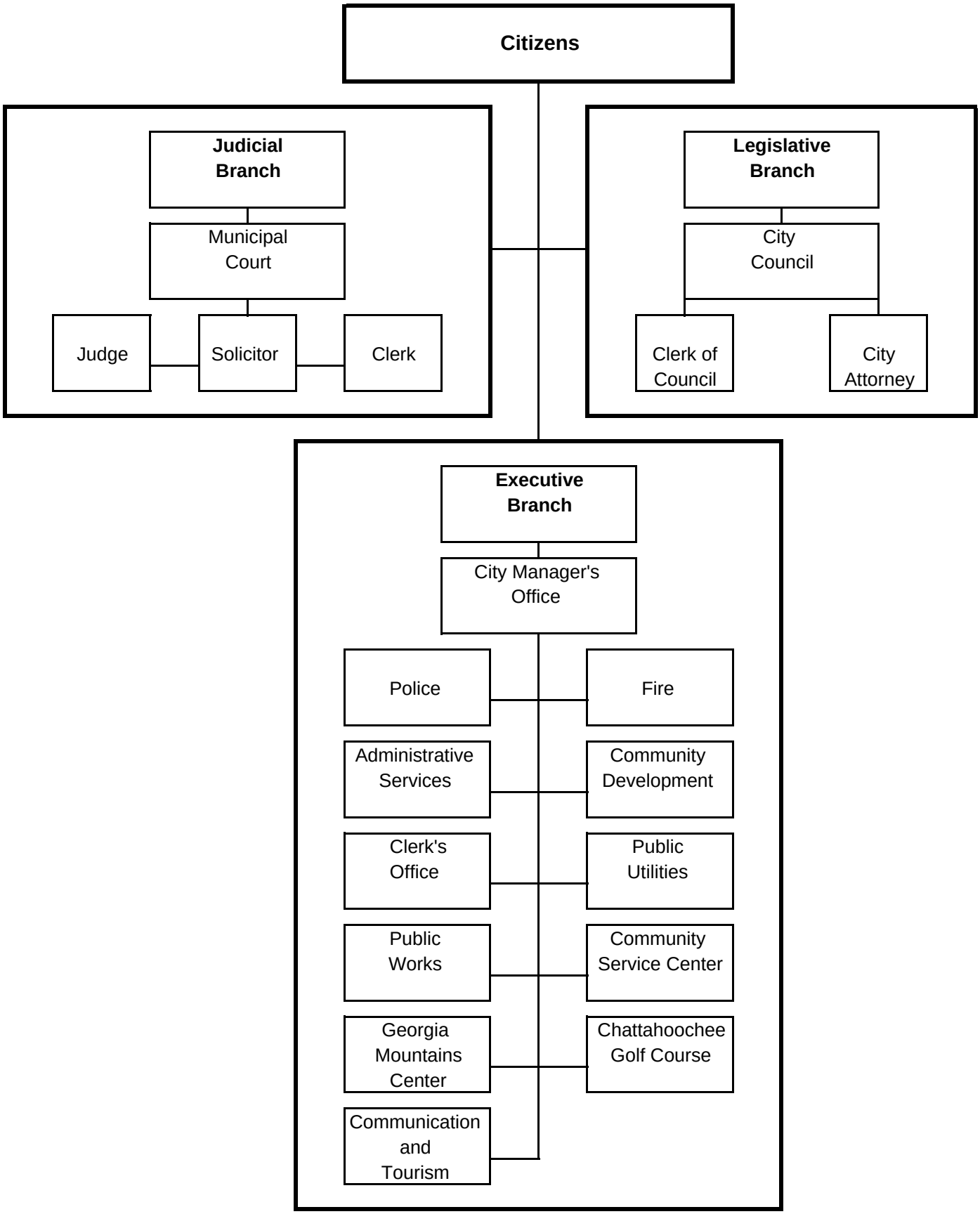
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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.

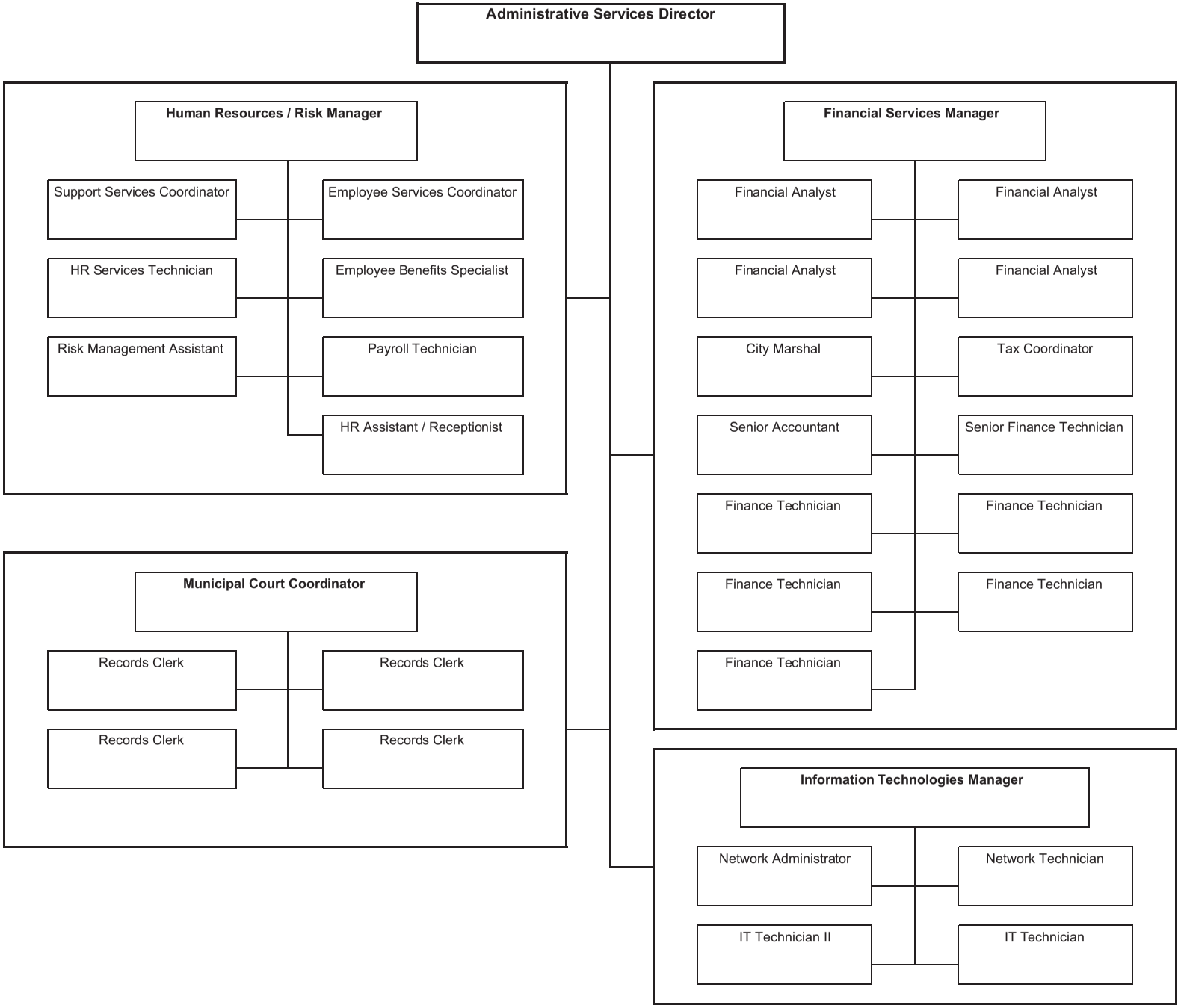
President

Executive Director

Gainesville City Government
Organizational Chart
By Governmental Branch and Department



CITY OF GAINESVILLE
ADMINISTRATIVE SERVICES DEPARTMENT
ORGANIZATION CHART 2010



CITY OF GAINESVILLE

OFFICE OF FINANCIAL SERVICES AND INFORMATION TECHNOLOGIES

Post Office Box 2496

Gainesville, Georgia 30503-2496

Telephone: 770.535.6898

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Web Site: www.gainesville.org

November 16, 2010

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. These statements are to be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, it is our pleasure to present the Comprehensive Annual Financial Report (CAFR) of the City of Gainesville (City) for the fiscal year ended June 30, 2010.

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

Rushton and Company, LLC, a firm of certified public accountants has audited the City of Gainesville's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Gainesville for the fiscal year ended June 30, 2010, 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, 2010 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 2009 show Gainesville with a population of 35,750 and Hall County with a population of 187,743. 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. The City, under the guidance of the City Manager and the Council, provides a full range of services. These services include police and fire protection; the maintenance of streets and infrastructure; parks; municipal golf course; recreational activities and cultural events; planning, zoning, and building inspection services; water and water pollution control services; solid waste collection; and an airport.

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

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

The Community Service Center is jointly funded by the City and Hall County, but is included in this report because of the City's ability to impose its will, as all employees of the Center are City 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 Administrative Services Department, provided that the budget adjustment does not increase the overall budget or personal services allocation for that department. Equipment adjustments under $5,000 must be approved by the City Manager, while equipment adjustments over $5,000 and changes in personal services budgets require City Council approval.

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. Although not totally immune to the effects of a declining economy, Gainesville seems to be faring better than most communities, and the area continues to experience growth. According to U.S. Census numbers released in 2009, the Gainesville Hall County Metropolitan Statistical Area ranked as the third fastest growing metropolitan area in the US. Hall County has been named the most rapidly growing county in the state, with the area experiencing a 40% expansion in population between 2000 and 2008. The sense of community, coupled with easy access to large metropolitan areas, makes the Gainesville Hall County area especially attractive and conducive to growth.

Retirees in particular have made up a portion of the City's population increase, and this is due in part to the area's excellent medical facilities. For five years in a row (2006-2010), the Northeast Georgia Medical Center (NGMC), based in the Gainesville city limits, was ranked in the top 5% in the nation for heart care. The Center currently holds

a ranking of #1 in that category for the state, and was designated by HealthGrades as one of only six hospitals nationwide to rank #1 in all four cardiac categories. The Cancer Center at Northeast Georgia Medical Center has also received accolades; the Center received the Outstanding Achievement Award from the American College of Surgeons Commission on Cancer and ranks in the top 6 percent of facilities nationwide. According to Thomas Reuters, NGMC is one of the top 100 hospitals in the nation, and due to its excellent performance over the past five years, the Center is one of only 23 recipients of the Everest Award nationwide. NGMC has on staff over 500 physicians, representing close to 50 specialties, and the Gainesville Hall County area has one of largest per capita number of medical professionals in the state of Georgia. Health care should continue to be strong in the Gainesville area, with anticipated spending by the Northeast Georgia Health System (which comprises NGMC as well as several physician's groups) to exceed over $100 million over the next five years. Gainesville's superior health care options, affordable housing, and availability of local retirement communities validate the area's recognition in 2008 by Where to Retire magazine as one of "America's Best Low-Tax Retirement Towns".

On another positive note, Gainesville-Hall County's unemployment rate has dropped in the past year, standing at 9.2% at June 2010 as compared with 9.6% in June 2009, and the area's rate continues to dip below the June 2010 statewide rate of 10.0%. During the 2010 year, eighteen industries within the area created 510 jobs due to expansion and new construction, as well as generating $156 million in added capital investment and retaining 460 existing jobs. ZF Industries, Kubota, GMI, American Yazaki, Cargill, Echoshell and Elring Klinger were among the industries expanding in the Gainesville area in recent months. Gainesville's business environment continues to be well diversified; the region is home to 40 global industries represented by 15 different countries. In fact, Gainesville Hall County has the greatest number of international companies per capita of all metropolitan areas outside of Atlanta. The community is also home to US companies providing jobs in the automotive, biomedical, poultry and plastic industries, and we have 47 Fortune 500 companies in our area, including Cargill, Wrigley's, Coca Cola, Pepsi, TRW, Fed Ex and UPS. The growing US export market also continues to be a positive factor for the area: Hall is the leading county for exports in the state, due mainly to the influence of the poultry market in the Gainesville Hall County area. Healthy industry growth, coupled with a robust service producing industry allows Hall County to rank high on a recent Georgia Department of Community Affairs list of most prosperous counties ranking, where Hall County ranked recently at 13 out of the State's 159 districts.

Major Initiatives. 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. In order to both grow the City's economy and create a more attractive central business area, the City designated a 270 acre tax allocation district four years ago comprising a formerly industrial section of downtown Gainesville known as Midtown. The Tax Allocation District was established as a tool to foster redevelopment and provide funding to assist with the revitalization of Midtown, and considerable progress was made toward this project during the FY10 year.

At the outset, the relocation of the City's public safety complex was identified as a primary component of the Midtown project. The City's current facility, located just within the Midtown boundary, is located on one of the City's most congested streets, creating

significant problems for firefighters and police as they attempt to respond to emergencies. Designed over 35 years ago to house 40 employees, the building has been literally busting at the seams as it serves as a place of employment for approximately 120 City workers, some of whom have been working out of areas originally designed to serve as closet space. The new facility comprises two buildings, one each for Police and Fire, which combine to a total 55,000 square feet at a projected cost of approximately $25 million. The cost of the project is being paid for with the 1 per cent sales tax voted on by citizens in March 2009. Located on 13 acres, the Public Safety complex will also house the City's Municipal Court and has room for future expansion when needed. Most importantly, the new site will afford much better response time to emergencies, being located in an area with less traffic and more desirable street access within the Midtown area.

Once vacated, the demolition of the old Public Safety facility will allow the construction of the much anticipated Gainesville City View Center, a high rise office and hotel complex which should change the complexion of the Midtown area significantly. The $35 million development will be located on 5.46 acres. Along with the aforementioned hotel and office space, the center will include retail space, conference area and parking. Considered a vital part of the Midtown project, the Center will include a pedestrian bridge crossing over busy Jesse Jewell Parkway. The 450 foot long, 10 foot wide bridge will provide easy access for pedestrians wanting to navigate between downtown and the City View Center, as well as Midtown businesses and homes. Bids were taken on the $2 million plus project in the fall of 2010, with construction anticipated to begin in February 2011.

The Midtown Redevelopment program also gained impetus this year with the completion of the City's acquisition of the CSX railway rail line. Considered a keystone of the City's "greenway" system, purchase of this land allows the City to continue with its quest to build a walkway designed to compliment and attract appropriate commercial or mixed use developments, while providing a recreation amenity and an alternate mode of transportation at the same time. When finished, the mile-long greenway will include landscaping and benches on a 12-foot-wide concrete path, spanning the Mule Camp Springs area to Industrial Boulevard. Construction began on this project in July 2010; estimates show it will take approximately 18 months to complete. The City's Public Works Department is providing paving for the trail, and grants will pay for the benches and landscaping alongside the pathway. In addition, the City obtained a $100,000 grant from the Georgia Department of Natural Resources to pay for materials.

In addition, the City continues in its plans for the development of the Cedar Creek water treatment plant, with construction anticipated to begin next summer. The Cedar Creek reservoir is the only current backup supply of water for Hall County. Initial plans had the construction of water treatment plant to be completed several years in the future. However, Judge Paul Magnuson's July 2009 ruling imposing serious restrictions on the City's ability to withdraw from Lake Lanier made the project an increasingly important priority. Although the City continues to appeal the decision, City officials found it prudent to move the project's date forward with a planned completion date for July 2012. Under the current setup, the City cannot treat the water from the planned Cedar Creek Water Plant since only the County is permitted to treat the water. In light of this, City Council Members and Hall County Commissioners have planned a meeting scheduled for January 2011 for the purpose of working out an agreeable solution for both parties.

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, excluding Public Utilities, has identified $42.8 million in projected expenditures through fiscal year 2015; $1.0 million of this is budgeted for the 2011 fiscal year. Leading the way in 2011 projected expenditures is $475 thousand designated for paving, as well as $131 thousand and $110 thousand for police cars and fire safety vehicles respectively.

The City of Gainesville Public Utilities department maintains a separate capital improvement plan. The most recently adopted plan indicates that $99.0 million will be required over the next five years to construct facilities to maintain, with some allowance for growth, the City's water and wastewater systems. For 2011, $9.5 million in projected water system improvements are projected, with estimated wastewater advancements anticipated at $5.1 million.

Relevant Financial Policies. Despite declining revenues, the City continues to comfortably abide within its unreserved fund balance policy for the General Fund. City policy states that a reserve should be retained in the amount of at least one month, or 8.3% of operating expenditures. As of 6/30/2010, the unreserved, undesignated fund balance represents 16.1% of total General Fund expenditures, which is almost double of the reserve called for. Maintaining this requirement is a result of the City's strict adherence to judiciously comparing budget to actual numbers, based on the timely production of monthly interim statements. Revenue shortfalls were acted upon early in the year, and the City quickly implemented budget cuts and mandated furlough days in order to ensure the General Fund's unreserved balance would fall within policy guidelines.

Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gainesville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This was the nineteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Gainesville for its annual budget for the fiscal year beginning July 1, 2009. 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 Group, who contributed to its preparation. Special recognition is given to the City's Financial Services Manager, Beverly Williams, who is the person primarily responsible for the CAFR preparation. Enormous thanks go to the staff of our accounting firm, Rushton and Company, CPAs (especially Chris Hollifield and John Holden) for their technical guidance and assistance to make this a quality report.

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

Respectfully submitted,

Kipling D. Padgett
City Manager

Melody N. Marlowe
Administrative Services Director

Gainesville, Georgia

Since 1821

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, 2010, 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 respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Georgia, as of June 30, 2010, 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 16, 2010, 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gainesville, Georgia's financial statements as a whole. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit* Organizations, and is also not a required part of the financial statements. The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Rushton & Company

Certified Public Accountants

Gainesville, Georgia
November 16, 2010

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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, 2010. 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, 2010, by $389.5 million (reported as *net assets*). Of this amount, $16.8 million (reported as *unrestricted net assets*) may be used to meet the City's ongoing obligations.

- As of June 30, 2010, Gainesville's governmental funds reported combined ending fund balances of $36.3 million. Approximately 10.0% of this total amount, $3.6 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 19-20) 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 21), 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 19-21.

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, Debt Service Fund, and SPLOST Capital Project Fund, which are considered major funds.

  Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 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 22-26 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 27-31.

- ***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 32-33.

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 34-86 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 23 and 25), 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 19-21):

City of Gainesville
Net Assets (Financial Position)
Fiscal Years 2010 and 2009

	Governmental Activities		Business Type Activities		Total	
			(In millions of dollars)			
	2010	2009	2010	2009	2010	2009
Current assets	$ 45.5	$ 51.4	$ 68.1	$ 72.7	$ 113.6	$ 124.1
Capital assets	93.8	87.8	503.3	504.2	597.1	592.0
Other noncurrent assets	1.4	2.0	7.0	7.4	8.4	9.4
Total assets	140.7	141.2	578.4	584.3	719.1	725.5
Current liabilities	14.6	9.2	22.3	22.1	36.9	31.3
Noncurrent liabilities	43.8	47.9	248.8	261.4	292.6	309.3
Total liabilities	58.4	57.1	271.1	283.5	329.5	340.6
Net assets:						
Invested in capital assets, net of related debt	60.2	67.8	248.5	234.9	308.7	302.7
Restricted	19.5	13.6	44.5	30.8	64.0	44.4
Unrestricted	2.5	2.7	14.3	35.1	16.8	37.8
Total net assets	$ 82.2	$ 84.1	$ 307.3	$ 300.8	$ 389.5	$ 384.9

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 $4.6 million in growth from fiscal year 2009 to close the current fiscal year with $389.5 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 (79.3%) 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 $6.0 million between the end of fiscal years 2009 and 2010, from $302.7 million to $308.7 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 16.4%. Restricted net assets experienced an increase during the past year, gaining from $44.4 million to $64.0 million at the end of fiscal year 2010. 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 $16.8 million surplus at the end of this year, a decrease of $21.0 million from fiscal year 2009. 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 both governmental and business type activities decreased in 2010, with governmental unrestricted net assets dropping from $2.7 in fiscal year 2009 to $2.5 million in 2010, and business-type activities declining from $35.1 million to $14.3 million. Although the unrestricted net assets of the City's business-type activities represents 85.1% 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 the $14.3 million in business-type unrestricted net assets to finance the ongoing operations of the business-type activities, while the $2.5 million balance in unrestricted net assets for governmental activities is available to meet the continuing obligations of governmental type activities.

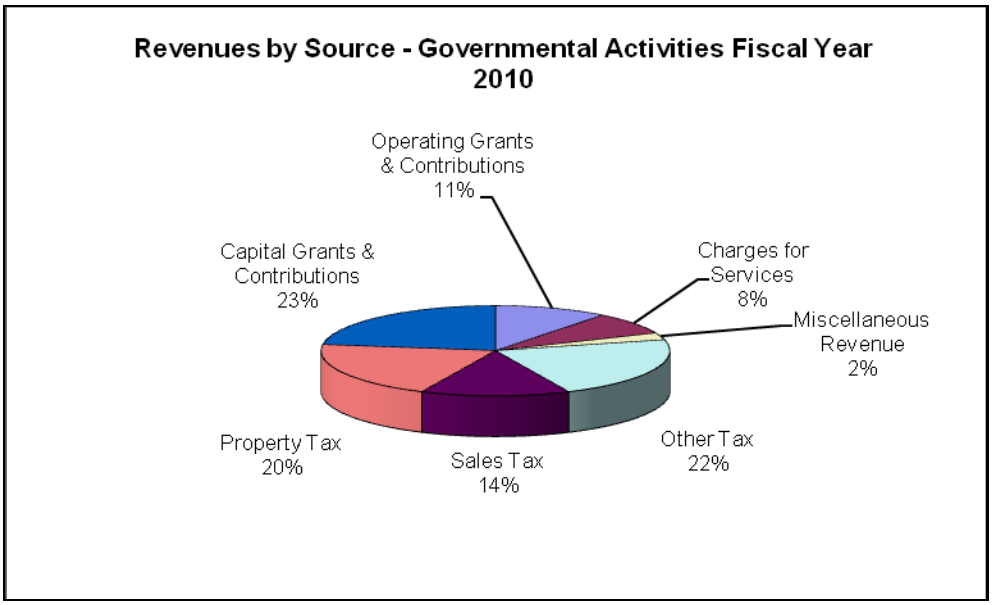
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Gainesville's net assets changed during the fiscal year.

City of Gainesville
Changes in Net Assets
Fiscal Years 2010 and 2009

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	$ 2.9	$ 3.2	$ 53.6	$ 49.3	$ 56.5	$ 52.5
Operating grants and contributions	3.8	3.3	0.1	0.1	3.9	3.4
Capital grants and contributions	8.2	3.5	3.8	8.3	12.0	11.8
General revenues:						
Property taxes	7.2	7.4	0.0	0.0	7.2	7.4
Sales tax	4.9	4.8	0.0	0.0	4.9	4.8
Other taxes	7.8	8.8	0.0	0.0	7.8	8.8
Miscellaneous revenue	0.9	0.6	1.4	2.0	2.3	2.6
Total revenues	35.7	31.6	58.9	59.7	94.6	91.3
Expenses						
General government	2.4	2.4	0.0	0.0	2.4	2.4
Judicial	0.4	0.4	0.0	0.0	0.4	0.4
Public safety	16.9	17.8	0.0	0.0	16.9	17.8
Public works	7.0	6.7	0.0	0.0	7.0	6.7
Health and social services	3.7	3.8	0.0	0.0	3.7	3.8
Culture and recreation	1.9	2.2	0.0	0.0	1.9	2.2
Housing and development	2.1	1.5	0.0	0.0	2.1	1.5
Interest on long-term debt	1.9	0.7	0.0	0.0	1.9	0.7
Water and sewer	0.0	0.0	45.9	47.0	45.9	47.0
Airport	0.0	0.0	1.0	0.9	1.0	0.9
Solid waste	0.0	0.0	2.2	2.3	2.2	2.3
Golf course	0.0	0.0	1.3	1.5	1.3	1.5
Total expenses	36.3	35.5	50.4	51.7	86.7	87.2
Increase in net assets before transfers	(0.6)	(3.9)	8.5	8.0	7.9	4.1
Transfers	2.2	1.5	(2.2)	(1.5)	0.0	0.0
Increase in net assets	1.6	(2.4)	6.3	6.5	7.9	4.1
Net assets - beginning (original)	84.1	86.6	300.8	294.4	384.9	381.0
Prior period adjustment	(3.5)	(0.1)	0.2	(0.1)	(3.3)	(0.2)
Net assets - beginning (restated)	80.6	86.5	301.0	294.3	381.6	380.8
Net assets - ending	$ 82.2	$ 84.1	$ 307.3	$ 300.8	$ 389.5	$ 384.9

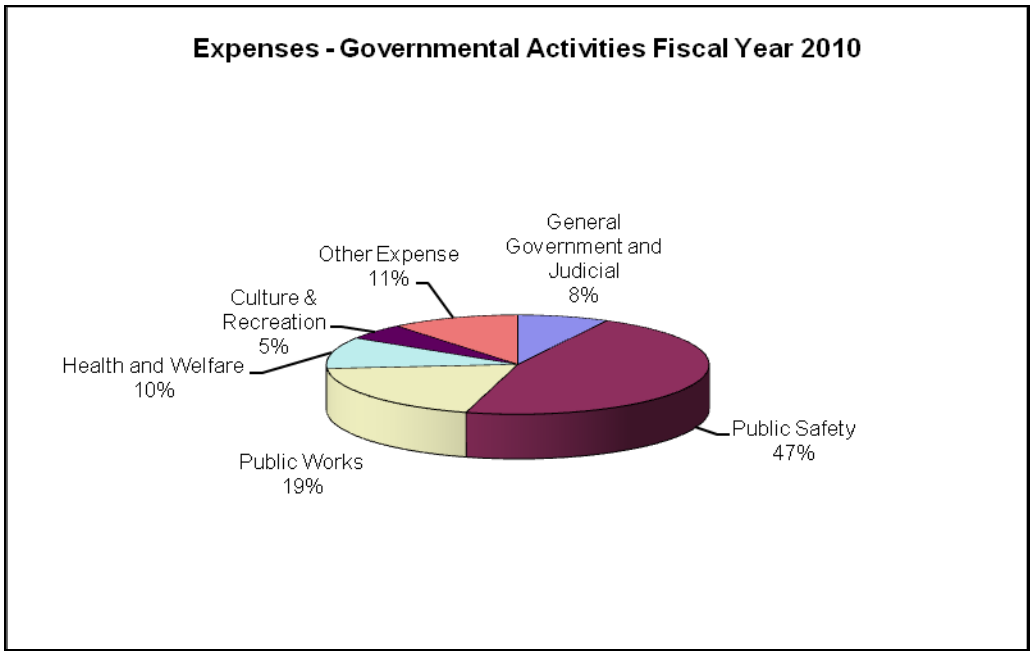
Governmental Activities –

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



The revenue chart indicates that capital grants and contributions, followed by other tax and property tax, were the largest sources of revenue for governmental activities during fiscal year 2010. Capital grants and contributions revenue showed a $4.7 million increase from 2009 revenues, due mainly to $7.1 million in SPLOST receipts taken in for the new public safety facility. Other tax, which consists mainly of franchise, insurance premium and occupational tax, was down $942,523 from 2009; $584,747 of this is due to declining franchise fee receipts, a result of the weakening economy and energy costs. Property tax revenue remained relatively flat, showing a 2% decline from previous year receipts, while sales tax revenue was up $143,915 over FY09 numbers. Operating grants showed a $489,570 increase over the previous year, mainly a result of the new $309,864 Staffing for Adequate Fire and Emergency Response federal grant, which provided funding for firefighter salaries. Charges for services revenue was down an overall amount of $303,323 from 2009 totals; the majority of this decline stemmed from diminished HUD revolving loan fund revenues and lessened impact fee revenue. Although interest rates paid in FY10 were significantly down from the previous year, interest and investment earnings were up $288,756, due to bond premium interest earned on the Public Safety facility and Georgia Mountains Center Deck debt issue.

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 2010 was providing public safety services such as fire and police protection, followed by public works. Overall, expenses increased $849,513 from 2009. This increase is due predominantly to an increase of $1.2 million paid in interest on long-term debt for the new public safety facility and parking deck debt, as well as a $583,841 jump in housing and development expense, resulting from $701,268 paid on the Midtown Redevelopment project. These increased costs were partially offset by declining expense recorded in other areas, most notably Public Safety expense, which showed an $830,235 reduction due to decreased personal services expense.

Business-type Activities –

Business-type activities increased the City of Gainesville's assets by $6.3 million, accounting for 79.7% of the total growth in the City's net assets. Key elements involving business-type activities are as follows:

- Total revenue for business-type activities was $810,269 lower in 2010 than 2009. Included in this decline is a $4.5 million drop in Capital grants and contribution revenue, offset in part by a $4.4 million increase in Public Utility operating revenues. In addition, miscellaneous revenue showed a $604,683 decline, due mainly to decreased interest rates on City deposits.

- Charges for services revenue climbed up $4.3 million from 2009 numbers, primarily a result of the aforementioned rise in Public Utility operating revenue. Public Utility's higher revenue was mainly a result of an approximate 6% increase in rates that went into effect in January, 2010, as well as the easing of water restrictions.

Airport and Solid Waste charges for services revenues showed modest gains of $14,094 and $65,392 respectively, while the Chattahoochee Golf Course charges for services revenue showed a $150,356 decrease from last year, due in part to the slumping economy.

- Overall, expenses for business-type activities were $1.3 million below expenses recorded in 2009. Public utility expenses clocked $1.1 million of this decrease. FY09 numbers included a sizable and nonrecurring $2.1 million expense for the dredging of the City's Longwood Cove Park; this decrease was offset by a $1.3 increase in depreciation expense. Chattahoochee Golf Course and Solid Waste expense showed decreases of $172,695 and $132,159 respectively, due mainly to a drop in personal services spending, while the Airport had a slight gain in overall expense.

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 $36.3 million. Of this amount, $24.5 million or 67.6% 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 2011 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 $3.6 million, while total fund balance reached $4.2 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 16.1% of total General Fund expenditures, while total fund balance represents 18.7% of that same amount.

The General Fund's fund balance increased by $493,332 during the current fiscal year. Key factors regarding the increase are as follows:

- Overall declining revenues were tempered by decreased expenditure costs; 2010 costs were $908,571 less than the previous year. Much of this decrease can be attributed to lessened personnel costs due to a freeze in hiring and salaries, as well as mandated furlough days, which were imposed early in the fiscal year.

- Transfers to the general fund from other funds increased in FY10. Most notably, the Public Utilities fund transferred $2.8 million into the General Fund, as opposed to the $2.3 inflow recorded during FY09.

The **Special Purpose Local Option Sales Tax (SPLOST) Capital Project Fund** has a $16.3 million fund balance at year end, which is down $7.0 million from the 2009 balance. This decrease is due mainly to the $13.2 million outflow of funds for the new Public Safety facility and Georgia Mountains Center parking deck, as compared with revenue totaling $7.1 million for the year. Reserved for restricted assets totals 56.9% of the total fund balance; this $9.3 million restriction is made up of the bond construction fund cash balance.

The **Debt Service Fund** has a $1.3 million fund balance at fiscal year end, with $1.1 of that total identified as unreserved, undesignated. Debt Service fund balance is down $1.0 million from fiscal year 2009; 2010 numbers show a $972,948 deficiency of revenues and other financing sources under expenditures and other financing uses, compared to a $663,231 excess recorded in 2009. Although revenues were basically flat when compared with 2009, expenditures were $2.7 over costs recorded in 2009, due to the addition of principal and interest payments for the Georgia Mountains Center Parking Deck, as well as the interest payments for the new Public Safety Facility. The Debt Service fund received a $1.3 million transfer in from the SPLOST Capital Projects Fund to cover the Public Safety Facility interest on debt service.

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 $391,096 to cover lower anticipated collections.

- Increased transfer to the Golf Course for $182,907 to cover budget shortfall.

- Increased transfer from the Grant Fund by $409,472 to account for the money received from the grant covering the salaries for 18 additional firefighters.

- Increased budgeted fund balance to cover FY10 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 2010 were $22.4 million, 95.0% of the final amended budget, and there were no net overexpenditures by General Fund departments. Total actual expenditures in the General Fund were lower than the final amended budget total by $1.2 million; General Fund expenditures as a whole were less than the original budget numbers as well. The majority of savings ($1.1 million) was achieved by the previously mentioned reduction in personal services cost.

Total actual revenues exceeded the final amended budget by a total of $297,770. This was due mainly to local option tax collections, which came in $334,943 over final budget numbers.

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	$13,039,551
▪ Nonmajor Funds (Airport, Solid Waste, Golf Course)	963,783
Total	$14,003,334

The total decrease in unrestricted net assets for all four proprietary funds was $21.3 million. The combined net assets for the proprietary funds actually increased $6.1 million; the $13.6 and $13.7 increases in investments in capital assets, net of related debt and restricted net assets, respectively, were tempered by the $21.3 reduction in unrestricted net assets.

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 $597.1 million in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 84.3% of this investment is related to business-type activities while only 15.7% 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 2010 and 2009

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2010	2009	2010	2009	2010	2009
Land	$ 24.6	$ 24.7	$ 18.4	$ 18.2	$ 43.0	$ 42.9
Buildings	26.5	26.5	73.1	73.1	99.6	99.6
Improvements other than builidngs	3.2	3.1	15.8	13.8	19.0	16.9
Water and sewer facilities and lines	0.0	0.0	487.0	476.0	487.0	476.0
Vehicles and equipment	14.3	14.2	14.9	14.8	29.2	29.0
Infrastructure	28.4	28.0	0.0	0.0	28.4	28.0
Intangibles	1.8	1.8	5.6	3.2	7.4	5.0
Construction in progress	22.3	9.7	13.6	16.4	35.9	26.1
Total	121.1	108.0	628.4	615.5	749.5	723.5
Accumulated depreciation	(27.3)	(24.4)	(125.1)	(111.4)	(152.4)	(135.8)
Net Capital Assets	$ 93.8	$ 83.6	$ 503.3	$ 504.1	$ 597.1	$ 587.7

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

- Public Safety Facility, $9.9 million
- Georgia Mountains Center Parking Deck, $2.9 million
- Midtown Redevelopment Project, $701,268
- Street Improvements, $394,303
- 7 New Police Vehicles, $209,517

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

- Balus Creek Regional Sewerage Facilities, $2.3 million
- Water Meter Replacement Program, $2.1 million
- Water Meter Extensions and Improvements, $1.1 million
- Athens Highway Regional Sewerage Facilities, $1.0 million
- Automated Water Meter Reading Project, $1.0 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, 2010, the City of Gainesville had $302.4 million in bonds, notes, and capital leases outstanding, net of unamortized bond premium and discount; this is a decrease in total of $18.2 million over last year. This reduction in debt was due totally to payments made to reduce bonds, notes and capital leases outstanding; no additional debt was incurred during fiscal year 2010.

City of Gainesville
Outstanding Debt
Fiscal Years 2010 and 2009

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2010	2009	2010	2009	2010	2009
Capital Leases	$ 42.9	$ 45.5	$ 34.0	$ 35.7	$ 76.9	$ 81.2
General Obligation Bonds	0.9	1.8	0.0	0.0	0.9	1.8
Revenue Bonds	0.0	0.0	102.5	109.6	102.5	109.6
Unamortized bond premium	0.0	0.0	2.3	2.5	2.3	2.5
Unamortized bond discount	0.0	0.0	-	(0.1)	-	(0.1)
Notes Payable	0.0	0.0	119.8	125.6	119.8	125.6
Total	$ 43.8	$ 47.3	$ 258.6	$ 273.3	$ 302.4	$ 320.6

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 $403.5 million, which is significantly in excess of the City's general obligation debt outstanding of $43.8 million.

Additional information on the City's long-term debt can be found in Note 11 on pages 61-65 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 2010. The population in the Gainesville-Hall County metropolitan statistical area, or MSA, grew an estimated 3.5 percent between July, 2007 and July 1, 2009.

- Gainesville adopted a $2.66 tax millage rate for fiscal year 2010; this rate is the same as the 2010 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.

- Health care costs and the effect of recent legislation continue to be an important concern of the City.

- Although the area's drought has officially ended, court rulings on water issues and the amount of drinking water that can be withdrawn from Lake Lanier continues to be a major issue of concern. The City continues to appeal the July 2009 ruling. In October, 2010, City Council members approved pre-construction services for the Cedar Creek water treatment plant, which will provide a backup source of water.

- Local option sales tax collections, along with other fees are tracking closely to budget at the end of the first quarter of fiscal year 2011. Departments are spending conservatively and continue to monitor their 2011 budgeted costs closely.

These were among the many factors taken into consideration when preparing the 2011 budget. Of the $4.2 million fund balance in the General Fund, $500,000 has been appropriated for spending in the 2011 fiscal budget.

Contacting the City's Financial Services Group

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

City of Gainesville
ATTN: Administrative Services Department
Financial Services
PO Box 2496
Gainesville, GA 30503

BASIC FINANCIAL STATEMENTS

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Gainesville Parks and Recreation
ASSETS				
Current assets				
Cash and cash equivalents	$ 29,671,112	$ 13,169,537	$ 42,840,649	$ 2,557,327
Investments	1,577,532	0	1,577,532	0
Restricted assets				
Cash and cash equivalents	9,262,009	49,216,454	58,478,463	80,038
Receivables (net)				
Accounts	418,811	3,957,729	4,376,540	26,320
Intergovernmental	4,086,064	795,783	4,881,847	1,345
Property taxes	302,521	0	302,521	119,192
Internal balances	(23,896)	23,896	0	0
Inventories	155,529	909,678	1,065,207	0
Prepaid items	10,157	5,000	15,157	0
Total current assets	45,459,839	68,078,077	113,537,916	2,784,222
Noncurrent assets				
Receivables				
Notes	372,980	0	372,980	0
Capital assets				
Non-depreciable	46,878,993	33,958,603	80,837,596	3,606,969
Depreciable (net)	46,915,283	469,320,250	516,235,533	9,144,584
Other assets				
Pension assets	459,094	306,063	765,157	0
Debt issue costs (net)	581,063	2,970,303	3,551,366	0
Deferred interest expense (net)	0	3,782,494	3,782,494	0
Total noncurrent assets	95,207,413	510,337,713	605,545,126	12,751,553
Total assets	140,667,252	578,415,790	719,083,042	15,535,775
LIABILITIES				
Current liabilities				
Payables				
Accounts	2,329,004	1,132,840	3,461,844	179,732
Sales tax	610	16,856	17,466	17,238
Deposits	11,948	0	11,948	11,385
Retainages	1,052,128	0	1,052,128	0
Intergovernmental	85,975	0	85,975	11,963
Interest	221,902	45,782	267,684	0
Accrued salaries	692,304	440,607	1,132,911	121,679
Compensated absences	1,035,995	631,413	1,667,408	111,425
Unearned revenue	85	0	85	11,120
Claims reserve	1,249,627	0	1,249,627	0
Capital lease payable	7,009,676	1,726,588	8,736,264	0
Notes payable	0	6,068,611	6,068,611	0
Bonds payable	945,000	0	945,000	0
Other liabilities	10,353	44,656	55,009	265
Liabilities payable from restricted assets				
Payables				
Accounts	0	1,195,052	1,195,052	0
Retainages	0	377,564	377,564	0
Customer deposits	0	2,247,773	2,247,773	0
Interest	0	920,268	920,268	0
Revenue bonds payable	0	7,470,000	7,470,000	0
Total current liabilities	14,644,607	22,318,010	36,962,617	464,807

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Gainesville Parks and Recreation
Noncurrent liabilities				
OPEB obligation	$ 7,923,476	$ 5,549,280	$ 13,472,756	$ 771,235
Capital lease payable	35,852,856	32,321,761	68,174,617	0
Notes payable	0	113,717,570	113,717,570	0
Bonds payable	0	97,249,329	97,249,329	0
Total noncurrent liabilities	43,776,332	248,837,940	292,614,272	771,235
Total liabilities	58,420,939	271,155,950	329,576,889	1,236,042
NET ASSETS				
Invested in capital assets, net of related debt	60,193,753	248,507,489	308,701,242	12,751,553
Restricted for:				
Public safety	660,249	0	660,249	0
Health and welfare	1,074,145	0	1,074,145	0
Culture and recreation	246,693	0	246,693	201,158
Housing and development	8,746,483	0	8,746,483	0
Debt service	1,129,246	5,773,358	6,902,604	0
Capital outlay	7,661,378	38,702,438	46,363,816	0
Unrestricted	2,534,366	14,276,555	16,810,921	1,347,022
Total net assets	$ 82,246,313	$ 307,259,840	$ 389,506,153	$ 14,299,733

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2010

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
FUNCTIONS/PROGRAMS					
Primary government					
Governmental activities					
General Government	$ 2,363,347	$ 623,419	$ 83,979	$ 2,042	$ (1,653,907)
Judicial	434,137	0	0	0	(434,137)
Public Safety	16,930,413	1,320,003	916,422	7,125,000	(7,568,988)
Public Works	7,023,969	38,110	15,855	22,075	(6,947,929)
Health and Welfare	3,724,473	416,661	2,128,707	505,993	(673,112)
Culture and Recreation	1,883,742	435,955	0	522,159	(925,628)
Housing and Development	2,108,631	48,135	631,794	0	(1,428,702)
Interest on long-term debt	1,837,734	0	0	0	(1,837,734)
Total governmental activities	36,306,446	2,882,283	3,776,757	8,177,269	(21,470,137)
Business-type activities					
Public Utilities	45,928,103	50,039,158	0	3,673,813	7,784,868
Airport	1,012,187	865,739	0	120,235	(26,213)
Solid Waste	2,142,384	1,769,329	69,070	0	(303,985)
Golf Course	1,346,564	907,160	0	0	(439,404)
Total business-type activities	50,429,238	53,581,386	69,070	3,794,048	7,015,266
Total primary government	86,735,684	56,463,669	3,845,827	11,971,317	(14,454,871)
Component Unit					
Parks and Recreation					
Culture and Recreation	5,521,307	1,410,271	0	1,303,803	(2,807,233)

	Governmental Activities	Business-Type Activities	Total	Component Unit
Change in net assets				
Net (expense) revenue	$ (21,470,137)	$ 7,015,266	$ (14,454,871)	$ (2,807,233)
General revenues				
Taxes				
Property	7,253,570	0	7,253,570	2,773,728
Intangibles	97,161	0	97,161	0
Franchise	3,866,595	0	3,866,595	0
Occupational	1,114,317	0	1,114,317	0
Insurance premium	1,418,124	0	1,418,124	0
Alcoholic beverages	942,016	0	942,016	0
Hotel/Motel	444,852	0	444,852	0
Local option sales	4,943,847	0	4,943,847	0
Interest and Investment earnings	498,737	401,971	900,708	8,019
Gain on sale of assets	40,591	19,569	60,160	0
Miscellaneous	363,279	1,023,096	1,386,375	661
Transfers	2,190,747	(2,190,747)	0	0
Total general revenues and transfers	23,173,836	(746,111)	22,427,725	2,782,408
Change in net assets	1,703,699	6,269,155	7,972,854	(24,825)
Net assets - beginning (original)	84,055,644	300,796,937	384,852,581	14,347,884
Prior period adjustments	(3,513,030)	193,748	(3,319,282)	(23,326)
Net assets - beginning (restated)	80,542,614	300,990,685	381,533,299	14,324,558
Net assets - ending	$ 82,246,313	$ 307,259,840	$ 389,506,153	$ 14,299,733

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General	SPLOST Capital Projects	Debt Service	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	$ 4,309,591	$ 7,751,211	$ 1,281,580	$ 12,156,210	$ 25,498,592
Investments	0	0	0	1,577,532	1,577,532
Receivables (net)					
Accounts	377,532	0	0	41,027	418,559
Intergovernmental	515,885	1,781,250	861	837,897	3,135,893
Property taxes	231,315	0	71,206	0	302,521
Notes	0	0	0	372,980	372,980
Prepaid items	10,157	0	0	0	10,157
Due from other funds	83,807	0	0	0	83,807
Advances to other funds	0	0	0	249,325	249,325
Restricted assets					
Cash and cash equivalents	0	9,262,009	0	0	9,262,009
Total assets	$ 5,528,287	$ 18,794,470	$ 1,353,647	$ 15,234,971	$ 40,911,375
LIABILITIES AND FUND BALANCES					
Liabilities					
Payables					
Accounts	$ 449,420	$ 1,449,561	$ 2,500	$ 221,655	$ 2,123,136
Intergovernmental	85,975	0	0	0	85,975
Sales tax	0	0	0	610	610
Deposits	0	0	0	4,150	4,150
Retainages	0	1,052,128	0	0	1,052,128
Accrued salaries	599,184	1,752	0	77,501	678,437
Deferred revenue	191,659	85	57,900	372,980	622,624
Due to other funds	0	0	0	83,807	83,807
Other liabilities	10,353	0	0	0	10,353
Total liabilities	1,336,591	2,503,526	$ 60,400	760,703	4,661,220
Fund balances					
Reserved for:					
Program expenditures	0	0	0	558,189	558,189
Encumbrances	17,465	155,677	0	590,034	763,176
Prepaid items	10,157	0	0	0	10,157
Advances to other funds	0	0	0	249,325	249,325
Restricted assets	0	9,262,009	0	0	9,262,009
Unreserved, designated for:					
Improvements	55,797	0	0	0	55,797
Special Revenue Funds	0	0	0	39,734	39,734
Budget	500,000	0	195,079	0	695,079
Special Revenue Funds	0	0	0	117,356	117,356
Unreserved, undesignated	3,608,277	6,873,258	1,098,168	0	11,579,703
Special Revenue Funds	0	0	0	10,389,736	10,389,736
Capital Projects Funds	0	0	0	2,529,894	2,529,894
Total fund balances	4,191,696	16,290,944	1,293,247	14,474,268	36,250,155
Total liabilities and fund balances	$ 5,528,287	$ 18,794,470	$ 1,353,647	$ 15,234,971	$ 40,911,375

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, 2010

Total fund balance - total governmental funds		$ 36,250,155
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $121,066,095, net of accumulated depreciation of ($27,271,819), debt issue costs of $581,063, and pension assets of $459,094 are not financial resources and, therefore, are not reported in the funds.		94,834,433
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 $249,559 and deferred notes receivable of $372,980.		622,539
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.		945,000
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 ($945,000), capital leases payable of ($42,862,532), interest payable of ($221,902), compensated absences of ($1,035,995), and OPEB obligations of ($7,923,476).		(52,988,905)
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	2,902,152	
Less internal balance resulting from allocation of internal service fund activities allocated to business-type activities	(273,221)	
Less capital assets included above	(66,645)	
Add compensated absences included above	20,805	2,583,091
Net assets of governmental activities		$ 82,246,313

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2010

	General	SPLOST Capital Projects	Debt Service	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	$ 17,777,128	$ 0	$ 1,773,017	$ 523,009	$ 20,073,154
Licenses and permits	526,787	0	0	0	526,787
Fines, fees and forfeitures	1,160,801	0	0	18,972	1,179,773
Charges for services	1,488,529	0	0	917,356	2,405,885
Intergovernmental	483,908	7,142,076	993,900	4,375,080	12,994,964
Interest	29,065	48,065	5,956	27,066	110,152
Contributions	4,999	0	0	135,043	140,042
Other	132,271	0	0	231,005	363,276
Total revenues	21,603,488	7,190,141	2,772,873	6,227,531	37,794,033
EXPENDITURES					
Current					
General Government	2,786,004	0	0	199,632	2,985,636
Judicial	385,823	0	0	0	385,823
Public Safety	13,864,249	0	0	146,483	14,010,732
Public Works	4,341,786	0	0	17,050	4,358,836
Health and Welfare	25,512	0	0	4,069,700	4,095,212
Culture and Recreation	89,176	0	0	1,115,332	1,204,508
Housing and Development	952,266	0	0	697,645	1,649,911
Debt service					
Principal	0	0	3,119,832	0	3,119,832
Interest and other charges	0	0	1,920,812	41,638	1,962,450
Capital outlay	0	13,364,340	0	326,249	13,690,589
Total expenditures	22,444,816	13,364,340	5,040,644	6,613,729	47,463,529
Excess (deficiency) of revenues over (under) expenditures	(841,328)	(6,174,199)	(2,267,771)	(386,198)	(9,669,496)
Other financing sources (uses)					
Transfers in	3,135,318	341,095	1,294,823	1,967,337	6,738,573
Transfers out	(1,849,274)	(1,130,823)	0	(1,259,956)	(4,240,053)
Sales of capital assets	48,616	0	0	2,272	50,888
Total other financing sources (uses)	1,334,660	(789,728)	1,294,823	709,653	2,549,408
Net changes in fund balances	493,332	(6,963,927)	(972,948)	323,455	(7,120,088)
Fund balances, July 1 (original)	3,698,364	23,254,871	2,266,195	13,539,282	42,758,712
Prior period adjustments	0	0	0	611,531	611,531
Fund balances, July 1 (restated)	3,698,364	23,254,871	2,266,195	14,150,813	43,370,243
Fund balances, June 30	$ 4,191,696	$ 16,290,944	$ 1,293,247	$ 14,474,268	$ 36,250,155

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, 2010

Net change in fund balances - total governmental funds		$ (7,120,088)
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 $14,561,513 exceeded depreciation of ($3,181,475).		11,380,038
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 ($412,424), net of related accumulated depreciation of $402,127.		(10,297)
Contributions of capital assets from component unit of $2,042 increase net assets in the statement of activities, but do not appear in the governmental funds activities, because they are not financial resources.		2,042
Distributions of capital assets to proprietary funds of ($320,220) and component units of ($901,878) decrease net assets in the statement of activities, but do not appear in the governmental funds activities, because they are not financial resources.		(1,222,098)
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.		(302,634)
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 repayments of $3,502,160, exceeded debt proceeds of ($0) and amortization of ($80,980).		3,421,180
Intergovernmental revenues for reimbursement of debt payments provide current financial resources to governmental funds, but receipt of payments decrease intergovernmental receivables for those payments.		(895,000)
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	1,134,647	
Less consolidation of internal service fund activities allocated to business-type activities	(401,598)	733,049
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.		(28,429)
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 ($16,211), compensated absences of ($38,840), and OPEB obligation of ($4,199,013).		(4,254,064)
Change in net assets of governmental activities		$ 1,703,699

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2010

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 17,941,976	$ 17,564,880	$ 17,777,128	$ 212,248
Licenses and permits	566,500	483,768	526,787	43,019
Fines, fees and forfeitures	1,241,000	1,241,000	1,160,801	(80,199)
Charges for services	1,465,314	1,465,314	1,488,529	23,215
Intergovernmental	424,056	424,056	483,908	59,852
Interest	50,000	50,000	29,065	(20,935)
Contributions	0	0	4,999	4,999
Other	75,000	76,700	132,271	55,571
Total revenues	21,763,846	21,305,718	21,603,488	297,770
EXPENDITURES				
Current				
General Government				
City Manager's Office	956,782	952,431	936,408	16,023
Financial Services and IT	1,677,264	1,661,517	1,582,806	78,711
Human Resources	274,163	274,469	266,790	7,679
Judicial				
Municipal Court	412,888	404,897	385,823	19,074
Public Safety				
Police	8,695,908	8,496,494	8,025,974	470,520
City Marshal	408,660	395,849	334,955	60,894
Fire	5,329,919	5,668,645	5,503,320	165,325
Public Works				
Public Lands and Buildings	485,740	471,790	451,671	20,119
Engineering	644,206	624,167	620,442	3,725
Traffic	1,260,998	1,216,619	1,168,790	47,829
Street Maintenance	2,016,812	1,993,616	1,795,693	197,923
Cemetery	360,013	347,474	305,190	42,284
Health and Welfare				
Agency allocations	28,000	28,000	25,512	2,488
Culture and Recreation				
Communications and Tourism	0	100,065	89,176	10,889
Agency allocations	8,705	0	0	0
Housing and Development				
Planning	567,719	530,755	502,311	28,444
Inspection	391,271	391,644	379,967	11,677
Economic Development Council	32,500	31,688	31,688	0
GA Mountains Regional Commission	38,300	38,300	38,300	0
Total expenditures	23,589,848	23,628,420	22,444,816	1,183,604
Excess (deficiency) of revenues over (under) expenditures	(1,826,002)	(2,322,702)	(841,328)	1,481,374
Other financing sources (uses)				
Transfers in (out)				
Transfers in	2,809,871	3,329,743	3,135,318	(194,425)
Transfers out	(1,692,613)	(1,873,709)	(1,849,274)	24,435
Contingency	(506,256)	(446,656)	0	446,656
Sales of capital assets	15,000	15,000	48,616	33,616
Total other financing sources (uses)	626,002	1,024,378	1,334,660	310,282
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,200,000)	(1,298,324)	493,332	1,791,656
Fund balances, July 1	1,200,000	1,298,324	3,698,364	2,400,040
Fund balances, June 30	$ 0	$ 0	$ 4,191,696	$ 4,191,696

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
ASSETS				
Current assets				
Cash and cash equivalents	$ 11,291,062	$ 1,878,475	$ 13,169,537	$ 4,172,520
Restricted assets				
Cash and cash equivalents	49,216,454	0	49,216,454	0
Receivables (net)				
Accounts	3,770,462	187,267	3,957,729	252
Intergovernmental	795,783	0	795,783	5,171
Inventories	909,678	0	909,678	155,529
Prepaid items	5,000	0	5,000	0
Total current assets	65,988,439	2,065,742	68,054,181	4,333,472
Noncurrent assets				
Capital assets				
Non-depreciable	33,341,747	616,856	33,958,603	0
Depreciable (net)	452,057,167	17,263,083	469,320,250	66,645
Other assets				
Pension asset	306,063	0	306,063	0
Debt issue costs (net)	2,816,393	153,910	2,970,303	0
Deferred interest expense (net)	3,782,494	0	3,782,494	0
Total noncurrent assets	492,303,864	18,033,849	510,337,713	66,645
Total assets	558,292,303	20,099,591	578,391,894	4,400,117
LIABILITIES				
Current liabilities				
Payables				
Accounts	963,775	169,065	1,132,840	205,868
Deposits	0	0	0	7,798
Sales tax	0	16,856	16,856	
Interest	0	45,782	45,782	0
Accrued salaries	395,807	44,800	440,607	13,867
Compensated absences	574,609	56,804	631,413	20,805
Claims reserve	0	0	0	1,249,627
Capital lease payable	1,261,588	465,000	1,726,588	0
Notes payable	5,986,920	81,691	6,068,611	0
Other liabilities	0	44,656	44,656	0
Liabilities payable from restricted assets:				
Payables				
Accounts	1,195,052	0	1,195,052	0
Retainages	377,564	0	377,564	0
Customer deposits	2,247,773	0	2,247,773	0
Interest	920,268	0	920,268	0
Revenue bonds payable	7,470,000	0	7,470,000	0
Total current liabilities	21,393,356	924,654	22,318,010	1,497,965

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
Noncurrent liabilities				
Advances from other funds	$ 0	$ 249,325	$ 249,325	$ 0
OPEB Obligation	4,920,699	628,581	5,549,280	0
Capital leases payable	25,231,761	7,090,000	32,321,761	0
Revenue bonds payable	97,249,329	0	97,249,329	0
Notes payable	113,717,570	0	113,717,570	0
Total noncurrent liabilities	241,119,359	7,967,906	249,087,265	0
Total liabilities	262,512,715	8,892,560	271,405,275	1,497,965
NET ASSETS				
Invested in capital assets, net of related debt	238,264,241	10,243,248	248,507,489	66,645
Restricted for:				0
Capital outlay	38,702,438	0	38,702,438	
Debt service	5,773,358	0	5,773,358	
Unrestricted	13,039,551	963,783	14,003,334	2,835,507
Total net assets	$ 295,779,588	$ 11,207,031	306,986,619	$ 2,902,152
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			273,221	
Net assets of business-type activities			$ 307,259,840	

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, 2010

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
OPERATING REVENUES				
Charges for sales and services	$ 50,039,158	$ 3,546,728	$ 53,585,886	$ 0
Interfund services provided	0	0	0	11,271,392
Miscellaneous revenues	974,689	43,907	1,018,596	128
Total operating revenues	51,013,847	3,590,635	54,604,482	11,271,520
OPERATING EXPENSES				
Costs of sales and services	10,194,122	1,155,087	11,349,209	9,859,199
Personal services	13,947,695	1,926,449	15,874,144	271,822
Depreciation	13,042,303	1,031,160	14,073,463	24,948
Total operating expenses	37,184,120	4,112,696	41,296,816	10,155,969
Operating income (loss)	13,829,727	(522,061)	13,307,666	1,115,551
Non-operating revenues (expenses)				
Contributions	0	69,070	69,070	0
Interest revenue	396,794	5,177	401,971	6,648
Interest expense	(8,866,660)	(374,890)	(9,241,550)	0
Amortization	(278,921)	(13,549)	(292,470)	0
Gain (loss) on sale of capital assets	14,313	5,256	19,569	0
Total non-operating revenues (expenses)	(8,734,474)	(308,936)	(9,043,410)	6,648
Income (loss) before capital contributions and transfers	5,095,253	(830,997)	4,264,256	1,122,199
Capital contributions				
Connection fees	1,120,748	0	1,120,748	0
Capital contributions	2,645,048	0	2,645,048	0
Intergovernmental revenue	228,237	120,235	348,472	0
Total capital contributions	3,994,033	120,235	4,114,268	0
Income (loss) before transfers	9,089,286	(710,762)	8,378,524	1,122,199
Transfers in (out)				
Transfers in	0	255,443	255,443	12,448
Transfers out	(2,766,410)	0	(2,766,410)	0
Total transfers in (out)	(2,766,410)	255,443	(2,510,967)	12,448
Change in net assets	6,322,876	(455,319)	5,867,557	1,134,647
Net assets, July 1 (original)	289,211,103	11,714,211	300,925,314	1,767,505
Prior period adjustments	245,609	(51,861)	193,748	0
Net assets, July 1 (restated)	289,456,712	11,662,350	301,119,062	1,767,505
Net assets, June 30	$ 295,779,588	$ 11,207,031	$ 306,986,619	$ 2,902,152

Change in net assets - enterprise funds	$ 5,867,557
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	401,598
Change in net assets - business-type activities	$ 6,269,155

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2010

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
Cash flows from operating activities:				
Receipts from customers	$ 49,725,208	$ 3,554,046	$ 53,279,254	$ 0
Receipts from interfund services provided	0	0	0	11,293,005
Payments to suppliers	(9,782,882)	(1,178,829)	(10,961,711)	(9,402,519)
Payments to employees	(11,336,269)	(1,666,264)	(13,002,533)	(403,490)
Other receipts	974,689	43,907	1,018,596	128
Net cash provided (used) by operating activities	29,580,746	752,860	30,333,606	1,487,124
Cash flows from non-capital financing activities:				
Receipts from individuals	0	69,070	69,070	0
Receipts from other funds	0	255,443	255,443	12,448
Payments to other funds	(2,766,410)	0	(2,766,410)	0
Net cash provided (used) by non-capital financing activities	(2,766,410)	324,513	(2,441,897)	12,448
Cash flows from capital and related financing activities:				
Receipt of capital contributions	1,726,789	988,734	2,715,523	0
Receipts from other governments	110,660	0	0	0
Receipts from other funds	0	0	0	0
Interest paid	(8,792,109)	(377,631)	(9,169,740)	0
Acquisition of capital assets	(12,004,200)	(924,503)	(12,928,703)	0
Sale of capital assets	25,724	5,256	30,980	0
Principal payments - bonds	(7,150,000)	0	(7,150,000)	0
Principal payments - capital leases				0
and promissory notes	(5,794,976)	(446,218)	(6,241,194)	0
Net cash provided (used) by capital and related financing activities	(31,878,112)	(754,362)	(32,743,134)	0
Cash flows from investing activities:				
Interest received	155,457	5,176	160,633	6,648
Net increase (decrease) in cash and cash equivalents	(4,908,319)	328,187	(4,580,132)	1,506,220
Cash and cash equivalents, July 1	65,415,835	1,550,288	66,966,123	2,666,300
Cash and cash equivalents, June 30	$ 60,507,516	$ 1,878,475	$ 62,385,991	$ 4,172,520

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2010

	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)	$ 13,829,727	$ (522,061)	$ 13,307,666	$ 1,115,551
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	13,042,303	1,031,160	14,073,463	24,948
(Increase) decrease in accounts receivable	(12,521)	7,319	(5,202)	(252)
(Increase) decrease in intergovernmental receivables	(570,878)	0	(570,878)	21,865
(Increase) decrease in prepaid items	250	1,435	1,685	155,058
(Increase) decrease in inventory	(24,017)	0	(24,017)	(28,694)
(Increase) decrease in pension asset	18,952	0	18,952	0
Increase (decrease) in accounts payable	435,007	(4,046)	430,961	113,497
Increase (decrease) in sales tax payable	0	(41,059)	(41,059)	0
Increase (decrease) in accrued salaries and benefits	46,795	(12,144)	34,651	4,251
Increase (decrease) in deposits payable	269,449	0	269,449	126
Increase (decrease) in claims reserve	0	0	0	80,774
Increase (decrease) in OPEB obligation	2,545,679	272,328	2,818,007	0
Increase (decrease) in other liabilities	0	19,928	19,928	0
Total adjustments	15,751,019	1,274,921	17,025,940	371,573
Net cash provided (used) by operating activities	$ 29,580,746	$ 752,860	$ 30,333,606	$ 1,487,124
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	$ 11,291,062	$ 1,878,475	$ 13,169,537	$ 4,172,520
Restricted assets				
Cash and cash equivalents	49,216,454	0	49,216,454	0
Total cash and cash equivalents	$ 60,507,516	$ 1,878,475	$ 62,385,991	$ 4,172,520

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled $457,200 for the fiscal year ended June 30, 2010.
Contributions of capital assets from government totaled $320,220 for the fiscal year ended June 30, 2010.
Forgiveness of capital lease through capital contributions totaled $1,261,588 for the fiscal year ended June 30, 2010.

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2010

	Community Private-Purpose Trust Fund	Employees' Pension Trust Fund	Municipal Court Agency Fund
ASSETS			
Cash and cash equivalents	$ 16,326	$ 6,701,632	$ 143,355
Investments, at fair value			
Common stock	0	50	0
Mutual funds			
Equity	0	17,694,319	0
Fixed income	0	32,120,329	0
Accounts receivables (net)	0	0	686,764
Total assets	16,326	56,516,330	830,119
LIABILITIES			
Accounts payable	0	27,260	0
Due to other agencies	0	0	830,119
Total liabilities	0	27,260	830,119
NET ASSETS			
Held in trust for pension benefits and other purposes (a schedule of pension funding progress is presented on page 78)	$ 16,326	$ 56,489,070	$ 0

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, 2010

	Community Private-Purpose Trust Fund	Employees' Pension Trust Fund
ADDITIONS		
Contributions		
Employer contributions	$ 0	$ 2,599,540
Employee contributions	0	2,599,539
Employee donations	50,494	0
Total contributions and donations	50,494	5,199,079
Investment Income		
Net appreciation (depreciation) in fair value of investments	0	5,094,491
Interest	2	286
Dividends	0	1,546,035
Investment expense	0	(131,382)
Net investment income (loss)	2	6,509,430
Total additions (reductions)	50,496	11,708,509
DEDUCTIONS		
Benefits	0	4,816,120
Refunds	0	603,535
Distributions for assistance	53,535	0
Total deductions	53,535	5,419,655
Net increase (decrease)	(3,039)	6,288,854
Net assets held in trust for pension benefits and other purposes		
Net assets, July 1	19,365	50,200,216
Net assets, June 30	$ 16,326	$ 56,489,070

See accompanying notes to the financial statements.

1. Description of Government Unit

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

The City provides a full range of governmental services, including public safety, health and social services, recreational programs and economic development as well as water and sewer service, the operation of an airport, 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.

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.

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.

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.

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.

Debt Service Fund - This fund is used to account for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

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.

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.

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).

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.

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.

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.

2. Summary of Significant Accounting Policies (continued)

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, 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. Prior to July 1, 2006, neither their historical costs, nor related depreciation, had been reported in the financial statements. The City implemented the requirements for retroactive reporting of major general infrastructure assets during the fiscal year ended June 30, 2007. The City elected not to report general infrastructure assets placed into service prior to July 1, 1980.

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

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 in Years	Capitalization 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.

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.

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.

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 2009 amounts have been reclassified to conform to the 2010 presentation.

3. Deposit and Investment Risk

Custodial credit risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City's policies require that all deposits be federally insured or fully collateralized. The Employees' Pension Trust Fund is exempt from the City's policy requiring that all deposits be federally insured or fully collateralized.

3. Deposit and Investment Risk (continued)

Investment policies - Credit, concentration of credit, and interest rate risk

The City's financial policies authorize investment in any securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. The City has no investment policy that would further limit its investment choices. The City places no limits on the amount the City may invest in any one issuer of equity or debt securities. Investments are reported at fair market value.

The City's financial policies limit investments to a maximum one year maturity to minimize interest rate risk. The City Manager may approve exceptions to the one-year maturity limit, and such exceptions will be disclosed to City Council.

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, 2010 was 46 days. At June 30, 2010, the City's balance in Georgia Fund 1 was $24,306,671.

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, 2010, the duration for the index was 4.4 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.

3. Deposit and Investment Risk (continued)

Foreign currency risk

The City has no investments denominated in a foreign currency.

Investments

The investments reported in the Economic Development Special Revenue Fund are property held for resale.

4. Accounts Receivable

Net accounts receivable at June 30, 2010 consist of the following:

Primary Government:		
Major Funds		
General Fund		$ 377,532
Public Utilities Enterprise Fund	$ 4,372,508	
Less: Allowance for Uncollectibles	(602,046)	3,770,462
Nonmajor Funds		
Special Revenue Funds		
Community Service Center	2,518	
Georgia Mountains Center	1,655	
Hotel/Motel Tax	36,844	
Cemetery	10	41,027
Enterprise Funds		
Airport	38,032	
Less: Allowance for Uncollectibles	(14,292)	
Solid Waste	163,157	
Less: Allowance for Uncollectibles	(42,821)	
Golf Course	43,191	187,267
Internal Service Funds		
Employee Benefits	252	252
Total Primary Government		$ 4,376,540
Component Units:		
Parks and Recreation		$ 26,320
Fiduciary Funds		
Agency Funds		
Municipal Court	$ 1,294,283	
Less: Allowance for Uncollectibles	(607,519)	$ 686,764

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2010 consist of the following:

Primary Government:		
Major Funds		
General Fund		
State of Georgia	$ 485,574	
Hall County, Georgia	30,311	$ 515,885
Debt Service Fund		
Hall County, Georgia	861	
Gainesville City School System	945,000	945,861
SPLOST Capital Projects Fund		
Hall County, Georgia		1,781,250
Public Utilities Enterprise Fund		
State of Georgia	206,147	
Hall County, Georgia	589,636	795,783
Nonmajor Funds		
Special Revenue Funds		
Community Service Center		
State of Georgia	18,845	
Hall County, Georgia	450,011	
Grants		
US Treasury	239,187	
HUD Grant		
US Treasury	19,199	
Government Access Cable TV		
Hall County, Georgia	8,054	735,296
Grants Capital Projects Fund		
State of Georgia		102,601
Vehicle Services Internal Service Fund		
Gainesville City School System		5,171
Total Primary Government		$ 4,881,847
Component Units:		
Parks and Recreation		
Hall County, Georgia		$ 1,345

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 2010, based upon the assessments of January 1, 2009 and the levy date of October 8, 2009, were final billed on October 28, 2009 and due on December 28, 2009. 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 $140,292 of intradepartmental billings for water and sewer usage for fiscal year 2010.

8. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2010 is as follows:

	Due from:		
	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
Due to:			
Major Funds			
General	$ 83,807	$ 0	$ 83,807
Nonmajor Funds			
Governmental	0	249,325	249,325
Total	$ 83,807	$ 249,325	$ 333,132

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”.

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	$ 1,586,383
	Nonmajor Enterprise	255,443
	Internal Service	7,448
Public Utilities	General	2,761,291
	Nonmajor Governmental	5,119
SPLOST Capital Projects	Debt Service	1,130,823
Nonmajor Governmental	General	374,027
	Debt Service	164,000
	SPLOST Capital Projects	341,094
	Nonmajor Governmental	375,835
	Internal Service	5,000
		7,006,463
Transfer of Capital Assets		
Governmental Activities	Public Utilities	320,220
		$ 7,326,683

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. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

9. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Governmental activities				
Non-depreciable assets				
Land	$ 24,718,794	$ 885,711	$ (1,011,060)	$ 24,593,445
Construction in progress	9,713,313	14,620,908	(2,048,673)	22,285,548
Total non-depreciable assets	34,432,107	15,506,619	(3,059,733)	46,878,993
Depreciable assets				
Buildings	26,494,024	0	0	26,494,024
Land improvements	3,061,257	93,853	0	3,155,110
Vehicles and equipment	14,165,767	642,782	(530,872)	14,277,677
Intangibles	1,848,021	0	(5,005)	1,843,016
Infrastructure	28,018,579	609,734	(211,038)	28,417,275
Total depreciable assets	73,587,648	1,346,369	(746,915)	74,187,102
Less accumulated depreciation				
Buildings	(5,945,128)	(946,937)	0	(6,892,065)
Land improvements	(633,612)	(155,833)	0	(789,445)
Vehicles and equipment	(11,172,459)	(1,175,317)	514,349	(11,833,427)
Intangibles	(525,400)	(180,265)	2,544	(703,121)
Infrastructure	(6,073,617)	(980,144)	0	(7,053,761)
Total accumulated depreciation	(24,350,216)	(3,438,496)	516,893	(27,271,819)
Total depreciable assets, net	49,237,432	(2,092,127)	(230,022)	46,915,283
Governmental activities capital assets, net	$ 83,669,539	$ 13,414,492	$ (3,289,755)	$ 93,794,276
Business-type activities				
Non-depreciable assets				
Land	$ 18,243,212	$ 119,763	$ (11,411)	$ 18,351,564
Intangibles	0	1,957,919	0	1,957,919
Construction in progress	16,399,850	12,128,947	(14,879,677)	13,649,120
Total non-depreciable assets	34,643,062	14,206,629	(14,891,088)	33,958,603
Depreciable assets				
Buildings	73,051,137	0	0	73,051,137
Land improvements	13,748,363	2,055,532	0	15,803,895
Distribution system	476,014,012	12,899,556	(1,876,879)	487,036,689
Intangibles	3,224,421	350,000	0	3,574,421
Vehicles and equipment	14,836,370	467,603	(365,357)	14,938,616
Total depreciable assets	580,874,303	15,772,691	(2,242,236)	594,404,758
Less accumulated depreciation				
Buildings	(2,989,834)	(1,457,243)	0	(4,447,077)
Land improvements	(4,679,055)	(596,034)	0	(5,275,089)
Distribution system	(90,955,582)	(10,987,300)	0	(101,942,882)
Intangibles	(538,532)	(179,806)	0	(718,338)
Vehicles and equipment	(12,213,399)	(853,080)	365,357	(12,701,122)
Total accumulated depreciation	(111,376,402)	(14,073,463)	365,357	(125,084,508)
Total depreciable assets, net	469,497,901	1,699,228	(1,876,879)	469,320,250
Business-type activities capital assets, net	$ 504,140,970	$ 15,905,857	$ (16,767,967)	$ 503,278,853

9. Capital Assets (continued)

See Note 17 regarding change in beginning balance of Governmental Activities capital assets.

Capital asset activity for the Parks and Recreation Component Unit for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Parks & Recreation Component Unit				
Non-depreciable assets				
Land	$ 2,634,933	$ 901,878	$ (2,087)	$ 3,534,724
Construction in progress	297,043	383,286	(608,084)	72,245
Total non-depreciable assets	2,931,976	1,285,164	(610,171)	3,606,969
Depreciable assets				
Buildings	9,915,118	0	0	9,915,118
Land improvements	3,515,073	0	0	3,515,073
Vehicles and equipment	1,179,149	148,527	(94,729)	1,232,947
Intangibles	148,170	0	0	148,170
Infrastructure	2,208,510	432,108	0	2,640,618
Total depreciable assets	16,966,020	580,635	(94,729)	17,451,926
Less accumulated depreciation				
Buildings	(5,810,546)	(288,594)	0	(6,099,140)
Land improvements	(316,664)	(263,164)	0	(579,828)
Vehicles and equipment	(1,032,428)	(88,580)	94,729	(1,026,279)
Intangibles	(138,022)	(1,468)	0	(139,490)
Infrastructure	(368,253)	(94,352)	0	(462,605)
Total accumulated depreciation	(7,665,913)	(736,158)	94,729	(8,307,342)
Total depreciable assets, net	9,300,107	(155,523)	0	9,144,584
Parks & Recreation Component Unit capital assets, net	$ 12,232,083	$ 1,129,641	$ (610,171)	$ 12,751,553

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 101,946
Public Safety	679,212
Public Works	1,803,708
Health and Welfare	63,614
Culture and Recreation	268,176
Housing and Development	264,819
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	24,948
Total depreciation expense for governmental activities	$ 3,206,423
Business-type activities	
Public Utilities	$ 13,042,303
Airport	609,604
Solid Waste	152,782
Golf Course	268,774
Total depreciation expense for business-type activities	$ 14,073,463
Component Unit	
Parks and Recreation	$ 708,158

	Governmental Activities	Business-type Activities	Component Unit
Current year depreciation expense	$ 3,206,243	$ 14,073,463	$ 708,158
Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component unit	232,253	0	28,000
Additions to accumulated depreciation	$ 3,438,496	$ 14,073,463	$ 736,158

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, 2010, are $42,862,532 and $34,048,349 for governmental and business-type activities, respectively.

Total assets leased under capital leases are $45,200,651 and $41,193,318 for governmental and business-type activities, respectively, and are classified as follows:

	Governmental Activities	Business-type Activities
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	15,226,733	0
Vehicles and equipment	1,563,818	0
Construction in progress	21,206,407	0
Total assets under capital leases	$ 45,200,651	$ 41,193,318

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, 2010:

Year Ending June 30,	Governmental Activities	Business-type Activities
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	1,186,025	2,077,497
2016-2020	6,214,887	10,386,644
2021-2025	6,719,159	7,898,655
2026-2030	3,052,655	6,624,159
2031	0	1,261,588
Total minimum lease payments	53,329,949	36,559,058
Less amounts representing interest	(10,467,417)	(2,510,709)
Present value of minimum lease payments	$ 42,862,532	$ 34,048,349

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, 2010, the City has a balance of $375,754 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.

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.

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.

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.

10. Capital and Operating Leases Agreements (continued)

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, 2010, there were $9,262,009 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.

11. Long-Term Debt

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

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, 2010, the City had entered into 13 borrowings in the original amount of $141,384,488, with a total outstanding balance of $119,704,490. 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).

11. Long-Term Debt (continued)

Notes Payable, continued

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, 2010, 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 0.21% at June 30, 2010. Interest payments are due monthly, with principal payments of $81,691 due when the City sells residential lots adjacent to the Golf Course.

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	$ 6,068,611	$ 3,724,422	$ 9,793,033
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
2015	6,822,515	2,888,828	9,711,343
2016-2020	34,911,808	11,101,734	46,013,542
2021-2025	34,193,908	5,498,420	39,692,328
2026-2028	18,610,537	1,023,145	19,633,682
Totals	$ 119,786,181	$ 34,191,741	$ 153,977,922

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.

11. Long-Term Debt (continued)

General Obligation Bonds, continued

General obligation bonds have been issued for governmental activities and are comprised of the following individual issue at June 30, 2010:

- $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% ($945,000 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).

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

Year Ending June 30,	Principal	Interest	Total
2011	$ 945,000	$ 50,794	$ 995,794

$1,098,168 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, 2010:

- $15,875,000 1992 Water and Sewerage Revenue – Series A, B, & C series bonds due in annual installments of $245,000 to $3,845,000 through November 15, 2012; interest at 6.00% ($7,720,000 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% ($3,170,000 outstanding).

11. 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 $1,960,000 to $2,115,000 through November 15, 2012; interest at 3.80% to 5.25% ($6,095,000 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% ($47,135,000 outstanding).

- $39,205,000 2006 Water and Sewer System Refunding series bonds due in annual installments of $305,000 to $8,845,000 through November 15, 2021; interest at 3.50% to 5.00% ($38,365,000 outstanding).

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

Year Ending June 30,	Principal	Interest	Total
2011	$ 7,470,000	$ 4,540,917	$ 12,010,917
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	8,740,000	2,957,769	11,697,769
2016-2020	44,915,000	8,281,997	53,196,997
2021-2022	17,335,000	710,025	18,045,025
Totals	$ 102,485,000	$ 27,802,214	$ 130,287,214

11. Long-Term Debt (continued)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for fiscal year ended June 30, 2010:

	Balance 6/30/2009	Additions	Deductions	Balance 6/30/2010	Due Within One Year
Governmental activities					
General obligation bonds	$ 1,840,000	$ 0	$ 895,000	$ 945,000	$ 945,000
Capital lease obligations	45,469,692	0	2,607,160	42,862,532	7,009,676
Compensated absences	993,366	995,282	952,653	1,035,995	1,035,995
Total Governmental activities	$ 48,303,058	$ 995,282	$ 4,454,813	$ 44,843,527	$ 8,990,671
Business-type activities					
Revenue bonds	$ 109,635,000	$ 0	$ 7,150,000	$ 102,485,000	$ 7,470,000
Unamortized bond premium	2,512,696	0	241,336	2,271,360	0
Unamortized bond discount	(80,438)	0	(43,408)	(37,030)	0
Notes payable	125,581,157	0	5,794,976	119,786,181	6,068,611
Capital lease obligations	35,756,155	0	1,707,806	34,048,349	1,726,588
Compensated absences	592,857	716,181	677,625	631,413	631,413
Total business-type activities	$ 273,997,427	$ 716,181	$ 15,528,335	$ 259,185,273	$ 15,896,612
Park & Recreation Component Unit					
Compensated absences	$ 97,350	$ 86,673	$ 72,598	$ 111,425	$ 111,425

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

12. 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, 2010, the amount of defeased debt outstanding but removed from the City's records for business-type activities amounted to $37,755,000.

13. Conduit Debt

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

As of June 30, 2010, there were 26 series of Revenue Bonds outstanding. The current aggregate principal amount payable for the series totaled $283,443,254; the original issue amounts totaled $428,562,941.

14. Reserved/Restricted Equity Balances

A. General Fund

Reserved for prepaid items - An amount of $10,157 has been reserved for prepaid items since this amount is not legally available for appropriation.

Reserved for encumbrances - An amount of $17,465 has been reserved for encumbrances since this amount is not legally available for appropriation.

14. Reserved/Restricted Equity Balances (continued)

B. Special Revenue Funds

Reserved for program – Amounts of $68,032 and $490,157 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 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 Funds

Reserved for encumbrances – An amount of $590,034 has been reserved in the General Government Capital Projects Fund for encumbrances since this amount is not legally available for appropriation.

Reserved for restricted assets – An amount of $9,262,009 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 – Amounts of $38,702,438 and $5,773,358 have been restricted in the Public Utilities Fund for capital outlay and debt service, respectively, since these amounts are not legally available for appropriation.

14. Reserved/Restricted Equity Balances (continued)

E. Trust Funds

Reserved for employees' pension benefits - An amount of $56,489,070 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 $16,326 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, $100,739, is not available for appropriation.

Reserved for Development Fund - An amount of $80,038 is reserved for facilities development for Parks and Recreation.

Reserved for Civic Center - An amount of $15,126 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.

Reserved for Encumbrances – An amount of $147,898 is reserved for encumbrances.

15. Designated Equity Balances

The following equity balance designations have been established to indicate tentative plans for utilization of financial resources in fiscal year 2011:

A. General Fund

An amount of $500,000 has been designated for the fiscal year 2011 budget. An amount of $55,797 has been designated for improvements to City Hall.

B. Special Revenue Funds

An amount of $39,734 has been designated in the Hotel/Motel Tax Fund for improvements to the Georgia Mountains Center. An amount of $117,356 has been designated in the Economic Development Fund for the fiscal 2011 budget.

C. Debt Service Fund

An amount of $500,000 has been designated for the fiscal year 2011 budget.

D. Parks and Recreation (A Component Unit)

An amount of $170,488 has been designated for the fiscal year 2011 budget.

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

16. Deficit Equity Balances

At June 30, 2010, the Chattahoochee Golf Course Enterprise Fund had negative net assets of $67,501. This is due to a reduction in revenues, although a cutback in department expenses helped to mitigate the overall shortfall. The City plans to liquidate the deficit fund equity through future revenue recognition.

17. Changes in Beginning Balances

Governmental Activities

A prior period adjustment has been made to record land held for resale incorrectly reported as capital assets in the Governmental Activities and to remove capital assets disposed of in prior periods. This adjustment decreased beginning net assets by $4,124,561 in the Governmental Activities.

Economic Development Special Revenue Fund – A prior period adjustment has been made to record land held for resale incorrectly reported as a capital asset in the Governmental Activities. The 2009 amounts for investments and unreserved, undesignated fund balance have been restated to reflect this adjustment. This adjustment increased beginning fund balance by $611,531.

The net effect of these adjustments decreased beginning net assets of the Governmental Activities by $3,513,030.

Business-type Activities

Public Utilities Enterprise Fund – A prior period adjustment has been made to reflect interest payable incorrectly calculated at June 30, 2009. The 2009 amounts for interest payable and unrestricted net assets have been restated to reflect this adjustment. This adjustment increased beginning net assets by $245,609.

Chattahoochee Golf Course Enterprise Fund – A prior period adjustment has been recorded to reflect unrecorded sales tax payable and related interest expenses. The 2009 amounts for sales tax payable and unrestricted net assets have been restated to reflect this adjustment. This adjustment decreased beginning net assets by $51,861.

The net effect of these adjustments increased beginning net assets of the Business-type Activities by $193,748.

17. Changes in Beginning Balances (continued)

Component Unit

Parks & Recreation – A prior period adjustment has been recorded to reflect unrecorded sales tax payable and related interest expenditures. The 2009 amounts for sales tax payable and unreserved, undesignated fund balance have been restated to reflect this adjustment. This adjustment decreased beginning net assets by $23,326.

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, 2009 the City contracted with Consumers Life 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:

18. Self-Insurance (continued)

General Insurance, continued

	June 30, 2010	June 30, 2009
General Insurance Internal Service Fund		
Balance, beginning of year	$ 749,223	$ 811,888
Current year claims and changes in estimate	636,667	278,965
Claim payments	(472,063)	(341,630)
Balance, end of year	$ 913,827	$ 749,223
Employee Benefits Internal Service Fund		
Balance, beginning of year	$ 419,630	$ 0
Current year claims and changes in estimate	4,575,340	5,860,183
Claim payments	(4,659,170)	(5,440,553)
Balance, end of year	$ 335,800	$ 419,630

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.

Plan Description and Contribution Information

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

	Plan A	Plan B
Retirees and beneficiaries currently receiving benefits	189	43
Terminated vested participants entitled to but not yet receiving benefits	7	24
Active participants	471	168
Total number of participants	667	235

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.

19. Pension Plans (continued)

Plan Description and Contribution Information, continued

Pension Plan A (continued)

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

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

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.

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.

Funding Policy. The contribution requirements of the City are established and may be amended by City Council. Plan members are not allowed to make contributions to this plan. The City is required to contribute at an actuarially determined rate. The current rate is 8.8% 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.

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, 2009 for Pension Plan A and January 1, 2010, for Pension Plan B. Significant actuarial assumptions used in the valuation include:

	Plan A	Plan B
Rate of return on investments of present and future assets compounded annually	7.5%	7.8%
Projected salary increases:		
Inflation	3.5%	3.5%
Merit or senority	1.3-4.0%	0.0%
Post-retirement benefit increases	none	none

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the entry age normal actuarial funding method for Plan A and the projected unit credit actuarial funding method for Plan B. The actuarial value of assets for Plan A was determined by recognizing a portion of the difference between the market value of assets and the expected market value of assets smoothed over a 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, 2009, 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.

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)	$ 2,800,859	$ 467,907
Interest on net pension obligation	(60,504)	0
Adjustment to ARC	75,011	0
Annual pension cost	2,815,366	467,907
Contributions made	2,767,985	467,907
Increase (decrease) in net pension obligation	47,381	0
Net pension obligation (asset) - beginning of year	(812,538)	0
Net pension obligation (asset) - end of year	$ (765,157)	$ 0

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 Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation (Asset)
Pension Plan A:			
7/1/2004	$ 1,803,224	100%	$ 0
7/1/2005	1,811,997	105%	(86,615)
7/1/2006	1,896,939	104%	(172,829)
7/1/2007	2,292,695	114%	(496,492)
7/1/2008	2,457,722	113%	(812,538)
7/1/2009	2,800,859	99%	(765,157)
Pension Plan B:			
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
1/1/2010	467,907	100%	0

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:						
7/1/2004	$ 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%
7/1/2009	64,498,076	106,414,133	41,916,057	60.61%	21,285,746	197%
Pension Plan B:						
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%
1/1/2010	4,173,412	5,828,351	1,654,939	71.61%	5,226,815	32%

** 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.

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
Active participants	643
Total number of participants	778

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 $501,055, through their required contributions of $240.99, $479.59, $539.26 and $807.68 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.

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 2010, the City's annual OPEB cost of $8,763,829 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.

20. Post Employment Health Care Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation, continued

Annual required contribution	$ 8,878,518
Interest on net OPEB obligation	273,127
Adjustment to ARC	(387,816)
Annual OPEB cost	8,763,829
Contributions made	(1,348,020)
Increase (decrease) in net OPEB obligation	7,415,809
Net OPEB obligation - beginning of year	6,828,182
Net OPEB obligation - end of year	$ 14,243,991

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
2010	8,763,829	15%	14,243,991

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

21. Hotel/Motel Lodging Tax

The City has levied a 6% lodging tax in accordance with OCGA 48-13-51(a)(4). The City is required to spend an amount equal to at least 60% for the purpose of promoting tourism, conventions, and trade shows or for facilities used for these purposes. A summary of the transactions for the year ended June 30, 2010, follows:

Lodging Tax Receipts	$ 444,852
Disbursements to Convention and Visitors Bureau, Main Street Program, Georgia Mountains Center and other tourism and visitor programs	$ 346,108 78% of tax receipts

22. Major Users/Taxpayers

The ten major customers of the water and sewer system are primarily from the poultry and food processing industry. The major users represent approximately thirty-seven percent of the water sales and sewer charges from the system in fiscal year 2010.

The ten major taxpayers of the City for fiscal year 2010 represent approximately fifteen 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.

23. Joint Ventures

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

23. Joint Ventures (continued)

The HCMOTF is funded primarily through grant and forfeiture monies and operates on a balanced budget determined by revenue. The financial records of this unit are maintained by Hall County and reported in their CAFR report. During fiscal year 2010, the City contributed the use of five police officers for assignment to the HCMOTF; the City paid $377,657 in personnel costs for these officers. A copy of the HCMOTF financial statements can be obtained from Hall County, Georgia, Financial Department, PO Box 1435, Gainesville, GA 30503.

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During fiscal year 2009, the city paid $38,300 in such dues. Membership in a regional commission (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RCs in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, GA 30501.

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 $48,254 as payment-in-lieu-of-taxes during fiscal year 2010.

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, 2010. 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	$ 12,445,554	$ 6,754,446
Expansion of the Georgia Mountains Center Parking Deck	6,155,077	65,832
Expansion of the water and sewer distribution system	6,153,651	144,824
Total	$ 24,754,282	$ 6,965,102

26. Commitments and Contingencies (continued)

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

26. Commitments and Contingencies (continued)

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 actively moving forward towards the construction of the Cedar Creek Reservoir.

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.

Gainesville, Georgia

Since 1821

COMBINING STATEMENTS

Nonmajor Governmental Funds

Nonmajor Enterprise Funds

Internal Service Funds

CITY OF GAINESVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue						
	Community Development	Community Service Center	Economic Development	Georgia Mountains Center	Hotel/Motel Tax	Government Access Cable TV Channel	Confiscated Assets
ASSETS							
Cash and cash equivalents	$ 1,498,094	$ 1,427,906	$ 4,851,051	$ 212,027	$ 71,231	$ 178,666	$ 25,523
Investments	0	0	1,577,532	0	0	0	0
Receivables (net)							
Accounts	0	2,518	0	1,655	36,844	0	0
Intergovernmental	0	468,856	0	0	0	8,054	0
Notes	0	0	0	0	0	0	0
Advances to other funds	249,325	0	0	0	0	0	0
Total assets	$ 1,747,419	$ 1,899,280	$ 6,428,583	$ 213,682	$ 108,075	$ 186,720	$ 25,523
LIABILITIES AND FUND BALANCES							
Liabilities							
Payables							
Accounts	$ 0	$ 129,580	$ 21,587	$ 38,348	$ 8,337	$ 3,606	$ 2,949
Sales tax	0	0	0	610	0	0	0
Deposits	0	0	0	4,150	0	0	0
Accrued salaries	0	56,108	0	14,788	0	4,104	0
Deferred revenues	0	0	0	0	0	0	0
Due to other funds	0	0	0	0	0	0	0
Total liabilities	0	185,688	21,587	57,896	8,337	7,710	2,949
Fund balances							
Reserved for:							
Encumbrances	0	0	0	0	0	0	0
Program expenditures							
Equipment	0	0	0	0	0	68,032	0
Public Safety	0	0	0	0	0	0	0
Culture and Recreation	0	0	0	0	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	39,734	0	0
Budget	0	0	117,356	0	0	0	0
Unreserved, undesignated	1,498,094	1,713,592	6,289,640	155,786	60,004	110,978	22,574
Total fund balances	1,747,419	1,713,592	6,406,996	155,786	99,738	179,010	22,574
Total liabilities and fund balances	$ 1,747,419	$ 1,899,280	$ 6,428,583	$ 213,682	$ 108,075	$ 186,720	$ 25,523

Special Revenue						Capital Projects		Total Nonmajor Governmental Funds
Grants	HUD Grant	Revolving Loan	Impact Fee	Tax Allocation District	Cemetery Trust	General Government	Grants	
$ 100	$ 13,425	$ 42,063	$ 490,157	$ 221,086	$ 106,664	$ 2,488,375	$ 529,842	$ 12,156,210
0	0	0	0	0	0	0	0	1,577,532
0	0	0	0	0	10	0	0	41,027
239,187	19,199	0	0	0	0	0	102,601	837,897
0	0	372,980	0	0	0	0	0	372,980
0	0	0	0	0	0	0	0	249,325
$ 239,287	$ 32,624	$ 415,043	$ 490,157	$ 221,086	$ 106,674	$ 2,488,375	$ 632,443	$ 15,234,971
$ 7,962	$ 8,396	$ 0	$ 0	$ 0	$ 0	$ 890	$ 0	$ 221,655
0	0	0	0	0	0	0	0	610
0	0	0	0	0	0	0	0	4,150
0	2,501	0	0	0	0	0	0	77,501
0	0	372,980	0	0	0	0	0	372,980
83,807	0	0	0	0	0	0	0	83,807
91,769	10,897	372,980	0	0	0	890	0	760,703
0	0	0	0	0	0	590,034	0	590,034
0	0	0	0	0	0	0	0	68,032
0	0	0	380,224	0	0	0	0	380,224
0	0	0	109,933	0	0	0	0	109,933
0	0	0	0	0	0	0	0	249,325
0	0	0	0	0	0	0	0	39,734
0	0	0	0	0	0	0	0	117,356
147,518	21,727	42,063	0	221,086	106,674	1,897,451	632,443	12,919,630
147,518	21,727	42,063	490,157	221,086	106,674	2,487,485	632,443	14,474,268
$ 239,287	$ 32,624	$ 415,043	$ 490,157	$ 221,086	$ 106,674	$ 2,488,375	$ 632,443	$ 15,234,971

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2010

	Special Revenue						
	Community Development	Community Service Center	Economic Development	Georgia Mountains Center	Hotel/Motel Tax	Government Access Cable TV Channel	Confiscated Assets
REVENUES							
Taxes	$ 0	$ 0	$ 0	$ 0	$ 444,852	$ 0	$ 0
Fines, fees, and forfeitures	0	0	0	0	0	0	18,972
Charges for services	0	384,411	0	435,955	0	0	0
Intergovernmental	0	2,611,754	0	0	0	81,339	0
Interest	4,256	3,455	14,969	548	226	496	0
Contributions	0	135,043	0	0	0	0	0
Other	0	116,123	100,448	9,067	0	48	779
Total revenues	4,256	3,250,786	115,417	445,570	445,078	81,883	19,751
EXPENDITURES							
Current							
General Government	0	0	0	0	0	163,052	0
Public Safety	0	0	0	0	0	0	15,041
Public Works	0	0	0	0	0	0	0
Health and Welfare	0	3,282,473	787,227	0	0	0	0
Culture and Recreation	0	0	0	790,332	0	0	0
Housing and Development	0	0	0	0	81,073	0	0
Debt service:							
Interest and fiscal charges	0	0	41,638	0	0	0	0
Capital outlay	0	0	0	0	0	0	0
Total expenditures	0	3,282,473	828,865	790,332	81,073	163,052	15,041
Excess (deficiency) of revenues over (under) expenditures	4,256	(31,687)	(713,448)	(344,762)	364,005	(81,169)	4,710
Other financing sources (uses)							
Transfers in	0	476,725	0	329,354	0	81,339	0
Transfers out	0	(149,170)	0	0	(375,435)	0	0
Sales of capital assets	0	0	0	2,272	0	0	0
Total other financing sources (uses)	0	327,555	0	331,626	(375,435)	81,339	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,256	295,868	(713,448)	(13,136)	(11,430)	170	4,710
Fund balances, July 1 (original)	1,743,163	1,417,724	6,508,913	168,922	111,168	178,840	17,864
Prior period adjustments	0	0	611,531	0	0	0	0
Fund balances, July 1 (restated)	1,743,163	1,417,724	7,120,444	168,922	111,168	178,840	17,864
Fund balances, June 30	$ 1,747,419	$ 1,713,592	$ 6,406,996	$ 155,786	$ 99,738	$ 179,010	$ 22,574

Special Revenue						Capital Projects		Total
Grants	HUD Grant	Revolving Loan	Impact Fee	Tax Allocation District	Cemetery Trust	General Government	Grants	Nonmajor Governmental Funds
$ 0	$ 0	$ 0	$ 0	$ 78,157	$ 0	$ 0	$ 0	$ 523,009
0	0	0	0	0	0	0	0	18,972
0	0	26,422	38,318	0	32,250	0	0	917,356
711,761	432,443	0	0	0	0	0	537,783	4,375,080
0	0	72	2,241	462	341	0	0	27,066
0	0	0	0	0	0	0	0	135,043
0	0	4,540	0	0	0	0	0	231,005
711,761	432,443	31,034	40,559	78,619	32,591	0	537,783	6,227,531
36,580	0	0	0	0	0	0	0	199,632
131,442	0	0	0	0	0	0	0	146,483
17,050	0	0	0	0	0	0	0	17,050
0	0	0	0	0	0	0	0	4,069,700
0	0	0	325,000	0	0	0	0	1,115,332
191,138	425,434	0	0	0	0	0	0	697,645
0	0	0	0	0	0	0	0	41,638
0	0	0	0	0	0	320,605	5,644	326,249
376,210	425,434	0	325,000	0	0	320,605	5,644	6,613,729
335,551	7,009	31,034	(284,441)	78,619	32,591	(320,605)	532,139	(386,198)
1,119	0	0	0	0	0	1,009,000	69,800	1,967,337
(222,390)	0	0	(1,757)	0	(44,480)	(311,328)	(155,396)	(1,259,956)
0	0	0	0	0	0	0	0	2,272
(221,271)	0	0	(1,757)	0	(44,480)	697,672	(85,596)	709,653
114,280	7,009	31,034	(286,198)	78,619	(11,889)	377,067	446,543	323,455
33,238	14,718	11,029	776,355	142,467	118,563	2,110,418	185,900	13,539,282
0	0	0	0	0	0	0	0	611,531
33,238	14,718	11,029	776,355	142,467	118,563	2,110,418	185,900	14,150,813
$ 147,518	$ 21,727	$ 42,063	$ 490,157	$ 221,086	$ 106,674	$ 2,487,485	$ 632,443	$ 14,474,268

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2010

	Airport	Solid Waste	Chattahoochee Golf Course	Total Nonmajor Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,010,378	$ 861,567	$ 6,530	$ 1,878,475
Receivables (net)				
Accounts	23,740	120,336	43,191	187,267
Total current assets	1,034,118	981,903	49,721	2,065,742
Noncurrent assets				
Capital assets				
Non-depreciable	563,585	0	53,271	616,856
Depreciable (net)	12,687,566	410,509	4,165,008	17,263,083
Debt issue costs (net)	76,858	0	77,052	153,910
Total noncurrent assets	13,328,009	410,509	4,295,331	18,033,849
Total assets	14,362,127	1,392,412	4,345,052	20,099,591
LIABILITIES				
Current liabilities				
Payables				
Accounts	70,108	53,415	45,542	169,065
Sales tax	0	0	16,856	16,856
Interest	26,850	0	18,932	45,782
Accrued salaries	0	26,187	18,613	44,800
Compensated absences	0	39,387	17,417	56,804
Capital lease payable	290,000	0	175,000	465,000
Notes payable	0	0	81,691	81,691
Other liabilities	0	0	44,656	44,656
Total current liabilities	386,958	118,989	418,707	924,654
Noncurrent liabilities				
Advances from other funds	0	0	249,325	249,325
OPEB Obligation	0	484,060	144,521	628,581
Capital leases payable	3,490,000	0	3,600,000	7,090,000
Total noncurrent liabilities	3,490,000	484,060	3,993,846	7,967,906
Total liabilities	3,876,958	603,049	4,412,553	8,892,560
NET ASSETS				
Invested in capital assets, net of related debt	9,471,151	410,509	361,588	10,243,248
Unrestricted	1,014,018	378,854	(429,089)	963,783
Total net assets	$ 10,485,169	$ 789,363	$ (67,501)	$ 11,207,031

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, 2010

	Airport	Solid Waste	Chattahoochee Golf Course	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for sales and services	$ 865,739	$ 1,769,329	$ 911,660	$ 3,546,728
Miscellaneous revenues	15,563	3,382	24,962	43,907
Total operating revenues	881,302	1,772,711	936,622	3,590,635
OPERATING EXPENSES				
Costs of sales and services	173,801	705,782	275,504	1,155,087
Personal services	0	1,283,654	642,795	1,926,449
Depreciation	609,604	152,782	268,774	1,031,160
Total operating expenses	783,405	2,142,218	1,187,073	4,112,696
Operating income (loss)	97,897	(369,507)	(250,451)	(522,061)
Non-operating revenues (expenses)				
Contributions	0	69,070	0	69,070
Interest revenue	2,858	2,319	0	5,177
Interest expense	(220,547)	(166)	(154,177)	(374,890)
Amortization	(8,235)	0	(5,314)	(13,549)
Gain (loss) on sale of capital assets	12	4,754	490	5,256
Total non-operating revenues (expenses)	(225,912)	75,977	(159,001)	(308,936)
Income (loss) before capital contributions and transfers	(128,015)	(293,530)	(409,452)	(830,997)
Capital contributions				
Intergovernmental revenue	120,235	0	0	120,235
Income (loss) before transfers	(7,780)	(293,530)	(409,452)	(710,762)
Transfers in (out)				
Transfers in	0	0	255,443	255,443
Change in net assets	(7,780)	(293,530)	(154,009)	(455,319)
Net assets, July 1 (original)	10,492,949	1,082,893	138,369	11,714,211
Prior period adjustments	0	0	(51,861)	(51,861)
Net assets, July 1 (restated)	10,492,949	1,082,893	86,508	11,662,350
Net assets, June 30	$ 10,485,169	$ 789,363	$ (67,501)	$ 11,207,031

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2010

	Airport	Solid Waste	Chattahoochee Golf Course	Total Nonmajor Enterprise Funds
Cash flows from operating activities:				
Receipts from customers	$ 857,039	$ 1,788,575	$ 908,432	$ 3,554,046
Payments to suppliers	(171,457)	(699,889)	(307,483)	(1,178,829)
Payments to employees	0	(1,062,664)	(603,600)	(1,666,264)
Other receipts	15,563	3,382	24,962	43,907
Net cash provided (used) by operating activities	701,145	29,404	22,311	752,860
Cash flows from non-capital financing activities:				
Receipts from individuals	0	69,070	0	69,070
Receipts from other funds	0	0	255,443	255,443
Net cash provided (used) by non-capital financing activities	0	69,070	255,443	324,513
Cash flows from capital and related financing activities:				
Receipt of capital contributions	988,734	0	0	988,734
Sale of capital assets	12	4,754	490	5,256
Interest paid	(222,462)	(166)	(155,003)	(377,631)
Acquisition of capital assets	(889,703)	(34,800)	0	(924,503)
Principal payments - capital leases	(270,000)	(11,218)	(165,000)	(446,218)
Net cash provided (used) by capital and related financing activities	(393,419)	(41,430)	(319,513)	(754,362)
Cash flows from investing activities:				
Interest received	2,858	2,318	0	5,176
Net increase (decrease) in cash and cash equivalents	310,584	59,362	(41,759)	328,187
Cash and cash equivalents, July 1	699,794	802,205	48,289	1,550,288
Cash and cash equivalents, June 30	$ 1,010,378	$ 861,567	$ 6,530	$ 1,878,475

Exhibit B-5, continued

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2010

	Airport	Solid Waste	Chattahoochee Golf Course	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 97,897	$ (369,507)	$ (250,451)	$ (522,061)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	609,604	152,782	268,774	1,031,160
(Increase) decrease in accounts receivable	(8,700)	19,247	(3,228)	7,319
(Increase) decrease in prepaids	0	0	1,435	1,435
Increase (decrease) in accounts payable	2,344	5,893	(12,283)	(4,046)
Increase (decrease) in sales tax payable	0	0	(41,059)	(41,059)
Increase (decrease) in accrued salaries and benefits	0	(3,978)	(8,166)	(12,144)
Increase (decrease) in OPEB obligation	0	224,967	47,361	272,328
Increase (decrease) in other liabilities	0	0	19,928	19,928
Total adjustments	603,248	398,911	272,762	1,274,921
Net cash provided (used) by operating activities	$ 701,145	$ 29,404	$ 22,311	$ 752,860
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	$ 1,010,378	$ 861,567	$ 6,530	$ 1,878,475

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2010

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,556,105	$ 2,444,864	$ 171,551	$ 4,172,520
Accounts receivable	0	252	0	252
Intergovernmental receivables	0	0	5,171	5,171
Inventory	0	0	155,529	155,529
Total current assets	1,556,105	2,445,116	332,251	4,333,472
Noncurrent assets				
Depreciable capital assets (net)	0	0	66,645	66,645
Total assets	1,556,105	2,445,116	398,896	4,400,117
LIABILITIES				
Current Liabilities				
Accounts payable	60,993	35,823	109,052	205,868
Deposits payable	0	7,798	0	7,798
Accrued salaries	4,994	0	8,873	13,867
Compensated absences	8,014	0	12,791	20,805
Claims reserves	913,827	335,800	0	1,249,627
Total liabilities	987,828	379,421	130,716	1,497,965
NET ASSETS				
Invested in capital assets	0	0	66,645	66,645
Unrestricted	568,277	2,065,695	201,535	2,835,507
Total net assets	$ 568,277	$ 2,065,695	$ 268,180	$ 2,902,152

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, 2010

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
OPERATING REVENUES				
Interfund services provided	$ 1,408,990	$ 8,179,648	$ 1,682,754	$ 11,271,392
Other	128	0	0	128
Total operating revenues	1,409,118	8,179,648	1,682,754	11,271,520
OPERATING EXPENSES				
Costs of services	1,409,118	7,064,097	1,385,984	9,859,199
Personal services	0	0	271,822	271,822
Depreciation	0	0	24,948	24,948
Total operating expenses	1,409,118	7,064,097	1,682,754	10,155,969
Operating income (loss)	0	1,115,551	0	1,115,551
Non-operating revenues (expenses)				
Interest revenue	4,731	1,917	0	6,648
Net income (loss) before transfers	4,731	1,117,468	0	1,122,199
Transfers in (out)				
Transfers in	0	5,000	7,448	12,448
Change in net assets	4,731	1,122,468	7,448	1,134,647
Net assets, July 1	563,546	943,227	260,732	1,767,505
Net assets, June 30	$ 568,277	$ 2,065,695	$ 268,180	$ 2,902,152

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2010

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
Cash flows from operating activities:				
Receipts from interfund services provided	$ 1,408,990	$ 8,179,396	$ 1,704,619	$ 11,293,005
Payments to suppliers	(924,464)	(7,160,852)	(1,317,203)	(9,402,519)
Payments to employees	(135,301)	0	(268,189)	(403,490)
Other receipts	128	0	0	128
Net cash provided (used) by operating activities	349,353	1,018,544	119,227	1,487,124
Cash flows from non-capital financing activities:				
Receipts from other funds	0	5,000	7,448	12,448
Cash flows from investing activities:				
Interest received	4,731	1,917	0	6,648
Net increase (decrease) in cash and cash equivalents	354,084	1,025,461	126,675	1,506,220
Cash and cash equivalents, July 1	1,202,021	1,419,403	44,876	2,666,300
Cash and cash equivalents, June 30	$ 1,556,105	$ 2,444,864	$ 171,551	$ 4,172,520
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 0	$ 1,115,551	$ 0	$ 1,115,551
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	0	0	24,948	24,948
(Increase) decrease in accounts receivable	0	(252)	0	(252)
(Increase) decrease in intergovernmental receivables	0	0	21,865	21,865
(Increase) decrease in prepaid items	155,058	0	0	155,058
(Increase) decrease in inventory	0	0	(28,694)	(28,694)
Increase (decrease) in accounts payable	29,073	(13,051)	97,475	113,497
Increase (decrease) in accrued salaries and benefits	618	0	3,633	4,251
Increase (decrease) in deposits payable	0	126	0	126
Increase (decrease) in claims reserve	164,604	(83,830)	0	80,774
Total adjustments	349,353	(97,007)	119,227	371,573
Net cash provided (used) by operating activities	$ 349,353	$ 1,018,544	$ 119,227	$ 1,487,124

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, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 4,309,591	$ 3,576,564
Receivables (net)		
Accounts	377,532	421,342
Intergovernmental	515,885	541,290
Property taxes	231,315	230,286
Due from other funds	83,807	109,153
Prepaid items	10,157	8,448
Total assets	$ 5,528,287	$ 4,887,083
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 449,420	$ 318,569
Intergovernmental	85,975	46,992
Accrued salaries	599,184	616,472
Deferred revenue	191,659	187,826
Other liabilities	10,353	18,860
Total liabilities	1,336,591	1,188,719
Fund balances		
Reserved for encumbrances	17,465	94,124
Reserved for prepaid items	10,157	8,448
Unreserved, designated for City Hall improvements	55,797	53,928
Unreserved, designated for budget	500,000	1,200,000
Unreserved, undesignated	3,608,277	2,341,864
Total fund balances	4,191,696	3,698,364
Total liabilities and fund balances	$ 5,528,287	$ 4,887,083

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
REVENUES		
Taxes	$ 17,777,128	$ 18,701,942
Licenses and permits	526,787	563,085
Fines, fees and forfeitures	1,160,801	1,179,218
Charges for services	1,488,529	1,538,668
Intergovernmental	483,908	453,994
Interest	29,065	51,005
Contributions	4,999	0
Other	132,271	92,377
Total revenues	21,603,488	22,580,289
EXPENDITURES		
Current		
General Government	2,786,004	3,087,183
Judicial	385,823	369,537
Public Safety	13,864,249	14,020,713
Public Works	4,341,786	4,509,296
Health and Welfare	25,512	61,765
Culture and Recreation	89,176	241,865
Housing and Development	952,266	1,063,028
Total expenditures	22,444,816	23,353,387
Excess (deficiency) of revenues over (under) expenditures	(841,328)	(773,098)
Other financing sources (uses)		
Transfers in (out)		
Community Service Center Fund	(472,725)	(520,547)
Georgia Mountains Center Fund	(139,319)	(246,456)
Government Access Cable TV Channel Fund	(81,339)	(80,726)
Grants Special Revenue Fund	217,390	(64,196)
Hotel/Motel Tax Fund	110,400	(11,279)
Impact Fee Fund	1,757	2,518
Cemetery Trust Fund	44,480	44,000
General Government Capital Projects Fund	(893,000)	(790,715)
Airport Fund	0	46,300
Public Utilities Fund	2,761,291	2,308,025
Solid Waste Fund	0	(135,602)
Chattahoochee Golf Course Fund	(255,443)	(216,855)
Vehicle Services Fund	(7,448)	(18,000)
Sales of capital assets	48,616	18,226
Total other financing sources (uses)	1,334,660	334,693
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	493,332	(438,405)
Fund balances, July 1	3,698,364	4,136,769
Fund balances, June 30	$ 4,191,696	$ 3,698,364

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Current year levy	$ 4,777,828	$ 4,948,874	$ 171,046	$ 5,037,213
Prior years' levies	23,648	146,377	122,729	111,159
Motor vehicle tax	226,173	207,773	(18,400)	225,968
Cost, penalties, and interest	84,500	92,044	7,544	175,130
Total general property taxes	5,112,149	5,395,068	282,919	5,549,470
Intangibles tax	202,000	97,161	(104,839)	180,064
Franchise tax	3,853,827	3,866,595	12,768	4,451,348
Insurance premium tax	1,460,000	1,418,124	(41,876)	1,431,555
Occupational tax	1,285,000	1,114,317	(170,683)	1,288,785
Liquor tax	106,000	103,244	(2,756)	104,110
Beer and wine tax	857,000	756,353	(100,647)	816,524
Mixed drink tax	80,000	82,419	2,419	80,154
Local option sales tax	4,608,904	4,943,847	334,943	4,799,932
Total taxes	17,564,880	17,777,128	212,248	18,701,942
Licenses and permits	483,768	526,787	43,019	563,085
Fines, fees and forfeitures	1,241,000	1,160,801	(80,199)	1,179,218
Charges for services	1,465,314	1,488,529	23,215	1,538,668
Intergovernmental	424,056	483,908	59,852	453,994
Interest	50,000	29,065	(20,935)	51,005
Contributions	0	4,999	4,999	0
Other				
Cemetery care	40,000	31,910	(8,090)	42,375
Miscellaneous	36,700	100,361	63,661	50,002
Total other	76,700	132,271	55,571	92,377
Total revenues	$ 21,305,718	$ 21,603,488	$ 297,770	$ 22,580,289

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
City Manager's Office				
Personal services	$ 739,707	$ 737,214	$ 2,493	$ 778,923
Other	212,724	199,194	13,530	222,901
Total City Manager's Office	952,431	936,408	16,023	1,001,824
Financial Services and IT				
Personal services	1,249,583	1,237,542	12,041	1,274,751
Other	403,734	345,264	58,470	378,364
Capital outlay	8,200	0	8,200	15,272
Total Financial Services and IT	1,661,517	1,582,806	78,711	1,668,387
Human Resources				
Personal services	231,729	231,613	116	385,651
Other	42,740	35,177	7,563	31,321
Total Human Resources	274,469	266,790	7,679	416,972
Total General Government	2,888,417	2,786,004	102,413	3,087,183
Judicial				
Municipal Court				
Personal services	309,094	301,410	7,684	282,831
Other	95,803	84,413	11,390	86,706
Total Judicial	404,897	385,823	19,074	369,537
Public Safety				
Police				
Personal services	6,915,101	6,652,023	263,078	6,863,792
Other	1,581,393	1,373,951	207,442	1,486,089
Capital outlay	0	0	0	10,500
Total Police	8,496,494	8,025,974	470,520	8,360,381
City Marshal				
Personal services	287,472	253,796	33,676	331,183
Other	108,377	81,159	27,218	80,325
Total City Marshal	395,849	334,955	60,894	411,508
Fire				
Personal services	5,066,404	4,928,011	138,393	4,634,639
Other	588,541	575,309	13,232	585,290
Capital outlay	13,700	0	13,700	28,895
Total Fire	5,668,645	5,503,320	165,325	5,248,824
Total Public Safety	14,560,988	13,864,249	696,739	14,020,713
Public Works				
Public Lands and Buildings				
Personal services	301,100	290,937	10,163	342,823
Other	170,690	160,734	9,956	136,832
Capital outlay	0	0	0	8,495
Total Public Lands and Buildings	471,790	451,671	20,119	488,150

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
Public Works, continued				
Engineering				
Personal services	$ 551,023	$ 550,986	$ 37	$ 666,338
Other	73,144	69,456	3,688	66,360
Total Engineering	624,167	620,442	3,725	732,698
Traffic				
Personal services	485,184	471,600	13,584	476,086
Other	725,770	691,526	34,244	574,202
Capital Outlay	5,665	5,664	1	28,349
Total Traffic	1,216,619	1,168,790	47,829	1,078,637
Street Maintenance				
Personal services	1,460,440	1,378,617	81,823	1,374,696
Other	498,176	382,076	116,100	494,707
Capital outlay	35,000	35,000	0	0
Total Street Maintenance	1,993,616	1,795,693	197,923	1,869,403
Cemetery				
Personal services	241,426	239,270	2,156	262,769
Other	92,860	52,758	40,102	70,876
Capital outlay	13,188	13,162	26	6,763
Total Cemetery	347,474	305,190	42,284	340,408
Total Public Works	4,653,666	4,341,786	311,880	4,509,296
Health and Welfare				
Agency allocations				
Other	28,000	25,512	2,488	61,765
Culture and Recreation				
Communications and Tourism				
Personal services	32,889	32,795	94	0
Other	67,176	56,381	10,795	0
Total Communications and Tourism	100,065	89,176	10,889	0
Agency allocations				
Other	0	0	0	241,865
Total Culture and Recreation	100,065	89,176	10,889	241,865
Housing and Development				
Planning				
Personal services	413,674	388,325	25,349	472,635
Other	117,081	113,986	3,095	86,878
Total Planning	530,755	502,311	28,444	559,513
Inspection				
Personal services	353,622	353,566	56	406,655
Other	38,022	26,401	11,621	27,686
Total Inspection	391,644	379,967	11,677	434,341
Economic Development Council				
Other	31,688	31,688	0	32,500
GA Mountains Regional Commission				
Other	38,300	38,300	0	36,674
Total Housing and Development	992,387	952,266	40,121	1,063,028
Total expenditures	$ 23,628,420	$ 22,444,816	$ 1,183,604	$ 23,353,387

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, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 1,498,094	$ 1,493,838
Advances to other funds	249,325	249,325
Total assets	$ 1,747,419	$ 1,743,163
LIABILITIES AND FUND BALANCES		
Liabilities		
Fund balances		
Reserved for advances to other funds	$ 249,325	$ 249,325
Unreserved, undesignated	1,498,094	1,493,838
Total fund balances	$ 1,747,419	$ 1,743,163

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Interest	$ 6,000	$ 4,256	$ (1,744)	$ 16,167
Total revenues	6,000	4,256	(1,744)	16,167
Excess (deficiency) of revenues over (under) expenditures	6,000	4,256	(1,744)	16,167
Other financing sources (uses)				
Contingency	(6,000)	0	6,000	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	4,256	4,256	16,167
Fund balances, July 1	0	1,743,163	1,743,163	1,726,996
Fund balances, June 30	$ 0	$ 1,747,419	$ 1,747,419	$ 1,743,163

CITY OF GAINESVILLE, GEORGIA
COMMUNITY SERVICE CENTER SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 1,427,906	$ 1,363,334
Receivables		
Accounts	2,518	1,752
Intergovernmental	468,856	293,658
Total assets	$ 1,899,280	$ 1,658,744
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 129,580	$ 72,400
Deferred revenues	0	112,097
Accrued salaries	56,108	56,523
Total liabilities	185,688	241,020
Fund balances		
Reserved for encumbrances	0	156,694
Unreserved, designated for budget	0	73,740
Unreserved, undesignated	1,713,592	1,187,290
Total fund balances	1,713,592	1,417,724
Total liabilities and fund balances	$ 1,899,280	$ 1,658,744

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 430,350	$ 384,411	$ (45,939)	$ 398,983
Intergovernmental	3,751,452	2,611,754	(1,139,698)	2,783,965
Interest	1,000	3,455	2,455	8,468
Contributions	105,250	135,043	29,793	80,806
Other	116,272	116,123	(149)	146,496
Total revenues	4,404,324	3,250,786	(1,153,538)	3,418,718
EXPENDITURES				
Current				
Health and Welfare				
Personal services	1,844,769	1,701,557	143,212	1,724,189
Other	2,952,378	1,580,916	1,371,462	1,594,810
Capital outlay	0	0	0	418
Total expenditures	4,797,147	3,282,473	1,514,674	3,319,417
Excess (deficiency) of revenues over (under) expenditures	(392,823)	(31,687)	361,136	99,301
Other financing sources (uses)				
Transfers in (out)				
General Fund	472,725	472,725	0	520,547
SPLOST Capital Projects Fund	(153,632)	(108,170)	45,462	(225,324)
General Government Capital Projects Fund	(41,000)	(41,000)	0	0
Public Utilities Fund	4,000	4,000	0	4,000
Total other financing sources (uses)	282,093	327,555	45,462	299,223
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(110,730)	295,868	406,598	398,524
Fund balance, July 1	110,730	1,417,724	1,306,994	1,019,200
Fund balances, June 30	$ 0	$ 1,713,592	$ 1,713,592	$ 1,417,724

CITY OF GAINESVILLE, GEORGIA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 4,851,051	$ 5,912,514
Investments	1,577,532	1,221,389
Total assets	$ 6,428,583	$ 7,133,903
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 21,587	$ 12,593
Accrued salaries	0	866
Total liabilities	21,587	13,459
Fund balances		
Reserved for encumbrances	0	7,897
Unreserved, designated for budget	117,356	0
Unreserved, undesignated	6,289,640	7,112,547
Total fund balances	6,406,996	7,120,444
Total liabilities and fund balances	$ 6,428,583	$ 7,133,903

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Interest	$ 10,000	$ 14,969	$ 4,969	$ 66,855
Other	0	100,448	100,448	63,327
Total revenue	10,000	115,417	105,417	130,182
EXPENDITURES				
Current				
Housing and Development				
Other	1,192,195	787,227	404,968	173,928
Capital outlay	678,970	0	678,970	141,771
Debt Service				
Interest expense	76,356	41,638	34,718	0
Total expenditures	1,947,521	828,865	1,118,656	315,699
Excess (deficiency) of revenues over (under) expenditures	(1,937,521)	(713,448)	1,224,073	(185,517)
Other financing sources (uses)				
Transfers in (out)				
General Government				
Public Utilities Fund	0	0	0	(150,000)
Sales of capital assets	500,000	0	(500,000)	0
Total other financing sources (uses)	500,000	0	(500,000)	(150,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,437,521)	(713,448)	724,073	(335,517)
Fund balances, July 1 (original)	1,437,521	7,120,444	5,682,923	6,844,430
Prior period adjustment	0	0	0	611,531
Fund balances, July 1 (restated)	1,437,521	7,120,444	5,682,923	7,455,961
Fund balances, June 30	$ 0	$ 6,406,996	$ 6,406,996	$ 7,120,444

CITY OF GAINESVILLE, GEORGIA
GEORGIA MOUNTAINS CENTER SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 212,027	$ 197,080
Accounts receivable	1,655	1,892
Prepaid items	0	820
Total assets	$ 213,682	$ 199,792
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 38,348	$ 10,580
Sales tax	610	808
Accrued salaries	14,788	16,257
Customer deposits	4,150	3,225
Total liabilities	57,896	30,870
Fund balances		
Reserved for prepaid items	0	820
Unreserved, undesignated	155,786	168,102
Total fund balances	155,786	168,922
Total liabilities and fund balances	$ 213,682	$ 199,792

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 534,207	$ 435,955	$ (98,252)	$ 519,989
Interest	2,300	548	(1,752)	1,679
Other	12,000	9,067	(2,933)	10,714
Total revenues	548,507	445,570	(102,937)	532,382
EXPENDITURES				
Current				
Culture and Recreation				
Personal services	519,596	471,165	48,431	533,862
Other	379,265	319,167	60,098	393,887
Total expenditures	898,861	790,332	108,529	927,749
Excess (deficiency) of revenues over (under) expenditures	(350,354)	(344,762)	5,592	(395,367)
Other financing sources (uses)				
Transfers in (out)				
General Fund	139,319	139,319	0	246,456
Hotel/Motel Tax Fund	190,035	190,035	0	176,775
Sales of capital assets	1,000	2,272	1,272	381
Total other financing sources (uses)	330,354	331,626	1,272	423,612
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(20,000)	(13,136)	6,864	28,245
Fund balances, July 1	20,000	168,922	148,922	140,677
Fund balances, June 30	$ 0	$ 155,786	$ 155,786	$ 168,922

CITY OF GAINESVILLE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 71,231	$ 53,833
Accounts receivable	36,844	57,335
Total assets	$ 108,075	$ 111,168
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 8,337	$ 0
Fund balances		
Unreserved, designated for Georgia Mountain Center improvements	39,734	53,704
Unreserved, undesignated	60,004	57,464
Total fund balances	99,738	111,168
Total liabilities and fund balances	$ 108,075	$ 111,168

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	$ 440,000	$ 444,852	$ 4,852	$ 473,047
Intergovernmental	0	0	0	2,005
Interest	300	226	(74)	505
Total revenues	440,300	445,078	4,778	475,557
EXPENDITURES				
Current				
Housing and Development				
Convention and Visitors Bureau	33,200	33,200	0	157,682
Main Street Program	51,000	47,873	3,127	85,004
Total expenditures	84,200	81,073	3,127	242,686
Excess (deficiency) of revenues over (under) expenditures	356,100	364,005	7,905	232,871
Other financing sources (uses)				
Transfers in (out)				
General Fund	(110,400)	(110,400)	0	11,279
Georgia Mountains Center	(190,035)	(190,035)	0	(176,775)
General Government				
Capital Projects Fund	(75,000)	(75,000)	0	(83,000)
Total other financing sources (uses)	(375,435)	(375,435)	0	(248,496)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(19,335)	(11,430)	7,905	(15,625)
Fund balances, July 1	19,335	111,168	91,833	126,793
Fund balances, June 30	$ 0	$ 99,738	$ 99,738	$ 111,168

CITY OF GAINESVILLE, GEORGIA
GOVERNMENT ACCESS CABLE TV CHANNEL SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 178,666	$ 169,424
Intergovernmental receivables	8,054	15,027
Total assets	$ 186,720	$ 184,451
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 3,606	$ 1,643
Accrued salaries	4,104	3,968
Total liabilities	7,710	5,611
Fund balance		
Reserved for equipment	68,032	68,032
Unreserved, undesignated	110,978	110,808
Total fund balance	179,010	178,840
Total liabilities and fund balance	$ 186,720	$ 184,451

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 81,609	$ 81,339	$ (270)	$ 80,726
Interest	1,000	496	(504)	1,960
Other	0	48	48	22
Total revenues	82,609	81,883	(726)	82,708
EXPENDITURES				
Current				
General Government				
Personal services	113,458	117,272	(3,814)	108,636
Other	50,760	45,780	4,980	48,927
Total expenditures	164,218	163,052	1,166	157,563
Excess (deficiency) of revenues over (under) expenditures	(81,609)	(81,169)	440	(74,855)
Other financing sources (uses)				
Transfers in (out)				
General Fund	81,609	81,339	(270)	80,726
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	170	170	5,871
Fund balance, July 1	0	178,840	178,840	172,969
Fund balances, June 30	$ 0	$ 179,010	$ 179,010	$ 178,840

CITY OF GAINESVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 25,523	$ 17,864
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 2,949	$ 0
Fund balance		
Unreserved, undesignated	22,574	17,864
Total liabilities and fund balances	$ 25,523	$ 17,864

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 18,972	$ 18,972	$ 0	$ 21,290
Other	0	779	779	12,168
Total revenues	18,972	19,751	779	33,458
EXPENDITURES				
Current				
Public Safety				
Capital outlay	5,500	5,500	0	0
Other	18,972	9,541	9,431	22,415
Total expenditures	24,472	15,041	9,431	22,415
Excess (deficiency) of revenues over (under) expenditures	(5,500)	4,710	10,210	11,043
Fund balance, July 1	5,500	17,864	12,364	6,821
Fund balances, June 30	$ 0	$ 22,574	$ 22,574	$ 17,864

CITY OF GAINESVILLE, GEORGIA
GRANTS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 100	$ 40,393
Intergovernmental receivables	239,187	49,990
Total assets	$ 239,287	$ 90,383
LIABILITIES AND FUND BALANCE		
Liabilities		
Payables		
Accounts	$ 7,962	$ 1,333
Accrued salaries	0	6,367
Deferred revenue	0	49,445
Due to other funds	83,807	0
Total liabilities	91,769	57,145
Fund balances		
Reserved for encumbrances	0	1,450
Unreserved, undesignated	147,518	31,788
Total fund balances	147,518	33,238
Total liabilities and fund balance	$ 239,287	$ 90,383

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 1,195,877	$ 711,761	$ (484,116)	$ 141,835
Total revenues	1,195,877	711,761	(484,116)	141,835
EXPENDITURES				
Current				
General Government	354,427	36,580	317,847	15,545
Public Safety	203,762	131,442	72,320	54,175
Public Works	17,050	17,050	0	77,053
Housing and Development	201,999	191,138	10,861	98,001
Total expenditures	777,238	376,210	401,028	244,774
Excess (deficiency) of revenues over (under) expenditures	418,639	335,551	(83,088)	(102,939)
Other financing sources (uses)				
Transfers in (out)				
General Fund	(385,308)	(217,390)	167,918	64,196
Public Utilities Fund	1,919	1,119	(800)	0
Employee Benefits Fund	0	(5,000)	(5,000)	0
Contingency	(35,250)	0	35,250	0
Total other financing sources (uses)	(418,639)	(221,271)	197,368	64,196
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	114,280	114,280	(38,743)
Fund balance, July 1	0	33,238	33,238	71,981
Fund balances, June 30	$ 0	$ 147,518	$ 147,518	$ 33,238

CITY OF GAINESVILLE, GEORGIA
HUD GRANT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 13,425	$ 20,825
Intergovernmental receivables	19,199	9,681
Total assets	$ 32,624	$ 30,506
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 8,396	$ 997
Accrued salaries	2,501	3,397
Deferred revenue	0	11,394
Total liabilities	10,897	15,788
Fund balances		
Unreserved, undesignated	21,727	14,718
Total liabilities and fund balances	$ 32,624	$ 30,506

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 653,507	$ 432,443	$ (221,064)	$ 207,692
Total revenues	653,507	432,443	(221,064)	207,692
EXPENDITURES				
Current				
Housing and Development				
Personal services	64,710	50,166	14,544	94,141
Other	370,751	164,230	206,521	120,621
Capital outlay	211,038	211,038	0	0
Total expenditures	646,499	425,434	221,065	214,762
Excess (deficiency) of revenues over (under) expenditures	7,008	7,009	1	(7,070)
Other financing sources (uses)				
Contingency	(7,008)	0	7,008	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	7,009	7,009	(7,070)
Fund balances, July 1	0	14,718	14,718	21,788
Fund balances, June 30	$ 0	$ 21,727	$ 21,727	$ 14,718

CITY OF GAINESVILLE, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 42,063	$ 11,029
Notes receivable	372,980	387,829
Total assets	$ 415,043	$ 398,858
LIABILITIES AND FUND BALANCES		
Liabilities		
Deferred revenue	$ 372,980	$ 387,829
Fund balances		
Unreserved, undesignated	42,063	11,029
Total liabilities and fund balance	$ 415,043	$ 398,858

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 27,377	26,422	$ (955)	$ 24,566
Interest	0	72	72	105
Other	4,320	4,540	220	839
Total revenues	31,697	31,034	(663)	25,510
EXPENDITURES				
Current				
Housing and Development				
Other	31,697	0	31,697	17,718
Total expenditures	31,697	0	31,697	17,718
Excess (deficiency) of revenues over (under) expenditures	0	31,034	31,034	7,792
Fund balances, July 1	0	11,029	11,029	3,237
Fund balances, June 30	$ 0	$ 42,063	$ 42,063	$ 11,029

CITY OF GAINESVILLE, GEORGIA
IMPACT FEE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 490,157	$ 776,355
LIABILITIES AND FUND BALANCES		
Liabilities		
Fund balances		
Reserved for program expenditures		
Police	$ 135,057	$ 126,139
Fire	245,167	228,921
Cultural and Recreation	109,933	421,295
Total fund balances	$ 490,157	$ 776,355

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 47,100	$ 38,318	$ (8,782)	$ 64,925
Interest	3,500	2,241	(1,259)	8,011
Total revenues	50,600	40,559	(10,041)	72,936
EXPENDITURES				
Current				
Culture and Recreation				
Other	325,000	325,000	0	0
Total expenditures	325,000	325,000	0	0
Excess (deficiency) of revenues over (under) expenditures	(274,400)	(284,441)	(10,041)	72,936
Other financing sources (uses)				
Transfers in (out)				
General Fund	(4,100)	(1,757)	2,343	(2,518)
Contingency	(46,500)	0	46,500	0
Total other financing sources (uses)	(50,600)	(1,757)	48,843	(2,518)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(325,000)	(286,198)	38,802	70,418
Fund balances, July 1	325,000	776,355	451,355	705,937
Fund balances, June 30	$ 0	$ 490,157	$ 490,157	$ 776,355

CITY OF GAINESVILLE, GEORGIA
TAX ALLOCATION DISTRICT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 221,086	$ 142,467
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved, undesignated	$ 221,086	$ 142,467

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	$ 70,000	$ 78,157	$ 8,157	$ 68,719
Interest	700	462	(238)	876
Total revenues	70,700	78,619	7,919	69,595
Excess (deficiency) of revenues over (under) expenditures	70,700	78,619	7,919	69,595
Other financing sources (uses)				
Contingency	(70,700)	0	70,700	0
Total other financing sources (uses)	(70,700)	0	70,700	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	78,619	78,619	69,595
Fund balances, July 1	0	142,467	142,467	72,872
Fund balances, June 30	$ 0	$ 221,086	$ 221,086	$ 142,467

CITY OF GAINESVILLE, GEORGIA
CEMETERY TRUST SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 106,664	$ 120,313
Accounts receivable	10	0
Total assets	$ 106,674	$ 120,313
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 0	$ 1,750
Fund balances		
Unreserved, designated for budget	0	3,480
Unreserved, undesignated	106,674	115,083
Total fund balances	106,674	118,563
Total liabilities and fund balances	$ 106,674	$ 120,313

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Sales and services	$ 31,000	$ 32,250	$ 1,250	$ 43,345
Interest	1,000	341	(659)	1,274
Other	0	0	0	50
Total revenues	32,000	32,591	591	44,669
Excess (deficiency) of revenues over (under) expenditures	32,000	32,591	591	44,669
Other financing sources (uses)				
Transfers in (out)				
General Fund	(44,480)	(44,480)	0	(44,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(12,480)	(11,889)	591	669
Fund balances, July 1	12,480	118,563	106,083	117,894
Fund balances, June 30	$ 0	$ 106,674	$ 106,674	$ 118,563

Gainesville, Georgia

Since 1821

DEBT SERVICE FUND

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

The Debt Service Fund is presented as a major fund in the basic financial statements.

CITY OF GAINESVILLE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 1,281,580	$ 2,253,179
Receivables		
Intergovernmental	861	0
Property taxes	71,206	67,422
Total assets	$ 1,353,647	$ 2,320,601
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 2,500	$ 0
Deferred revenue	57,900	54,406
Total liabilities	60,400	54,406
Fund balances		
Unreserved, designated for budget	195,079	0
Unreserved, undesignated	1,098,168	2,266,195
Total fund balances	1,293,247	2,266,195
Total liabilities and fund balances	$ 1,353,647	$ 2,320,601

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, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	$ 1,733,403	$ 1,773,017	$ 39,614	$ 1,786,455
Intergovernmental	993,900	993,900	0	994,588
Interest	21,074	5,956	(15,118)	21,507
Total revenues	2,748,377	2,772,873	24,496	2,802,550
EXPENDITURES				
Debt Service				
Principal	3,264,014	3,119,832	144,182	1,659,125
Interest and fiscal charges	2,005,649	1,920,812	84,837	644,194
Total expenditures	5,269,663	5,040,644	229,019	2,303,319
Excess (deficiency) of revenues over (under) expenditures	(2,521,286)	(2,267,771)	253,515	499,231
Other financing sources (uses)				
Transfers in (out)				
General Government				
Capital Projects Fund	164,000	164,000	0	164,000
SPLOST Capital Projects Fund	7,092,724	1,130,823	(5,961,901)	0
Contingency	(5,875,438)	0	5,875,438	0
Total other financing sources (uses)	1,381,286	1,294,823	(86,463)	164,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,140,000)	(972,948)	167,052	663,231
Fund balances, July 1	1,140,000	2,266,195	1,126,195	1,602,964
Fund balances, June 30	$ 0	$ 1,293,247	$ 1,293,247	$ 2,266,195

Gainesville, Georgia

Since 1821

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, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 2,488,375	$ 2,184,162
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 890	$ 73,744
Fund balances		
Reserved for encumbrances	590,034	0
Unreserved, undesignated	1,897,451	2,110,418
Total fund balances	2,487,485	2,110,418
Total liabilities and fund balances	$ 2,488,375	$ 2,184,162

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, 2010 and 2009

	2010	2009
REVENUES		
Total revenues	$ 0	$ 0
EXPENDITURES		
Capital outlay		
General Government	41,084	60
Public Safety	209,517	404,909
Public Works	70,004	245,522
Health and Welfare	0	68,148
Total expenditures	320,605	718,639
Excess (deficiency) of revenues over (under) expenditures	(320,605)	(718,639)
Other financing sources (uses)		
Transfers in (out)		
General Fund	893,000	790,715
Hotel/Motel Tax Fund	75,000	83,000
Community Service Center Fund	41,000	0
SPLOST Capital Projects Fund	(77,528)	0
Debt Service Fund	(164,000)	(164,000)
Grants Capital Projects Fund	(69,800)	(168,000)
Employee Benefits Fund	0	87,395
Issuance of capital lease	0	366,475
Total other financing sources (uses)	697,672	995,585
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	377,067	276,946
Fund balances, July 1	2,110,418	1,833,472
Fund balances, June 30	$ 2,487,485	$ 2,110,418

CITY OF GAINESVILLE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 7,751,211	$ 0
Intergovernmental receivables	1,781,250	402,918
Restricted assets		
Cash and cash equivalents	9,262,009	25,424,602
Total assets	$ 18,794,470	$ 25,827,520
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 1,449,561	$ 1,856,919
Retainages	1,052,128	497,045
Accrued salaries	1,752	3,541
Deferred revenues	85	105,991
Due to other funds	0	109,153
Total liabilities	2,503,526	2,572,649
Fund balances		
Reserved for restricted assets	9,262,009	25,424,602
Reserved for encumbrances	155,677	0
Unreserved, undesignated	6,873,258	(2,169,731)
Total fund balances	16,290,944	23,254,871
Total liabilities and fund balances	$ 18,794,470	$ 25,827,520

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, 2010 and 2009

	2010	2009
REVENUES		
Intergovernmental	$ 7,142,076	$ 1,522,607
Interest	48,065	8,506
Contributions	0	15,000
Total revenues	7,190,141	1,546,113
EXPENDITURES		
Capital outlay		
Public Safety	9,877,200	10,278,378
Public Works	3,365,577	6,892,714
Culture and Recreation	121,563	185,634
Total expenditures	13,364,340	17,356,726
Excess (deficiency) of revenues over (under) expenditures	(6,174,199)	(15,810,613)
Other financing sources (uses)		
Transfers in (out)		
Community Service Center Fund	108,171	225,324
Debt Service Fund	(1,130,823)	0
General Government Capital Projects Fund	77,528	0
Grants Capital Projects Fund	155,396	49,568
Public Utilities Fund	0	(359,242)
Issuance of notes payable	0	7,437,971
Refunding of notes payable	0	(7,437,971)
Issuance of capital lease	0	33,331,056
Total other financing sources (uses)	(789,728)	33,246,706
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(6,963,927)	17,436,093
Fund balances, July 1	23,254,871	5,818,778
Fund balances, June 30	$ 16,290,944	$ 23,254,871

CITY OF GAINESVILLE, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 529,842	$ 190,893
Intergovernmental receivables	102,601	16,186
Total assets	$ 632,443	$ 207,079
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 0	$ 4,994
Deferred revenues	0	16,185
Total liabilities	0	21,179
Fund balances		
Unreserved, undesignated	632,443	185,900
Total liabilities and fund balances	$ 632,443	$ 207,079

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, 2010 and 2009

	2010	2009
REVENUES		
Intergovernmental	$ 537,783	$ 152,650
Total revenues	537,783	152,650
EXPENDITURES		
Capital outlay		
Culture and Recreation	5,644	109,105
Total expenditures	5,644	109,105
Excess (deficiency) of revenues over (under) expenditures	532,139	43,545
Other financing sources (uses)		
Transfers in (out)		
General Government Capital Projects Fund	69,800	168,000
SPLOST Capital Projects Fund	(155,396)	(49,568)
Total other financing sources (uses)	(85,596)	118,432
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	446,543	161,977
Fund balances, July 1	185,900	23,923
Fund balances, June 30	$ 632,443	$ 185,900

Gainesville, Georgia

Since 1821

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, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,291,062	$ 29,717,275
Receivables		
Accounts (net)	3,770,462	3,757,941
Intergovernmental	795,783	107,328
Inventories	909,678	885,661
Prepaid items	5,000	5,250
Total current assets	16,771,985	34,798,470
Restricted assets		
Extension and Renewal		
Cash and cash equivalents	33,721,016	20,834,053
Debt Redemption		
Cash and cash equivalents	6,693,627	6,421,614
Connection Fees		
Cash and cash equivalents	6,554,038	6,464,569
Customer Deposits		
Cash and cash equivalents	2,247,773	1,802,653
Construction deposits		
Cash and cash equivalents	0	175,671
Total restricted assets	49,216,454	35,698,560
Capital assets		
Land	17,793,909	17,696,138
Nondepreciable intangibles	1,957,919	0
Land improvements	476,955	102,678
Buildings	65,818,313	65,818,313
Distribution system	485,921,551	475,722,781
Vehicles and equipment	12,133,573	11,956,655
Depreciable intangibles	3,536,421	3,186,421
Construction in progress	13,589,919	14,110,971
Accumulated depreciation	(115,829,646)	(103,043,229)
Capital assets (net of accumulated depreciation)	485,398,914	485,550,728
Other assets		
Pension asset	306,063	325,015
Debt issuance costs	2,816,393	3,095,315
Deferred interest expense	3,782,494	4,135,117
Other assets (net of accumulated amortization)	6,904,950	7,230,432
Total assets	558,292,303	563,278,190

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
LIABILITIES		
Current liabilities		
Payables		
Accounts	$ 963,775	$ 528,768
Accrued salaries	395,807	387,508
Compensated absences	574,609	536,113
Capital lease payable	1,261,588	1,261,588
Notes payable	5,986,920	5,794,975
Total current liabilities	9,182,699	8,508,952
Current liabilities payable from restricted assets		
Payables		
Accounts	1,195,052	997,051
Retainages	377,564	455,285
Customer deposits	2,247,773	1,802,653
Construction deposits	0	175,671
Revenue bonds payable	7,470,000	7,150,000
Interest payable	920,268	1,241,748
Total liabilities payable from restricted assets	12,210,657	11,822,408
Long-term liabilities		
OPEB obligation	4,920,699	2,375,020
Capital leases payable	25,231,761	26,493,349
Revenue bonds payable	97,249,329	104,917,258
Notes payable	113,717,570	119,704,491
Total long-term liabilities	241,119,359	253,490,118
Total liabilities	262,512,715	273,821,478
NET ASSETS		
Invested in capital assets, net of related debt	238,264,241	224,364,184
Restricted for:		
Capital outlay	38,702,438	25,846,286
Debt service	5,773,358	5,179,866
Unrestricted	13,039,551	34,066,376
Total net assets	$ 295,779,588	$ 289,456,712

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, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Charges for sales and services		
Water sales	$ 28,135,508	$ 25,286,659
Sewer charges	20,643,513	19,381,220
Tap fees	479,038	305,175
Other	781,099	643,406
Miscellaneous revenues	974,689	1,006,235
Total operating revenues	51,013,847	46,622,695
OPERATING EXPENSES		
Costs of sales and services	10,194,122	10,126,888
Personal services	13,947,695	14,226,148
Depreciation	13,042,303	11,749,787
Total operating expenses	37,184,120	36,102,823
Operating income (loss)	13,829,727	10,519,872
Non-operating revenues (expenses)		
Interest revenue	396,794	995,575
Interest expense	(8,866,660)	(7,880,392)
Amortization	(278,921)	(230,338)
Miscellaneous expenses	0	(2,211,741)
Gain (loss) on sale of capital assets	14,313	(207,724)
Total non-operating revenues (expenses)	(8,734,474)	(9,534,620)
Net income (loss) before capital contributions and transfers	5,095,253	985,252
Capital contributions		
Connection fees	1,120,748	852,183
Capital contributions	2,645,048	3,830,377
Intergovernmental revenue	228,237	1,731,392
Total capital contributions	3,994,033	6,413,952
Net income (loss) before transfers	9,089,286	7,399,204
Transfers in (out)		
General Fund	(2,761,291)	(2,308,025)
Community Service Center Fund	(4,000)	(4,000)
Economic Development Fund	0	150,000
Grants Special Revenue Fund	(1,119)	0
SPLOST Capital Projects Fund	0	359,242
Total transfers in (out)	(2,766,410)	(1,802,783)
Change in net assets	6,322,876	5,596,421
Net assets, July 1 (restated)	289,456,712	283,860,291
Net assets, June 30	$ 295,779,588	$ 289,456,712

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Receipts from customers	$ 49,725,208	$ 44,232,132
Payments to suppliers	(9,782,882)	(10,179,385)
Payments to employees	(11,336,269)	(12,138,011)
Other receipts	974,689	1,006,235
Net cash provided (used) by operating activities	29,580,746	22,920,971
Cash flows from non-capital financing activities:		
Receipts from other funds	0	150,000
Payments to other funds	(2,766,410)	(2,312,025)
Net cash provided (used) by non-capital financing activities	(2,766,410)	(2,162,025)
Cash flows from capital and related financing activities:		
Receipt of capital contributions	1,726,789	866,261
Receipts from other governments	110,660	2,068,011
Receipts from other funds	0	359,242
Interest paid	(8,792,109)	(8,269,456)
Acquisition of capital assets	(12,004,200)	(15,815,644)
Sale of capital assets	25,724	5,511
Principal payments - bonds	(7,150,000)	(6,845,000)
Issuance of promissory notes	0	4,666,988
Principal payments - promissory notes	(5,794,976)	(3,652,237)
Net cash provided (used) by capital and related financing activities	(31,878,112)	(26,616,324)
Cash flows from investing activities:		
Interest received	155,457	754,239
Net increase (decrease) in cash and cash equivalents	(4,908,319)	(5,103,139)
Cash and cash equivalents, July 1	65,415,835	70,518,974
Cash and cash equivalents, June 30	$ 60,507,516	$ 65,415,835

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 13,829,727	$ 10,519,872
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	13,042,303	11,749,787
(Increase) decrease in accounts receivable	(12,521)	(393,243)
(Increase) decrease in intergovernmental receivables	(570,878)	0
(Increase) decrease in inventory	(24,017)	80,257
(Increase) decrease in prepaid items	250	(5,250)
(Increase) decrease in pension asset	18,952	(325,015)
Increase (decrease) in accounts payable	435,007	(127,504)
Increase (decrease) in deposits payable	269,449	(991,085)
Increase (decrease) in accrued salaries and benefits	46,795	38,132
Increase (decrease) in OPEB obligation	2,545,679	2,375,020
Total adjustments	15,751,019	12,401,099
Net cash provided (used) by operating activities	$ 29,580,746	$ 22,920,971
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 11,291,062	$ 29,717,275
Extension and Renewal		
Cash and cash equivalents	33,721,016	20,834,053
Debt Redemption		
Cash and cash equivalents	6,693,627	6,421,614
Connection Fees		
Cash and cash equivalents	6,554,038	6,464,569
Customer Deposits		
Cash and cash equivalents	2,247,773	1,802,653
Construction deposits		
Cash and cash equivalents	0	175,671
Total cash and cash equivalents	$ 60,507,516	$ 65,415,835

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled $457,200 and $2,554,711 for the fiscal years ended June 30, 2010 and 2009, respectively.

Contributions of capital assets from government totaled $320,220 for the fiscal year ended June 30, 2010.

Forgiveness of capital lease through capital contributions totaled $1,261,588 and $1,261,588 for the fiscal years ended June 30, 2010 and 2009, respectively.

Distributions of capital assets to component unit total $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.

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,010,378	$ 699,592
Receivables (net)		
Accounts	23,740	15,040
Intergovernmental	0	868,499
Total current assets	1,034,118	1,583,131
Restricted assets		
Construction Fund		
Cash and cash equivalents	0	202
Capital assets		
Land	504,385	493,803
Land improvements	11,083,219	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	59,200	2,288,886
Accumulated depreciation	(5,353,725)	(4,744,121)
Total capital assets (net of accumulated depreciation)	13,251,151	13,574,697
Other assets		
Debt issuance cost (net of accumulated amortization)	76,858	85,093
Total assets	14,362,127	15,243,123
LIABILITIES		
Current liabilities		
Payables		
Accounts	70,108	570,683
Retainages	0	100,726
Interest	26,850	28,765
Capital leases payable	290,000	270,000
Total current liabilities	386,958	970,174
Long-term liabilities		
Capital leases payable	3,490,000	3,780,000
Total liabilities	3,876,958	4,750,174
NET ASSETS		
Invested in capital assets, net of related debt	9,471,151	9,524,899
Unrestricted	1,014,018	968,050
Total net assets	$ 10,485,169	$ 10,492,949

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Charges for sales and services		
Fuel sales	$ 16,667	$ 17,508
Rent	849,072	834,136
Miscellaneous revenues	15,563	1,876
Total operating revenues	881,302	853,520
OPERATING EXPENSES		
Costs of sales and services	173,801	71,953
Depreciation	609,604	613,291
Total operating expenses	783,405	685,244
Operating income (loss)	97,897	168,276
Non-operating revenues (expenses)		
Interest revenue	2,858	6,378
Interest expense	(220,547)	(235,541)
Amortization	(8,235)	(8,235)
Gain (loss) on sale of capital assets	12	21
Total non-operating revenues (expenses)	(225,912)	(237,377)
Net income (loss) before capital contributions and transfers	(128,015)	(69,101)
Capital contributions		
Intergovernmental revenue	120,235	1,895,929
Net income (loss) before transfers	(7,780)	1,826,828
Transfers in (out)		
General Fund	0	(46,300)
Change in net assets	(7,780)	1,780,528
Net assets, July 1	10,492,949	8,712,421
Net assets, June 30	$ 10,485,169	$ 10,492,949

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Receipts from customers	$ 857,039	$ 872,585
Payments to suppliers	(171,457)	(87,550)
Other receipts	15,563	1,876
Net cash provided (used) by operating activities	701,145	786,911
Cash flows from non-capital financing activities:		
Payments to other funds	0	(46,300)
Cash flows from capital and related financing activities:		
Receipt of capital contributions	988,734	1,258,867
Sale of capital assets	12	21
Interest paid	(222,462)	(237,348)
Acquisition of capital assets	(889,703)	(1,466,431)
Principal payments - capital leases	(270,000)	(255,000)
Net cash provided (used) by capital and related financing activities	(393,419)	(699,891)
Cash flows from investing activities:		
Interest received	2,858	6,378
Net increase (decrease) in cash and cash equivalents	310,584	47,098
Cash and cash equivalents, July 1	699,794	652,696
Cash and cash equivalents, June 30	$ 1,010,378	$ 699,794
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income	$ 97,897	$ 168,276
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	609,604	613,291
(Increase) decrease in accounts receivable	(8,700)	20,941
Increase (decrease) in accounts payable	2,344	(15,597)
Total adjustments	603,248	618,635
Net cash provided by operating activities	$ 701,145	$ 786,911
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 1,010,378	$ 699,592
Construction Fund		
Cash and cash equivalents	0	202
Total cash and cash equivalents	$ 1,010,378	$ 699,794

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 861,567	$ 802,205
Accounts receivable (net)	120,336	139,582
Total current assets	981,903	941,787
Capital assets		
Vehicles and equipment	1,712,552	1,776,849
Accumulated depreciation	(1,302,043)	(1,248,358)
Total capital assets (net of accumulated depreciation)	410,509	528,491
Total assets	1,392,412	1,470,278
LIABILITIES		
Current liabilities		
Payables		
Accounts	53,415	47,522
Accrued salaries	26,187	30,594
Compensated absences	39,387	38,958
Capital lease payable	0	11,218
Total current liabilities	118,989	128,292
Long-term liabilities		
OPEB obligation	484,060	259,093
Total liabilities	603,049	387,385
NET ASSETS		
Invested in capital assets, net of related debt	410,509	517,273
Unrestricted	378,854	565,620
Total net assets	$ 789,363	$ 1,082,893

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, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Charges for sales and services		
Sanitation fees	$ 1,229,785	$ 1,244,738
Landfill fees	306,408	224,564
Recycling fees	233,136	234,635
Miscellaneous revenues	3,382	3,743
Total operating revenues	1,772,711	1,707,680
OPERATING EXPENSES		
Costs of sales and services	466,553	516,094
Costs of sales and services - landfill	239,229	261,708
Personal services	1,283,654	1,370,965
Depreciation	152,782	124,795
Total operating expenses	2,142,218	2,273,562
Operating income (loss)	(369,507)	(565,882)
Non-operating revenues (expenses)		
Contributions	69,070	110,652
Interest revenue	2,319	10,516
Interest expense	(166)	(981)
Gain (loss) on sale of capital assets	4,754	1,093
Total non-operating revenues (expenses)	75,977	121,280
Net income (loss) before transfers	(293,530)	(444,602)
Transfers in (out)		
General Fund	0	135,602
Change in net assets	(293,530)	(309,000)
Net assets, July 1	1,082,893	1,391,893
Net assets, June 30	$ 789,363	$ 1,082,893

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Receipts from customers	$ 1,788,575	$ 1,707,042
Payments to suppliers	(699,889)	(773,209)
Payments to employees	(1,062,664)	(1,110,030)
Other receipts	3,382	3,743
Net cash provided (used) by operating activities	29,404	(172,454)
Cash flows from non-capital financing activities:		
Receipt of contributions	69,070	110,652
Receipts from other funds	0	135,602
Payments to other funds	0	0
Net cash provided (used) by non-capital financing activities	69,070	246,254
Cash flows from capital and related financing activities:		
Interest paid	(166)	(981)
Acquisition of capital assets	(34,800)	(167,814)
Sale of capital assets	4,754	1,093
Principal payments - capital leases	(11,218)	(21,787)
Net cash provided (used) by capital and related financing activities	(41,430)	(189,489)
Cash flows from investing activities:		
Interest received	2,318	10,516
Net increase (decrease) in cash and cash equivalents	59,362	(105,173)
Cash and cash equivalents, July 1	802,205	907,378
Cash and cash equivalents, June 30	$ 861,567	$ 802,205
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating loss	$ (369,507)	$ (565,882)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	152,782	124,795
(Increase) decrease in accounts receivable	19,247	3,105
Increase (decrease) in accounts payable	5,893	4,593
Increase (decrease) in accrued payroll liabilities	(3,978)	1,842
Increase (decrease) in OPEB obligation	224,967	259,093
Total adjustments	398,911	393,428
Net cash used by operating activities	$ 29,404	$ (172,454)
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 861,567	$ 802,205

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,530	$ 48,289
Accounts receivable (net)	43,191	39,963
Prepaid items	0	1,435
Total current assets	49,721	89,687
Capital assets		
Land	53,271	53,271
Land improvements	5,358,859	5,358,859
Buildings	715,452	715,452
Vehicles and equipment	689,792	700,167
Accumulated depreciation	(2,599,095)	(2,340,695)
Total capital assets (net of accumulated depreciation)	4,218,279	4,487,054
Other assets		
Debt issue costs (net of accumulated amortization)	77,052	82,366
Total assets	4,345,052	4,659,107
LIABILITIES		
Current liabilities		
Payables		
Accounts	45,542	57,825
Sales tax	16,856	57,915
Interest	18,932	19,759
Accrued salaries	18,613	26,410
Compensated absences	17,417	17,786
Capital leases payable	175,000	165,000
Notes payable	81,691	81,691
Other liabilities	44,656	24,728
Total current liabilities	418,707	451,114
Long-term liabilities		
Advances from other funds	249,325	249,325
OPEB obligation	144,521	97,160
Capital leases payable	3,600,000	3,775,000
Total long-term liabilities	3,993,846	4,121,485
Total liabilities	4,412,553	4,572,599
NET ASSETS		
Invested in captial assets, net of related debt	361,588	465,363
Unrestricted	(429,089)	(378,855)
Total net assets	$ (67,501)	$ 86,508

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, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Charges for sales and services		
Greens fees	$ 589,750	$ 706,250
Cart fees	227,690	253,424
Handicap fees	17,021	17,466
Practice range	51,674	58,023
Pro Shop sales	21,025	1,400
Rent revenue	4,500	3,031
Miscellaneous revenue	24,962	5,573
Total operating revenues	936,622	1,045,167
OPERATING EXPENSES		
Costs of sales and services	275,504	310,159
Personal services	642,795	755,242
Depreciation	268,774	287,322
Total operating expenses	1,187,073	1,352,723
Operating income (loss)	(250,451)	(307,556)
Non-operating revenues (expenses)		
Interest revenue	0	764
Interest expense	(154,177)	(161,222)
Amortization	(5,314)	(5,314)
Gain (loss) on sale of capital assets	490	201
Total non-operating revenues (expenses)	(159,001)	(165,571)
Net income (loss) before capital contributions and transfers	(409,452)	(473,127)
Capital contributions	0	1,575
Net income (loss) before transfers	(409,452)	(471,552)
Transfers in (out)		
General Fund	255,443	216,855
Change in net assets	(154,009)	(254,697)
Net assets, July 1 (original)	86,508	372,113
Prior period adjustment	0	(30,908)
Net assets, July 1 (restated)	86,508	341,205
Net assets, June 30	$ (67,501)	$ 86,508

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Receipts from customers	$ 908,432	$ 1,099,644
Payments to suppliers	(307,483)	(301,863)
Payments to employees	(603,600)	(655,893)
Other receipts	24,962	5,573
Net cash provided (used) by operating activities	22,311	147,461
Cash flows from non-capital financing activities:		
Receipts from other funds	255,443	216,855
Cash flows from capital and related financing activities:		
Interest paid	(155,003)	(162,025)
Principal payments - capital leases payable	(165,000)	(160,000)
Sale of capital assets	490	201
Acquisition of capital assets	0	(38,825)
Net cash provided (used) by capital and related financing activities	(319,513)	(360,649)
Cash flows from investing activities:		
Interest received	0	764
Net increase (decrease) in cash and cash equivalents	(41,759)	4,431
Cash and cash equivalents, July 1	48,289	43,858
Cash and cash equivalents, June 30	$ 6,530	$ 48,289
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (250,451)	$ (307,556)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	268,774	287,322
(Increase) decrease in accounts receivable	(3,228)	39,097
(Increase) decrease in prepaids	1,435	0
Increase (decrease) in accounts payable	(12,283)	22,309
Increase (decrease) in sales tax payable	(41,059)	20,953
Increase (decrease) in accrued payroll liabilities	(8,166)	2,189
Increase (decrease) in OPEB obligation	47,361	97,160
Increase (decrease) in other liabilities	19,928	(14,013)
Total adjustments	272,762	455,017
Net cash provided (used) by operating activities	$ 22,311	$ 147,461
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 6,530	$ 48,289

Noncash investing, capital, and financing activities:

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

Gainesville, Georgia

Since 1821

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, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,556,105	$ 1,202,021
Prepaid items	0	155,058
Total assets	1,556,105	1,357,079
LIABILITIES		
Current liabilities		
Accounts payable	60,993	31,920
Accrued salaries	4,994	4,619
Compensated absences	8,014	7,771
Claims reserves	913,827	749,223
Total liabilities	987,828	793,533
NET ASSETS		
Unrestricted	$ 568,277	$ 563,546

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Interfund services provided	$ 1,408,990	$ 1,463,746
Other	128	7,159
Total operating revenue	1,409,118	1,470,905
OPERATING EXPENSES		
Costs of services		
Insurance	781,991	973,879
Claims	472,063	341,630
Administrative fees	155,064	155,396
Total operating expenses	1,409,118	1,470,905
Operating income (loss)	0	0
Non-operating revenues (expenses)		
Interest revenue	4,731	19,475
Net income before transfers	4,731	19,475
Transfers in (out)		
Employee Benefits Fund	0	(700,000)
Change in net assets	4,731	(680,525)
Net assets, July 1	563,546	1,244,071
Net assets, June 30	$ 568,277	$ 563,546

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Receipts from interfund services provided	$ 1,408,990	$ 1,464,265
Payments to suppliers	(924,464)	(1,454,326)
Payments to employees	(135,301)	(125,750)
Other receipts	128	7,159
Net cash provided (used) by operating activities	349,353	(108,652)
Cash flows from non-capital financing activities:		
Payments to other funds	0	(700,000)
Cash flows from investing activities:		
Interest received	4,731	19,475
Net increase (decrease) in cash and cash equivalents	354,084	(789,177)
Cash and cash equivalents, July 1	1,202,021	1,991,198
Cash and cash equivalents, June 30	$ 1,556,105	$ 1,202,021
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	0	519
(Increase) decrease in prepaid items	155,058	(15,643)
Increase (decrease) in accounts payable	29,073	(32,591)
Increase (decrease) in accrued salaries and benefits	618	1,728
Increase (decrease) in claims reserve	164,604	(62,665)
Total adjustments	349,353	(108,652)
Net cash provided (used) by operating activities	$ 349,353	$ (108,652)

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,444,864	$ 1,419,403
Accounts receivable	252	0
Total assets	2,445,116	1,419,403
LIABILITIES		
Current liabilities		
Accounts payable	35,823	48,874
Deposits payable	7,798	7,672
Claims reserves	335,800	419,630
Total liabilities	379,421	476,176
NET ASSETS		
Unrestricted	$ 2,065,695	$ 943,227

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Interfund services provided	$ 8,179,648	$ 7,269,845
Other	0	594
Total operating revenue	8,179,648	7,270,439
OPERATING EXPENSES		
Costs of services		
Insurance	1,677,412	1,582,915
Claims	4,659,170	5,440,553
Medical clinic operations	550,226	408,432
Administrative fees	177,289	197,134
Total operating expenses	7,064,097	7,629,034
Operating income (loss)	1,115,551	(358,595)
Non-operating revenues (expenses)		
Interest revenue	1,917	3,587
Net income before transfers	1,117,468	(355,008)
Transfers in (out)		
Grants Special Revenue Fund	5,000	0
General Government Capital Projects Fund	0	(87,395)
General Insurance Fund	0	700,000
Total transfers in (out)	5,000	612,605
Change in net assets	1,122,468	257,597
Net assets, July 1	943,227	685,630
Net assets, June 30	$ 2,065,695	$ 943,227

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Receipts from interfund services provided	$ 8,179,396	$ 7,281,455
Payments to suppliers	(7,160,852)	(7,196,073)
Other receipts	0	594
Net cash provided (used) by operating activities	1,018,544	85,976
Cash flows from non-capital financing activities:		
Receipts from other funds	5,000	700,000
Payments to other funds	0	(87,935)
Net cash provided (used) from non-capital financing activities	5,000	612,605
Cash flows from investing activities:		
Interest received	1,917	3,587
Net increase (decrease) in cash and cash equivalents	1,025,461	702,168
Cash and cash equivalents, July 1	1,419,403	717,235
Cash and cash equivalents, June 30	$ 2,444,864	$ 1,419,403
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 1,115,551	$ (358,595)
Adjustments to reconcile net income to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	(252)	11,610
Increase (decrease) in accounts payable	(13,051)	5,659
Increase (decrease) in deposits payable	126	7,672
Increase (decrease) in claims reserve	(83,830)	419,630
Total adjustments	(97,007)	444,571
Net cash provided (used) by operating activities	$ 1,018,544	$ 85,976

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 171,551	$ 44,876
Intergovernmental receivable	5,171	27,037
Inventory	155,529	126,835
Total current assets	332,251	198,748
Capital assets		
Buildings	142,052	142,052
Vehicles and equipment	333,371	333,371
Accumulated depreciation	(408,778)	(383,830)
Capital assets (net of accumulated depreciation)	66,645	91,593
Total assets	398,896	290,341
LIABILITIES		
Current liabilities		
Accounts payable	109,052	11,577
Accrued salaries	8,873	8,787
Compensated absences	12,791	9,245
Total liabilities	130,716	29,609
NET ASSETS		
Invested in capital assets	66,645	91,593
Unrestricted	201,535	169,139
Total net assets	$ 268,180	$ 260,732

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Interfund services provided	$ 1,682,754	$ 1,802,505
Total operating revenues	1,682,754	1,802,505
OPERATING EXPENSES		
Costs of services	1,385,984	1,508,140
Personal services	271,822	266,464
Depreciation	24,948	27,901
Total operating expenses	1,682,754	1,802,505
Operating income (loss)	0	0
Non-operating revenues (expenses)		
Gain (loss) on sale of assets	0	51
Net income (loss) before transfers	0	51
Transfers in (out)		
General Fund	7,448	18,000
Change in net assets	7,448	18,051
Net assets, July 1	260,732	242,681
Net assets, June 30	$ 268,180	$ 260,732

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Receipts from interfund services provided	$ 1,704,619	$ 1,812,958
Payments to suppliers	(1,317,203)	(1,510,355)
Payments to employees	(268,189)	(267,255)
Net cash provided (used) by operating activities	119,227	35,348
Cash flows from non-capital financing activities:		
Receipts from other funds	7,448	18,000
Cash flows from capital and related financing activities:		
Sale of capital assets	0	51
Acquisition of capital assets	0	(10,644)
Net cash provided (used) by capital and related financing activities	0	(10,593)
Net increase (decrease) in cash and cash equivalents	126,675	42,755
Cash and cash equivalents, July 1	44,876	2,121
Cash and cash equivalents, June 30	$ 171,551	$ 44,876
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	24,948	27,901
(Increase) decrease in intergovernmental receivable	21,865	10,453
(Increase) decrease in inventory	(28,694)	67,400
Increase (decrease) in accounts payable	97,475	(69,615)
Increase (decrease) in accrued salaries and benefits	3,633	(791)
Total adjustments	119,227	35,348
Net cash provided (used) by operating activities	$ 119,227	$ 35,348

TRUST AND AGENCY FUNDS

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

Trust Funds

Community Private-Purpose Trust Fund *- This is a private-purpose trust fund whereby City of Gainesville employees make voluntary donations to provide assistance to local families and individuals in need, as well as contribute funding to both local and national nonprofit agencies.*

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

Agency Fund

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

CITY OF GAINESVILLE, GEORGIA
COMMUNITY PRIVATE-PURPOSE TRUST FUND
COMPARATIVE STATEMENTS OF TRUST NET ASSETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 16,326	$ 19,365
LIABILITIES		
NET ASSETS		
Net assets held in trust for employee assistance	$ 16,326	$ 19,365

CITY OF GAINESVILLE, GEORGIA
COMMUNITY PRIVATE-PURPOSE TRUST FUND
COMPARATIVE STATEMENTS OF CHANGES IN TRUST NET ASSETS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
ADDITIONS		
Employee donations	$ 50,494	$ 52,857
Interest revenue	2	9
Total additions	50,496	52,866
DEDUCTIONS		
Distributions for assistance	53,535	50,528
Total deductions	53,535	50,528
Net increase (decrease)	(3,039)	2,338
Net assets held in trust for employee assistance		
Net assets, July 1	19,365	17,027
Net assets, June 30	$ 16,326	$ 19,365

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF PLAN NET ASSETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 906,704	$ 2,351,586
Investments		
Common stock	5,794,978	4,705,765
Mutual funds		
Equity	17,694,319	12,897,499
Fixed income	32,120,329	30,263,601
Total assets	56,516,330	50,218,451
LIABILITIES		
Accounts payable	27,260	18,235
NET ASSETS		
Net assets held in trust for pension benefits	$ 56,489,070	$ 50,200,216

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF CHANGES IN PLAN NET ASSETS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
ADDITIONS		
Contributions		
Employer contributions	$ 2,599,540	$ 2,767,985
Employee contributions	2,599,539	2,767,985
Total contributions	5,199,079	5,535,970
Investment Income		
Net appreciation (depreciation) in fair value of investments	5,094,491	(10,209,025)
Interest	286	15,155
Dividends	1,546,035	2,508,844
Investment expense	(131,382)	(137,153)
Net investment income (loss)	6,509,430	(7,822,179)
Total additions (reductions)	11,708,509	(2,286,209)
DEDUCTIONS		
Benefits	4,816,120	4,525,289
Refunds	603,535	565,131
Total deductions	5,419,655	5,090,420
Net increase (decrease)	6,288,854	(7,376,629)
Net assets held in trust for pension benefits		
Net assets, July 1	50,200,216	57,576,845
Net assets, June 30	$ 56,489,070	$ 50,200,216

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT AGENCY FUND
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 143,355	$ 105,439
Accounts receivable (net)	686,764	761,563
Total assets	$ 830,119	$ 867,002
LIABILITIES		
Due to other agencies	$ 830,119	$ 867,002

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2010

	Balance July 1	Additions	Deletions	Balance June 30
ASSETS				
Cash and cash equivalents	$ 105,439	$ 1,090,266	$ 1,052,350	$ 143,355
Accounts receivable (net)	761,563	342,312	417,111	686,764
Total assets	$ 867,002	$ 1,432,578	$ 1,469,461	$ 830,119
LIABILITIES				
Due to others agencies	$ 867,002	$ 1,432,578	$ 1,469,461	$ 830,119

Gainesville, Georgia

Since 1821

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, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 2,557,327	$ 2,631,530
Receivables		
Accounts	26,320	2,041
Intergovernmental	1,345	0
Property tax	119,192	117,423
Restricted assets		
Equity in pooled cash	80,038	103,173
Total assets	$ 2,784,222	$ 2,854,167
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 179,732	$ 129,923
Sales tax	17,238	23,326
Intergovernmental	11,963	2,798
Accrued salaries	121,679	126,787
Deferred revenues	109,507	95,909
Other	11,650	9,062
Total liabilities	451,769	387,805
Fund balances		
Reserved for Booster Club	100,739	87,999
Reserved for Development Fund	80,038	103,173
Reserved for Civic Center	15,126	18,501
Reserved for Clarks Bridge Legacy	5,255	5,255
Reserved for encumbrances	147,898	0
Unreserved, designated for budget	170,488	1,008,171
Unreserved, undesignated	1,812,909	1,243,263
Total fund balances	2,332,453	2,466,362
Total liabilities and fund balances	$ 2,784,222	$ 2,854,167

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	$ 2,623,868	$ 2,771,250	$ 147,382	$ 2,793,706
Charges for sales and services				
Recreation Division	265,105	205,112	(59,993)	218,942
Aquatics	0	0	0	21,477
Lanier Point/Ivey Watson	187,285	149,230	(38,055)	144,786
Youth Sports Booster Club	63,700	63,914	214	69,067
Gainesville Civic Center	286,150	303,112	16,962	293,488
Allen Creek Soccer Complex	18,794	20,421	1,627	17,367
Frances Meadows Community Center	551,120	668,482	117,362	483,169
Intergovernmental	325,000	325,000	0	241,865
Interest	10,750	8,019	(2,731)	26,931
Contributions	0	0	0	8,100
Other	1,500	661	(839)	763
Total revenues	4,333,272	4,515,201	181,929	4,319,661
EXPENDITURES				
Current				
Culture and recreation				
Administration Division	582,299	568,941	13,358	585,666
Recreation Division	533,390	463,080	70,310	540,061
Aquatics	0	0	0	50,549
Parks Division	916,811	882,792	34,019	838,104
Maintenance Shop	107,931	104,522	3,409	108,360
Lanier Point/Ivey Watson	307,952	260,128	47,824	242,065
Clarks Bridge Park	29,025	25,830	3,195	18,916
Youth Sports Booster Club	55,570	50,776	4,794	48,711
Gainesville Civic Center	590,388	550,739	39,649	529,367
Allen Creek Soccer Complex	63,610	56,970	6,640	57,525
Frances Meadows Center	1,129,070	1,097,043	32,027	875,667
Capital outlay	1,527,531	593,811	933,720	1,540
Total expenditures	5,843,577	4,654,632	1,188,945	3,896,531
Excess (deficiency) of revenues over (under) expenditures	(1,510,305)	(139,431)	1,370,874	423,130
Other financing sources (uses)				
Sales of capital assets	0	5,522	5,522	1,454
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,510,305)	(133,909)	1,376,396	424,584
Fund balances, July 1 (restated)	1,510,305	2,466,362	956,057	2,041,778
Fund balances, June 30	$ 0	$ 2,332,453	$ 2,332,453	$ 2,466,362

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	$ 2,623,868	$ 2,771,250	$ 147,382	$ 2,793,706
Charges for sales and services				
Recreation Division	265,105	205,112	(59,993)	218,942
Aquatics	0	0	0	21,477
Lanier Point/Ivey Watson	187,285	149,230	(38,055)	144,786
Youth Sports Booster Club	63,700	63,914	214	69,067
Gainesville Civic Center	286,150	303,112	16,962	293,488
Allen Creek Soccer Complex	18,794	20,421	1,627	17,367
Frances Meadows Center	551,120	668,482	117,362	485,713
Intergovernmental	0	0	0	89,865
Interest	10,750	8,019	(2,731)	26,931
Contributions	0	0	0	8,100
Other	1,500	661	(839)	763
Total revenues	4,008,272	4,190,201	181,929	4,170,205
EXPENDITURES				
Current				
Culture and recreation				
Administrative services	582,299	568,941	13,358	585,666
Recreational services	533,390	463,080	70,310	540,061
Aquatic services	0	0	0	50,549
Park services	916,811	882,792	34,019	838,104
Maintenance shop	107,931	104,522	3,409	108,360
Lanier Point/Ivey Watson	307,952	260,128	47,824	242,065
Clarks Bridge Park	29,025	25,830	3,195	18,916
Booster Club	55,570	50,776	4,794	48,711
Civic Center	590,388	550,739	39,649	529,367
Allen Creek Soccer Complex	63,610	56,970	6,640	57,525
Frances Meadows Center	1,129,070	1,097,043	32,027	878,211
Capital outlay	78,675	47,003	31,672	0
Total expenditures	4,394,721	4,107,824	286,897	3,897,535
Excess (deficiency) of revenues over (under) expenditures	(386,449)	82,377	468,826	272,670
Other financing sources (uses)				
Sales of capital assets	0	5,522	5,522	1,454
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(386,449)	$ 87,899	$ 474,348	$ 274,124
Fund balances, July 1	1,008,305			
Fund balances, June 30	$ 621,856			

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, 2010
(With comparative actual amounts for the year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 325,000	$ 325,000	$ 0	$ 152,000
EXPENDITURES				
Current				
Culture and recreation				
Capital outlay	1,448,856	546,808	902,048	1,540
Excess (deficiency) of revenues over (under) expenditures	(1,123,856)	$ (221,808)	$ (902,048)	$ 150,460
Fund balances, July 1	502,000			
Fund balances, June 30	$ (621,856)			

Gainesville, Georgia

Since 1821

STATISTICAL SECTION

Gainesville, Georgia

Since 1821

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……184-191

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

Debt Capacity……192-198

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……199-200

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……201-203

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……204-211

These tables/schedules present various data relevant to the overall City and are intended to supply the reader with additional information regarding the City's facilities and services, as well as provide data that is required by bond covenants.

Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the relevant year.

CITY OF GAINESVILLE, GEORGIA
NET ASSETS BY COMPONENT
LAST EIGHT 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	1,236,166	4,856,898
Total governmental activities net assets	$ 35,710,482	$ 39,557,121
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	18,905,088	11,262,536
Total business-type activities net assets	$ 179,392,898	$ 197,631,042
Primary government		
Invested in capital assets, net of related debt	$ 151,055,302	$ 171,653,076
Restricted	43,906,824	49,415,653
Unrestricted	20,141,254	16,119,434
Total primary government net assets	$ 215,103,380	$ 237,188,163

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	2010
$ 29,652,331	$ 39,003,296	56,451,206 (1)	63,283,044	67,749,010	60,193,753
9,248,123	5,444,490	13,871,748	15,285,263	13,579,449	19,518,264
6,131,960	9,110,539	9,863,975	8,020,964	2,727,185	2,534,296
$ 45,032,414	$ 53,558,325	$ 80,186,929	$ 86,589,271	$ 84,055,644	$ 82,246,313
$ 156,582,000	$ 170,623,543	205,362,082 (1)	226,811,308	234,871,719	248,507,489
40,454,376	55,579,857	42,895,444	45,853,659	30,780,543	44,475,796
19,550,986	9,586,367	23,301,410	21,726,107	35,144,675	14,276,555
$ 216,587,362	$ 235,789,767	$ 271,558,936	$ 294,391,074	$ 300,796,937	$ 307,259,840
$ 186,234,331	$ 209,626,839	$ 261,813,288 (1)	290,094,352	302,620,729	308,701,242
49,702,499	61,024,347	56,767,192	61,138,922	44,359,992	63,994,060
25,682,946	18,696,906	33,165,385	29,747,071	37,871,860	16,810,851
$ 261,619,776	$ 289,348,092	$ 351,745,865	$ 380,980,345	$ 384,852,581	$ 389,506,153

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

	Fiscal Year		
Expenses	**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	21,105,846	23,810,348	
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	34,242,381	37,351,310	
Total primary government expenses	$ 55,348,227	$ 61,161,658	
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	8,005,981	10,495,705	
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	45,079,199	56,493,822	
Total primary government program revenues	$ 53,085,180	$ 66,989,527	

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.

Note (11): Significant increase due to SPLOST revenues received for the Public Safety Facilities.

Fiscal Year					
2005	2006	2007	2008	2009	2010
$ 1,690,224	$ 1,593,170	$ 1,927,078	$ 1,959,760	$ 2,420,328	$ 2,363,347
333,831	326,126	360,345	371,743	432,380	434,137
12,846,149	13,564,249	14,450,489	15,103,008	17,760,718	16,930,483
4,469,451	4,922,994	5,188,523	6,491,116	6,649,367	7,023,969
2,646,910	3,304,258	2,914,363	3,554,427	3,784,135	3,724,473
1,949,216	1,368,668	1,553,091	2,521,243	2,214,061	1,883,742
1,174,362	1,374,039	1,887,154	2,224,676	1,524,790	2,108,631
0 (3)	0	0	0	0	0
0	0	0	0	0	0
60,374	60,179	158,451	528,726	671,224	1,837,734
25,170,517	26,513,683	28,439,494	32,754,699	35,457,003	36,306,516
36,101,997	37,294,489	39,607,607	41,018,567	47,007,004	45,928,103
511,429	707,009 (7)	981,357	1,005,505	929,020	1,012,187
1,770,159	1,890,733	1,912,477	2,010,885	2,274,543	2,142,384
1,129,727	734,964 (4)	926,065 (4)	1,559,985 (4)	1,519,259	1,346,564
39,513,312	40,627,195	43,427,506	45,594,942	51,729,826	50,429,238
$ 64,683,829	$ 67,140,878	$ 71,867,000	$ 78,349,641	$ 87,186,829	$ 86,735,754
602,774 (5)	600,678	653,781	606,106	630,377	623,419
2,243,110	2,156,808	2,474,898	2,101,796	1,374,428 (9)	1,320,003
84,187	52,356	58,870	44,720	38,090	38,110
359,076	434,877	465,968	434,828	442,328	416,661
0	0	770,227 (8)	395,079	180,394	48,135
551,802	500,124	613,332	528,498	519,989	435,955
2,157,134	2,862,508	3,168,729	3,929,031	3,287,187	3,776,757
3,455,500	6,266,268	2,340,185	3,772,803	3,449,017	8,177,269 (11)
9,453,583	12,873,619	10,545,990	11,812,861	9,921,810	14,836,309
37,284,505	41,548,172	47,400,388	45,377,623	45,616,460	50,039,158
431,109	862,230 (7)	894,132	866,972	851,644	865,739
1,439,122	1,544,902	1,564,861	1,565,923	1,703,937	1,769,329
928,440	462,507 (4)	578,762 (4)	1,108,078 (4)	1,057,516	907,160
71,612	190,315	171,924	130,880	110,652	69,070
18,736,376	13,095,530	23,850,849	18,587,741	8,309,881 (10)	3,794,048 (10)
58,891,164	57,703,656	74,460,916	67,637,217	57,650,090	57,444,504
$ 68,344,747	$ 70,577,275	$ 85,006,906	$ 79,450,078	$ 67,571,900	$ 72,280,813

CITY OF GAINESVILLE, GEORGIA
CHANGES IN NET ASSETS
LAST EIGHT 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	(2,263,047)	5,827,869
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	16,000,457	17,896,978
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	840,358	(382,039)
Total primary government	16,840,815	17,514,939
Change in net assets		
Governmental activities	2,900,592	4,582,335
Business-type activities	11,677,176	18,760,473
Total primary government	14,577,768	23,342,808
Net assets - beginning		
Governmental activities	32,809,890	35,710,482
Business-type activities	167,715,722	179,392,898
Total primary government	200,525,612	215,103,380
Prior period adjustment		
Governmental activities	0	(735,696)
Business-type activities	0	(522,329)
Total primary government	0	(1,258,025)
Net assets - ending		
Governmental activities	35,710,482	39,557,121
Business-type activities	179,392,898	197,631,042
Total primary government	$ 215,103,380	$ 237,188,163

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 and FY10 than in previous years.

Fiscal Year					
2005	2006	2007	2008	2009	2010
$ (15,716,934)	$ (13,640,064)	$ (17,893,504)	$ (20,941,838)	$ (25,535,193)	$ (21,470,207)
19,377,582	17,076,461	31,033,410 (2)	22,042,275	5,920,264	7,015,266
3,660,648	3,436,397	13,139,906	1,100,437	(19,614,929)	(14,454,941)
5,258,299	5,456,200	6,571,545	7,101,695	7,421,155	7,253,570
348,523	317,048	307,098	237,483	180,064	97,161
2,929,050	3,359,902	3,474,822	4,599,218	4,451,348	3,866,595
1,256,001 (1)	1,260,686	1,342,953	1,354,234	1,288,785	1,114,317
1,190,698	1,281,035	1,340,284	1,398,065	1,431,555	1,418,124
1,030,287	1,043,230	1,112,799	1,056,980	1,000,788	942,016
443,492	461,602	487,172	479,684	473,047	444,852
4,928,637	5,634,966	5,866,449	5,829,689	4,799,932	4,943,847
0	0	0	0	0	0
274,289	644,185	1,033,946	1,033,414	209,981 (5)	498,737 (5)
213,000	64,470	0	0	0	0
548,335	93,824	1,282,635 (3)	900,112	17,246	40,591
194,738	267,811	377,785	297,695	325,996	363,279
2,842,126	2,286,216	1,585,275	3,055,911	1,495,051	2,190,747
21,457,475	22,171,175	24,782,763	27,344,180	23,094,948	23,173,836
1,293,209	2,813,927	3,483,808	2,664,847	1,013,233 (5)	401,971
32,500	0	0	0	0	0
3,031	837	84,099	29,804	1,315	19,569
1,091,854	1,446,054	1,340,749	1,151,124	1,020,458	1,023,096
(2,842,126)	(2,286,216)	(1,585,275)	(3,055,911)	(1,495,051)	(2,190,747)
(421,532)	1,974,602	3,323,381	789,864	539,955	(746,111)
21,035,943	24,145,777	28,106,144	28,134,044	23,634,903	22,427,725
5,740,541	8,531,111	6,889,259	6,402,342	(2,440,245)	1,703,629
18,956,050	19,051,063	34,356,791 (2)	22,832,138	6,460,219	6,269,155
24,696,591	27,582,174	41,246,050	29,234,480	4,019,974	7,972,784
39,557,121	45,032,414	53,558,325	80,186,929	86,589,271	84,055,644
197,631,042	216,587,362	235,789,767	271,558,936	294,391,074	300,796,937
237,188,163	261,619,776	289,348,092	351,745,865	380,980,345	384,852,581
(265,248)	(5,200)	19,739,345 (4)	-	(93,382)	(3,513,030)
0	151,342	1,412,378 (4)	-	(54,356)	193,748
(265,248)	146,142	21,151,723	0	(147,738)	(3,319,282)
45,032,414	53,558,325	80,186,929	86,589,271	84,055,644	82,246,243
216,587,092	235,789,767	271,558,936	294,391,074	300,796,937	307,259,840
$ 261,619,506	$ 289,348,092	$ 351,745,865	$ 380,980,345	$ 384,852,581	$ 389,506,083

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

Fiscal Year	Property Tax	Intangible Tax	Franchise Tax	Occupational Tax
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 (5)	4,451,348	1,288,785
2010	7,253,570	97,161 (5)	3,866,595	1,114,317

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.

Note (5): Intangible tax that is levied on certain types of property, such as money, stocks, and bonds has decreased significantly due to the economic downturn.

Insurance Premium Tax	Alcoholic Beverages Tax	Hotel/Motel Tax	Local Option Sales Tax	Total
$ 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
1,418,124	942,016	444,852	4,943,847	20,080,482

CITY OF GAINESVILLE, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT 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	3,661,275	4,326,275
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	$ 7,351,046	$ 8,909,597

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	2010
$ 24,929	$ 42,976	$ 49,289	$ 70,002	$ 102,572	$ 27,622
5,107,150	5,904,994	6,697,460	4,066,767	3,595,792	4,164,074
5,132,079	5,947,970	6,746,749	4,136,769	3,698,364	4,191,696
387,116	2,333,758	12,757,904	4,535,228	24,515,444 (3)	10,815,234
3,368,908	3,565,978	6,983,598 (1)	10,081,308 (2)	9,982,391 (2)	10,546,826
4,648,892	833,467	4,569,334	4,184,614	2,296,318	9,403,152
679,772	542,766	1,753,653	1,602,964	2,266,195	1,293,247
$ 9,084,688	$ 7,275,969	$ 26,064,489	$ 20,404,114	$ 39,060,348	$ 32,058,459

CITY OF GAINESVILLE, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT 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	26,375,750	29,206,110
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	27,783,320	29,406,274
Excess of revenues over (under) expenditures	(1,407,570)	(200,164)
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)	1,654,969	2,403,940
Net change in fund balances	247,399	2,203,776
Fund balance, July 1 (original)	10,764,922	11,012,321
Prior period adjustments	0	19,775
Fund balance , June 30	$ 11,012,321	$ 13,235,872
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.

Note (7): Increase due to first payment of Public Safety Facilities and GMC Parking Deck debt service.

Fiscal Year					
2005	2006	2007	2008	2009	2010
$ 17,354,577 [1]	$ 18,800,818	$ 20,557,731	$ 21,931,347	$ 21,030,163	$ 20,073,154
826,075	824,465	1,045,039	726,127	563,085	526,787
1,863,379	1,767,286	1,888,411	1,782,062	1,200,508	1,179,773
2,372,006	2,324,512	3,127,789	2,621,736	2,590,476	2,405,885
6,515,951	9,751,128 [2]	6,233,048	8,157,297	6,340,062	12,994,964
256,058	592,351	952,438	983,198	186,918	110,152
817,958	0	0	0	0	0
306,728	402,948	262,754	150,346	95,806	140,042
196,360	250,984	355,432	297,697	325,993	363,276
30,509,092	34,714,492	34,422,642	36,649,810	32,333,011	37,794,033
2,780,457	2,858,175	3,036,416	3,183,110	3,260,291	2,985,636
333,995	324,267	360,906	370,393	369,537	385,823
11,689,304	12,304,620	13,260,428	14,206,369	14,097,303	14,010,732
3,785,981	3,990,492	4,081,934	4,638,378	4,586,349	4,358,836
2,693,714	3,348,749	2,922,009	3,479,259	3,381,182	4,095,212
952,239	925,879	1,200,173	1,372,628	1,169,614	1,204,508
1,305,500	1,550,568	2,249,375	4,624,623	1,951,894	1,649,911
0	0	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	3,119,832
358,840	324,247	326,320	718,082	644,194	1,962,450
7,445,272	12,512,996 [3]	5,042,938	15,104,298	18,184,470	13,690,589
32,611,924	39,470,132	33,882,586	50,139,342	49,303,959	47,463,529
(2,102,832)	(4,755,640)	540,056	(13,489,532)	(16,970,948)	(9,669,496)
7,611,665	8,441,779	10,434,930	11,509,650	5,072,824	6,738,573
(4,962,853)	(6,184,479)	(8,916,559)	(9,131,665)	(3,506,803)	(4,240,053)
0	0	0	0	7,437,971	0
0	0	0	0	(7,437,971)	0
402,148	1,334,089 [4]	11,898,663 [5]	795,481	33,697,531	0
54,380	176,623	5,673,013 [6]	2,045,711	18,607	50,888
3,105,340	3,768,012	19,090,047	5,219,177	35,282,159	2,549,408
1,002,508	(987,628)	19,630,103	(8,270,355)	18,311,211	(7,120,088)
13,235,872	14,216,767	13,223,939	32,811,238	24,540,883	42,758,712
(21,613)	(5,200)	(42,804)	0	(93,382)	611,531
$ 14,216,767	$ 13,223,939	$ 32,811,238	$ 24,540,883	$ 42,758,712	$ 36,250,155
6.2%	6.2%	6.0%	9.3%	7.3%	15.4% [7]

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

Fiscal Year	Property Tax	Intangibles Tax	Franchise Tax	Insurance Premium Tax
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	6,975,994	237,483	4,599,218 (3)	1,398,065
2009	7,404,644	180,064 (5)	4,451,348	1,431,555
2010	7,246,242	97,161 (5)	3,866,595	1,418,124

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.

Note (5): Intangible tax that is levied on certain types of property, such as money, stocks, and bonds has decreased significantly due to the economic downturn.

Occupational Tax	Alcoholic Beverages Tax	Hotel/Motel Tax	Local Option Sales Tax	Total
$ 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	21,931,347
1,288,785	1,000,788	473,047	4,799,932 (4)	21,030,163
1,114,317	942,016	444,852	4,943,847	20,073,154

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

Fiscal Year Ended June 30	Real Property	Personal Property: Inventory/ Business Property	Personal Property: Motor Vehicles	Personal Property: Utilities	Digest Adjustments
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)
2010	2,827,936,920	958,733,945	183,722,440	64,903,013	(314,926,076)

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.

Note (2): For fiscal year 2009, Homeowners Tax Relief Credit adjustment ($28,584,000) did not apply to debt millage ($.48 of $2.66 total millage). Total exemption for debt portion only was $550,000. Starting in fiscal year 2010 Homeowners Tax Relief Credit was no longer in effect.

Exemption Adjustments[2]	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%
(550,000)	3,719,820,242	2.66	3,719,820,242	100%

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

		City of Gainesville			
Tax Year	**Fiscal Year**	**Operating Millage**	**Recreation Millage**	**Debt Service Millage**	**Total City Millage**
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
2009	2010	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				Hall County		Total
Operating Millage	Debt Service Millage	Total School Millage	State of Georgia	Operating Millage	Total County Millage	Direct & Overlapping Rates
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
7.41	0.30	7.71	0.25	6.25	6.25	16.87

CITY OF GAINESVILLE, GEORGIA
PRINCIPAL TAXPAYERS
June 30, 2010

	2010			2001		
Taxpayer	**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	$ 150,875,596	1	4.06%	$ 50,945,539	1	2.24%
Cargill, Inc.	85,544,749	2	2.30%	39,945,362	3	1.76%
Continental Tire	78,035,320	3	2.10%			
ZF Industries, Inc.	49,919,674	4	1.34%	27,102,961	6	1.19%
Ace Hardware Corporation	49,275,147	5	1.32%	36,158,920	4	1.59%
Mid-America Apartments LP	41,550,897	6	1.12%			
Fieldale Farms Corporation (Queen City Foods)	35,871,272	7	0.96%	25,749,216	7	1.13%
First Republic Group Realty (Shopping Center)	30,230,570	8	0.81%			
Inland Western Gainesville Village (Shopping Center)	27,319,779	9	0.73%			
Stork Gamco (Manufacturer)	26,711,376	10	0.72%			
Hayes Lemmerz Intl GA, Inc. (Western Wheel Georgia, Inc.)				50,646,393	2	2.23%
Pilgrims Pride (formerly ConAgra)				15,432,928	10	0.68%
Colonial Realty Limited Part. (Camelot Real Estate Corp.)				32,129,870	5	1.41%
Caradon Peachtree, Inc. (Peachtree Doors)				21,446,227	9	0.94%
Bell South Communications				24,271,040	8	1.07%
Total	$ 575,334,380		15.47%	$ 323,828,456		14.23%

Source: 2009 and 2000 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 EIGHT 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	$ 34,918	$ 6,509,630	98.97%	$ 32,693	$ 6,542,323	98.94%
2004	6,837,108	36,046	6,792,902	99.35%	73,114	6,866,016	99.90%
2005	7,033,787	75,709	6,997,475	99.48%	103,556	7,101,031	99.88%
2006	7,431,394	20,091	7,252,591	97.59%	134,768	7,387,359	99.14%
2007	8,528,243	89,404	8,547,295	99.18%	62,943	8,610,238	99.91%
2008	9,490,615	65,518	9,308,622	97.41%	223,986	9,532,608	99.75%
2009	9,877,359	39,642	9,636,926	97.18%	231,253	9,868,179	99.51%
2010	9,894,722	18,561	9,579,640	96.63%	0	9,579,640	96.63%

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

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

CITY OF GAINESVILLE, GEORGIA
LOCAL OPTION SALES TAX DISTRIBUTION COMMODITY REPORT - HALL COUNTY
June 30, 2010

	2009			2004		
Commodity	**Total Distributed**	**Rank**	**% of Total**	**Total Distributed**	**Rank**	**% of Total**
Food	$ 5,334,543	1	21.47%	$ 5,472,776	1	22.72%
General	3,857,367	2	15.52%	3,328,268	3	13.82%
Auto	3,453,060	3	13.90%	4,551,713	2	18.89%
Utilities	2,483,724	4	10.00%	1,843,016	6	7.65%
Other Retail	1,832,890	5	7.38%	0		0.00%
Miscellaneous Service	1,734,205	6	6.98%	1,699,748	7	7.06%
Home	1,719,451	7	6.92%	1,249,852	8	5.19%
Manufacturer	1,290,165	8	5.19%	965,809	9	4.01%
Wholesale	1,277,397	9	5.14%	0		0.00%
Miscellaneous	627,748	10	2.53%	1,882,264	5	7.81%
Lumber	418,700	11	1.69%	2,692,310	4	11.18%
Apparel	292,377	12	1.18%	404,040	10	1.68%
Other Services	233,981	13	0.94%	0		0.00%
Accommodations	231,398	14	0.93%	0		0.00%
Construction	60,921	15	0.25%	0		0.00%
Total	$ 24,847,927		100.00%	$ 24,089,796		100.00%

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.

Note 3: State of Georgia established different categories for the 2009 Calendar year.

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES TEN LARGEST SYSTEM CUSTOMERS
JUNE 30, 2010

Customer	Type of Business	Total Water Billings	Total Sewer Billings	Total Billings	Percentage of System Revenues
Fieldale Farms Corporation	Manufacturer - Poultry Products	$ 2,758,625	$ 4,989,564	$ 7,748,190	15.88%
Pilgrim's Pride	Manufacturer - Poultry Products	930,375	2,539,724	3,470,099	7.11%
Mar-Jac Poultry, Inc.	Manufacturer - Poultry Products	802,635	2,333,732	3,136,367	6.43%
Cargill, Inc.	Manufacturer - Soybean Products	348,382	419,114	767,496	1.57%
NE GA Health Systems	Hospital	255,831	466,711	722,542	1.48%
Hall County Commissioners	Local Government	244,767	366,349	611,116	1.25%
Cooley Enterprises (DBA Kings Delight)	Food Further Processing	253,639	339,872	593,510	1.22%
Islands Management Company LLC	Resort	316,947	-	316,947	0.65%
Sonstegard Foods	Manufacturer - Egg/Dairy Products	120,998	186,562	307,560	0.63%
Gainesville Housing Authority	Apartments	71,471	209,506	280,978	0.58%
Total		$ 6,103,670	$ 11,851,132	$ 17,954,805	36.81%

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 EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Governmental Activities		Business-Type Activities					
Fiscal Year	General Obligation Bonds	Capital Leases	Water & Sewer Bonds	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita[1]
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	45,469,691 [6]	109,635,000	125,581,156	35,756,155	318,282,002	30.12%	8,923
2010	945,000	42,862,532	102,485,000	119,786,181	34,048,349	300,127,062	27.80%	8,395

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 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 ($27,022,224) and Georgia Mountain Center Parking Garage ($6,308,832)

CITY OF GAINESVILLE, GEORGIA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST EIGHT 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	45,469,691 [4]	2,266,195	45,043,496	1.21%	1,262.85
2010	945,000	42,862,532	1,293,247	42,514,285	1.14%	1,189.21

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 ($27,022,224) and Georgia Mountains Center Parking Deck ($6,308,832)

Gainesville, Georgia

Since 1821

CITY OF GAINESVILLE, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Available	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Gainesville City Schools	$ 12,730,000	100%	$ 12,730,000
Hall County			0
Subtotal, overlapping debt			12,730,000
City of Gainesville direct debt			43,807,532
Total direct and overlapping debt			$ 56,537,532

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 EIGHT FISCAL YEARS

	Fiscal Year	
	2003	**2004**
Debt Limit	$ 260,954,036	$ 288,694,816
Total net debt applicable to limit	6,986,481	6,488,724
Legal debt margin	$ 253,967,555	$ 282,206,092
Total net debt applicable to the limit as a percentage of debt limit	2.68%	2.25%

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 issued in fiscal year 2009.

Fiscal Year					
2005	2006	2007	2008	2009	2010
$ 293,358,109	$ 313,425,727	330,171,198	406,664,323	412,732,440	403,529,632
5,751,372	5,700,021	15,070,859	13,668,320	43,267,440 [(2)]	42,514,285
$ 287,606,737	$ 307,725,706	$ 315,100,339	392,996,003	369,465,000	361,015,347
1.96%	1.82%	4.56%	3.36%	10.48% [(2)]	10.54%

Legal Debt Margin Calculation for Fiscal Year 2010

Total Assessed value	$ 4,035,296,318
Debt limit (10% of total assessed value)[(1)]	403,529,632
Debt applicable to limit:	
General obligation debt	43,807,532
Less: Amount set aside for repayment of general obligation debt	(1,293,247)
Total net debt applicable to limit	42,514,285
Legal debt margin	$ 361,015,347

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

	Public Utilities Revenue Bonds					
		Less:	Net	Debt Service		
Fiscal Year	Gross Revenue[1]	Operating Expenses[2]	Available Revenue	Principal	Interest	Coverage
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
2010	52,289,682	24,141,817	28,147,865	7,150,000	4,955,270	2.33

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

	Airport Revenue Bonds					
		Less:	Net	Debt Service		
Fiscal Year	Gross Revenue[1]	Operating Expenses[2]	Available Revenue	Principal	Interest	Coverage
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 TEN FISCAL YEARS

Fiscal Year	City of Gainesville Population[a]	Estimated City of Gainesville Personal Income (amounts expressed in thousands)[b]	Hall County Per Capita Personal Income[c]	Gainesville City Public School Enrollment[d]	Hall County Unemployment Rate[e]
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%
2010	35,750	1,079,471	30,195	6,977	9.2%

Source (a): 2001-2002 based on 2000 census; 2003-2010 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, 2010

	2010			2006		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
Northeast Georgia Medical Center	3,330	1	4.09%	4,200	1	5.34%
Fieldale Farms	2,410	2	2.96%	2,300	2	2.93%
Pilgrims Pride	1,600	3	1.97%	1,553	3	1.98%
Mar-Jac	1,100	4	1.35%	1,259	4	1.60%
Coleman Natural Foods (Kings Delight)	850	5	1.04%	950	5	1.21%
Wrigley Manufacturing Company, LLC	850	6	1.04%	800	6	1.02%
Kubota Manufacturing of America	610	7	0.75%	717	7	0.91%
Koch Foods, Inc.	520	8	0.64%	600	8	0.76%
The Longstreet Clinic	440	9	0.54%			
Liberty Mutual Insurance				600	9	0.76%
PFG Milton's Institutional Foods	420	10	0.52%			
Wal-Mart Super Center				500	10	0.64%
Total	12,130		14.91%	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 2010 is based on 2009 Hall County annual average employment of 81,363 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 EIGHT FISCAL YEARS

	Full-time Equivalent Employees as of June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
Function								
Primary government								
General Government	46	46	43	44	44	46	41	45
Judicial	8	8	8	8	8	8	8	7
Public Safety								
Police	119	117	117	117	119	122	115	113
Fire	83	82	82	82	82	83	81	102
City Marshal	4	4	7	7	9	7	5	3
Public Works	56	58	58	62	62	63	54	53
Health and Welfare	47	47	45	45	44	49	49	45
Culture and Recreation	11	11	11	11	11	11	10	7
Housing and Development	26	27	35	38	22	22	18	17
General Insurance	1	1	2	2	2	2	2	0
Vehicle Services	5	5	5	5	5	5	5	5
Water and Sewer	229	236	237	243	249	253	231	225
Solid Waste	24	24	27	27	27	31	24	24
Golf Course	16	18	16	18	12	13	13	7
Total primary government	675	684	693	709	696	715	656	653
Component unit								
City of Gainesville Parks and Recreation Culture and Recreation	31	32	32	34	34	38	37	36
Total employees	706	716	725	743	730	753	693	689

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 EIGHT FISCAL YEARS

	FISCAL YEAR							
	2003	2004	2005	2006	2007	2008	2009	2010
Function								
Police								
Number of citations issued	18,455	22,567	19,878	16,737	14,326	13,585	11,394 (3)	12,307
Number of calls for service	85,780	91,086	88,922	78,904	76,208	76,555	74,329	75,866
Fire								
Number of calls answered	5,115	5,871	5,496	5,918	6,443	5,998	5,901	6,020
Number of inspections conducted	310	890	3,467	2,856	3,490	2,607	2,631	2,848
Highways and streets								
Square feet of sidewalks replaced	10,225	8,000	9,570	6,399	5,127	14,040	2,351 (4)	3,552
Linear feet curb and gutter installed	N/A	3,000	5,806	2,161	1,679	2,091	1,071	217
Sanitation								
Refuse collected (tons)	5,212	5,362	5,407	5,497	5,489	5,320	5,261	5,015
Recyclables collected (tons)	647	656	681	700	711	799	653	688
Culture and Recreation								
Enrolled in youth athletics	959	1,007	997	1,049	1,297	1,741	1,173 (4)	1,139
Civic Center/Cabin rentals	891	1,051	1,161	1,350	1,229	1,579	823 (4)	969
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)	46,674
Daily average consumption in gallons	17.20	18.30	18.10	19.29	19.85	17.86	16.56	17.13
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)	8,840
Daily average treatment in gallons	8.80	8.38	8.90	9.14	8.42	7.80	8.00	9.20

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 EIGHT FISCAL YEARS

	FISCAL YEAR							
	2003	2004	2005	2006	2007	2008	2009	2010
Function								
Public safety								
Number of police stations	5	5	5	5	5	5	5	3
Number of fire stations	3	4	4	4	4	4	4	4
Solid Waste								
Collection Trucks	9	8	8	9	9	9	9	9
Highways and streets								
Miles of streets	130	130	130	130	133	136	136	136
Miles of storm sewers	16.00	18.82	19.78	19.78	20.00	20.11	20.20	20.20
Number of street lights	2,296	2,315	2,323	2,346	2,352	2,340	2,380	2,414
Culture and Recreation								
Community/Civic Centers	2	2	2	2	2	8	8	2
Parks	18	20	20	20	21	22	21	21
Park acreage	400+	400+	425+	425+	443+	443+	444+	445
Golf courses	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	1	1	5	5
Baseball/Softball fields	10	10	10	10	10	9	9	10
Soccer fields	10	10	10	10	10	10	9	10
Multipurpose fields	1	1	1	1	1	1	1	1
Tennis courts	16	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	1,315
Number of fire hydrants	5,162	6,417	7,127	7,596	7,840	7,843	8,538	8,719
Number of water treatment plants	2	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	35MGD
Sewer System:								
Miles of sanitary sewers	229	241	246	261	268	271	278	280
Number of wastewater treatment plants	2	2	2	2	2	2	2	2
Maximum daily capacity of treatment plants in gallons	12.9 MGD	12.9 MGD	12.9 MGD	12.9 MGD	14.7 MGD	17 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, 2010

Water Rates (Monthly Charges):

	Inside City Limits	Outside City Limits
Account Servicing Fee	$ 3.83	$ 7.66
Quantity Used Per Month		
In Cubic Feet		
Per Hundred Cubic feet	$2.15 Per 100 cf (1)	$ 4.30 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, 2010

Inside and Outside City Limits:

Tap Size (Meter Inches)	Tap and Meter	Connection Fee	Administrative Fee	Total
3/4 inch	$ 1,073	$ 1,726	$ 51	$ 2,850
1 inch	1,198	4,315	129	5,642
1 1/2 inch	2,815	8,630	258	11,703
2 inch	4,776	13,808	414	18,998
3 inch	7,405	27,616	828	35,849
4 inch	Cost of Tap and Meter +	43,150	1,294	N/A
6 inch	Cost of Tap and Meter +	86,300	2,589	N/A
8 inch	Cost of Tap and Meter +	138,080	4,142	N/A

The water connection and administrative fees shall be in addition to the cost of the meter and water and sewer tapping fees.

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

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES DEPARTMENT
SEWER RATES AND CHARGES
JUNE 30, 2010

Sewer Rates (Monthly Charges by Volume):

	Inside City Limits	Outside City Limits	Oakwood
Commodity charge			
Per Cubic Foot	$ 6.35	$ 6.63	$ 7.07

Industrial Surcharges:

Pollutant	**Concentration** (mg/l)	**Surcharge** (dollars per mg/l per 100 cubic feet)
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 $3.83 inside the City and $7.66 outside the City. In addition, sewer only customers pay an additional fee per 100 cubic feet. The rate is $6.35 for inside city customers, $6.63 for outside city customers, $7.07 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, 2010

Sewer Tapping Fees:

For a six inch (6") service line serving a single dwelling or commercial unit the cost is $1,012.

Service lines over 6" shall be charged an additional fee at actual cost per inch.

Sewer Connection and Administrative Fees:

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

		Funding Sources	
Year	Total Cost of Capital Improvements	System Revenues and Capital Contributions	Debt Proceeds and Investment Earnings
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
2010	11,853,472	11,853,472	0

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, 2010

		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	($2,647,550)
Inland Marine (Contractor's Equipment) ($2,500 deductible)		Actual cash value	($5,134,055)
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 ($25,000 deductible)	[3]	$ 1,000,000	per occurrence
Employee benefits ($1,000 deductible)		$ 1,000,000	per occurrence
Employment Practices Liability benefits ($25,000 deductible)	[3]	$ 1,000,000	per occurrence
Automobile Liability			
Single limit liability ($10,000 deductible)		$ 1,000,000	
Public Employee Dishonesty ($1,000 deductible)		$ 500,000	
Airport Liability ($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 $226,463,391.

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 TEN CALENDAR YEARS

Hall County

	Number of Residential Permits		Total	Number of	Total
	Single Family	Multi-Family[1]/ Number of Units	Estimated Value	Commercial Permits	Estimated Value
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]
2009	180	1/2	29,629,500	50	10,319,500 [3]

City of Gainesville

	Number of Residential Permits		Total	Number of	Total
	Single Family	Multi-Family[1]/ Number of Units	Estimated Value	Commercial Permits	Estimated Value
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]
2009	19	0	4,431,080	25	55,633,500 [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 (2009 Census Bureau Estimate)	35,750
Hall County Population, including City (Estimate)	187,743
Area of City in square miles	33.60
Number of full time employees	680
Government facilities and services:	
Public Safety:	
ISO Fire Classification	Class II
Number of fire personnel and officers	98
Number of police personnel and officers	113
Number of police patrol units	97
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	5
Number of elementary school instructors	263
Number of middle schools	1
Number of middle school instructors	92
Number of secondary schools	1
Number of secondary school instructors	102
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	557
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

Gainesville, Georgia

Since 1821

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, 2010, which collectively comprise the City of Gainesville, Georgia's basic financial statements and have issued our report thereon dated November 16, 2010. 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we identified certain deficiencies in internal control over financial reporting, as described in the accompanying schedule of findings and questioned costs as comments 10-1, 10-2, 10-3, 10-4, and 10-5, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.*

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The City of Gainesville, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Gainesville, Georgia's responses and, accordingly, we express no opinion on them.

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.

Rushton & Company

Certified Public Accountants

Gainesville, Georgia
November 16, 2010

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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, 2010. 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, 2010.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Gainesville, Georgia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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.

Rushton & Company

Certified Public Accountants

Gainesville, Georgia
November 16, 2010

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CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2010

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Forest Service			
Passed through Georgia Forestry Commission			
Cooperative Forestry Assistance	10.664	09:10	$ 7,400
U.S. Department of Housing and Urban Development			
CDBG - Entitlement Grants Cluster			
Community Development Block Grant/Entitlement Grants	14.218	N/A	52,854
		N/A	20,969
		N/A	14,471
		N/A	38,345
		N/A	191,579
			318,218
ARRA - Community Development Block Grant/Entitlement Grants (CDBG-R) - (Recovery Act Funded)	14.253	N/A	107,214
Total CDBG - Entitlement Grants Cluster			425,432
Passed through Georgia Department of Community Affairs:			
HOME Investment Partnerships Program	14.239	08x-m-069-2-6007	191,138
Total U.S. Department of Housing and Urban Development			616,570
U.S. Department of the Interior			
Passed through Georgia Department of Natural Resources:			
Historic Preservation Fund Grants-in-Aid	15.904	SFY2008	870
		SFY2009	11,340
Total U.S. Department of the Interior			12,210
U.S. Department of Justice			
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607	N/A	7,878
Passed through Criminal Justice Coordinating Council			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	2009-SB-B9-0828	104,923
Total U.S. Department of Justice			112,801
U.S. Department of Transportation			
Passed through the Georgia Department of Transportation:			
Highway Planning and Construction	20.205	TEE-0008-00(153)	236,368
Federal Transit - Formula Grants	20.507	T002115-GA-90-X259-01	291,153
		MTG00-0142-00-003	89,058
			380,211
ARRA - Federal Transit - Formula Grants	20.507	T002612-GA-96-X012	11,170
Total Federal Transit - Formula Grants			391,381
Formula Grants for Other than Urbanized Areas	20.509	T002914-GA-18-4030	260,077
		MTG00-0145-00-003	282,106
			542,183
ARRA - Formula Grants for Other than Urbanized Areas	20.509	T002809-GA-86-X001	7,242
Total Formula Grants for Other than Urbanized Areas			549,425
Passed through the Georgia Department of Human Resources			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	427-93-10100245-99	50,430

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2010

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Department of Transportation (continued)			
Passed through the Georgia Office of Highway Safety:			
State and Community Highway Safety	20.600	TEN-2010-174-00284	$ 13,919
Total U.S. Department of Transportation			1,241,523
Appalachian Regional Commission			
Appalachian Regional Development	23.001	N/A	17,050
U.S. Environmental Protection Agency			
Passed through the Georgia Deparment of Natural Resources			
Section 319(h) Nonpoint Source Implementation Grant	66.460	751-60092	228,237
U.S. Department of Health and Human Services			
Aging 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	427-93-10100245-99	78,861
Passed through Legacy Link, Inc.:			
Special Programs for the Aging - Title III, Part C			
Nutrition Services	93.045	Gainesville - Title III, C1	165,092
		Gainesville - Title III, C2	87,139
Nutrition Services Incentive Program	93.053	Gainesville - NSIP	60,651
ARRA - Aging Home-Delivered Nutrition Services for States	93.705	Gainesville - Title III, C2	16,385
ARRA - Aging Congregate Nutrition Services for States	93.707	Gainesville - Title III, C1	33,282
Total Aging Cluster of Programs passed through Legacy Link, Inc.			362,549
Total Aging Cluster of Programs			441,410
Passed through Hall County Department			
of Family and Children Services:			
Promoting Safe and Stable Families	93.556	200902000941	39,727
		CSCHR6302010	3,258
Total Promoting Safe and Stable Families			42,985
Temporary Assistance for Needy Families	93.558		
Passed through the Georgia Department of Community Affairs		427-93-09091107-99	5,937
Passed through the Georgia Department of Human Resources		427-93-10100245-99	3,185
Total Temporary Assistance for Needy Families			9,122
Social Services Block Grant	93.667		
Passed through Legacy Link, Inc.		Gainesville - SSBG	40,263
Passed through the Georgia Department of Human Resources		427-93-10100245-99	22,056
Total Social Services Block Grant			62,319
Total U.S. Department of Health and Human Services			555,836
U.S. Department of Homeland Security			
Federal Emergency Management Agency			
Staffing for Adequate Fire and Emergency Response	97.083	N/A	309,864
Total Federal Awards			$ 3,101,491

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Gainesville, Georgia, under programs for the federal government for the year ended June 30, 2010. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2010

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?	None reported
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)?	None reported

Identification of major programs:

CDBG – Entitlement Grants Cluster
14.218 Community Development Block Grant/Entitlement Grants
14.253 Community Development Block Grant/Entitlement Grants (CDBG-R) – (Recovery Act Funded)

20.507 Federal Transit - Formula Grants
20.509 Formula Grants for Other than Urbanized Areas

Aging Cluster of Programs
93.044 Special Programs for the Aging – Title III, Part B Grants for Supportive Services and Senior Centers
93.045 Special Programs for the Aging – Title III, Part C Nutrition Services
93.053 Nutrition Services Incentive Program
93.705 Aging Home-Delivered Nutrition Services for States
93.707 Aging Congregate Nutrition Services for States

97.083 Staffing for Adequate Fire and Emergency Response

Dollar threshold used to distinguish Between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	Yes

2. Financial Statement Findings

A. Material Noncompliance

None reported

B. Significant Deficiencies

10-1

Condition: During audit procedures on capital assets and accrued liabilities, we noted that City personnel failed to record retainages payable on projects in the Special Purpose Local Option Sales Tax Capital Projects Funds.

Criteria: Generally accepted accounting 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 Financial Services Manager should ensure that City personnel review all capital projects for accrued liabilities during the year-end closing process.

Management Response: Management concurs with this finding. The Financial Services Manager will confirm that accrued liabilities for all capital projects are adequately reviewed by City Personnel during the year-end closing process.

10-2

Condition: The FY 2009 financial statements for the Governmental Activities and the Economic Development Special Revenue Fund were restated to record land held for resale incorrectly reported as capital assets. Also, the FY 2009 financial statements for the Governmental Activities were restated to remove capital assets disposed of in prior periods.

Criteria: Generally accepted accounting principles require that the capital asset records accurately reflect the assets owned and used by the City of Gainesville. Generally accepted accounting principles also require that assets be properly identified and classified in the City's records.

Effect: Failure to properly apply generally accepted accounting principles led to financial statements that were materially misstated

Recommendation: The Financial Services Manager and the Senior Accountant should review the capital asset listing to ensure that all capital assets are properly classified and that all disposed capital assets are removed from the listing in a timely manner.

Management Response: Management concurs with this finding. The Financial Services Manager and Senior Accountant will review the capital asset listing in order to verify that all capital assets are properly classified, and ensure that all disposed capital assets are removed in a timely manner from the listing.

2. Financial Statement Findings (continued)

B. Significant Deficiencies, continued

10-3

Condition: The FY 2009 financial statements for the Chattahoochee Golf Course Enterprise Fund and the Parks and Recreation Component Unit were restated to reflect unrecorded sales tax, which were not collected on golf rounds and recreation admissions. Interest on these delinquencies has also been recorded.

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: City personnel should review state law to ensure that sales taxes are collected and remitted to the Georgia Department of Revenue for all transactions subject to sales taxes and this be incorporated into the City's internal controls.

Management Response: Management concurs with this finding. City personnel will review state law to ensure that sales taxes are collected and remitted for all transactions subject to sales taxes, and incorporate this step as part of the City's internal controls.

10-4

Condition: The FY 2009 financial statements for the Public Utilities Enterprise Fund were restated due to errors in calculating interest payable.

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 Financial Services 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 Manager will review all calculations of accruals to ensure all postings to the general ledger are correct.

10-5

Condition: During audit procedures on cash receipts at the Frances Meadows Community Center, we noted a lack of controls over cash receipts receipted at registers in the outdoor area, most notably, deposits are not reconciled to cash register end-of-day reports and there is no verification by cashiers of interim deposits collected by management personnel throughout the day.

Criteria: Properly internal controls over cash receipts require that deposits be reconciled to source records and that amounts are verified when cash is forwarded from one employee to another.

Effect: Failure to properly design and implement effective internal controls over cash receipts exposes the City to a greater risk of loss due to employee fraud.

2. Financial Statement Findings (continued)

B. Significant Deficiencies, continued

10-5 (continued)

Recommendation: Parks and Recreation personnel should review procedures over cash collections and establish necessary controls, to include controls over end-of-day register close out and interim cash collections from the registers by management personnel.

Management Response: Management concurs with this finding. Parks and Recreation personnel will review procedures over cash collections and establish necessary controls, to include controls over end-of-day register close out and interim cash collections from the registers by management personnel.

C. Prior Year Audit Findings Follow-Ups

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.

The City correctly calculated accrued revenues.

3. Federal Award Findings and Questioned Costs

A. Material Noncompliance

None reported.

B. Significant Deficiencies

None reported

C. Prior Year Audit Findings Follow-Ups

09-2

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.

The City has established policies and procedures relating to construction costs ancillary to main construction projects to ensure that all compliance requirements that have a direct and material effect on each major program are met.

Gainesville, Georgia

Since 1821

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, 2010

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST V					
Municipal Allocations	$ 6,764,982	$ 6,532,907			
Road Improvements			$ 2,260,977	$ 83,445	$ 2,344,422
Storm Drain Improvements			232,367	359,242	591,609
Green Street Facilities			383,000	0	383,000
Georgia Mountain Center Improvements			681,000	0	681,000
Joint Administration Building Improvements			96,000	0	96,000
Hall Area Transit Facilities			35,000	49,775	84,775
Joint Public Safety Facilities			1,590,001	0	1,590,001
Fire Facilities			35,586	0	35,586
Rockcreek Greenway Connector			0	71,544	71,544
Road Improvements	1,591,760	1,537,155	1,233,323	266,304	1,499,627
Total	$ 8,356,742	$ 8,070,062	$ 6,547,254	$ 830,310	$ 7,377,564
SPLOST VI					
Public Safety Facilities	$ 27,000,000	$ 27,000,000	$ 0	$ 1,130,823	$ 1,130,823
Road Improvements	2,500,000	2,500,000	0	0	0
Streetscape Projects	3,000,000	3,000,000	0	0	0
Park Facilities	3,000,000	3,000,000	0	0	0
Total	$ 35,500,000	$ 35,500,000	$ 0	$ 1,130,823	$ 1,130,823

* 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.

Current year SPLOST expenditures	
SPLOST V	$ 830,310
SPLOST VI	1,130,823
	1,961,133
Expenditures financed through other revenues and transfers from other funds	406,236
Expenditures financed through prior year fund balance	12,127,794
Total expenditures and transfers out of the SPLOST Capital Projects Fund	$ 14,495,163