Gainesville, Georgia

Since 1821

# COMPREHENSIVE ANNUAL FINANCIAL REPORT 2011

## THE CITY OF GAINESVILLE, GEORGIA
## FOR THE FISCAL YEAR ENDED JUNE 30, 2011

# *CITY OF GAINESVILLE, GEORGIA*

# *Comprehensive Annual Financial Report*

## *For the Fiscal Year Ended June 30, 2011*

Gainesville, Georgia

Since 1821

# *CITY OF GAINESVILLE, GEORGIA*

## *Comprehensive Annual Financial Report*

### *For the Fiscal Year Ended June 30, 2011*

***Prepared by the Administrative Services Department, Financial Services Group***
***Melody N. Marlowe,***
***Chief Financial Officer***

Gainesville, Georgia

Since 1821

# CITY OF GAINESVILLE, GEORGIA
## COMPREHENSIVE ANNUAL FINANCIAL REPORT
## For the fiscal year ended June 30, 2011

# TABLE OF CONTENTS

## INTRODUCTORY SECTION:


| | Page (s) |
|---|---|
| Table of Contents | i-x |
| Principal Officials | xi |
| Certificate of Achievement for Excellence in Financial Reporting | xii |
| City of Gainesville Organizational Charts: | |
| By Governmental Branch and Department | xiii |
| Financial Services and Information Technologies | xiv |
| Letter of Transmittal | xv-xxi |


## FINANCIAL SECTION:


| | |
|---|---|
| Independent Auditor's Report | 1-2 |
| Management's Discussion and Analysis | 3-18 |


## BASIC FINANCIAL STATEMENTS


| Exhibit | | |
|---|---|---|
| | **Government-wide Statements** | |
| A-1 | Statement of Net Assets | 19-20 |
| A-2 | Statement of Activities | 21 |
| | **Fund Financial Statements** | |
| A-3 | Balance Sheet – Governmental Funds | 22 |
| A-4 | Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets | 23 |
| A-5 | Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 24 |
| A-6 | Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 25 |
| A-7 | Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) to Actual – General Fund | 26 |

***Table of Contents, continued***

## BASIC FINANCIAL STATEMENTS (continued)

**Fund Financial Statements (continued)**


| Exhibit | | Page(s) |
|---|---|---|
| A-8 | Statement of Net Assets – Proprietary Funds | **27-28** |
| A-9 | Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds | **29** |
| A-10 | Statement of Cash Flows – Proprietary Funds | **30-31** |
| A-11 | Statement of Fiduciary Net Assets – Fiduciary Funds | **32** |
| A-12 | Statement of Changes in Fiduciary Net Assets – Fiduciary Funds | **33** |
| A-13 | **Notes to the Financial Statements** | **34-84** |

| Item # | | Page # |
|---|---|---|
| 1. | Description of Government Unit | **34** |
| 2. | Summary of Significant Accounting Policies | **34-49** |
| 3. | Deposit and Investment Risk | **49-51** |
| 4. | Accounts Receivable | **52** |
| 5. | Intergovernmental Receivables | **53** |
| 6. | Property Taxes | **54** |
| 7. | Intradepartmental Billings | **54** |
| 8. | Interfund Receivables and Payables, and Transfers | **55-56** |
| 9. | Capital Assets | **57-59** |
| 10. | Capital and Operating Leases Agreements | **60-63** |
| 11. | Long-Term Debt | **63-66** |
| 12. | Bond Refunding | **67** |
| 13. | Conduit Debt | **67** |
| 14. | Nonspendable, Restricted, Committed, and Assigned Fund Balances | **68** |
| 15. | Deficit Equity Balances | **68** |
| 16. | Self-Insurance | **69-70** |
| 17. | Pension Plans | **70-76** |
| 18. | Post Employment Health Care Benefits | **76-79** |
| 19. | Hotel/Motel Lodging Tax | **80** |
| 20. | Major Users/Taxpayers | **80** |

***Table of Contents, continued***

## BASIC FINANCIAL STATEMENTS (continued)

| Exhibit | | Page(s) |
|---|---|---|
| A-13 | **Notes to the Financial Statements, continued** | |
| | **Item #** | **Page #** |
| | 21. Joint Ventures | **80-81** |
| | 22. Related Organizations | **81** |
| | 23. Risk Pools | **82** |
| | 24. Commitments and Contingencies | **82-84** |

## SUPPLEMENTARY INFORMATION

### COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

| Exhibit | | Page(s) |
|---|---|---|
| B-1 | Combining Balance Sheet – Nonmajor Governmental Funds | **85-86** |
| B-2 | Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | **87-88** |
| B-3 | Combining Statement of Net Assets – Nonmajor Enterprise Funds | **89** |
| B-4 | Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Enterprise Funds | **90** |
| B-5 | Combining Statement of Cash Flows – Nonmajor Enterprise Funds | **91-92** |
| B-6 | Combining Statement of Net Assets – Internal Service Funds | **93** |
| B-7 | Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds | **94** |
| B-8 | Combining Statement of Cash Flows – Internal Service Funds | **95** |
| | ***GENERAL FUND*** | |
| C-1 | Comparative Balance Sheets | **96** |
| C-2 | Comparative Statements of Revenues, Expenditures and Changes in Fund Balances | **97** |
| C-3 | Schedule of Revenues - Budget (GAAP Basis) and Actual | **98** |
| C-4 | Schedule of Expenditures - Budget (GAAP Basis) and Actual | **99-100** |

***Table of Contents, continued***

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)**


| Exhibit | | Page(s) |
|---|---|---|
| | ***SPECIAL REVENUE FUNDS*** | |
| D-1 | Community Development Special Revenue Fund Comparative Balance Sheets | **101** |
| D-2 | Community Development Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **102** |
| D-3 | Community Service Center Special Revenue Fund Comparative Balance Sheets | **103** |
| D-4 | Community Service Center Special Revenue Fund Schedule of Revenues, Expenditures And Changes In Fund Balances - Budget (GAAP Basis) and Actual | **104** |
| D-5 | Economic Development Special Revenue Fund Comparative Balance Sheets | **105** |
| D-6 | Economic Development Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **106** |
| D-7 | Georgia Mountains Center Special Revenue Fund Comparative Balance Sheets | **107** |
| D-8 | Georgia Mountains Center Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **108** |
| D-9 | Hotel/Motel Tax Special Revenue Fund Comparative Balance Sheets | **109** |
| D-10 | Hotel/Motel Tax Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **110** |
| D-11 | Government Access Cable TV Channel Special Revenue Fund Comparative Balance Sheets | **111** |
| D-12 | Government Access Cable TV Channel Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual | **112** |
| D-13 | Confiscated Assets Special Revenue Fund Comparative Balance Sheets | **113** |
| D-14 | Confiscated Assets Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **114** |

***Table of Contents, continued***

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)**


| Exhibit | | Page(s) |
|---|---|---|
| | ***SPECIAL REVENUE FUNDS, continued*** | |
| D-15 | Grants Special Revenue Fund Comparative Balance Sheets | **115** |
| D-16 | Grants Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **116** |
| D-17 | HUD Grant Special Revenue Fund Comparative Balance Sheets | **117** |
| D-18 | HUD Grant Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **118** |
| D-19 | Revolving Loan Fund Special Revenue Fund Comparative Balance Sheets | **119** |
| D-20 | Revolving Loan Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **120** |
| D-21 | Impact Fee Special Revenue Fund Comparative Balance Sheets | **121** |
| D-22 | Impact Fee Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **122** |
| D-23 | Tax Allocation District Special Revenue Fund Comparative Balance Sheets | **123** |
| D-24 | Tax Allocation District Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **124** |
| D-25 | Information Technology Special Revenue Fund Balance Sheet | **125** |
| D-26 | Information Technology Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **126** |
| D-27 | Cemetery Trust Special Revenue Fund Comparative Balance Sheets | **127** |
| D-28 | Cemetery Trust Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **128** |
| | ***DEBT SERVICE FUND*** | |
| E-1 | Comparative Balance Sheets | **129** |
| E-2 | Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **130** |

***Table of Contents, continued***

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)**


| Exhibit | | Page(s) |
|---|---|---|
| | ***CAPITAL PROJECTS FUNDS*** | |
| F-1 | General Government Capital Projects Fund Comparative Balance Sheets | **131** |
| F-2 | General Government Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances | **132** |
| F-3 | Special Purpose Local Option Sales Tax Capital Projects Fund Comparative Balance Sheets | **133** |
| F-4 | Special Purpose Local Option Sales Tax Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balance | **134** |
| F-5 | Grants Capital Projects Fund Comparative Balance Sheets | **135** |
| F-6 | Grants Capital Projects Fund Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances | **136** |
| | ***ENTERPRISE FUNDS*** | |
| G-1 | Public Utilities Enterprise Fund Comparative Statements of Net Assets | **137-138** |
| G-2 | Public Utilities Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets | **139** |
| G-3 | Public Utilities Enterprise Fund Comparative Statements of Cash Flows | **140-141** |
| G-4 | Airport Enterprise Fund Comparative Statements of Net Assets | **142** |
| G-5 | Airport Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets | **143** |
| G-6 | Airport Enterprise Fund Comparative Statements of Cash Flows | **144** |
| G-7 | Solid Waste Enterprise Fund Comparative Statements of Net Assets | **145** |
| G-8 | Solid Waste Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets | **146** |
| G-9 | Solid Waste Enterprise Fund Comparative Statements of Cash Flows | **147** |
| G-10 | Chattahoochee Golf Course Enterprise Fund Comparative Statements of Net Assets | **148** |
| G-11 | Chattahoochee Golf Course Enterprise Fund Comparative Statements of Revenues, Expenses, and Changes in Net Assets | **149** |
| G-12 | Chattahoochee Golf Course Enterprise Fund Comparative Statements of Cash Flows | **150** |

***Table of Contents, continued***

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)**


| Exhibit | | Page(s) |
|---|---|---|
| | ***INTERNAL SERVICE FUNDS*** | |
| H-1 | General Insurance Fund Comparative Statements of Net Assets | **151** |
| H-2 | General Insurance Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets | **152** |
| H-3 | General Insurance Fund Comparative Statements of Cash Flows | **153** |
| H-4 | Employee Benefits Fund Comparative Statements of Net Assets | **154** |
| H-5 | Employee Benefits Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets | **155** |
| H-6 | Employee Benefits Fund Comparative Statements of Cash Flows | **156** |
| H-7 | Vehicle Services Fund Comparative Statements of Net Assets | **157** |
| H-8 | Vehicle Services Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets | **158** |
| H-9 | Vehicle Services Fund Comparative Statements of Cash Flows | **159** |
| | ***TRUST AND AGENCY FUNDS*** | |
| I-1 | Community Private-Purpose Trust Fund Comparative Statements of Trust Net Assets | **160** |
| I-2 | Community Private-Purpose Trust Fund Comparative Statements of Revenues, Expenditures, and Changes in Trust Net Assets | **161** |
| I-3 | Employees' Pension Trust Fund Comparative Statements of Plan Net Assets | **162** |
| I-4 | Employees' Pension Trust Fund Comparative Statements of Changes in Plan Net Assets | **163** |
| I-5 | Municipal Court Agency Fund Comparative Statements of Assets and Liabilities | **164** |
| I-6 | Municipal Court Agency Fund Statement of Changes in Assets and Liabilities | **165** |

***Table of Contents, continued***

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)**

| Exhibit | | Page(s) |
|---|---|---|
| | ***COMPONENT UNIT*** | |
| J-1 | Parks and Recreation Comparative Balance Sheets | **166** |
| J-2 | Parks and Recreation Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **167** |
| J-3 | Parks and Recreation - Operating Activity - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **168** |
| J-4 | Parks and Recreation - Capital Projects Activity - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual | **169** |

## ***STATISTICAL SECTION:***

| | | |
|---|---|---|
| | ***FINANCIAL TRENDS*** | |
| K-1 | Net Assets by Component – Last Nine Fiscal Years | **170-171** |
| K-2 | Changes in Net Assets – Last Nine Fiscal Years | **172-175** |
| K-3 | Governmental Activities Tax Revenues by Source – Last Nine Fiscal Years | **176-177** |
| K-4 | Fund Balances of Governmental Funds – Last Nine Fiscal Years | **178-179** |
| K-5 | Changes in Fund Balances of Governmental Funds – Last Nine Fiscal Years | **180-181** |
| K-6 | Governmental Funds Tax Revenue by Source – Last Nine Fiscal Years | **182-183** |
| | ***REVENUE CAPACITY*** | |
| K-7 | Assessed Value and Estimated Actual Value of Taxable Property – Last Nine Fiscal Years | **184-185** |
| K-8 | Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years | **186-187** |
| K-9 | Principal Taxpayers – June 30, 2011 | **188** |
| K-10 | Property Tax Levies and Collections – Last Nine Fiscal Years | **189** |
| K-11 | Local Option Sales Tax Distribution Commodity Report – Hall County – June 30, 2011 | **190** |
| K-12 | Public Utilities Ten Largest System Customers – June 30, 2011 | **191** |

***Table of Contents, continued***

## STATISTICAL SECTION (continued):


| Exhibit | | Page(s) |
|---|---|---|
| | ***DEBT CAPACITY*** | |
| K-13 | Ratios of Outstanding Debt by Type – Last Nine Fiscal Years | **192** |
| K-14 | Ratios of General Bonded Debt Outstanding – Last Nine Fiscal Years | **193** |
| K-15 | Direct and Overlapping Governmental Activities Debt – June 30, 2011 | **194** |
| K-16 | Legal Debt Margin Information – Last Nine Fiscal Years | **195-196** |
| K-17 | Pledged-Revenue Coverage – Public Utilities Enterprise Fund – Last Ten Fiscal Years | **197** |
| K-18 | Pledged-Revenue Coverage – Airport Enterprise Fund – Last Ten Fiscal Years | **198** |
| | ***DEMOGRAPHIC AND ECONOMIC INFORMATION*** | |
| K-19 | Demographic and Economic Statistics – Last Ten Fiscal Years | **199** |
| K-20 | Principal Employers/Hall County – June 30, 2011 | **200** |
| | ***OPERATING INFORMATION*** | |
| K-21 | Full-time Equivalent City Government Employees by Function – Last Nine Fiscal Years | **201** |
| K-22 | Operating Indicators by Function – Last Nine Fiscal Years | **202-203** |
| K-23 | Capital Asset Statistics by Function – Last Nine Fiscal Years | **204-205** |
| | ***OTHER INFORMATION*** | |
| K-24 | Public Utilities Department Water Rates and Minimum Demand Charges – June 30, 2011 | **206** |
| K-25 | Public Utilities Department Water Tap/Meter, Connection and Administrative Fees – June 30, 2011 | **207** |
| K-26 | Public Utilities Department Sewer Rates and Charges – June 30, 2011 | **208** |
| K-27 | Public Utilities Department Sewer Tapping, Connection and Administrative Fees – June 30, 2011 | **209** |
| K-28 | Public Utilities Capital Improvements – Last Ten Fiscal Years | **210** |

***Table of Contents, continued***

## *STATISTICAL SECTION (continued):*

| Exhibit | | Page(s) |
|---|---|---|
| K-29 | Schedule of Insurance Coverage – June 30, 2011 | **211** |
| K-30 | Property Value – Construction – Last Ten Calendar Years | **212** |
| K-31 | Miscellaneous Statistics | **213** |

## *OTHER REPORTING SECTION:*

**SINGLE AUDIT SECTION**

| | | |
|---|---|---|
| | Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* | **214-215** |
| | Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 | **216-217** |
| L-1 | Schedule of Expenditures of Federal Awards | **218-219** |
| L-2 | Notes to the Schedule of Expenditures of Federal Awards | **220** |
| L-3 | Schedule of Findings and Questioned Costs | **221-223** |

**STATE REPORTING SECTION**

| | | |
|---|---|---|
| M-1 | Schedule of Projects Financed with Special Purpose Local Option Sales Tax | **224** |

# *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** | **Chief Financial Officer** |
| **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** |

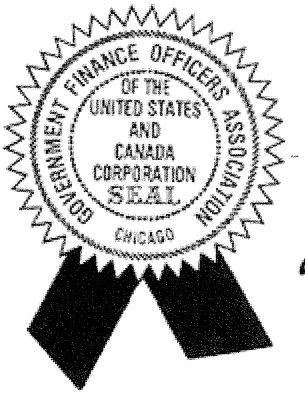
# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Gainesville Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

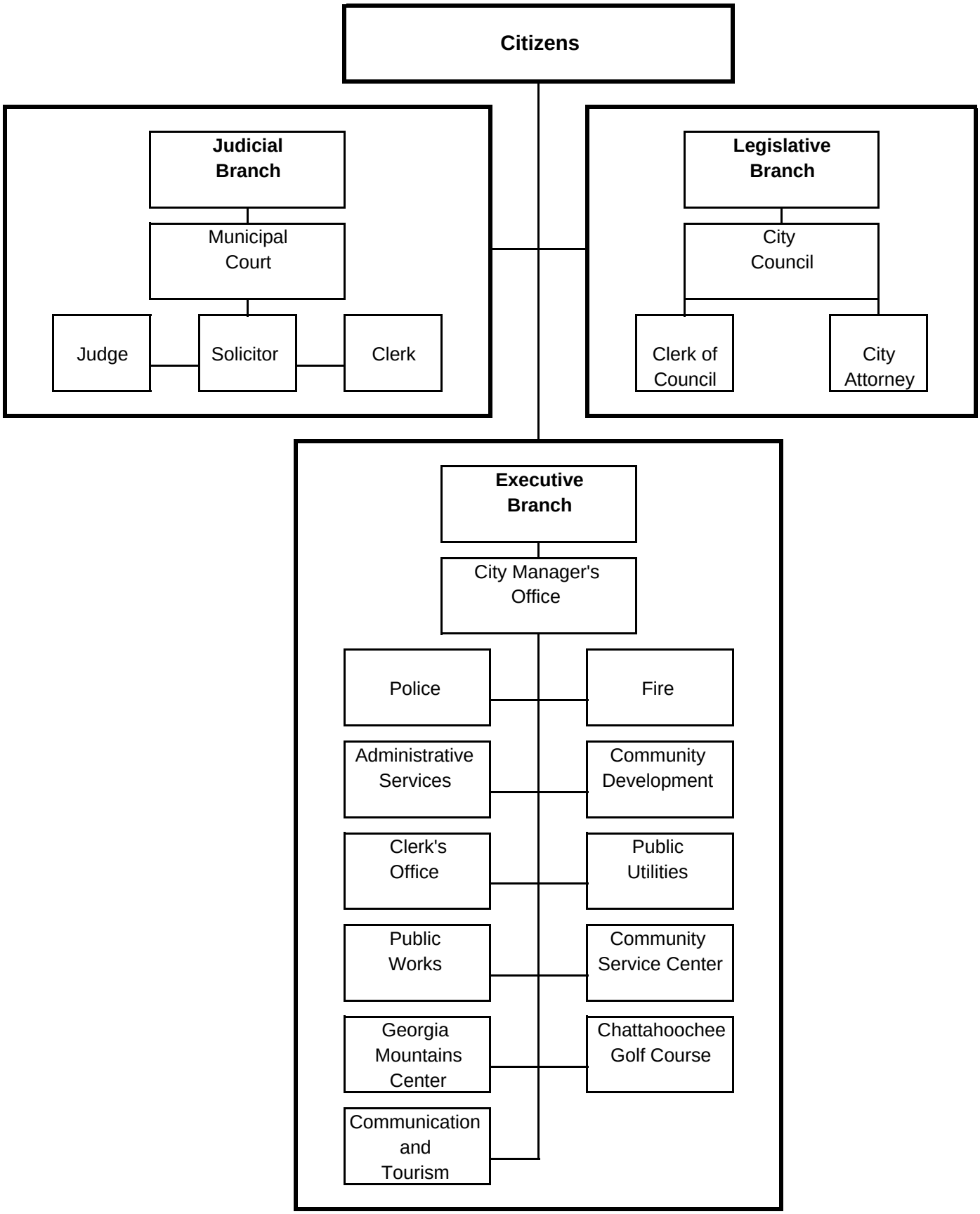
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



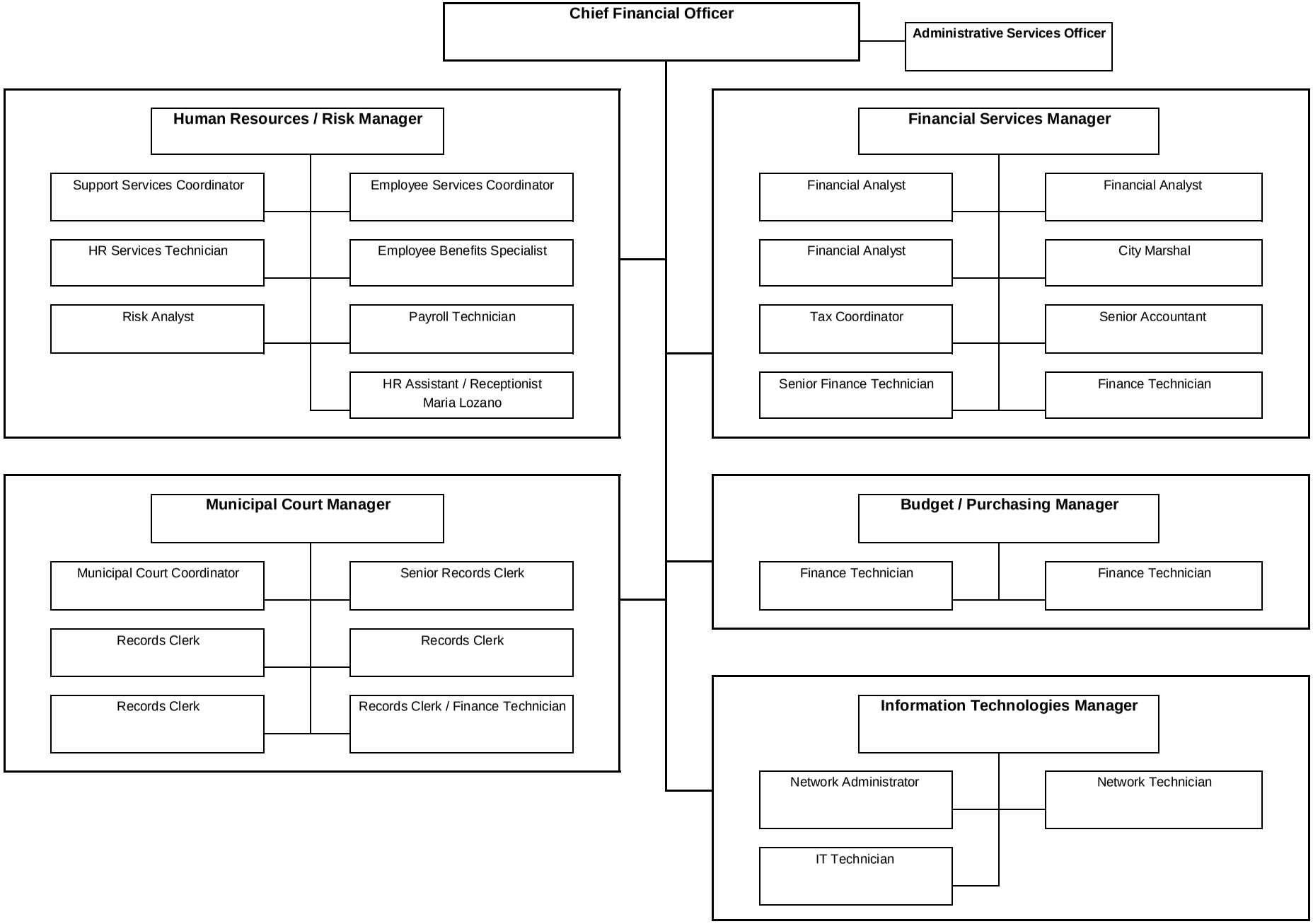

President

Executive Director

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



# CITY OF GAINESVILLE
# ADMINISTRATIVE SERVICES DEPARTMENT
# ORGANIZATION CHART 2011



**CITY OF GAINESVILLE**

**OFFICE OF FINANCIAL SERVICES AND INFORMATION TECHNOLOGIES**

Post Office Box 2496

Gainesville, Georgia 30503-2496

Telephone: 770.535.6898

Fax: 770.535.5636

Web Site: www.gainesville.org

November 18, 2011

**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, 2011.

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, 2011, 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, 2011 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 2010 show Gainesville with a population of 33,804 and Hall County with a population of 180,253. Estimated daytime population for the City of Gainesville is considerably higher, with approximately 100,000 people either living or employed in the City during workday hours. The City of Gainesville is empowered to levy a property tax on 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.

**Local Economy**

Although most certainly impacted by the nationwide economic woes, Gainesville Hall County has been fortunate to experience several waves of good news during the 2011 fiscal year. Regionally, economic news for fiscal year 2011 hit a positive note with the generation of $249 million in capital investment from new and expanded businesses. During the 2010-2011 period, approximately 1,140 jobs were created and 780 existing jobs retained due to the expansion of industry from companies such as ZF, IMS Gear, Kubota, Atex, Yazake, GMI and ElringKlinger. ZF Windpower alone invested over $100 million into its manufacturing facility and headquarters based in the Gainesville Business Park, generating 215 jobs and earning the "Georgia Manufacturer of the Year 2011" title, which was bestowed by Governor Nathan Deal. Several new and developing office parks in the Gainesville area make it easier for new business to locate in our city, deemed in June 2011 as one of the "Best 100 Cities in the US for Job Growth" by Newgeography.com., and cited for three straight years by Forbes's Magazine as one of the "Best Small Places for Businesses and Careers". New retail growth has also been evident within the past year, with the advent of establishments such as Michaels, Ulta, Aldi and Jo-Ann's Fabrics, along with the opening of high end restaurants such as Olive Garden and Cheddars. Although unemployment numbers remain high, business expansions such as these have helped the local job picture; June 2011 numbers clocked in at 7.9%, down from last June's 9.2% rate and less than the 9.9% state rate for June 2011.

Gainesville-Hall County holds the privilege of being the medical nucleus for the 14 county Northeast Georgia area with its top ranked hospital, Northeast Georgia Medical Center, and a number of highly recognized

physician group practices. Northeast Georgia Medical Center has won a myriad of awards in recent years; Healthgrades has rated it as both the #1 hospital in Georgia and in the top 5% nationwide for health care, while Thomas Reuters named the facility as a top 100 hospital in the country. The medical facility had 72 new physicians join the business in 2011; over 50 specialties are served by more than 500 doctors on staff. Gainesville-Hall County has also been recognized as one of the best places to practice medicine by the physician's monthly magazine, Medical Economics.

Business development and increasing employment brings population expansion, and the Gainesville Hall County area has certainly experienced growth in recent years. The County recognized a 29% population increase over the past decade, according to 2010 Census numbers. The Gainesville Hall County community ranked as the top growing MSA (Metropolitan Statistical Area) for the state while holding honors as the third most rapidly growing MSA nationwide. Job growth, affordable housing and the aforementioned excellent medical facilities make the Gainesville area appealing to both new families and retirees. A number of organizations have recently recognized the City as an excellent place to retire, including AARP the Magazine, Barron's Magazine and Where to Retire Magazine. The sense of community found in Gainesville, coupled with easy access to large metropolitan areas makes Gainesville an attractive place to call home.

**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 five 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. In addition, both the Midtown area and a portion of Downtown reside in a Georgia Opportunity Zone, a designation allowing employers a $3,500 job tax credit for each new position generated, if they create two jobs. These financial tools combine to offer powerful incentives for business growth, with considerable progress being made during the FY11 year.

The relocation of the City's public safety complex, identified as a primary component of the Midtown project was completed during fiscal year 2011. 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 houses the City's Municipal Court and has room for future expansion when needed. Most importantly, the new site will afford a much better response time to emergencies, being located in an area with less traffic and more desirable street access within the Midtown area.

The demolition of the old Public Safety facility allows the new construction of the much anticipated Gainesville City View Center, a high rise office and hotel complex which will 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 connect to 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. Major construction of the bridge was completed in fall 2011, with final touches involving landscaping and fencing extending the anticipated "walk on" date to 2012. While waiting for an improved business climate, developers are postponing the office building portion of the venture and focusing on the hotel aspect of the project.

The Midtown Redevelopment program also continues to gain impetus as the Gainesville Midtown Greenway project begins to show major signs of progress. Completion of the aforementioned pedestrian bridge helps to link the existing Rock Creek Greenway near the City Square to the new Midtown Greenway. The one mile multiuse trail is the first of its kind constructed in Georgia, utilizing stream restoration and an old rail line as a walkway, all in an urban setting. The stream has been covered for many years and most people were not aware of its existence. Plants are being added along the newly uncovered stream, and it's anticipated that in time the stream will be back operating in its indigenous state. The greenway will eventually encompass more than 6.5 miles when completed, spanning from Lake Lanier's Longwood Cove through downtown, tracking through Midtown, the Elachee trails and ending at Gainesville State College. The greenway will feature an outdoor venue, along with benches and a playground area. Grants have been obtained to assist with various phases of the project, including a $400,000 grant obtained in FY2011 from the GA DOT, as well as other grants acquired to assist with tree planting along the new trails. Considered a keystone of the Midtown redevelopment project, it is anticipated that the greenway, as well as the pedestrian bridge, hotel and new police facility will create private investment in the downtown area.

Meanwhile, the City's plans for the development of the Cedar Creek water treatment plant have been put on hold after the state's June 2011 decisive victory in the eleven-year fight over water withdrawal rights. Construction on the Cedar Creek

Reservoir was to begin in the fall of 2011, but the Court's decision, indicating that Lake Lanier was constructed with the intent of providing drinking water, halted the construction of the $23.0 million plant, projected for completion in late 2012. The ruling created a sigh of relief for the three million Georgians reliant on Lake Lanier as a primary source of drinking water, and addressed the lake's role in providing recreation and power generation as well. Although the Court decision was decisive and clearly overruled prior decisions imposing serious restrictions on the area's use of Lake Lanier, appeals to the June 2011 decision are likely, and negotiated resolutions with neighboring states Alabama and Florida are still needed. Water remains a concern for the area, but the June 2011 ruling clearly created reason to celebrate.

**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 distressed economy emphasizes the importance of long term planning, as fewer funds are available to purchase, repair and upkeep the City's capital needs.

The City's current five year plan, excluding Public Utilities, has identified $54.3 million in projected expenditures through fiscal year 2015; $9.9 million of this is budgeted for the 2012 fiscal year. Leading the way in 2012 projected expenditures is $7.0 million allotted to the Debt Service fund, in payment of the borrowing associated with the new Public Safety facility, as well as $1.3 million assigned for street resurfacing, $590,000 set aside for Police vehicle replacement, along with $370,000 allocated for the Fire Department fleet replacement.

The City of Gainesville Public Utilities department maintains a separate capital improvement plan. The most recently adopted plan indicates that $102.3 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 2012, $12.5 million in water system improvements are projected, with estimated wastewater advancements anticipated at $8.2 million.

**Relevant Financial Policies.** In accordance to GASB 54 requirements, the City adopted a new Fund Balance Reporting policy that became effective June 30, 2011. The policy applies to the City's General Fund and all of its governmental funds, and states that fund balance shall be composed of nonspendable, restricted, committed, assigned, and unassigned amounts, as defined within the guidelines. The objective of the policy is to improve the usefulness and understandability of governmental fund balance, as well as improve the comparability of governmental fund financial statements by establishing clearly defined categories of fund balance. Greater transparency and clarity will be provided to the readers of financial reports due to increased detail and information established by the new Fund Balance Reporting policy. GASB 54 requires that special revenue funds have a continuance of restricted or committed proceeds from specific revenue sources that are expected to continue to comprise a substantial portion of the inflows reported in the fund.

Due to these constraints which were adopted as a part of the City's GASB 54 policy, the Community Development fund, which had been previously reported as a special revenue fund, was folded into the City's general fund effective June 30, 2011.

**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, 2010. This was the twentieth 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, 2010. This was the 18th year the City achieved this prestigious award. In order to receive this honor, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

A Distinguished Budget Presentation Award is valid for a period of one year only. We believe our current budget continues to conform to the standards of the Distinguished Budget Presentation Award Program's requirements, and we are submitting it to GFOA to determine its eligibility for another award.

The 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
Chief Financial Officer

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, 2011, 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, 2011, 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 18, 2011, 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.

P.O. Box 2917 | 726 South Enota Drive | Suite A | Gainesville, GA 30503 | 770.287.7800 [P] | 770.287.7801 [F] | www.RushtonandCompany.com
W. Barclay Rushton, CPA | J. Chris Hollifield, CPA | Perry C. Barnett, CPA, PFS | Sally Walden-Crowe, CPA

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, the state reporting section with the special purpose local option sales tax report, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements, the local option sales tax report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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, LLC

Certified Public Accountants

Gainesville, Georgia
November 18, 2011

# 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, 2011. 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, 2011, by $407.7 million (reported as *net assets*). Of this amount, $35.9 million (reported as *unrestricted net assets*) may be used to meet the City's ongoing obligations.

- As of June 30, 2011, Gainesville's governmental funds reported combined ending fund balances of $30.9 million. Approximately 16.5% of this total amount, $5.1 million, is unassigned fund balance in the General Fund, which is available for spending at the City Council's discretion.

More detailed information regarding these activities and funds begins on page 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 85. 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 85-88 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 34-84 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 2011 and 2010**

| | Governmental Activities | | Business Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | (In millions of dollars) | | | | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current assets | $ 37.7 | $ 45.5 | $ 69.9 | $ 68.1 | $ 107.6 | $ 113.6 |
| Capital assets | 99.5 | 93.8 | 499.2 | 503.3 | 598.7 | 597.1 |
| Other noncurrent assets | 1.0 | 1.4 | 6.2 | 7.0 | 7.2 | 8.4 |
| **Total assets** | 138.2 | 140.7 | 575.3 | 578.4 | 713.5 | 719.1 |
| Current liabilities | 10.7 | 14.6 | 21.3 | 22.3 | 32.0 | 36.9 |
| Noncurrent liabilities | 39.2 | 43.8 | 234.7 | 248.8 | 273.9 | 292.6 |
| **Total liabilities** | 49.9 | 58.4 | 256.0 | 271.1 | 305.9 | 329.5 |
| **Net assets:** | | | | | | |
| Invested in capital assets, net of related debt | 63.7 | 60.2 | 259.5 | 248.5 | 323.2 | 308.7 |
| Restricted | 4.9 | 19.5 | 43.7 | 44.5 | 48.6 | 64.0 |
| Unrestricted | 19.7 | 2.5 | 16.2 | 14.3 | 35.9 | 16.8 |
| **Total net assets** | $ 88.3 | $ 82.2 | $ 319.4 | $ 307.3 | $ 407.7 | $ 389.5 |

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 $18.2 million in growth from fiscal year 2010 to close the current fiscal year with $407.7 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 $14.5 million between the end of fiscal years 2010 and 2011, from $308.7 million to $323.2 million.

The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets are the next largest component, comprising 11.9% of total assets. Restricted net assets experienced a decrease during the past year, declining from $64.0 million to $48.6 million at the end of fiscal year 2011. Restricted net assets represent amounts that are subject to limitation in the manner which funds may be spent; these constraints are imposed by external sources, enabling legislation or constitutional provision.

The remaining balance represents unrestricted net assets. The statement reveals a $35.9 million surplus at the end of this year, an increase of $19.1 million from fiscal year 2010. 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 increased in 2011, with governmental unrestricted net assets increasing from $2.5 million in fiscal year 2010 to $19.7 million in 2011, and business-type activities jumping from $14.3 million to $16.2 million. Although the unrestricted net assets of the City's business-type activities represents 45.1% 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 $16.2 million in business-type unrestricted net assets to finance the ongoing operations of the business-type activities, while the $19.7 million balance in unrestricted net assets for governmental activities is available to meet the continuing obligations of governmental type activities.

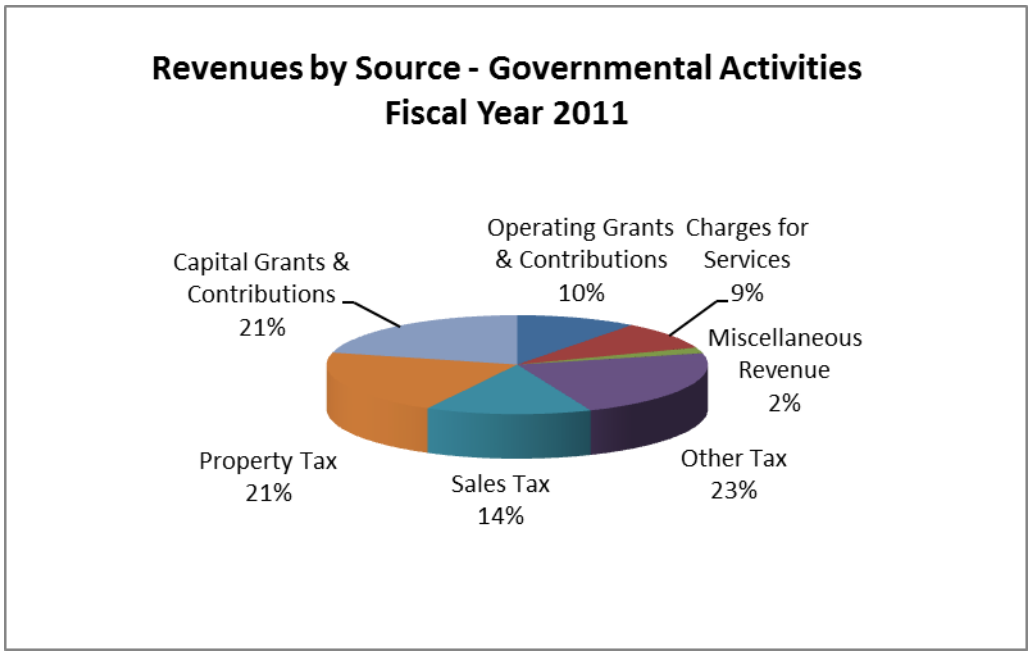
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Gainesville's net assets changed during the fiscal year.

**City of Gainesville**
**Changes in Net Assets**
**Fiscal Years 2011 and 2010**

| | Governmental Activities | | Business Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | | | (In millions of dollars) | | | |
| | **2011** | **2010** | **2011** | **2010** | **2011** | **2010** |
| **Revenues** | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 3.3 | $ 2.9 | $ 59.3 | $ 53.6 | $ 62.6 | $ 56.5 |
| Operating grants and contributions | 3.8 | 3.8 | 0.0 | 0.1 | 3.8 | 3.9 |
| Capital grants and contributions | 7.7 | 8.2 | 4.0 | 3.8 | 11.7 | 12.0 |
| General revenues: | | | | | | |
| Property taxes | 7.9 | 7.2 | 0.0 | 0.0 | 7.9 | 7.2 |
| Sales tax | 5.0 | 4.9 | 0.0 | 0.0 | 5.0 | 4.9 |
| Other taxes | 8.1 | 7.8 | 0.0 | 0.0 | 8.1 | 7.8 |
| Miscellaneous revenue | 0.7 | 0.9 | 1.4 | 1.4 | 2.1 | 2.3 |
| **Total revenues** | 36.5 | 35.7 | 64.7 | 58.9 | 101.2 | 94.6 |
| **Expenses** | | | | | | |
| General government | 2.6 | 2.4 | 0.0 | 0.0 | 2.6 | 2.4 |
| Judicial | 0.4 | 0.4 | 0.0 | 0.0 | 0.4 | 0.4 |
| Public safety | 16.2 | 16.9 | 0.0 | 0.0 | 16.2 | 16.9 |
| Public works | 6.6 | 7.0 | 0.0 | 0.0 | 6.6 | 7.0 |
| Health and social services | 3.4 | 3.7 | 0.0 | 0.0 | 3.4 | 3.7 |
| Culture and recreation | 1.2 | 1.9 | 0.0 | 0.0 | 1.2 | 1.9 |
| Housing and development | 1.3 | 2.1 | 0.0 | 0.0 | 1.3 | 2.1 |
| Interest on long-term debt | 1.7 | 1.9 | 0.0 | 0.0 | 1.7 | 1.9 |
| Water and sewer | 0.0 | 0.0 | 45.1 | 45.9 | 45.1 | 45.9 |
| Airport | 0.0 | 0.0 | 1.2 | 1.0 | 1.2 | 1.0 |
| Solid waste | 0.0 | 0.0 | 1.9 | 2.2 | 1.9 | 2.2 |
| Golf course | 0.0 | 0.0 | 1.4 | 1.3 | 1.4 | 1.3 |
| **Total expenses** | 33.4 | 36.3 | 49.6 | 50.4 | 83.0 | 86.7 |
| **Increase in net assets before transfers** | 3.1 | (0.6) | 15.1 | 8.5 | 18.2 | 7.9 |
| Transfers | 3.0 | 2.2 | (3.0) | (2.2) | 0.0 | 0.0 |
| **Increase in net assets** | 6.1 | 1.6 | 12.1 | 6.3 | 18.2 | 7.9 |
| **Net assets - beginning (original)** | 82.2 | 84.1 | 307.3 | 294.4 | 389.5 | 378.5 |
| **Prior period adjustment** | 0.0 | (3.5) | 0.0 | (0.1) | 0.0 | (3.6) |
| **Net assets - beginning (restated)** | 82.2 | 80.6 | 307.3 | 294.3 | 389.5 | 374.9 |
| **Net assets - ending** | $ 88.3 | $ 82.2 | $ 319.4 | $ 300.6 | $ 407.7 | $ 382.8 |

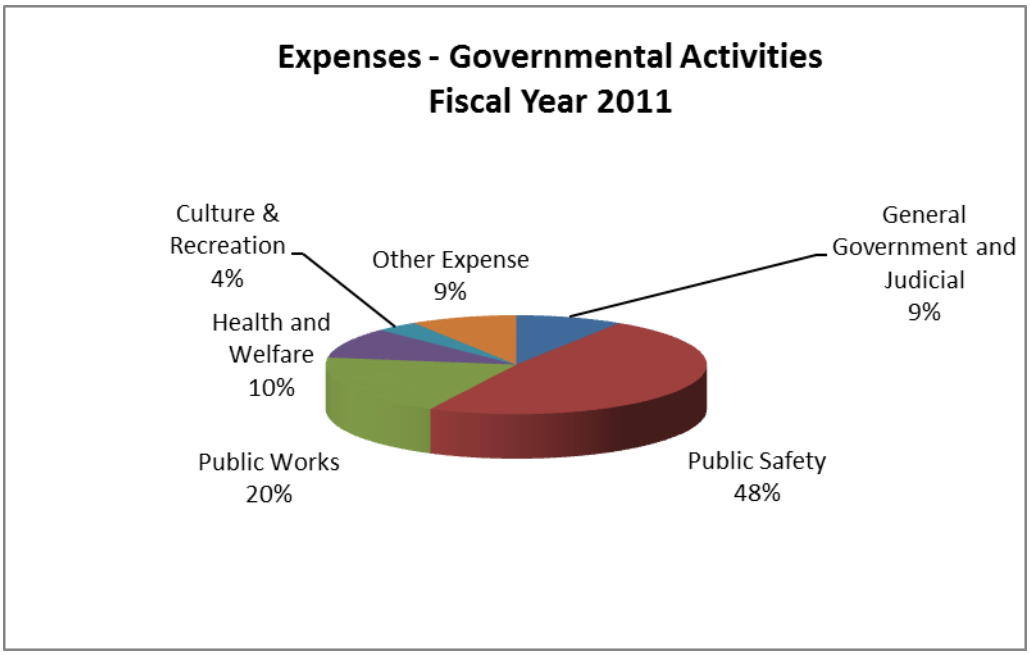
**Governmental Activities –**

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




The revenue chart indicates that other tax, followed by property tax and capital grants and contributions were the largest sources of revenue for governmental activities during the fiscal year 2011. Other tax, which includes franchise, insurance premium and occupation taxes rose by $254,751 over FY10 collections; the majority of this growth was due to a $205,596 jump in franchise tax receipts from Georgia Power. Property tax revenue increased $632,867 from FY10 collections, due mainly to an increased millage rate established to cover local match requirements mandated by the SAFER grant, which allowed the City to hire 18 additional firefighters. Capital grant and contribution revenue dropped $459,057 from FY10 totals. Prior year health and welfare capital grants for the Hall Area Transit building remodeling project and HAT buses, as well as FY10 culture and recreation capital grants for the Rock Creek Parkway combined to total $915,654 in revenue in FY10, while capital grant revenue in these two activities totaled only $112,498 in FY11. This capital grant revenue decline was tempered with a $389,967 jump in housing and development grant receipts, comprised predominantly of $183,130 in GEFA Energy Grant revenue, along with $153,559 in first year tax allocation district revenue paid by the Gainesville City Schools. Charges for services revenue showed a $447,026 growth over FY10 totals, with the majority of this surge originating from a $270,397 jump in Public Safety revenues, stemming mainly from a rise in Municipal Court receipts. Housing and development charges for services were $106,714 above FY2010 totals, a result of a $43,056 jump in impact fees as well as increased revolving loan payments totaling $61,097. Culture and recreation charges for services totals also experienced a $70,795 upsurge due to increased collections from the Georgia Mountains Center facility.

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 2011 was providing public safety services such as fire and police protection, followed by public works. Overall, expenses were down by $2.9 million from 2010, with all governmental activities showing decreased cost from the prior year, with the exception of the general government, which showed a $249,251 jump. Other expense, which includes housing and development as well as interest on long term debt expense, was down $914,520, due mainly to a $700,000 decrease in Midtown project costs from 2010, while a reduction of long term interest costs contributed another $169,245 to the decline. Public safety showed a $770,301 downturn in spending, due mainly to savings experienced in health insurance costs. Culture and recreation indicated a $672,528 drop in expenses due to a $325,000 reduction in transfers for capital projects combined with a $208,000 decrease attributed to the reclassification of TV18 costs; TV18 expense was classified as culture and recreation in 2010, but changed to general government activity in 2011. This $208,000 reclassification made up the majority of the aforementioned $249,251 increase in general government expense from prior year costs.

**Business-type Activities –**

Business-type activities increased the City of Gainesville's assets by $12.1 million, accounting for 66.5% 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 $5.8 million higher in FY11 than collections made in FY10. This increase is a due predominantly to a $5.7 million rise in charges for services revenue. Public Utilities contributed $5.3 million of this increase, which was due predominantly to a 5% rate increase that became effective January 2011. Solid Waste charges for services showed a $288,554

jump, resulting from a $7 monthly bill increase, also effective in January 2011. In addition, Chattahoochee Golf Course charges for services came in $105,217 above FY10 numbers.

- Capital grants and contributions showed a $215,637 jump, due predominantly to the Overlay Runway and Taxiway Airport grant that was in effect FY11. In addition, miscellaneous revenue showed a $57,269 decline, due mainly to decreased interest rates on City deposits.

- Overall, expenses for business-type activities were $845,862 below expenses recorded in 2010. Public Utilities had an $846,988 drop in costs, due to reduced personal services expense; this was also the case with Solid Waste, which showed a $204,425 in reduced personnel costs. The Chattahoochee Golf Course showed a $49,882 increase in overall expenses; personnel savings of $144,488 were tempered by the $162,000 purchase of golf carts. The Airport showed a $155,669 increase over last year's costs; $81,832 of this jump is due to rising depreciation costs while indirect allocation costs paid to the City jumped $100,000 from 2010.

**Financial Analysis of the City's Funds**

As noted earlier, the City of Gainesville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City of Gainesville's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the City completed this year, its governmental funds reported a combined ending fund balance of $30.9 million. Of this amount, $5.1 million or 16.5% constitutes unassigned fund balance, meaning that that no constraints have been placed on how this money may be spent. The General Fund is the only governmental fund that can have positive unassigned fund balance. The remainder of fund balance is either nonspendable, restricted by a third party, committed to be spent in a specified matter by formal resolution, or assigned for a specific purpose, including the 2012 budget.

The **General Fund** is the chief operating fund of the City. Again, at the end of the current fiscal year, the unassigned fund balance of the General Fund was $5.1 million, while total fund balance reached $8.5 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22.2% of total General Fund expenditures, while total fund balance represents 37.0% of that same amount.

The General Fund's fund balance increased by $4.3 million during the current fiscal year. Key factors regarding the increase are as follows:

- Rising revenues of $1.5 million, led by a $985,428 increase in tax collections and a $359,180 jump in charges for services, were tempered by a $648,022 rise in expenditure costs. Expenditure increases were due mainly to increasing firefighter costs that the City assumes associated with the 2009 hiring of eighteen firefighters, as mandated by the SAFER grant. Otherwise, personnel costs remain stable as the salary freeze imposed by the City in the fall of 2008 remains in effect.

- Transfers to the general fund from nonmajor funds increased by $2.1 million in FY11, while transfers out from the General Fund to nonmajor funds dropped by $895,334. $1.7 million of this $2.1 million inflow resulted from the closing and transfer of assets from the Community Development fund into the General Fund, due to Community Development no longer qualifying as a special revenue fund based on the City's GASB 54 policy. Of this $1.7 million transfer, $1.3 million was assigned for community betterment in the General Fund.

The **Special Purpose Local Option Sales Tax (SPLOST) Capital Project Fund** has an $8.9 million fund balance at year end, which is down $7.4 million from the prior year balance. This decrease is due to $14.4 million in outflows, including $7.4 million for the construction of the new Public Safety facility and a transfer of $7.0 million to the Debt Service fund in payment of the capital lease principal and interest on the facility, compared with intergovernmental inflows of SPLOST tax revenue of $7.0 million for the year. Restricted fund balance totals 83.8% of the total fund balance; this $7.5 million restriction is comprised of $5.9 million in debt service obligations and $1.6 million in unspent SPLOST tax revenue.

The **Debt Service Fund** has a $1.4 million fund balance at fiscal year end, with $1.2 million of that total identified as restricted and due to third parties. FY11 inflows to the Debt Service fund totaled $9.9 million, and include $1.7 million in tax revenue and a $995,794 transfer from the Gainesville School Board, along with the aforementioned $7.0 million transfer from the SPLOST fund. Outflows were comprised of principal and interest payments on the Public Safety facility and Gainesville School bond, as well as various other debt obligations of the City.

## General Fund Budget Highlights

The original budget for the General Fund was amended by various appropriations approved after the beginning of the fiscal year. In addition, Council approved several adjustments to prevent budget overruns. The following highlights the differences between the original and the final budget amount:

- Increased Public Works repair and maintenance expenditures for $55,000 to allow the resurfacing of Industrial Boulevard.

- Increased transfer to the Golf Course by $71,000 to cover the purchase of two mowers and replace the HVAC unit.

- Increased transfer to the General Government Capital project fund by $89,250 for the acquisition of land adjacent to one of the City's fire stations, allowing the possibility of future expansion.

- Increased budgeted fund balance to cover FY10 reappropriations.

- Increased/decreased various expenditure budgets for adjustments as needed.

- Contingency funds budget was decreased and reallocated as needed.

General Fund expenditures for fiscal 2011 were $23.1 million, 94.8% of the final amended budget, and there were no net overexpenditures by General Fund departments. Total actual expenditures in the General Fund were lower than the final amended budget total by $1.3 million; General Fund expenditures as a whole were less than the original budget numbers as well. The majority of savings was achieved by personal services costs coming in under budget.

Total actual revenues exceeded the final amended budget by a total of $1.5 million. Taxes made up $1.1 million of this excess, with property, local option and franchise taxes exceeding their budget by $263,966, $508,618 and $312,511, respectively.

**Enterprise Funds**

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

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

| | |
|---|---|
| ▪ Public Utilities Department | $14,175,909 |
| ▪ Nonmajor Funds (Airport, Solid Waste, Golf Course) | 1,002,632 |
| Total | $15,178,541 |

The total increase in unrestricted net assets for all four enterprise funds was $1.2 million. The combined net assets for the enterprise funds increased $11.4 million.

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

## Capital Assets and Debt Administration

**Capital Assets.** The City of Gainesville has invested $598.7 million in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 83.3% of this investment is related to business-type activities while only 16.7% 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 2011 and 2010**

| | Governmental Activities | | Business Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | (In millions of dollars) | | | | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | $ 24.7 | $ 24.6 | $ 19.3 | $ 18.4 | $ 44.0 | $ 43.0 |
| Buildings | 48.6 | 26.5 | 73.1 | 73.1 | 121.7 | 99.6 |
| Improvements other than builidngs | 3.1 | 3.2 | 16.3 | 15.8 | 19.4 | 19.0 |
| Water and sewer facilities and lines | 0.0 | 0.0 | 505.2 | 487.0 | 505.2 | 487.0 |
| Vehicles and equipment | 15.2 | 14.3 | 15.2 | 14.9 | 30.4 | 29.2 |
| Infrastructure | 28.8 | 28.4 | 0.0 | 0.0 | 28.8 | 28.4 |
| Intangibles | 1.8 | 1.8 | 5.6 | 5.6 | 7.4 | 7.4 |
| Construction in progress | 7.0 | 22.3 | 3.4 | 13.6 | 10.4 | 35.9 |
| Total | 129.2 | 121.1 | 638.1 | 628.4 | 767.3 | 749.5 |
| Accumulated depreciation | (29.7) | (27.3) | (138.9) | (125.1) | (168.6) | (152.4) |
| **Net Capital Assets** | $ 99.5 | $ 93.8 | $ 499.2 | $ 503.3 | $ 598.7 | $ 597.1 |

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

- Public Safety Facility, $7.4 million
- Fire Engine Replacement, $522,047
- Midtown Greenway Project, $117,840
- 4 New Police Vehicles, $136,711
- Network Upgrade, $101,968

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

- Water Main Replacement Program, $2.4 million
- Cedar Creek Water Treatment Plant, $1.2 million
- Automated Meter Reading Project, $740,913
- Airport Overlay 11-29 Runway and Taxiway, $511,852
- Thurmond Tanner Utilities Relocation, $507,346
- Flat Creek Restoration Project, $470,157

Additional information on the City of Gainesville's capital assets can be found in Note 9 on pages 57-59 of this report.

**Long-term debt.** At June 30, 2011, the City of Gainesville had $278.8 million in bonds, notes, and capital leases outstanding, net of unamortized bond premium and discount; this is a decrease in total of $23.6 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 2011.

**City of Gainesville**
**Outstanding Debt**
**Fiscal Years 2011 and 2010**

| | Governmental Activities | | Business Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | (In millions of dollars) | | | | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Capital Leases | $ 35.7 | $ 42.9 | $ 32.3 | $ 34.0 | $ 68.0 | $ 76.9 |
| General Obligation Bonds | 0.0 | 0.9 | 0.0 | 0.0 | 0.0 | 0.9 |
| Revenue Bonds | 0.0 | 0.0 | 95.0 | 102.5 | 95.0 | 102.5 |
| Unamortized bond premium | 0.0 | 0.0 | 2.0 | 2.3 | 2.0 | 2.3 |
| Unamortized bond discount | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Notes Payable | 0.0 | 0.0 | 113.8 | 119.8 | 113.8 | 119.8 |
| **Total** | $ 35.7 | $ 43.8 | $ 243.1 | $ 258.6 | $ 278.8 | $ 302.4 |

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% of its total assessed valuation. The current debt limitation for the City of Gainesville is $386.5 million, which is significantly in excess of the City's general obligation debt outstanding of $35.7 million.

Additional information on the City's long-term debt can be found in Note 11 on pages 63-66 of this report.

## Economic Condition and Outlook

- Gainesville continues to rank high in growth, according to the 2010 Census Bureau, showing a 23.4% increase within the last decade. Hall County's population showed a 29% jump over the last decade, adding 40,377 people since 2000.

- Gainesville adopted a $2.92 tax millage rate for fiscal year 2012. The gross property tax digest for the City of Gainesville declined from $4.04 billion for fiscal year 2011 to $3.81 billion for fiscal year 2012, which computes to a 5.7% projected decrease in the tax base.

- Despite the recent 11th Circuit Court of Appeal's unanimous refusal to hold a new hearing on the approved use of Lake Lanier, water concerns continue for our area, with the State of Alabama's announcement that they will appeal the decision. In addition, as of early fall 2011, the U.S. Drought Monitor had Hall County listed in a severe to moderate drought, as Lake Lanier's water levels fell to nearly 10 feet below normal pool.

- Local option sales tax collections, along with other fees are tracking closely to budget at the end of the first quarter of fiscal year 2012. Departments are spending conservatively and continue to monitor their 2012 budgeted costs closely.

These were among the many factors taken into consideration when preparing the 2012 budget. Of the $8.5 million fund balance in the General Fund, $1.5 million has been appropriated for spending in the 2012 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, 2011*

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | City of Gainesville Parks and Recreation |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ 32,110,707 | $ 14,878,197 | $ 46,988,904 | $ 2,384,595 |
| Investments | 1,579,879 | 0 | 1,579,879 | 0 |
| Restricted assets | | | | |
| Cash and cash equivalents | 0 | 47,376,206 | 47,376,206 | 20,435 |
| Receivables (net) | | | | |
| Accounts | 1,005,581 | 5,341,977 | 6,347,558 | 2,966 |
| Intergovernmental | 3,122,242 | 689,489 | 3,811,731 | 5,849 |
| Property taxes | 280,621 | 0 | 280,621 | 101,668 |
| Notes | 47,336 | 0 | 47,336 | 0 |
| Internal balances | (591,519) | 591,519 | 0 | 0 |
| Inventories | 151,364 | 977,333 | 1,128,697 | 0 |
| Prepaid items | 7,000 | 0 | 7,000 | 0 |
| Total current assets | 37,713,211 | 69,854,721 | 107,567,932 | 2,515,513 |
| **Noncurrent assets** | | | | |
| Receivables | | | | |
| Notes | 371,356 | 0 | 371,356 | 0 |
| Capital assets | | | | |
| Non-depreciable | 31,660,863 | 24,612,134 | 56,272,997 | 3,918,676 |
| Depreciable (net) | 67,798,919 | 474,587,688 | 542,386,607 | 8,634,063 |
| Other assets | | | | |
| Pension assets | 173,862 | 115,173 | 289,035 | 0 |
| Debt issue costs (net) | 500,084 | 2,696,800 | 3,196,884 | 0 |
| Deferred interest expense (net) | 0 | 3,429,872 | 3,429,872 | 0 |
| Total noncurrent assets | 100,505,084 | 505,441,667 | 605,946,751 | 12,552,739 |
| **Total assets** | 138,218,295 | 575,296,388 | 713,514,683 | 15,068,252 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Payables | | | | |
| Accounts | 508,628 | 785,267 | 1,293,895 | 101,438 |
| Retainages | 0 | 22,207 | 22,207 | 0 |
| Sales tax | 834 | 7,110 | 7,944 | 14,978 |
| Deposits | 14,965 | 0 | 14,965 | 9,795 |
| Retainages | 65,832 | 0 | 65,832 | 0 |
| Intergovernmental | 61,234 | 0 | 61,234 | 15,466 |
| Interest | 197,043 | 42,849 | 239,892 | 0 |
| Accrued salaries | 770,999 | 487,099 | 1,258,098 | 135,500 |
| Compensated absences | 937,415 | 532,120 | 1,469,535 | 96,831 |
| Unearned revenue | 12,859 | 0 | 12,859 | 8,000 |
| Claims reserve | 1,130,787 | 0 | 1,130,787 | 0 |
| Capital lease payable | 6,983,527 | 1,746,588 | 8,730,115 | 0 |
| Notes payable | 0 | 6,263,355 | 6,263,355 | 0 |
| Other liabilities | 12,700 | 22,568 | 35,268 | 75 |
| Liabilities payable from restricted assets | | | | |
| Payables | | | | |
| Accounts | 0 | 197,956 | 197,956 | 0 |
| Retainages | 0 | 43,599 | 43,599 | 0 |
| Customer deposits | 0 | 2,569,543 | 2,569,543 | 0 |
| Interest | 0 | 854,514 | 854,514 | 0 |
| Revenue bonds payable | 0 | 7,710,000 | 7,710,000 | 0 |
| Total current liabilities | 10,696,823 | 21,284,775 | 31,981,598 | 382,083 |

See accompanying notes to the financial statements.

## *CITY OF GAINESVILLE, GEORGIA*
## *STATEMENT OF NET ASSETS*
## *June 30, 2011*

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | City of Gainesville Parks and Recreation |
| **Noncurrent liabilities** | | | | |
| Compensated absences | $ 104,158 | $ 59,125 | $ 163,283 | $ 10,759 |
| OPEB obligation | 10,334,865 | 7,162,917 | 17,497,782 | 992,621 |
| Capital lease payable | 28,753,354 | 30,575,173 | 59,328,527 | 0 |
| Notes payable | 0 | 107,536,777 | 107,536,777 | 0 |
| Bonds payable | 0 | 89,320,523 | 89,320,523 | 0 |
| Total noncurrent liabilities | 39,192,377 | 234,654,515 | 273,846,892 | 1,003,380 |
| **Total liabilities** | 49,889,200 | 255,939,290 | 305,828,490 | 1,385,463 |
| **NET ASSETS** | | | | |
| Invested in capital assets, net of related debt | 63,722,901 | 259,477,278 | 323,200,179 | 12,552,739 |
| Restricted for: | | | | |
| General Government | 55,489 | 0 | 55,489 | 0 |
| Public Safety | 366,569 | 0 | 366,569 | 0 |
| Health and Welfare | 1,000,472 | 0 | 1,000,472 | 0 |
| Culture and Recreation | 149,740 | 0 | 149,740 | 5,255 |
| Housing and Development | 415,147 | 0 | 415,147 | 0 |
| Debt service | 1,217,858 | 5,955,788 | 7,173,646 | 0 |
| Capital outlay | 1,708,674 | 37,754,806 | 39,463,480 | 11,128 |
| Unrestricted | 19,692,245 | 16,169,226 | 35,861,471 | 1,113,667 |
| **Total net assets** | $ 88,329,095 | $ 319,357,098 | $ 407,686,193 | $ 13,682,789 |

See accompanying notes to the financial statements.

## *CITY OF GAINESVILLE, GEORGIA*
## *STATEMENT OF ACTIVITIES*
## *For the fiscal year ended June 30, 2011*

| | | 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 | $ 2,641,873 | $ 602,743 | $ 87,208 | $ 0 | $ (1,951,922) |
| Judicial | 404,862 | 0 | 0 | 0 | (404,862) |
| Public Safety | 16,160,112 | 1,590,400 | 1,114,208 | 7,115,883 | (6,339,621) |
| Public Works | 6,641,424 | 36,030 | 15,855 | 99,864 | (6,489,675) |
| Health and Welfare | 3,360,632 | 438,537 | 2,219,808 | 61,497 | (640,790) |
| Culture and Recreation | 1,211,214 | 506,750 | 0 | 51,001 | (653,463) |
| Housing and Development | 1,363,356 | 154,849 | 302,541 | 389,967 | (515,999) |
| Interest on long-term debt | 1,668,489 | 0 | 0 | 0 | (1,668,489) |
| Total governmental activities | 33,451,962 | 3,329,309 | 3,739,620 | 7,718,212 | (18,664,821) |
| Business-type activities | | | | | |
| Public Utilities | 45,081,115 | 55,401,138 | 0 | 3,626,649 | 13,946,672 |
| Airport | 1,167,856 | 818,874 | 0 | 383,036 | 34,054 |
| Solid Waste | 1,937,959 | 2,057,883 | 0 | 0 | 119,924 |
| Golf Course | 1,396,446 | 1,012,377 | 0 | 0 | (384,069) |
| Total business-type activities | 49,583,376 | 59,290,272 | 0 | 4,009,685 | 13,716,581 |
| Total primary government | 83,035,338 | 62,619,581 | 3,739,620 | 11,727,897 | (4,948,240) |
| **Component Unit** | | | | | |
| Parks and Recreation | | | | | |
| Culture and Recreation | 4,891,470 | 1,434,074 | 3,120 | 139,564 | (3,314,712) |

| | Governmental Activities | Business-Type Activities | Total | Component Unit |
|---|---|---|---|---|
| **Change in net assets** | | | | |
| Net (expense) revenue | $ (18,664,821) | $ 13,716,581 | $ (4,948,240) | $ (3,314,712) |
| General revenues | | | | |
| Taxes | | | | |
| Property | 7,886,437 | 0 | 7,886,437 | 2,691,935 |
| Intangibles | 59,343 | 0 | 59,343 | 0 |
| Franchise | 4,072,511 | 0 | 4,072,511 | 0 |
| Occupational | 1,111,954 | 0 | 1,111,954 | 0 |
| Insurance premium | 1,376,910 | 0 | 1,376,910 | 0 |
| Alcoholic beverages | 999,642 | 0 | 999,642 | 0 |
| Hotel/Motel | 517,456 | 0 | 517,456 | 0 |
| Local option sales | 5,030,213 | 0 | 5,030,213 | 0 |
| Interest and Investment earnings | 450,031 | 355,561 | 805,592 | 4,817 |
| Gain on sale of assets | 0 | 20,718 | 20,718 | 0 |
| Miscellaneous | 236,416 | 1,011,088 | 1,247,504 | 1,016 |
| Transfers | 3,006,690 | (3,006,690) | 0 | 0 |
| Total general revenues and transfers | 24,747,603 | (1,619,323) | 23,128,280 | 2,697,768 |
| Change in net assets | 6,082,782 | 12,097,258 | 18,180,040 | (616,944) |
| Net assets - beginning | 82,246,313 | 307,259,840 | 389,506,153 | 14,299,733 |
| Net assets - ending | $ 88,329,095 | $ 319,357,098 | $ 407,686,193 | $ 13,682,789 |

See accompanying notes to the financial statements.

## *CITY OF GAINESVILLE, GEORGIA*
## *BALANCE SHEET*
## *GOVERNMENTAL FUNDS*
## *June 30, 2011*

| | General | Debt Service | SPLOST Capital Projects | Nonmajor Governmental Funds | Totals |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 7,618,718 | $ 1,427,172 | $ 7,363,476 | $ 10,108,634 | $ 26,518,000 |
| Investments | 0 | 0 | 0 | 1,579,879 | 1,579,879 |
| Receivables (net) | | | | | |
| Accounts | 631,333 | 0 | 0 | 62,671 | 694,004 |
| Intergovernmental | 613,559 | 3,740 | 1,675,138 | 785,025 | 3,077,462 |
| Property taxes | 219,698 | 60,923 | 0 | 0 | 280,621 |
| Notes | 0 | 0 | 0 | 418,692 | 418,692 |
| Prepaid items | 7,000 | 0 | 0 | 0 | 7,000 |
| Due from other funds | 290,551 | 0 | 0 | 0 | 290,551 |
| Advances to other funds | 399,166 | 0 | 0 | 0 | 399,166 |
| **Total assets** | $ 9,780,025 | $ 1,491,835 | $ 9,038,614 | $ 12,954,901 | $ 33,265,375 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| **Liabilities** | | | | | |
| Payables | | | | | |
| Accounts | $ 297,418 | $ 14 | $ 25,154 | $ 111,075 | $ 433,661 |
| Intergovernmental | 61,234 | 0 | 0 | 0 | 61,234 |
| Sales tax | 0 | 0 | 0 | 834 | 834 |
| Deposits | 0 | 0 | 0 | 2,925 | 2,925 |
| Retainages | 0 | 0 | 65,832 | 0 | 65,832 |
| Accrued salaries | 665,373 | 0 | 1,280 | 94,168 | 760,821 |
| Deferred revenue | 207,056 | 57,549 | 85 | 431,466 | 696,156 |
| Due to other funds | 0 | 0 | 0 | 290,551 | 290,551 |
| Other liabilities | 12,700 | 0 | 0 | 0 | 12,700 |
| Total liabilities | 1,243,781 | $ 57,563 | 92,351 | 931,019 | 2,324,714 |
| **Fund balances** | | | | | |
| Nonspendable | 406,166 | 0 | 0 | 0 | 406,166 |
| Restricted | 0 | 1,217,858 | 7,498,775 | 2,137,923 | 10,854,556 |
| Committed | 0 | 0 | 0 | 91,939 | 91,939 |
| Assigned | 2,996,014 | 216,414 | 1,447,488 | 9,794,020 | 14,453,936 |
| Unassigned | 5,134,064 | 0 | 0 | 0 | 5,134,064 |
| Total fund balances | 8,536,244 | 1,434,272 | 8,946,263 | 12,023,882 | 30,940,661 |
| **Total liabilities and fund balances** | $ 9,780,025 | $ 1,491,835 | $ 9,038,614 | $ 12,954,901 | $ 33,265,375 |

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, 2011*

| | | |
|---|---|---|
| **Total fund balance - total governmental funds** | | $ 30,940,661 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Some assets are not financial resources and, therefore, are not reported in the funds. These are: | | |
| Capital assets, net of accumulated depreciation | 99,459,782 | |
| Debt issue costs, net of amortization | 500,084 | |
| Net pension assets | 173,862 | 100,133,728 |
| Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These are: | | |
| Property taxes | 264,604 | |
| Notes receivable | 418,693 | 683,297 |
| Long-term liabilities of are not due and payable in the current period and are not reported in the funds. These are: | | |
| Capital leases | (35,736,881) | |
| Interest payable | (197,043) | |
| Compensated absences | (1,041,573) | |
| Net OPEB obligation | (10,334,865) | (47,310,362) |
| 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 | 4,906,413 | |
| Less internal balance resulting from allocation of internal service fund activities allocated to business-type activities | (990,685) | |
| Less capital assets included above | (47,221) | |
| Add compensated absences included above | 13,264 | 3,881,771 |
| Net assets of governmental activities | | $ 88,329,095 |

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, 2011*

| | General | Debt Service | SPLOST Capital Projects | Nonmajor Governmental Funds | Totals |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Taxes | $ 18,762,556 | $ 1,724,140 | $ 0 | $ 552,725 | $ 21,039,421 |
| Licenses and permits | 540,906 | 0 | 0 | 0 | 540,906 |
| Fines, fees and forfeitures | 1,356,691 | 0 | 0 | 33,551 | 1,390,242 |
| Charges for services | 1,847,709 | 0 | 0 | 1,087,782 | 2,935,491 |
| Intergovernmental | 518,143 | 995,794 | 6,977,223 | 3,699,773 | 12,190,933 |
| Interest | 28,456 | 4,048 | 10,063 | 14,218 | 56,785 |
| Contributions | 0 | 0 | 0 | 152,829 | 152,829 |
| Other | 109,383 | 0 | 0 | 126,522 | 235,905 |
| **Total revenues** | 23,163,844 | 2,723,982 | 6,987,286 | 5,667,400 | 38,542,512 |
| **EXPENDITURES** | | | | | |
| Current | | | | | |
| General Government | 2,884,912 | 0 | 0 | 404,714 | 3,289,626 |
| Judicial | 367,454 | 0 | 0 | 0 | 367,454 |
| Public Safety | 14,382,377 | 0 | 0 | 173,537 | 14,555,914 |
| Public Works | 4,334,170 | 0 | 0 | 0 | 4,334,170 |
| Health and Welfare | 12,500 | 0 | 0 | 3,061,171 | 3,073,671 |
| Culture and Recreation | 0 | 0 | 0 | 764,611 | 764,611 |
| Housing and Development | 1,111,425 | 0 | 0 | 639,546 | 1,750,971 |
| Debt service | | | | | |
| Principal | 0 | 8,034,940 | 0 | 0 | 8,034,940 |
| Interest and other charges | 0 | 1,744,142 | 0 | 28,083 | 1,772,225 |
| Capital outlay | 0 | 0 | 7,430,042 | 1,444,427 | 8,874,469 |
| **Total expenditures** | 23,092,838 | 9,779,082 | 7,430,042 | 6,516,089 | 46,818,051 |
| Excess (deficiency) of revenues over (under) expenditures | 71,006 | (7,055,100) | (442,756) | (848,689) | (8,275,539) |
| Other financing sources (uses) | | | | | |
| Transfers in | 5,190,575 | 7,196,125 | 130,200 | 4,854,293 | 17,371,193 |
| Transfers out | (953,940) | 0 | (7,032,125) | (6,802,218) | (14,788,283) |
| Issuance of capital leases | 0 | 0 | 0 | 346,228 | 346,228 |
| Sales of capital assets | 36,907 | 0 | 0 | 0 | 36,907 |
| Total other financing sources (uses) | 4,273,542 | 7,196,125 | (6,901,925) | (1,601,697) | 2,966,045 |
| Net changes in fund balances | 4,344,548 | 141,025 | (7,344,681) | (2,450,386) | (5,309,494) |
| Fund balances, July 1 | 4,191,696 | 1,293,247 | 16,290,944 | 14,474,268 | 36,250,155 |
| **Fund balances, June 30** | $ 8,536,244 | $ 1,434,272 | $ 8,946,263 | $ 12,023,882 | $ 30,940,661 |

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, 2011*

| | | |
|---|---|---|
| **Net change in fund balances - total governmental funds** | | $ (5,309,494) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital outlays | 8,582,446 | |
| Depreciation | (3,231,314) | |
| Prior construction in progress not capitalized | (33,161) | 5,317,971 |
| In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources. | | |
| Cost of assets disposed | (962,610) | |
| Related accumulated depreciation | 776,500 | (186,110) |
| Contributions of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds activities, because they are not financial resources. | | |
| Individuals | 99,864 | |
| Proprietary Funds | 433,781 | 533,645 |
| 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. | | 60,756 |
| 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. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues. | | |
| Debt principal repayments | 8,416,879 | |
| Debt proceeds | (346,228) | |
| Amortization of debt issue costs | (80,979) | |
| Net change in interest payable | 24,859 | 8,014,531 |
| Intergovernmental revenues for reimbursement of debt payments provide current financial resources to governmental funds, but receipt of payments decrease intergovernmental receivables for those payments. | | (945,000) |
| 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 | 2,004,261 | |
| Add depreciation expense included above | 19,424 | |
| Less consolidation of internal service fund activities allocated to business-type activities | (717,464) | 1,306,221 |
| 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. These included the net change in pension assets. | | (285,230) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. | | |
| Compensated absences | (13,119) | |
| Net OPEB obligation | (2,411,389) | (2,424,508) |
| Change in net assets of governmental activities | | $ 6,082,782 |

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, 2011*

| | Budget | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Taxes | $ 17,649,612 | $ 17,649,612 | $ 18,762,556 | $ 1,112,944 |
| Licenses and permits | 475,800 | 475,800 | 540,906 | 65,106 |
| Fines, fees and forfeitures | 1,031,800 | 1,049,200 | 1,356,691 | 307,491 |
| Charges for services | 1,816,096 | 1,853,039 | 1,847,709 | (5,330) |
| Intergovernmental | 494,960 | 494,960 | 518,143 | 23,183 |
| Interest | 20,000 | 25,400 | 28,456 | 3,056 |
| Other | 75,000 | 97,240 | 109,383 | 12,143 |
| **Total revenues** | 21,563,268 | 21,645,251 | 23,163,844 | 1,518,593 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| General Government | | | | |
| City Manager's Office | 844,699 | 844,699 | 823,133 | 21,566 |
| Financial Services and IT | 1,609,021 | 1,628,171 | 1,559,558 | 68,613 |
| Human Resources | 554,226 | 554,226 | 502,221 | 52,005 |
| Judicial | | | | |
| Municipal Court | 356,647 | 385,097 | 367,454 | 17,643 |
| Public Safety | | | | |
| Police | 8,343,589 | 8,342,951 | 7,951,704 | 391,247 |
| City Marshal | 241,070 | 241,070 | 223,755 | 17,315 |
| Fire | 6,526,321 | 6,526,321 | 6,206,918 | 319,403 |
| Public Works | | | | |
| Public Lands and Buildings | 436,772 | 436,772 | 401,592 | 35,180 |
| Engineering | 625,946 | 634,946 | 621,053 | 13,893 |
| Traffic | 1,172,334 | 1,275,334 | 1,249,721 | 25,613 |
| Street Maintenance | 1,954,507 | 1,899,262 | 1,740,546 | 158,716 |
| Cemetery | 331,579 | 334,279 | 321,258 | 13,021 |
| Health and Welfare | | | | |
| Agency allocations | 12,500 | 12,500 | 12,500 | 0 |
| Housing and Development | | | | |
| Communications and Tourism | 361,279 | 387,180 | 355,034 | 32,146 |
| Planning | 542,927 | 542,781 | 464,484 | 78,297 |
| Inspection | 292,918 | 292,918 | 262,481 | 30,437 |
| GA Mountains Regional Commission | 29,426 | 29,426 | 29,426 | 0 |
| **Total expenditures** | 24,235,761 | 24,367,933 | 23,092,838 | 1,275,095 |
| Excess (deficiency) of revenues over (under) expenditures | (2,672,493) | (2,722,682) | 71,006 | 2,793,688 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| Transfers in | 3,483,045 | 3,668,184 | 5,190,575 | 1,522,391 |
| Transfers out | (779,316) | (1,004,501) | (953,940) | 50,561 |
| Contingency | (561,236) | (327,386) | 0 | 327,386 |
| Sales of capital assets | 30,000 | 30,000 | 36,907 | 6,907 |
| Total other financing sources (uses) | 2,172,493 | 2,366,297 | 4,273,542 | 1,907,245 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (500,000) | (356,385) | 4,344,548 | 4,700,933 |
| Fund balances, July 1 | 500,000 | 356,385 | 4,191,696 | 3,835,311 |
| **Fund balances, June 30** | $ 0 | $ 0 | $ 8,536,244 | $ 8,536,244 |

See accompanying notes to the financial statements.

## *CITY OF GAINESVILLE, GEORGIA*
## *STATEMENT OF NET ASSETS*
## *PROPRIETARY FUNDS*
## *June 30, 2011*

| | Business-Type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Public Utilities | Nonmajor Enterprise Funds | Totals | Internal Service |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ 12,711,769 | $ 2,166,428 | $ 14,878,197 | $ 5,592,707 |
| Restricted assets | | | | |
| Cash and cash equivalents | 47,376,206 | 0 | 47,376,206 | 0 |
| Receivables (net) | | | | |
| Accounts | 5,109,159 | 232,818 | 5,341,977 | 311,577 |
| Intergovernmental | 689,489 | 0 | 689,489 | 44,780 |
| Inventories | 977,333 | 0 | 977,333 | 151,364 |
| Total current assets | 66,863,956 | 2,399,246 | 69,263,202 | 6,100,428 |
| **Noncurrent assets** | | | | |
| Capital assets | | | | |
| Non-depreciable | 24,054,478 | 557,656 | 24,612,134 | 0 |
| Depreciable (net) | 457,749,773 | 16,837,915 | 474,587,688 | 47,221 |
| Other assets | | | | |
| Pension asset | 115,173 | 0 | 115,173 | 0 |
| Debt issue costs (net) | 2,556,439 | 140,361 | 2,696,800 | 0 |
| Deferred interest expense (net) | 3,429,872 | 0 | 3,429,872 | 0 |
| Total noncurrent assets | 487,905,735 | 17,535,932 | 505,441,667 | 47,221 |
| **Total assets** | 554,769,691 | 19,935,178 | 574,704,869 | 6,147,649 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Payables | | | | |
| Accounts | 631,848 | 153,419 | 785,267 | 74,967 |
| Retainages | 22,207 | 0 | 22,207 | 0 |
| Deposits | 0 | 0 | 0 | 12,040 |
| Sales tax | 0 | 7,110 | 7,110 | 0 |
| Interest | 0 | 42,849 | 42,849 | 0 |
| Accrued salaries | 431,885 | 55,214 | 487,099 | 10,178 |
| Compensated absences | 477,510 | 54,610 | 532,120 | 11,938 |
| Claims reserve | 0 | 0 | 0 | 1,130,787 |
| Capital lease payable | 1,261,588 | 485,000 | 1,746,588 | 0 |
| Notes payable | 6,181,664 | 81,691 | 6,263,355 | 0 |
| Other liabilities | 0 | 22,568 | 22,568 | 0 |
| Liabilities payable from restricted assets: | | | | |
| Payables | | | | |
| Accounts | 197,956 | 0 | 197,956 | 0 |
| Retainages | 43,599 | 0 | 43,599 | 0 |
| Customer deposits | 2,569,543 | 0 | 2,569,543 | 0 |
| Interest | 854,514 | 0 | 854,514 | 0 |
| Revenue bonds payable | 7,710,000 | 0 | 7,710,000 | 0 |
| Total current liabilities | 20,382,314 | 902,461 | 21,284,775 | 1,239,910 |

See accompanying notes to the financial statements.

## *CITY OF GAINESVILLE, GEORGIA*
## *STATEMENT OF NET ASSETS*
## *PROPRIETARY FUNDS*
## *June 30, 2011*

| | Business-Type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Public Utilities | Nonmajor Enterprise Funds | Totals | Internal Service |
| **Noncurrent liabilities** | | | | |
| Advances from other funds | $ 0 | $ 399,166 | $ 399,166 | $ 0 |
| Compensated absences | 53,057 | 6,068 | 59,125 | 1,326 |
| OPEB Obligation | 6,366,946 | 795,971 | 7,162,917 | 0 |
| Capital leases payable | 23,970,173 | 6,605,000 | 30,575,173 | 0 |
| Revenue bonds payable | 89,320,523 | 0 | 89,320,523 | 0 |
| Notes payable | 107,536,777 | 0 | 107,536,777 | 0 |
| Total noncurrent liabilities | 227,247,476 | 7,806,205 | 235,053,681 | 1,326 |
| **Total liabilities** | 247,629,790 | 8,708,666 | 256,338,456 | 1,241,236 |
| **NET ASSETS** | | | | |
| Invested in capital assets, net of related debt | 249,253,398 | 10,223,880 | 259,477,278 | 47,221 |
| Restricted for: | | | | |
| Capital outlay | 37,754,806 | 0 | 37,754,806 | 0 |
| Debt service | 5,955,788 | 0 | 5,955,788 | 0 |
| Unrestricted | 14,175,909 | 1,002,632 | 15,178,541 | 4,859,192 |
| **Total net assets** | $ 307,139,901 | $ 11,226,512 | 318,366,413 | $ 4,906,413 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | 990,685 | |
| **Net assets of business-type activities** | | | $ 319,357,098 | |

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, 2011*

| | Business-Type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Public Utilities | Nonmajor Enterprise Funds | Totals | Internal Service |
| **OPERATING REVENUES** | | | | |
| Charges for sales and services | $ 55,400,103 | $ 3,889,134 | $ 59,289,237 | $ 0 |
| Interfund services provided | 0 | 0 | 0 | 11,293,286 |
| Other | 964,538 | 47,585 | 1,012,123 | 39,294 |
| **Total operating revenues** | 56,364,641 | 3,936,719 | 60,301,360 | 11,332,580 |
| **OPERATING EXPENSES** | | | | |
| Costs of sales and services | 10,731,105 | 1,450,533 | 12,181,638 | 9,045,556 |
| Personal services | 12,982,690 | 1,580,337 | 14,563,027 | 274,644 |
| Depreciation | 13,229,982 | 1,106,106 | 14,336,088 | 19,424 |
| **Total operating expenses** | 36,943,777 | 4,136,976 | 41,080,753 | 9,339,624 |
| Operating income (loss) | 19,420,864 | (200,257) | 19,220,607 | 1,992,956 |
| Non-operating revenues (expenses) | | | | |
| Interest revenue | 351,947 | 3,614 | 355,561 | 11,305 |
| Interest expense | (8,594,848) | (351,736) | (8,946,584) | 0 |
| Amortization | (259,954) | (13,549) | (273,503) | 0 |
| Gain (loss) on sale of capital assets | 18,165 | 2,553 | 20,718 | 0 |
| Total non-operating revenues (expenses) | (8,484,690) | (359,118) | (8,843,808) | 11,305 |
| Income (loss) before capital contributions and transfers | 10,936,174 | (559,375) | 10,376,799 | 2,004,261 |
| Capital contributions | | | | |
| Connection fees | 912,706 | 0 | 912,706 | 0 |
| Capital contributions | 2,708,943 | 0 | 2,708,943 | 10,000 |
| Intergovernmental revenue | 5,000 | 383,036 | 388,036 | 0 |
| Total capital contributions | 3,626,649 | 383,036 | 4,009,685 | 10,000 |
| Income (loss) before transfers | 14,562,823 | (176,339) | 14,386,484 | 2,014,261 |
| Transfers in (out) | | | | |
| Transfers in | 50,000 | 195,820 | 245,820 | 1,562 |
| Transfers out | (3,252,510) | 0 | (3,252,510) | (11,562) |
| Total transfers in (out) | (3,202,510) | 195,820 | (3,006,690) | (10,000) |
| Change in net assets | 11,360,313 | 19,481 | 11,379,794 | 2,004,261 |
| Net assets, July 1 | 295,779,588 | 11,207,031 | 306,986,619 | 2,902,152 |
| **Net assets, June 30** | $ 307,139,901 | $ 11,226,512 | $ 318,366,413 | $ 4,906,413 |

| | |
|---|---|
| Change in net assets - enterprise funds | $ 11,379,794 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | 717,464 |
| Change in net assets - business-type activities | $ 12,097,258 |

See accompanying notes to the financial statements.

## *CITY OF GAINESVILLE, GEORGIA*
## *STATEMENT OF CASH FLOWS*
## *PROPRIETARY FUNDS*
## *For the fiscal year ended June 30, 2011*

| | Business-Type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Public Utilities | Nonmajor Enterprise Funds | Totals | Internal Service |
| **Cash flows from operating activities:** | | | | |
| Receipts from customers | $ 54,283,323 | $ 3,848,237 | $ 58,131,560 | $ 0 |
| Receipts from interfund services provided | 0 | 0 | 0 | 10,942,352 |
| Payments to suppliers | (11,125,687) | (1,498,030) | (12,623,717) | (9,286,890) |
| Payments to employees | (11,353,517) | (1,398,659) | (12,752,176) | (285,874) |
| Other receipts | 964,538 | 33,185 | 997,723 | 39,294 |
| Net cash provided (used) by operating activities | 32,768,657 | 984,733 | 33,753,390 | 1,408,882 |
| **Cash flows from non-capital financing activities:** | | | | |
| Receipts from other funds | 50,000 | 345,661 | 395,661 | 0 |
| Payments to other funds | (2,830,291) | 0 | (2,830,291) | 0 |
| Net cash provided (used) by non-capital financing activities | (2,780,291) | 345,661 | (2,434,630) | 0 |
| **Cash flows from capital and related financing activities:** | | | | |
| Receipt of capital contributions | 994,994 | 383,036 | 1,378,030 | 0 |
| Receipts from others | 206,147 | 0 | 206,147 | 10,000 |
| Receipts from other funds | 0 | 0 | 0 | 1,562 |
| Sale of capital assets | 32,445 | 2,553 | 34,998 | 0 |
| Interest paid | (8,285,451) | (354,669) | (8,640,120) | 0 |
| Acquisition of capital assets | (8,437,989) | (558,375) | (8,996,364) | (11,562) |
| Payment of capital related accounts payable | (1,572,616) | (53,600) | (1,626,216) | 0 |
| Principal payments - bonds | (7,470,000) | 0 | (7,470,000) | 0 |
| Principal payments - capital leases and promissory notes | (5,986,049) | (465,000) | (6,451,049) | 0 |
| Net cash provided (used) by capital and related financing activities | (30,518,519) | (1,046,055) | (31,564,574) | 0 |
| **Cash flows from investing activities:** | | | | |
| Interest received | 110,612 | 3,614 | 114,226 | 11,305 |
| Net increase (decrease) in cash and cash equivalents | (419,541) | 287,953 | (131,588) | 1,420,187 |
| Cash and cash equivalents, July 1 | 60,507,516 | 1,878,475 | 62,385,991 | 4,172,520 |
| **Cash and cash equivalents, June 30** | $ 60,087,975 | $ 2,166,428 | $ 62,254,403 | $ 5,592,707 |

See accompanying notes to the financial statements.

## *CITY OF GAINESVILLE, GEORGIA*
## *STATEMENT OF CASH FLOWS*
## *PROPRIETARY FUNDS*
## *For the fiscal year ended June 30, 2011*

| | 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) | $ 19,420,864 | $ (200,257) | $ 19,220,607 | $ 1,992,956 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | | |
| Depreciation | 13,229,982 | 1,106,106 | 14,336,088 | 19,424 |
| (Increase) decrease in accounts receivable | (1,338,697) | (45,551) | (1,384,248) | (311,325) |
| (Increase) decrease in intergovernmental receivables | (99,853) | 0 | (99,853) | (39,609) |
| (Increase) decrease in prepaid items | 5,000 | 0 | 5,000 | 0 |
| (Increase) decrease in inventory | (67,655) | 0 | (67,655) | 4,165 |
| (Increase) decrease in pension asset | 190,890 | 0 | 190,890 | 0 |
| Increase (decrease) in accounts payable | (331,927) | (25,409) | (357,336) | (130,901) |
| Increase (decrease) in sales tax payable | 0 | (9,746) | (9,746) | 0 |
| Increase (decrease) in accrued salaries and benefits | (7,964) | 14,288 | 6,324 | (11,230) |
| Increase (decrease) in deposits payable | 321,770 | 0 | 321,770 | 4,242 |
| Increase (decrease) in claims reserve | 0 | 0 | 0 | (118,840) |
| Increase (decrease) in OPEB obligation | 1,446,247 | 167,390 | 1,613,637 | 0 |
| Increase (decrease) in other liabilities | 0 | (22,088) | (22,088) | 0 |
| Total adjustments | 13,347,793 | 1,184,990 | 14,532,783 | (584,074) |
| Net cash provided (used) by operating activities | $ 32,768,657 | $ 984,733 | $ 33,753,390 | $ 1,408,882 |
| **Cash and cash equivalents reconciliation:** | | | | |
| Cash and cash equivalents | $ 12,711,769 | $ 2,166,428 | $ 14,878,197 | $ 5,592,707 |
| Restricted assets | | | | |
| Cash and cash equivalents | 47,376,206 | 0 | 47,376,206 | 0 |
| Total cash and cash equivalents | $ 60,087,975 | $ 2,166,428 | $ 62,254,403 | $ 5,592,707 |

**Noncash investing, capital, and financing activities:**

Contributions of capital assets from individuals totaled $1,370,067 for the fiscal year ended June 30, 2011.
Distributions of capital assets to government totaled $433,781 for the fiscal year ended June 30, 2011.
Acquisition of capital assets through accounts payable totaled $327,125 for the fiscal year ended June 30, 2011.
Forgiveness of capital lease through capital contributions totaled $1,261,588 for the fiscal year ended June 30, 2011.

See accompanying notes to the financial statements.

## *CITY OF GAINESVILLE, GEORGIA*
## *STATEMENT OF FIDUCIARY NET ASSETS*
## *FIDUCIARY FUNDS*
## *June 30, 2011*

| | Community Private-Purpose Trust Fund | Employees' Pension Trust Fund | Municipal Court Agency Fund |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 18,542 | $ 941,903 | $ 149,574 |
| Investments, at fair value | | | |
| Common stock | 0 | 7,527,153 | 0 |
| Mutual funds | | | |
| Equity | 0 | 24,746,602 | 0 |
| Fixed income | 0 | 32,023,537 | 0 |
| Accounts receivables (net) | 0 | 0 | 684,132 |
| **Total assets** | 18,542 | 65,239,195 | 833,706 |
| **LIABILITIES** | | | |
| Accounts payable | 0 | 34,400 | 0 |
| Due to other agencies | 0 | 0 | 833,706 |
| **Total liabilities** | 0 | 34,400 | 833,706 |
| **NET ASSETS** | | | |
| Held in trust for pension benefits and other purposes (a schedule of pension funding progress is presented on page 76) | $ 18,542 | $ 65,204,795 | $ 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, 2011*

| | Community Private-Purpose Trust Fund | Employees' Pension Trust Fund |
|---|---|---|
| **ADDITIONS** | | |
| Contributions | | |
| Employer contributions | $ 0 | $ 2,637,591 |
| Employee contributions | 0 | 2,637,591 |
| Employee donations | 48,494 | 0 |
| Total contributions and donations | 48,494 | 5,275,182 |
| Investment Income | | |
| Net appreciation (depreciation) in fair value of investments | 0 | 7,662,027 |
| Interest | 1 | 65 |
| Dividends | 0 | 1,606,866 |
| Investment expense | 0 | (160,489) |
| Net investment income (loss) | 1 | 9,108,469 |
| **Total additions (reductions)** | 48,495 | 14,383,651 |
| **DEDUCTIONS** | | |
| Benefits | 0 | 5,188,938 |
| Refunds | 0 | 478,988 |
| Distributions for assistance | 46,279 | 0 |
| **Total deductions** | 46,279 | 5,667,926 |
| Net increase (decrease) | 2,216 | 8,715,725 |
| **Net assets held in trust for pension benefits and other purposes** | | |
| Net assets, July 1 | 16,326 | 56,489,070 |
| **Net assets, June 30** | $ 18,542 | $ 65,204,795 |

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 restrictions, commitments, or assignments 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, 2011, are recorded as prepaid items. Prepaid items in the governmental funds are recorded as expenditures when consumed.

### *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 and Restricted Net 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. Restricted assets for debt redemption of the Public Utilities Enterprise Fund represent resources set aside for the repayment of revenue bonds and notes payable outstanding. The assets are maintained in a separate bank account and their use is limited by application of debt covenants.

Restricted net assets are equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of reserve.

### *L. Fund Balances – Governmental Funds*

The City of Gainesville implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

**Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2011, by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

**Restricted** – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

## 2. Summary of Significant Accounting Policies (continued)

### *L. Fund Balances – Governmental Funds, continued*

**Committed** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Gainesville's highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution, which shall refer to the original resolution by its number. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 120 days of fiscal year-end.

**Assigned** – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City's adopted policy, amounts may be assigned by the City Manager, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

**Unassigned** – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

For the purposes of fund balance classification, the City considers restricted amounts spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Furthermore, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used, then committed amounts are spent first, followed by assigned amounts, and then unassigned amounts.

## 2. Summary of Significant Accounting Policies (continued)

### *M. 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 (ie, unused reimbursable leave still outstanding following an employee's resignation or retirement) and is expected to be liquidated with expendable available financial resources.

### *N. 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)

## *O. 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.

## *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 2010 amounts have been reclassified to conform to the 2011 presentation.

# 3. Deposit and Investment Risk

### Custodial credit risk – Deposits

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

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

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

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

## 3. Deposit and Investment Risk (continued)

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

The City participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). The City policy limits investments in Georgia Fund 1 to 40% of the City's investments. Assets in this pool are invested in the Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for 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 the State Treasurer. 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, 2011 was 46 days. At June 30, 2011, the City's balance in Georgia Fund 1 was $24,350,077.

### Investment policies – Employees' Pension Trust Fund

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

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

## 3. Deposit and Investment Risk (continued)

City policy requires that fixed income portfolio should bear an average credit quality of "A" or higher. Investments in Collateralized Mortgage Obligations shall be limited to 15% of the market value of the investment manager's total portfolio. No more than 5% (at cost) of an investment manager's total fixed income portfolio shall be invested in the securities of any single corporate issuer. There is no limit imposed on investments in fixed income securities issued directly by the US government or any agency or instrumentality thereof. Investments in corporate fixed income securities shall be limited to securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia. The duration of the fixed income portfolio should be less than 135% of the duration of the Barclays Capital US Aggregate Bond Index. At June 30, 2011, the duration for the index was 5.2 years. Investments in corporate fixed income securities shall be limited to those securities rated "BAA" or higher by Moody's or "BBB" or higher by Standard & Poor's rating services. Fixed income securities may be managed through the purchase of open-ended, no-load mutual funds or commingled funds as long as these funds in aggregate adhere to the fixed income guidelines of the policy.

| Investment | | Fair Value | Average Maturity (in years) | Standard and Poor's Credit Rating |
|---|---|---|---|---|
| PIMCO Investment Grd Corp | $ | 5,327,514 | 6.2 | N/A |
| PIMCO Real Return Fund | | 2,293,911 | 5.5 | N/A |
| PIMCO Total Return Fund | | 22,403,576 | 4.4 | N/A |
| PIMCO Unconstrained Bond Fund | | 1,998,536 | 0.4 | N/A |
| | $ | 32,023,537 | | |

### 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, 2011 consist of the following:

| | | |
|---|---|---|
| **Primary Government:** | | |
| **Major Funds** | | |
| General Fund | | $ 631,333 |
| Public Utilities Enterprise Fund | $ 5,810,978 | |
| Less: Allowance for Uncollectibles | (701,819) | 5,109,159 |
| **Nonmajor Funds** | | |
| Special Revenue Funds | | |
| Community Service Center | 2,653 | |
| Georgia Mountains Center | 12,349 | |
| Hotel/Motel Tax | 47,669 | 62,671 |
| Enterprise Funds | | |
| Airport | 22,853 | |
| Less: Allowance for Uncollectibles | (14,292) | |
| Solid Waste | 227,135 | |
| Less: Allowance for Uncollectibles | (50,186) | |
| Golf Course | 47,308 | 232,818 |
| Internal Service Funds | | |
| General Insurance | 23,134 | |
| Employee Benefits | 288,443 | 311,577 |
| Total Primary Government | | $ 6,347,558 |
| **Component Units:** | | |
| Parks and Recreation | | $ 2,966 |
| **Fiduciary Funds** | | |
| Agency Funds | | |
| Municipal Court | $ 1,275,827 | |
| Less: Allowance for Uncollectibles | (591,695) | $ 684,132 |

## 5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2011 consist of the following:

| | | |
|---|---|---|
| **Primary Government:** | | |
| **Major Funds** | | |
| General Fund | | |
| State of Georgia | $ 548,134 | |
| Hall County, Georgia | 35,246 | |
| Gainesville City School System | 30,179 | $ 613,559 |
| Debt Service Fund | | |
| Hall County, Georgia | | 3,740 |
| SPLOST Capital Projects Fund | | |
| Hall County, Georgia | | 1,675,138 |
| Public Utilities Enterprise Fund | | |
| Hall County, Georgia | | 689,489 |
| **Nonmajor Funds** | | |
| Special Revenue Funds | | |
| Community Service Center | | |
| State of Georgia | 69,070 | |
| Hall County, Georgia | 283,564 | |
| Grants | | |
| US Treasury | 297,349 | |
| HUD Grant | | |
| US Treasury | 61,694 | |
| Tax Allocation District | | |
| Hall County, Georgia | 53,278 | |
| Government Access Cable TV | | |
| Hall County, Georgia | 9,245 | 774,200 |
| Grants Capital Projects Fund | | |
| State of Georgia | | 10,825 |
| Vehicle Services Internal Service Fund | | |
| Gainesville City School System | | 44,780 |
| Total Primary Government | | $ 3,811,731 |
| **Component Units:** | | |
| Parks and Recreation | | |
| Hall County, Georgia | | $ 5,849 |

## 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 2011, based upon the assessments of January 1, 2010 and the levy date of October 19, 2010, were final billed on October 20, 2010 and due on December 20, 2010. 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 $139,428 of intradepartmental billings for water and sewer usage for fiscal year 2011.

## 8. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2011 is as follows:

| | Due from: | | |
|---|---|---|---|
| | Nonmajor Governmental Funds | Nonmajor Enterprise Funds | Total |
| **Due to:** | | | |
| **Major Funds** | | | |
| General | $ 290,551 | $ 399,166 | $ 689,717 |

The balance reported as Due to/Due from represent loans between the borrower funds and the lender. Balances reported between in the General Fund and nonmajor governmental funds resulted from transactions to alleviate equity in pooled cash deficits at year-end. The $399,166 is reported in the General 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 | $ 756,558 |
| | Nonmajor Enterprise | 195,820 |
| | Internal Service | 1,562 |
| Public Utilities | General | 2,761,291 |
| | Nonmajor Governmental | 69,000 |
| SPLOST Capital Projects | Debt Service | 7,032,125 |
| Nonmajor Governmental | General | 2,429,284 |
| | Debt Service | 164,000 |
| | SPLOST Capital Projects | 130,200 |
| | Nonmajor Governmental | 4,028,735 |
| | Public Utilities | 50,000 |
| | | 17,618,575 |
| **Transfer of Capital Assets** | | |
| Public Utilities | Governmental Activities | 422,219 |
| Internal Service | Governmental Activities | 11,562 |
| | | $ 18,052,356 |

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, 2011 was as follows:

| | Balance June 30, 2010 | Increases | Decreases | Balance June 30, 2011 |
|---|---|---|---|---|
| **Governmental activities** | | | | |
| Non-depreciable assets | | | | |
| Land | $ 24,593,445 | $ 184,535 | $ (127,068) | $ 24,650,912 |
| Construction in progress | 22,285,548 | 8,672,475 | (23,948,072) | 7,009,951 |
| Total non-depreciable assets | 46,878,993 | 8,857,010 | (24,075,140) | 31,660,863 |
| Depreciable assets | | | | |
| Buildings | 26,494,024 | 22,066,331 | 0 | 48,560,355 |
| Land improvements | 3,155,110 | 14,381 | (45,445) | 3,124,046 |
| Vehicles and equipment | 14,277,677 | 1,691,339 | (790,097) | 15,178,919 |
| Intangibles | 1,843,016 | 0 | 0 | 1,843,016 |
| Infrastructure | 28,417,275 | 422,220 | 0 | 28,839,495 |
| Total depreciable assets | 74,187,102 | 24,194,271 | (835,542) | 97,545,831 |
| Less accumulated depreciation | | | | |
| Buildings | (6,892,065) | (941,738) | 0 | (7,833,803) |
| Land improvements | (789,445) | (136,806) | 27,646 | (898,605) |
| Vehicles and equipment | (11,833,427) | (992,708) | 748,855 | (12,077,280) |
| Intangibles | (703,121) | (180,265) | 0 | (883,386) |
| Infrastructure | (7,053,761) | (1,000,077) | 0 | (8,053,838) |
| Total accumulated depreciation | (27,271,819) | (3,251,594) | 776,501 | (29,746,912) |
| Total depreciable assets, net | 46,915,283 | 20,942,677 | (59,041) | 67,798,919 |
| Governmental activities capital assets, net | $ 93,794,276 | $ 29,799,687 | $ (24,134,181) | $ 99,459,782 |
| **Business-type activities** | | | | |
| Non-depreciable assets | | | | |
| Land | $ 18,351,564 | $ 932,369 | $ (2,935) | $ 19,280,998 |
| Intangibles | 1,957,919 | 0 | 0 | 1,957,919 |
| Construction in progress | 13,649,120 | 9,143,654 | (19,419,557) | 3,373,217 |
| Total non-depreciable assets | 33,958,603 | 10,076,023 | (19,422,492) | 24,612,134 |
| Depreciable assets | | | | |
| Buildings | 73,051,137 | 0 | 0 | 73,051,137 |
| Land improvements | 15,803,895 | 511,852 | (54,492) | 16,261,255 |
| Distribution system | 487,036,689 | 18,620,614 | (422,219) | 505,235,084 |
| Intangibles | 3,574,421 | 131,975 | (14,276) | 3,692,120 |
| Vehicles and equipment | 14,938,616 | 773,162 | (480,416) | 15,231,362 |
| Total depreciable assets | 594,404,758 | 20,037,603 | (971,403) | 613,470,958 |
| Less accumulated depreciation | | | | |
| Buildings | (4,447,077) | (1,456,513) | 0 | (5,903,590) |
| Land improvements | (5,275,089) | (663,205) | 54,492 | (5,883,802) |
| Distribution system | (101,942,882) | (11,221,364) | 0 | (113,164,246) |
| Intangibles | (718,338) | (196,828) | 2,418 | (912,748) |
| Vehicles and equipment | (12,701,122) | (798,178) | 480,416 | (13,018,884) |
| Total accumulated depreciation | (125,084,508) | (14,336,088) | 537,326 | (138,883,270) |
| Total depreciable assets, net | 469,320,250 | 5,701,515 | (434,077) | 474,587,688 |
| Business-type activities capital assets, net | $ 503,278,853 | $ 15,777,538 | $ (19,856,569) | $ 499,199,822 |

## 9. Capital Assets (continued)

Capital asset activity for the Parks and Recreation Component Unit for the year ended June 30, 2011 was as follows:

| | Balance June 30, 2010 | Increases | Decreases | Balance June 30, 2011 |
|---|---|---|---|---|
| **Parks & Recreation Component Unit** | | | | |
| Non-depreciable assets | | | | |
| Land | $ 3,534,724 | $ 0 | $ 0 | $ 3,534,724 |
| Construction in progress | 72,245 | 506,515 | (194,808) | 383,952 |
| Total non-depreciable assets | 3,606,969 | 506,515 | (194,808) | 3,918,676 |
| Depreciable assets | | | | |
| Buildings | 9,915,118 | 0 | 0 | 9,915,118 |
| Land improvements | 3,515,073 | 0 | 0 | 3,515,073 |
| Vehicles and equipment | 1,232,947 | 34,906 | 0 | 1,267,853 |
| Intangibles | 148,170 | 0 | 0 | 148,170 |
| Infrastructure | 2,640,618 | 189,806 | 0 | 2,830,424 |
| Total depreciable assets | 17,451,926 | 224,712 | 0 | 17,676,638 |
| Less accumulated depreciation | | | | |
| Buildings | (6,099,140) | (287,211) | 0 | (6,386,351) |
| Land improvements | (579,828) | (263,163) | 0 | (842,991) |
| Vehicles and equipment | (1,026,279) | (73,076) | 0 | (1,099,355) |
| Intangibles | (139,490) | (1,467) | 0 | (140,957) |
| Infrastructure | (462,605) | (110,316) | 0 | (572,921) |
| Total accumulated depreciation | (8,307,342) | (735,233) | 0 | (9,042,575) |
| Total depreciable assets, net | 9,144,584 | (510,521) | 0 | 8,634,063 |
| Parks & Recreation Component Unit capital assets, net | $ 12,751,553 | $ (4,006) | $ (194,808) | $ 12,552,739 |

## 9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

| | |
|---|---|
| **Primary Government** | |
| **Governmental activities** | |
| General Government | $ 112,273 |
| Public Safety | 754,604 |
| Public Works | 1,786,323 |
| Health and Welfare | 54,769 |
| Culture and Recreation | 263,309 |
| Housing and Development | 240,612 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 19,424 |
| Total depreciation expense for governmental activities | $ 3,231,314 |
| **Business-type activities** | |
| Public Utilities | $ 13,229,982 |
| Airport | 691,436 |
| Solid Waste | 149,624 |
| Golf Course | 265,046 |
| Total depreciation expense for business-type activities | $ 14,336,088 |
| **Component Unit** | |
| Parks and Recreation | $ 710,929 |

| | Governmental Activities | Business-type Activities | Component Unit |
|---|---|---|---|
| Current year depreciation expense | $ 3,231,314 | $ 14,336,088 | $ 710,929 |
| Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component unit | 20,280 | 0 | 24,304 |
| Additions to accumulated depreciation | $ 3,251,594 | $ 14,336,088 | $ 735,233 |

## 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, 2011, are $35,736,881 and $32,321,761 for governmental and business-type activities, respectively.

Total assets leased under capital leases are $51,435,287 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 | 36,274,473 | 0 |
| Vehicles and equipment | 1,227,346 | 0 |
| Construction in progress | 6,729,775 | 0 |
| Total assets under capital leases | $ 51,435,287 | $ 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, 2011:

| Year Ending June 30, | Governmental Activities | Business-type Activities |
|---|---|---|
| 2012 | $ 8,807,873 | $ 2,077,105 |
| 2013 | 8,641,839 | 2,076,901 |
| 2014 | 8,506,089 | 2,075,401 |
| 2015 | 1,202,334 | 2,077,497 |
| 2016 | 1,223,915 | 2,078,015 |
| 2017-2021 | 6,286,721 | 9,888,106 |
| 2022-2026 | 6,515,293 | 7,896,986 |
| 2027-2031 | 1,931,302 | 6,307,940 |
| Total minimum lease payments | 43,115,366 | 34,477,951 |
| Less amounts representing interest | (7,378,485) | (2,156,190) |
| Present value of minimum lease payments | $ 35,736,881 | $ 32,321,761 |

## 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, 2011, the City has a balance of $388,121 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.

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, 2011, the City had entered into 13 borrowings in the original amount of $141,250,903, with a total outstanding balance of $113,718,441. Monthly installments of principal and interest are due through May 1, 2029; with interest rates of 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, 2011, 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 0.091% at June 30, 2011. 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 |
|---|---|---|---|
| 2012 | $ 6,263,355 | $ 3,530,097 | $ 9,793,452 |
| 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 | 6,800,434 | 2,666,955 | 9,467,389 |
| 2017-2021 | 35,401,655 | 9,971,761 | 45,373,416 |
| 2022-2026 | 33,243,405 | 4,444,643 | 37,688,048 |
| 2027-2028 | 12,271,179 | 539,940 | 12,811,119 |
| Totals | $ 113,800,132 | $ 30,467,319 | $ 144,267,451 |

## *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.

As of June 30, 2011, the City has no general obligation bonds outstanding.

# 11. Long-Term Debt (continued)

## *Revenue Bonds*

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at June 30, 2011:

- $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% ($7,475,000 outstanding); for the expansion of the City's water and sewerage system.

- $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% ($4,135,000 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% ($45,345,000 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% ($38,060,000 outstanding).

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

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 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 | 9,175,000 | 2,525,044 | 11,700,044 |
| 2017-2021 | 44,230,000 | 6,290,078 | 50,520,078 |
| 2022 | 8,845,000 | 176,900 | 9,021,900 |
| Totals | $ 95,015,000 | $ 23,261,297 | $ 118,276,297 |

# 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, 2011:

| | Balance 6/30/2010 | Additions | Deductions | Balance 6/30/2011 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities** | | | | | |
| General obligation bonds | $ 945,000 | $ 0 | $ 945,000 | $ 0 | $ 0 |
| Capital lease obligations | 42,862,532 | 346,228 | 7,471,879 | 35,736,881 | 6,983,527 |
| Compensated absences | 1,035,995 | 965,839 | 960,261 | 1,041,573 | 937,415 |
| Total Governmental activities | $ 44,843,527 | $ 1,312,067 | $ 9,377,140 | $ 36,778,454 | $ 7,920,942 |
| **Business-type activities** | | | | | |
| Revenue bonds | $ 102,485,000 | $ 0 | $ 7,470,000 | $ 95,015,000 | $ 7,710,000 |
| Unamortized bond premium | 2,271,360 | 0 | 241,336 | 2,030,024 | 0 |
| Unamortized bond discount | (37,030) | 0 | (22,529) | (14,501) | 0 |
| Notes payable | 119,786,181 | 0 | 5,986,049 | 113,800,132 | 6,263,355 |
| Capital lease obligations | 34,048,349 | 0 | 1,726,588 | 32,321,761 | 1,746,588 |
| Compensated absences | 631,413 | 627,834 | 668,002 | 591,245 | 532,120 |
| Total business-type activities | $ 259,185,273 | $ 627,834 | $ 16,069,446 | $ 243,743,661 | $ 16,252,063 |
| **Park & Recreation Component Unit** | | | | | |
| Compensated absences | $ 111,425 | $ 84,887 | $ 88,722 | $ 107,590 | $ 96,831 |

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, 2011, 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, 2011, there were 35 series of Revenue Bonds outstanding. The current aggregate principal amount payable for the series totaled $421,505,267; the original issue amounts totaled $611,787,941.

## 14. Nonspendable, Restricted, Committed, and Assigned Fund Balances

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds for fiscal year ended June 30, 2011:

| | General | Debt Service | SPLOST Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Nonspendable:** | | | | | |
| Prepaid items | $ 7,000 | $ 0 | $ 0 | $ 0 | $ 7,000 |
| Advances to other funds | 399,166 | 0 | 0 | 0 | 399,166 |
| | 406,166 | 0 | 0 | 0 | 406,166 |
| **Restricted for:** | | | | | |
| General Government | 0 | 0 | 0 | 55,489 | 55,489 |
| Public Safety | 0 | 0 | 0 | 366,569 | 366,569 |
| Health and Welfare | 0 | 0 | 0 | 1,000,472 | 1,000,472 |
| Culture and Recreation | 0 | 0 | 0 | 149,740 | 149,740 |
| Housing and Development | 0 | 0 | 0 | 415,147 | 415,147 |
| Capital projects | 0 | 0 | 1,558,168 | 150,506 | 1,708,674 |
| Debt service | 0 | 1,217,858 | 5,940,607 | 0 | 7,158,465 |
| | 0 | 1,217,858 | 7,498,775 | 2,137,923 | 10,854,556 |
| **Committed for:** | | | | | |
| Public Works | 0 | 0 | 0 | 39,800 | 39,800 |
| Culture and Recreation | 0 | 0 | 0 | 52,139 | 52,139 |
| | 0 | 0 | 0 | 91,939 | 91,939 |
| **Assigned for:** | | | | | |
| General Government | 0 | 0 | 0 | 82,958 | 82,958 |
| Public Safety | 3,056 | 0 | 0 | 13,367 | 16,423 |
| Public Works | 128,271 | 0 | 0 | 135,764 | 264,035 |
| Health and Welfare | 3,100 | 0 | 0 | 746,913 | 750,013 |
| Culture and Recreation | 0 | 0 | 0 | 165,254 | 165,254 |
| Housing and Development | 0 | 0 | 0 | 2,792,324 | 2,792,324 |
| Community betterment | 1,348,252 | 0 | 0 | 0 | 1,348,252 |
| Budget | 1,513,335 | 145,494 | 0 | 114,868 | 1,773,697 |
| Capital projects | 0 | 0 | 1,447,488 | 5,742,572 | 7,190,060 |
| Debt service | 0 | 70,920 | 0 | 0 | 70,920 |
| | 2,996,014 | 216,414 | 1,447,488 | 9,794,020 | 14,453,936 |

## 15. Deficit Equity Balances

At June 30, 2011, the Chattahoochee Golf Course Enterprise Fund had negative net assets of $224,975. 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.

# 16. Self-Insurance

## *General Insurance*

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

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.

## 16. Self-Insurance (continued)

### *Health Insurance*

The City provides health care benefits to its active and retired employees and their dependents. Effective July 1, 2010 the City contracted with Blue Cross Blue Shield of Georgia 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*

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:

| | June 30, 2011 | June 30, 2010 |
|---|---|---|
| **General Insurance Internal Service Fund** | | |
| Balance, beginning of year | $ 913,827 | $ 749,223 |
| Current year claims and changes in estimate | (59,467) | 636,667 |
| Claim payments | (175,573) | (472,063) |
| Balance, end of year | $ 678,787 | $ 913,827 |
| **Employee Benefits Internal Service Fund** | | |
| Balance, beginning of year | $ 335,800 | $ 419,630 |
| Current year claims and changes in estimate | 3,929,872 | 4,575,340 |
| Claim payments | (3,813,672) | (4,659,170) |
| Balance, end of year | $ 452,000 | $ 335,800 |

## 17. 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.

# 17. Pension Plans (continued)

## *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 | 197 | 46 |
| Terminated vested participants entitled to but not yet receiving benefits | 9 | 23 |
| Active participants | 472 | 155 |
| Total number of participants | 678 | 224 |

### Pension Plan A

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

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

# 17. Pension Plans (continued)

## *Plan Description and Contribution Information, continued*

### Pension Plan A (continued)

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

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

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

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

# 17. 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 8.9% 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.

## 17. 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, 2010 for Pension Plan A and January 1, 2011, 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 10 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, 2010, 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.

# 17. 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) | $ 3,067,415 | $ 445,261 |
| Interest on net pension obligation | (57,387) | 0 |
| Adjustment to ARC | 65,633 | 0 |
| Annual pension cost | 3,075,661 | 445,261 |
| Contributions made | (2,599,539) | (445,261) |
| Increase (decrease) in net pension obligation | 476,122 | 0 |
| Net pension obligation (asset) - beginning of year | (765,157) | 0 |
| Net pension obligation (asset) - end of year | $ (289,035) | $ 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 Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation (Asset) |
|---|---|---|---|
| **Pension Plan A:** | | | |
| 7/1/2005 | $ 1,811,997 | 105% | $ (86,615) |
| 7/1/2006 | 1,896,939 | 105% | (172,829) |
| 7/1/2007 | 2,294,558 | 114% | (496,492) |
| 7/1/2008 | 2,463,073 | 113% | (812,538) |
| 7/1/2009 | 2,809,533 | 99% | (765,157) |
| 7/1/2010 | 3,075,661 | 85% | (289,035) |
| **Pension Plan B:** | | | |
| 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 |
| 1/1/2011 | 445,261 | 100% | 0 |

## 17. 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:** | | | | | | |
| 7/1/2005 | $ 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% |
| 7/1/2010 | 66,265,931 | 109,222,610 | 42,956,679 | 60.67% | 20,168,312 | 213% |
| **Pension Plan B:** | | | | | | |
| 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% |
| 1/1/2011 | 4,520,440 | 6,148,933 | 1,628,493 | 73.52% | 4,914,895 | 33% |

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

## 18. Post Employment Health Care Benefits

### *Plan Description*

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

## 18. 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 | 156 |
| Active participants | 627 |
| Total number of participants | 783 |

### *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 $566,590, 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, 2010 is 28 years. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

## 18. 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 2011, the City's annual OPEB cost of $5,681,447 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, 2011. 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 6 years.

## 18. Post Employment Health Care Benefits (continued)

### *Annual OPEB Cost and Net OPEB Obligation, continued*

| | |
|---|---|
| Annual required contribution | $ 2,891,435 |
| Interest on net OPEB obligation | 2,670,938 |
| Adjustment to ARC | 119,074 |
| Annual OPEB cost | 5,681,447 |
| Contributions made | (1,435,035) |
| Increase (decrease) in net OPEB obligation | 4,246,412 |
| Net OPEB obligation - beginning of year | 14,243,991 |
| Net OPEB obligation - end of year | $ 18,490,403 |

### *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 |
| 2011 | 5,681,447 | 26% | 18,490,403 |

**Schedule of Funding Progress**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability* (AAL) (b) | Unfunded (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll** (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| 7/1/2008 | 0 | $ 69,174,911 | $ 69,174,911 | 0.00% | $ 26,474,878 | 261% |
| 7/1/2010 | 0 | 46,286,246 | 46,286,246 | 0.00% | 23,436,559 | 197% |

*AAL based on a pay-as-you-go plan
** Payroll of participants whose attained age is less than the assumed retirement age

## 19. Hotel/Motel Lodging Tax

The City has levied a 6% lodging tax in accordance with OCGA 48-13-51(a)(4). The City is required to spend an amount equal to at least 60% for the purpose of promoting tourism, conventions, and trade shows or for facilities used for these purposes. A summary of the transactions for the year ended June 30, 2011, follows:

| | |
|---|---|
| Lodging Tax Receipts | $ 517,456 |
| Disbursements to Georgia Mountains Center and other tourism and visitor programs | $ 385,000 75% of tax receipts |

## 20. Major Users/Taxpayers

The ten major customers of the water and sewer system are primarily from the poultry and food processing industry. The major users represent approximately thirty-seven percent of the water sales and sewer charges from the system in fiscal year 2011.

The ten major taxpayers of the City for fiscal year 2011 represent approximately twelve 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.

## 21. Joint Ventures

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

## 21. 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 2011, the City contributed the use of five police officers for assignment to the HCMOTF; the City paid $379,686 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 2011, the city paid $29,426 in such dues. Membership in a regional commission (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RCs in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, GA 30501.

## 22. Related Organizations

The City of Gainesville Housing Authority is considered a related organization to the City of Gainesville. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Gainesville. The City received $43,977 as payment-in-lieu-of-taxes during fiscal year 2011.

## 23. 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.

## 24. Commitments and Contingencies

### *Commitments*

The City has active construction projects as of June 30, 2011. At fiscal year end, the City's commitments with contractors are as follows:

| Project | Amount Expended to Date | Remaining Commitment |
|---|---|---|
| Comprehensive Plan | $ 137,619 | $ 122,877 |
| Expansion of the water and sewer distribution system | 479,881 | 468,402 |
| Total | $ 617,500 | $ 591,279 |

## 24. Commitments and Contingencies (continued)

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2011, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

| | Restricted | Assigned |
|---|---|---|
| **General Fund** | $ 0 | $ 63,609 |
| **Nonmajor Governmental Funds** | 73,583 | 73,583 |
| **Parks and Recreation Component Unit** | 0 | 13,229 |

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.

## 24. Commitments and Contingencies (continued)

### *Contingencies*

On 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 failed to grant permission, the City of Gainesville would have been allowed to use Lake Lanier for drinking water at mid-1970's authorized levels only. The State filed a notice to appeal this judgment, and, on July 28, 2011, the 11th Circuit Appeals Court released a unanimous ruling overturning the 2009 decision and maintaining that Lake Lanier may be used as a source of drinking water for Georgia residents.

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, 2011***

| | 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 | $ 0 | $ 1,641,359 | $ 1,094,592 | $ 232,163 | $ 129,400 | $ 173,049 | $ 25,147 |
| Investments | 0 | 0 | 1,579,879 | 0 | 0 | 0 | 0 |
| Receivables (net) | | | | | | | |
| Accounts | 0 | 2,653 | 0 | 12,349 | 47,669 | 0 | 0 |
| Intergovernmental | 0 | 352,634 | 0 | 0 | 0 | 9,245 | 0 |
| Notes | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total assets** | $ 0 | $ 1,996,646 | $ 2,674,471 | $ 244,512 | $ 177,069 | $ 182,294 | $ 25,147 |
| **LIABILITIES AND FUND BALANCES** | | | | | | | |
| **Liabilities** | | | | | | | |
| Payables | | | | | | | |
| Accounts | $ 0 | $ 68,284 | $ 8,717 | $ 5,696 | $ 0 | $ 3,551 | $ 0 |
| Sales tax | 0 | 0 | 0 | 834 | 0 | 0 | 0 |
| Deposits | 0 | 0 | 0 | 2,925 | 0 | 0 | 0 |
| Accrued salaries | 0 | 66,109 | 0 | 17,664 | 0 | 4,921 | 0 |
| Deferred revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Due to other funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total liabilities | 0 | 134,393 | 8,717 | 27,119 | 0 | 8,472 | 0 |
| **Fund balances** | | | | | | | |
| Restricted | 0 | 1,000,472 | 0 | 0 | 50,976 | 123,521 | 25,147 |
| Committed | 0 | 0 | 0 | 52,139 | 0 | 0 | 0 |
| Assigned | 0 | 861,781 | 2,665,754 | 165,254 | 126,093 | 50,301 | 0 |
| Total fund balances | 0 | 1,862,253 | 2,665,754 | 217,393 | 177,069 | 173,822 | 25,147 |
| **Total liabilities and fund balances** | $ 0 | $ 1,996,646 | $ 2,674,471 | $ 244,512 | $ 177,069 | $ 182,294 | $ 25,147 |

| Special Revenue | | | | | | | Capital Projects | | Total |
|---|---|---|---|---|---|---|---|---|---|
| Grants | HUD Grant | Revolving Loan | Impact Fee | Tax Allocation District | Information Technology | Cemetery Trust | General Government | Grants | Nonmajor Governmental Funds |
| $ 34,286 | $ 0 | $ 40,955 | $ 460,168 | $ 321,394 | $ 31,000 | $ 146,714 | $ 4,888,020 | $ 890,387 | $ 10,108,634 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,579,879 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 62,671 |
| 297,349 | 61,694 | 0 | 0 | 53,278 | 0 | 0 | 0 | 10,825 | 785,025 |
| 0 | 0 | 418,692 | 0 | 0 | 0 | 0 | 0 | 0 | 418,692 |
| $ 331,635 | $ 61,694 | $ 459,647 | $ 460,168 | $ 374,672 | $ 31,000 | $ 146,714 | $ 4,888,020 | $ 901,212 | $ 12,954,901 |
| $ 11,241 | $ 3,477 | $ 0 | $ 6 | $ 3 | $ 0 | $ 0 | $ 9,773 | $ 327 | $ 111,075 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 834 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,925 |
| 0 | 3,409 | 0 | 0 | 0 | 0 | 0 | 2,065 | 0 | 94,168 |
| 0 | 9,777 | 418,692 | 0 | 0 | 0 | 0 | 0 | 2,997 | 431,466 |
| 245,520 | 45,031 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 290,551 |
| 256,761 | 61,694 | 418,692 | 6 | 3 | 0 | 0 | 11,838 | 3,324 | 931,019 |
| 0 | 0 | 40,955 | 460,162 | 374,192 | 31,000 | 0 | 31,498 | 0 | 2,137,923 |
| 0 | 0 | 0 | 0 | 0 | 0 | 39,800 | 0 | 0 | 91,939 |
| 74,874 | 0 | 0 | 0 | 477 | 0 | 106,914 | 4,844,684 | 897,888 | 9,794,020 |
| 74,874 | 0 | 40,955 | 460,162 | 374,669 | 31,000 | 146,714 | 4,876,182 | 897,888 | 12,023,882 |
| $ 331,635 | $ 61,694 | $ 459,647 | $ 460,168 | $ 374,672 | $ 31,000 | $ 146,714 | $ 4,888,020 | $ 901,212 | $ 12,954,901 |

***CITY OF GAINESVILLE, GEORGIA***
***COMBINING STATEMENT OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***NONMAJOR GOVERNMENTAL FUNDS***
***For the fiscal year ended June 30, 2011***

| | 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 | $ 517,456 | $ 0 | $ 0 |
| Fines, fees, and forfeitures | 0 | 0 | 0 | 0 | 0 | 0 | 2,551 |
| Charges for services | 0 | 398,737 | 30,258 | 506,750 | 0 | 0 | 0 |
| Intergovernmental | 0 | 2,128,476 | 0 | 0 | 0 | 84,088 | 0 |
| Interest | 0 | 2,843 | 8,617 | 399 | 175 | 317 | 22 |
| Contributions | 0 | 152,829 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 112,282 | 5,171 | 9,069 | 0 | 0 | 0 |
| **Total revenues** | 0 | 2,795,167 | 44,046 | 516,218 | 517,631 | 84,405 | 2,573 |
| **EXPENDITURES** | | | | | | | |
| Current | | | | | | | |
| General Government | 0 | 0 | 0 | 0 | 0 | 173,681 | 0 |
| Public Safety | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Health and Welfare | 0 | 3,061,171 | 0 | 0 | 0 | 0 | 0 |
| Culture and Recreation | 0 | 0 | 0 | 764,611 | 0 | 0 | 0 |
| Housing and Development | 0 | 0 | 313,130 | 0 | 0 | 0 | 0 |
| Debt service: | | | | | | | |
| Interest and fiscal charges | 0 | 0 | 28,083 | 0 | 0 | 0 | 0 |
| Capital outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total expenditures** | 0 | 3,061,171 | 341,213 | 764,611 | 0 | 173,681 | 0 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | (266,004) | (297,167) | (248,393) | 517,631 | (89,276) | 2,573 |
| Other financing sources (uses) | | | | | | | |
| Transfers in | 0 | 449,829 | 0 | 310,000 | 0 | 84,088 | 0 |
| Transfers out | (1,747,419) | (35,164) | (3,444,075) | 0 | (440,300) | 0 | 0 |
| Issuance of capital lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total other financing sources (uses) | (1,747,419) | 414,665 | (3,444,075) | 310,000 | (440,300) | 84,088 | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (1,747,419) | 148,661 | (3,741,242) | 61,607 | 77,331 | (5,188) | 2,573 |
| Fund balances, July 1 | 1,747,419 | 1,713,592 | 6,406,996 | 155,786 | 99,738 | 179,010 | 22,574 |
| **Fund balances, June 30** | $ 0 | $ 1,862,253 | $ 2,665,754 | $ 217,393 | $ 177,069 | $ 173,822 | $ 25,147 |

| Special Revenue | | | | | | | Capital Projects | | Total |
|---|---|---|---|---|---|---|---|---|---|
| Grants | HUD Grant | Revolving Loan | Impact Fee | Tax Allocation District | Information Technology | Cemetery Trust | General Government | Grants | Nonmajor Governmental Funds |
| $ 0 | $ 0 | $ 0 | $ 0 | $ 35,269 | $ 0 | $ 0 | $ 0 | $ 0 | $ 552,725 |
| 0 | 0 | 0 | 0 | 0 | 31,000 | 0 | 0 | 0 | 33,551 |
| 0 | 0 | 29,520 | 82,717 | 0 | 0 | 39,800 | 0 | 0 | 1,087,782 |
| 966,252 | 263,119 | 0 | 0 | 206,837 | 0 | 0 | 0 | 51,001 | 3,699,773 |
| 0 | 0 | 80 | 1,048 | 477 | 0 | 240 | 0 | 0 | 14,218 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 152,829 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 126,522 |
| 966,252 | 263,119 | 29,600 | 83,765 | 242,583 | 31,000 | 40,040 | 0 | 51,001 | 5,667,400 |
| 231,033 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 404,714 |
| 173,537 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 173,537 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,061,171 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 764,611 |
| 10,862 | 284,846 | 30,708 | 0 | 0 | 0 | 0 | 0 | 0 | 639,546 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28,083 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,326,587 | 117,840 | 1,444,427 |
| 415,432 | 284,846 | 30,708 | 0 | 0 | 0 | 0 | 1,326,587 | 117,840 | 6,516,089 |
| 550,820 | (21,727) | (1,108) | 83,765 | 242,583 | 31,000 | 40,040 | (1,326,587) | (66,839) | (848,689) |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,533,056 | 477,320 | 4,854,293 |
| (623,464) | 0 | 0 | (113,760) | (89,000) | 0 | 0 | (164,000) | (145,036) | (6,802,218) |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 346,228 | 0 | 346,228 |
| (623,464) | 0 | 0 | (113,760) | (89,000) | 0 | 0 | 3,715,284 | 332,284 | (1,601,697) |
| (72,644) | (21,727) | (1,108) | (29,995) | 153,583 | 31,000 | 40,040 | 2,388,697 | 265,445 | (2,450,386) |
| 147,518 | 21,727 | 42,063 | 490,157 | 221,086 | 0 | 106,674 | 2,487,485 | 632,443 | 14,474,268 |
| $ 74,874 | $ 0 | $ 40,955 | $ 460,162 | $ 374,669 | $ 31,000 | $ 146,714 | $ 4,876,182 | $ 897,888 | $ 12,023,882 |

## *CITY OF GAINESVILLE, GEORGIA*
## *COMBINING STATEMENT OF NET ASSETS*
## *NONMAJOR ENTERPRISE FUNDS*
## *June 30, 2011*

| | Airport | Solid Waste | Chattahoochee Golf Course | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ 875,610 | $ 1,193,147 | $ 97,671 | $ 2,166,428 |
| Receivables (net) | | | | |
| Accounts | 8,561 | 176,949 | 47,308 | 232,818 |
| Total current assets | 884,171 | 1,370,096 | 144,979 | 2,399,246 |
| **Noncurrent assets** | | | | |
| Capital assets | | | | |
| Non-depreciable | 504,385 | 0 | 53,271 | 557,656 |
| Depreciable (net) | 12,587,980 | 278,985 | 3,970,950 | 16,837,915 |
| Debt issue costs (net) | 68,623 | 0 | 71,738 | 140,361 |
| Total noncurrent assets | 13,160,988 | 278,985 | 4,095,959 | 17,535,932 |
| **Total assets** | 14,045,159 | 1,649,081 | 4,240,938 | 19,935,178 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Payables | | | | |
| Accounts | 5,603 | 22,646 | 125,170 | 153,419 |
| Sales tax | 0 | 0 | 7,110 | 7,110 |
| Interest | 24,795 | 0 | 18,054 | 42,849 |
| Accrued salaries | 0 | 31,865 | 23,349 | 55,214 |
| Compensated absences | 0 | 38,859 | 15,751 | 54,610 |
| Capital lease payable | 305,000 | 0 | 180,000 | 485,000 |
| Notes payable | 0 | 0 | 81,691 | 81,691 |
| Other liabilities | 0 | 0 | 22,568 | 22,568 |
| Total current liabilities | 335,398 | 93,370 | 473,693 | 902,461 |
| **Noncurrent liabilities** | | | | |
| Advances from other funds | 0 | 0 | 399,166 | 399,166 |
| Compsensated absences | 0 | 4,318 | 1,750 | 6,068 |
| OPEB Obligation | 0 | 624,667 | 171,304 | 795,971 |
| Capital leases payable | 3,185,000 | 0 | 3,420,000 | 6,605,000 |
| Total noncurrent liabilities | 3,185,000 | 628,985 | 3,992,220 | 7,806,205 |
| **Total liabilities** | 3,520,398 | 722,355 | 4,465,913 | 8,708,666 |
| **NET ASSETS** | | | | |
| Invested in capital assets, net of related debt | 9,602,365 | 278,985 | 342,530 | 10,223,880 |
| Unrestricted | 922,396 | 647,741 | (567,505) | 1,002,632 |
| **Total net assets** | $ 10,524,761 | $ 926,726 | $ (224,975) | $ 11,226,512 |

## *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, 2011*

| | Airport | Solid Waste | Chattahoochee Golf Course | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| Charges for sales and services | $ 818,874 | $ 2,057,883 | $ 1,012,377 | $ 3,889,134 |
| Other | 3,754 | 15,617 | 28,214 | 47,585 |
| **Total operating revenues** | 822,628 | 2,073,500 | 1,040,591 | 3,936,719 |
| **OPERATING EXPENSES** | | | | |
| Costs of sales and services | 263,663 | 706,305 | 480,565 | 1,450,533 |
| Personal services | 0 | 1,082,030 | 498,307 | 1,580,337 |
| Depreciation | 691,436 | 149,624 | 265,046 | 1,106,106 |
| **Total operating expenses** | 955,099 | 1,937,959 | 1,243,918 | 4,136,976 |
| Operating income (loss) | (132,471) | 135,541 | (203,327) | (200,257) |
| Non-operating revenues (expenses) | | | | |
| Interest revenue | 1,784 | 1,822 | 8 | 3,614 |
| Interest expense | (204,522) | 0 | (147,214) | (351,736) |
| Amortization | (8,235) | 0 | (5,314) | (13,549) |
| Gain (loss) on sale of capital assets | 0 | 0 | 2,553 | 2,553 |
| Total non-operating revenues (expenses) | (210,973) | 1,822 | (149,967) | (359,118) |
| Income (loss) before capital contributions and transfers | (343,444) | 137,363 | (353,294) | (559,375) |
| Capital contributions | | | | |
| Intergovernmental revenue | 383,036 | 0 | 0 | 383,036 |
| Income (loss) before transfers | 39,592 | 137,363 | (353,294) | (176,339) |
| Transfers in (out) | | | | |
| Transfers in | 0 | 0 | 195,820 | 195,820 |
| Change in net assets | 39,592 | 137,363 | (157,474) | 19,481 |
| Net assets, July 1 | 10,485,169 | 789,363 | (67,501) | 11,207,031 |
| **Net assets, June 30** | $ 10,524,761 | $ 926,726 | $ (224,975) | $ 11,226,512 |

## *CITY OF GAINESVILLE, GEORGIA*
## *COMBINING STATEMENT OF CASH FLOWS*
## *NONMAJOR ENTERPRISE FUNDS*
## *For the fiscal year ended June 30, 2011*

| | Airport | Solid Waste | Chattahoochee Golf Course | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | |
| Receipts from customers | $ 834,053 | $ 2,001,270 | $ 1,012,914 | $ 3,848,237 |
| Payments to suppliers | (274,568) | (737,074) | (486,388) | (1,498,030) |
| Payments to employees | 0 | (931,955) | (466,704) | (1,398,659) |
| Other receipts | 3,754 | 15,617 | 13,814 | 33,185 |
| Net cash provided (used) by operating activities | 563,239 | 347,858 | 73,636 | 984,733 |
| **Cash flows from non-capital financing activities:** | | | | |
| Receipts from other funds | 0 | 0 | 345,661 | 345,661 |
| **Cash flows from capital and related financing activities:** | | | | |
| Receipt of capital contributions | 383,036 | 0 | 0 | 383,036 |
| Sale of capital assets | 0 | 0 | 2,553 | 2,553 |
| Interest paid | (206,577) | 0 | (148,092) | (354,669) |
| Acquisition of capital assets | (532,650) | (18,100) | (7,625) | (558,375) |
| Payment of capital related accounts payable | (53,600) | 0 | 0 | (53,600) |
| Principal payments - capital leases | (290,000) | 0 | (175,000) | (465,000) |
| Net cash provided (used) by capital and related financing activities | (699,791) | (18,100) | (328,164) | (1,046,055) |
| **Cash flows from investing activities:** | | | | |
| Interest received | 1,784 | 1,822 | 8 | 3,614 |
| Net increase (decrease) in cash and cash equivalents | (134,768) | 331,580 | 91,141 | 287,953 |
| Cash and cash equivalents, July 1 | 1,010,378 | 861,567 | 6,530 | 1,878,475 |
| **Cash and cash equivalents, June 30** | $ 875,610 | $ 1,193,147 | $ 97,671 | $ 2,166,428 |

## *CITY OF GAINESVILLE, GEORGIA*
## *COMBINING STATEMENT OF CASH FLOWS*
## *NONMAJOR ENTERPRISE FUNDS*
## *For the fiscal year ended June 30, 2011*

| | 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) | $ (132,471) | $ 135,541 | $ (203,327) | $ (200,257) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | | |
| Depreciation | 691,436 | 149,624 | 265,046 | 1,106,106 |
| (Increase) decrease in accounts receivable | 15,179 | (56,613) | (4,117) | (45,551) |
| Increase (decrease) in accounts payable | (10,905) | (30,769) | 16,265 | (25,409) |
| Increase (decrease) in sales tax payable | 0 | 0 | (9,746) | (9,746) |
| Increase (decrease) in accrued salaries and benefits | 0 | 9,468 | 4,820 | 14,288 |
| Increase (decrease) in OPEB obligation | 0 | 140,607 | 26,783 | 167,390 |
| Increase (decrease) in other liabilities | 0 | 0 | (22,088) | (22,088) |
| Total adjustments | 695,710 | 212,317 | 276,963 | 1,184,990 |
| Net cash provided (used) by operating activities | $ 563,239 | $ 347,858 | $ 73,636 | $ 984,733 |
| **Cash and cash equivalents reconciliation:** | | | | |
| Cash and cash equivalents | $ 875,610 | $ 1,193,147 | $ 97,671 | $ 2,166,428 |

**Noncash investing, capital, and financing activities:**

Acquisition of capital assets through accounts payable totaled $63,363 for the fiscal year ended June 30, 2011.

## *CITY OF GAINESVILLE, GEORGIA*
## *COMBINING STATEMENT OF NET ASSETS*
## *INTERNAL SERVICE FUNDS*
## *June 30, 2011*

| | General Insurance Fund | Employee Benefits Fund | Vehicle Services Fund | Totals |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ 1,238,466 | $ 4,281,707 | $ 72,534 | $ 5,592,707 |
| Receivables | | | | |
| Accounts | 23,134 | 288,443 | 0 | 311,577 |
| Intergovernmental | 0 | 0 | 44,780 | 44,780 |
| Inventory | 0 | 0 | 151,364 | 151,364 |
| Total current assets | 1,261,600 | 4,570,150 | 268,678 | 6,100,428 |
| **Noncurrent assets** | | | | |
| Depreciable capital assets (net) | 0 | 0 | 47,221 | 47,221 |
| **Total assets** | 1,261,600 | 4,570,150 | 315,899 | 6,147,649 |
| **LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable | 11,449 | 39,241 | 24,277 | 74,967 |
| Deposits payable | 0 | 12,040 | 0 | 12,040 |
| Accrued salaries | 0 | 0 | 10,178 | 10,178 |
| Compensated absences | 0 | 0 | 11,938 | 11,938 |
| Claims reserves | 678,787 | 452,000 | 0 | 1,130,787 |
| Total current liabilities | 690,236 | 503,281 | 46,393 | 1,239,910 |
| **Long-term liabilities** | | | | |
| Compensated absences | 0 | 0 | 1,326 | 1,326 |
| **Total liabilities** | 690,236 | 503,281 | 47,719 | 1,241,236 |
| **NET ASSETS** | | | | |
| Invested in capital assets | 0 | 0 | 47,221 | 47,221 |
| Unrestricted | 571,364 | 4,066,869 | 220,959 | 4,859,192 |
| **Total net assets** | $ 571,364 | $ 4,066,869 | $ 268,180 | $ 4,906,413 |

## *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, 2011*

| | General Insurance Fund | Employee Benefits Fund | Vehicle Services Fund | Totals |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| Interfund services provided | $ 1,091,045 | $ 8,187,291 | $ 2,014,950 | $ 11,293,286 |
| Other | 39,219 | 75 | 0 | 39,294 |
| **Total operating revenues** | 1,130,264 | 8,187,366 | 2,014,950 | 11,332,580 |
| **OPERATING EXPENSES** | | | | |
| Costs of services | 1,130,264 | 6,194,410 | 1,720,882 | 9,045,556 |
| Personal services | 0 | 0 | 274,644 | 274,644 |
| Depreciation | 0 | 0 | 19,424 | 19,424 |
| **Total operating expenses** | 1,130,264 | 6,194,410 | 2,014,950 | 9,339,624 |
| Operating income (loss) | 0 | 1,992,956 | 0 | 1,992,956 |
| Non-operating revenues (expenses) | | | | |
| Interest revenue | 3,087 | 8,218 | 0 | 11,305 |
| Net income (loss) before capital contributions and transfers | 3,087 | 2,001,174 | 0 | 2,004,261 |
| Capital contributions | | | | |
| Capital contributions | 10,000 | 0 | 0 | 10,000 |
| Net income (loss) before transfers | 13,087 | 2,001,174 | 0 | 2,014,261 |
| Transfers in (out) | | | | |
| Transfers in | 1,562 | 0 | 0 | 1,562 |
| Transfers out | (11,562) | 0 | 0 | (11,562) |
| Total transfers | (10,000) | 0 | 0 | (10,000) |
| Change in net assets | 3,087 | 2,001,174 | 0 | 2,004,261 |
| Net assets, July 1 | 568,277 | 2,065,695 | 268,180 | 2,902,152 |
| **Net assets, June 30** | $ 571,364 | $ 4,066,869 | $ 268,180 | $ 4,906,413 |

## *CITY OF GAINESVILLE, GEORGIA*
## *COMBINING STATEMENT OF CASH FLOWS*
## *INTERNAL SERVICE FUNDS*
## *For the fiscal year ended June 30, 2011*

| | General Insurance Fund | Employee Benefits Fund | Vehicle Services Fund | Totals |
|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | |
| Receipts from interfund services provided | $ 1,067,911 | $ 7,899,100 | $ 1,975,341 | $ 10,942,352 |
| Payments to suppliers | (1,414,848) | (6,070,550) | (1,801,492) | (9,286,890) |
| Payments to employees | (13,008) | 0 | (272,866) | (285,874) |
| Other receipts | 39,219 | 75 | 0 | 39,294 |
| Net cash provided (used) by operating activities | (320,726) | 1,828,625 | (99,017) | 1,408,882 |
| **Cash flows from capital and related financing activities:** | | | | |
| Receipts from others | 10,000 | 0 | 0 | 10,000 |
| Receipts from other funds | 1,562 | 0 | 0 | 1,562 |
| Acquisition of capital assets | (11,562) | 0 | 0 | (11,562) |
| Net cash provided (used) by capital and related financing activities | 0 | 0 | 0 | 0 |
| **Cash flows from investing activities:** | | | | |
| Interest received | 3,087 | 8,218 | 0 | 11,305 |
| Net increase (decrease) in cash and cash equivalents | (317,639) | 1,836,843 | (99,017) | 1,420,187 |
| Cash and cash equivalents, July 1 | 1,556,105 | 2,444,864 | 171,551 | 4,172,520 |
| **Cash and cash equivalents, June 30** | $ 1,238,466 | $ 4,281,707 | $ 72,534 | $ 5,592,707 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | | | |
| Operating income (loss) | $ 0 | $ 1,992,956 | $ 0 | $ 1,992,956 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | | |
| Depreciation | 0 | 0 | 19,424 | 19,424 |
| (Increase) decrease in accounts receivable | (23,134) | (288,191) | 0 | (311,325) |
| (Increase) decrease in intergovernmental receivables | 0 | 0 | (39,609) | (39,609) |
| (Increase) decrease in inventory | 0 | 0 | 4,165 | 4,165 |
| Increase (decrease) in accounts payable | (49,544) | 3,418 | (84,775) | (130,901) |
| Increase (decrease) in accrued salaries and benefits | (13,008) | 0 | 1,778 | (11,230) |
| Increase (decrease) in deposits payable | 0 | 4,242 | 0 | 4,242 |
| Increase (decrease) in claims reserve | (235,040) | 116,200 | 0 | (118,840) |
| Total adjustments | (320,726) | (164,331) | (99,017) | (584,074) |
| Net cash provided (used) by operating activities | $ (320,726) | $ 1,828,625 | $ (99,017) | $ 1,408,882 |

**Noncash investing, capital, and financing activities:**

Distributions of capital assets to government totaled $11,562 for the fiscal year ended June 30, 2011.

## *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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 7,618,718 | $ 4,309,591 |
| Receivables (net) | | |
| Accounts | 631,333 | 377,532 |
| Intergovernmental | 613,559 | 515,885 |
| Property taxes | 219,698 | 231,315 |
| Prepaid items | 7,000 | 10,157 |
| Due from other funds | 290,551 | 83,807 |
| Advances to other funds | 399,166 | 0 |
| **Total assets** | $ 9,780,025 | $ 5,528,287 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Payables | | |
| Accounts | $ 297,418 | $ 449,420 |
| Intergovernmental | 61,234 | 85,975 |
| Accrued salaries | 665,373 | 599,184 |
| Deferred revenue | 207,056 | 191,659 |
| Other liabilities | 12,700 | 10,353 |
| Total liabilities | 1,243,781 | 1,336,591 |
| **Fund balances** | | |
| Nonspendable: | | |
| Prepaid items | 7,000 | 10,157 |
| Advances to other funds | 399,166 | 0 |
| Assigned for: | | |
| General Government | 0 | 3,660 |
| Public Safety | 3,056 | 13,805 |
| Public Works | 128,271 | 55,797 |
| Health and Welfare | 3,100 | 0 |
| Community betterment | 1,348,252 | 0 |
| Budget | 1,513,335 | 500,000 |
| Unassigned | 5,134,064 | 3,608,277 |
| Total fund balances | 8,536,244 | 4,191,696 |
| **Total liabilities and fund balances** | $ 9,780,025 | $ 5,528,287 |

## *CITY OF GAINESVILLE, GEORGIA*
## *GENERAL FUND*
## *COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **REVENUES** | | |
| Taxes | $ 18,762,556 | $ 17,777,128 |
| Licenses and permits | 540,906 | 526,787 |
| Fines, fees and forfeitures | 1,356,691 | 1,160,801 |
| Charges for services | 1,847,709 | 1,488,529 |
| Intergovernmental | 518,143 | 483,908 |
| Interest | 28,456 | 29,065 |
| Contributions | 0 | 4,999 |
| Other | 109,383 | 132,271 |
| **Total revenues** | 23,163,844 | 21,603,488 |
| **EXPENDITURES** | | |
| Current | | |
| General Government | 2,884,912 | 2,786,004 |
| Judicial | 367,454 | 385,823 |
| Public Safety | 14,382,377 | 13,864,249 |
| Public Works | 4,334,170 | 4,341,786 |
| Health and Welfare | 12,500 | 25,512 |
| Housing and Development | 1,111,425 | 1,041,442 |
| **Total expenditures** | 23,092,838 | 22,444,816 |
| Excess (deficiency) of revenues over (under) expenditures | 71,006 | (841,328) |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| Community Development Fund | 1,747,419 | 0 |
| Community Service Center Fund | (435,829) | (472,725) |
| Georgia Mountains Center Fund | 0 | (139,319) |
| Government Access Cable TV Channel Fund | (84,088) | (81,339) |
| Grants Special Revenue Fund | 623,465 | 217,390 |
| Hotel/Motel Tax Fund | 55,300 | 110,400 |
| Impact Fee Fund | 3,100 | 1,757 |
| Cemetery Trust Fund | 0 | 44,480 |
| General Government Capital Projects Fund | (203,396) | (893,000) |
| Grants Capital Projects Fund | (33,245) | 0 |
| Public Utilities Fund | 2,761,291 | 2,761,291 |
| Chattahoochee Golf Course Fund | (195,820) | (255,443) |
| General Insurance Fund | (1,562) | 0 |
| Vehicle Services Fund | 0 | (7,448) |
| Sales of capital assets | 36,907 | 48,616 |
| Total other financing sources (uses) | 4,273,542 | 1,334,660 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 4,344,548 | 493,332 |
| Fund balances, July 1 | 4,191,696 | 3,698,364 |
| **Fund balances, June 30** | $ 8,536,244 | $ 4,191,696 |

***CITY OF GAINESVILLE, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF REVENUES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2011***
***(With comparative actual amounts for the fiscal year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| **Taxes** | | | | |
| General property taxes | | | | |
| Current year levy | $ 5,467,513 | $ 5,637,802 | $ 170,289 | $ 4,948,874 |
| Prior years' levies | 27,338 | 128,735 | 101,397 | 146,377 |
| Motor vehicle tax | 262,666 | 239,422 | (23,244) | 207,773 |
| Cost, penalties, and interest | 90,500 | 106,024 | 15,524 | 92,044 |
| Total general property taxes | 5,848,017 | 6,111,983 | 263,966 | 5,395,068 |
| Intangibles tax | 125,000 | 59,343 | (65,657) | 97,161 |
| Franchise tax | 3,760,000 | 4,072,511 | 312,511 | 3,866,595 |
| Insurance premium tax | 1,400,000 | 1,376,910 | (23,090) | 1,418,124 |
| Occupational tax | 1,055,000 | 1,111,954 | 56,954 | 1,114,317 |
| Liquor tax | 98,000 | 97,498 | (502) | 103,244 |
| Beer and wine tax | 767,000 | 774,709 | 7,709 | 756,353 |
| Mixed drink tax | 75,000 | 127,435 | 52,435 | 82,419 |
| Local option sales tax | 4,521,595 | 5,030,213 | 508,618 | 4,943,847 |
| Total taxes | 17,649,612 | 18,762,556 | 1,112,944 | 17,777,128 |
| **Licenses and permits** | 475,800 | 540,906 | 65,106 | 526,787 |
| **Fines, fees and forfeitures** | 1,049,200 | 1,356,691 | 307,491 | 1,160,801 |
| **Charges for services** | 1,853,039 | 1,847,709 | (5,330) | 1,488,529 |
| **Intergovernmental** | 494,960 | 518,143 | 23,183 | 483,908 |
| **Interest** | 25,400 | 28,456 | 3,056 | 29,065 |
| **Contributions** | 0 | 0 | 0 | 4,999 |
| **Other** | | | | |
| Cemetery care | 40,000 | 39,025 | (975) | 31,910 |
| Miscellaneous | 57,240 | 70,358 | 13,118 | 100,361 |
| Total other | 97,240 | 109,383 | 12,143 | 132,271 |
| **Total revenues** | $ 21,645,251 | $ 23,163,844 | $ 1,518,593 | $ 21,603,488 |

***CITY OF GAINESVILLE, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF EXPENDITURES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2011***
***(With comparative actual amounts for the fiscal year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **EXPENDITURES** | | | | |
| **Current** | | | | |
| **General Government** | | | | |
| City Manager's Office | | | | |
| Personal services | $ 681,401 | $ 678,690 | $ 2,711 | $ 737,214 |
| Other | 163,298 | 144,443 | 18,855 | 199,194 |
| Total City Manager's Office | 844,699 | 823,133 | 21,566 | 936,408 |
| Financial Services and IT | | | | |
| Personal services | 1,194,742 | 1,158,496 | 36,246 | 1,237,542 |
| Other | 433,429 | 401,062 | 32,367 | 345,264 |
| Total Financial Services and IT | 1,628,171 | 1,559,558 | 68,613 | 1,582,806 |
| Human Resources | | | | |
| Personal services | 490,536 | 462,955 | 27,581 | 231,613 |
| Other | 63,690 | 39,266 | 24,424 | 35,177 |
| Total Human Resources | 554,226 | 502,221 | 52,005 | 266,790 |
| Total General Government | 3,027,096 | 2,884,912 | 142,184 | 2,786,004 |
| **Judicial** | | | | |
| Municipal Court | | | | |
| Personal services | 265,434 | 262,520 | 2,914 | 301,410 |
| Other | 119,663 | 104,934 | 14,729 | 84,413 |
| Total Judicial | 385,097 | 367,454 | 17,643 | 385,823 |
| **Public Safety** | | | | |
| Police | | | | |
| Personal services | 6,777,068 | 6,459,395 | 317,673 | 6,652,023 |
| Other | 1,546,304 | 1,472,951 | 73,353 | 1,373,951 |
| Capital outlay | 19,579 | 19,358 | 221 | 0 |
| Total Police | 8,342,951 | 7,951,704 | 391,247 | 8,025,974 |
| City Marshal | | | | |
| Personal services | 167,933 | 167,897 | 36 | 253,796 |
| Other | 73,137 | 55,858 | 17,279 | 81,159 |
| Total City Marshal | 241,070 | 223,755 | 17,315 | 334,955 |
| Fire | | | | |
| Personal services | 5,836,579 | 5,529,095 | 307,484 | 4,928,011 |
| Other | 598,537 | 592,449 | 6,088 | 575,309 |
| Capital outlay | 91,205 | 85,374 | 5,831 | 0 |
| Total Fire | 6,526,321 | 6,206,918 | 319,403 | 5,503,320 |
| Total Public Safety | 15,110,342 | 14,382,377 | 727,965 | 13,864,249 |
| **Public Works** | | | | |
| Public Lands and Buildings | | | | |
| Personal services | 252,271 | 246,534 | 5,737 | 290,937 |
| Other | 183,301 | 155,058 | 28,243 | 160,734 |
| Capital outlay | 1,200 | 0 | 1,200 | 0 |
| Total Public Lands and Buildings | 436,772 | 401,592 | 35,180 | 451,671 |



***Exhibit C-4, continued***

***CITY OF GAINESVILLE, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF EXPENDITURES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2011***
***(With comparative actual amounts for the fiscal year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **Public Works, continued** | | | | |
| Engineering | | | | |
| Personal services | $ 562,502 | $ 557,836 | $ 4,666 | $ 550,986 |
| Other | 72,444 | 63,217 | 9,227 | 69,456 |
| Total Engineering | 634,946 | 621,053 | 13,893 | 620,442 |
| Traffic | | | | |
| Personal services | 488,888 | 476,516 | 12,372 | 471,600 |
| Other | 786,446 | 773,205 | 13,241 | 691,526 |
| Capital Outlay | 0 | 0 | 0 | 5,664 |
| Total Traffic | 1,275,334 | 1,249,721 | 25,613 | 1,168,790 |
| Street Maintenance | | | | |
| Personal services | 1,388,040 | 1,309,470 | 78,570 | 1,378,617 |
| Other | 511,222 | 431,076 | 80,146 | 382,076 |
| Capital outlay | 0 | 0 | 0 | 35,000 |
| Total Street Maintenance | 1,899,262 | 1,740,546 | 158,716 | 1,795,693 |
| Cemetery | | | | |
| Personal services | 247,116 | 239,624 | 7,492 | 239,270 |
| Other | 87,163 | 81,634 | 5,529 | 52,758 |
| Capital outlay | 0 | 0 | 0 | 13,162 |
| Total Cemetery | 334,279 | 321,258 | 13,021 | 305,190 |
| Total Public Works | 4,580,593 | 4,334,170 | 246,423 | 4,341,786 |
| **Health and Welfare** | | | | |
| Agency allocations | | | | |
| Other | 12,500 | 12,500 | 0 | 25,512 |
| **Housing and Development** | | | | |
| Communications and Tourism | | | | |
| Personal services | 276,125 | 251,248 | 24,877 | 32,795 |
| Other | 111,055 | 103,786 | 7,269 | 56,381 |
| Total Communications and Tourism | 387,180 | 355,034 | 32,146 | 89,176 |
| Planning | | | | |
| Personal services | 426,896 | 392,666 | 34,230 | 388,325 |
| Other | 115,885 | 71,818 | 44,067 | 113,986 |
| Total Planning | 542,781 | 464,484 | 78,297 | 502,311 |
| Inspection | | | | |
| Personal services | 260,107 | 241,026 | 19,081 | 353,566 |
| Other | 32,811 | 21,455 | 11,356 | 26,401 |
| Total Inspection | 292,918 | 262,481 | 30,437 | 379,967 |
| Economic Development Council | | | | |
| Other | 0 | 0 | 0 | 31,688 |
| GA Mountains Regional Commission | | | | |
| Other | 29,426 | 29,426 | 0 | 38,300 |
| Total Housing and Development | 1,252,305 | 1,111,425 | 140,880 | 1,041,442 |
| **Total expenditures** | $ 24,367,933 | $ 23,092,838 | $ 1,275,095 | $ 22,444,816 |

## *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.*

***Information Technology Fund*** *- This fund is used to account for the fee collected through the Municipal Court, as authorized by City ordinance, for the purpose of improving/enhancing information technology in the Police Department, Municipal Court, Code Enforcement, and the City Marshal's Office.*

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

## *CITY OF GAINESVILLE, GEORGIA*
## *COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 0 | $ 1,498,094 |
| Advances to other funds | 0 | 249,325 |
| **Total assets** | $ 0 | $ 1,747,419 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| **Fund balances** | | |
| Nonspendable advances to other funds | $ 0 | $ 249,325 |
| Assigned for Housing and Development | 0 | 1,498,094 |
| Total fund balances | $ 0 | $ 1,747,419 |

***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, 2011***
***(With comparative actual amounts for the year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Interest | $ 0 | $ 0 | $ 0 | $ 4,256 |
| **Total revenues** | 0 | 0 | 0 | 4,256 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 0 | 0 | 4,256 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | 0 | (1,747,419) | (1,747,419) | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | (1,747,419) | (1,747,419) | 4,256 |
| Fund balances, July 1 | 0 | 1,747,419 | 1,747,419 | 1,743,163 |
| **Fund balances, June 30** | $ 0 | $ 0 | $ 0 | $ 1,747,419 |

## *CITY OF GAINESVILLE, GEORGIA*
## *COMMUNITY SERVICE CENTER SPECIAL REVENUE FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 1,641,359 | $ 1,427,906 |
| Receivables | | |
| Accounts | 2,653 | 2,518 |
| Intergovernmental | 352,634 | 468,856 |
| **Total assets** | $ 1,996,646 | $ 1,899,280 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Payables | | |
| Accounts | $ 68,284 | $ 129,580 |
| Accrued salaries | 66,109 | 56,108 |
| Total liabilities | 134,393 | 185,688 |
| **Fund balances** | | |
| Restricted for Health and Welfare | 1,000,472 | 945,513 |
| Assigned for: | | |
| Health and Welfare | 746,913 | 768,079 |
| Budget | 114,868 | 0 |
| Total fund balances | 1,862,253 | 1,713,592 |
| **Total liabilities and fund balances** | $ 1,996,646 | $ 1,899,280 |

## *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, 2011*
## *(With comparative actual amounts for the year ended June 30, 2010)*

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Charges for services | $ 399,477 | $ 398,737 | $ (740) | $ 384,411 |
| Intergovernmental | 3,127,517 | 2,128,476 | (999,041) | 2,611,754 |
| Interest | 1,000 | 2,843 | 1,843 | 3,455 |
| Contributions | 130,900 | 152,829 | 21,929 | 135,043 |
| Other | 111,590 | 112,282 | 692 | 116,123 |
| **Total revenues** | 3,770,484 | 2,795,167 | (975,317) | 3,250,786 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Health and Welfare | | | | |
| Personal services | 1,932,724 | 1,744,828 | 187,896 | 1,701,557 |
| Other | 2,416,687 | 1,316,343 | 1,100,344 | 1,580,916 |
| **Total expenditures** | 4,349,411 | 3,061,171 | 1,288,240 | 3,282,473 |
| Excess (deficiency) of revenues over (under) expenditures | (578,927) | (266,004) | 312,923 | (31,687) |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | 435,829 | 435,829 | 0 | 472,725 |
| SPLOST Capital Projects Fund | (45,461) | (35,164) | 10,297 | (108,170) |
| General Government Capital Projects Fund | 0 | 0 | 0 | (41,000) |
| Public Utilities Fund | 14,000 | 14,000 | 0 | 4,000 |
| Total other financing sources (uses) | 404,368 | 414,665 | 10,297 | 327,555 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (174,559) | 148,661 | 323,220 | 295,868 |
| Fund balance, July 1 | 174,559 | 1,713,592 | 1,539,033 | 1,417,724 |
| **Fund balances, June 30** | $ 0 | $ 1,862,253 | $ 1,862,253 | $ 1,713,592 |

## *CITY OF GAINESVILLE, GEORGIA*
## *ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 1,094,592 | $ 4,851,051 |
| Investments | 1,579,879 | 1,577,532 |
| **Total assets** | $ 2,674,471 | $ 6,428,583 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 8,717 | $ 21,587 |
| **Fund balances** | | |
| Assigned for: | | |
| Budget | 0 | 117,356 |
| Housing and Development | 2,665,754 | 6,289,640 |
| Total fund balances | 2,665,754 | 6,406,996 |
| **Total liabilities and fund balances** | $ 2,674,471 | $ 6,428,583 |

***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, 2011***
***(With comparative actual amounts for the year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Charges for services | $ 0 | $ 30,258 | $ 30,258 | $ 100,448 |
| Interest | 10,000 | 8,617 | (1,383) | 14,969 |
| Other | 0 | 5,171 | 5,171 | 0 |
| **Total revenue** | 10,000 | 44,046 | 34,046 | 115,417 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Personal services | 7,000 | 6,037 | 963 | 0 |
| Other | 318,134 | 307,093 | 11,041 | 787,227 |
| Debt Service | | | | |
| Interest expense | 76,356 | 28,083 | 48,273 | 41,638 |
| **Total expenditures** | 401,490 | 341,213 | 60,277 | 828,865 |
| Excess (deficiency) of revenues over (under) expenditures | (391,490) | (297,167) | 94,323 | (713,448) |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Government | | | | |
| Capital Projects Fund | (3,000,000) | (3,000,000) | 0 | 0 |
| Grants Capital Projects Fund | (444,075) | (444,075) | 0 | 0 |
| Sales of capital assets | 300,000 | 0 | (300,000) | 0 |
| Total other financing sources (uses) | (3,144,075) | (3,444,075) | (300,000) | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (3,535,565) | (3,741,242) | (205,677) | (713,448) |
| Fund balances, July 1 | 3,535,565 | 6,406,996 | 2,871,431 | 7,120,444 |
| **Fund balances, June 30** | $ 0 | $ 2,665,754 | $ 2,665,754 | $ 6,406,996 |

## *CITY OF GAINESVILLE, GEORGIA*
## *GEORGIA MOUNTAINS CENTER SPECIAL REVENUE FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 232,163 | $ 212,027 |
| Accounts receivable | 12,349 | 1,655 |
| **Total assets** | $ 244,512 | $ 213,682 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Payables | | |
| Accounts | $ 5,696 | $ 38,348 |
| Sales tax | 834 | 610 |
| Accrued salaries | 17,664 | 14,788 |
| Customer deposits | 2,925 | 4,150 |
| Total liabilities | 27,119 | 57,896 |
| **Fund balances** | | |
| Committed for Culture and Recreation | 52,139 | 0 |
| Assigned for Culture and Recreation | 165,254 | 155,786 |
| Total fund balances | 217,393 | 155,786 |
| **Total liabilities and fund balances** | $ 244,512 | $ 213,682 |

***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, 2011***
***(With comparative actual amounts for the year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Charges for services | $ 492,850 | $ 506,750 | $ 13,900 | $ 435,955 |
| Interest | 1,600 | 399 | (1,201) | 548 |
| Other | 9,596 | 9,069 | (527) | 9,067 |
| **Total revenues** | 504,046 | 516,218 | 12,172 | 445,570 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Culture and Recreation | | | | |
| Personal services | 466,388 | 438,988 | 27,400 | 471,165 |
| Other | 348,858 | 325,623 | 23,235 | 319,167 |
| **Total expenditures** | 815,246 | 764,611 | 50,635 | 790,332 |
| Excess (deficiency) of revenues over (under) expenditures | (311,200) | (248,393) | 62,807 | (344,762) |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | 0 | 0 | 0 | 139,319 |
| Hotel/Motel Tax Fund | 310,000 | 310,000 | 0 | 190,035 |
| Sales of capital assets | 1,200 | 0 | (1,200) | 2,272 |
| Total other financing sources (uses) | 311,200 | 310,000 | (1,200) | 331,626 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | 61,607 | 61,607 | (13,136) |
| Fund balances, July 1 | 0 | 155,786 | 155,786 | 168,922 |
| **Fund balances, June 30** | $ 0 | $ 217,393 | $ 217,393 | $ 155,786 |

## *CITY OF GAINESVILLE, GEORGIA*
## *HOTEL/MOTEL TAX SPECIAL REVENUE FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 129,400 | $ 71,231 |
| Accounts receivable | 47,669 | 36,844 |
| **Total assets** | $ 177,069 | $ 108,075 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 0 | $ 8,337 |
| **Fund balances** | | |
| Restricted for Georgia Mountain Center capital improvements | 50,976 | 39,734 |
| Assigned for Housing and Development | 126,093 | 60,004 |
| Total fund balances | 177,069 | 99,738 |
| **Total liabilities and fund balances** | $ 177,069 | $ 108,075 |

***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, 2011***
***(With comparative actual amounts for the year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Hotel/motel taxes | $ 440,000 | $ 517,456 | $ 77,456 | $ 444,852 |
| Interest | 300 | 175 | (125) | 226 |
| **Total revenues** | 440,300 | 517,631 | 77,331 | 445,078 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Convention and Visitors Bureau | 0 | 0 | 0 | 33,200 |
| Main Street Program | 0 | 0 | 0 | 47,873 |
| **Total expenditures** | 0 | 0 | 0 | 81,073 |
| Excess (deficiency) of revenues over (under) expenditures | 440,300 | 517,631 | 77,331 | 364,005 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | (55,300) | (55,300) | 0 | (110,400) |
| Georgia Mountains Center | (310,000) | (310,000) | 0 | (190,035) |
| General Government | | | | |
| Capital Projects Fund | (75,000) | (75,000) | 0 | (75,000) |
| Total other financing sources (uses) | (440,300) | (440,300) | 0 | (375,435) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | 77,331 | 77,331 | (11,430) |
| Fund balances, July 1 | 0 | 99,738 | 99,738 | 111,168 |
| **Fund balances, June 30** | $ 0 | $ 177,069 | $ 177,069 | $ 99,738 |

## *CITY OF GAINESVILLE, GEORGIA*
## *GOVERNMENT ACCESS CABLE TV CHANNEL SPECIAL REVENUE FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 173,049 | $ 178,666 |
| Intergovernmental receivables | 9,245 | 8,054 |
| **Total assets** | $ 182,294 | $ 186,720 |
| **LIABILITIES AND FUND BALANCE** | | |
| **Liabilities** | | |
| Accounts payable | $ 3,551 | $ 3,606 |
| Accrued salaries | 4,921 | 4,104 |
| Total liabilities | 8,472 | 7,710 |
| **Fund balance** | | |
| Restricted for: | | |
| General Government | 55,489 | 55,489 |
| Capital outlay | 68,032 | 68,032 |
| Assigned for General Government | 50,301 | 55,489 |
| Total fund balance | 173,822 | 179,010 |
| **Total liabilities and fund balance** | $ 182,294 | $ 186,720 |

***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, 2011***
***(With comparative actual amounts for the year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Intergovernmental | $ 88,667 | $ 84,088 | $ (4,579) | $ 81,339 |
| Interest | 400 | 317 | (83) | 496 |
| Other | 0 | 0 | 0 | 48 |
| **Total revenues** | 89,067 | 84,405 | (4,662) | 81,883 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| General Government | | | | |
| Personal services | 120,690 | 117,790 | 2,900 | 117,272 |
| Other | 57,044 | 55,891 | 1,153 | 45,780 |
| **Total expenditures** | 177,734 | 173,681 | 4,053 | 163,052 |
| Excess (deficiency) of revenues over (under) expenditures | (88,667) | (89,276) | (609) | (81,169) |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | 88,667 | 84,088 | (4,579) | 81,339 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | (5,188) | (5,188) | 170 |
| Fund balance, July 1 | 0 | 179,010 | 179,010 | 178,840 |
| **Fund balances, June 30** | $ 0 | $ 173,822 | $ 173,822 | $ 179,010 |

## *CITY OF GAINESVILLE, GEORGIA*
## *CONFISCATED ASSETS SPECIAL REVENUE FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 25,147 | $ 25,523 |
| **LIABILITIES AND FUND BALANCE** | | |
| **Liabilities** | | |
| Accounts payable | $ 0 | $ 2,949 |
| **Fund balance** | | |
| Restricted for Public Safety | 25,147 | 22,574 |
| **Total liabilities and fund balances** | $ 25,147 | $ 25,523 |

***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, 2011***
***(With comparative actual amounts for the year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Fines, fees, and forfeitures | $ 2,551 | $ 2,551 | $ 0 | $ 19,751 |
| Interest | 22 | 22 | 0 | 0 |
| **Total revenues** | 2,573 | 2,573 | 0 | 19,751 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Public Safety | | | | |
| Capital outlay | 0 | 0 | 0 | 5,500 |
| Other | 2,573 | 0 | 2,573 | 9,541 |
| **Total expenditures** | 2,573 | 0 | 2,573 | 15,041 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 2,573 | 2,573 | 4,710 |
| Fund balance, July 1 | 0 | 22,574 | 22,574 | 17,864 |
| **Fund balances, June 30** | $ 0 | $ 25,147 | $ 25,147 | $ 22,574 |

## *CITY OF GAINESVILLE, GEORGIA*
## *GRANTS SPECIAL REVENUE FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 34,286 | $ 100 |
| Intergovernmental receivables | 297,349 | 239,187 |
| **Total assets** | $ 331,635 | $ 239,287 |
| **LIABILITIES AND FUND BALANCE** | | |
| **Liabilities** | | |
| Payables | | |
| Accounts | $ 11,241 | $ 7,962 |
| Due to other funds | 245,520 | 83,807 |
| Total liabilities | 256,761 | 91,769 |
| **Fund balances** | | |
| Restricted for Public Safety | 0 | 71,676 |
| Assigned for: | | |
| General Government | 32,657 | 37,697 |
| Public Safety | 13,367 | 9,295 |
| Public Works | 28,850 | 28,850 |
| Total fund balances | 74,874 | 147,518 |
| **Total liabilities and fund balance** | $ 331,635 | $ 239,287 |

***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, 2011***
***(With comparative actual amounts for the year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Intergovernmental | $ 1,531,839 | $ 966,252 | $ (565,587) | $ 711,761 |
| **Total revenues** | 1,531,839 | 966,252 | (565,587) | 711,761 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| General Government | 352,847 | 231,033 | 121,814 | 36,580 |
| Public Safety | 372,337 | 173,537 | 198,800 | 131,442 |
| Public Works | 0 | 0 | 0 | 17,050 |
| Housing and Development | 10,861 | 10,862 | (1) | 191,138 |
| **Total expenditures** | 736,045 | 415,432 | 320,613 | 376,210 |
| Excess (deficiency) of revenues over (under) expenditures | 795,794 | 550,820 | (244,974) | 335,551 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | (803,149) | (623,464) | 179,685 | (217,390) |
| Public Utilities Fund | 0 | 0 | 0 | 1,119 |
| Employee Benefits Fund | 0 | 0 | 0 | (5,000) |
| Contingency | 7,355 | 0 | (7,355) | 0 |
| Total other financing sources (uses) | (795,794) | (623,464) | 172,330 | (221,271) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | (72,644) | (72,644) | 114,280 |
| Fund balance, July 1 | 0 | 147,518 | 147,518 | 33,238 |
| **Fund balances, June 30** | $ 0 | $ 74,874 | $ 74,874 | $ 147,518 |

## *CITY OF GAINESVILLE, GEORGIA*
## *HUD GRANT SPECIAL REVENUE FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 0 | $ 13,425 |
| Intergovernmental receivables | 61,694 | 19,199 |
| **Total assets** | $ 61,694 | $ 32,624 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 3,477 | $ 8,396 |
| Accrued salaries | 3,409 | 2,501 |
| Deferred revenue | 9,777 | 0 |
| Due to other funds | 45,031 | 0 |
| Total liabilities | 61,694 | 10,897 |
| **Fund balances** | | |
| Restriced for Housing and Development | 0 | 3 |
| Assigned for Culture and Recreation | 0 | 21,724 |
| Total fund balances | 0 | 21,727 |
| **Total liabilities and fund balances** | $ 61,694 | $ 32,624 |

***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, 2011***
***(With comparative actual amounts for the year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Intergovernmental | $ 670,801 | $ 263,119 | $ (407,682) | $ 432,443 |
| **Total revenues** | 670,801 | 263,119 | (407,682) | 432,443 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Personal services | 101,421 | 70,305 | 31,116 | 50,166 |
| Other | 591,104 | 214,541 | 376,563 | 164,230 |
| Capital outlay | 0 | 0 | 0 | 211,038 |
| **Total expenditures** | 692,525 | 284,846 | 407,679 | 425,434 |
| Excess (deficiency) of revenues over (under) expenditures | (21,724) | (21,727) | (3) | 7,009 |
| Other financing sources (uses) | | | | |
| Contingency | 21,724 | 0 | (21,724) | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | (21,727) | (21,727) | 7,009 |
| Fund balances, July 1 | 0 | 21,727 | 21,727 | 14,718 |
| **Fund balances, June 30** | $ 0 | $ 0 | $ 0 | $ 21,727 |

## *CITY OF GAINESVILLE, GEORGIA*
## *REVOLVING LOAN SPECIAL REVENUE FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 40,955 | $ 42,063 |
| Notes receivable | 418,692 | 372,980 |
| **Total assets** | $ 459,647 | $ 415,043 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Deferred revenue | $ 418,692 | $ 372,980 |
| **Fund balances** | | |
| Restricted for Housing and Development | 40,955 | 42,063 |
| **Total liabilities and fund balance** | $ 459,647 | $ 415,043 |

***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, 2011***
***(With comparative actual amounts for the year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Charges for services | $ 32,990 | 29,520 | $ (3,470) | $ 30,962 |
| Interest | 0 | 80 | 80 | 72 |
| **Total revenues** | 32,990 | 29,600 | (3,390) | 31,034 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Other | 32,990 | 30,708 | 2,282 | 0 |
| **Total expenditures** | 32,990 | 30,708 | 2,282 | 0 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | (1,108) | (1,108) | 31,034 |
| Fund balances, July 1 | 0 | 42,063 | 42,063 | 11,029 |
| **Fund balances, June 30** | $ 0 | $ 40,955 | $ 40,955 | $ 42,063 |

## *CITY OF GAINESVILLE, GEORGIA*
## *IMPACT FEE SPECIAL REVENUE FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 460,168 | $ 490,157 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 6 | $ 0 |
| **Fund balances** | | |
| Restricted for: | | |
| Public Safety | 310,422 | 380,224 |
| Cultural and Recreation | 149,740 | 109,933 |
| Total fund balances | 460,162 | 490,157 |
| **Total liabilities and fund balance** | $ 460,168 | $ 490,157 |

***CITY OF GAINESVILLE, GEORGIA***
***IMPACT FEE SPECIAL REVENUE FUND***
***SCHEDULE OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2011***
***(With comparative actual amounts for the year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Charges for services | $ 23,400 | $ 82,717 | $ 59,317 | $ 38,318 |
| Interest | 2,000 | 1,048 | (952) | 2,241 |
| **Total revenues** | 25,400 | 83,765 | 58,365 | 40,559 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Culture and Recreation | | | | |
| Other | 0 | 0 | 0 | 325,000 |
| Total expenditures | 0 | 0 | 0 | 325,000 |
| Excess (deficiency) of revenues over (under) expenditures | 25,400 | 83,765 | 58,365 | (284,441) |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | (900) | (3,100) | (2,200) | (1,757) |
| General Government Capital Projects Fund | (110,660) | (110,660) | 0 | 0 |
| Contingency | (24,500) | 0 | 24,500 | 0 |
| Total other financing sources (uses) | (136,060) | (113,760) | 22,300 | (1,757) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (110,660) | (29,995) | 80,665 | (286,198) |
| Fund balances, July 1 | 110,660 | 490,157 | 379,497 | 776,355 |
| **Fund balances, June 30** | $ 0 | $ 460,162 | $ 460,162 | $ 490,157 |

## *CITY OF GAINESVILLE, GEORGIA*
## *TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 321,394 | $ 221,086 |
| Intergovernmental receivables | 53,278 | 0 |
| **Total assets** | $ 374,672 | $ 221,086 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 3 | $ 0 |
| **Fund balances** | | |
| Restricted for Housing and Development | 374,192 | 221,086 |
| Assigned for Housing and Development | 477 | 0 |
| Total fund balances | 374,669 | 221,086 |
| **Total liabilities and fund balances** | $ 374,672 | $ 221,086 |

***CITY OF GAINESVILLE, GEORGIA***
***TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND***
***SCHEDULE OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2011***
***(With comparative actual amounts for the year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Property taxes | $ 220,000 | $ 35,269 | $ (184,731) | $ 78,157 |
| Intergovernmental | 0 | 206,837 | 206,837 | 0 |
| Interest | 400 | 477 | 77 | 462 |
| **Total revenues** | 220,400 | 242,583 | 22,183 | 78,619 |
| Excess (deficiency) of revenues over (under) expenditures | 220,400 | 242,583 | 22,183 | 78,619 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Governemt | | | | |
| Capital Projects Fund | (89,000) | (89,000) | 0 | 0 |
| Contingency | (131,400) | 0 | 131,400 | 0 |
| Total other financing sources (uses) | (220,400) | (89,000) | 131,400 | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | 153,583 | 153,583 | 78,619 |
| Fund balances, July 1 | 0 | 221,086 | 221,086 | 142,467 |
| **Fund balances, June 30** | $ 0 | $ 374,669 | $ 374,669 | $ 221,086 |

## *CITY OF GAINESVILLE, GEORGIA*
## *INFORMATION TECHNOLOGY SPECIAL REVENUE FUND*
## *BALANCE SHEET*
## *June 30, 2011*

| | |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 31,000 |
| **LIABILITIES AND FUND BALANCES** | |
| **Fund balances** | |
| Restricted for Public Safety | $ 31,000 |

***CITY OF GAINESVILLE, GEORGIA***
***INFORMATION TECHNOLOGY SPECIAL REVENUE FUND***
***SCHEDULE OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2011***

| | Final Budget | Actual | Variance |
|---|---|---|---|
| **REVENUES** | | | |
| Fines, fees, and forfeitures | $ 30,000 | $ 31,000 | $ 1,000 |
| **Total revenues** | 30,000 | 31,000 | 1,000 |
| Excess (deficiency) of revenues over (under) expenditures | 30,000 | 31,000 | 1,000 |
| Other financing sources (uses) | | | |
| Contingency | (30,000) | 0 | 30,000 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | 31,000 | 31,000 |
| Fund balances, July 1 | 0 | 0 | 0 |
| **Fund balances, June 30** | $ 0 | $ 31,000 | $ 31,000 |

## *CITY OF GAINESVILLE, GEORGIA*
## *CEMETERY TRUST SPECIAL REVENUE FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 146,714 | $ 106,664 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Fund balances** | | |
| Committed for Public Works | $ 39,800 | $ 0 |
| Assigned for Public Works | 106,914 | 106,674 |
| **Total fund balances** | $ 146,714 | $ 106,674 |

***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, 2011***
***(With comparative actual amounts for the year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Sales and services | $ 40,000 | $ 39,800 | $ (200) | $ 32,250 |
| Interest | 500 | 240 | (260) | 341 |
| **Total revenues** | 40,500 | 40,040 | (460) | 32,591 |
| Excess (deficiency) of revenues over (under) expenditures | 40,500 | 40,040 | (460) | 32,591 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | 0 | 0 | 0 | (44,480) |
| Contingency | (40,500) | 0 | 40,500 | 0 |
| Total other financing sources (uses) | (40,500) | 0 | 40,500 | (44,480) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | 40,040 | 40,040 | (11,889) |
| Fund balances, July 1 | 0 | 106,674 | 106,674 | 118,563 |
| **Fund balances, June 30** | $ 0 | $ 146,714 | $ 146,714 | $ 106,674 |

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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 1,427,172 | $ 1,281,580 |
| Receivables | | |
| Intergovernmental | 3,740 | 861 |
| Property taxes | 60,923 | 71,206 |
| **Total assets** | $ 1,491,835 | $ 1,353,647 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 14 | $ 2,500 |
| Deferred revenue | 57,549 | 57,900 |
| Total liabilities | 57,563 | 60,400 |
| **Fund balances** | | |
| Restricted for debt service | 1,217,858 | 1,080,881 |
| Assigned for: | | |
| Budget | 145,494 | 195,079 |
| Debt service | 70,920 | 17,287 |
| Total fund balances | 1,434,272 | 1,293,247 |
| **Total liabilities and fund balances** | $ 1,491,835 | $ 1,353,647 |

***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, 2011***
***(With comparative actual amounts for the fiscal year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Property taxes | $ 1,644,573 | $ 1,724,140 | $ 79,567 | $ 1,773,017 |
| Intergovernmental | 998,787 | 995,794 | (2,993) | 993,900 |
| Interest | 2,636 | 4,048 | 1,412 | 5,956 |
| **Total revenues** | 2,645,996 | 2,723,982 | 77,986 | 2,772,873 |
| **EXPENDITURES** | | | | |
| Debt Service | | | | |
| Principal | 8,232,726 | 8,034,940 | 197,786 | 3,119,832 |
| Interest and fiscal charges | 1,804,473 | 1,744,142 | 60,331 | 1,920,812 |
| **Total expenditures** | 10,037,199 | 9,779,082 | 258,117 | 5,040,644 |
| Excess (deficiency) of revenues over (under) expenditures | (7,391,203) | (7,055,100) | 336,103 | (2,267,771) |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Government | | | | |
| Capital Projects Fund | 164,000 | 164,000 | 0 | 164,000 |
| SPLOST Capital Projects Fund | 7,032,125 | 7,032,125 | 0 | 1,130,823 |
| Total other financing sources (uses) | 7,196,125 | 7,196,125 | 0 | 1,294,823 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (195,078) | 141,025 | 336,103 | (972,948) |
| Fund balances, July 1 | 195,078 | 1,293,247 | 1,098,169 | 2,266,195 |
| **Fund balances, June 30** | $ 0 | $ 1,434,272 | $ 1,434,272 | $ 1,293,247 |

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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 4,888,020 | $ 2,488,375 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 9,773 | $ 890 |
| Accrued salaries | 2,065 | 0 |
| Total liabilities | 11,838 | 890 |
| **Fund balances** | | |
| Restricted for capital projects: | | |
| Public Safety | 31,464 | 0 |
| Public Works | 34 | 0 |
| Assigned for capital projects: | | |
| General Government | 3,164,855 | 718,856 |
| Public Safety | 0 | 75,483 |
| Public Works | 849,220 | 937,537 |
| Health and Welfare | 19,247 | 19,247 |
| Other | 811,362 | 736,362 |
| Total fund balances | 4,876,182 | 2,487,485 |
| **Total liabilities and fund balances** | $ 4,888,020 | $ 2,488,375 |

## *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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **REVENUES** | | |
| **Total revenues** | $ 0 | $ 0 |
| **EXPENDITURES** | | |
| Capital outlay | | |
| General Government | 176,686 | 41,084 |
| Public Safety | 846,717 | 209,517 |
| Public Works | 303,184 | 70,004 |
| **Total expenditures** | 1,326,587 | 320,605 |
| Excess (deficiency) of revenues over (under) expenditures | (1,326,587) | (320,605) |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| General Fund | 203,396 | 893,000 |
| Economic Development Fund | 3,000,000 | 0 |
| Hotel/Motel Tax Fund | 75,000 | 75,000 |
| Community Service Center Fund | 0 | 41,000 |
| Impact Fees Fund | 110,660 | 0 |
| Tax Allocation District Fund | 89,000 | 0 |
| SPLOST Capital Projects Fund | 0 | (77,528) |
| Debt Service Fund | (164,000) | (164,000) |
| Grants Capital Projects Fund | 0 | (69,800) |
| Public Utilties Fund | 55,000 | 0 |
| Issuance of capital lease | 346,228 | 0 |
| Total other financing sources (uses) | 3,715,284 | 697,672 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 2,388,697 | 377,067 |
| Fund balances, July 1 | 2,487,485 | 2,110,418 |
| **Fund balances, June 30** | $ 4,876,182 | $ 2,487,485 |

## *CITY OF GAINESVILLE, GEORGIA*
## *SPECIAL PURPOSE LOCAL OPTION SALES TAX*
## *CAPITAL PROJECTS FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 7,363,476 | $ 7,751,211 |
| Intergovernmental receivables | 1,675,138 | 1,781,250 |
| Restricted assets | | |
| Cash and cash equivalents | 0 | 9,262,009 |
| **Total assets** | $ 9,038,614 | $ 18,794,470 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Payables | | |
| Accounts | $ 25,154 | $ 1,449,561 |
| Retainages | 65,832 | 1,052,128 |
| Accrued salaries | 1,280 | 1,752 |
| Deferred revenues | 85 | 85 |
| Total liabilities | 92,351 | 2,503,526 |
| **Fund balances** | | |
| Restricted for: | | |
| Capital projects | | |
| Public Safety | 531,487 | 8,143,580 |
| Public Works | 1,026,681 | 1,029,296 |
| Debt service | 5,940,607 | 5,994,177 |
| Assigned for capital projects: | | |
| Public Safety | 285,850 | 447,000 |
| Public Works | 762,428 | 640,320 |
| Health and Welfare | 33,971 | 36,571 |
| Debt service | 365,239 | 0 |
| Total fund balances | 8,946,263 | 16,290,944 |
| **Total liabilities and fund balances** | $ 9,038,614 | $ 18,794,470 |

## *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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **REVENUES** | | |
| Intergovernmental | $ 6,977,223 | $ 7,142,076 |
| Interest | 10,063 | 48,065 |
| **Total revenues** | 6,987,286 | 7,190,141 |
| **EXPENDITURES** | | |
| Capital outlay | | |
| Public Safety | 7,378,035 | 9,877,200 |
| Public Works | 52,007 | 3,365,577 |
| Culture and Recreation | 0 | 121,563 |
| **Total expenditures** | 7,430,042 | 13,364,340 |
| Excess (deficiency) of revenues over (under) expenditures | (442,756) | (6,174,199) |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| Community Service Center Fund | 35,164 | 108,171 |
| Debt Service Fund | (7,032,125) | (1,130,823) |
| General Government Capital Projects Fund | 0 | 77,528 |
| Grants Capital Projects Fund | 95,036 | 155,396 |
| Total other financing sources (uses) | (6,901,925) | (789,728) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (7,344,681) | (6,963,927) |
| Fund balances, July 1 | 16,290,944 | 23,254,871 |
| **Fund balances, June 30** | $ 8,946,263 | $ 16,290,944 |

## *CITY OF GAINESVILLE, GEORGIA*
## *GRANTS CAPITAL PROJECTS FUND*
## *COMPARATIVE BALANCE SHEETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 890,387 | $ 529,842 |
| Intergovernmental receivables | 10,825 | 102,601 |
| **Total assets** | $ 901,212 | $ 632,443 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 327 | $ 0 |
| Deferred revenues | 2,997 | 0 |
| Total liabilities | 3,324 | 0 |
| **Fund balances** | | |
| Assigned for capital projects: | | |
| Public Works | 791,492 | 526,047 |
| Other | 106,396 | 106,396 |
| Total fund balances | 897,888 | 632,443 |
| **Total liabilities and fund balances** | $ 901,212 | $ 632,443 |

## *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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **REVENUES** | | |
| Intergovernmental | $ 51,001 | $ 537,783 |
| **Total revenues** | 51,001 | 537,783 |
| **EXPENDITURES** | | |
| Capital outlay | | |
| Culture and Recreation | 117,840 | 5,644 |
| **Total expenditures** | 117,840 | 5,644 |
| Excess (deficiency) of revenues over (under) expenditures | (66,839) | 532,139 |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| General Fund | 33,245 | 0 |
| Economic Development Fund | 444,075 | 0 |
| General Government Capital Projects Fund | 0 | 69,800 |
| SPLOST Capital Projects Fund | (95,036) | (155,396) |
| Public Utilities Fund | (50,000) | 0 |
| Total other financing sources (uses) | 332,284 | (85,596) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 265,445 | 446,543 |
| Fund balances, July 1 | 632,443 | 185,900 |
| **Fund balances, June 30** | $ 897,888 | $ 632,443 |

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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 12,711,769 | $ 11,291,062 |
| Receivables | | |
| Accounts (net) | 5,109,159 | 3,770,462 |
| Intergovernmental | 689,489 | 795,783 |
| Inventories | 977,333 | 909,678 |
| Prepaid items | 0 | 5,000 |
| Total current assets | 19,487,750 | 16,771,985 |
| **Restricted assets** | | |
| Extension and Renewal | | |
| Cash and cash equivalents | 31,238,428 | 33,721,016 |
| Debt Redemption | | |
| Cash and cash equivalents | 6,810,302 | 6,693,627 |
| Connection Fees | | |
| Cash and cash equivalents | 6,757,933 | 6,554,038 |
| Customer Deposits | | |
| Cash and cash equivalents | 2,569,543 | 2,247,773 |
| Total restricted assets | 47,376,206 | 49,216,454 |
| **Capital assets** | | |
| Land | 18,723,343 | 17,793,909 |
| Nondepreciable intangibles | 1,957,919 | 1,957,919 |
| Land improvements | 422,463 | 476,955 |
| Buildings | 65,818,313 | 65,818,313 |
| Distribution system | 504,119,946 | 485,921,551 |
| Vehicles and equipment | 12,447,824 | 12,133,573 |
| Depreciable intangibles | 3,574,121 | 3,536,421 |
| Construction in progress | 3,373,216 | 13,589,919 |
| Accumulated depreciation | (128,632,894) | (115,829,646) |
| Capital assets (net of accumulated depreciation) | 481,804,251 | 485,398,914 |
| **Other assets** | | |
| Pension asset | 115,173 | 306,063 |
| Debt issuance costs | 2,556,439 | 2,816,393 |
| Deferred interest expense | 3,429,872 | 3,782,494 |
| Other assets (net of accumulated amortization) | 6,101,484 | 6,904,950 |
| **Total assets** | 554,769,691 | 558,292,303 |

## *CITY OF GAINESVILLE, GEORGIA*
## *PUBLIC UTILITIES ENTERPRISE FUND*
## *COMPARATIVE STATEMENTS OF NET ASSETS*
## *June 30, 2011 and 2010*

| | 2011 | 2009 |
|---|---|---|
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Payables | | |
| Accounts | $ 631,848 | $ 963,775 |
| Retainages | 22,207 | 0 |
| Accrued salaries | 431,885 | 395,807 |
| Compensated absences | 477,510 | 574,609 |
| Capital lease payable | 1,261,588 | 1,261,588 |
| Notes payable | 6,181,664 | 5,986,920 |
| Total current liabilities | 9,006,702 | 9,182,699 |
| **Current liabilities payable from restricted assets** | | |
| Payables | | |
| Accounts | 197,956 | 1,195,052 |
| Retainages | 43,599 | 377,564 |
| Customer deposits | 2,569,543 | 2,247,773 |
| Revenue bonds payable | 7,710,000 | 7,470,000 |
| Interest payable | 854,514 | 920,268 |
| Total liabilities payable from restricted assets | 11,375,612 | 12,210,657 |
| **Long-term liabilities** | | |
| OPEB obligation | 6,366,946 | 4,920,699 |
| Compensated absences | 53,057 | 0 |
| Capital leases payable | 23,970,173 | 25,231,761 |
| Revenue bonds payable | 89,320,523 | 97,249,329 |
| Notes payable | 107,536,777 | 113,717,570 |
| Total long-term liabilities | 227,247,476 | 241,119,359 |
| **Total liabilities** | 247,629,790 | 262,512,715 |
| **NET ASSETS** | | |
| Invested in capital assets, net of related debt | 249,253,398 | 238,264,241 |
| Restricted for: | | |
| Capital outlay | 37,754,806 | 38,702,438 |
| Debt service | 5,955,788 | 5,773,358 |
| Unrestricted | 14,175,909 | 13,039,551 |
| **Total net assets** | $ 307,139,901 | $ 295,779,588 |

## *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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Charges for sales and services | | |
| Water sales | $ 31,219,256 | $ 28,135,508 |
| Sewer charges | 23,755,623 | 20,643,513 |
| Tap fees | 340,023 | 479,038 |
| Other | 85,201 | 781,099 |
| Other | 964,538 | 974,689 |
| **Total operating revenues** | 56,364,641 | 51,013,847 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 10,731,105 | 10,194,122 |
| Personal services | 12,982,690 | 13,947,695 |
| Depreciation | 13,229,982 | 13,042,303 |
| **Total operating expenses** | 36,943,777 | 37,184,120 |
| Operating income (loss) | 19,420,864 | 13,829,727 |
| Non-operating revenues (expenses) | | |
| Interest revenue | 351,947 | 396,794 |
| Interest expense | (8,594,848) | (8,866,660) |
| Amortization | (259,954) | (278,921) |
| Gain (loss) on sale of capital assets | 18,165 | 14,313 |
| Total non-operating revenues (expenses) | (8,484,690) | (8,734,474) |
| Net income (loss) before capital contributions and transfers | 10,936,174 | 5,095,253 |
| Capital contributions | | |
| Connection fees | 912,706 | 1,120,748 |
| Capital contributions | 2,708,943 | 2,645,048 |
| Intergovernmental revenue | 5,000 | 228,237 |
| Total capital contributions | 3,626,649 | 3,994,033 |
| Net income (loss) before transfers | 14,562,823 | 9,089,286 |
| Transfers in (out) | | |
| Governmental Activities | (422,219) | 0 |
| General Fund | (2,761,291) | (2,761,291) |
| Community Service Center Fund | (14,000) | (4,000) |
| Grants Special Revenue Fund | 0 | (1,119) |
| General Government Capital Projects Fund | (55,000) | 0 |
| Grants Capital Projects Fund | 50,000 | 0 |
| Total transfers in (out) | (3,202,510) | (2,766,410) |
| Change in net assets | 11,360,313 | 6,322,876 |
| Net assets, July 1 | 295,779,588 | 289,456,712 |
| **Net assets, June 30** | $ 307,139,901 | $ 295,779,588 |

## *CITY OF GAINESVILLE, GEORGIA*
## *PUBLIC UTILITIES ENTERPRISE FUND*
## *COMPARATIVE STATEMENTS OF CASH FLOWS*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers | $ 54,283,323 | $ 49,725,208 |
| Payments to suppliers | (11,125,687) | (9,782,882) |
| Payments to employees | (11,353,517) | (11,336,269) |
| Other receipts | 964,538 | 974,689 |
| Net cash provided (used) by operating activities | 32,768,657 | 29,580,746 |
| **Cash flows from non-capital financing activities:** | | |
| Receipts from other funds | 50,000 | 0 |
| Payments to other funds | (2,830,291) | (2,766,410) |
| Net cash provided (used) by non-capital financing activities | (2,780,291) | (2,766,410) |
| **Cash flows from capital and related financing activities:** | | |
| Receipt of capital contributions | 994,994 | 1,726,789 |
| Receipts from other governments | 206,147 | 110,660 |
| Interest paid | (8,285,451) | (8,792,109) |
| Acquisition of capital assets | (8,437,989) | (10,551,864) |
| Payment of capital related accounts payable | (1,572,616) | (1,452,336) |
| Sale of capital assets | 32,445 | 25,724 |
| Principal payments - bonds | (7,470,000) | (7,150,000) |
| Principal payments - promissory notes | (5,986,049) | (5,794,976) |
| Net cash provided (used) by capital and related financing activities | (30,518,519) | (31,878,112) |
| **Cash flows from investing activities:** | | |
| Interest received | 110,612 | 155,457 |
| Net increase (decrease) in cash and cash equivalents | (419,541) | (4,908,319) |
| Cash and cash equivalents, July 1 | 60,507,516 | 65,415,835 |
| **Cash and cash equivalents, June 30** | $ 60,087,975 | $ 60,507,516 |

## *CITY OF GAINESVILLE, GEORGIA*
## *PUBLIC UTILITIES ENTERPRISE FUND*
## *COMPARATIVE STATEMENTS OF CASH FLOWS*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ 19,420,864 | $ 13,829,727 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation expense | 13,229,982 | 13,042,303 |
| (Increase) decrease in accounts receivable | (1,338,697) | (12,521) |
| (Increase) decrease in intergovernmental receivables | (99,853) | (570,878) |
| (Increase) decrease in inventory | (67,655) | (24,017) |
| (Increase) decrease in prepaid items | 5,000 | 250 |
| (Increase) decrease in pension asset | 190,890 | 18,952 |
| Increase (decrease) in accounts payable | (331,927) | 435,007 |
| Increase (decrease) in deposits payable | 321,770 | 269,449 |
| Increase (decrease) in accrued salaries and benefits | (7,964) | 46,795 |
| Increase (decrease) in OPEB obligation | 1,446,247 | 2,545,679 |
| Total adjustments | 13,347,793 | 15,751,019 |
| Net cash provided (used) by operating activities | $ 32,768,657 | $ 29,580,746 |
| **Cash and cash equivalents reconciliation:** | | |
| Cash and cash equivalents | $ 12,711,769 | $ 11,291,062 |
| Extension and Renewal | | |
| Cash and cash equivalents | 31,238,428 | 33,721,016 |
| Debt Redemption | | |
| Cash and cash equivalents | 6,810,302 | 6,693,627 |
| Connection Fees | | |
| Cash and cash equivalents | 6,757,933 | 6,554,038 |
| Customer Deposits | | |
| Cash and cash equivalents | 2,569,543 | 2,247,773 |
| Total cash and cash equivalents | $ 60,087,975 | $ 60,507,516 |

**Noncash investing, capital, and financing activities:**

Contributions of capital assets from individuals totaled $1,370,067 and $457,200 for the fiscal years ended June 30, 2011, and June 30, 2010, respectively.

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

Distributions of capital assets to government totaled $422,219 for the fiscal year ended June 30, 2011.

Acquistion of capital assets through accounts payable totaled $263,762 and $1,572,616 for the fiscal years ended June 30, 2011, and June 30, 2010, respectively.

Forgiveness of capital lease through capital contributions totaled $1,261,588 and $1,261,588 for the fiscal years ended June 30, 2011, and June 30, 2010, respectively.

## *CITY OF GAINESVILLE, GEORGIA*
## *AIRPORT ENTERPRISE FUND*
## *COMPARATIVE STATEMENTS OF NET ASSETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 875,610 | $ 1,010,378 |
| Accounts receivable | 8,561 | 23,740 |
| Total current assets | 884,171 | 1,034,118 |
| **Capital assets** | | |
| Land | 504,385 | 504,385 |
| Land improvements | 11,595,070 | 11,083,219 |
| Buildings | 6,517,372 | 6,517,372 |
| Vehicles and equipment | 367,631 | 402,700 |
| Intangibles | 118,000 | 38,000 |
| Construction in progress | 0 | 59,200 |
| Accumulated depreciation | (6,010,093) | (5,353,725) |
| Total capital assets (net of accumulated depreciation) | 13,092,365 | 13,251,151 |
| **Other assets** | | |
| Debt issuance cost (net of accumulated amortization) | 68,623 | 76,858 |
| **Total assets** | 14,045,159 | 14,362,127 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Payables | | |
| Accounts | 5,603 | 70,108 |
| Interest | 24,795 | 26,850 |
| Capital leases payable | 305,000 | 290,000 |
| Total current liabilities | 335,398 | 386,958 |
| **Long-term liabilities** | | |
| Capital leases payable | 3,185,000 | 3,490,000 |
| **Total liabilities** | 3,520,398 | 3,876,958 |
| **NET ASSETS** | | |
| Invested in capital assets, net of related debt | 9,602,365 | 9,471,151 |
| Unrestricted | 922,396 | 1,014,018 |
| **Total net assets** | $ 10,524,761 | $ 10,485,169 |

## *CITY OF GAINESVILLE, GEORGIA*
## *AIRPORT ENTERPRISE FUND*
## *COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Charges for sales and services | | |
| Fuel sales | $ 20,010 | $ 16,667 |
| Rent | 798,864 | 849,072 |
| Other | 3,754 | 15,563 |
| Total operating revenues | 822,628 | 881,302 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 263,663 | 173,801 |
| Depreciation | 691,436 | 609,604 |
| Total operating expenses | 955,099 | 783,405 |
| Operating income (loss) | (132,471) | 97,897 |
| Non-operating revenues (expenses) | | |
| Interest revenue | 1,784 | 2,858 |
| Interest expense | (204,522) | (220,547) |
| Amortization | (8,235) | (8,235) |
| Gain (loss) on sale of capital assets | 0 | 12 |
| Total non-operating revenues (expenses) | (210,973) | (225,912) |
| Net income (loss) before capital contributions | (343,444) | (128,015) |
| Capital contributions | | |
| Intergovernmental revenue | 383,036 | 120,235 |
| Change in net assets | 39,592 | (7,780) |
| Net assets, July 1 | 10,485,169 | 10,492,949 |
| **Net assets, June 30** | $ 10,524,761 | $ 10,485,169 |

## *CITY OF GAINESVILLE, GEORGIA*
## *AIRPORT ENTERPRISE FUND*
## *COMPARATIVE STATEMENTS OF CASH FLOWS*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers | $ 834,053 | $ 857,039 |
| Payments to suppliers | (274,568) | (171,457) |
| Other receipts | 3,754 | 15,563 |
| Net cash provided (used) by operating activities | 563,239 | 701,145 |
| **Cash flows from capital and related financing activities:** | | |
| Receipt of capital contributions | 383,036 | 988,734 |
| Sale of capital assets | 0 | 12 |
| Interest paid | (206,577) | (222,462) |
| Acquisition of capital assets | (532,650) | (889,703) |
| Payment of capital related accounts payable | (53,600) | 0 |
| Principal payments - capital leases | (290,000) | (270,000) |
| Net cash provided (used) by capital and related financing activities | (699,791) | (393,419) |
| **Cash flows from investing activities:** | | |
| Interest received | 1,784 | 2,858 |
| Net increase (decrease) in cash and cash equivalents | (134,768) | 310,584 |
| Cash and cash equivalents, July 1 | 1,010,378 | 699,794 |
| **Cash and cash equivalents, June 30** | $ 875,610 | $ 1,010,378 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ (132,471) | $ 97,897 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation expense | 691,436 | 609,604 |
| (Increase) decrease in accounts receivable | 15,179 | (8,700) |
| Increase (decrease) in accounts payable | (10,905) | 2,344 |
| Total adjustments | 695,710 | 603,248 |
| Net cash provided by operating activities | $ 563,239 | $ 701,145 |
| **Cash and cash equivalents reconciliation:** | | |
| Cash and cash equivalents | $ 875,610 | $ 1,010,378 |

**Noncash investing, capital, and financing activities:**

Acquistion of capital assets through accounts payable totaled $53,600 for the fiscal year ended June 30, 2010.

## *CITY OF GAINESVILLE, GEORGIA*
## *SOLID WASTE ENTERPRISE FUND*
## *COMPARATIVE STATEMENTS OF NET ASSETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 1,193,147 | $ 861,567 |
| Accounts receivable (net) | 176,949 | 120,336 |
| Total current assets | 1,370,096 | 981,903 |
| **Capital assets** | | |
| Vehicles and equipment | 1,671,868 | 1,712,552 |
| Accumulated depreciation | (1,392,883) | (1,302,043) |
| Total capital assets (net of accumulated depreciation) | 278,985 | 410,509 |
| **Total assets** | 1,649,081 | 1,392,412 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable | 22,646 | 53,415 |
| Accrued salaries | 31,865 | 26,187 |
| Compensated absences | 38,859 | 39,387 |
| Total current liabilities | 93,370 | 118,989 |
| **Long-term liabilities** | | |
| Compensated absences | 4,318 | 0 |
| OPEB obligation | 624,667 | 484,060 |
| Total long-term liabilities | 628,985 | 484,060 |
| **Total liabilities** | 722,355 | 603,049 |
| **NET ASSETS** | | |
| Invested in capital assets, net of related debt | 278,985 | 410,509 |
| Unrestricted | 647,741 | 378,854 |
| **Total net assets** | $ 926,726 | $ 789,363 |

## *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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Charges for sales and services | $ 2,057,883 | $ 1,769,329 |
| Other | 15,617 | 3,382 |
| **Total operating revenues** | 2,073,500 | 1,772,711 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 482,577 | 466,553 |
| Costs of sales and services - landfill | 223,728 | 239,229 |
| Personal services | 1,082,030 | 1,283,654 |
| Depreciation | 149,624 | 152,782 |
| **Total operating expenses** | 1,937,959 | 2,142,218 |
| Operating income (loss) | 135,541 | (369,507) |
| Non-operating revenues (expenses) | | |
| Contributions | 0 | 69,070 |
| Interest revenue | 1,822 | 2,319 |
| Interest expense | 0 | (166) |
| Gain (loss) on sale of capital assets | 0 | 4,754 |
| Total non-operating revenues (expenses) | 1,822 | 75,977 |
| Change in net assets | 137,363 | (293,530) |
| Net assets, July 1 | 789,363 | 1,082,893 |
| **Net assets, June 30** | $ 926,726 | $ 789,363 |

## *CITY OF GAINESVILLE, GEORGIA*
## *SOLID WASTE ENTERPRISE FUND*
## *COMPARATIVE STATEMENTS OF CASH FLOWS*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers | $ 2,001,270 | $ 1,788,575 |
| Payments to suppliers | (737,074) | (699,889) |
| Payments to employees | (931,955) | (1,062,664) |
| Other receipts | 15,617 | 3,382 |
| Net cash provided (used) by operating activities | 347,858 | 29,404 |
| **Cash flows from non-capital financing activities:** | | |
| Receipt of contributions | 0 | 69,070 |
| **Cash flows from capital and related financing activities:** | | |
| Interest paid | 0 | (166) |
| Acquisition of capital assets | (18,100) | (34,800) |
| Sale of capital assets | 0 | 4,754 |
| Principal payments - capital leases | 0 | (11,218) |
| Net cash provided (used) by capital and related financing activities | (18,100) | (41,430) |
| **Cash flows from investing activities:** | | |
| Interest received | 1,822 | 2,318 |
| Net increase (decrease) in cash and cash equivalents | 331,580 | 59,362 |
| Cash and cash equivalents, July 1 | 861,567 | 802,205 |
| **Cash and cash equivalents, June 30** | $ 1,193,147 | $ 861,567 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ 135,541 | $ (369,507) |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | |
| Depreciation expense | 149,624 | 152,782 |
| (Increase) decrease in accounts receivable | (56,613) | 19,247 |
| Increase (decrease) in accounts payable | (30,769) | 5,893 |
| Increase (decrease) in accrued payroll liabilities | 9,468 | (3,978) |
| Increase (decrease) in OPEB obligation | 140,607 | 224,967 |
| Total adjustments | 212,317 | 398,911 |
| Net cash used by operating activities | $ 347,858 | $ 29,404 |
| **Cash and cash equivalents reconciliation:** | | |
| Cash and cash equivalents | $ 1,193,147 | $ 861,567 |

## *CITY OF GAINESVILLE, GEORGIA*
## *CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND*
## *COMPARATIVE STATEMENTS OF NET ASSETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 97,671 | $ 6,530 |
| Accounts receivable (net) | 47,308 | 43,191 |
| Total current assets | 144,979 | 49,721 |
| **Capital assets** | | |
| Land | 53,271 | 53,271 |
| Land improvements | 5,358,859 | 5,358,859 |
| Buildings | 715,452 | 715,452 |
| Vehicles and equipment | 744,039 | 689,792 |
| Accumulated depreciation | (2,847,400) | (2,599,095) |
| Total capital assets (net of accumulated depreciation) | 4,024,221 | 4,218,279 |
| **Other assets** | | |
| Debt issue costs (net of accumulated amortization) | 71,738 | 77,052 |
| **Total assets** | 4,240,938 | 4,345,052 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Payables | | |
| Accounts | 125,170 | 45,542 |
| Sales tax | 7,110 | 16,856 |
| Interest | 18,054 | 18,932 |
| Accrued salaries | 23,349 | 18,613 |
| Compensated absences | 15,751 | 17,417 |
| Capital leases payable | 180,000 | 175,000 |
| Notes payable | 81,691 | 81,691 |
| Other liabilities | 22,568 | 44,656 |
| Total current liabilities | 473,693 | 418,707 |
| **Long-term liabilities** | | |
| Advances from other funds | 399,166 | 249,325 |
| Compensated absences | 1,750 | 0 |
| OPEB obligation | 171,304 | 144,521 |
| Capital leases payable | 3,420,000 | 3,600,000 |
| Total long-term liabilities | 3,992,220 | 3,993,846 |
| **Total liabilities** | 4,465,913 | 4,412,553 |
| **NET ASSETS** | | |
| Invested in captial assets, net of related debt | 342,530 | 361,588 |
| Unrestricted | (567,505) | (429,089) |
| **Total net assets** | $ (224,975) | $ (67,501) |

## *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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Charges for sales and services | | |
| Greens fees | $ 649,529 | $ 589,750 |
| Cart fees | 275,648 | 227,690 |
| Handicap fees | 19,275 | 17,021 |
| Practice range | 52,725 | 51,674 |
| Pro Shop sales | 15,200 | 21,025 |
| Rent revenue | 14,400 | 4,500 |
| Other | 13,814 | 24,962 |
| **Total operating revenues** | 1,040,591 | 936,622 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 480,565 | 275,504 |
| Personal services | 498,307 | 642,795 |
| Depreciation | 265,046 | 268,774 |
| **Total operating expenses** | 1,243,918 | 1,187,073 |
| Operating income (loss) | (203,327) | (250,451) |
| Non-operating revenues (expenses) | | |
| Interest revenue | 8 | 0 |
| Interest expense | (147,214) | (154,177) |
| Amortization | (5,314) | (5,314) |
| Gain (loss) on sale of capital assets | 2,553 | 490 |
| Total non-operating revenues (expenses) | (149,967) | (159,001) |
| Net income (loss) before transfers | (353,294) | (409,452) |
| Transfers in (out) | | |
| General Fund | 195,820 | 255,443 |
| Change in net assets | (157,474) | (154,009) |
| Net assets, July 1 | (67,501) | 86,508 |
| **Net assets, June 30** | $ (224,975) | $ (67,501) |

## *CITY OF GAINESVILLE, GEORGIA*
## *CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND*
## *COMPARATIVE STATEMENTS OF CASH FLOWS*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers | $ 1,012,914 | $ 908,432 |
| Payments to suppliers | (486,388) | (307,483) |
| Payments to employees | (466,704) | (603,600) |
| Other receipts | 13,814 | 24,962 |
| Net cash provided (used) by operating activities | 73,636 | 22,311 |
| **Cash flows from non-capital financing activities:** | | |
| Receipts from other funds | 345,661 | 255,443 |
| **Cash flows from capital and related financing activities:** | | |
| Interest paid | (148,092) | (155,003) |
| Principal payments - capital leases payable | (175,000) | (165,000) |
| Sale of capital assets | 2,553 | 490 |
| Acquisition of capital assets | (7,625) | 0 |
| Net cash provided (used) by capital and related financing activities | (328,164) | (319,513) |
| **Cash flows from investing activities:** | | |
| Interest received | 8 | 0 |
| Net increase (decrease) in cash and cash equivalents | 91,141 | (41,759) |
| Cash and cash equivalents, July 1 | 6,530 | 48,289 |
| **Cash and cash equivalents, June 30** | $ 97,671 | $ 6,530 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ (203,327) | $ (250,451) |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | |
| Depreciation expense | 265,046 | 268,774 |
| (Increase) decrease in accounts receivable | (4,117) | (3,228) |
| (Increase) decrease in prepaids | 0 | 1,435 |
| Increase (decrease) in accounts payable | 16,265 | (12,283) |
| Increase (decrease) in sales tax payable | (9,746) | (41,059) |
| Increase (decrease) in accrued payroll liabilities | 4,820 | (8,166) |
| Increase (decrease) in OPEB obligation | 26,783 | 47,361 |
| Increase (decrease) in other liabilities | (22,088) | 19,928 |
| Total adjustments | 276,963 | 272,762 |
| Net cash provided (used) by operating activities | $ 73,636 | $ 22,311 |
| **Cash and cash equivalents reconciliation:** | | |
| Cash and cash equivalents | $ 97,671 | $ 6,530 |

**Noncash investing, capital, and financing activities:**

Acquisition of capital assets through accounts payable totaled $63,363 for the fiscal year ended June 30, 2011.

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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 1,238,466 | $ 1,556,105 |
| Accounts receivable | 23,134 | 0 |
| **Total assets** | 1,261,600 | 1,556,105 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable | 11,449 | 60,993 |
| Accrued salaries | 0 | 4,994 |
| Compensated absences | 0 | 8,014 |
| Claims reserves | 678,787 | 913,827 |
| **Total liabilities** | 690,236 | 987,828 |
| **NET ASSETS** | | |
| Unrestricted | $ 571,364 | $ 568,277 |

## *CITY OF GAINESVILLE, GEORGIA*
## *GENERAL INSURANCE FUND*
## *COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Interfund services provided | $ 1,091,045 | $ 1,408,990 |
| Other | 39,219 | 128 |
| **Total operating revenue** | 1,130,264 | 1,409,118 |
| **OPERATING EXPENSES** | | |
| Costs of services | | |
| Insurance | 809,497 | 781,991 |
| Claims | 175,573 | 472,063 |
| Administrative fees | 145,194 | 155,064 |
| **Total operating expenses** | 1,130,264 | 1,409,118 |
| Operating income (loss) | 0 | 0 |
| Non-operating revenues (expenses) | | |
| Interest revenue | 3,087 | 4,731 |
| Net income before transfers and capital contributions | 3,087 | 4,731 |
| Capital contributions | | |
| Capital contributions | 10,000 | 0 |
| Net income before transfers | 13,087 | 4,731 |
| Transfers in (out) | | |
| General Fund | 1,562 | 0 |
| Governmental Activities | (11,562) | 0 |
| Total transfers | (10,000) | 0 |
| Change in net assets | 3,087 | 4,731 |
| Net assets, July 1 | 568,277 | 563,546 |
| **Net assets, June 30** | $ 571,364 | $ 568,277 |

## *CITY OF GAINESVILLE, GEORGIA*
## *GENERAL INSURANCE FUND*
## *COMPARATIVE STATEMENTS OF CASH FLOWS*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from interfund services provided | $ 1,067,911 | $ 1,408,990 |
| Payments to suppliers | (1,414,848) | (924,464) |
| Payments to employees | (13,008) | (135,301) |
| Other receipts | 39,219 | 128 |
| Net cash provided (used) by operating activities | (320,726) | 349,353 |
| **Cash flows from capital and related financing activities:** | | |
| Receipts from others | 10,000 | 0 |
| Receipts from other funds | 1,562 | 0 |
| Acquisition of capital assets | (11,562) | 0 |
| Net cash provided (used) by capital and related financing activities | 0 | 0 |
| **Cash flows from investing activities:** | | |
| Interest received | 3,087 | 4,731 |
| Net increase (decrease) in cash and cash equivalents | (317,639) | 354,084 |
| Cash and cash equivalents, July 1 | 1,556,105 | 1,202,021 |
| **Cash and cash equivalents, June 30** | $ 1,238,466 | $ 1,556,105 |
| **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 | (23,134) | 0 |
| (Increase) decrease in prepaid items | 0 | 155,058 |
| Increase (decrease) in accounts payable | (49,544) | 29,073 |
| Increase (decrease) in accrued salaries and benefits | (13,008) | 618 |
| Increase (decrease) in claims reserve | (235,040) | 164,604 |
| Total adjustments | (320,726) | 349,353 |
| Net cash provided (used) by operating activities | $ (320,726) | $ 349,353 |

**Noncash investing, capital, and financing activities:**

Distributions of capital assets to government totaled $11,562 for the fiscal year ended June 30, 2011.

## *CITY OF GAINESVILLE, GEORGIA*
## *EMPLOYEE BENEFITS FUND*
## *COMPARATIVE STATEMENTS OF NET ASSETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 4,281,707 | $ 2,444,864 |
| Accounts receivable | 288,443 | 252 |
| **Total assets** | 4,570,150 | 2,445,116 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable | 39,241 | 35,823 |
| Deposits payable | 12,040 | 7,798 |
| Claims reserves | 452,000 | 335,800 |
| **Total liabilities** | 503,281 | 379,421 |
| **NET ASSETS** | | |
| Unrestricted | $ 4,066,869 | $ 2,065,695 |

## *CITY OF GAINESVILLE, GEORGIA*
## *EMPLOYEE BENEFITS FUND*
## *COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Interfund services provided | $ 8,187,291 | $ 8,179,648 |
| Other | 75 | 0 |
| **Total operating revenue** | 8,187,366 | 8,179,648 |
| **OPERATING EXPENSES** | | |
| Costs of services | | |
| Insurance | 1,530,136 | 1,677,412 |
| Claims | 3,813,672 | 4,659,170 |
| Medical clinic operations | 525,255 | 550,226 |
| Administrative fees | 325,347 | 177,289 |
| **Total operating expenses** | 6,194,410 | 7,064,097 |
| Operating income (loss) | 1,992,956 | 1,115,551 |
| Non-operating revenues (expenses) | | |
| Interest revenue | 8,218 | 1,917 |
| Net income before transfers | 2,001,174 | 1,117,468 |
| Transfers in (out) | | |
| Grants Special Revenue Fund | 0 | 5,000 |
| Change in net assets | 2,001,174 | 1,122,468 |
| Net assets, July 1 | 2,065,695 | 943,227 |
| **Net assets, June 30** | $ 4,066,869 | $ 2,065,695 |

## *CITY OF GAINESVILLE, GEORGIA*
## *EMPLOYEE BENEFITS FUND*
## *COMPARATIVE STATEMENTS OF CASH FLOWS*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from interfund services provided | $ 7,899,100 | $ 8,179,396 |
| Payments to suppliers | (6,070,550) | (7,160,852) |
| Other receipts | 75 | 0 |
| Net cash provided (used) by operating activities | 1,828,625 | 1,018,544 |
| **Cash flows from non-capital financing activities:** | | |
| Receipts from other funds | 0 | 5,000 |
| **Cash flows from investing activities:** | | |
| Interest received | 8,218 | 1,917 |
| Net increase (decrease) in cash and cash equivalents | 1,836,843 | 1,025,461 |
| Cash and cash equivalents, July 1 | 2,444,864 | 1,419,403 |
| **Cash and cash equivalents, June 30** | $ 4,281,707 | $ 2,444,864 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ 1,992,956 | $ 1,115,551 |
| Adjustments to reconcile net income to net cash provided (used) by operating activities | | |
| (Increase) decrease in accounts receivable | (288,191) | (252) |
| Increase (decrease) in accounts payable | 3,418 | (13,051) |
| Increase (decrease) in deposits payable | 4,242 | 126 |
| Increase (decrease) in claims reserve | 116,200 | (83,830) |
| Total adjustments | (164,331) | (97,007) |
| Net cash provided (used) by operating activities | $ 1,828,625 | $ 1,018,544 |

## *CITY OF GAINESVILLE, GEORGIA*
## *VEHICLE SERVICES FUND*
## *COMPARATIVE STATEMENTS OF NET ASSETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 72,534 | $ 171,551 |
| Intergovernmental receivable | 44,780 | 5,171 |
| Inventory | 151,364 | 155,529 |
| Total current assets | 268,678 | 332,251 |
| **Capital assets** | | |
| Buildings | 142,052 | 142,052 |
| Vehicles and equipment | 333,371 | 333,371 |
| Accumulated depreciation | (428,202) | (408,778) |
| Capital assets (net of accumulated depreciation) | 47,221 | 66,645 |
| **Total assets** | 315,899 | 398,896 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable | 24,277 | 109,052 |
| Accrued salaries | 10,178 | 8,873 |
| Compensated absences | 11,938 | 12,791 |
| Total current liabilities | 46,393 | 130,716 |
| **Long-term liabilities** | | |
| Compensated absences | 1,326 | 0 |
| **Total liabilities** | 47,719 | 130,716 |
| **NET ASSETS** | | |
| Invested in capital assets | 47,221 | 66,645 |
| Unrestricted | 220,959 | 201,535 |
| **Total net assets** | $ 268,180 | $ 268,180 |

## *CITY OF GAINESVILLE, GEORGIA*
## *VEHICLE SERVICES FUND*
## *COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Interfund services provided | $ 2,014,950 | $ 1,682,754 |
| **Total operating revenues** | 2,014,950 | 1,682,754 |
| **OPERATING EXPENSES** | | |
| Costs of services | 1,720,882 | 1,385,984 |
| Personal services | 274,644 | 271,822 |
| Depreciation | 19,424 | 24,948 |
| **Total operating expenses** | 2,014,950 | 1,682,754 |
| Operating income (loss) | 0 | 0 |
| Transfers in (out) | | |
| General Fund | 0 | 7,448 |
| Change in net assets | 0 | 7,448 |
| Net assets, July 1 | 268,180 | 260,732 |
| **Net assets, June 30** | $ 268,180 | $ 268,180 |

## *CITY OF GAINESVILLE, GEORGIA*
## *VEHICLE SERVICES FUND*
## *COMPARATIVE STATEMENTS OF CASH FLOWS*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from interfund services provided | $ 1,975,341 | $ 1,704,619 |
| Payments to suppliers | (1,801,492) | (1,317,203) |
| Payments to employees | (272,866) | (268,189) |
| Net cash provided (used) by operating activities | (99,017) | 119,227 |
| **Cash flows from non-capital financing activities:** | | |
| Receipts from other funds | 0 | 7,448 |
| Net increase (decrease) in cash and cash equivalents | (99,017) | 126,675 |
| Cash and cash equivalents, July 1 | 171,551 | 44,876 |
| **Cash and cash equivalents, June 30** | $ 72,534 | $ 171,551 |
| **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 | 19,424 | 24,948 |
| (Increase) decrease in intergovernmental receivable | (39,609) | 21,865 |
| (Increase) decrease in inventory | 4,165 | (28,694) |
| Increase (decrease) in accounts payable | (84,775) | 97,475 |
| Increase (decrease) in accrued salaries and benefits | 1,778 | 3,633 |
| Total adjustments | (99,017) | 119,227 |
| Net cash provided (used) by operating activities | $ (99,017) | $ 119,227 |

## *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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 18,542 | $ 16,326 |
| **LIABILITIES** | | |
| **NET ASSETS** | | |
| Net assets held in trust for employee assistance | $ 18,542 | $ 16,326 |

## *CITY OF GAINESVILLE, GEORGIA*
## *COMMUNITY PRIVATE-PURPOSE TRUST FUND*
## *COMPARATIVE STATEMENTS OF CHANGES IN TRUST NET ASSETS*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ADDITIONS** | | |
| Employee donations | $ 48,494 | $ 50,494 |
| Interest revenue | 1 | 2 |
| **Total additions** | 48,495 | 50,496 |
| **DEDUCTIONS** | | |
| Distributions for assistance | 46,279 | 53,535 |
| **Total deductions** | 46,279 | 53,535 |
| Net increase (decrease) | 2,216 | (3,039) |
| **Net assets held in trust for employee assistance** | | |
| Net assets, July 1 | 16,326 | 19,365 |
| **Net assets, June 30** | $ 18,542 | $ 16,326 |

## *CITY OF GAINESVILLE, GEORGIA*
## *EMPLOYEES' PENSION TRUST FUND*
## *COMPARATIVE STATEMENTS OF PLAN NET ASSETS*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 941,903 | $ 906,704 |
| Investments | | |
| Common stock | 7,527,153 | 5,794,978 |
| Mutual funds | | |
| Equity | 24,746,602 | 17,694,319 |
| Fixed income | 32,023,537 | 32,120,329 |
| **Total assets** | 65,239,195 | 56,516,330 |
| **LIABILITIES** | | |
| Accounts payable | 34,400 | 27,260 |
| **NET ASSETS** | | |
| Net assets held in trust for pension benefits | $ 65,204,795 | $ 56,489,070 |

## *CITY OF GAINESVILLE, GEORGIA*
## *EMPLOYEES' PENSION TRUST FUND*
## *COMPARATIVE STATEMENTS OF CHANGES IN PLAN NET ASSETS*
## *For the fiscal years ended June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ADDITIONS** | | |
| Contributions | | |
| Employer contributions | $ 2,637,591 | $ 2,599,540 |
| Employee contributions | 2,637,591 | 2,599,539 |
| Total contributions | 5,275,182 | 5,199,079 |
| Investment Income | | |
| Net appreciation (depreciation) in fair value of investments | 7,662,027 | 5,094,491 |
| Interest | 65 | 286 |
| Dividends | 1,606,866 | 1,546,035 |
| Investment expense | (160,489) | (131,382) |
| Net investment income (loss) | 9,108,469 | 6,509,430 |
| **Total additions (reductions)** | 14,383,651 | 11,708,509 |
| **DEDUCTIONS** | | |
| Benefits | 5,188,938 | 4,816,120 |
| Refunds | 478,988 | 603,535 |
| **Total deductions** | 5,667,926 | 5,419,655 |
| Net increase (decrease) | 8,715,725 | 6,288,854 |
| **Net assets held in trust for pension benefits** | | |
| Net assets, July 1 | 56,489,070 | 50,200,216 |
| **Net assets, June 30** | $ 65,204,795 | $ 56,489,070 |

## *CITY OF GAINESVILLE, GEORGIA*
## *MUNICIPAL COURT AGENCY FUND*
## *COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES*
## *June 30, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 149,574 | $ 143,355 |
| Accounts receivable (net) | 684,132 | 686,764 |
| **Total assets** | 833,706 | 830,119 |
| **LIABILITIES** | | |
| Due to other agencies | $ 833,706 | $ 830,119 |

## *CITY OF GAINESVILLE, GEORGIA*
## *MUNICIPAL COURT AGENCY FUND*
## *STATEMENT OF CHANGES IN ASSETS AND LIABILITIES*
## *For the fiscal year ended June 30, 2011*

| | Balance July 1 | Additions | Deletions | Balance June 30 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 143,355 | $ 1,359,604 | $ 1,353,385 | $ 149,574 |
| Accounts receivable (net) | 686,764 | 459,925 | 462,557 | 684,132 |
| Total assets | $ 830,119 | $ 1,819,529 | $ 1,815,942 | $ 833,706 |
| **LIABILITIES** | | | | |
| Due to others agencies | $ 830,119 | $ 1,819,529 | $ 1,815,942 | $ 833,706 |

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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 2,384,595 | $ 2,557,327 |
| Receivables | | |
| Accounts | 2,966 | 26,320 |
| Intergovernmental | 5,849 | 1,345 |
| Property tax | 101,668 | 119,192 |
| Restricted assets | | |
| Cash and cash equivalents | 20,435 | 80,038 |
| **Total assets** | $ 2,515,513 | $ 2,784,222 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Payables | | |
| Accounts | $ 101,438 | $ 179,732 |
| Sales tax | 14,978 | 17,238 |
| Intergovernmental | 15,466 | 11,963 |
| Accrued salaries | 135,500 | 121,679 |
| Deferred revenues | 104,399 | 109,507 |
| Other | 9,870 | 11,650 |
| Total liabilities | 381,651 | 451,769 |
| **Fund balances** | | |
| Restricted for: | | |
| Clarks Bridge Legacy | 5,255 | 5,255 |
| Capital projects | 11,128 | 194,558 |
| Committed for: | | |
| Booster Club | 127,492 | 100,739 |
| Development Fund | 20,435 | 80,038 |
| Civic Center | 2,967 | 15,126 |
| Assigned for: | | |
| Capital projects | 477,516 | 682,762 |
| Budget | 361,009 | 170,488 |
| Culture and Recreation | 1,128,060 | 1,083,487 |
| Total fund balances | 2,133,862 | 2,332,453 |
| **Total liabilities and fund balances** | $ 2,515,513 | $ 2,784,222 |

***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, 2011***
***(With comparative actual amounts for the year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Property taxes | $ 2,571,644 | $ 2,693,923 | $ 122,279 | $ 2,771,250 |
| Charges for sales and services | | | | |
| Recreation Division | 197,850 | 200,734 | 2,884 | 205,112 |
| Lanier Point/Ivey Watson | 217,987 | 139,391 | (78,596) | 149,230 |
| Youth Sports Booster Club | 71,860 | 90,379 | 18,519 | 63,914 |
| Gainesville Civic Center | 300,905 | 286,712 | (14,193) | 303,112 |
| Allen Creek Soccer Complex | 17,376 | 19,512 | 2,136 | 20,421 |
| Frances Meadows Community Center | 655,260 | 697,346 | 42,086 | 668,482 |
| Intergovernmental | 21,724 | 21,724 | 0 | 325,000 |
| Interest | 7,750 | 4,817 | (2,933) | 8,019 |
| Contributions | 3,120 | 3,120 | 0 | 0 |
| Other | 750 | 1,016 | 266 | 661 |
| **Total revenues** | 4,066,226 | 4,158,674 | 92,448 | 4,515,201 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Culture and recreation | | | | |
| Administration Division | 686,869 | 651,919 | 34,950 | 568,941 |
| Recreation Division | 467,255 | 379,575 | 87,680 | 463,080 |
| Parks Division | 885,822 | 844,304 | 41,518 | 882,792 |
| Maintenance Shop | 114,439 | 113,214 | 1,225 | 104,522 |
| Lanier Point/Ivey Watson | 270,011 | 215,747 | 54,264 | 260,128 |
| Clarks Bridge Park | 30,781 | 24,742 | 6,039 | 25,830 |
| Youth Sports Booster Club | 57,900 | 56,756 | 1,144 | 50,776 |
| Gainesville Civic Center | 594,700 | 538,507 | 56,193 | 550,739 |
| Allen Creek Soccer Complex | 62,536 | 56,888 | 5,648 | 56,970 |
| Frances Meadows Center | 1,125,185 | 1,081,338 | 43,847 | 1,097,043 |
| Capital outlay | 521,824 | 394,275 | 127,549 | 593,811 |
| **Total expenditures** | 4,817,322 | 4,357,265 | 460,057 | 4,654,632 |
| Excess (deficiency) of revenues over (under) expenditures | (751,096) | (198,591) | 552,505 | (139,431) |
| Other financing sources (uses) | | | | |
| Sales of capital assets | 0 | 0 | 0 | 5,522 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (751,096) | (198,591) | 552,505 | (133,909) |
| Fund balances, July 1 | 751,096 | 2,332,453 | 1,581,357 | 2,466,362 |
| **Fund balances, June 30** | $ 0 | $ 2,133,862 | $ 2,133,862 | $ 2,332,453 |

## *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, 2011*
### *(With comparative actual amounts for the year ended June 30, 2010)*

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Property taxes | $ 2,571,644 | $ 2,693,923 | $ 122,279 | $ 2,771,250 |
| Charges for sales and services | | | | |
| Recreation Division | 197,850 | 200,734 | 2,884 | 205,112 |
| Lanier Point/Ivey Watson | 217,987 | 139,391 | (78,596) | 149,230 |
| Youth Sports Booster Club | 71,860 | 90,379 | 18,519 | 63,914 |
| Gainesville Civic Center | 300,905 | 286,712 | (14,193) | 303,112 |
| Allen Creek Soccer Complex | 17,376 | 19,512 | 2,136 | 20,421 |
| Frances Meadows Center | 655,260 | 697,346 | 42,086 | 668,482 |
| Intergovernmental | 21,724 | 21,724 | 0 | 0 |
| Interest | 7,750 | 4,817 | (2,933) | 8,019 |
| Contributions | 3,120 | 3,120 | 0 | 0 |
| Other | 750 | 1,016 | 266 | 661 |
| **Total revenues** | 4,066,226 | 4,158,674 | 92,448 | 4,190,201 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Culture and recreation | | | | |
| Administrative services | 686,869 | 651,919 | 34,950 | 568,941 |
| Recreational services | 467,255 | 379,575 | 87,680 | 463,080 |
| Park services | 885,822 | 844,304 | 41,518 | 882,792 |
| Maintenance shop | 114,439 | 113,214 | 1,225 | 104,522 |
| Lanier Point/Ivey Watson | 270,011 | 215,747 | 54,264 | 260,128 |
| Clarks Bridge Park | 30,781 | 24,742 | 6,039 | 25,830 |
| Booster Club | 57,900 | 56,756 | 1,144 | 50,776 |
| Civic Center | 594,700 | 538,507 | 56,193 | 550,739 |
| Allen Creek Soccer Complex | 62,536 | 56,888 | 5,648 | 56,970 |
| Frances Meadows Center | 1,125,185 | 1,081,338 | 43,847 | 1,097,043 |
| Capital outlay | 14,392 | 5,600 | 8,792 | 47,003 |
| **Total expenditures** | 4,309,890 | 3,968,590 | 341,300 | 4,107,824 |
| Excess (deficiency) of revenues over (under) expenditures | (243,664) | 190,084 | 433,748 | 82,377 |
| Other financing sources (uses) | | | | |
| Sales of capital assets | 0 | 0 | 0 | 5,522 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (243,664) | $ 190,084 | $ 433,748 | $ 87,899 |
| Fund balances, July 1 | 243,664 | | | |
| **Fund balances, June 30** | $ 0 | | | |

***CITY OF GAINESVILLE, GEORGIA***
***PARKS AND RECREATION (A COMPONENT UNIT)***
***CAPITAL PROJECTS ACTIVITY***
***SCHEDULE OF REVENUES, EXPENDITURES, AND***
***CHANGES IN FUND BALANCES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2011***
***(With comparative actual amounts for the year ended June 30, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Intergovernmental | $ 0 | $ 0 | $ 0 | $ 325,000 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Culture and recreation | | | | |
| Capital outlay | 507,432 | 388,675 | 118,757 | 546,808 |
| Excess (deficiency) of revenues over (under) expenditures | (507,432) | $ (388,675) | $ (118,757) | $ (221,808) |
| Fund balances, July 1 | 507,432 | | | |
| **Fund balances, June 30** | $ 0 | | | |

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……201-205**

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……206-213**

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 NINE FISCAL YEARS*
## *(ACCRUAL BASIS OF ACCOUNTING)*

| | Fiscal Year | | |
|---|---|---|---|
| | **2003** | **2004** | **2005** |
| Governmental activities | | | |
| Invested in capital assets, net of related debt | $ 24,056,985 | $ 25,820,226 | $ 29,652,331 |
| Restricted | 10,417,331 | 8,879,997 | 9,248,123 |
| Unrestricted | 1,236,166 | 4,856,898 | 6,131,960 |
| Total governmental activities net assets | $ 35,710,482 | $ 39,557,121 | $ 45,032,414 |
| Business-type activities | | | |
| Invested in capital assets, net of related debt | $ 126,998,317 | $ 145,832,850 | $ 156,582,000 |
| Restricted | 33,489,493 | 40,535,656 | 40,454,376 |
| Unrestricted | 18,905,088 | 11,262,536 | 19,550,986 |
| Total business-type activities net assets | $ 179,392,898 | $ 197,631,042 | $ 216,587,362 |
| Primary government | | | |
| Invested in capital assets, net of related debt | $ 151,055,302 | $ 171,653,076 | $ 186,234,331 |
| Restricted | 43,906,824 | 49,415,653 | 49,702,499 |
| Unrestricted | 20,141,254 | 16,119,434 | 25,682,946 |
| Total primary government net assets | $ 215,103,380 | $ 237,188,163 | $ 261,619,776 |

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.
Note (2): Prior to FY 2011, certain elements of fund balance reported in special revenue, debt service, and capital projects funds were reported as restricted net assets. Those elements of fund balance are now reported as unrestricted net assets.

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| $ 39,003,296 | $ 56,451,206 [1] | $ 63,283,044 | $ 67,749,010 | $ 60,193,753 | $ 63,722,901 |
| 5,444,490 | 13,871,748 | 15,285,263 | 13,579,449 | 19,518,264 | 4,913,949 [2] |
| 9,110,539 | 9,863,975 | 8,020,964 | 2,727,185 | 2,534,296 | 19,692,245 [2] |
| $ 53,558,325 | $ 80,186,929 | $ 86,589,271 | $ 84,055,644 | $ 82,246,313 | $ 88,329,095 |
| $ 170,623,543 | $ 205,362,082 [1] | $ 226,811,308 | $ 234,871,719 | $ 248,507,489 | $ 259,477,278 |
| 55,579,857 | 42,895,444 | 45,853,659 | 30,780,543 | 44,475,796 | 43,710,594 |
| 9,586,367 | 23,301,410 | 21,726,107 | 35,144,675 | 14,276,555 | 16,169,226 |
| $ 235,789,767 | $ 271,558,936 | $ 294,391,074 | $ 300,796,937 | $ 307,259,840 | $ 319,357,098 |
| $ 209,626,839 | $ 261,813,288 [1] | $ 290,094,352 | $ 302,620,729 | $ 308,701,242 | $ 323,200,179 |
| 61,024,347 | 56,767,192 | 61,138,922 | 44,359,992 | 63,994,060 | 48,624,543 |
| 18,696,906 | 33,165,385 | 29,747,071 | 37,871,860 | 16,810,851 | 35,861,471 |
| $ 289,348,092 | $ 351,745,865 | $ 380,980,345 | $ 384,852,581 | $ 389,506,153 | $ 407,686,193 |

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

| | Fiscal Year | | |
|---|---|---|---|
| **Expenses** | **2003** | **2004** | **2005** |
| Governmental activities: | | | |
| General Government | $ 2,511,898 | $ 1,779,525 (1) | $ 1,690,224 |
| Judicial | 0 | 321,653 (1) | 333,831 |
| Public Safety | 11,145,080 | 11,702,353 | 12,846,149 |
| Public Works | 3,060,393 | 3,930,576 (1) | 4,469,451 |
| Health and Welfare | 2,558,439 | 2,444,938 | 2,646,910 |
| Culture and Recreation | 1,259,972 | 2,530,848 (2) | 1,949,216 |
| Housing and Development | 360,648 | 914,821 (1) | 1,174,362 |
| Education | 103,635 | 123,730 | 0 (3) |
| Non-departmental | 44,729 | 5,059 | 0 |
| Interest on long-term debt | 61,052 | 56,845 | 60,374 |
| Total governmental activities expenses | 21,105,846 | 23,810,348 | 25,170,517 |
| Business-type activities: | | | |
| Water and Sewer | 31,383,903 | 34,358,940 | 36,101,997 |
| Airport | 173,826 | 186,976 | 511,429 |
| Solid Waste | 1,564,623 | 1,669,048 | 1,770,159 |
| Golf Course | 1,120,029 | 1,136,346 | 1,129,727 |
| Total business-type activities expenses | 34,242,381 | 37,351,310 | 39,513,312 |
| Total primary government expenses | $ 55,348,227 | $ 61,161,658 | $ 64,683,829 |
| **Program Revenues** | | | |
| Governmental activities: | | | |
| Charges for services: | | | |
| General Government | 1,639,592 | 1,695,057 | 602,774 (5) |
| Public Safety | 1,604,764 | 2,310,103 | 2,243,110 |
| Public Works | 321,294 | 37,779 (6) | 84,187 |
| Health and Welfare | 280,808 | 339,416 | 359,076 |
| Housing and Development | 0 | 0 | 0 |
| Culture and Recreation | 588,362 | 498,960 | 551,802 |
| Operating grants and contributions | 1,916,517 | 2,134,842 | 2,157,134 |
| Capital grants and contributions | 1,654,644 | 3,479,548 | 3,455,500 |
| Total governmental activities program revenues | 8,005,981 | 10,495,705 | 9,453,583 |
| Business-Type activities: | | | |
| Charges for services: | | | |
| Water and Sewer | 31,636,070 | 35,219,292 | 37,284,505 |
| Airport | 275,238 | 338,185 | 431,109 |
| Solid Waste | 1,105,672 | 1,304,986 | 1,439,122 |
| Golf Course | 924,284 | 1,034,844 | 928,440 |
| Operating grants and contributions | 0 | 0 | 71,612 |
| Capital grants and contributions | 11,137,935 | 18,596,515 | 18,736,376 |
| Total business-type activities program revenues | 45,079,199 | 56,493,822 | 58,891,164 |
| Total primary government program revenues | $ 53,085,180 | $ 66,989,527 | $ 68,344,747 |

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 | | | | | |
|---|---|---|---|---|---|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| $ 1,593,170 | $ 1,927,078 | $ 1,959,760 | $ 2,420,328 | $ 2,363,347 | $ 2,641,873 |
| 326,126 | 360,345 | 371,743 | 432,380 | 434,137 | 404,862 |
| 13,564,249 | 14,450,489 | 15,103,008 | 17,760,718 | 16,930,483 | 16,160,112 |
| 4,922,994 | 5,188,523 | 6,491,116 | 6,649,367 | 7,023,969 | 6,641,424 |
| 3,304,258 | 2,914,363 | 3,554,427 | 3,784,135 | 3,724,473 | 3,360,632 |
| 1,368,668 | 1,553,091 | 2,521,243 | 2,214,061 | 1,883,742 | 1,211,214 |
| 1,374,039 | 1,887,154 | 2,224,676 | 1,524,790 | 2,108,631 | 1,363,356 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 60,179 | 158,451 | 528,726 | 671,224 | 1,837,734 | 1,668,489 |
| 26,513,683 | 28,439,494 | 32,754,699 | 35,457,003 | 36,306,516 | 33,451,962 |
| 37,294,489 | 39,607,607 | 41,018,567 | 47,007,004 | 45,928,103 | 45,081,115 |
| 707,009 (7) | 981,357 | 1,005,505 | 929,020 | 1,012,187 | 1,167,856 |
| 1,890,733 | 1,912,477 | 2,010,885 | 2,274,543 | 2,142,384 | 1,937,959 |
| 734,964 (4) | 926,065 (4) | 1,559,985 (4) | 1,519,259 | 1,346,564 | 1,396,446 |
| 40,627,195 | 43,427,506 | 45,594,942 | 51,729,826 | 50,429,238 | 49,583,376 |
| $ 67,140,878 | $ 71,867,000 | $ 78,349,641 | $ 87,186,829 | $ 86,735,754 | $ 83,035,338 |
| 600,678 | 653,781 | 606,106 | 630,377 | 623,419 | 602,743 |
| 2,156,808 | 2,474,898 | 2,101,796 | 1,374,428 (9) | 1,320,003 | 1,590,400 |
| 52,356 | 58,870 | 44,720 | 38,090 | 38,110 | 36,030 |
| 434,877 | 465,968 | 434,828 | 442,328 | 416,661 | 438,537 |
| 0 | 770,227 (8) | 395,079 | 180,394 | 48,135 | 154,849 |
| 500,124 | 613,332 | 528,498 | 519,989 | 435,955 | 506,750 |
| 2,862,508 | 3,168,729 | 3,929,031 | 3,287,187 | 3,776,757 | 3,739,620 |
| 6,266,268 | 2,340,185 | 3,772,803 | 3,449,017 | 8,177,269 (11) | 7,718,212 |
| 12,873,619 | 10,545,990 | 11,812,861 | 9,921,810 | 14,836,309 | 14,787,141 |
| 41,548,172 | 47,400,388 | 45,377,623 | 45,616,460 | 50,039,158 | 55,401,138 |
| 862,230 (7) | 894,132 | 866,972 | 851,644 | 865,739 | 818,874 |
| 1,544,902 | 1,564,861 | 1,565,923 | 1,703,937 | 1,769,329 | 2,057,883 |
| 462,507 (4) | 578,762 (4) | 1,108,078 (4) | 1,057,516 | 907,160 | 1,012,377 |
| 190,315 | 171,924 | 130,880 | 110,652 | 69,070 | 0 |
| 13,095,530 | 23,850,849 | 18,587,741 | 8,309,881 (10) | 3,794,048 (10) | 4,009,685 |
| 57,703,656 | 74,460,916 | 67,637,217 | 57,650,090 | 57,444,504 | 63,299,957 |
| $ 70,577,275 | $ 85,006,906 | $ 79,450,078 | $ 67,571,900 | $ 72,280,813 | $ 78,087,098 |

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

| | Fiscal Year | | |
|---|---|---|---|
| | **2003** | **2004** | **2005** |
| Net (expense)/revenue | | | |
| Governmental activities | $ (13,099,865) | $ (13,314,643) | $ (15,716,934) |
| Business-type activities | 10,836,818 | 19,142,512 | 19,377,582 |
| Total primary government net (expense)/revenue | (2,263,047) | 5,827,869 | 3,660,648 |
| **General revenues and other changes in net assets** | | | |
| Governmental activities: | | | |
| Taxes | | | |
| Property | 4,961,152 | 5,083,793 | 5,258,299 |
| Intangibles | 307,211 | 299,365 | 348,523 |
| Franchise | 2,974,523 | 2,905,490 | 2,929,050 |
| Occupational | 0 | 0 | 1,256,001 (1) |
| Insurance premium | 1,019,432 | 1,098,706 | 1,190,698 |
| Alcoholic beverages | 997,518 | 1,027,444 | 1,030,287 |
| Hotel/Motel | 424,779 | 425,504 | 443,492 |
| Local option sales | 4,325,783 | 4,682,435 | 4,928,637 |
| Grants and contributions | 2,699 | 3,646 | 0 |
| Investment earnings | 158,420 | 128,628 | 274,289 |
| Payments from component unit | 0 | 30,000 | 213,000 |
| Gain on sale of assets | 0 | 229,036 | 548,335 |
| Miscellaneous | 205,237 | 207,923 | 194,738 |
| Transfers | 623,703 | 1,775,008 | 2,842,126 |
| Total governmental activities | 16,000,457 | 17,896,978 | 21,457,475 |
| Business-type activities | | | |
| Investment earnings | 823,168 | 457,588 | 1,293,209 |
| Payments from component unit | 0 | 0 | 32,500 |
| Gain on sale of assets | 0 | 6,351 | 3,031 |
| Miscellaneous | 640,893 | 929,030 | 1,091,854 |
| Transfers | (623,703) | (1,775,008) | (2,842,126) |
| Total business-type activities | 840,358 | (382,039) | (421,532) |
| Total primary government | 16,840,815 | 17,514,939 | 21,035,943 |
| **Change in net assets** | | | |
| Governmental activities | 2,900,592 | 4,582,335 | 5,740,541 |
| Business-type activities | 11,677,176 | 18,760,473 | 18,956,050 |
| Total primary government | 14,577,768 | 23,342,808 | 24,696,591 |
| **Net assets - beginning** | | | |
| Governmental activities | 32,809,890 | 35,710,482 | 39,557,121 |
| Business-type activities | 167,715,722 | 179,392,898 | 197,631,042 |
| Total primary government | 200,525,612 | 215,103,380 | 237,188,163 |
| **Prior period adjustment** | | | |
| Governmental activities | 0 | (735,696) | (265,248) |
| Business-type activities | 0 | (522,329) | 0 |
| Total primary government | 0 | (1,258,025) | (265,248) |
| **Net assets - ending** | | | |
| Governmental activities | 35,710,482 | 39,557,121 | 45,032,414 |
| Business-type activities | 179,392,898 | 197,631,042 | 216,587,092 |
| Total primary government | $ 215,103,380 | $ 237,188,163 | $ 261,619,506 |

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 thru FY11 than in previous years

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| $ (13,640,064) | $ (17,893,504) | $ (20,941,838) | $ (25,535,193) | $ (21,470,207) | $ (18,664,821) |
| 17,076,461 | 31,033,410 (2) | 22,042,275 | 5,920,264 | 7,015,266 | 13,716,581 |
| 3,436,397 | 13,139,906 | 1,100,437 | (19,614,929) | (14,454,941) | (4,948,240) |
| 5,456,200 | 6,571,545 | 7,101,695 | 7,421,155 | 7,253,570 | 7,886,437 |
| 317,048 | 307,098 | 237,483 | 180,064 | 97,161 | 59,343 |
| 3,359,902 | 3,474,822 | 4,599,218 | 4,451,348 | 3,866,595 | 4,072,511 |
| 1,260,686 | 1,342,953 | 1,354,234 | 1,288,785 | 1,114,317 | 1,111,954 |
| 1,281,035 | 1,340,284 | 1,398,065 | 1,431,555 | 1,418,124 | 1,376,910 |
| 1,043,230 | 1,112,799 | 1,056,980 | 1,000,788 | 942,016 | 999,642 |
| 461,602 | 487,172 | 479,684 | 473,047 | 444,852 | 517,456 |
| 5,634,966 | 5,866,449 | 5,829,689 | 4,799,932 | 4,943,847 | 5,030,213 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 644,185 | 1,033,946 | 1,033,414 | 209,981 (5) | 498,737 (5) | 450,031 (5) |
| 64,470 | 0 | 0 | 0 | 0 | 0 |
| 93,824 | 1,282,635 (3) | 900,112 | 17,246 | 40,591 | 0 |
| 267,811 | 377,785 | 297,695 | 325,996 | 363,279 | 236,416 |
| 2,286,216 | 1,585,275 | 3,055,911 | 1,495,051 | 2,190,747 | 3,006,690 |
| 22,171,175 | 24,782,763 | 27,344,180 | 23,094,948 | 23,173,836 | 24,747,603 |
| 2,813,927 | 3,483,808 | 2,664,847 | 1,013,233 (5) | 401,971 | 355,561 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 837 | 84,099 | 29,804 | 1,315 | 19,569 | 20,718 |
| 1,446,054 | 1,340,749 | 1,151,124 | 1,020,458 | 1,023,096 | 1,011,088 |
| (2,286,216) | (1,585,275) | (3,055,911) | (1,495,051) | (2,190,747) | (3,006,690) |
| 1,974,602 | 3,323,381 | 789,864 | 539,955 | (746,111) | (1,619,323) |
| 24,145,777 | 28,106,144 | 28,134,044 | 23,634,903 | 22,427,725 | 23,128,280 |
| 8,531,111 | 6,889,259 | 6,402,342 | (2,440,245) | 1,703,629 | 6,082,782 |
| 19,051,063 | 34,356,791 (2) | 22,832,138 | 6,460,219 | 6,269,155 | 12,097,258 |
| 27,582,174 | 41,246,050 | 29,234,480 | 4,019,974 | 7,972,784 | 18,180,040 |
| 45,032,414 | 53,558,325 | 80,186,929 | 86,589,271 | 84,055,644 | 82,246,313 |
| 216,587,362 | 235,789,767 | 271,558,936 | 294,391,074 | 300,796,937 | 307,259,840 |
| 261,619,776 | 289,348,092 | 351,745,865 | 380,980,345 | 384,852,581 | 389,506,153 |
| (5,200) | 19,739,345 (4) | 0 | (93,382) | (3,513,030) | 0 |
| 151,342 | 1,412,378 (4) | 0 | (54,356) | 193,748 | 0 |
| 146,142 | 21,151,723 | 0 | (147,738) | (3,319,282) | 0 |
| 53,558,325 | 80,186,929 | 86,589,271 | 84,055,644 | 82,246,243 | 88,329,095 |
| 235,789,767 | 271,558,936 | 294,391,074 | 300,796,937 | 307,259,840 | 319,357,098 |
| $ 289,348,092 | $ 351,745,865 | $ 380,980,345 | $ 384,852,581 | $ 389,506,083 | $ 407,686,193 |

## *CITY OF GAINESVILLE, GEORGIA*
## *GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE*
## *LAST NINE 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 |
| 2011 | 7,886,437 (6) | 59,343 (5) | 4,072,511 | 1,111,954 |

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.

Note (6): General Fund millage rate was increased to provide funding for increased Public Safety fire protection.

| 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 |
| 1,376,910 | 999,642 | 517,456 | 5,030,213 | 21,054,466 |

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

| | Fiscal Year | | |
|---|---|---|---|
| | **2003** | **2004** | **2005** |
| General fund | | | |
| Reserved | $ 8,340 | $ 2,461 | $ 24,929 |
| Unreserved | 3,652,935 | 4,323,814 | 5,107,150 |
| Nonspendable (4) | | | |
| Assigned (4) | | | |
| Unassigned (4) | | | |
| Total general fund | $ 3,661,275 | $ 4,326,275 | $ 5,132,079 |
| All other governmental funds | | | |
| Reserved | $ 2,062,094 | $ 4,368,660 | $ 387,116 |
| Unreserved, reported in: | | | |
| Special revenue funds | 1,932,568 | | 3,368,908 |
| Capital project funds | 3,356,384 | 4,540,937 | 4,648,892 |
| Debt service funds | | | 679,772 |
| Restricted (4) | | | |
| Committed (4) | | | |
| Assigned (4) | | | |
| Total all other governmental funds | $ 7,351,046 | $ 8,909,597 | $ 9,084,688 |

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.

Note (4): The City has adopted GASB 54 for reporting of fund balance classifications for 2011.

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| $ 42,976 | $ 49,289 | $ 70,002 | $ 102,572 | $ 27,622 | |
| 5,904,994 | 6,697,460 | 4,066,767 | 3,595,792 | 4,164,074 | |
| | | | | | $ 406,166 |
| | | | | | 2,996,014 |
| | | | | | 5,134,064 |
| $ 5,947,970 | $ 6,746,749 | $ 4,136,769 | $ 3,698,364 | $ 4,191,696 | $ 8,536,244 |
| $ 2,333,758 | $ 12,757,904 | $ 4,535,228 | $ 24,515,444 (3) | $ 10,815,234 | |
| 3,565,978 | 6,983,598 (1) | 10,081,308 (2) | 9,982,391 (2) | 10,546,826 | |
| 833,467 | 4,569,334 | 4,184,614 | 2,296,318 | 9,403,152 | |
| 542,766 | 1,753,653 | 1,602,964 | 2,266,195 | 1,293,247 | |
| | | | | | $ 10,854,556 |
| | | | | | 91,939 |
| | | | | | 11,457,922 |
| $ 7,275,969 | $ 26,064,489 | $ 20,404,114 | $ 39,060,348 | $ 32,058,459 | $ 22,404,417 |

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

| | Fiscal Year | | |
|---|---|---|---|
| | 2003 | 2004 | 2005 |
| **Revenues** | | | |
| Taxes | $ 14,964,682 | $ 15,629,337 | $ 17,354,577 (1) |
| Licenses and permits | 1,774,282 | 1,951,898 | 826,075 |
| Fines, fees and forfeitures | 1,544,764 | 1,898,005 | 1,863,379 |
| Charges for services | 2,067,150 | 2,073,834 | 2,372,006 |
| Intergovernmental | 4,606,374 | 6,143,323 | 6,515,951 |
| Interest | 146,686 | 120,384 | 256,058 |
| Property Sales | 2,206 | 685,818 | 817,958 |
| Contributions | 1,110,631 | 500,989 | 306,728 |
| Other | 158,975 | 202,522 | 196,360 |
| Total revenues | 26,375,750 | 29,206,110 | 30,509,092 |
| **Expenditures** | | | |
| General Government | 3,329,586 | 2,682,906 | 2,780,457 |
| Judicial | 0 | 317,295 | 333,995 |
| Public Safety | 10,595,501 | 10,986,396 | 11,689,304 |
| Public Works | 2,728,735 | 3,465,572 | 3,785,981 |
| Health and Welfare | 2,549,587 | 2,422,265 | 2,693,714 |
| Culture and Recreation | 956,923 | 939,640 | 952,239 |
| Housing and Development | 420,329 | 893,537 | 1,305,500 |
| Education | 101,723 | 122,736 | 0 |
| Non-departmental | 44,729 | 5,059 | 0 |
| Debt Service | | | |
| Principal | 1,107,334 | 1,161,452 | 1,266,622 |
| Interest | 429,782 | 392,165 | 358,840 |
| Capital Outlay | 5,519,091 | 6,017,251 | 7,445,272 |
| Total expenditures | 27,783,320 | 29,406,274 | 32,611,924 |
| Excess of revenues over (under) expenditures | (1,407,570) | (200,164) | (2,102,832) |
| **Other financing sources (uses)** | | | |
| Transfers in | 4,727,456 | 6,630,018 | 7,611,665 |
| Transfers out | (3,710,173) | (4,850,582) | (4,962,853) |
| Issuance of notes payable | 0 | 0 | 0 |
| Refunding of notes payable | 0 | 0 | 0 |
| Issuance of capital leases | 575,242 | 596,620 | 402,148 |
| Sales of capital assets | 62,444 | 27,884 | 54,380 |
| Total other financing sources (uses) | 1,654,969 | 2,403,940 | 3,105,340 |
| Net change in fund balances | 247,399 | 2,203,776 | 1,002,508 |
| Fund balance, July 1 (original) | 10,764,922 | 11,012,321 | 13,235,872 |
| Prior period adjustments | 0 | 19,775 | (21,613) |
| Fund balance , June 30 | $ 11,012,321 | $ 13,235,872 | $ 14,216,767 |
| Debt service as a percentage of noncapital expenditures | 7.1% | 6.3% | 6.2% |

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 Public Safety Facilities and GMC Parking Deck debt service payments.

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| $ 18,800,818 | $ 20,557,731 | $ 21,931,347 | $ 21,030,163 | $ 20,073,154 | $ 21,039,421 |
| 824,465 | 1,045,039 | 726,127 | 563,085 | 526,787 | 540,906 |
| 1,767,286 | 1,888,411 | 1,782,062 | 1,200,508 | 1,179,773 | 1,390,242 |
| 2,324,512 | 3,127,789 | 2,621,736 | 2,590,476 | 2,405,885 | 2,935,491 |
| 9,751,128 (2) | 6,233,048 | 8,157,297 | 6,340,062 | 12,994,964 | 12,190,933 |
| 592,351 | 952,438 | 983,198 | 186,918 | 110,152 | 56,785 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 402,948 | 262,754 | 150,346 | 95,806 | 140,042 | 152,829 |
| 250,984 | 355,432 | 297,697 | 325,993 | 363,276 | 235,905 |
| 34,714,492 | 34,422,642 | 36,649,810 | 32,333,011 | 37,794,033 | 38,542,512 |
| 2,858,175 | 3,036,416 | 3,183,110 | 3,260,291 | 2,985,636 | 3,289,626 |
| 324,267 | 360,906 | 370,393 | 369,537 | 385,823 | 367,454 |
| 12,304,620 | 13,260,428 | 14,206,369 | 14,097,303 | 14,010,732 | 14,555,914 |
| 3,990,492 | 4,081,934 | 4,638,378 | 4,586,349 | 4,358,836 | 4,334,170 |
| 3,348,749 | 2,922,009 | 3,479,259 | 3,381,182 | 4,095,212 | 3,073,671 |
| 925,879 | 1,200,173 | 1,372,628 | 1,169,614 | 1,204,508 | 764,611 |
| 1,550,568 | 2,249,375 | 4,624,623 | 1,951,894 | 1,649,911 | 1,750,971 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 1,330,139 | 1,402,087 | 2,442,202 | 1,659,125 | 3,119,832 | 8,034,940 (7) |
| 324,247 | 326,320 | 718,082 | 644,194 | 1,962,450 | 1,772,225 |
| 12,512,996 (3) | 5,042,938 | 15,104,298 | 18,184,470 | 13,690,589 | 8,874,469 |
| 39,470,132 | 33,882,586 | 50,139,342 | 49,303,959 | 47,463,529 | 46,818,051 |
| (4,755,640) | 540,056 | (13,489,532) | (16,970,948) | (9,669,496) | (8,275,539) |
| 8,441,779 | 10,434,930 | 11,509,650 | 5,072,824 | 6,738,573 | 17,371,193 |
| (6,184,479) | (8,916,559) | (9,131,665) | (3,506,803) | (4,240,053) | (14,788,283) |
| 0 | 0 | 0 | 7,437,971 | 0 | 0 |
| 0 | 0 | 0 | (7,437,971) | 0 | 0 |
| 1,334,089 (4) | 11,898,663 (5) | 795,481 | 33,697,531 | 0 | 346,228 |
| 176,623 | 5,673,013 (6) | 2,045,711 | 18,607 | 50,888 | 36,907 |
| 3,768,012 | 19,090,047 | 5,219,177 | 35,282,159 | 2,549,408 | 2,966,045 |
| (987,628) | 19,630,103 | (8,270,355) | 18,311,211 | (7,120,088) | (5,309,494) |
| 14,216,767 | 13,223,939 | 32,811,238 | 24,540,883 | 42,758,712 | 36,250,155 |
| (5,200) | (42,804) | 0 | (93,382) | 611,531 | 0 |
| $ 13,223,939 | $ 32,811,238 | $ 24,540,883 | $ 42,758,712 | $ 36,250,155 | $ 30,940,661 |
| 6.2% | 6.0% | 9.3% | 7.3% | 15.4% (7) | 25.6% |

## *CITY OF GAINESVILLE, GEORGIA*
## *GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE*
## *LAST NINE 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 |
| 2011 | 7,836,123 (6) | 59,343 (5) | 4,072,511 | 1,376,910 |

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.

Note (6): General Fund millage rate was increased to provide funding for increased Public Safety fire protection.

| 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 |
| 1,111,954 | 999,642 | 517,456 | 5,030,213 | 21,004,152 |

## *CITY OF GAINESVILLE, GEORGIA*
## *ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY*
## *LAST NINE 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) |
| 2011 | 2,809,905,328 | 842,398,443 | 156,029,890 | 56,924,528 | (224,302,316) |

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.

Note (3): Starting in fiscal year 2010 Homeowners Tax Relief Credit was no longer in effect.

| Exemption Adjustments | Total Taxable Assessed Value[1] | Total Direct Tax Rate | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|---|---|---|---|---|
| $ (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) [2] | 3,708,134,604 | 2.66 | 3,708,134,604 | 100% |
| (550,000) [3] | 3,719,820,242 | 2.66 | 3,719,820,242 | 100% |
| (550,000) [3] | 3,640,405,873 | 2.92 | 3,640,405,873 | 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** |
| 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 |
| 2010 | 2011 | 1.69 | 0.75 | 0.48 | 2.92 |

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 |
| 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 |
| 7.39 | 0.30 | 7.69 | 0.25 | 6.25 | 6.25 | 17.11 |

## *CITY OF GAINESVILLE, GEORGIA*
## *PRINCIPAL TAXPAYERS*
## *June 30, 2011*

| | 2011 | | | 2002 | | |
|---|---|---|---|---|---|---|
| **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 | $ 119,104,098 | 1 | 3.27% | $ 70,412,613 | 1 | 2.80% |
| Continental Tire | 55,532,193 | 2 | 1.53% | | | |
| Ace Hardware Corporation | 44,571,678 | 3 | 1.22% | 45,738,631 | 3 | 1.82% |
| ZF Industries, Inc. | 37,554,782 | 4 | 1.03% | 42,764,381 | 4 | 1.70% |
| Fieldale Farms Corporation (Queen City Foods) | 37,319,632 | 5 | 1.03% | 25,050,393 | 7 | 0.99% |
| Mid-America Apartments LP | 37,206,662 | 6 | 1.02% | | | |
| Cargill, Inc. | 30,385,855 | 7 | 0.83% | 48,235,637 | 2 | 1.92% |
| Pilgrims Pride (formerly ConAgra) | 26,989,339 | 8 | 0.74% | | | |
| Inland Western Gainesville Village (Shopping Center) | 23,515,927 | 9 | 0.65% | | | |
| Stork Gamco (Manufacturer) | 19,026,037 | 10 | 0.52% | | | |
| Hayes Lemmerz Intl GA, Inc. (Western Wheel Georgia, Inc.) | | | | 38,582,633 | 5 | 1.53% |
| Colonial Realty Limited Part. (Camelot Real Estate Corp.) | | | | 31,066,470 | 6 | 1.23% |
| Bell South Communications | | | | 24,867,350 | 8 | 0.99% |
| Caradon Peachtree, Inc. (Peachtree Doors) | | | | 24,101,195 | 9 | 0.96% |
| ConAgra | | | | 23,137,884 | 10 | 0.92% |
| Total | $ 431,206,203 | | 11.59% | $ 373,957,187 | | 14.85% |

Source: 2010 and 2001 Hall County Tax Commissioner's Digest - Gainesville District.

Note (1): Assessed valuation for principal taxpayers includes real property, personal property and utilities taxes, but does not include motor vehicle taxes. Selection is based on the taxpayers with the largest assessed valuation. Values shown are assessed totals before freeport exemption is deducted, when applicable.

## *CITY OF GAINESVILLE, GEORGIA*
## *PROPERTY TAX LEVIES AND COLLECTIONS*
## *LAST NINE 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 | $ 36,463 | $ 6,509,630 | 98.97% | $ 32,386 | $ 6,542,016 | 98.91% |
| 2004 | 6,837,108 | 27,206 | 6,792,902 | 99.35% | 72,644 | 6,865,546 | 100.02% |
| 2005 | 7,033,787 | 75,709 | 6,997,475 | 99.48% | 103,556 | 7,101,031 | 99.88% |
| 2006 | 7,431,394 | 19,592 | 7,252,591 | 97.59% | 135,228 | 7,387,819 | 99.15% |
| 2007 | 8,528,243 | 88,311 | 8,547,295 | 99.20% | 62,775 | 8,610,070 | 99.92% |
| 2008 | 9,490,615 | 64,268 | 9,308,622 | 97.42% | 223,534 | 9,532,156 | 99.76% |
| 2009 | 9,877,359 | 31,617 | 9,636,926 | 97.25% | 236,092 | 9,873,018 | 99.64% |
| 2010 | 9,894,722 | 21,699 | 9,579,640 | 96.60% | 239,501 | 9,819,141 | 99.02% |
| 2011 | 10,629,985 | (85,006) | 10,239,192 | 97.10% | | 10,239,192 | 97.10% |

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, 2011*

| | 2010 | | | 2004 | | |
|---|---|---|---|---|---|---|
| **Commodity** | **Total Distributed** | **Rank** | **% of Total** | **Total Distributed** | **Rank** | **% of Total** |
| Food | $ 4,686,218 | 1 | 18.94% | $ 5,472,776 | 1 | 22.72% |
| General | 3,627,582 | 2 | 14.66% | 3,328,268 | 3 | 13.82% |
| Other Retail | 3,199,408 | 3 | 12.93% | 4,551,713 | 2 | 18.89% |
| Auto | 2,771,154 | 4 | 11.20% | 1,843,016 | 6 | 7.65% |
| Wholesale | 2,615,874 | 5 | 10.57% | 0 | | 0.00% |
| Utilities | 2,383,556 | 6 | 9.63% | 1,699,748 | 7 | 7.06% |
| Miscellaneous Service | 2,016,838 | 7 | 8.15% | 1,249,852 | 8 | 5.19% |
| Home | 1,507,655 | 8 | 6.09% | 965,809 | 9 | 4.01% |
| Manufacturer | 1,116,196 | 9 | 4.51% | 0 | | 0.00% |
| Accommodations | 386,705 | 10 | 1.56% | 1,882,264 | 5 | 7.81% |
| Other Services | 346,471 | 11 | 1.40% | 2,692,310 | 4 | 11.18% |
| Construction | 90,316 | 12 | 0.36% | 404,040 | 10 | 1.68% |
| Total | $ 24,747,973 | | 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, 2011*

| Customer | Type of Business | Total Water Billings | Total Sewer Billings | Total Billings | Percentage of System Revenues |
|---|---|---|---|---|---|
| Fieldale Farms Corporation | Manufacturer - Poultry Products | $ 2,816,959 | $ 6,034,970 | $ 8,851,930 | 16.10% |
| Pilgrim's Pride | Manufacturer - Poultry Products | 1,141,858 | 3,071,879 | 4,213,737 | 7.66% |
| Mar-Jac Poultry, Inc. | Manufacturer - Poultry Products | 904,433 | 2,598,829 | 3,503,262 | 6.37% |
| Cooley Enterprises (DBA Kings Delight) | Food Further Processing | 347,159 | 470,150 | 817,310 | 1.49% |
| Cargill, Inc. | Manufacturer - Soybean Products | 356,210 | 444,235 | 800,445 | 1.46% |
| NE GA Health Systems | Hospital | 262,984 | 437,729 | 700,713 | 1.27% |
| Hall County Commissioners | Local Government | 278,573 | 384,926 | 663,499 | 1.21% |
| Sonstegard Foods | Manufacturer - Egg/Dairy Products | 127,968 | 197,297 | 325,265 | 0.59% |
| Hall County Board of Education | Local Government | 237,179 | 86,629 | 323,808 | 0.59% |
| Islands Management Company LLC | Resort | 320,214 | - | 320,214 | 0.58% |
| Total | | $ 6,793,538 | $ 13,726,642 | $ 20,520,183 | 37.33% |

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 NINE 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 |
| 2011 | - | 35,737,268 | 95,015,000 | 113,800,132 | 32,321,761 | 276,874,160 | 28.21% | 8,191 |

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 NINE 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 |
| 2011 | - | 35,737,268 | 1,434,272 | 34,302,996 | 0.94% | 1,014.76 |

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, 2011*

| Governmental Unit | Debt Outstanding | Estimated Percentage Available | Estimated Share of Overlapping Debt |
|---|---|---|---|
| Debt repaid with property taxes: | | | |
| Gainesville City Schools | $ 8,540,000 | 100% | $ 8,540,000 |
| Hall County | | | 0 |
| Subtotal, overlapping debt | | | 8,540,000 |
| City of Gainesville direct debt | | | 35,737,268 |
| Total direct and overlapping debt | | | $ 44,277,268 |

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 NINE FISCAL YEARS*

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

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

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

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

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| $ 313,425,727 | $ 330,171,198 | $ 406,664,323 | $ 412,732,440 | $ 403,529,632 | $ 386,525,819 |
| 5,700,021 | 15,070,859 | 13,668,320 | 43,267,440 [(2)] | 34,444,021 | 34,302,996 |
| $ 307,725,706 | $ 315,100,339 | $ 392,996,003 | $ 369,465,000 | $ 369,085,611 | $ 352,222,823 |
| 1.82% | 4.56% | 3.36% | 10.48% [(2)] | 8.54% | 8.87% |

**Legal Debt Margin Calculation for Fiscal Year 2011**

| | |
|---|---|
| Total Assessed value | $ 3,865,258,189 |
| Debt limit (10% of total assessed value)[(1)] | 386,525,819 |
| Debt applicable to limit: | |
| General obligation debt | 35,737,268 |
| Less: Amount set aside for repayment of general obligation debt | (1,434,272) |
| Total net debt applicable to limit | 34,302,996 |
| Legal debt margin | $ 352,222,823 |

## *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 |
| 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 |
| 2011 | 57,387,513 | 23,713,795 | 33,673,718 | 7,470,000 | 4,874,516 | 2.73 |

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 |
| 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] |
|---|---|---|---|---|---|
| 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% |
| 2011 | 33,804 | 981,601 | 29,038 | 7,145 | 8.9% |

Source (a): Fiscal year 2002 number is based on 2000 census; Fiscal year 2003-2010 are estimates and fiscal year 2011 is based on 2010 census 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.

## *CITY OF GAINESVILLE, GEORGIA*
## *PRINCIPAL EMPLOYERS/HALL COUNTY*
## *June 30, 2011*

| | 2011 | | | 2006 | | |
|---|---|---|---|---|---|---|
| **Employer** | **Employees** | **Rank** | **Percentage of Total County Employment** | **Employees** | **Rank** | **Percentage of Total County Employment** |
| Northeast Georgia Medical Center | 5,030 | 1 | 6.18% | 4,200 | 1 | 5.34% |
| Fieldale Farms | 2,250 | 2 | 2.77% | 2,300 | 2 | 2.93% |
| Pilgrims Pride | 1,600 | 3 | 1.97% | 1,553 | 3 | 1.98% |
| Mar-Jac | 1,200 | 4 | 1.47% | 1,259 | 4 | 1.60% |
| Kubota Manufacturing of America | 960 | 5 | 1.18% | 717 | 7 | 0.91% |
| Coleman Natural Foods (Kings Delight) | 900 | 6 | 1.11% | 950 | 5 | 1.21% |
| Wrigley Manufacturing Company, LLC | 850 | 7 | 1.04% | 800 | 6 | 1.02% |
| The Longstreet Clinic | 580 | 8 | 0.71% | | | |
| Koch Foods, Inc. | 520 | 9 | 0.64% | 600 | 8 | 0.76% |
| 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 | 14,310 | | 17.59% | 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 2011 is based on 2010 Hall County annual average employment of 80,899 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.

Gainesville, Georgia

Since 1821

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

| | Full-time Equivalent Employees as of June 30 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| **Function** | | | | | | | | | |
| **Primary government** | | | | | | | | | |
| General Government | 46 | 46 | 43 | 44 | 44 | 46 | 41 | 45 | 46 |
| Judicial | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 8 |
| Public Safety | | | | | | | | | |
| Police | 119 | 117 | 117 | 117 | 119 | 122 | 115 | 113 | 113 |
| Fire | 83 | 82 | 82 | 82 | 82 | 83 | 81 | 102 | 103 |
| City Marshal | 4 | 4 | 7 | 7 | 9 | 7 | 5 | 3 | 3 |
| Public Works | 56 | 58 | 58 | 62 | 62 | 63 | 54 | 53 | 52 |
| Health and Welfare | 47 | 47 | 45 | 45 | 44 | 49 | 49 | 45 | 47 |
| Culture and Recreation | 11 | 11 | 11 | 11 | 11 | 11 | 10 | 7 | 7 |
| Housing and Development | 26 | 27 | 35 | 38 | 22 | 22 | 18 | 17 | 17 |
| General Insurance | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 0 | 0 |
| Vehicle Services | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Water and Sewer | 229 | 236 | 237 | 243 | 249 | 253 | 231 | 225 | 229 |
| Solid Waste | 24 | 24 | 27 | 27 | 27 | 31 | 24 | 24 | 24 |
| Golf Course | 16 | 18 | 16 | 18 | 12 | 13 | 13 | 7 | 4 |
| **Total primary government** | 675 | 684 | 693 | 709 | 696 | 715 | 656 | 653 | 658 |
| **Component unit** | | | | | | | | | |
| City of Gainesville Parks and Recreation Culture and Recreation | 31 | 32 | 32 | 34 | 34 | 38 | 37 | 36 | 36 |
| **Total employees** | 706 | 716 | 725 | 743 | 730 | 753 | 693 | 689 | 694 |

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 NINE FISCAL YEARS*

| | FISCAL YEAR | | |
|---|---|---|---|
| | 2003 | 2004 | 2005 |
| **Function** | | | |
| Police | | | |
| Number of citations issued | 18,455 | 22,567 | 19,878 |
| Number of calls for service | 85,780 | 91,086 | 88,922 |
| Fire | | | |
| Number of calls answered | 5,115 | 5,871 | 5,496 |
| Number of inspections conducted | 310 | 890 | 3,467 |
| Highways and streets | | | |
| Square feet of sidewalks replaced | 10,225 | 8,000 | 9,570 |
| Linear feet curb and gutter installed | N/A | 3,000 | 5,806 |
| Sanitation | | | |
| Refuse collected (tons) | 5,212 | 5,362 | 5,407 |
| Recyclables collected (tons) | 647 | 656 | 681 |
| Culture and Recreation | | | |
| Enrolled in youth athletics | 959 | 1,007 | 997 |
| Civic Center/Cabin rentals | 891 | 1,051 | 1,161 |
| Water System (MGD -Millions of Gallons per Day) | | | |
| Number of service connections | 38,158 | 39,382 | 40,572 |
| Daily average consumption in gallons | 17.20 MGD | 18.30 MGD | 18.10 MGC |
| Sewer System (MGD -Millions of Gallons per Day) | | | |
| Number of service connections | 7,365 | 7,814 | 7,892 |
| Daily average treatment in gallons | 8.80 MGD | 8.38 MGD | 8.90 MGD |

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.

| FISCAL YEAR | | | | | |
|---|---|---|---|---|---|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| 16,737 | 14,326 | 13,585 | 11,394 [3] | 12,307 | 13,671 |
| 78,904 | 76,208 | 76,555 | 74,329 | 75,866 | 67,879 |
| 5,918 | 6,443 | 5,998 | 5,901 | 6,020 | 6,566 |
| 2,856 | 3,490 | 2,607 | 2,631 | 2,848 | 1,439 |
| 6,399 | 5,127 | 14,040 | 2,351 [4] | 3,552 [4] | 445 [4] |
| 2,161 | 1,679 | 2,091 | 1,071 | 217 | 50 |
| 5,497 | 5,489 | 5,320 | 5,261 | 5,015 | 4,897 |
| 700 | 711 | 799 | 653 | 688 | 657 |
| 1,049 | 1,297 | 1,741 | 1,173 [4] | 1,139 | 1,507 |
| 1,350 | 1,229 | 1,579 | 823 [4] | 969 | 992 |
| 46,645 | 48,652 | 49,783 | 46,550 [4] | 46,674 | 46,632 |
| 19.29 MGD | 19.85 MGD | 17.86 MGD | 16.56 MGD | 17.13 MGD | 17.64 MGD |
| 8,170 | 9,489 | 9,683 | 8,896 [4] | 8,840 | 8,716 |
| 9.14 MGD | 8.42 MGD | 7.80 MGD | 8.00 MGD | 9.20 MGD | 8.50 MGD |

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

| | FISCAL YEAR | | |
|---|---|---|---|
| | 2003 | 2004 | 2005 |
| **Function** | | | |
| Public safety | | | |
| Number of police stations | 5 | 5 | 5 |
| Number of fire stations | 3 | 4 | 4 |
| Solid Waste | | | |
| Collection Trucks | 9 | 8 | 8 |
| Highways and streets | | | |
| Miles of streets | 130 | 130 | 130 |
| Miles of storm sewers | 16.00 | 18.82 | 19.78 |
| Number of street lights | 2,296 | 2,315 | 2,323 |
| Culture and Recreation | | | |
| Community/Civic Centers | 2 | 2 | 2 |
| Parks | 18 | 20 | 20 |
| Park acreage | 400+ | 400+ | 425+ |
| Golf courses | 1 | 1 | 1 |
| Swimming pools | 2 | 2 | 2 |
| Baseball/Softball fields | 10 | 10 | 10 |
| Soccer fields | 10 | 10 | 10 |
| Multipurpose fields | 1 | 1 | 1 |
| Tennis courts | 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 |
| Number of fire hydrants | 5,162 | 6,417 | 7,127 |
| Number of water treatment plants | 2 | 2 | 2 |
| Maximum daily capacity of treatment plants in gallons | 35 MGD | 35 MGD | 35 MGD |
| Sewer System: | | | |
| Miles of sanitary sewers | 229 | 241 | 246 |
| Number of wastewater treatment plants | 2 | 2 | 2 |
| Maximum daily capacity of treatment plants in gallons | 12.9 MGD | 12.9 MGD | 12.9 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.

Note 3: Elimination of Community Police Precincts in Housing Development during FY11.

| FISCAL YEAR | | | | | |
|---|---|---|---|---|---|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| 5 | 5 | 5 | 5 | 3 | 2 (3) |
| 4 | 4 | 4 | 4 | 4 | 4 |
| 9 | 9 | 9 | 9 | 9 | 9 |
| 130 | 133 | 136 | 136 | 136 | 136 |
| 19.78 | 20.00 | 20.11 | 20.20 | 20.20 | 20.20 |
| 2,346 | 2,352 | 2,340 | 2,380 | 2,414 | 2,627 |
| 2 | 2 | 8 | 8 | 2 | 2 |
| 20 | 21 | 22 | 21 | 21 | 21 |
| 425+ | 443+ | 443+ | 444+ | 445 | 445 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 1 | 1 | 5 | 5 | 5 |
| 10 | 10 | 9 | 9 | 10 | 10 |
| 10 | 10 | 10 | 9 | 10 | 10 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 16 | 16 | 16 | 16 | 16 | 16 |
| 1,230 | 1,247 | 1,302 | 1,310 | 1,315 | 1,344 |
| 7,596 | 7,840 | 7,843 | 8,538 | 8,719 | 8,803 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 35 MGD | 35 MGD | 35 MGD | 35 MGD | 35MGD | 35 MGD |
| 261 | 268 | 271 | 278 | 280 | 280 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 12.9 MGD | 14.7 MGD | 17 MGD | 17 MGD | 17 MGD | 17 MGD |

## *CITY OF GAINESVILLE, GEORGIA*
## *PUBLIC UTILITIES DEPARTMENT*
## *WATER RATES AND MINIMUM DEMAND CHARGES*
## *JUNE 30, 2011*

**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 | $2.28 Per 100 cf (1) | $ 4.56 per 100 cf (1) |

Note: This information is included to comply with continuing disclosure requirements of 1992, 1993, 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, 2011*

**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 1992, 1993, 2001, 2005, and 2006 Water and Sewerage bond issues.

## *CITY OF GAINESVILLE, GEORGIA*
## *PUBLIC UTILITIES DEPARTMENT*
## *SEWER RATES AND CHARGES*
## *JUNE 30, 2011*

**Sewer Rates (Monthly Charges by Volume):**

| | Inside City Limits | Outside City Limits | Oakwood |
|---|---|---|---|
| Commodity charge | | | |
| Per Cubic Foot | $ 6.73 | $ 7.03 | $ 8.49 |

**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 | 101-125 | 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 $6.73 for inside city customers, $7.03 for outside city customers, $8.49 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 1992, 1993, 2001, 2005, and 2006 Water and Sewerage bond issues.

## *CITY OF GAINESVILLE, GEORGIA*
## *PUBLIC UTILITIES DEPARTMENT*
## *SEWER TAPPING, CONNECTION AND ADMINISTRATIVE FEES*
## *JUNE 30, 2011*

**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 1992, 1993, 2001, 2005, and 2006 Water and Sewerage bond issues.

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

| Year | Total Cost of Capital Improvements | Funding Sources: System Revenues and Capital Contributions | Funding Sources: Debt Proceeds and Investment Earnings |
|---|---|---|---|
| 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 |
| 2011 | 8,284,333 | 8,284,333 | 0 |

Note: This information is included to comply with continuing disclosure requirements of 1992, 1993, 2001, 2005, and 2006 Water and Sewerage bond issues.

## *CITY OF GAINESVILLE, GEORGIA*
## *SCHEDULE OF INSURANCE COVERAGE*
## *June 30, 2011*

| | | Amount | |
|---|---|---|---|
| **Property Coverage** | | | |
| Blanket building and contents ($50,000 deductible) | | Replacement Cost [1] | |
| Flood ($50,000 deductible) | | $ 5,000,000 | |
| Equipment Breakdown | | $ 100,000,000 | |
| Automobile (Fire Trucks 1994 or newer) ($5,000 deductible) | | Actual cash value | ($3,608,018) |
| Inland Marine (Contractor's Equipment) ($2,500 deductible) | | Actual cash value | ($5,152,905) |
| 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 1992, 1993, 2001, 2005, and 2006 Water and Sewerage bond issues.

Note (1): Maximum property limit of $256,170,500.

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 |
| 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] |
| 2010 | 152 | 0 | 23,615,800 | 24 | 11,775,300 |

**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 |
| 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] |
| 2010 | 35 | 0 | 5,544,591 | 12 | 31,119,415 |

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 (2010 Census Bureau Estimate) | 33,804 |
| Hall County Population, including City (Estimate) | 180,253 |
| Area of City in square miles | 33.62 |
| Number of full time employees | 680 |
| ***Government facilities and services:*** | |
| **Public Safety:** | |
| ISO Fire Classification | Class II |
| Number of fire personnel and officers | 101 |
| Number of police personnel and officers | 110 |
| 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 | Aa3 |
| Revenue Bonds | |
| Senior Lien Bonds | A2 |
| Junior Lien Bonds | A3 |

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.

Gainesville, Georgia

Since 1821

***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, 2011, which collectively comprise the City of Gainesville, Georgia's basic financial statements and have issued our report thereon dated November 18, 2011. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Gainesville, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

We noted certain other matters that we reported to management of the City of Gainesville, Georgia, in a separate letter dated November 18, 2011.

P.O. Box 2917 | 726 South Enota Drive | Suite A | Gainesville, GA 30503 | 770.287.7800 [P] | 770.287.7801 [F] | www.RushtonandCompany.com
W. Barclay Rushton, CPA | J. Chris Hollifield, CPA | Perry C. Barnett, CPA, CFS | Sally Walden-Crowe, CPA

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, LLC

Certified Public Accountants

Gainesville, Georgia
November 18, 2011

**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 City of Gainesville, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Gainesville's major federal programs for the year ended June 30, 2011. 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's management. Our responsibility is to express an opinion on the City of Gainesville'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's compliance with those requirements.

In our opinion, the City of Gainesville, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2011.

Internal Control over Compliance

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'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.

P.O. Box 2917 | 726 South Enota Drive | Suite A | Gainesville, GA 30503 | 770.287.7800 [P] | 770.287.7801 [F] | www.RushtonandCompany.com
W. Barclay Rushton, CPA | J. Chris Hollifield, CPA | Perry C. Barnett, CPA, CFS | Sally Walden-Crowe, CPA

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, LLC

Certified Public Accountants

Gainesville, Georgia
November 18, 2011

## *CITY OF GAINESVILLE, GEORGIA*
## *SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*
## *For the fiscal year ended June 30, 2011*

| Federal Grant/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Number | Expenditures |
|---|---|---|---|
| **U.S. Department of Agriculture** | | | |
| U.S. Forest Service | | | |
| ARRA - Wildland Fire Management | 10.688 | | |
| Passed through Chestatee-Chattahoochee Resource Conservation and Development Council, Inc. | | ARTP10-04 | $ 6,000 |
| Passed through Georgia Forestry Commission | | ARTP10-05 | 7,003 |
| **Total U.S. Department of Agriculture** | | | 13,003 |
| **U.S. Department of Housing and Urban Development** | | | |
| Community Development Block Grant/Entitlement Grants | 14.218 | N/A | 253,343 |
| Passed through Georgia Department of Community Affairs: | | | |
| HOME Investment Partnerships Program | 14.239 | 08m-x-069-2-6007 | 10,862 |
| **Total U.S. Department of Housing and Urban Development** | | | 264,205 |
| **U.S. Department of the Interior** | | | |
| Passed through Georgia Department of Natural Resources: | | | |
| Historic Preservation Fund Grants-in-Aid | 15.904 | SFY2009 | 18,900 |
| | | SFY2010 | 21,000 |
| **Total U.S. Department of the Interior** | | | 39,900 |
| **U.S. Department of Justice** | | | |
| Bureau of Justice Assistance | | | |
| Bulletproof Vest Partnership Program | 16.607 | N/A | 10,581 |
| JAG Program Cluster | | | |
| Bureau of Justice Assistance | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | N/A | 12,499 |
| Passed through Criminal Justice Coordinating Council: | | | |
| ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories | 16.803 | B82-8-131 | 39,766 |
| Total JAG Program Cluster | | | 52,265 |
| **Total U.S. Department of Justice** | | | 62,846 |
| **U.S. Department of Transportation** | | | |
| Federal Highway Administration | | | |
| Passed through Georgia Department of Natural Resources: | | | |
| Recreational Trails Program | 20.219 | NRT-04(12) | 27,174 |
| Passed through the Georgia Department of Transportation: | | | |
| Federal Transit - Formula Grants | 20.507 | T002116-GA-90-4286 | 345,423 |
| | | MTG00-0142-00-003 | 23,920 |
| | | | 369,343 |
| ARRA - Federal Transit - Formula Grants | 20.507 | T002612-GA-96-X012 | 34,587 |
| | | | 403,930 |
| Formula Grants for Other than Urbanized Areas | 20.509 | T003493-GA-18-4031 | 221,184 |
| Passed through the Georgia Office of Highway Safety: | | | |
| State and Community Highway Safety | 20.600 | TEN-2011-174-00373 | 11,216 |
| **Total U.S. Department of Transportation** | | | 663,504 |

## *CITY OF GAINESVILLE, GEORGIA*
## *SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*
## *For the fiscal year ended June 30, 2011*

| Federal Grant/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Number | Expenditures |
|---|---|---|---|
| **U.S. Department of the Treasury** | | | |
| Internal Revenue Service | | | |
| Volunteer Income Tax Assistance (VITA) | | | |
| Matching Grant Program | 21.009 | N/A | $ 7,500 |
| **U.S. Department of Energy** | | | |
| Passed through the Georgia Environmental Facilities Authority | | | |
| ARRA - Energy Efficiency and Conservation Block Grant | 81.128 | ARRA_EECBG_LocGov2010_123 | 183,130 |
| **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 | 42700-362-0000005567 | 194,827 |
| Passed through Legacy Link, Inc.: | | | |
| Special Programs for the Aging - Title III, Part C | | | |
| Nutrition Services | 93.045 | Gainesville - Title III, C1 | 182,748 |
| | | Gainesville - Title III, C2 | 104,093 |
| Nutrition Services Incentive Program | 93.053 | Gainesville - NSIP | 50,191 |
| Total Aging Cluster of Programs passed through Legacy Link, Inc. | | | 337,032 |
| Total Aging Cluster of Programs | | | 531,859 |
| Passed through Hall County Department | | | |
| of Family and Children Services: | | | |
| Promoting Safe and Stable Families | 93.556 | 201102000639 | 40,105 |
| | | 201102000640 | 8,329 |
| | | | 48,434 |
| Passed through Governer's Office of Children and | | | |
| Families Caring Communities | | | |
| Temporary Assistance for Needy Families | 93.558 | CC11-01-001 | 136,095 |
| Passed through Legacy Link, Inc. | | | |
| Social Services Block Grant | 93.667 | Gainesville - SSBG | 79,488 |
| **Total U.S. Department of Health and Human Services** | | | 795,876 |
| **U.S. Department of Homeland Security** | | | |
| Passed through Georgia Emergency Management Agency | | | |
| State Homeland Security Grant Program | 97.073 | 2007-GE-T7-0054 | 74,081 |
| | | 2008-GE-T8-0017 | 14,813 |
| | | | 88,894 |
| Federal Emergency Management Agency | | | |
| Staffing for Adequate Fire and Emergency Response | 97.083 | N/A | 580,744 |
| **Total U.S. Department of Homeland Security** | | | 669,638 |
| **Total Federal Awards** | | | $ 2,699,602 |

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, 2011. 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, 2011*

### *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? | None reported |
| Noncompliance material to financial statements noted? | None reported |

#### *B. Federal Awards*

| | |
|---|---|
| Internal control over major programs: | |
| Material weakness(es) identified? | None reported |
| Significant deficiencies identified not considered material weaknesses? | None reported |
| Type of auditor's report issued on compliance for major programs: | 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:

81.128 Energy Efficiency and Conservation Block Grant

93.558 Temporary Assistance for Needy Families

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*

None reported

### C. *Prior Year Audit Findings Follow-Ups*

**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.

City personnel correctly identified and recorded all retainages payable.

**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.

All capital assets correctly classified and disposals were recorded in a timely manner.

**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.

The City has established appropriate policies and procedures to ensure that sales tax is collected on all required transactions.

**10-4**

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

The City correctly calculated interest payable.

**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.

The City has established appropriate policies and procedures over cash receipts at the Frances Meadows Community Center.

## *3. Federal Award Findings and Questioned Costs*

### *A. Material Noncompliance*

None reported.

### *B. Significant Deficiencies*

None reported

### C. *Prior Year Audit Findings Follow-Ups*

None reported

***STATE REPORTING SECTION***

## *CITY OF GAINESVILLE, GEORGIA*
## *SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX*
## *For the fiscal year ended June 30, 2011*

| Project | Estimated Cost * Original | Estimated Cost * Current | Expenditures Prior Years | Expenditures Current Year | Expenditures Total |
|---|---|---|---|---|---|
| **SPLOST V** | | | | | |
| Municipal Allocations | $ 6,764,982 | $ 6,532,907 | | | |
| Road Improvements | | | $ 2,344,422 | $ 0 | $ 2,344,422 |
| Storm Drain Improvements | | | 591,609 | 0 | 591,609 |
| Green Street Facilities | | | 383,000 | 0 | 383,000 |
| Georgia Mountain Center Improvements | | | 492,970 | 0 | 492,970 |
| Joint Administration Building Improvements | | | 96,000 | 0 | 96,000 |
| Hall Area Transit Facilities | | | 84,775 | 0 | 84,775 |
| Joint Public Safety Facilities | | | 1,044,213 | 0 | 1,044,213 |
| Fire Facilities | | | 35,586 | 0 | 35,586 |
| Rockcreek Greenway Connector | | | 71,544 | 0 | 71,544 |
| Road Improvements | 1,591,760 | 1,537,155 | 1,499,627 | 0 | 1,499,627 |
| Total | $ 8,356,742 | $ 8,070,062 | $ 6,643,746 | $ 0 | $ 6,643,746 |

The prior years expenditures for SPLOST V have been restated by $733,818 to reflect expenditures previously reported as SPLOST expenditures now reported as debt expenditures due to reallocation of funding sources.

| | | | | | |
|---|---|---|---|---|---|
| **SPLOST VI** | | | | | |
| Public Safety Facilities | $ 27,000,000 | $ 27,000,000 | $ 1,130,823 | $ 7,032,125 | $ 8,162,948 |
| 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 | $ 1,130,823 | $ 7,032,125 | $ 8,162,948 |

* 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 | $ 0 |
| SPLOST VI | 7,032,125 |
| | 7,032,125 |
| Expenditures financed through other revenues and transfers from other funds | 52,007 |
| Expenditures financed through proceeds from debt issued in prior years | 7,378,035 |
| Total expenditures and transfers out of the SPLOST Capital Projects Fund | $ 14,462,167 |