2013 Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

CITY OF GAINESVILLE, GA

SINCE 1821

CITY OF GAINESVILLE, GEORGIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

Gainesville, Georgia

Since 1821

CITY OF GAINESVILLE, GEORGIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

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, 2013

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OFFICIALS OF THE CITY OF GAINESVILLE

LEGISLATIVE BRANCH
CITY COUNCIL

Danny Dunagan (Ward 1)	**Mayor**
Robert Hamrick (Ward 2)	**Council Member**
Myrtle Figueras (Ward 3)	**Council Member**
George Wangemann (Ward 4)	**Council Member**
Ruth Bruner (Ward 5)	**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**
John Breakfield	**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 Communications and Tourism**
Perry R. Ligon	**Director of Community Development**
Phillippa L. Moss	**Director of Community Service Center**
Jerome Yarbrough	**Fire Chief**
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**

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

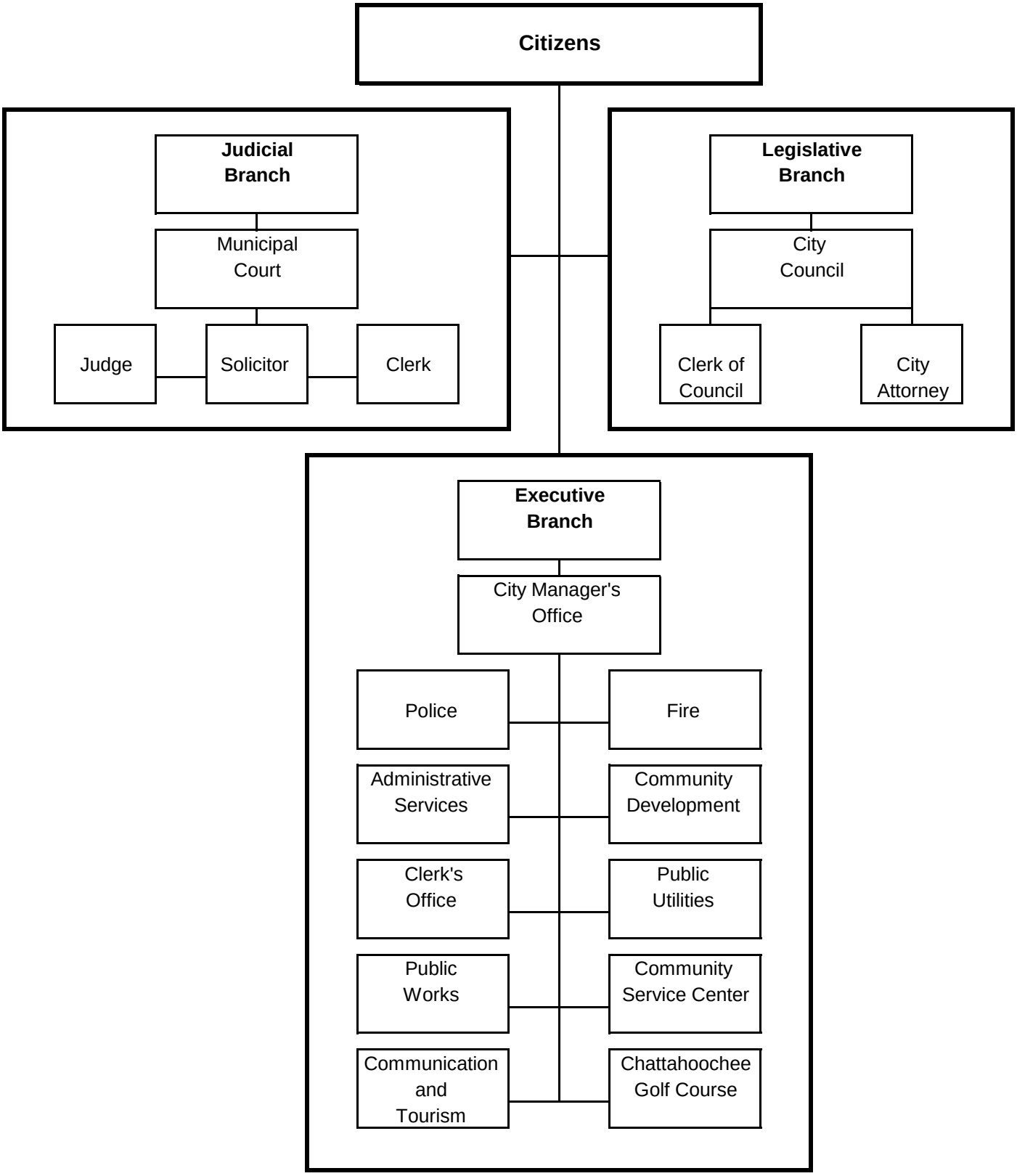
City of Gainesville
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

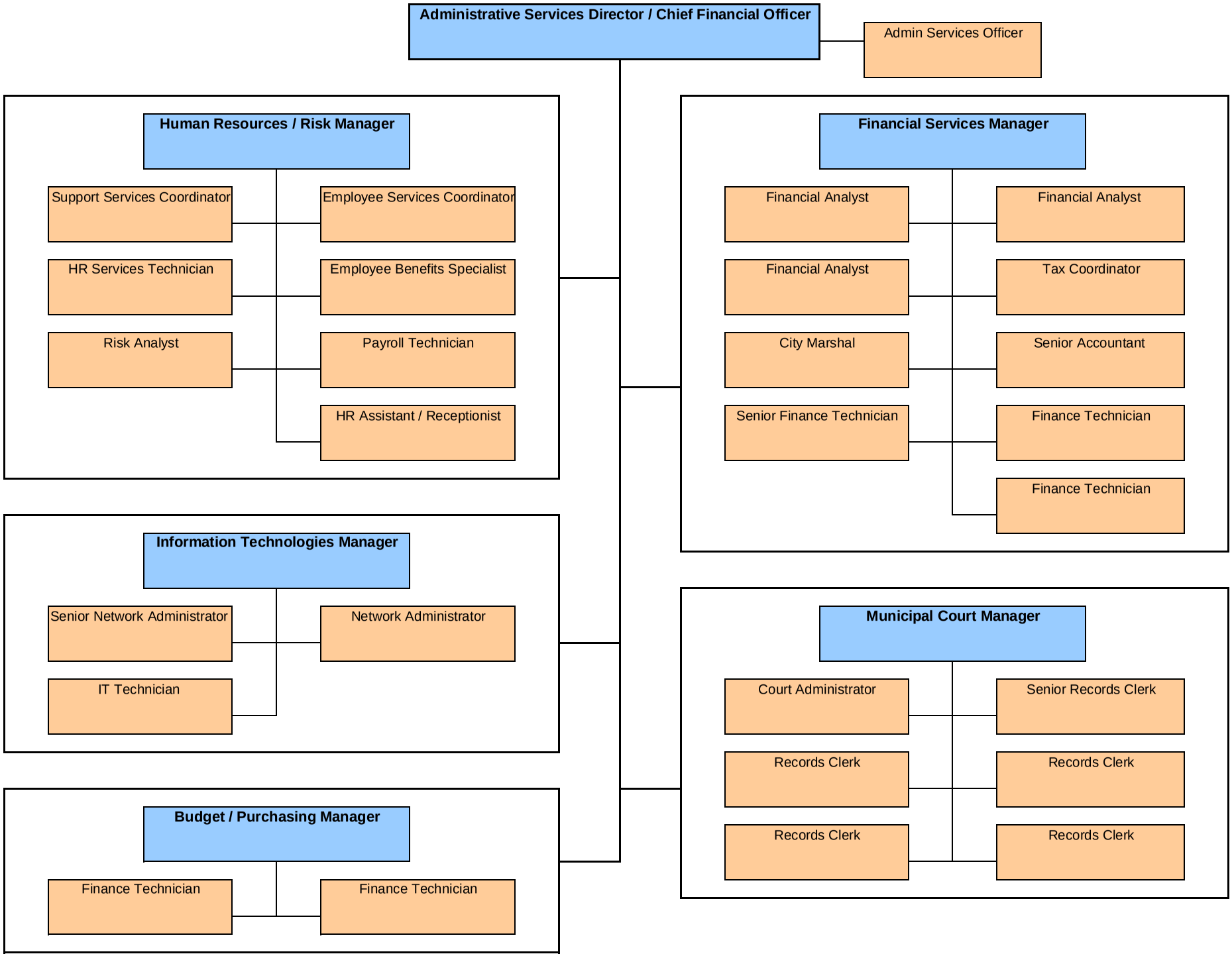
June 30, 2012

Executive Director/CEO

Gainesville City Government
Organizational Chart
By Governmental Branch and Department



ADMINISTRATIVE SERVICES DEPARTMENT



CITY OF GAINESVILLE

OFFICE OF FINANCIAL SERVICES AND INFORMATION TECHNOLOGIES

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November 18, 2013

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, 2013.

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, 2013, 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, 2013 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The City of Gainesville is located in Northeast Georgia, approximately 50 miles northeast of Atlanta. Gainesville is the principal city and county seat of Hall County. Bordered on the west by Lake Sidney Lanier, Hall County lies at the southern edge of the Chattahoochee National Forest and the foothills of the Blue Ridge Mountains. According to the 2010 U.S. Census, Gainesville has a population of 33,804, while Hall County's population is 179,684. Census Bureau estimates for 2012 show Gainesville with a population of 34,786 and Hall County with a population of 185,416. Estimated daytime population increases these numbers considerably, 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 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 employees.

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

The annual budget serves as the foundation for the City of Gainesville's financial planning and control. The City of Gainesville budget is adopted by City Council on or before June 30 at a regular Council meeting that is open to the public. The level of legal budgetary control is the department level. Department directors may request budget adjustments through the Administrative Services Department, provided that the budget adjustment does not increase the overall budget or personal services allocation for that department. Equipment adjustments under $5,000 must be approved by the City Manager, while equipment adjustments over $5,000 and changes in personal services budgets require City Council approval.

Local Economy

As the regional employment center for Northeast Georgia, Gainesville-Hall County holds the distinction of being one of the only 23 metro areas nationwide that has outperformed national job growth each month for two consecutive years. Recognized by a Milliken Institute study as the best-performing small city in Georgia in 2012, Gainesville also held the prestige of ranking second nationwide in job growth by the same study. Preliminary unemployment rate projections from the Georgia Department of Labor show the Gainesville Metropolitan Statistical Area (MSA) unemployment rates for August 2013 dropping to 6.6 percent, improving from the June 2013 rate of 7.6 percent. Although unemployment remains higher than desired, it's been tempered by job creation from new and existing businesses.

Among existing employers, IMS Gear and ZF Windpower have invested heavily in major expansions creating new jobs within the City of Gainesville recently. ZF, named "Georgia Manufacturer of the Year 2011" by Governor Nathan Deal, spent $100 million on an expansion in the Gainesville Business Park, resulting in the hiring of 150 employees. In February 2012, IMS Gear announced a $22 million capital investment to manufacture automotive parts; this expansion will bring 104 new jobs over the next 2-3 years.

New business construction activity has included the completion of ProCare RX, a pharmacy benefits management business facility slated to eventually hire up to 120 employees. Also, construction continues on new Kroger Superstore, a $50 million investment projected to bring 400 jobs to the City upon opening sometime in 2014. The 68 acre superstore site was annexed into the City in June 2012, and several businesses have already signed on to reside alongside Kroger in Gainesville's newest retail center. In addition, Dick's

Sporting Goods has chosen the City's Lakeshore Mall to construct a new freestanding facility, which opened fall 2013.

The Greater Hall Gainesville Chamber of Commerce has indicated that they are working approximately 108 active projects with a defined need and timeline to create jobs and investment in the area. Twenty-one of these projects are within the City of Gainesville, and are expected to add 800 jobs with a reported capital investment of about $140 million.

In addition to the aforementioned robust business activity, Gainesville-Hall County holds the privilege of being the medical nucleus for the 14 county Northeast Georgia area with its top ranked hospital, Northeast Georgia Medical Center (NGMC), and a number of highly recognized physician group practices. The excellent reputation of the City's medical facilities and physician practices has sparked employment in the health care field. In September 2013, Gainesville based Northeast Georgia Health Systems indicated that they had hired 1,256 workers between January and August of 2013, after hiring 764 employees in 2012.

NGMC is ranked as one of America's 50 Best Hospitals for 2013 by Healthgrades and it's the only Georgia hospital on the list. Healthgrades has also rated NGMC as #1 in Georgia for Cardiology, General Surgery, and Gastrointestinal Services, and in the top 5% nationwide for Critical Care, Coronary Interventional Procedures, Women's' Health and Pulmonary Services. Over 50 specialties are served by more than 500 doctors on staff. NGMC was named one of the 10 Best Places to Work in Georgia, as cited by Georgia Trend Magazine; it was also named as one of Metro Atlanta's Top 100 Workplaces by the Atlanta Journal Constitution for 2011 and 2012.

Northeast Georgia Medical Center's reputation has drawn some of the finest and well recognized physicians to the Gainesville area. Three of the physicians groups based in Gainesville- The Longstreet Clinic, Northeast Georgia Physicians Group and Northeast Georgia Diagnostic Clinic- are listed in the Atlanta Business Chronicle's list of "Top 25 Physician Practices". Gainesville-Hall County has also been recognized as one of the best places to practice medicine by Medical Economics.

Business development and employment opportunities continue to bring healthy growth to the Gainesville-Hall County area. According to 2010 Census totals, the County recognized a 29% population increase over the past decade, and in 2012, the Gainesville-Hall county MSA was cited as one of the top 50 rapidly growing metropolitan areas in the United States. The area is also seeing a housing rebound.

According to local real estate executives, demand has noticeably increased, while foreclosures have fallen by 20% this year in the Gainesville-Hall community. Residential construction has shown considerable growth in fiscal year 2013; 145 home permits were issued the first 8 months of calendar year 2013, a 150% increase over the same period in 2012. Formerly stalled subdivisions are now back in construction, including the Cresswind residential development and the Mundy Mill mixed use development. City Council approved a zoning request for a senior adult community in late fiscal year 2013. In part, residential construction growth is attributable to senior communities, as retirees choose to take advantage of the affordable housing and the community's aforementioned excellent medical facilities. A number of organizations have recently recognized the City as an excellent place to retire, including publications such as AARP, Barrons, and Where to Retire. The sense of community found in Gainesville, combined with a multitude of beautiful parks and recreational activities, along with easy access to large metropolitan areas makes Gainesville an attractive place to call home.

Major Initiatives. Housing and the quality and conditions of the housing were a priority of the Gainesville City Council during FY2013. At the Council's annual retreat in January 2013, the Community Development Department (CDD) explained why the City should focus on housing. The CDD staff shared that Gainesville has an imbalance in its housing with a higher rate of renter-occupied (65%) versus owner-occupied (35%), which is higher than the State average and that of other Georgia cities, including the "college town" of Athens. As well, the staff explained that Gainesville has a fair amount of vacant, foreclosed and dilapidated properties throughout the City which negatively impact the value of adjacent houses and neighborhoods. The CDD staff communicated that over one-third of the City's housing stock is considered historic (i.e. at least 50 years of age and older), and provided an opportunity through a bus tour for the City Council to see firsthand some of Gainesville's most dilapidated and rundown housing.

Since the January 2013 Council retreat, the Community Development Department staff worked industriously to address obliterated housing and to achieve goals identified in the City's housing focused-work plan. The CDD staff developed a running list of residential properties with known housing- or property-maintenance violations and worked to contact the property owners to address identified code violations. Through such diligent code enforcement, over ten houses were demolished and four more were remodeled through owner compliance during the second half of FY2013.

The Housing Division continued its various programs using both its Community Development Block Grant (CDBG) funds from the U.S. Department of Housing & Urban Development (HUD) and Community HOME Investment Program (CHIP) grant funds from the Georgia Department of Community Affairs (DCA). During the second half of FY2013, emergency repairs at four homes were completed as was the demolition of three homes by the City using CDBG funds. Sidewalk improvements using CDBG funds and the City's Street Division crews were completed within the greater Fair Street Area neighborhood. As well, plans for the reconstruction of two homes using CHIP funds and the significant rehabilitation of a third home using CDBG funds were developed and submitted for the approval by the respective funding agencies and the Georgia State Historic Preservation Division office. Furthermore, the Housing Division approached two private property owners about purchasing their property to construct quality workforce housing and to develop a buffer between the Newtown neighborhood and a recycling facility.

CDD staff also worked with other agencies to implement a housing work plan developed through the Georgia Initiative for Community Housing (GICH) program. The City of Gainesville was selected as a GICH community in fall 2011 and since January 2012, the GICH team has included CDD staff and Councilmember Myrtle Figueras. The GICH team has attended four GICH retreats at which the team developed and updated a housing-focused work plan. Several GICH work plan activities were

achieved during the second half of FY2013. In February, the City contracted with the Georgia Mountains Regional Commission (GMRC) to conduct a city-wide housing and conditions assessment. Results of the housing survey will set a baseline of housing health, and thus, create a foundation for moving forward with limited resources. The housing survey will continue through next fiscal year; as of the end of FY2013, nearly one-third of the City's housing stock had been surveyed and assessed.

Also during the second half of FY2013, the GICH team, with City staff hosted its first annual Housing Summit, which was intended to connect housing-focused providers. Over twenty housing agencies and organizations and forty participants met for a half day in February 2013. The agencies shared goals, a list of agency events for 2013 and wish-list items, and identified how other Housing Summit participants could assist and collaborate on addressing housing needs in Gainesville. Following the Housing Summit, the City hosted its first annual Housing Festival which was intended to connect the housing-focused agencies with those in the community who need help. The Housing Festival was held for half a Saturday in June, and over 25 agencies participated as did over 100 residents. Because of the tremendous effort and great success in hosting the Housing Festival, the City was awarded the "2013 Pillar Award" from Metro Fair Housing Services, Inc.

The final GICH work plan activity the CDD staff worked on during the second half of FY2013 was the objective of establishing a land bank authority. As a way to further communicate and increase awareness of what a land bank authority is and how it can benefit the City of Gainesville, CDD staff invited two experts to present information to the City Council. Sara Toering, General Counsel for Emory University's Center for Community Progress, held a presentation for Council during their work session, while Mara Register, former Assistant to the City Manager of Valdosta, provided an "in-the-trenches-of-local-government" perspective via Skype from Valdosta.

Tremendous progress in addressing housing in Gainesville was made in FY2013; these efforts, and perhaps new housing initiatives, will continue through FY2014.

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 general government capital improvements plan has identified $54.3 million in projected expenditures through fiscal year 2018; $9.9 million of this has been approved to be expended in FY2014. Leading the way in 2014 projected expenditures is $7.1 million allotted to the Debt Service fund, in payment of the borrowing associated with the new Public Safety facility. Other projected capital expenditures include $715,000 assigned for police records management software, $700,000 set aside for street resurfacing, $260,000 for full depth road reclamation, along with $175,000 allocated for the replacement of police vehicles.

The City of Gainesville Public Utilities department maintains a separate capital improvement plan. The most recently adopted plan indicates that $89.7 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 2014, $13.8 million in water system improvements are projected, with estimated sewerage system enhancements anticipated to total $7.6 million.

Relevant Financial Policies. The City of Gainesville has a policy of maintaining sound communications with bond rating agencies regarding the financial conditions of the City. By committing to continuous full disclosure and reporting to rating agencies and the investment community through the CAFR, depositories and bond official statements, the City remains committed to maintaining and enhancing existing underlying credit ratings with the established rating agencies. The City issued newly bonded and refunded debt during FY13, with taxable and nontaxable issues selling at 2.542% and 0.993% respectively.

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, 2012. This was the twenty-second 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, 2012. This was the twentieth 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, ICMA-CM
City Manager

Melody N. Marlowe
Chief Financial Officer

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Georgia, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 19 and 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gainesville, Georgia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, the 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 and schedules, the special purpose 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the special purpose local option sales tax report, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Gainesville, Georgia's basic financial statements for the year ended June 30, 2012, which are not presented with the accompanying financial statements. In our report dated November 20, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gainesville, Georgia's basic financial statements as a whole. The individual fund financial statements and schedules, related to the 2012 financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2013, on our consideration of the City of Gainesville, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and, not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Gainesville, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 19, 2013

Gainesville, Georgia

Since 1821

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, 2013. The purpose of this narrative is to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Gainesville. This analytical information is designed to be read in conjunction with the Letter of Transmittal located on pages xv-xxii of this Comprehensive Annual Financial Report and with the City's financial statements, which follow this section.

Financial Highlights

- The City of Gainesville's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources at June 30, 2013, by $437.1 million (reported as *net position*). Of this amount, $38.8 million (reported as *unrestricted net position*) may be used to meet the City's ongoing obligations.

- As of June 30, 2013, Gainesville's governmental funds reported combined ending fund balances of $32.1 million. Approximately 20.6% of this total amount, $6.6 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 Position and the Statement of Activities. These two statements report information about the City of Gainesville using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the ***Statement of Net Position*** (pages 20-21) is to attempt to report all of the assets and deferred outflow of resources held and liabilities and deferred inflow of deferred resources owed by the City. The City reports all of its assets and deferred inflows of resources when it acquires ownership over the elements and reports all of its liabilities and deferred inflow of resources when they are incurred. Net position is defined as the residual of all other financial statement elements presented in a statement of financial position. Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The ***Statement of Activities*** (page 22), on the other hand, presents the revenues and expenses of the City. This statement is prepared using the accrual basis of accounting mentioned earlier, where revenues are recognized when earned and expenses when incurred. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net position*. The primary focus of the Statement of Activities is on the *net cost* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, or other sources.

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

- ***Governmental activities*** – Most of the City's basic services are reported under this category, including police, fire, public works, and general administration. Sales tax, property taxes, and intergovernmental revenues finance most of these services.

- ***Business-type activities*** – The City charges fees to customers to assist in covering all or most of the cost for certain services it provides. The City's water and sewer system and garbage collection fees are reported in this category.

- ***Discretely Presented Component Unit*** – Component units are legally separate organizations for which the elected officials of the City are financially accountable. The Parks and Recreation Department, 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 20-22.

Fund Financial Statements (Reporting the City's Major Funds)

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City's non-major funds can be found beginning on page 88. The City's funds are divided into three broad categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

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

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

  The City of Gainesville maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and General Government 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 88-91 of this report.

  The City of Gainesville adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

  The City's basic governmental fund financial statements are presented on pages 23-27 of this report.

- ***Proprietary Funds*** – When the City charges customers for the services it provides – whether to outside customers or to other departments of the City – these services are generally reported in proprietary funds. The City maintains two different types of proprietary funds: Enterprise funds and Internal Service funds. These proprietary funds are prepared using the same accrual basis of accounting as the government-wide financial statements.

  Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. The City of Gainesville uses enterprise funds to account for its Water and Sewer system, which is considered a major fund, for its Solid Waste functions, as well as the Lee Gilmer Airport and Chattahoochee Golf Course.

  Internal service funds are an accounting device used to account for services provided and billed on an internal basis. The City utilizes internal services funds for Vehicle Services, General Insurance, and Employee Benefits. Because of the nature of the City's internal services funds, they are reported as governmental activities on the government-wide statement.

  The City's proprietary fund financial statements are presented on pages 28-32.

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

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

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

  The City's fiduciary fund financial statements are presented on pages 33-34.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-86 of this report.

Other Supplementary Information

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

This report includes two schedules (pages 24 and 26), which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.

- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement but are reported as deferred revenue on the fund statements.

- Internal service funds are reported as governmental activities on the government-wide statements but are reported as proprietary funds in the fund financial statements.

- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.

- Bond and note proceeds result in liabilities on the government-wide statements but are recorded as other financing sources on the governmental fund financial statements.

- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

- Transfers of capital assets between governmental activities and business-type activities are not recorded in the governmental fund financial statements.

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for this fiscal year is summarized as follows based on the information included in the government-wide financial statements (see pages 20-22):

Statement of Net Position
Fiscal Years 2013 and 2012

	Governmental Activities		Business Type Activities		Total	
			(In millions of dollars)			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Current assets	$ 46.2	$ 39.5	$ 72.9	$ 73.2	$ 119.1	$ 112.7
Capital assets	103.7	99.7	491.8	496.4	595.5	596.1
Other noncurrent assets	0.4	0.9	-	5.5	0.4	6.4
Total assets	150.3	140.1	564.7	575.1	715.0	715.2
Deferred Outflows of Resources	-	-	2.8	-	2.8	-
Current liabilities	18.2	11.2	21.8	21.5	40.0	32.7
Noncurrent liabilities	36.1	39.2	204.6	220.3	240.7	259.5
Total liabilities	54.3	50.4	226.4	241.8	280.7	292.2
Net position:						
Net investment in capital assets	74.0	70.5	283.0	271.8	357.0	342.3
Restricted	12.6	11.6	28.7	40.6	41.3	52.2
Unrestricted	9.4	11.9	29.4	20.9	38.8	32.8
Total net position	$ 96.0	$ 94.0	$ 341.1	$ 333.3	$ 437.1	$ 427.3

Net position may serve over time as a useful indicator of a government's financial position. The City of Gainesville reported positive net position growth for both governmental and business type activities, and experienced an overall $9.8 million in growth from fiscal year 2012 to close the current fiscal year with $437.1 million in net position. However, much of the net position is restricted as to the purpose for which it can be used, or is invested in capital assets.

The largest portion of the City of Gainesville's net position (81.7%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire the assets. The net investment in capital assets increased by $14.7 million between the end of fiscal years 2012 and 2013, from $342.3 million to $357.0 million.

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

Restricted net position comprises the next largest component, comprising 9.4% of total net position. Restricted net position experienced a decrease during the past year, dropping from $52.2 million to $41.3 million at the end of fiscal year 2013. Restricted net position represent amounts that are subject to limitation in the manner which funds may be spent; these constraints are imposed by external sources, enabling legislation or constitutional provision.

The remaining balance represents unrestricted net position. The statement reveals a $38.8 million surplus at the end of this year, an increase of $6.0 million from fiscal year 2012. 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 position for governmental activities decreased by $2.5 million, dropping from $11.9 million to $9.4 million, between 2012 and 2013, while increasing for business-type activities a total of $8.5 million, from $20.9 million to $29.4 million. Although the unrestricted net position of the City's business-type activities represents 75.8% of total unrestricted net position, these resources cannot be used to add to the net asset surplus in governmental activities. The City generally can only use the $29.4 million in business-type unrestricted net position to finance the ongoing operations of the business-type activities, while the $9.4 million balance in unrestricted net position for governmental activities is available to meet the continuing obligations of governmental type activities.

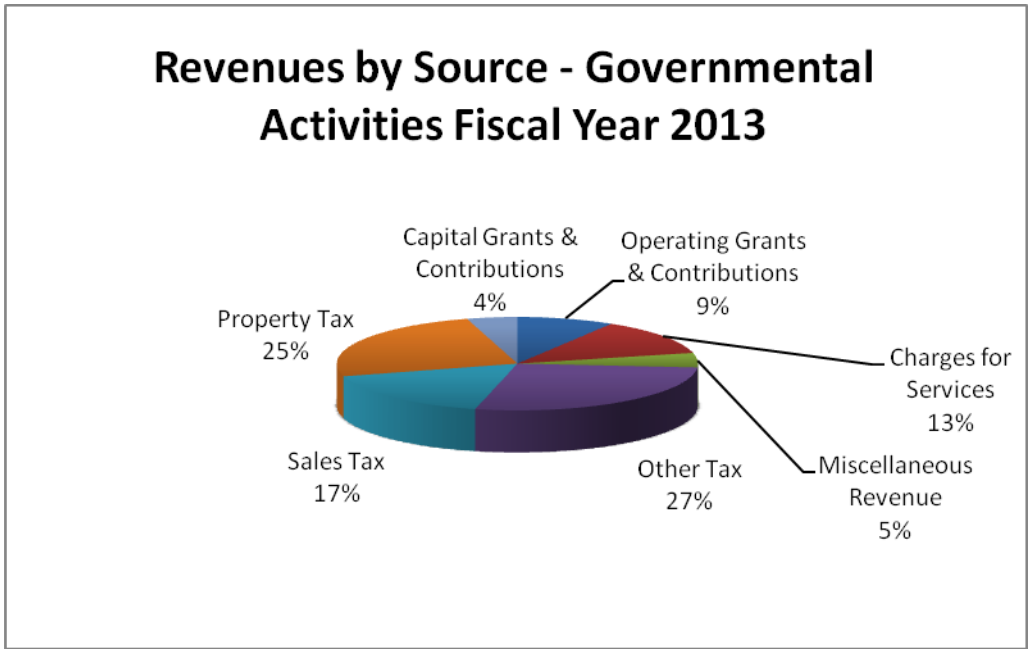
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Gainesville's net position changed during the fiscal year.

City of Gainesville
Changes in Net Position
Fiscal Years 2013 and 2012

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Revenues						
Program revenues:						
Charges for services	$ 4.0	$ 3.0	$ 61.0	$ 61.6	$ 65.0	$ 64.6
Operating grants and contributions	2.7	3.9	0.0	0.0	2.7	3.9
Capital grants and contributions	1.4	9.6	3.5	5.2	4.9	14.8
General revenues:						
Property taxes	7.8	7.3	0.0	0.0	7.8	7.3
Sales tax	5.3	5.2	0.0	0.0	5.3	5.2
Other taxes	8.6	8.6	0.0	0.0	8.6	8.6
Miscellaneous revenue	1.6	0.7	1.4	1.4	3.0	2.1
Total revenues	31.4	38.3	65.9	68.2	97.3	106.5
Expenses						
General government	4.4	4.0	0.0	0.0	4.4	4.0
Judicial	0.4	0.5	0.0	0.0	0.4	0.5
Public safety	16.4	17.9	0.0	0.0	16.4	17.9
Public works	7.5	7.6	0.0	0.0	7.5	7.6
Health and welfare	2.7	3.4	0.0	0.0	2.7	3.4
Culture and recreation	1.7	1.2	0.0	0.0	1.7	1.2
Housing and development	1.1	1.2	0.0	0.0	1.1	1.2
Interest on long-term debt	1.2	1.4	0.0	0.0	1.2	1.4
Water and sewer	0.0	0.0	45.3	45.7	45.3	45.7
Airport	0.0	0.0	1.0	1.0	1.0	1.0
Solid waste	0.0	0.0	1.8	1.8	1.8	1.8
Golf course	0.0	0.0	1.2	1.2	1.2	1.2
Total expenses	35.4	37.2	49.3	49.7	84.7	86.9
Indirect Cost Allocation	(1.4)	(1.3)	1.4	1.3	0.0	0.0
Increase in net position before transfers	(2.6)	2.4	15.2	17.2	12.6	19.6
Transfers	5.1	3.3	(5.1)	(3.3)	0.0	0.0
Increase in net position	2.5	5.7	10.1	13.9	12.6	19.6
Net position - beginning	94.0	88.3	333.3	319.4	427.3	407.7
Prior period adjustment	(0.6)	0.0	(2.2)	0.0	(2.8)	0.0
Net position - beginning (restated)	93.4	88.3	331.1	319.4	424.5	407.7
Net position - ending	$ 95.9	$ 94.0	$ 341.2	$ 333.3	$ 437.1	$ 427.3

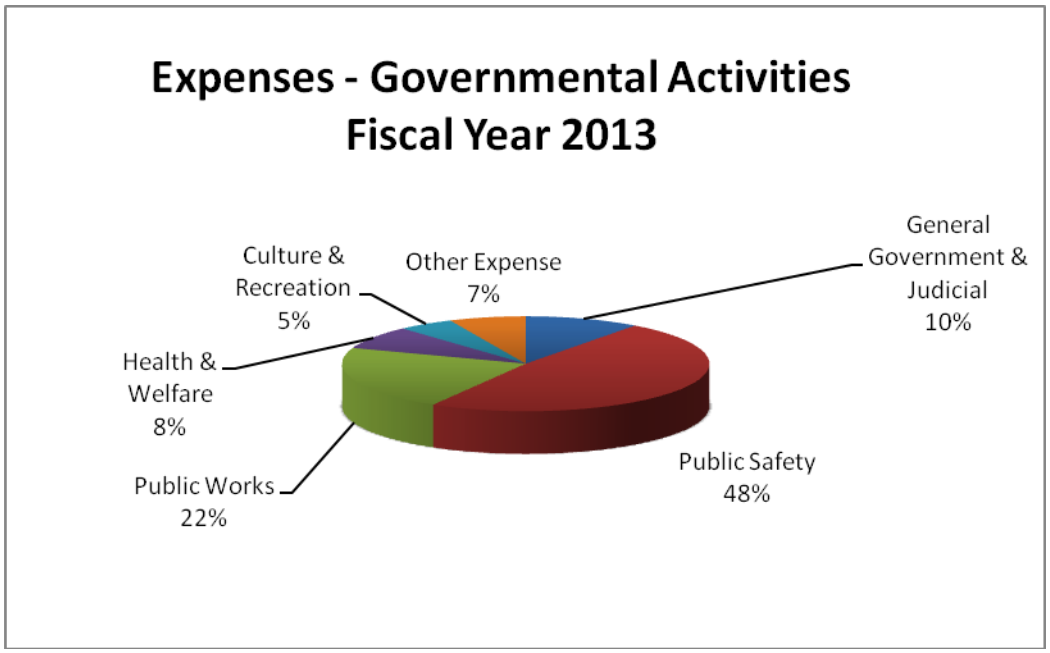
Governmental Activities –

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



The revenue chart indicates that other tax, followed by property and sales tax were the largest sources of revenue for governmental activities during the fiscal year 2013. Other tax represented 27% of governmental activities revenue. Franchise, insurance premium and occupation taxes comprise 80.9% of total other tax. While franchise tax dropped $147,922 below FY12 collections; insurance premium and occupation tax revenues increased over FY12 totals by $98,569 and $59,448 respectively. Property tax revenue, which made up 25% of total governmental activities revenue, surpassed FY12 collections by $486,753; this was due mainly to an increase in the millage rate. Sales tax, which makes up 17% of total governmental activity revenue, showed a $40,595 increase over FY12 totals. Charges for services, comprising 13% of revenues showed an overall $895,463 increase in collections from FY12. Housing and development charges for services constituted $545,199 of this increase; this was due largely to surging impact fee collections resulting from increased building activity. Public safety charges for services topped FY12 totals by $431,291; $249,355 of this jump was due in part to an increase in Municipal Court fine amounts, while $212,185 is attributable to an upsurge in cash and property confiscations.

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 2013 was providing public safety services such as fire and police protection, followed by public works. Overall, expenses declined $1.8 million from FY12, with the largest portion of reduced expense stemming from public safety, which showed a $1.5 million drop in costs. Decreased personal services costs created $1.0 million of the public safety cost reduction, due predominantly to changes that were made to the City's Other Postemployment Expense Benefit plan (OPEB). Health and welfare recognized a $705,033 drop in expense. This is due mainly to a decrease in donation costs, whereby in 2012 the City incurred $283,762 in bus costs donated to Hall County, as well as a reduction in costs associated with the elimination of counseling services in FY13 and decreased OPEB expense.

Business-type Activities –

Business-type activities increased the City of Gainesville's net position by $7.9 million, accounting for 80.6% of the total growth in the City's net position. Key elements involving business-type activities are as follows:

- Total revenue for business-type activities was $2.3 million less than collections recorded in FY12. This decrease is a due predominantly to a $1.7 million drop in Capital Grants and Contributions. Public Utilities experienced a $2.0 reduction in Capital Grants and Contributions; this decrease was partially offset by a $252,592 increase in Airport capital grants. Charges for services revenue decreased $632,128 from FY12 totals, due mainly to decreased revenues from Public Utilities. Despite January 2013 rate increases of 3% on water and sewer respectively, Public Utilities volume sales were down 5%, creating revenue totals that were $659,998 below FY12 collections. Airport showed an $80,488 increase in charges for services revenue while Chattahoochee Golf Course and Solid Waste charges for revenue remained relatively flat with prior year totals.

- Overall expenses for business-type activities were $404,324 million below 2012 expenses. OPEB costs were down $1.1 million from 2012 totals due to the aforementioned changes in the plan. This expense reduction was most prominent for Public Utilities, which experienced $964,591 in cost savings due to OPEB modifications. This drop in Public Utilities expense was offset by an $844,320 distribution of capital assets, land for the Midtown Greenway, to the Parks and Recreation Department.

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 $32.1 million. Of this amount, $6.5 million or 20.2% 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 2014 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 $6.6 million, while total fund balance reached $9.3 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28.1% of total General Fund expenditures, while total fund balance represents 39.6% of that same amount. Of the $9.3 total fund balance for the general fund, $2.3 is assigned, comprised predominantly of $2.2 million which is assigned for budget.

The General Fund's fund balance decreased by $48,661 during the current fiscal year. Key factors regarding FY13 activity are as follows:

- Revenue exceeded the final budget by $1.6 million, due mainly to higher than projected tax revenues, most notably, property and insurance premium taxes, which exceeded budget by $899,272 and $284,119 respectively. In addition, fines, fees and forfeitures receipts also surpassed budget by $252,689. Expenditures came in under budget by $1.6 million; personal services accounted for $1.3 million of this savings.

- Transfers to the general fund totaled $4.0 million, with $3.4 million originating from Public Utilities, followed by $303,073 transferred from the Grants Special Revenue fund to cover Staffing for Adequate Fire and Emergency Responders (SAFER) grant expenditures. Transfers out of the General Fund totaled $5.5 million; $2.9 million was transferred to Debt Service to assist with financing for SPLOST debt, $1.9 million was transferred to General Government and Grant Capital Project funds, providing funding for various engineering projects and street resurfacing activities, while $404,859 was transferred to the Community Service Center, providing assistance with operational costs.

The **General Government Capital Projects Fund** has a $4.5 million fund balance at year end, which is down $200,664 from the prior year balance. Outflows of the fund totaled $10.4 million, comprised mainly of $7.4 million capital outlay expenditure for the purchase of the former Hall County Jail property, while the $10.2 million of inflows consisted primarily of $8.2 million in capital lease proceeds for financing of the Public Safety facility. Restricted fund balance comprises only 8.2% of the total fund balance, while the remaining fund balance of $4.1 million is assigned for capital projects.

The **Debt Service Fund** has an $8.5 million fund balance at fiscal year end, with $2.4 million of that total identified as restricted and due to third parties. FY13 inflows to the Debt Service fund totaled $15.5 million, which includes $1.7 million in tax revenue, along with the $13.9 million in transfers, including an $8.0 transfer from the SPLOST fund and $2.9 million from the General Fund. Outflows amounting to $8.6 million were comprised of principal and interest payments on the Public Safety Facility debt, 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 transfers to the Debt Service Fund for $2.6 million to cover SPLOST shortages for the Public Safety facility debt, as well as a $251,550 transfer to the General Government Capital Project Fund to provide funds for vehicle replacements for the Police Department.

- Increased the Transfer from the SPLOST Capital Project Fund for $257,351 for remaining funds from closed capital projects.

- Increased Miscellaneous Revenue budget for $825,000 to recognize rent revenue from Corrections Corporation of America (CCA) for use of the old Hall County Jail facility.

- Increased legal expense for the City Manager's Office for additional costs incurred.

- Increased budgeted fund balance to cover FY12 reappropriations.

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

- Contingency funds budget was decreased and reallocated as needed.

General Fund expenditures for fiscal 2013 were $23.5 million, 93.5% 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 $1.6 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 $1.6 million, due predominantly to higher than anticipated tax collections. Property and insurance premium taxes exceeded their budget by $899,272 and $284,119, 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 position of the City's four enterprise funds, prior to the adjustment to reflect the consolidation of internal service fund activities related to enterprise funds, totaled as follows:

▪ Public Utilities Department	$25,939,951
▪ Nonmajor Funds (Airport, Solid Waste, Golf Course)	1,914,884
Total	$27,854,835

Prior to the consolidation adjustment of internal service fund activity, the total increase in unrestricted net position for all four enterprise funds was $8.3 million, and the combined net position showed a growth of $7.6 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 $595.5 million in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 82.6% of this investment is related to business-type activities while only 17.4% 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 2013 and 2012

	Governmental Activities		Business Type Activities		Total	
	(In millions of dollars)					
	2013	2012	2013	2012	2013	2012
Land	$ 25.0	$ 25.0	$ 19.6	$ 20.3	$ 44.6	$ 45.3
Buildings	56.0	48.7	73.4	73.1	129.4	121.8
Improvements other than builidngs	3.1	3.4	17.4	16.3	20.5	19.7
Water and sewer facilities and lines	0.0	0.0	517.6	514.2	517.6	514.2
Vehicles and equipment	16.5	16.7	16.2	15.9	32.7	32.6
Infrastructure	36.2	36.5	0.0	0.0	36.2	36.5
Intangibles	1.9	2.0	6.5	6.6	8.4	8.6
Construction in progress	1.7	0.9	8.7	4.1	10.4	5.0
Total	140.4	133.2	659.4	650.5	799.8	783.7
Accumulated depreciation	(36.7)	(33.4)	(167.6)	(154.1)	(204.3)	(187.5)
Net Capital Assets	$ 103.7	$ 99.8	$ 491.8	$ 496.4	$ 595.5	$ 596.2

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

- Purchase of Hall County Jail property, $7.4 million
- Street Resurfacing, $537,971
- 13 New Public Safety Vehicles, $400,208
- Network and Telephone Upgrade, $232,143

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

- Water Meter Replacement, $2.4 million
- Automated Meter Reading Project, $1.9 million
- Friendship & Thompson Mill Road Utilities Relocation, $1.9 million
- Clarks Bridge Road Utilities Relocation, $764,003
- Telemetry System Improvements, $705,275

Additional information on the City of Gainesville's capital assets can be found in Note 9 on pages 58-60 of this report.

Long-term debt. At June 30, 2013, the City of Gainesville had $240.5 million in bonds, notes, and capital leases outstanding, net of unamortized bond premium and discount; this is a decrease in total of $15.7 million over last year. This reduction in debt was due to payments made to reduce bonds, notes and capital leases outstanding, combined with reduced borrowing. Additional debt assumed by governmental activities totaled $8.2 million which included $7.3 million borrowed for purchase of the old Hall County jail property, along with $843,997 borrowed for the acquisition of vehicles and road equipment. Business activities incurred $3.0 million in additional debt; $2.9 million of this amount was used to refund 2004 Airport revenue bonds.

City of Gainesville
Outstanding Debt
Fiscal Years 2013 and 2012

	Governmental Activities		Business Type Activities		Total	
			(In millions of dollars)			
	2013	2012	2013	2012	2013	2012
Capital Leases	$ 29.5	$ 29.0	$ 28.9	$ 30.6	$ 58.4	$ 59.6
Revenue Bonds	-	-	79.4	87.3	79.4	87.3
Unamortized Bond Premium	-	-	1.6	1.8	1.6	1.8
Notes Payable	-	-	101.1	107.5	101.1	107.5
Total	$ 29.5	$ 29.0	$ 211.0	$ 227.2	$ 240.5	$ 256.2

The City maintains a bond credit rating of Aa2 from Moody's on general obligation bonds and a rating of Aa3 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 $360.7 million, which is significantly in excess of the City's general obligation debt outstanding of $29.5 million.

Additional information on the City's long-term debt can be found in Notes 10 and 11 on pages 61-67 of this report.

Economic Condition and Outlook

- According to the most recent U.S. Census numbers, the population for Gainesville is 34,786, with current estimates showing a 2.9% increase in population since 2010.

- Gainesville adopted a $3.06 tax millage rate for fiscal year 2013. The gross property tax digest for the City of Gainesville declined from $3.7 billion for fiscal year 2013 to $3.6 billion for fiscal year 2014, which computes to a 2.7% projected decrease in the tax base.

- Local option sales tax collections, along with other fees, are tracking closely to budget at the end of the first quarter of fiscal year 2014. Departments are spending conservatively and continue to monitor their 2014 budgeted costs closely.

These were among the many factors taken into consideration when preparing the 2014 budget. Of the $9.3 million fund balance in the General Fund, $2.2 million has been appropriated for spending in the 2014 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 POSITION
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Gainesville Parks and Recreation
ASSETS				
Current assets				
Cash and cash equivalents	$ 37,961,653	$ 34,655,890	$ 72,617,543	$ 2,970,942
Investments	1,740,403	0	1,740,403	0
Restricted assets				
Cash and cash equivalents	0	31,490,683	31,490,683	100,000
Receivables (net)				
Accounts	493,005	3,670,558	4,163,563	20,811
Intergovernmental	6,295,652	327,277	6,622,929	5,273
Taxes	242,502	0	242,502	87,524
Interest	407	0	407	0
Notes	188,201	0	188,201	0
Internal balances	(1,166,437)	1,166,437	0	0
Inventories	208,963	1,354,728	1,563,691	0
Prepaid items	50,733	260,351	311,084	0
Other	140,000	0	140,000	0
Total current assets	46,155,082	72,925,924	119,081,006	3,184,550
Noncurrent assets				
Receivables				
Notes	395,800	0	395,800	0
Capital assets				
Non-depreciable	26,679,380	30,276,663	56,956,043	4,971,634
Depreciable (net)	76,988,200	461,547,630	538,535,830	6,943,584
Total noncurrent assets	104,063,380	491,824,293	595,887,673	11,915,218
Total assets	150,218,462	564,750,217	714,968,679	15,099,768
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	0	2,797,224	2,797,224	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	730,269	1,020,510	1,750,779	201,504
Retainages	35,542	33,286	68,828	0
Sales tax	0	7,579	7,579	10,729
Deposits	10,023	436	10,459	9,845
Intergovernmental	6,264,110	0	6,264,110	6,416
Interest	137,380	23,499	160,879	0
Accrued salaries	285,657	190,377	476,034	44,600
Compensated absences	956,632	612,685	1,569,317	100,805
Unearned revenue	223,728	0	223,728	0
Claims reserve	1,126,116	0	1,126,116	0
Capital lease payable	8,382,839	1,836,588	10,219,427	0
Notes payable	0	6,602,949	6,602,949	0
Other liabilities	5,930	28,789	34,719	8,756
Liabilities payable from restricted assets				
Payables				
Accounts	0	211,324	211,324	0
Retainages	0	101,824	101,824	0
Customer deposits	0	2,060,264	2,060,264	0
Interest	0	716,451	716,451	0
Revenue bonds payable	0	8,360,000	8,360,000	0
Total current liabilities	18,158,226	21,806,561	39,964,787	382,655

See accompanying notes to the financial statements.

Exhibit A-1, continued

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Gainesville Parks and Recreation
Noncurrent liabilities				
Compensated absences	$ 106,292	$ 68,075	$ 174,367	$ 11,201
Pension obligation	999,296	639,398	1,638,694	0
OPEB obligation	13,929,371	9,675,126	23,604,497	1,316,120
Capital lease payable	21,068,860	27,109,272	48,178,132	0
Notes payable	0	94,539,644	94,539,644	0
Bonds payable	0	72,558,760	72,558,760	0
Total noncurrent liabilities	36,103,819	204,590,275	240,694,094	1,327,321
Total liabilities	54,262,045	226,396,836	280,658,881	1,709,976
NET POSITION				
Net investment in capital assets	74,015,737	282,968,294	356,984,031	11,808,195
Restricted for:				
General Government	53,622	0	53,622	0
Public Safety	736,088	0	736,088	0
Health and Welfare	1,064,225	0	1,064,225	0
Culture and Recreation	257,391	0	257,391	5,255
Housing and Development	1,310,074	0	1,310,074	0
Debt service	8,363,676	6,411,347	14,775,023	0
Capital outlay	775,139	22,302,621	23,077,760	0
Unrestricted	9,380,465	29,468,343	38,848,808	1,576,342
Total net position	$ 95,956,417	$ 341,150,605	$ 437,107,022	$ 13,389,792

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2013

			Program Revenues			
	Expenses	Indirect Costs	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
FUNCTIONS/PROGRAMS						
Primary government						
Governmental activities						
General Government	$ 4,376,553	$ (1,369,231)	$ 814,922	$ 87,930	$ 0	$ (2,104,470)
Judicial	450,165	0	0	0	0	(450,165)
Public Safety	16,423,939	0	1,800,569	663,892	977,966	(12,981,512)
Public Works	7,480,636	0	37,070	12,518	202,228	(7,228,820)
Health and Welfare	2,686,449	0	440,824	1,661,450	150,871	(433,304)
Culture and Recreation	1,686,715	0	159,336	0	0	(1,527,379)
Housing and Development	1,104,631	0	703,972	318,731	88,609	6,681
Interest on long-term debt	1,201,196	0	0	0	0	(1,201,196)
Total governmental activities	35,410,284	(1,369,231)	3,956,693	2,744,521	1,419,674	(25,920,165)
Business-type activities						
Public Utilities	45,332,806	1,086,686	56,832,305	0	3,222,922	13,635,735
Airport	983,083	200,000	913,459	0	324,067	54,443
Solid Waste	1,866,955	82,545	2,272,930	0	0	323,430
Golf Course	1,193,905	0	1,006,129	0	0	(187,776)
Total business-type activities	49,376,749	1,369,231	61,024,823	0	3,546,989	13,825,832
Total primary government	84,787,033	0	64,981,516	2,744,521	4,966,663	(12,094,333)
Component Unit						
Parks and Recreation						
Culture and Recreation	5,346,430	0	1,472,699	1,250	1,928,901	(1,943,580)

	Governmental Activities	Business-Type Activities	Total	Component Unit
Change in net position				
Net (expense) revenue	$ (25,920,165)	$ 13,825,832	$ (12,094,333)	$ (1,943,580)
General revenues				
Taxes				
Property	7,825,290	0	7,825,290	2,590,076
Intangibles	80,720	0	80,720	0
Franchise	4,092,271	0	4,092,271	0
Occupational	1,199,374	0	1,199,374	0
Insurance premium	1,684,119	0	1,684,119	0
Alcoholic beverages	979,409	0	979,409	0
Hotel/Motel	591,793	0	591,793	0
Local option sales	5,300,279	0	5,300,279	0
Interest and Investment earnings	448,728	334,347	783,075	4,703
Gain on sale of assets	67,897	12,331	80,228	0
Miscellaneous	1,057,074	1,042,459	2,099,533	5,911
Transfers	5,122,095	(5,122,095)	0	0
Total general revenues and transfers	28,449,049	(3,732,958)	24,716,091	2,600,690
Change in net position	2,528,884	10,092,874	12,621,758	657,110
Net position - beginning (original)	94,014,583	333,334,254	427,348,837	12,732,682
Prior period adjustments	(587,050)	(2,276,523)	(2,863,573)	0
Net position - beginning (restated)	93,427,533	331,057,731	424,485,264	12,732,682
Net position - ending	$ 95,956,417	$ 341,150,605	$ 437,107,022	$ 13,389,792

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General	Debt Service	General Government Capital Projects	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	$ 8,477,656	$ 8,477,236	$ 4,679,762	$ 8,738,034	$ 30,372,688
Investments	0	0	0	1,740,403	1,740,403
Receivables (net)					
Accounts	434,424	0	0	52,986	487,410
Intergovernmental	510,152	3,337	0	5,772,386	6,285,875
Taxes	186,606	55,896	0	0	242,502
Interest	0	0	0	407	407
Notes	0	0	0	584,001	584,001
Prepaid items	1,655	49,078	0	0	50,733
Due from other funds	48,854	0	0	0	48,854
Advances to other funds	365,380	0	0	81,691	447,071
Total assets	$ 10,024,727	$ 8,585,547	$ 4,679,762	$ 16,969,908	$ 40,259,944
LIABILITIES					
Payables					
Accounts	$ 297,438	$ 0	$ 164,601	$ 94,164	$ 556,203
Intergovernmental	31,450	0	0	6,232,660	6,264,110
Deposits	0	0	0	186	186
Retainages	0	0	0	35,542	35,542
Accrued salaries	261,307	0	0	20,478	281,785
Unearned revenue	0	0	0	223,728	223,728
Due to other funds	0	0	0	48,854	48,854
Other liabilities	5,930	0	0	0	5,930
Total liabilities	596,125	0	164,601	6,655,612	7,416,338
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue -					
Property taxes	167,981	50,726	0	0	218,707
Notes receivable	0	0	0	511,228	511,228
Total deferred inflows	167,981	50,726	0	511,228	729,935
FUND BALANCES					
Nonspendable	367,035	49,078	0	81,691	497,804
Restricted	0	2,449,222	370,156	3,565,977	6,385,355
Committed	6,583	0	0	174,187	180,770
Assigned	2,321,338	6,036,521	4,145,005	5,981,213	18,484,077
Unassigned	6,565,665	0	0	0	6,565,665
Total fund balances	9,260,621	8,534,821	4,515,161	9,803,068	32,113,671
Total liabilities, deferred inflows, and fund balances	$ 10,024,727	$ 8,585,547	$ 4,679,762	$ 16,969,908	$ 40,259,944

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2013

Total fund balance - total governmental funds		$ 32,113,671
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		103,667,580
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These are:		
Property taxes	$ 218,707	
Notes receivable	511,228	729,935
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Capital leases	$ (29,451,699)	
Interest payable	(137,380)	
Compensated absences	(1,062,924)	
Net pension obligation	(999,296)	
Net OPEB obligation	(13,929,371)	(45,580,670)
Internal service funds are used by management to charge the costs of certain activities, such as risk management, employee benefits, and vehicle maintenance, to individual funds. Assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
Internal service funds net position	$ 6,794,608	
Less internal balance resulting from allocation of internal service fund activities allocated to business-type activities	(1,613,508)	
Less capital assets included above	(168,202)	
Add compensated absences included above	13,003	5,025,901
Net position of governmental activities		$ 95,956,417

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, 2013

	General	Debt Service	General Government Capital Projects	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	$ 19,543,326	$ 1,650,296	$ 0	$ 604,558	$ 21,798,180
Licenses and permits	727,631	0	0	0	727,631
Fines, fees and forfeitures	1,363,889	0	0	299,879	1,663,768
Charges for services	1,846,237	0	0	1,064,715	2,910,952
Intergovernmental	354,075	0	0	3,713,364	4,067,439
Interest	33,962	4,485	0	14,032	52,479
Contributions	15,774	0	0	80,980	96,754
Other	960,522	0	0	97,208	1,057,730
Total revenues	24,845,416	1,654,781	0	5,874,736	32,374,933
EXPENDITURES					
Current					
General Government	3,081,624	0	0	205,742	3,287,366
Judicial	421,756	0	0	0	421,756
Public Safety	14,436,792	0	0	181,204	14,617,996
Public Works	4,325,418	0	0	0	4,325,418
Health and Welfare	12,500	0	0	2,516,931	2,529,431
Culture and Recreation	25,000	0	0	567,617	592,617
Housing and Development	1,213,266	0	0	426,041	1,639,307
Debt service					
Principal	0	7,349,754	0	0	7,349,754
Interest and other charges	0	1,244,018	0	22,858	1,266,876
Capital outlay	0	0	8,756,876	743,157	9,500,033
Total expenditures	23,516,356	8,593,772	8,756,876	4,663,550	45,530,554
Excess (deficiency) of revenues over (under) expenditures	1,329,060	(6,938,991)	(8,756,876)	1,211,186	(13,155,621)
Other financing sources (uses)					
Transfers in	4,005,442	13,867,795	1,972,197	1,618,716	21,464,150
Transfers out	(5,452,435)	0	(1,636,253)	(9,324,351)	(16,413,039)
Issuance of capital leases	0	0	8,220,268	0	8,220,268
Sales of capital assets	69,272	0	0	1,138	70,410
Total other financing sources (uses)	(1,377,721)	13,867,795	8,556,212	(7,704,497)	13,341,789
Net changes in fund balances	(48,661)	6,928,804	(200,664)	(6,493,311)	186,168
Fund balances, July 1 (original)	9,309,282	1,533,055	4,715,825	16,296,379	31,854,541
Prior period adjustments	0	72,962	0	0	72,962
Fund balances, July 1 (restated)	9,309,282	1,606,017	4,715,825	16,296,379	31,927,503
Fund balances, June 30	$ 9,260,621	$ 8,534,821	$ 4,515,161	$ 9,803,068	$ 32,113,671

See accompanying notes to the financial statements.

Exhibit A-5

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, 2013

Net change in fund balances - total governmental funds		$ 186,168
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	$ 9,035,056	
Depreciation	(4,207,619)	4,827,437
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	$ (1,407,260)	
Related accumulated depreciation	1,186,708	(220,552)
Distributions of capital assets decrease net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		
Business-type activities	$ (4,016)	
Parks and Recreation Component Unit	(832,079)	(836,095)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable revenue.		(3,352)
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	$ 7,733,281	
Debt proceeds	(8,220,268)	
Net change in interest payable	19,432	(467,555)
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 position of internal service funds	$ 817,852	
Add depreciation expense included above	10,026	
Less consolidation of internal service fund activities allocated to business-type activities	(263,034)	564,844
Employer contributions to retirement plans in deficiency of annual pension cost are reported as expenditures in the governmental funds, but result in liabilities in the governmental activities. These included the net change in pension obligation.		(491,475)
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	$ (30,540)	
Net OPEB obligation	(999,996)	(1,030,536)
Change in net position of governmental activities		$ 2,528,884

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, 2013

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 18,225,382	$ 18,225,382	$ 19,543,326	$ 1,317,944
Licenses and permits	680,760	680,760	727,631	46,871
Fines, fees and forfeitures	1,111,200	1,111,200	1,363,889	252,689
Charges for services	1,817,431	1,817,431	1,846,237	28,806
Intergovernmental	413,792	424,742	354,075	(70,667)
Interest	22,000	22,000	33,962	11,962
Contributions	0	15,774	15,774	0
Other	97,500	922,500	960,522	38,022
Total revenues	22,368,065	23,219,789	24,845,416	1,625,627
EXPENDITURES				
Current				
General Government				
City Manager's Office	853,988	951,328	918,045	33,283
Financial Services and IT	1,743,033	1,774,033	1,634,402	139,631
Human Resources	545,665	545,665	529,177	16,488
Judicial				
Municipal Court	445,493	445,493	421,756	23,737
Public Safety				
Police	8,539,662	8,582,442	8,048,384	534,058
Code Enforcement	225,312	225,312	214,452	10,860
Fire	6,568,443	6,580,667	6,173,956	406,711
Public Works				
Public Lands and Buildings	397,256	417,556	411,219	6,337
Engineering	675,162	655,162	611,582	43,580
Traffic	1,359,963	1,379,963	1,212,742	167,221
Street Maintenance	1,937,553	1,934,453	1,736,905	197,548
Cemetery	329,674	329,674	327,978	1,696
Agency allocations	27,200	27,200	24,992	2,208
Health and Welfare				
Agency allocations	12,500	12,500	12,500	0
Culture and Recreation				
Agency allocations	0	25,000	25,000	0
Housing and Development				
Communications and Tourism	444,119	444,119	404,940	39,179
Planning	519,880	523,351	520,666	2,685
Inspection	264,774	264,774	259,772	5,002
Agency allocations	27,888	27,888	27,888	0
Total expenditures	24,917,565	25,146,580	23,516,356	1,630,224
Excess (deficiency) of revenues over (under) expenditures	(2,549,500)	(1,926,791)	1,329,060	3,255,851
Other financing sources (uses)				
Transfers in (out)				
Transfers in	3,747,757	4,005,108	4,005,442	334
Transfers out	(2,524,829)	(5,456,659)	(5,452,435)	4,224
Contingency	(540,160)	(375,960)	0	375,960
Sales of capital assets	30,000	30,000	69,272	39,272
Total other financing sources (uses)	712,768	(1,797,511)	(1,377,721)	419,790
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,836,732)	(3,724,302)	(48,661)	3,675,641
Fund balances, July 1	1,836,732	3,724,302	9,309,282	5,584,980
Fund balances, June 30	$ 0	$ 0	$ 9,260,621	$ 9,260,621

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
ASSETS				
Current assets				
Cash and cash equivalents	$ 31,511,276	$ 3,144,614	$ 34,655,890	$ 7,588,965
Restricted assets				
Cash and cash equivalents	31,490,683	0	31,490,683	0
Receivables (net)				
Accounts	3,452,763	217,795	3,670,558	5,595
Intergovernmental	2,736	324,541	327,277	9,777
Inventories	1,354,728	0	1,354,728	208,963
Prepaid items	260,351	0	260,351	0
Other assets	0	0	0	140,000
Total current assets	68,072,537	3,686,950	71,759,487	7,953,300
Noncurrent assets				
Capital assets				
Non-depreciable	29,386,144	890,519	30,276,663	0
Depreciable (net)	446,261,721	15,285,909	461,547,630	168,202
Total noncurrent assets	475,647,865	16,176,428	491,824,293	168,202
Total assets	543,720,402	19,863,378	563,583,780	8,121,502
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	2,724,627	72,597	2,797,224	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	625,331	395,179	1,020,510	174,066
Retainages	0	33,286	33,286	0
Deposits	0	436	436	9,837
Sales tax	0	7,579	7,579	0
Interest	0	23,499	23,499	0
Accrued salaries	168,433	21,944	190,377	3,872
Compensated absences	557,005	55,680	612,685	11,703
Claims reserve	0	0	0	1,126,116
Capital lease payable	1,261,588	575,000	1,836,588	0
Notes payable	6,602,949	0	6,602,949	0
Other liabilities	0	28,789	28,789	0
Liabilities payable from restricted assets:				
Payables				
Accounts	211,324	0	211,324	0
Retainages	101,824	0	101,824	0
Customer deposits	2,060,264	0	2,060,264	0
Interest	716,451	0	716,451	0
Revenue bonds payable	8,360,000	0	8,360,000	0
Total current liabilities	20,665,169	1,141,392	21,806,561	1,325,594

See accompanying notes to the financial statements.

Exhibit A-8, continued

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
Noncurrent liabilities				
Advances from other funds	$ 0	$ 447,071	$ 447,071	$ 0
Compensated absences	61,889	6,186	68,075	1,300
Pension obligation	622,345	17,053	639,398	0
OPEB obligation	8,606,900	1,068,226	9,675,126	0
Capital leases payable	21,446,996	5,662,276	27,109,272	0
Revenue bonds payable	72,558,760	0	72,558,760	0
Notes payable	94,539,644	0	94,539,644	0
Total noncurrent liabilities	197,836,534	7,200,812	205,037,346	1,300
Total liabilities	218,501,703	8,342,204	226,843,907	1,326,894
NET POSITION				
Net investment in capital assets	273,289,407	9,678,887	282,968,294	168,202
Restricted for:				
Capital outlay	22,302,621	0	22,302,621	0
Debt service	6,411,347	0	6,411,347	0
Unrestricted	25,939,951	1,914,884	27,854,835	6,626,406
Total net position	$ 327,943,326	$ 11,593,771	339,537,097	$ 6,794,608
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			1,613,508	
Net position of business-type activities			$ 341,150,605	

See accompanying notes to the financial statements.

Exhibit A-8, continued

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2013

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
OPERATING REVENUES				
Charges for sales and services	$ 56,832,307	$ 4,192,518	$ 61,024,825	$ 0
Interfund services provided	0	0	0	10,941,594
Other	996,832	45,625	1,042,457	11,421
Total operating revenues	57,829,139	4,238,143	62,067,282	10,953,015
OPERATING EXPENSES				
Costs of sales and services	10,863,040	1,235,019	12,098,059	9,917,055
Personal services	12,579,157	1,762,844	14,342,001	295,285
Depreciation	14,653,820	1,089,356	15,743,176	10,026
Total operating expenses	38,096,017	4,087,219	42,183,236	10,222,366
Operating income (loss)	19,733,122	150,924	19,884,046	730,649
Non-operating revenues (expenses)				
Interest revenue	318,757	15,590	334,347	11,578
Interest expense	(7,381,670)	(172,461)	(7,554,131)	0
Other	(46,028)	0	(46,028)	0
Distributions of capital assets	(844,320)	0	(844,320)	0
Debt issue costs	0	(66,808)	(66,808)	0
Gain (loss) on sale of capital assets	(315,416)	12,331	(303,085)	625
Total non-operating revenues (expenses)	(8,268,677)	(211,348)	(8,480,025)	12,203
Income (loss) before capital contributions and transfers	11,464,445	(60,424)	11,404,021	742,852
Capital contributions				
Connection fees	1,514,999	0	1,514,999	0
Capital contributions	1,707,923	0	1,707,923	0
Contributions of capital assets	4,016	925	4,941	0
Intergovernmental revenue	0	324,067	324,067	0
Total capital contributions	3,226,938	324,992	3,551,930	0
Income (loss) before transfers	14,691,383	264,568	14,955,951	742,852
Transfers in (out)				
Transfers in	0	177,926	177,926	75,000
Transfers out	(5,304,037)	0	(5,304,037)	0
Total transfers in (out)	(5,304,037)	177,926	(5,126,111)	75,000
Change in net position	9,387,346	442,494	9,829,840	817,852
Net position, July 1 (original)	320,697,025	11,286,755	331,983,780	5,976,756
Prior period adjustments	(2,141,045)	(135,478)	(2,276,523)	0
Net position, July 1 (restated)	318,555,980	11,151,277	329,707,257	5,976,756
Net position, June 30	$ 327,943,326	$ 11,593,771	$ 339,537,097	$ 6,794,608

Change in net position - enterprise funds	$ 9,829,840
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	263,034
Change in net position - business-type activities	$ 10,092,874

See accompanying notes to the financial statements.

Exhibit A-9

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2013

	Business-Type Activities			Governmental Activities
	Public Utilities	Nonmajor Enterprise Funds	Totals	Internal Service
Cash flows from operating activities:				
Receipts from customers	$ 56,375,928	$ 4,224,438	$ 60,600,366	$ 0
Receipts from interfund services provided	0	0	0	10,988,477
Payments to suppliers	(10,954,458)	(1,225,010)	(12,179,468)	(10,186,372)
Payments to employees	(11,555,872)	(1,670,783)	(13,226,655)	(293,051)
Other receipts	996,832	34,825	1,031,657	11,421
Net cash provided (used) by operating activities	34,862,430	1,363,470	36,225,900	520,475
Cash flows from non-capital financing activities:				
Receipts from other funds	0	161,633	161,633	0
Payments to other funds	(5,304,037)	0	(5,304,037)	0
Net cash provided (used) by non-capital financing activities	(5,304,037)	161,633	(5,142,404)	0
Cash flows from capital and related financing activities:				
Receipt of capital contributions	1,517,673	0	1,517,673	0
Receipts from other governments	504,816	7,898	512,714	0
Receipts from other funds	0	0	0	75,000
Sale of capital assets	43,081	12,331	55,412	625
Interest paid	(7,094,823)	(180,044)	(7,274,867)	0
Acquisition of capital assets	(10,870,308)	(371,534)	(11,241,842)	(140,495)
Payment of capital related accounts payable	(517,998)	0	(517,998)	0
Debt issue costs	0	(148,104)	(148,104)	0
Issuance of capital leases	0	3,013,333	3,013,333	0
Principal payments - bonds	(7,955,000)	0	(7,955,000)	0
Principal payments - capital leases and promissory notes	(6,394,182)	(3,370,000)	(9,764,182)	0
Net cash provided (used) by capital and related financing activities	(30,766,741)	(1,036,120)	(31,802,861)	(64,870)
Cash flows from investing activities:				
Interest received	98,829	4,533	103,362	11,578
Net increase (decrease) in cash and cash equivalents	(1,109,519)	493,516	(616,003)	467,183
Cash and cash equivalents, July 1	64,111,478	2,651,098	66,762,576	7,121,782
Cash and cash equivalents, June 30	$ 63,001,959	$ 3,144,614	$ 66,146,573	$ 7,588,965

See accompanying notes to the financial statements.

Exhibit A-10, continued

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2013

	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)	$ 19,733,122	$ 150,924	$ 19,884,046	$ 730,649
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	14,653,820	1,089,356	15,743,176	10,026
(Increase) decrease in accounts receivable	34,855	21,674	56,529	45,698
(Increase) decrease in intergovernmental receivables	16,686	0	16,686	1,185
(Increase) decrease in inventory	(63,345)	0	(63,345)	(24,089)
(Increase) decrease in other assets	0	0	0	(140,000)
Increase (decrease) in accounts payable	(28,073)	8,299	(19,774)	(274,532)
Increase (decrease) in sales tax payable	0	(554)	(554)	0
Increase (decrease) in accrued salaries and benefits	76,966	2,516	79,482	2,234
Increase (decrease) in deposits payable	(507,920)	0	(507,920)	(796)
Increase (decrease) in claims reserve	0	0	0	170,100
Increase (decrease) in pension obligation	308,640	8,387	317,027	0
Increase (decrease) in OPEB obligation	637,679	81,158	718,837	0
Increase (decrease) in other liabilities	0	1,710	1,710	0
Total adjustments	15,129,308	1,212,546	16,341,854	(210,174)
Net cash provided (used) by operating activities	$ 34,862,430	$ 1,363,470	$ 36,225,900	$ 520,475
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	$ 31,511,276	$ 3,144,614	$ 34,655,890	$ 7,588,965
Restricted assets				
Cash and cash equivalents	31,490,683	0	31,490,683	0
Total cash and cash equivalents	$ 63,001,959	$ 3,144,614	$ 66,146,573	$ 7,588,965

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals and government totaled $443,660 and $4,941, respectively, for the fiscal year ended June 30, 2013.

Distributions of capital assets to government and component unit totaled $925 and $843,394, respectively, for the fiscal year ended June 30, 2013.

Acquisition of capital assets through accounts payable totaled $612,994 for the fiscal year ended June 30, 2013.

Forgiveness of capital lease through capital contributions totaled $1,261,588 for the fiscal year ended June 30, 2013.

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	Community Private-Purpose Trust Fund	Employees' Pension Trust Fund	Municipal Court Agency Fund
ASSETS			
Cash and cash equivalents	$ 16,958	$ 755,541	$ 77,151
Investments, at fair value			
Mutual funds			
Equity	0	45,671,852	0
Fixed income	0	25,689,444	0
Total assets	16,958	72,116,837	77,151
LIABILITIES			
Accounts payable	0	18,099	0
Due to other agencies	0	0	77,151
Total liabilities	0	18,099	77,151
NET POSITION			
Held in trust for pension benefits and other purposes	$ 16,958	$ 72,098,738	$ 0

See accompanying notes to the financial statements.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the fiscal year ended June 30, 2013

	Community Private-Purpose Trust Fund	Employees' Pension Trust Fund
ADDITIONS		
Contributions		
Employer contributions	$ 0	$ 2,720,450
Employee contributions	0	2,720,450
Employee donations	48,157	0
Total contributions and donations	48,157	5,440,900
Investment Income		
Net appreciation (depreciation) in fair value of investments	0	4,563,785
Interest	2	24
Dividends	0	1,833,419
Investment expense	0	(99,186)
Net investment income (loss)	2	6,298,042
Total additions (reductions)	48,159	11,738,942
DEDUCTIONS		
Benefits	0	5,843,136
Refunds	0	470,048
Distributions for assistance	45,995	0
Total deductions	45,995	6,313,184
Change in net position	2,164	5,425,758
Net position held in trust for pension benefits and other purposes		
Net position, July 1	14,794	66,672,980
Net position, June 30	$ 16,958	$ 72,098,738

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, and funding support for certain other local agencies. For a portion of 2013, the City provided services through a convention center. In December 2012, this facility was leased to Brenau University and no longer functioned as a convention center for the City.

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

2. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business- type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Gainesville (the primary government) and material component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, the financial statements of the following component unit has been included as discretely presented component unit.

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.

2. Summary of Significant Accounting Policies (continued)

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has one discretely presented component unit. Parks and Recreation is considered to be a major component unit, and is shown in a separate column in the government-wide financial statements.

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

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.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

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

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.

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.

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. Basis of Presentation – Fund Financial Statements, 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).

Interfund Activity

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Revenues and Expenditures/Expenses

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Summary of Significant Accounting Policies (continued)

F. Revenues and Expenditures/Expenses, continued

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

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

G. Budgets and Budgetary Accounting

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

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

2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting, continued

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

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

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

H. Cash and Investments

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

2. Summary of Significant Accounting Policies (continued)

I. Intergovernmental Receivables

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

J. Inventories

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

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items. Prepaid items in the governmental funds are recorded as expenditures when consumed.

L. Capital Assets

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

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

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

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets, continued

Land and construction-in-progress are not depreciated. The other property, plant equipment, and infrastructure of the primary government are depreciated using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life 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 50	$ 200,000
Storm drains	25 to 40	$ 50,000
Sidewalks	25 to 30	$ 50,000
Bridges/culverts	40 to 50	$ 100,000
Bike paths	20 to 30	$ 50,000
Parking lots	15 to 35	$ 100,000
Traffic signals	15 to 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
Intangibles	3 to 15	$ 5,000
Computer software	3	$ 20,000

All land will be valued and capitalized. The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

2. Summary of Significant Accounting Policies (continued)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

N. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

2. Summary of Significant Accounting Policies (continued)

O. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

P. Restricted Assets and Restricted Net Position

Restricted assets of the Enterprise Funds primarily represent unexpended money collected and receivables consisting of extension and renewal receipts which remain restricted for future construction of specific projects for the improvement and expansion of the Water and Sewer system. Restricted assets for debt redemption of the 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 position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of restricted net position.

Q. Fund Balances – Governmental Funds

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

2. Summary of Significant Accounting Policies (continued)

Q. Fund Balances – Governmental Funds, continued

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

R. 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.

S. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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)

T. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

U. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain 2012 amounts have been reclassified to conform to the 2013 presentation.

3. Deposit and Investment Risk

Custodial credit risk – Deposits

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

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

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

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

3. Deposit and Investment Risk (continued)

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

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

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

The Georgia Fund 1 is rated AAAf by Standard & Poor's. The weighted average maturity at June 30, 2013 was 43 days. At June 30, 2013, the City's balance in Georgia Fund 1 was $24,417,465.

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, 2013, the duration for the index was 5.49 years. Investments in corporate fixed income securities shall be limited to those securities rated "BAA" or higher by Moody's or "BBB" or higher by Standard & Poor's rating services. Fixed income securities may be managed through the purchase of open-ended, no-load mutual funds or commingled funds as long as these funds in aggregate adhere to the fixed income guidelines of the policy.

Investment		Fair Value	Average Maturity (in years)	Standard and Poor's Credit Rating
PIMCO Investment Grade Bond Fund	$	7,070,802	9.13	N/A
PIMCO Real Return Fund		2,452,784	9.22	N/A
PIMCO Total Return Fund		10,072,648	6.54	N/A
PIMCO Unconstrained Bond Fund		6,093,210	1.03	N/A
	$	25,689,444		

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, 2013 consist of the following:

Primary Government:		
Major Funds		
General Fund		$ 434,424
Public Utilities Enterprise Fund	$ 4,311,709	
Less: Allowance for Uncollectibles	(858,946)	3,452,763
Nonmajor Funds		
Special Revenue Funds		
Community Service Center	998	
Economic Development	858	
Hotel/Motel Tax	51,130	52,986
Enterprise Funds		
Airport	14,155	
Less: Allowance for Uncollectibles	(2,030)	
Solid Waste	215,659	
Less: Allowance for Uncollectibles	(63,184)	
Golf Course	53,195	217,795
Internal Service Funds		
General Insurance	3,121	
Employee Benefits	2,474	5,595
Total Primary Government		$ 4,163,563
Component Units:		
Parks and Recreation		$ 20,811

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2013 consist of the following:

Primary Government:		
Major Funds		
General Fund		
US Treasury	$ 1,595	
State of Georgia	431,579	
Hall County, Georgia	76,168	
Gainesville City School System	810	$ 510,152
Debt Service Fund		
Hall County, Georgia		3,337
Public Utilities Enterprise Fund		
Hall County, Georgia		2,736
Nonmajor Funds		
Special Revenue Funds		
Community Service Center		
State of Georgia	21,866	
Hall County, Georgia	282,754	
Grants		
US Treasury	58,650	
HUD Grant		
US Treasury	54,526	
Government Access Cable TV		
Hall County, Georgia	10,840	428,636
SPLOST Capital Projects Fund		
Hall County, Georgia		5,343,750
Airport Enterprise Fund		
US Treasury	316,427	
State of Georgia	8,114	324,541
Vehicle Services Internal Service Fund		
Gainesville City School System		9,777
Total Primary Government		$ 6,622,929
Component Unit:		
Parks and Recreation		
Hall County, Georgia		$ 5,273

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 2013, based upon the assessments of January 1, 2012 and the levy date of June, 19, 2012, were final billed on October 20, 2012 and due on December 20, 2012. 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 $123,328 of intradepartmental billings for water and sewer usage for fiscal year 2013.

8. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	$ 48,854
	Nonmajor Enterprise	365,380
Nonmajor Governmental	Nonmajor Enterprise	81,691
		$ 495,925

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 $365,380 and $81,691 are reported in the General Fund and Economic Development Special Revenue Fund, respectively, as advances to other funds and as advances from other funds in the Chattahoochee Golf Course Enterprise Fund; this balance is not expected to be repaid within one year.

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

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

A summary of interfund transfers is as follows:

Transfer Out Fund	Transfer In Fund	Amount
General	Debt Service	$ 2,858,280
	General Government Capital Projects	1,398,660
	Nonmajor Governmental	1,017,569
	Nonmajor Enterprise	177,926
Public Utilities	General	3,372,630
	Debt Service	1,444,083
	General Government Capital Projects	250,324
	Nonmajor Governmental	237,000
General Government Capital Projects	Debt Service	1,536,923
	Nonmajor Governmental	24,330
	Internal Service	75,000
Nonmajor Governmental	General	632,812
	Debt Service	8,028,509
	General Government Capital Projects	323,213
	Nonmajor Governmental	339,817
		21,717,076
Transfers of capital assets		
Governmental Activities	Public Utilities	4,016
Public Utilities	Nonmajor Enterprise	925
		$21,722,017

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 is in accordance with City policy, and is common practice for government-owned utility systems. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

9. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Governmental activities				
Non-depreciable assets				
Land	$ 25,041,756	$ 199,160	$ (253,999)	$ 24,986,917
Construction in progress	886,693	9,555,261	(8,749,491)	1,692,463
Total non-depreciable assets	25,928,449	9,754,421	(9,003,490)	26,679,380
Depreciable assets				
Buildings	48,707,317	7,281,913	0	55,989,230
Land improvements	3,404,337	0	(280,291)	3,124,046
Vehicles and equipment	16,700,685	1,114,273	(1,299,844)	16,515,114
Intangibles	2,007,491	0	(131,747)	1,875,744
Infrastructure	36,450,521	0	(297,791)	36,152,730
Total depreciable assets	107,270,351	8,396,186	(2,009,673)	113,656,864
Less accumulated depreciation				
Buildings	(9,244,257)	(1,514,450)	0	(10,758,707)
Land improvements	(1,036,130)	(137,525)	0	(1,173,655)
Vehicles and equipment	(13,039,410)	(1,289,246)	1,186,003	(13,142,653)
Intangibles	(1,066,614)	(196,172)	54,012	(1,208,774)
Infrastructure	(9,056,092)	(1,328,783)	0	(10,384,875)
Total accumulated depreciation	(33,442,503)	(4,466,176)	1,240,015	(36,668,664)
Total depreciable assets, net	73,827,848	3,930,010	(769,658)	76,988,200
Governmental activities capital assets, net	$ 99,756,297	$ 13,684,431	$ (9,773,148)	$ 103,667,580
Business-type activities				
Non-depreciable assets				
Land	$ 20,311,414	$ 161,416	$ (843,397)	$ 19,629,433
Intangibles	1,957,919	0	0	1,957,919
Construction in progress	4,104,620	11,591,422	(7,006,731)	8,689,311
Total non-depreciable assets	26,373,953	11,752,838	(7,850,128)	30,276,663
Depreciable assets				
Buildings	73,125,914	231,850	0	73,357,764
Land improvements	17,352,797	81,000	0	17,433,797
Distribution system	513,053,712	5,982,206	(1,483,323)	517,552,595
Intangibles	4,699,582	0	(102,307)	4,597,275
Vehicles and equipment	15,898,186	1,321,777	(976,689)	16,243,274
Total depreciable assets	624,130,191	7,616,833	(2,562,319)	629,184,705
Less accumulated depreciation				
Buildings	(7,359,789)	(1,468,565)	0	(8,828,354)
Land improvements	(6,568,835)	(685,388)	0	(7,254,223)
Distribution system	(125,443,341)	(12,538,833)	1,202,032	(136,780,142)
Intangibles	(1,115,174)	(290,507)	25,101	(1,380,580)
Vehicles and equipment	(13,583,173)	(787,292)	976,689	(13,393,776)
Total accumulated depreciation	(154,070,312)	(15,770,585)	2,203,822	(167,637,075)
Total depreciable assets, net	470,059,879	(8,153,752)	(358,497)	461,547,630
Business-type activities capital assets, net	$ 496,433,832	$ 3,599,086	$ (8,208,625)	$ 491,824,293

9. Capital Assets (continued)

Capital asset activity for the Parks and Recreation Component Unit for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Parks & Recreation Component Unit				
Non-depreciable assets				
Land	$ 3,483,289	$ 1,377,685	$ 0	$ 4,860,974
Construction in progress	93,530	150,325	(133,195)	110,660
Total non-depreciable assets	3,576,819	1,528,010	(133,195)	4,971,634
Depreciable assets				
Buildings	10,099,703	0	(383,677)	9,716,026
Land improvements	3,515,073	0	(863,192)	2,651,881
Vehicles and equipment	1,195,215	67,359	(81,463)	1,181,111
Intangibles	148,170	93,530	0	241,700
Infrastructure	2,830,424	297,791	0	3,128,215
Total depreciable assets	17,788,585	458,680	(1,328,332)	16,918,933
Less accumulated depreciation				
Buildings	(6,689,872)	(298,979)	268,230	(6,720,621)
Land improvements	(1,106,154)	(239,815)	105,021	(1,240,948)
Vehicles and equipment	(1,069,372)	(38,554)	81,463	(1,026,463)
Intangibles	(142,424)	(1,467)	0	(143,891)
Infrastructure	(702,218)	(141,208)	0	(843,426)
Total accumulated depreciation	(9,710,040)	(720,023)	454,714	(9,975,349)
Total depreciable assets, net	8,078,545	(261,343)	(873,618)	6,943,584
Parks & Recreation Component Unit capital assets, net	$ 11,655,364	$ 1,266,667	$ (1,006,813)	$ 11,915,218

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 156,682
Public Safety	911,675
Public Works	2,726,498
Health and Welfare	141,599
Culture and Recreation	10,743
Housing and Development	250,396
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	10,026
Total depreciation expense for governmental activities	$ 4,207,619
Business-type activities	
Public Utilities	$ 14,653,820
Airport	718,809
Solid Waste	112,000
Golf Course	258,547
Total depreciation expense for business-type activities	$ 15,743,176
Component Unit	
Parks and Recreation	$ 706,829

	Governmental Activities	Business-type Activities	Component Unit
Current year depreciation expense	$ 4,207,619	$ 15,743,176	$ 706,829
Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component unit	258,557	27,409	13,194
Additions to accumulated depreciation	$ 4,466,176	$ 15,770,585	$ 720,023

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, 2013, are $29,451,699 and $28,945,860 for governmental and business-type activities, respectively.

Total assets leased under capital leases are $58,922,254 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	7,396,649	0
Buildings	43,035,382	0
Vehicles and equipment	1,682,573	0
Infrastructure	6,807,650	0
Total assets under capital leases	$ 58,922,254	$ 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, 2013:

Year Ending June 30,	Governmental Activities	Business-type Activities
2014	$ 9,524,188	$ 2,031,339
2015	2,200,292	2,045,515
2016	2,201,546	2,039,140
2017	1,890,145	2,047,265
2018	1,854,914	2,039,838
2019-2023	9,470,347	8,818,127
2024-2028	8,825,227	7,262,905
2029-2031	0	3,784,764
Total minimum lease payments	35,966,659	30,068,893
Less amounts representing interest	(6,514,960)	(1,123,033)
Present value of minimum lease payments	$ 29,451,699	$ 28,945,860

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, 2013, the City has a balance of $772,618 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 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.

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

10. Capital and Operating Leases Agreements (continued)

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

On 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.

10. Capital and Operating Leases Agreements (continued)

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

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

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.

11. Long-Term Debt (continued)

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, 2013, the City had entered into 13 borrowings in the original amount of $141,240,903, with a total outstanding balance of $101,142,593. 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).

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	$ 6,602,949	$ 3,108,394	$ 9,711,343
2015	6,822,503	2,888,841	9,711,344
2016	6,800,786	2,666,607	9,467,393
2017	6,780,447	2,443,324	9,223,771
2018	7,000,136	2,223,635	9,223,771
2019-2023	35,596,132	7,701,610	43,297,742
2024-2028	27,951,081	2,535,118	30,486,199
2029	3,588,559	53,266	3,641,825
Totals	$ 101,142,593	$ 23,620,795	$ 124,763,388

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, 2013, 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, 2013:

- $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 4.00% to 5.00% ($41,940,000 outstanding).

- $39,205,000 2006 Water and Sewer System Refunding series bonds due in annual installments of $160,000 to $8,845,000 through November 15, 2021; interest at 3.75% to 5.00% ($37,410,000 outstanding).

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

Year Ending June 30,	Principal	Interest	Total
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	9,525,000	2,073,719	11,598,719
2018	9,800,000	1,628,825	11,428,825
2019-2022	33,750,000	2,764,434	36,514,434
Totals	$ 79,350,000	$ 15,317,947	$ 94,667,947

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, 2013:

	Balance 6/30/2012	Additions	Deductions	Balance 6/30/2013	Due Within One Year
Governmental activities					
Capital lease obligations	$ 28,964,712	$ 8,220,268	$ (7,733,281)	$ 29,451,699	$ 8,382,839
Compensated absences	1,030,372	1,311,203	(1,278,651)	1,062,924	956,632
Total Governmental activities	$ 29,995,084	$ 9,531,471	$ (9,011,932)	$ 30,514,623	$ 9,339,471
Business-type activities					
Revenue bonds	$ 87,305,000	$ 0	$ (7,955,000)	$ 79,350,000	$ 8,360,000
Unamortized bond premium	1,788,688	0	(219,928)	1,568,760	0
Unamortized bond discount	(4,265)	0	4,265	0	0
Notes payable	107,536,775	0	(6,394,182)	101,142,593	6,602,949
Capital lease obligations	30,575,173	3,013,333	(4,642,646)	28,945,860	1,836,588
Compensated absences	618,846	949,234	(887,320)	680,760	612,685
Total business-type activities	$ 227,820,217	$ 3,962,567	$ (20,094,811)	$ 211,687,973	$ 17,412,222
Park & Recreation Component Unit					
Compensated absences	$ 96,612	$ 112,722	$ (97,328)	$ 112,006	$ 100,805

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. 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, 2013, there were 31 series of Revenue Bonds outstanding. The current aggregate principal amount payable for the series totaled $484,871,092; the original issue amounts totaled $574,408,982.

13. Deficit Equity Balances

At June 30, 2013, the Chattahoochee Golf Course Enterprise Fund had negative net position of $304,187. 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.

14. Changes in Beginning Balances

Governmental Activities

A prior period adjustment has been made to expense the beginning balance of debt issue costs and related accumulated amortization. This adjustment was required with the implementation of GASB Statement No. 65. This adjustment decreased beginning net position by $419,104.

A prior period adjustment has been made to adjust the beginning balance of the net pension obligation incorrectly calculated at June 30, 2012. This adjustment decreased beginning net position by $240,908.

14. Changes in Beginning Balances (continued)

Debt Service Fund

A prior period adjustment has been made to record prepaid insurance previously reported as debt issue costs. This adjustment was required with the implementation of GASB Statement No. 65. The 2012 amounts for prepaid items and nonspendable fund balance have been restated to reflect this adjustment. This adjustment increased beginning fund balance by $72,962.

These net effect of these adjustments decreased beginning net position of the Governmental Activities by $587,050.

Business-type Activities

Airport Enterprise Fund

A prior period adjustment has been made to expense the beginning balance of debt issue costs and related accumulated amortization. This adjustment was required with the implementation of GASB Statement No. 65. The 2012 amounts for debt issues costs and unrestricted net position have been restated to reflect this adjustment. This adjustment decreased beginning net position by $60,388.

A prior period adjustment has been made to adjust the beginning balance of the net pension obligation incorrectly calculated at June 30, 2012. The 2012 amounts for net pension obligation and unrestricted net position have been restated to reflect this adjustment. This adjustment decreased beginning net position by $1,733.

The net effect of these adjustments decreased beginning net assets by $62,121.

14. Changes in Beginning Balances (continued)

Business-type Activities, continued

Public Utilities Enterprise Fund

A prior period adjustment has been made to reclass and expense the beginning balance of debt issue costs and related accumulated amortization. This adjustment was required with the implementation of GASB Statement No. 65. The 2012 amounts for debt issues costs and unrestricted net position have been restated to reflect this adjustment. This adjustment decreased beginning net position by $2,005,282.

A prior period adjustment has been made to adjust the beginning balance of the net pension obligation incorrectly calculated at June 30, 2012. The 2012 amounts for net pension obligation and unrestricted net position have been restated to reflect this adjustment. This adjustment decreased beginning net position by $135,763.

The net effect of these adjustments decreased beginning net position by $2,141,045.

Solid Waste Enterprise Fund

A prior period adjustment has been made to adjust the beginning balance of the net pension obligation incorrectly calculated at June 30, 2012. The 2012 amounts for net pension obligation and unrestricted net position have been restated to reflect this adjustment. This adjustment decreased beginning net position by $6,933.

Chattahoochee Golf Course Enterprise Fund

A prior period adjustment has been made to expense the beginning balance of debt issue costs and related accumulated amortization. This adjustment was required with the implementation of GASB Statement No. 65. The 2012 amounts for debt issues costs and unrestricted net position have been restated to reflect this adjustment. This adjustment decreased beginning net position by $66,424.

The net effect of these adjustments decreased beginning net position of the Business-type Activities by $2,276,523.

14. Changes in Beginning Balances (continued)

Municipal Court Agency Fund

A prior period adjustment has been made to decrease accounts receivable for fines receivable the City has determined are not susceptible to accrual. Fines are not susceptible to accrual because they generally are not measureable until received. This adjustment decreased beginning assets and liabilities by $701,127.

15. Nonspendable, Restricted, Committed, and Assigned Fund Balances

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds for fiscal year ended June 30, 2013:

	General	Debt Service	General Government Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	$ 1,655	$ 49,078	$ 0	$ 0	$ 50,733
Advances to other funds	365,380	0	0	81,691	447,071
	367,035	49,078	0	81,691	497,804
Restricted for:					
General Government	0	0	0	53,622	53,622
Public Safety	0	0	0	736,088	736,088
Health and Welfare	0	0	0	1,064,225	1,064,225
Culture and Recreation	0	0	0	257,391	257,391
Housing and Development	0	0	0	798,846	798,846
Capital projects	0	0	370,156	404,983	775,139
Debt service	0	2,449,222	0	250,822	2,700,044
	0	2,449,222	370,156	3,565,977	6,385,355
Committed for:					
Public Works	0	0	0	143,656	143,656
Housing and Development	6,583	0	0	30,531	37,114
	6,583	0	0	174,187	180,770
Assigned for:					
General Government	21,052	0	0	129,674	150,726
Public Safety	4,682	0	0		4,682
Public Works	87,868	0	0	107,502	195,370
Health and Welfare	0	0	0	1,038,727	1,038,727
Housing and Development	7,736	0	0	3,303,973	3,311,709
Budget	2,200,000	0	0	17,211	2,217,211
Capital projects	0	0	4,145,005	1,384,126	5,529,131
Debt service	0	6,036,521	0	0	6,036,521
	2,321,338	6,036,521	4,145,005	5,981,213	18,484,077

16. Self-Insurance

General Insurance

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

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

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

Health Insurance

The City provides health care benefits to its active and retired employees and their dependents. 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.

16. Self-Insurance (continued)

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, 2013	June 30, 2012
General Insurance Internal Service Fund		
Balance, beginning of year	$ 619,416	$ 678,787
Current year claims and changes in estimate	533,931	377,230
Claim payments	(409,531)	(436,601)
Balance, end of year	$ 743,816	$ 619,416
Employee Benefits Internal Service Fund		
Balance, beginning of year	$ 336,600	$ 452,000
Current year claims and changes in estimate	4,251,917	3,969,994
Claim payments	(4,206,217)	(4,085,394)
Balance, end of year	$ 382,300	$ 336,600

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	210	54
Terminated vested participants entitled to but not yet receiving benefits	11	23
Active participants	484	139
Total number of participants	705	216

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 J). 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 8.97% 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, 2012 for Pension Plan A and January 1, 2013, 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	0.5-8.5%	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, 2012, 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)	$ 3,537,899	$ 441,209
Interest on net pension obligation	62,264	0
Adjustment to ARC	(71,212)	0
Annual pension cost	3,528,951	441,209
Contributions made	(2,720,450)	(441,209)
Increase (decrease) in net pension obligation	808,501	0
Net pension obligation (asset) - beginning of year	830,193	0
Net pension obligation (asset) - end of year	$ 1,638,694	$ 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.

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Pension Plan A:			
6/30/2011	$ 3,371,481	78%	$ 444,855
6/30/2012	3,214,433	88%	830,193
6/30/2013	3,528,951	77%	1,638,694
Pension Plan B:			
6/30/2011	$ 467,907	100%	$ 0
6/30/2012	445,261	100%	0
6/30/2013	441,209	100%	0

17. Pension Plans (continued)

Historical Trend Information, continued

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:						
7/1/2010	$ 66,265,931	$ 109,222,610	$ 42,956,679	60.67%	$ 20,168,312	213%
7/1/2011	69,055,980	112,225,797	43,169,817	61.53%	20,625,530	209%
7/1/2012	72,623,425	114,189,383	41,565,958	63.60%	22,226,619	187%
Pension Plan B:						
1/1/2011	$ 4,520,440	$ 6,148,933	$ 1,628,493	73.52%	$ 4,914,895	33%
1/1/2012	4,781,791	6,375,572	1,593,781	75.00%	4,587,389	35%
1/1/2013	5,075,705	6,471,996	1,396,291	78.43%	4,367,611	32%

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

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

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 leave employment in a Vested, Normal, Early, or Disability status (as defined by the plan document) and were hired prior to January 1, 2002, may participate in the plan without regard to years of service. Those hired on or after January 1, 2002, must have a minimum of 20 years service in order to participate.

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

Current Membership is as follows:

Retirees and beneficiaries currently receiving benefits	264
Active participants	623
Total number of participants	887

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 $634,207, through their required contributions of $265.00, $574.19, $650.50, and $999.37 per month for single retiree coverage, retiree and child(ren) coverage, retiree and spouse coverage, and retiree family coverage, respectively. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in GASB Statement No. 45. These contributions are determined under the projected unit credit actuarial cost method and the market value of assets for developing the actuarial value of assets. The unfunded actuarial accrued liability (UAAL) is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2012 is 26 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 2013, the City's annual OPEB cost of $3,429,283 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, 2012. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, (b) a rate of inflation of 3.5 percent, (c) no post-retirement benefit increases, and (d) a medical and drug cost trend rate of 8.0 percent, graded to 5 percent over 12 years.

18. Post Employment Health Care Benefits (continued)

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

Annual required contribution	$ 3,924,882
Interest on net OPEB obligation	924,245
Adjustment to ARC	(1,419,844)
Annual OPEB cost	3,429,283
Contributions made	(1,614,797)
Increase (decrease) in net OPEB obligation	1,814,486
Net OPEB obligation - beginning of year	23,106,131
Net OPEB obligation - end of year	$ 24,920,617

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
2011	$ 5,411,665	26%	$ 18,220,622
2012	6,410,272	24%	23,106,131
2013	3,429,283	47%	24,920,617

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability* (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll** (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	0	$ 69,174,911	$ 69,174,911	0.00%	$ 26,474,878	261%
7/1/2010	0	46,286,246	46,286,246	0.00%	23,436,559	197%
7/1/2012	0	38,562,559	38,562,559	0.00%	25,653,927	150%

* 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, 2013, follows:

Lodging Tax Receipts	$ 591,793	
Disbursements to Georgia Mountains Center and other tourism and visitor programs	$ 404,479	68% 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 2013.

The ten major taxpayers of the City for fiscal year 2013 represent approximately fourteen percent of the current year tax levy. The ten largest taxpayers are comprised of various types of entities including retail, manufacturing and food processing.

21. Joint Ventures

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

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 2013, the City contributed the use of five police officers for assignment to the HCMOTF. The City paid $343,162 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 2013, the city paid $27,888 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 $114,749 as payment-in-lieu-of-taxes during fiscal year 2013.

23. Risk Pools

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

24. Commitments and Contingencies

Commitments

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2013, 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	Committed	Assigned
General Fund	$ 0	$ 0	$ 33,469
Nonmajor Governmental Funds	580,762	30,740	0

24. Commitments and Contingencies (continued)

The City has active construction projects as of June 30, 2013. At fiscal year end, the City's commitments with contractors are as follows:

Project	Amount Expended to Date	Remaining Commitment
Infrastructure improvements	$ 951,369	$ 19,861
Expansion of the water and sewer distribution system	1,197,442	4,704,709
Terminal area improvements at the Lee Gilmer Memorial Airport	332,863	68,871
Total	2,481,674	4,793,441

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

Contingencies

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
PENSION TRUST FUND
For the fiscal year ended June 30, 2013
(Unaudited)

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation (Asset)
Pension Plan A:			
6/30/2008	$ 2,457,722	113%	$ (812,538)
6/30/2009	2,800,859	99%	(765,157)
6/30/2010	3,067,415	85%	(289,035)
6/30/2011	3,368,366	78%	444,855
6/30/2012	3,219,227	87%	830,193
6/30/2013	3,537,899	76%	1,638,694

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:						
7/1/2007	$ 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%
7/1/2011	69,055,980	112,225,797	43,169,817	61.53%	20,625,530	209%
7/1/2012	72,623,425	114,189,383	41,565,958	63.60%	22,226,619	187%

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

Note: See assumptions used for this schedule disclosed in the notes to the financial statements.

COMBINING STATEMENTS

Nonmajor Governmental Funds

Nonmajor Enterprise Funds

Internal Service Funds

CITY OF GAINESVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue						
	Community Service Center	**Economic Development**	**Georgia Mountains Center**	**Hotel/Motel Tax**	**Government Access Cable TV Channel**	**Confiscated Assets**	**Grants**
ASSETS							
Cash and cash equivalents	$ 1,891,408	$ 1,343,944	$ 0	$ 215,430	$ 106,147	$ 222,899	$ 36,115
Investments	0	1,590,055	0	0	0	0	0
Receivables (net)							
Accounts	998	858	0	51,130	0	0	0
Intergovernmental	304,620	0	0	0	10,840	0	58,650
Interest	0	407	0	0	0	0	0
Notes	0	135,947	0	0	0	0	0
Advances to other funds	0	81,691	0	0	0	0	0
Total assets	$ 2,197,026	$ 3,152,902	$ 0	$ 266,560	$ 116,987	$ 222,899	$ 94,765
LIABILITIES							
Payables							
Accounts	$ 59,263	$ 9,805	$ 0	$ 0	$ 2,982	$ 2,008	$ 15,692
Intergovernmental	0	0	0	0	0	0	0
Deposits	186	0	0	0	0	0	0
Retainages	0	0	0	0	0	0	0
Accrued salaries	17,414	0	0	0	1,806	0	0
Unearned revenues	0	331	0	0	0	0	0
Due to other funds	0	0	0	0	0	0	0
Total liabilities	76,863	10,136	0	0	4,788	2,008	15,692
DEFERRED INFLOWS OF RESOURES							
Unavailable revenue - notes receivable	0	0	0	0	0	0	0
FUND BALANCES							
Nonspendable	0	81,691	0	0	0	0	0
Restricted	1,064,225	0	0	0	56,730	220,891	0
Committed	0	25,663	0	0	0	0	4,868
Assigned	1,055,938	3,035,412	0	266,560	55,469	0	74,205
Total fund balances	2,120,163	3,142,766	0	266,560	112,199	220,891	79,073
Total liabilities, deferred inflows, and fund balances	$ 2,197,026	$ 3,152,902	$ 0	$ 266,560	$ 116,987	$ 222,899	$ 94,765

Special Revenue						Capital Projects		Total Nonmajor Governmental Funds
HUD Grant	Revolving Loan	Impact Fee	Tax Allocation District	Information Technology	Cemetery Trust	SPLOST	Grants	
$ 0	$ 54,998	$ 643,200	$ 658,675	$ 129,388	$ 251,158	$ 1,541,607	$ 1,643,065	$ 8,738,034
87,174	63,174	0	0	0	0	0	0	1,740,403
0	0	0	0	0	0	0	0	52,986
54,526	0	0	0	0	0	5,343,750	0	5,772,386
0	0	0	0	0	0	0	0	407
0	448,054	0	0	0	0	0	0	584,001
0	0	0	0	0	0	0	0	81,691
$ 141,700	$ 566,226	$ 643,200	$ 658,675	$ 129,388	$ 251,158	$ 6,885,357	$ 1,643,065	$ 16,969,908
$ 4,414	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 94,164
0	0	0	0	0	0	6,232,660	0	6,232,660
0	0	0	0	0	0	0	0	186
0	0	0	0	0	0	0	35,542	35,542
1,258	0	0	0	0	0	0	0	20,478
0	0	0	0	0	0	0	223,397	223,728
48,854	0	0	0	0	0	0	0	48,854
54,526	0	0	0	0	0	6,232,660	258,939	6,655,612
0	511,228	0	0	0	0	0		511,228
0	0	0	0	0	0	0	0	81,691
87,174	54,998	643,200	656,674	129,388	0	652,697	0	3,565,977
0	0	0	0	0	143,656	0	0	174,187
0	0	0	2,001	0	107,502	0	1,384,126	5,981,213
87,174	54,998	643,200	658,675	129,388	251,158	652,697	1,384,126	9,803,068
$ 141,700	$ 566,226	$ 643,200	$ 658,675	$ 129,388	$ 251,158	$ 6,885,357	$ 1,643,065	$ 16,969,908

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2013

	Special Revenue						
	Community Service Center	**Economic Development**	**Georgia Mountains Center**	**Hotel/Motel Tax**	**Government Access Cable TV Channel**	**Confiscated Assets**	**Grants**
REVENUES							
Taxes	$ 0	$ 0	$ 0	$ 591,793	$ 0	$ 0	$ 0
Fines, fees, and forfeitures	0	0	0	0	0	233,903	0
Charges for services	397,674	136,801	159,336	0	0	0	0
Intergovernmental	1,731,341	20,752	0	0	86,010	0	417,979
Interest	2,839	8,001	271	313	197	161	0
Contributions	80,980	0	0	0	0	0	0
Other	87,741	650	8,817	0	0	0	0
Total revenues	2,300,575	166,204	168,424	592,106	86,207	234,064	417,979
EXPENDITURES							
Current							
General Government	0	0	0	0	192,242	0	13,500
Public Safety	0	0	0	0	0	47,512	114,642
Health and Welfare	2,516,931	0	0	0	0	0	0
Culture and Recreation	0	0	392,617	0	0	0	0
Housing and Development	0	88,280	0	75,000	0	0	0
Debt service:							
Interest and fiscal charges	0	22,858	0	0	0	0	0
Capital outlay	0	0	0	0	0	0	0
Total expenditures	2,516,931	111,138	392,617	75,000	192,242	47,512	128,142
Excess (deficiency) of revenues over (under) expenditures	(216,356)	55,066	(224,193)	517,106	(106,035)	186,552	289,837
Other financing sources (uses)							
Transfers in	404,859	7,000	305,847	0	86,010	0	0
Transfers out	0	0	(224,581)	(468,284)	0	0	(303,073)
Sale of capital assets	0	0	1,138	0	0	0	0
Total other financing sources (uses)	404,859	7,000	82,404	(468,284)	86,010	0	(303,073)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	188,503	62,066	(141,789)	48,822	(20,025)	186,552	(13,236)
Fund balances, July 1	1,931,660	3,080,700	141,789	217,738	132,224	34,339	92,309
Fund balances, June 30	$ 2,120,163	$ 3,142,766	$ 0	$ 266,560	$ 112,199	$ 220,891	$ 79,073

Special Revenue						Capital Projects		Total Nonmajor Governmental Funds
HUD Grant	Revolving Loan	Impact Fee	Tax Allocation District	Information Technology	Cemetery Trust	SPLOST	Grants	
$ 0	$ 0	$ 0	$ 12,765	$ 0	$ 0	$ 0	$ 0	$ 604,558
0	0	0	0	65,976	0	0	0	299,879
0	39,374	288,380	0	0	43,150	0	0	1,064,715
289,879	0	0	88,609	0	0	892,340	186,454	3,713,364
0	74	882	932	0	362	0	0	14,032
0	0	0	0	0	0	0	0	80,980
0	0	0	0	0	0	0	0	97,208
289,879	39,448	289,262	102,306	65,976	43,512	892,340	186,454	5,874,736
0	0	0	0	0	0	0	0	205,742
0	0	0	0	19,050	0	0	0	181,204
0	0	0	0	0	0	0	0	2,516,931
0	0	175,000	0	0	0	0	0	567,617
245,727	17,034	0	0	0	0	0	0	426,041
0	0	0	0	0	0	0	0	22,858
0	0	0	0	0	0	201,761	541,396	743,157
245,727	17,034	175,000	0	19,050	0	201,761	541,396	4,663,550
44,152	22,414	114,262	102,306	46,926	43,512	690,579	(354,942)	1,211,186
0	0	0	0	0	0	0	815,000	1,618,716
0	0	(8,583)	0	0	0	(8,319,830)	0	(9,324,351)
0	0	0	0	0	0	0	0	1,138
0	0	(8,583)	0	0	0	(8,319,830)	815,000	(7,704,497)
44,152	22,414	105,679	102,306	46,926	43,512	(7,629,251)	460,058	(6,493,311)
43,022	32,584	537,521	556,369	82,462	207,646	8,281,948	924,068	16,296,379
$ 87,174	$ 54,998	$ 643,200	$ 658,675	$ 129,388	$ 251,158	$ 652,697	$ 1,384,126	$ 9,803,068

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2013

	Airport	Solid Waste	Chattahoochee Golf Course	Total Nonmajor Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	$ 992,405	$ 2,092,870	$ 59,339	$ 3,144,614
Receivables (net)				
Accounts	12,125	152,475	53,195	217,795
Intergovernmental	324,541	0	0	324,541
Total current assets	1,329,071	2,245,345	112,534	3,686,950
Noncurrent assets				
Capital assets				
Non-depreciable	837,248	0	53,271	890,519
Depreciable (net)	11,372,003	367,761	3,546,145	15,285,909
Total noncurrent assets	12,209,251	367,761	3,599,416	16,176,428
Total assets	13,538,322	2,613,106	3,711,950	19,863,378
DEFERRED OUTFLOWS OF RESOURCES				
Deferred interest expense	72,597	0	0	72,597
LIABILITIES				
Current liabilities				
Payables				
Accounts	318,189	33,468	43,522	395,179
Retainages	33,286	0	0	33,286
Deposits	436	0	0	436
Sales tax	0	0	7,579	7,579
Interest	7,275	0	16,224	23,499
Accrued salaries	1,042	12,648	8,254	21,944
Compensated absences	803	39,216	15,661	55,680
Capital lease payable	380,000	0	195,000	575,000
Other liabilities	0	0	28,789	28,789
Total current liabilities	741,031	85,332	315,029	1,141,392
Noncurrent liabilities				
Advances from other funds	0	0	447,071	447,071
Compensated absences	89	4,357	1,740	6,186
Pension obligation	3,411	13,642	0	17,053
OPEB obligation	10,248	845,681	212,297	1,068,226
Capital leases payable	2,622,276	0	3,040,000	5,662,276
Total noncurrent liabilities	2,636,024	863,680	3,701,108	7,200,812
Total liabilities	3,377,055	949,012	4,016,137	8,342,204
NET POSITION				
Net investment in capital assets	8,946,710	367,761	364,416	9,678,887
Unrestricted	1,287,154	1,296,333	(668,603)	1,914,884
Total net position	$ 10,233,864	$ 1,664,094	$ (304,187)	$ 11,593,771

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2013

	Airport	Solid Waste	Chattahoochee Golf Course	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for sales and services	$ 913,459	$ 2,272,930	$ 1,006,129	$ 4,192,518
Other	1,176	21,738	22,711	45,625
Total operating revenues	914,635	2,294,668	1,028,840	4,238,143
OPERATING EXPENSES				
Costs of sales and services	282,763	643,389	308,867	1,235,019
Personal services	74,953	1,194,111	493,780	1,762,844
Depreciation	718,809	112,000	258,547	1,089,356
Total operating expenses	1,076,525	1,949,500	1,061,194	4,087,219
Operating income (loss)	(161,890)	345,168	(32,354)	150,924
Non-operating revenues (expenses)				
Interest revenue	12,464	2,995	131	15,590
Interest expense	(39,750)	0	(132,711)	(172,461)
Debt issue costs	(66,808)	0	0	(66,808)
Gain (loss) on sale of capital assets	0	9,340	2,991	12,331
Total non-operating revenues (expenses)	(94,094)	12,335	(129,589)	(211,348)
Income (loss) before capital contributions and transfers	(255,984)	357,503	(161,943)	(60,424)
Capital contributions				
Contributions of capital assets	925	0	0	925
Intergovernmental revenue	324,067	0	0	324,067
Total capital contributions	324,992	0	0	324,992
Income (loss) before transfers	69,008	357,503	(161,943)	264,568
Transfers in (out)				
Transfers in	0	0	177,926	177,926
Change in net position	69,008	357,503	15,983	442,494
Net position, July 1 (original)	10,226,977	1,313,524	(253,746)	11,286,755
Prior period adjustments	(62,121)	(6,933)	(66,424)	(135,478)
Net position, July 1 (restated)	10,164,856	1,306,591	(320,170)	11,151,277
Net position, June 30	$ 10,233,864	$ 1,664,094	$ (304,187)	$ 11,593,771

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2013

	Airport	Solid Waste	Chattahoochee Golf Course	Total Nonmajor Enterprise Funds
Cash flows from operating activities:				
Receipts from customers	$ 911,109	$ 2,276,648	$ 1,036,681	$ 4,224,438
Payments to suppliers	(281,701)	(622,115)	(321,194)	(1,225,010)
Payments to employees	(69,717)	(1,118,304)	(482,762)	(1,670,783)
Other receipts	1,176	21,738	11,911	34,825
Net cash provided (used) by operating activities	560,867	557,967	244,636	1,363,470
Cash flows from non-capital financing activities:				
Receipts from other funds	0	0	161,633	161,633
Cash flows from capital and related financing activities:				
Receipts from other governments	7,898	0	0	7,898
Sale of capital assets	0	9,340	2,991	12,331
Interest paid	(46,406)	0	(133,638)	(180,044)
Acquisition of capital assets	(157,650)	(120,164)	(93,720)	(371,534)
Debt issue costs	(148,104)	0	0	(148,104)
Issuance of capital leases	3,013,333	0	0	3,013,333
Principal payments - capital leases	(3,185,000)	0	(185,000)	(3,370,000)
Net cash provided (used) by capital and related financing activities	(515,929)	(110,824)	(409,367)	(1,036,120)
Cash flows from investing activities:				
Interest received	1,407	2,995	131	4,533
Net increase (decrease) in cash and cash equivalents	46,345	450,138	(2,967)	493,516
Cash and cash equivalents, July 1	946,060	1,642,732	62,306	2,651,098
Cash and cash equivalents, June 30	$ 992,405	$ 2,092,870	$ 59,339	$ 3,144,614

Exhibit C-5, continued

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2013

	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)	$ (161,890)	$ 345,168	$ (32,354)	$ 150,924
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	718,809	112,000	258,547	1,089,356
(Increase) decrease in accounts receivable	(2,350)	3,718	20,306	21,674
Increase (decrease) in accounts payable	1,062	21,274	(14,037)	8,299
Increase (decrease) in sales tax payable	0	0	(554)	(554)
Increase (decrease) in accrued salaries and benefits	660	2,432	(576)	2,516
Increase (decrease) in pension obligation	1,678	6,709	0	8,387
Increase (decrease) in OPEB obligation	2,898	66,666	11,594	81,158
Increase (decrease) in other liabilities	0	0	1,710	1,710
Total adjustments	722,757	212,799	276,990	1,212,546
Net cash provided (used) by operating activities	$ 560,867	$ 557,967	$ 244,636	$ 1,363,470

Noncash investing, capital, and financing activities:

Contributions of capital assets from government totaled $925 for the fiscal year ended June 30, 2013.

Acquisition of capital assets through accounts payable totaled $299,576 for the fiscal year ended June 30, 2013.

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2013

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,186,420	$ 6,251,542	$ 151,003	$ 7,588,965
Receivables				
Accounts	3,121	2,474	0	5,595
Intergovernmental	0	0	9,777	9,777
Inventory	0	0	208,963	208,963
Other assets	140,000	0	0	140,000
Total current assets	1,329,541	6,254,016	369,743	7,953,300
Noncurrent assets				
Depreciable capital assets (net)	0	0	168,202	168,202
Total assets	1,329,541	6,254,016	537,945	8,121,502
LIABILITIES				
Current liabilities				
Payables				
Accounts	10,304	49,018	114,744	174,066
Deposits	0	9,837	0	9,837
Accrued salaries	0	0	3,872	3,872
Compensated absences	0	0	11,703	11,703
Claims reserves	743,816	382,300	0	1,126,116
Total current liabilities	754,120	441,155	130,319	1,325,594
Long-term liabilities				
Compensated absences	0	0	1,300	1,300
Total liabilities	754,120	441,155	131,619	1,326,894
NET POSITION				
Investment in capital assets	0	0	168,202	168,202
Unrestricted	575,421	5,812,861	238,124	6,626,406
Total net position	$ 575,421	$ 5,812,861	$ 406,326	$ 6,794,608

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2013

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
OPERATING REVENUES				
Interfund services provided	$ 1,152,141	$ 7,507,292	$ 2,282,161	$ 10,941,594
Other	6,940	4,481	0	11,421
Total operating revenues	1,159,081	7,511,773	2,282,161	10,953,015
OPERATING EXPENSES				
Costs of services	1,159,081	6,781,124	1,976,850	9,917,055
Personal services	0	0	295,285	295,285
Depreciation	0	0	10,026	10,026
Total operating expenses	1,159,081	6,781,124	2,282,161	10,222,366
Operating income (loss)	0	730,649	0	730,649
Non-operating revenues (expenses)				
Interest revenue	2,175	9,402	1	11,578
Gain (loss) on sale of capital assets	0	0	625	625
Total non-operating revenues (expenses)	2,175	9,402	626	12,203
Net income (loss) before transfers	2,175	740,051	626	742,852
Transfers in (out)				
Transfers in	0	0	75,000	75,000
Change in net position	2,175	740,051	75,626	817,852
Net position, July 1	573,246	5,072,810	330,700	5,976,756
Net position, June 30	$ 575,421	$ 5,812,861	$ 406,326	$ 6,794,608

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2013

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
Cash flows from operating activities:				
Receipts from interfund services provided	$ 1,151,601	$ 7,553,291	$ 2,283,585	$ 10,988,477
Payments to suppliers	(1,553,207)	(6,716,268)	(1,916,897)	(10,186,372)
Payments to employees	0	0	(293,051)	(293,051)
Other receipts	6,940	4,481	0	11,421
Net cash provided (used) by operating activities	(394,666)	841,504	73,637	520,475
Cash flows from capital and related financing activities:				
Receipts from other funds	0	0	75,000	75,000
Sale of capital assets	0	0	625	625
Acquisition of capital assets	0	0	(140,495)	(140,495)
Net cash provided (used) by capital and related financing activities	0	0	(64,870)	(64,870)
Cash flows from investing activities:				
Interest received	2,175	9,402	1	11,578
Net increase (decrease) in cash and cash equivalents	(392,491)	850,906	8,768	467,183
Cash and cash equivalents, July 1	1,578,911	5,400,636	142,235	7,121,782
Cash and cash equivalents, June 30	$ 1,186,420	$ 6,251,542	$ 151,003	$ 7,588,965
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 0	$ 730,649	$ 0	$ 730,649
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	0	0	10,026	10,026
(Increase) decrease in accounts receivable	(540)	45,999	239	45,698
(Increase) decrease in intergovernmental receivables	0	0	1,185	1,185
(Increase) decrease in inventory	0	0	(24,089)	(24,089)
(Increase) decrease in other assets	(140,000)	0	0	(140,000)
Increase (decrease) in accounts payable	(378,526)	19,952	84,042	(274,532)
Increase (decrease) in accrued salaries and benefits	0	0	2,234	2,234
Increase (decrease) in deposits payable	0	(796)	0	(796)
Increase (decrease) in claims reserve	124,400	45,700	0	170,100
Total adjustments	(394,666)	110,855	73,637	(210,174)
Net cash provided (used) by operating activities	$ (394,666)	$ 841,504	$ 73,637	$ 520,475

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, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 8,477,656	$ 8,420,042
Receivables (net)		
Accounts	434,424	373,408
Intergovernmental	510,152	779,803
Property taxes	186,606	236,138
Prepaid items	1,655	3,123
Due from other funds	48,854	249,256
Advances to other funds	365,380	381,673
Total assets	$ 10,024,727	$ 10,443,443
LIABILITIES		
Payables		
Accounts	$ 297,438	$ 639,852
Intergovernmental	31,450	47,503
Accrued salaries	261,307	231,773
Other liabilities	5,930	10,184
Total liabilities	596,125	929,312
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	167,981	204,849
FUND BALANCES		
Nonspendable:		
Prepaid items	1,655	3,123
Advances to other funds	365,380	381,673
Committed for Housing and Development	6,583	10,054
Assigned for:		
General Government	21,052	49,340
Public Safety	4,682	35,030
Public Works	87,868	79,618
Housing and Development	7,736	0
Community betterment	0	1,039,636
Budget	2,200,000	1,836,732
Unassigned	6,565,665	5,874,076
Total fund balances	9,260,621	9,309,282
Total liabilities, deferred inflows, and fund balances	$ 10,024,727	$ 10,443,443

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
REVENUES		
Taxes	$ 19,543,326	$ 19,017,704
Licenses and permits	727,631	533,141
Fines, fees and forfeitures	1,363,889	1,068,886
Charges for services	1,846,237	1,773,322
Intergovernmental	354,075	464,736
Interest	33,962	26,682
Contributions	15,774	10,054
Other	960,522	137,242
Total revenues	24,845,416	23,031,767
EXPENDITURES		
Current		
General Government	3,081,624	2,942,206
Judicial	421,756	417,255
Public Safety	14,436,792	14,794,823
Public Works	4,325,418	4,415,291
Health and Welfare	12,500	12,500
Culture and Recreation	25,000	290,000
Housing and Development	1,213,266	1,198,138
Total expenditures	23,516,356	24,070,213
Excess (deficiency) of revenues over (under) expenditures	1,329,060	(1,038,446)
Other financing sources (uses)		
Transfers in (out)		
Community Service Center Fund	(404,859)	(410,377)
Confiscated Assets Fund	0	9,506
Government Access Cable TV Channel Fund	(86,010)	(86,939)
Grants Special Revenue Fund	303,073	400,592
Hotel/Motel Tax Fund	63,805	75,522
Impact Fee Fund	8,583	2,566
Debt Service Fund	(2,858,280)	0
General Government Capital Projects Fund	(1,398,660)	(963,702)
SPLOST Capital Projects Fund	257,351	0
Grants Capital Projects Fund	(526,700)	(470,212)
Public Utilities Fund	3,372,630	3,397,792
Chattahoochee Golf Course Fund	(177,926)	(154,155)
Sales of capital assets	69,272	10,891
Total other financing sources (uses)	(1,377,721)	1,811,484
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(48,661)	773,038
Fund balances, July 1	9,309,282	8,536,244
Fund balances, June 30	$ 9,260,621	$ 9,309,282

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2013
(With comparative actual amounts for the fiscal year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Current year levy	$ 4,945,287	$ 5,382,315	$ 437,028	$ 5,245,861
Prior years' levies	24,722	117,422	92,700	93,430
Motor vehicle tax	247,373	656,592	409,219	267,786
Cost, penalties, and interest	90,500	50,825	(39,675)	108,860
Total general property taxes	5,307,882	6,207,154	899,272	5,715,937
Intangibles tax	61,000	80,720	19,720	81,841
Franchise tax	4,148,000	4,092,271	(55,729)	4,240,193
Insurance premium tax	1,400,000	1,684,119	284,119	1,585,550
Occupational tax	1,121,500	1,199,374	77,874	1,139,926
Liquor tax	88,000	107,255	19,255	101,703
Beer and wine tax	703,000	780,559	77,559	800,754
Mixed drink tax	96,000	91,595	(4,405)	92,116
Local option sales tax	5,300,000	5,300,279	279	5,259,684
Total taxes	18,225,382	19,543,326	1,317,944	19,017,704
Licenses and permits	680,760	727,631	46,871	533,141
Fines, fees and forfeitures	1,111,200	1,363,889	252,689	1,068,886
Charges for services	1,817,431	1,846,237	28,806	1,773,322
Intergovernmental	424,742	354,075	(70,667)	464,736
Interest	22,000	33,962	11,962	26,682
Contributions	15,774	15,774	0	10,054
Other				
Cemetery care	40,000	43,150	3,150	57,475
Rents	825,000	825,000	0	0
Miscellaneous	57,500	92,372	34,872	79,767
Total other	922,500	960,522	38,022	137,242
Total revenues	$ 23,219,789	$ 24,845,416	$ 1,625,627	$ 23,031,767

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2013
(With comparative actual amounts for the fiscal year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
City Manager's Office				
Personal services	$ 723,068	$ 700,148	$ 22,920	$ 667,718
Other	228,260	217,897	10,363	159,301
Total City Manager's Office	951,328	918,045	33,283	827,019
Financial Services and IT				
Personal services	1,245,990	1,227,536	18,454	1,202,394
Other	528,043	406,866	121,177	390,580
Total Financial Services and IT	1,774,033	1,634,402	139,631	1,592,974
Human Resources				
Personal services	482,429	480,959	1,470	481,437
Other	63,236	48,218	15,018	40,776
Total Human Resources	545,665	529,177	16,488	522,213
Total General Government	3,271,026	3,081,624	189,402	2,942,206
Judicial				
Municipal Court				
Personal services	337,162	327,801	9,361	329,538
Other	108,331	93,955	14,376	87,717
Total Judicial	445,493	421,756	23,737	417,255
Public Safety				
Police				
Personal services	6,783,881	6,475,176	308,705	6,535,651
Other	1,798,561	1,565,001	233,560	1,629,715
Capital outlay	0	8,207	(8,207)	0
Total Police	8,582,442	8,048,384	534,058	8,165,366
Code Enforcement				
Personal services	160,764	154,279	6,485	168,528
Other	64,548	60,173	4,375	61,097
Total Code Enforcement	225,312	214,452	10,860	229,625
Fire				
Personal services	5,790,951	5,475,172	315,779	5,639,709
Other	789,716	698,784	90,932	754,642
Capital outlay	0	0	0	5,481
Total Fire	6,580,667	6,173,956	406,711	6,399,832
Total Public Safety	15,388,421	14,436,792	951,629	14,794,823
Public Works				
Public Lands and Buildings				
Personal services	250,822	244,717	6,105	252,565
Other	166,734	166,502	232	143,116
Capital outlay	0	0	0	7,494
Total Public Lands and Buildings	417,556	411,219	6,337	403,175

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2013
(With comparative actual amounts for the fiscal year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
Public Works, continued				
Engineering				
Personal services	$ 566,709	$ 536,114	$ 30,595	$ 554,872
Other	88,453	75,468	12,985	66,539
Total Engineering	655,162	611,582	43,580	621,411
Traffic				
Personal services	514,329	445,311	69,018	478,370
Other	865,634	767,431	98,203	786,982
Capital Outlay	0	0	0	5,925
Total Traffic	1,379,963	1,212,742	167,221	1,271,277
Street Maintenance				
Personal services	1,506,114	1,364,258	141,856	1,388,617
Other	397,539	342,632	54,907	400,509
Capital outlay	30,800	30,015	785	13,750
Total Street Maintenance	1,934,453	1,736,905	197,548	1,802,876
Cemetery				
Personal services	195,096	195,095	1	245,426
Other	118,690	116,995	1,695	62,826
Capital outlay	15,888	15,888	0	8,300
Total Cemetery	329,674	327,978	1,696	316,552
Agency allocations	27,200	24,992	2,208	0
Total Public Works	4,744,008	4,325,418	418,590	4,415,291
Health and Welfare				
Agency allocations	12,500	12,500	0	12,500
Culture and Recreation				
Agency allocations	25,000	25,000	0	290,000
Housing and Development				
Communications and Tourism				
Personal services	249,123	247,523	1,600	242,089
Other	194,996	157,417	37,579	137,503
Total Communications and Tourism	444,119	404,940	39,179	379,592
Planning				
Personal services	429,364	426,212	3,152	430,591
Other	93,987	94,454	(467)	91,163
Total Planning	523,351	520,666	2,685	521,754
Inspection				
Personal services	236,277	233,578	2,699	243,110
Other	28,497	26,194	2,303	24,188
Total Inspection	264,774	259,772	5,002	267,298
Agency allocations	27,888	27,888	0	29,494
Total Housing and Development	1,260,132	1,213,266	46,866	1,198,138
Total expenditures	$ 25,146,580	$ 23,516,356	$ 1,630,224	$ 24,070,213

SPECIAL REVENUE FUNDS

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

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

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

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 SERVICE CENTER SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 1,891,408	$ 1,671,236
Receivables		
Accounts	998	1,049
Intergovernmental	304,620	341,773
Total assets	$ 2,197,026	$ 2,014,058
LIABILITIES		
Payables		
Accounts	$ 59,263	$ 60,868
Deposits	186	1,434
Accrued salaries	17,414	20,096
Total liabilities	76,863	82,398
FUND BALANCES		
Restricted for Health and Welfare	1,064,225	977,581
Assigned for:		
Health and Welfare	1,038,727	919,490
Budget	17,211	34,589
Total fund balances	2,120,163	1,931,660
Total liabilities and fund balances	$ 2,197,026	$ 2,014,058

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 430,476	$ 397,674	$ (32,802)	$ 349,346
Intergovernmental	3,293,265	1,731,341	(1,561,924)	2,114,106
Interest	1,000	2,839	1,839	1,976
Contributions	81,230	80,980	(250)	93,066
Other	90,259	87,741	(2,518)	96,547
Total revenues	3,896,230	2,300,575	(1,595,655)	2,655,041
EXPENDITURES				
Current				
Health and Welfare				
Personal services	1,478,403	1,355,850	122,553	1,559,888
Other	1,524,935	1,107,103	417,832	1,481,123
Capital outlay	1,331,435	53,978	1,277,457	0
Total expenditures	4,334,773	2,516,931	1,817,842	3,041,011
Excess (deficiency) of revenues over (under) expenditures	(438,543)	(216,356)	222,187	(385,970)
Other financing sources (uses)				
Transfers in (out)				
General Fund	397,854	404,859	7,005	410,377
General Government Capital Projects Fund	0	0	0	41,000
Public Utilities Fund	0	0	0	4,000
Total other financing sources (uses)	397,854	404,859	7,005	455,377
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(40,689)	188,503	229,192	69,407
Fund balance, July 1	40,689	1,931,660	1,890,971	1,862,253
Fund balances, June 30	$ 0	$ 2,120,163	$ 2,120,163	$ 1,931,660

CITY OF GAINESVILLE, GEORGIA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 1,343,944	$ 1,264,320
Investments	1,590,055	1,586,187
Receivables		
Accounts	858	22,028
Notes	135,947	146,357
Interest	407	822
Advances to other funds	81,691	81,691
Total assets	$ 3,152,902	$ 3,101,405
LIABILIITES		
Payables		
Accounts	$ 9,805	$ 13,617
Intergovernmental	0	7,088
Unearned revenue	331	0
Total liabilities	10,136	20,705
FUND BALANCES		
Nonspendable advances to other funds	81,691	81,691
Committed for Housing and Development	25,663	0
Assigned for Housing and Development	3,035,412	2,999,009
Total fund balances	3,142,766	3,080,700
Total liabilities and fund balances	$ 3,152,902	$ 3,101,405

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 0	$ 136,801	$ 136,801	$ 69,017
Intergovernmental	25,000	20,752	(4,248)	0
Interest	7,200	8,001	801	1,558
Contributions	0	0	0	470,970
Other	0	650	650	0
Total revenue	32,200	166,204	134,004	541,545
EXPENDITURES				
Current				
Housing and Development				
Other	132,200	88,280	43,920	92,113
Debt Service				
Interest expense	76,356	22,858	53,498	41,486
Total expenditures	208,556	111,138	97,418	133,599
Excess (deficiency) of revenues over (under) expenditures	(176,356)	55,066	231,422	407,946
Other financing sources (uses)				
Transfers in (out)				
Public Utilities Fund	7,000	7,000	0	7,000
Gain on sale of property held for resale	200,000	0	(200,000)	0
Contingency	(30,644)	0	30,644	0
Total other financing sources (uses)	176,356	7,000	(169,356)	7,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	62,066	62,066	414,946
Fund balances, July 1	0	3,080,700	3,080,700	2,665,754
Fund balances, June 30	$ 0	$ 3,142,766	$ 3,142,766	$ 3,080,700

CITY OF GAINESVILLE, GEORGIA
GEORGIA MOUNTAINS CENTER SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 0	$ 163,147
Receivables		
Accounts	0	10,221
Intergovernmental	0	457
Total assets	$ 0	$ 173,825
LIABILITIES		
Payables		
Accounts	$ 0	$ 22,893
Sales tax	0	805
Deposits	0	3,425
Accrued salaries	0	4,913
Total liabilities	0	32,036
FUND BALANCES		
Assigned for Culture and Recreation	0	141,789
Total liabilities and fund balances	$ 0	$ 173,825

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	**Actual**	**Variance**	**Actual**
REVENUES				
Charges for services	$ 352,250	$ 159,336	$ (192,914)	$ 377,754
Interest	200	271	71	220
Other	2,500	8,817	6,317	5,368
Total revenues	354,950	168,424	(186,526)	383,342
EXPENDITURES				
Current				
Culture and Recreation				
Personal services	315,902	194,906	120,996	405,593
Other	344,895	197,711	147,184	351,326
Capital outlay	0	0	0	5,199
Total expenditures	660,797	392,617	268,180	762,118
Excess (deficiency) of revenues over (under) expenditures	(305,847)	(224,193)	81,654	(378,776)
Other financing sources (uses)				
Transfers in (out)				
Hotel/Motel Tax Fund	305,847	305,847	0	303,003
General Government Capital Projects Fund	(224,581)	(224,581)	0	0
Sales of capital assets	0	1,138	1,138	169
Total other financing sources (uses)	81,266	82,404	1,138	303,172
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(224,581)	(141,789)	82,792	(75,604)
Fund balances, July 1	224,581	141,789	(82,792)	217,393
Fund balances, June 30	$ 0	$ 0	$ 0	$ 141,789

CITY OF GAINESVILLE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 215,430	$ 171,079
Accounts receivable	51,130	46,659
Total assets	$ 266,560	$ 217,738
FUND BALANCES		
Assigned for Housing and Development	$ 266,560	$ 217,738

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	$ 543,084	$ 591,793	$ 48,709	$ 563,902
Interest	200	313	113	252
Total revenues	543,284	592,106	48,822	564,154
EXPENDITURES				
Current				
Housing and Development				
Other	75,000	75,000	0	0
Total expenditures	75,000	75,000	0	0
Excess (deficiency) of revenues over (under) expenditures	468,284	517,106	48,822	564,154
Other financing sources (uses)				
Transfers in (out)				
General Fund	(63,805)	(63,805)	0	(75,522)
Georgia Mountains Center	(305,847)	(305,847)	0	(303,003)
General Government				
Capital Projects Fund	(98,632)	(98,632)	0	(144,960)
Total other financing sources (uses)	(468,284)	(468,284)	0	(523,485)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	48,822	48,822	40,669
Fund balances, July 1	0	217,738	217,738	177,069
Fund balances, June 30	$ 0	$ 266,560	$ 266,560	$ 217,738

CITY OF GAINESVILLE, GEORGIA
GOVERNMENT ACCESS CABLE TV CHANNEL SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 106,147	$ 125,127
Intergovernmental receivables	10,840	10,008
Total assets	$ 116,987	$ 135,135
LIABILITIES		
Accounts payable	$ 2,982	$ 1,211
Accrued salaries	1,806	1,700
Total liabilities	4,788	2,911
FUND BALANCES		
Restricted for:		
General Government	53,622	53,771
Capital outlay	3,108	23,032
Assigned for General Government	55,469	55,421
Total fund balances	112,199	132,224
Total liabilities and fund balances	$ 116,987	$ 135,135

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 90,235	$ 86,010	$ (4,225)	$ 86,939
Interest	0	197	197	186
Other	0	0	0	2
Total revenues	90,235	86,207	(4,028)	87,127
EXPENDITURES				
Current				
General Government				
Personal services	120,419	120,417	2	111,021
Other	60,051	51,901	8,150	59,643
Capital outlay	19,924	19,924	0	0
Total expenditures	200,394	192,242	8,152	170,664
Excess (deficiency) of revenues over (under) expenditures	(110,159)	(106,035)	4,124	(83,537)
Other financing sources (uses)				
Transfers in (out)				
General Fund	90,235	86,010	(4,225)	86,939
General Government				
Capital Projects Fund	0	0	0	(45,000)
Total other financing sources (uses)	90,235	86,010	(4,225)	41,939
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(19,924)	(20,025)	(101)	(41,598)
Fund balance, July 1	19,924	132,224	112,300	173,822
Fund balances, June 30	$ 0	$ 112,199	$ 112,199	$ 132,224

CITY OF GAINESVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 222,899	$ 30,993
Intergovernmental receivable	0	3,346
	$ 222,899	$ 34,339
LIABILITIES		
Accounts payable	$ 2,008	$ 0
FUND BALANCES		
Restricted for Public Safety	220,891	34,339
Total liabilities and fund balances	$ 222,899	$ 34,339

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 84,868	$ 233,903	$ 149,035	$ 21,718
Interest	0	161	161	31
Total revenues	84,868	234,064	149,196	21,749
EXPENDITURES				
Current				
Public Safety				
Other	45,202	37,162	8,040	3,051
Capital outlay	42,866	10,350	32,516	0
Total expenditures	88,068	47,512	40,556	3,051
Excess (deficiency) of revenues over (under) expenditures	(3,200)	186,552	189,752	18,698
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	0	0	(9,506)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,200)	186,552	189,752	9,192
Fund balance, July 1	3,200	34,339	31,139	25,147
Fund balances, June 30	$ 0	$ 220,891	$ 220,891	$ 34,339

CITY OF GAINESVILLE, GEORGIA
GRANTS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 36,115	$ 100
Receviables		
Accounts	0	100
Intergovernmental	58,650	314,648
Total assets	$ 94,765	$ 314,848
LIABILITIES		
Accounts payable	$ 15,692	$ 4,447
Unearned revenue	0	100
Due to other funds	0	217,992
Total liabilities	15,692	222,539
FUND BALANCES		
Restricted for:		
Public Safety	0	14,017
Public Works	0	28,850
Committed for Housing and Development	4,868	4,868
Assigned for:		
General Government	74,205	26,044
Public Safety	0	12,530
Housing and Development	0	6,000
Total fund balances	79,073	92,309
Total liabilities and fund balances	$ 94,765	$ 314,848

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	**Actual**	**Variance**	**Actual**
REVENUES				
Intergovernmental	$ 959,742	$ 417,979	$ (541,763)	$ 1,698,851
Other	0	0	0	6,048
Total revenues	959,742	417,979	(541,763)	1,704,899
EXPENDITURES				
Current				
General Government	19,868	13,500	6,368	204,273
Public Safety	348,251	114,642	233,609	1,082,599
Housing and Development	306,000	0	306,000	0
Total expenditures	674,119	128,142	545,977	1,286,872
Excess (deficiency) of revenues over (under) expenditures	285,623	289,837	4,214	418,027
Other financing sources (uses)				
Transfers in (out)				
General Fund	(309,022)	(303,073)	5,949	(400,592)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(23,399)	(13,236)	10,163	17,435
Fund balance, July 1	23,399	92,309	68,910	74,874
Fund balances, June 30	$ 0	$ 79,073	$ 79,073	$ 92,309

CITY OF GAINESVILLE, GEORGIA
HUD GRANT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Investments	$ 87,174	$ 43,022
Intergovernmental receivables	54,526	56,861
Total assets	$ 141,700	$ 99,883
LIABILITIES		
Accounts payable	$ 4,414	$ 24,645
Accrued salaries	1,258	952
Due to other funds	48,854	31,264
Total liabilities	54,526	56,861
FUND BALANCES		
Restriced for Housing and Development	87,174	43,022
Total liabilities and fund balances	$ 141,700	$ 99,883

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	**Actual**	**Variance**	**Actual**
REVENUES				
Intergovernmental	$ 731,479	$ 289,879	$ (441,600)	$ 428,752
Other	0	0	0	3
Total revenues	731,479	289,879	(441,600)	428,755
EXPENDITURES				
Current				
Housing and Development				
Personal services	126,322	86,558	39,764	64,730
Other	480,157	159,169	320,988	321,003
Capital outlay	125,000	0	125,000	0
Total expenditures	731,479	245,727	485,752	385,733
Excess (deficiency) of revenues over (under) expenditures	0	44,152	44,152	43,022
Fund balances, July 1	0	43,022	43,022	0
Fund balances, June 30	$ 0	$ 87,174	$ 87,174	$ 43,022

CITY OF GAINESVILLE, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 54,998	$ 32,584
Investments	63,174	63,174
Notes receivable	448,054	406,481
Total assets	$ 566,226	$ 502,239
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - notes receivable	$ 511,228	$ 469,655
FUND BALANCES		
Restricted for Housing and Development	54,998	32,584
Total deferred inflows and fund balances	$ 566,226	$ 502,239

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 39,533	39,374	$ (159)	$ 42,215
Interest	0	74	74	55
Total revenues	39,533	39,448	(85)	42,270
EXPENDITURES				
Current				
Housing and Development				
Other	58,583	17,034	41,549	50,641
Total expenditures	58,583	17,034	41,549	50,641
Excess (deficiency) of revenues over (under) expenditures	(19,050)	22,414	41,464	(8,371)
Fund balances, July 1	19,050	32,584	13,534	40,955
Fund balances, June 30	$ 0	$ 54,998	$ 54,998	$ 32,584

CITY OF GAINESVILLE, GEORGIA
IMPACT FEE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 643,200	$ 537,521
FUND BALANCES		
Restricted for:		
Public Safety	$ 385,809	$ 331,265
Cultural and Recreation	257,391	206,256
Total fund balances	$ 643,200	$ 537,521

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 119,485	$ 288,380	$ 168,895	$ 68,161
Intergovernmental	0	0	0	11,128
Interest	500	882	382	636
Total revenues	119,985	289,262	169,277	79,925
EXPENDITURES				
Current				
Culture and Recreation				
Other	175,000	175,000	0	0
Total expenditures	175,000	175,000	0	0
Excess (deficiency) of revenues over (under) expenditures	(55,015)	114,262	169,277	79,925
Other financing sources (uses)				
Transfers in (out)				
General Fund	(8,585)	(8,583)	2	(2,566)
Contingency	(111,400)	0	111,400	0
Total other financing sources (uses)	(119,985)	(8,583)	111,402	(2,566)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(175,000)	105,679	280,679	77,359
Fund balances, July 1	175,000	537,521	362,521	460,162
Fund balances, June 30	$ 0	$ 643,200	$ 643,200	$ 537,521

CITY OF GAINESVILLE, GEORGIA
TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 658,675	$ 556,369
FUND BALANCES		
Restricted for Housing and Development	$ 656,674	$ 555,300
Assigned for Housing and Development	2,001	1,069
Total fund balances	$ 658,675	$ 556,369

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	**Actual**	**Variance**	**Actual**
REVENUES				
Property taxes	$ 21,400	$ 12,765	$ (8,635)	$ 24,272
Intergovernmental	130,200	88,609	(41,591)	156,802
Interest	400	932	532	592
Total revenues	152,000	102,306	(49,694)	181,666
EXPENDITURES				
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	152,000	102,306	(49,694)	181,666
Other financing sources (uses)				
Transfers in (out)				
General Governemt				
Capital Projects Fund	0	0	0	34
Contingency	(152,000)	0	152,000	0
Total other financing sources (uses)	(152,000)	0	152,000	34
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	102,306	102,306	181,700
Fund balances, July 1	0	556,369	556,369	374,669
Fund balances, June 30	$ 0	$ 658,675	$ 658,675	$ 556,369

CITY OF GAINESVILLE, GEORGIA
INFORMATION TECHNOLOGY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 129,388	$ 82,462
FUND BALANCES		
Restricted for Public Safety	$ 129,388	$ 82,462

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 52,000	$ 65,976	$ 13,976	$ 51,462
Total revenues	52,000	65,976	13,976	51,462
EXPENDITURES				
Current				
Public Safety				
Capital outlay	21,000	19,050	1,950	0
Total expenditures	21,000	19,050	1,950	0
Excess (deficiency) of revenues over (under) expenditures	31,000	46,926	15,926	51,462
Other financing sources (uses)				
Contingency	(31,000)	0	31,000	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	46,926	46,926	51,462
Fund balances, July 1	0	82,462	82,462	31,000
Fund balances, June 30	$ 0	$ 129,388	$ 129,388	$ 82,462

CITY OF GAINESVILLE, GEORGIA
CEMETERY TRUST SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 251,158	$ 207,246
Accounts receivable	0	400
Total assets	$ 251,158	$ 207,646
FUND BALANCES		
Committed for Public Works	$ 143,656	$ 100,506
Assigned for Public Works	107,502	107,140
Total fund balances	$ 251,158	$ 207,646

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	**Actual**	**Variance**	**Actual**
REVENUES				
Sales and services	$ 55,000	$ 43,150	$ (11,850)	$ 60,706
Interest	150	362	212	226
Total revenues	55,150	43,512	(11,638)	60,932
EXPENDITURES				
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	55,150	43,512	(11,638)	60,932
Other financing sources (uses)				
Contingency	(55,150)	0	55,150	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	43,512	43,512	60,932
Fund balances, July 1	0	207,646	207,646	146,714
Fund balances, June 30	$ 0	$ 251,158	$ 251,158	$ 207,646

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, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 8,477,236	$ 1,521,501
Receivables		
Intergovernmental	3,337	2,691
Taxes	55,896	67,646
Prepaid items	49,078	72,962
Total assets	$ 8,585,547	$ 1,664,800
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	$ 50,726	$ 58,783
FUND BALANCES		
Nonspendable prepaid items	49,078	72,962
Restricted for debt service	2,449,222	1,270,703
Assigned for:		
Budget	0	111,918
Debt service	6,036,521	150,434
Total fund balances	8,534,821	1,606,017
Total deferred inflows and fund balances	$ 8,585,547	$ 1,664,800

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, 2013
(With comparative actual amounts for the fiscal year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	$ 1,485,548	$ 1,650,296	$ 164,748	$ 1,599,301
Interest	3,543	4,485	942	3,425
Total revenues	1,489,091	1,654,781	165,690	1,602,726
EXPENDITURES				
Debt Service				
Principal	7,681,464	7,349,754	331,710	7,112,064
Interest and fiscal charges	1,273,301	1,244,018	29,283	1,460,638
Total expenditures	8,954,765	8,593,772	360,993	8,572,702
Excess (deficiency) of revenues over (under) expenditures	(7,465,674)	(6,938,991)	526,683	(6,969,976)
Other financing sources (uses)				
Transfers in (out)				
General Fund	2,858,280	2,858,280	0	0
General Government Capital Projects Fund	1,536,923	1,536,923	0	164,000
SPLOST Capital Projects Fund	8,028,509	8,028,509	0	6,880,875
Public Utilities Fund	1,444,083	1,444,083	0	0
Contingency	(6,402,121)	0	6,402,121	0
Total other financing sources (uses)	7,465,674	13,867,795	6,402,121	7,044,875
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	6,928,804	6,928,804	74,899
Fund balances, July 1 (original)	0	1,606,017	1,606,017	1,434,272
Prior period adjustments	0	0	0	96,846
Fund balances, July 1 (restated)	0	1,606,017	1,606,017	1,531,118
Fund balances, June 30	$ 0	$ 8,534,821	$ 8,534,821	$ 1,606,017

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.*

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

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

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

CITY OF GAINESVILLE, GEORGIA
GENERAL GOVERNMENT CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 4,679,762	$ 4,771,451
LIABILITIES		
Accounts payable	$ 164,601	$ 55,381
Accrued salaries	0	245
Total liabilities	164,601	55,626
FUND BALANCES		
Restricted for capital projects:		
General Government	303,618	69,295
Public Safety	66,538	0
Assigned for capital projects:		
General Government	3,222,700	3,075,856
Public Safety	20,057	9,774
Public Works	902,248	1,013,910
Other	0	546,990
Total fund balances	4,515,161	4,715,825
Total liabilities and fund balances	$ 4,679,762	$ 4,771,451

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, 2013 and 2012

	2013	2012
REVENUES		
Intergovernmental	$ 0	$ 60,000
Total revenues	0	60,000
EXPENDITURES		
Current		
General Government	154,836	0
Capital outlay		
General Government	7,523,749	590,702
Public Safety	469,994	756,689
Public Works	608,297	547,299
Total expenditures	8,756,876	1,894,690
Excess (deficiency) of revenues over (under) expenditures	(8,756,876)	(1,834,690)
Other financing sources (uses)		
Transfers in (out)		
General Fund	1,398,660	963,702
Hotel/Motel Tax Fund	98,632	144,960
Community Service Center Fund	0	(41,000)
Georgia Mountains Center Funds	224,581	0
Government Access Cable TV Channel Fund	0	45,000
Tax Allocation District Fund	0	(34)
SPLOST Capital Projects Fund	0	461,096
Grants Capital Projects Fund	(24,330)	(394,724)
Debt Service Fund	(1,536,923)	(164,000)
Public Utilties Fund	250,324	0
Vehicle Services Fund	(75,000)	(62,500)
Issuance of capital lease	8,220,268	721,833
Total other financing sources (uses)	8,556,212	1,674,333
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(200,664)	(160,357)
Fund balances, July 1	4,715,825	4,876,182
Fund balances, June 30	$ 4,515,161	$ 4,715,825

CITY OF GAINESVILLE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 1,541,607	$ 6,511,464
Intergovernmental receivables	5,343,750	1,781,250
Total assets	$ 6,885,357	$ 8,292,714
LIABILITIES		
Payables		
Accounts	$ 0	$ 10,681
Intergovernmental	6,232,660	0
Unearned revenues	0	85
Total liabilities	6,232,660	10,766
FUND BALANCES		
Restricted for:		
Capital projects		
Public Safety	0	515,992
Public Works	401,875	791,664
Debt service	250,822	6,184,732
Assigned for capital projects:		
Public Safety	0	394,805
Public Works	0	360,784
Health and Welfare	0	33,971
Total fund balances	652,697	8,281,948
Total liabilities and fund balances	$ 6,885,357	$ 8,292,714

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, 2013 and 2012

	2013	2012
REVENUES		
Intergovernmental	$ 892,340	$ 7,125,000
Total revenues	892,340	7,125,000
EXPENDITURES		
Capital outlay		
General Government	0	77,874
Public Safety	0	53,251
Public Works	201,761	467,844
Total expenditures	201,761	598,969
Excess (deficiency) of revenues over (under) expenditures	690,579	6,526,031
Other financing sources (uses)		
Transfers in (out)		
General Fund	(257,351)	0
Debt Service Fund	(8,028,509)	(6,880,875)
General Government Capital Projects Fund	0	(461,096)
Grants Capital Projects Fund	(33,970)	151,625
Total other financing sources (uses)	(8,319,830)	(7,190,346)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(7,629,251)	(664,315)
Fund balances, July 1	8,281,948	8,946,263
Fund balances, June 30	$ 652,697	$ 8,281,948

CITY OF GAINESVILLE, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 1,643,065	$ 1,027,246
Intergovernmental receivables	0	73,211
Total assets	$ 1,643,065	$ 1,100,457
LIABILITIES		
Payables		
Accounts	$ 0	$ 176,389
Retainages	35,542	0
Unearned revenue	223,397	0
Total liabilities	258,939	176,389
FUND BALANCES		
Assigned for capital projects:		
Public Works	1,384,126	924,068
Total liabilities and fund balances	$ 1,643,065	$ 1,100,457

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, 2013 and 2012

	2013	2012
REVENUES		
Intergovernmental	$ 186,454	$ 310,260
Total revenues	186,454	310,260
EXPENDITURES		
Capital outlay		
Public Safety	0	60,575
Public Works	537,970	351,735
Culture and Recreation	3,426	585,081
Total expenditures	541,396	997,391
Excess (deficiency) of revenues over (under) expenditures	(354,942)	(687,131)
Other financing sources (uses)		
Transfers in (out)		
General Fund	526,700	470,212
General Government Capital Projects Fund	24,330	394,724
SPLOST Capital Projects Fund	33,970	(151,625)
Public Utilities Fund	230,000	0
Total other financing sources (uses)	815,000	713,311
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	460,058	26,180
Fund balances, July 1	924,068	897,888
Fund balances, June 30	$ 1,384,126	$ 924,068

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 POSITION
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 31,511,276	$ 20,133,008
Receivables		
Accounts (net)	3,452,763	3,487,618
Intergovernmental	2,736	524,238
Inventories	1,354,728	1,291,383
Prepaid items	260,351	306,380
Total current assets	36,581,854	25,742,627
Restricted assets		
Extension and Renewal		
Cash and cash equivalents	22,302,621	34,487,559
Debt Redemption		
Cash and cash equivalents	7,127,798	6,922,727
Customer Deposits		
Cash and cash equivalents	2,060,264	2,568,184
Total restricted assets	31,490,683	43,978,470
Capital assets		
Land	19,071,777	19,753,759
Nondepreciable intangibles	1,957,919	1,957,919
Land improvements	385,370	385,370
Buildings	65,973,291	65,893,090
Distribution system	517,552,595	513,053,711
Vehicles and equipment	13,200,108	12,998,047
Depreciable intangibles	4,479,275	4,581,582
Construction in progress	8,356,448	4,056,619
Accumulated depreciation	(155,328,918)	(142,806,728)
Capital assets (net of accumulated depreciation)	475,647,865	479,873,369
Total assets	543,720,402	549,594,466
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	2,724,627	3,077,250

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2013 and 2012

	2013	2012
LIABILITIES		
Current liabilities		
Accounts payable	$ 625,331	$ 653,404
Accrued salaries	168,433	152,887
Compensated absences	557,005	501,727
Capital lease payable	1,261,588	1,261,588
Notes payable	6,602,949	6,394,184
Total current liabilities	9,215,306	8,963,790
Current liabilities payable from restricted assets		
Payables		
Accounts	211,324	497,832
Retainages	101,824	20,166
Customer deposits	2,060,264	2,568,184
Revenue bonds payable	8,360,000	7,955,000
Interest payable	716,451	786,492
Total liabilities payable from restricted assets	11,449,863	11,827,674
Long-term liabilities		
Pension obligation	622,345	313,705
OPEB obligation	8,606,900	7,969,221
Compensated absences	61,889	55,747
Capital leases payable	21,446,996	22,708,585
Revenue bonds payable	72,558,760	81,134,423
Notes payable	94,539,644	101,142,591
Total long-term liabilities	197,836,534	213,324,272
Total liabilities	218,501,703	234,115,736
NET POSITION		
Net investment in capital assets	273,289,407	261,836,250
Restricted for:		
Capital outlay	22,302,621	34,487,559
Debt service	6,411,347	6,136,235
Unrestricted	25,939,951	16,095,936
Total net position	$ 327,943,326	$ 318,555,980

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Charges for sales and services		
Water sales	$ 30,642,173	$ 32,130,819
Sewer charges	25,573,867	24,976,014
Tap fees	561,392	342,309
Other	54,875	43,161
Other	996,832	1,010,311
Total operating revenues	57,829,139	58,502,614
OPERATING EXPENSES		
Costs of sales and services	10,863,040	10,742,086
Personal services	12,579,157	13,519,740
Depreciation	14,653,820	14,378,888
Total operating expenses	38,096,017	38,640,714
Operating income (loss)	19,733,122	19,861,900
Non-operating revenues (expenses)		
Interest revenue	318,757	311,063
Interest expense	(7,381,670)	(8,009,136)
Other	(46,028)	0
Distributions of capital assets to Airport Fund	(925)	0
Distributions of capital assets to Parks and Recreation Component Unit	(843,395)	0
Gain (loss) on sale of capital assets	(315,416)	18,305
Total non-operating revenues (expenses)	(8,268,677)	(7,679,768)
Net income (loss) before capital contributions and transfers	11,464,445	12,182,132
Capital contributions		
Connection fees	1,514,999	926,093
Capital contributions	1,707,923	3,601,247
Contributions of capital assets from Governmental Activities	4,016	0
Intergovernmental revenue	0	658,573
Total capital contributions	3,226,938	5,185,913
Net income (loss) before transfers	14,691,383	17,368,045
Transfers in (out)		
General Fund	(3,372,630)	(3,397,792)
Community Service Center Fund	0	(4,000)
Economic Development Fund	(7,000)	(7,000)
Debt Service Fund	(1,444,083)	0
General Government Capital Projects Fund	(250,324)	0
Grants Capital Projects Fund	(230,000)	0
Total transfers in (out)	(5,304,037)	(3,408,792)
Change in net position	9,387,346	13,959,253
Net position, July 1 (original)	318,555,980	307,139,901
Prior periods adjustments	0	(2,543,174)
Net position, July 1 (restated)	318,555,980	304,596,727
Net position, June 30	$ 327,943,326	$ 318,555,980

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from customers	$ 56,375,928	$ 59,782,552
Payments to suppliers	(10,954,458)	(11,034,580)
Payments to employees	(11,555,872)	(12,033,793)
Other receipts	996,832	1,010,311
Net cash provided (used) by operating activities	34,862,430	37,724,490
Cash flows from non-capital financing activities:		
Payments to other funds	(5,304,037)	(3,408,792)
Cash flows from capital and related financing activities:		
Receipt of capital contributions	1,517,673	930,793
Receipts from other governments	504,816	153,757
Interest paid	(7,094,823)	(7,714,300)
Acquisition of capital assets	(10,870,308)	(9,594,987)
Payment of capital related accounts payable	(517,998)	(263,762)
Sale of capital assets	43,081	18,243
Principal payments - bonds	(7,955,000)	(7,710,000)
Principal payments - promissory notes	(6,394,182)	(6,181,666)
Net cash provided (used) by capital and related financing activities	(30,766,741)	(30,361,922)
Cash flows from investing activities:		
Interest received	98,829	69,727
Net increase (decrease) in cash and cash equivalents	(1,109,519)	4,023,503
Cash and cash equivalents, July 1	64,111,478	60,087,975
Cash and cash equivalents, June 30	$ 63,001,959	$ 64,111,478

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 19,733,122	$ 19,861,900
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	14,653,820	14,378,888
(Increase) decrease in accounts receivable	34,855	1,621,541
(Increase) decrease in intergovernmental receivables	16,686	670,067
(Increase) decrease in inventory	(63,345)	(314,050)
Increase (decrease) in accounts payable	(28,073)	21,556
Increase (decrease) in deposits payable	(507,920)	(1,359)
Increase (decrease) in accrued salaries and benefits	76,966	(252,091)
Increase (decrease) in pension obligation	308,640	135,763
Increase (decrease) in OPEB obligation	637,679	1,602,275
Total adjustments	15,129,308	17,862,590
Net cash provided (used) by operating activities	$ 34,862,430	$ 37,724,490
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 31,511,276	$ 20,133,008
Extension and Renewal		
Cash and cash equivalents	22,302,621	34,487,559
Debt Redemption		
Cash and cash equivalents	7,127,798	6,922,727
Customer Deposits		
Cash and cash equivalents	2,060,264	2,568,184
Total cash and cash equivalents	$ 63,001,959	$ 64,111,478

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled $443,660 and $2,334,959 for the fiscal years ended June 30, 2013, and 2012, respectively.

Contributions of capital assets from government totaled $4,016 for the fiscal year ended June 30, 2013.

Distributions of capital assets to government and component unit totaled $925 and $843,394, respectively, for the fiscal year ended June 30, 2013.

Acquisition of capital assets through accounts payable totaled $313,418 and $517,998 for the fiscal years ended June 30, 2013 and 2012, respectively.

Forgiveness of capital lease through capital contributions totaled $1,261,588 and $1,261,588 for the fiscal years ended June 30, 2013, and June 30, 2012, respectively.

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 992,405	$ 946,060
Receivables		
Accounts	12,125	9,775
Intergovernmental	324,541	8,372
Total current assets	1,329,071	964,207
Capital assets		
Land	504,385	504,385
Land improvements	11,662,568	11,608,568
Buildings	6,669,021	6,517,372
Vehicles and equipment	386,124	367,631
Intangibles	118,000	118,000
Construction in progress	332,863	48,000
Accumulated depreciation	(7,463,710)	(6,727,333)
Total capital assets (net of accumulated depreciation)	12,209,251	12,436,623
Total assets	13,538,322	13,400,830
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	72,597	0
LIABILITIES		
Current liabilities		
Payables		
Accounts	318,189	17,551
Retainages	33,286	0
Interest	7,275	22,630
Customer deposits	436	436
Accrued salaries	1,042	1,012
Compensated absences	803	236
Capital leases payable	380,000	325,000
Total current liabilities	741,031	366,865
Long-term liabilities		
Pension obligation	3,411	1,733
OPEB obligation	10,248	7,350
Compensated absences	89	26
Capital leases payable	2,622,276	2,860,000
Total long-term liabilities	2,636,024	2,869,109
Total liabilities	3,377,055	3,235,974
NET POSITION		
Net investment in capital assets	8,946,710	9,251,623
Unrestricted	1,287,154	913,233
Total net position	$ 10,233,864	$ 10,164,856

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Charges for sales and services		
Fuel sales	$ 17,058	$ 16,505
Rent	896,401	816,466
Other	1,176	4,333
Total operating revenues	914,635	837,304
OPERATING EXPENSES		
Costs of sales and services	282,763	276,020
Personal services	74,953	21,056
Depreciation	718,809	717,240
Total operating expenses	1,076,525	1,014,316
Operating income (loss)	(161,890)	(177,012)
Non-operating revenues (expenses)		
Interest revenue	12,464	1,180
Interest expense	(39,750)	(187,531)
Debt issue costs	(66,808)	0
Total non-operating revenues (expenses)	(94,094)	(186,351)
Net income (loss) before capital contributions	(255,984)	(363,363)
Capital contributions		
Contribution of capital assets from Public Utilities Fund	925	0
Intergovernmental revenue	324,067	71,475
Total capital contributions	324,992	71,475
Change in net position	69,008	(291,888)
Net position, July 1 (original)	10,164,856	10,524,761
Prior periods adjustments	0	(68,017)
Net position, July 1 (restated)	10,164,856	10,456,744
Net position, June 30	$ 10,233,864	$ 10,164,856

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from customers	$ 911,109	$ 832,193
Payments to suppliers	(281,701)	(264,072)
Payments to employees	(69,717)	(10,093)
Other receipts	1,176	4,333
Net cash provided (used) by operating activities	560,867	562,361
Cash flows from capital and related financing activities:		
Receipts from other governments	7,898	63,103
Interest paid	(46,406)	(189,696)
Acquisition of capital assets	(157,650)	(61,498)
Debt issue costs	(148,104)	0
Issuance of capital leases	3,013,333	0
Principal payments - capital leases	(3,185,000)	(305,000)
Net cash provided (used) by capital and related financing activities	(515,929)	(493,091)
Cash flows from investing activities:		
Interest received	1,407	1,180
Net increase (decrease) in cash and cash equivalents	46,345	70,450
Cash and cash equivalents, July 1	946,060	875,610
Cash and cash equivalents, June 30	$ 992,405	$ 946,060
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (161,890)	$ (177,012)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	718,809	717,240
(Increase) decrease in accounts receivable	(2,350)	(1,214)
Increase (decrease) in accounts payable	1,062	11,948
Increase (decrease) in customer deposits	0	436
Increase (decrease) in accrued payroll liabilities	660	1,274
Increase (decrease) in pension obligation	1,678	2,339
Increase (decrease) in OPEB obligation	2,898	7,350
Total adjustments	722,757	739,373
Net cash provided by operating activities	$ 560,867	$ 562,361

Noncash investing, capital, and financing activities:

Contributions of capital assets from government totaled $925 for the fiscal year ended June 30, 2013.

Acquisition of capital assets through accounts payable totaled $299,576 for the fiscal year ended June 30, 2013.

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,092,870	$ 1,642,732
Accounts receivable (net)	152,475	156,193
Total current assets	2,245,345	1,798,925
Capital assets		
Vehicles and equipment	1,818,277	1,760,464
Accumulated depreciation	(1,450,516)	(1,400,867)
Total capital assets (net of accumulated depreciation)	367,761	359,597
Total assets	2,613,106	2,158,522
LIABILITIES		
Current liabilities		
Accounts payable	33,468	12,194
Accrued salaries	12,648	11,452
Compensated absences	39,216	38,103
Total current liabilities	85,332	61,749
Long-term liabilities		
Pension obligation	13,642	6,933
OPEB obligation	845,681	779,015
Compensated absences	4,357	4,234
Total long-term liabilities	863,680	790,182
Total liabilities	949,012	851,931
NET POSITION		
Investment in capital assets	367,761	359,597
Unrestricted	1,296,333	946,994
Total net position	$ 1,664,094	$ 1,306,591

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Charges for sales and services	$ 2,272,930	$ 2,299,960
Other	21,738	15,111
Total operating revenues	2,294,668	2,315,071
OPERATING EXPENSES		
Costs of sales and services	452,756	444,620
Costs of sales and services - landfill	190,633	195,732
Personal services	1,194,111	1,192,174
Depreciation	112,000	121,082
Total operating expenses	1,949,500	1,953,608
Operating income (loss)	345,168	361,463
Non-operating revenues (expenses)		
Interest revenue	2,995	1,850
Gain (loss) on sale of capital assets	9,340	14,125
Total non-operating revenues (expenses)	12,335	15,975
Change in net position	357,503	377,438
Net position, July 1 (original)	1,306,591	926,726
Prior periods adjustments	0	2,427
Net position, July 1 (restated)	1,306,591	929,153
Net position, June 30	$ 1,664,094	$ 1,306,591

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from customers	$ 2,276,648	$ 2,320,716
Payments to suppliers	(622,115)	(650,804)
Payments to employees	(1,118,304)	(1,049,719)
Other receipts	21,738	15,111
Net cash provided (used) by operating activities	557,967	635,304
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(120,164)	(201,694)
Sale of capital assets	9,340	14,125
Net cash provided (used) by capital and related financing activities	(110,824)	(187,569)
Cash flows from investing activities:		
Interest received	2,995	1,850
Net increase (decrease) in cash and cash equivalents	450,138	449,585
Cash and cash equivalents, July 1	1,642,732	1,193,147
Cash and cash equivalents, June 30	$ 2,092,870	$ 1,642,732
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 345,168	$ 361,463
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	112,000	121,082
(Increase) decrease in accounts receivable	3,718	20,756
Increase (decrease) in accounts payable	21,274	(10,452)
Increase (decrease) in accrued payroll liabilities	2,432	(21,253)
Increase (decrease) in pension obligation	6,709	9,360
Increase (decrease) in OPEB obligation	66,666	154,348
Total adjustments	212,799	273,841
Net cash used by operating activities	$ 557,967	$ 635,304

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 59,339	$ 62,306
Accounts receivable (net)	53,195	73,501
	112,534	135,807
Capital assets		
Land	53,271	53,271
Land improvements	5,385,859	5,358,859
Buildings	715,452	715,452
Vehicles and equipment	838,765	772,044
Accumulated depreciation	(3,393,931)	(3,135,383)
Total capital assets (net of accumulated depreciation)	3,599,416	3,764,243
Total assets	3,711,950	3,900,050
LIABILITIES		
Current liabilities		
Payables		
Accounts	43,522	57,559
Sales tax	7,579	8,133
Interest	16,224	17,151
Accrued salaries	8,254	7,458
Compensated absences	15,661	16,896
Capital leases payable	195,000	185,000
Other liabilities	28,789	27,079
Total current liabilities	315,029	319,276
Long-term liabilities		
Advances from other funds	447,071	463,364
OPEB obligation	212,297	200,703
Compensated absences	1,740	1,877
Capital leases payable	3,040,000	3,235,000
Total long-term liabilities	3,701,108	3,900,944
Total liabilities	4,016,137	4,220,220
NET POSITION		
Net investment in capital assets	364,416	344,242
Unrestricted	(668,603)	(664,412)
Total net position	$ (304,187)	$ (320,170)

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Charges for sales and services		
Greens fees	$ 650,665	$ 663,546
Cart fees	265,015	283,970
Handicap fees	18,849	19,257
Practice range	55,650	54,284
Pro Shop sales	15,950	10,660
Rent revenue	10,800	12,600
Other	11,911	13,575
Total operating revenues	1,028,840	1,057,892
OPERATING EXPENSES		
Costs of sales and services	308,867	309,125
Personal services	493,780	521,002
Depreciation	258,547	266,378
Total operating expenses	1,061,194	1,096,505
Operating income (loss)	(32,354)	(38,613)
Non-operating revenues (expenses)		
Interest revenue	131	54
Interest expense	(132,711)	(140,034)
Gain (loss) on sale of capital assets	2,991	981
Total non-operating revenues (expenses)	(129,589)	(138,999)
Net income (loss) before transfers	(161,943)	(177,612)
Transfers in (out)		
General Fund	177,926	154,155
Change in net position	15,983	(23,457)
Net position, July 1 (original)	(320,170)	(224,975)
Prior periods adjustments	0	(71,738)
Net position, July 1 (restated)	(320,170)	(296,713)
Net position, June 30	$ (304,187)	$ (320,170)

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from customers	$ 1,036,681	$ 1,019,147
Payments to suppliers	(321,194)	(308,862)
Payments to employees	(482,762)	(506,222)
Other receipts	11,911	13,575
Net cash provided (used) by operating activities	244,636	217,638
Cash flows from non-capital financing activities:		
Receipts from other funds	161,633	136,662
Cash flows from capital and related financing activities:		
Interest paid	(133,638)	(140,937)
Principal payments - capital leases payable	(185,000)	(180,000)
Payment of capital related accounts payable	0	(63,363)
Sale of capital assets	2,991	981
Acquisition of capital assets	(93,720)	(6,400)
Net cash provided (used) by capital and related financing activities	(409,367)	(389,719)
Cash flows from investing activities:		
Interest received	131	54
Net increase (decrease) in cash and cash equivalents	(2,967)	(35,365)
Cash and cash equivalents, July 1	62,306	97,671
Cash and cash equivalents, June 30	$ 59,339	$ 62,306
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (32,354)	$ (38,613)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	258,547	266,378
(Increase) decrease in accounts receivable	20,306	(26,193)
Increase (decrease) in accounts payable	(14,037)	(4,248)
Increase (decrease) in sales tax payable	(554)	1,023
Increase (decrease) in accrued payroll liabilities	(576)	(14,619)
Increase (decrease) in OPEB obligation	11,594	29,399
Increase (decrease) in other liabilities	1,710	4,511
Total adjustments	276,990	256,251
Net cash provided (used) by operating activities	$ 244,636	$ 217,638

Noncash investing, capital, and financing activities:

Liquidation of notes payable through advances from other funds totaled $81,691 for the fiscal year ended June 30, 2012.

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 POSITION
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,186,420	$ 1,578,911
Accounts receivable	3,121	2,581
Other assets	140,000	0
Total assets	1,329,541	1,581,492
LIABILITIES		
Current liabilities		
Accounts payable	10,304	388,830
Claims reserves	743,816	619,416
Total liabilities	754,120	1,008,246
NET POSITION		
Unrestricted	$ 575,421	$ 573,246

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Interfund services provided	$ 1,152,141	$ 1,480,961
Other	6,940	9,115
Total operating revenue	1,159,081	1,490,076
OPERATING EXPENSES		
Costs of services		
Insurance	553,498	874,949
Claims	409,531	436,601
Administrative fees	196,052	178,526
Total operating expenses	1,159,081	1,490,076
Operating income (loss)	0	0
Non-operating revenues (expenses)		
Interest revenue	2,175	1,882
Change in net position	2,175	1,882
Net position, July 1	573,246	571,364
Net position, June 30	$ 575,421	$ 573,246

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from interfund services provided	$ 1,151,601	$ 1,501,514
Payments to suppliers	(1,553,207)	(1,172,066)
Other receipts	6,940	9,115
Net cash provided (used) by operating activities	(394,666)	338,563
Cash flows from investing activities:		
Interest received	2,175	1,882
Net increase (decrease) in cash and cash equivalents	(392,491)	340,445
Cash and cash equivalents, July 1	1,578,911	1,238,466
Cash and cash equivalents, June 30	$ 1,186,420	$ 1,578,911
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	(540)	20,553
(Increase) decrease in other assets	(140,000)	0
Increase (decrease) in accounts payable	(378,526)	377,381
Increase (decrease) in claims reserve	124,400	(59,371)
Total adjustments	(394,666)	338,563
Net cash provided (used) by operating activities	$ (394,666)	$ 338,563

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,251,542	$ 5,400,636
Accounts receivable	2,474	48,473
Total assets	6,254,016	5,449,109
LIABILITIES		
Current liabilities		
Accounts payable	49,018	29,066
Deposits payable	9,837	10,633
Claims reserves	382,300	336,600
Total liabilities	441,155	376,299
NET POSITION		
Unrestricted	$ 5,812,861	$ 5,072,810

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Interfund services provided	$ 7,507,292	$ 7,495,645
Other	4,481	1,068
Total operating revenue	7,511,773	7,496,713
OPERATING EXPENSES		
Costs of services		
Insurance	1,635,751	1,465,559
Claims	4,206,217	4,085,394
Wellness program	565,160	562,808
Administrative fees	373,996	383,538
Total operating expenses	6,781,124	6,497,299
Operating income (loss)	730,649	999,414
Non-operating revenues (expenses)		
Interest revenue	9,402	6,527
Change in net position	740,051	1,005,941
Net position, July 1	5,072,810	4,066,869
Net position, June 30	$ 5,812,861	$ 5,072,810

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from interfund services provided	$ 7,553,291	$ 7,735,615
Payments to suppliers	(6,716,268)	(6,624,281)
Other receipts	4,481	1,068
Net cash provided (used) by operating activities	841,504	1,112,402
Cash flows from investing activities:		
Interest received	9,402	6,527
Net increase (decrease) in cash and cash equivalents	850,906	1,118,929
Cash and cash equivalents, July 1	5,400,636	4,281,707
Cash and cash equivalents, June 30	$ 6,251,542	$ 5,400,636
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 730,649	$ 999,414
Adjustments to reconcile net income to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	45,999	239,970
Increase (decrease) in accounts payable	19,952	(10,175)
Increase (decrease) in deposits payable	(796)	(1,407)
Increase (decrease) in claims reserve	45,700	(115,400)
Total adjustments	110,855	112,988
Net cash provided (used) by operating activities	$ 841,504	$ 1,112,402

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 151,003	$ 142,235
Receivables		
Accounts	0	239
Intergovernmental	9,777	10,962
Inventory	208,963	184,874
Total current assets	369,743	338,310
Capital assets		
Buildings	246,835	142,052
Vehicles and equipment	353,288	330,281
Accumulated depreciation	(431,921)	(434,600)
Capital assets (net of accumulated depreciation)	168,202	37,733
Total assets	537,945	376,043
LIABILITIES		
Current liabilities		
Accounts payable	114,744	30,702
Accrued salaries	3,872	3,650
Compensated absences	11,703	9,892
Total current liabilities	130,319	44,244
Long-term liabilities		
Compensated absences	1,300	1,099
Total liabilities	131,619	45,343
NET POSITION		
Investment in capital assets	168,202	37,733
Unrestricted	238,124	292,967
Total net position	$ 406,326	$ 330,700

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Interfund services provided	$ 2,282,161	$ 2,319,156
Total operating revenues	2,282,161	2,319,156
OPERATING EXPENSES		
Costs of services	1,976,850	2,045,987
Personal services	295,285	257,906
Depreciation	10,026	15,263
Total operating expenses	2,282,161	2,319,156
Operating income (loss)	0	0
Nonoperating revenues (expenses)		
Interest revenue	1	4
Gain (loss) on sale of capital assets	625	16
Total nonoperating revenues (expenses)	626	20
Net income before transfers	626	20
Transfers in (out)		
General Governmental Capital Projects Fund	75,000	62,500
Change in net position	75,626	62,520
Net position, July 1	330,700	268,180
Net position, June 30	$ 406,326	$ 330,700

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from interfund services provided	$ 2,283,585	$ 2,352,735
Payments to suppliers	(1,916,897)	(2,073,072)
Payments to employees	(293,051)	(266,707)
Net cash provided (used) by operating activities	73,637	12,956
Cash flows from capital and related financing activities:		
Receipts from other funds	75,000	62,500
Sale of capital assets	625	16
Acquisition of capital assets	(140,495)	(5,775)
Net cash provided (used) by capital and related financing activities	(64,870)	56,741
Cash flows from investing activities:		
Interest received	1	4
Net increase (decrease) in cash and cash equivalents	8,768	69,701
Cash and cash equivalents, July 1	142,235	72,534
Cash and cash equivalents, June 30	$ 151,003	$ 142,235
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	10,026	15,263
(Increase) decrease in accounts receivable	239	(239)
(Increase) decrease in intergovernmental receivables	1,185	33,818
(Increase) decrease in inventory	(24,089)	(33,510)
Increase (decrease) in accounts payable	84,042	6,425
Increase (decrease) in accrued salaries and benefits	2,234	(8,801)
Total adjustments	73,637	12,956
Net cash provided (used) by operating activities	$ 73,637	$ 12,956

TRUST AND AGENCY FUNDS

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

Trust Funds

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

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

Agency Fund

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

CITY OF GAINESVILLE, GEORGIA
COMMUNITY PRIVATE-PURPOSE TRUST FUND
COMPARATIVE STATEMENTS OF TRUST NET POSITION
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 16,958	$ 14,794
NET POSITION		
Net position held in trust for employee assistance	$ 16,958	$ 14,794

CITY OF GAINESVILLE, GEORGIA
COMMUNITY PRIVATE-PURPOSE TRUST FUND
COMPARATIVE STATEMENTS OF CHANGES IN TRUST NET POSITION
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
ADDITIONS		
Employee donations	$ 48,157	$ 47,626
Interest revenue	2	3
Total additions	48,159	47,629
DEDUCTIONS		
Distributions for assistance	45,995	51,377
Total deductions	45,995	51,377
Net increase (decrease)	2,164	(3,748)
Net position held in trust for employee assistance		
Net position, July 1	14,794	18,542
Net position, June 30	$ 16,958	$ 14,794

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF PLAN NET POSITION
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 755,541	$ 798,576
Investments		
Common stock	0	8,715
Mutual funds		
Equity	45,671,852	32,018,803
Fixed income	25,689,444	33,863,641
Total assets	72,116,837	66,689,735
LIABILITIES		
Accounts payable	18,099	16,755
NET POSITION		
Net position held in trust for pension benefits	$ 72,098,738	$ 66,672,980

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF CHANGES IN PLAN NET POSITION
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
ADDITIONS		
Contributions		
Employer contributions	$ 2,720,450	$ 2,829,095
Employee contributions	2,720,450	2,829,095
Total contributions	5,440,900	5,658,190
Investment Income		
Net appreciation (depreciation) in fair value of investments	4,563,785	88,559
Interest	24	29
Dividends	1,833,419	1,811,217
Investment expense	(99,186)	(120,679)
Net investment income (loss)	6,298,042	1,779,126
Total additions (reductions)	11,738,942	7,437,316
DEDUCTIONS		
Benefits	5,843,136	5,497,109
Refunds	470,048	472,022
Total deductions	6,313,184	5,969,131
Net increase (decrease)	5,425,758	1,468,185
Net assets held in trust for pension benefits		
Net position, July 1	66,672,980	65,204,795
Net position, June 30	$ 72,098,738	$ 66,672,980

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT AGENCY FUND
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 77,151	$ 96,976
LIABILITIES		
Due to other agencies	$ 77,151	$ 96,976

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2013

	Balance July 1	Additions	Deletions	Balance June 30
ASSETS				
Cash and cash equivalents	$ 96,976	$ 1,849,149	$ (1,868,974)	$ 77,151
LIABILITIES				
Due to others agencies	$ 96,976	$ 1,849,149	$ (1,868,974)	$ 77,151

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, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 2,970,942	$ 2,360,582
Receivables		
Accounts	20,811	5,759
Intergovernmental	5,273	4,197
Property tax	87,524	109,371
Restricted assets		
Cash and cash equivalents	100,000	100,048
Total assets	$ 3,184,550	$ 2,579,957
LIABILITIES		
Payables		
Accounts	$ 201,504	$ 98,893
Sales tax	10,729	12,749
Intergovernmental	6,416	3,366
Accrued salaries	44,600	43,296
Unearned revenue	0	8,000
Other	18,601	19,256
Total liabilities	281,850	185,560
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	79,364	95,514
FUND BALANCES		
Restricted for:		
Clarks Bridge Legacy	5,255	5,255
Committed for:		
Booster Club	131,932	107,525
Development Fund	100,000	100,048
Civic Center	10,000	2,967
Children at Play Fund	10,000	10,000
Assigned for:		
Capital projects	106,101	6,513
Budget	933,481	137,065
Culture and Recreation	1,526,567	1,929,510
Total fund balances	2,823,336	2,298,883
Total liabilities, deferred inflows, and fund balances	$ 3,184,550	$ 2,579,957

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	**Actual**	**Variance**	**Actual**
REVENUES				
Property taxes	2,338,363	$ 2,606,226	$ 267,863	$ 2,498,842
Charges for sales and services				
Recreation Division	150,320	153,475	3,155	263,392
Lanier Point/Ivey Watson	100,150	100,240	90	142,521
Youth Sports Booster Club	78,700	85,019	6,319	71,222
Gainesville Civic Center	330,950	364,808	33,858	306,441
Allen Creek Soccer Complex	17,299	20,337	3,038	22,428
Frances Meadows Community Center	707,720	748,820	41,100	714,152
Intergovernmental	253,117	250,000	(3,117)	0
Interest	2,200	4,703	2,503	3,378
Contributions	1,750	1,250	(500)	113
Other	5,498	5,911	413	1,078
Total revenues	3,986,067	4,340,789	354,722	4,023,567
EXPENDITURES				
Current				
Culture and recreation				
Administration Division	630,215	622,209	8,006	627,815
Recreation Division	363,952	355,030	8,922	377,781
Parks Division	807,011	777,037	29,974	832,096
Maintenance Shop	90,471	78,854	11,617	81,065
Lanier Point/Ivey Watson	174,811	174,495	316	209,537
Clarks Bridge Park	26,717	14,886	11,831	2,823
Youth Sports Booster Club	74,309	60,822	13,487	67,413
Gainesville Civic Center	554,107	479,992	74,115	487,683
Allen Creek Soccer Complex	47,473	45,260	2,213	41,894
Frances Meadows Center	1,169,132	1,066,182	102,950	1,073,578
Capital outlay	361,530	161,400	200,130	62,644
Total expenditures	4,299,728	3,836,167	463,561	3,864,329
Excess (deficiency) of revenues over (under) expenditures	(313,661)	504,622	818,283	159,238
Other financing sources (uses)				
Sales of capital assets	0	19,831	19,831	5,783
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(313,661)	524,453	838,114	165,021
Fund balances, July 1	313,661	2,298,883	1,985,222	2,133,862
Fund balances, June 30	$ 0	$ 2,823,336	$ 2,823,336	$ 2,298,883

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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	$ 2,338,363	$ 2,606,226	$ 267,863	$ 2,498,842
Charges for sales and services				
Recreation Division	150,320	153,475	3,155	263,392
Lanier Point/Ivey Watson	100,150	100,240	90	142,521
Youth Sports Booster Club	78,700	85,019	6,319	71,222
Gainesville Civic Center	330,950	364,808	33,858	306,441
Allen Creek Soccer Complex	17,299	20,337	3,038	22,428
Frances Meadows Center	707,720	748,820	41,100	714,152
Intergovernmental	78,117	75,000	(3,117)	0
Interest	2,200	4,703	2,503	3,378
Contributions	1,750	1,250	(500)	113
Other	5,498	5,911	413	1,078
Total revenues	3,811,067	4,165,789	354,722	4,023,567
EXPENDITURES				
Current				
Culture and recreation				
Administrative services	630,215	622,209	8,006	627,815
Recreational services	363,952	355,030	8,922	377,781
Park services	807,011	777,037	29,974	832,096
Maintenance shop	90,471	78,854	11,617	81,065
Lanier Point/Ivey Watson	174,811	174,495	316	209,537
Clarks Bridge Park	26,717	14,886	11,831	2,823
Booster Club	74,309	60,822	13,487	67,413
Civic Center	554,107	479,992	74,115	487,683
Allen Creek Soccer Complex	47,473	45,260	2,213	41,894
Frances Meadows Center	1,169,132	1,066,182	102,950	1,073,578
Capital outlay	15,000	14,500	500	0
Total expenditures	3,953,198	3,689,267	263,931	3,801,685
Excess (deficiency) of revenues over (under) expenditures	(142,131)	476,522	618,653	221,882
Other financing sources (uses)				
Transfers in (out)				
Capital Projects Activity	(71,487)	(71,488)	1	419,487
Sales of capital assets	0	19,831	19,831	5,783
Total other financing sources (uses)	(71,487)	(51,657)	19,832	425,270
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(213,618)	$ 424,865	$ 638,485	$ 647,152
Fund balances, July 1	213,618			
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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	2013			2012
	Final Budget	**Actual**	**Variance**	**Actual**
REVENUES				
Intergovernmental	$ 175,000	$ 175,000	$ 0	$ 0
EXPENDITURES				
Current				
Culture and recreation				
Capital outlay	346,530	146,900	199,630	62,644
Excess (deficiency) of revenues over (under) expenditures	(171,530)	28,100	199,630	(62,644)
Other financing sources (uses)				
Transfers in (out)				
Operating Activity	71,487	71,488	1	(419,487)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(100,043)	$ 99,588	$ 199,631	$ (482,131)
Fund balances, July 1	100,043			
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……171-184

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……185-192

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

Debt Capacity……193-199

These tables/schedules present information designed to assist the reader in analyzing the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

Demographic and Economic Information……..…200-201

These tables/schedules offer demographic, economic and statistical information intended to assist the reader in understanding the environment in which the City's financial activities take place.

Operating Information……202-206

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……...207-214

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

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

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

	Fiscal Year			
	2004	**2005**	**2006**	**2007**
Governmental activities				
Net investment in capital assets	$ 25,820,226	$ 29,652,331	$ 39,003,296	$ 56,451,206 (1)
Restricted	8,879,997	9,248,123	5,444,490	13,871,748
Unrestricted	4,856,898	6,131,960	9,110,539	9,863,975
Total governmental activities net position	$ 39,557,121	$ 45,032,414	$ 53,558,325	$ 80,186,929
Business-type activities				
Net investment in capital assets	$ 145,832,850	$ 156,582,000	$ 170,623,543	$ 205,362,082 (1)
Restricted	40,535,656	40,454,376	55,579,857	42,895,444
Unrestricted	11,262,536	19,550,986	9,586,367	23,301,410
Total business-type activities net position	$ 197,631,042	$ 216,587,362	$ 235,789,767	$ 271,558,936
Primary government				
Net investment in capital assets	$ 171,653,076	$ 186,234,331	$ 209,626,839	$ 261,813,288 (1)
Restricted	49,415,653	49,702,499	61,024,347	56,767,192
Unrestricted	16,119,434	25,682,946	18,696,906	33,165,385
Total primary government net position	$ 237,188,163	$ 261,619,776	$ 289,348,092	$ 351,745,865

Note (1): FY07 numbers include retroactive recording of infrastructure and land assets totaling $21.1 million.
Note (2): Prior to FY11, certain elements of fund balance reported in special revenue, debt service, and capital projects funds were reported as restricted net assets. Beginning in FY13, those elements of fund balance were reported as unrestricted net position.

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 63,283,044	$ 67,749,010	$ 60,193,753	$ 63,722,901	$ 70,549,134	$ 74,015,737
15,285,263	13,579,449	19,518,264	4,913,949 (2)	11,586,492	12,560,215
8,020,964	2,727,185	2,534,296	19,692,245 (2)	11,878,957	9,380,465
$ 86,589,271	$ 84,055,644	$ 82,246,313	$ 88,329,095	$ 94,014,583	$ 95,956,417
$ 226,811,308	$ 234,871,719	$ 248,507,489	$ 259,477,278	$ 271,791,712	$ 282,968,294
45,853,659	30,780,543	44,475,796	43,710,594	40,623,794	28,713,968
21,726,107	35,144,675	14,276,555	16,169,226	20,918,748	29,468,343
$ 294,391,074	$ 300,796,937	$ 307,259,840	$ 319,357,098	$ 333,334,254	$ 341,150,605
$ 290,094,352	$ 302,620,729	$ 308,701,242	$ 323,200,179	$ 342,340,846	$ 356,984,031
61,138,922	44,359,992	63,994,060	48,624,543	52,210,286	41,274,183
29,747,071	37,871,860	16,810,851	35,861,471	32,797,705	38,848,808
$ 380,980,345	$ 384,852,581	$ 389,506,153	$ 407,686,193	$ 427,348,837	$ 437,107,022

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

	Fiscal Year			
Expenses	**2004**	**2005**	**2006**	**2007**
Governmental activities:				
General Government	$ 2,821,947 (1)	$ 2,910,735	$ 2,764,590	$ 3,072,278
Judicial	321,653 (1)	333,831	326,126	360,345
Public Safety	11,702,353	12,846,149	13,564,249	14,450,489
Public Works	3,930,576 (1)	4,469,451	4,922,994	5,188,523
Health and Welfare	2,444,938	2,646,910	3,304,258	2,914,363
Culture and Recreation	2,530,848 (2)	1,949,216	1,368,668	1,553,091
Housing and Development	914,821 (1)	1,174,362	1,374,039	1,887,154
Education	123,730	0 (3)	0	0
Non-departmental	5,059	0	0	0
Interest on long-term debt	56,845	60,374	60,179	158,451
Total governmental activities expenses	24,852,770	26,391,028	27,685,103	29,584,694
Business-type activities:				
Water and Sewer	33,316,518	34,881,486	36,123,069	38,462,407
Airport	186,976	511,429	707,009 (7)	981,357
Solid Waste	1,669,048	1,770,159	1,890,733	1,912,477
Golf Course	1,136,346	1,129,727	734,964 (4)	926,065 (4)
Total business-type activities expenses	36,308,888	38,292,801	39,455,775	42,282,306
Total primary government expenses	$ 61,161,658	$ 64,683,829	$ 67,140,878	$ 71,867,000
Indirect Costs				
Governmental activities:				
General Government	(1,042,422)	(1,220,511)	(1,171,420)	(1,145,200)
Business-type activities:				
Water and Sewer	1,042,422	1,220,511	1,171,420	1,145,200
Airport	0	0	0	0
Solid Waste	0	0	0	0
Total Business-type activities indirect cost	1,042,422	1,220,511	1,171,420	1,145,200
Total primary government indirect cost	$ 0	$ 0	$ 0	$ 0
Program Revenues				
Governmental activities:				
Charges for services:				
General Government	1,695,057	602,774 (5)	600,678	653,781
Public Safety	2,310,103	2,243,110	2,156,808	2,474,898
Public Works	37,779 (6)	84,187	52,356	58,870
Health and Welfare	339,416	359,076	434,877	465,968
Housing and Development	0	0	0	770,227 (8)
Culture and Recreation	498,960	551,802	500,124	613,332
Operating grants and contributions	2,134,842	2,157,134	2,862,508	3,168,729
Capital grants and contributions	3,479,548	3,455,500	6,266,268	2,340,185
Total governmental activities program revenues	10,495,705	9,453,583	12,873,619	10,545,990
Business-Type activities:				
Charges for services:				
Water and Sewer	35,219,292	37,284,505	41,548,172	47,400,388
Airport	338,185	431,109	862,230 (7)	894,132
Solid Waste	1,304,986	1,439,122	1,544,902	1,564,861
Golf Course	1,034,844	928,440	462,507 (4)	578,762 (4)
Operating grants and contributions	0	71,612	190,315	171,924
Capital grants and contributions	18,596,515	18,736,376	13,095,530	23,850,849
Total business-type activities program revenues	56,493,822	58,891,164	57,703,656	74,460,916
Total primary government program revenues	$ 66,989,527	$ 68,344,747	$ 70,577,275	$ 85,006,906

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 deportatio

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					
2008	2009	2010	2011	2012	2013
$ 3,152,030	$ 3,682,213	$ 3,578,661	$ 4,064,412	$ 4,031,095	$ 4,376,553
371,743	432,380	434,137	404,862	460,066	450,165
15,103,008	17,760,718	16,930,483	16,160,112	17,932,227	16,423,939
6,491,116	6,649,367	7,023,969	6,641,424	7,646,177	7,480,636
3,554,427	3,784,135	3,724,473	3,360,632	3,391,482	2,686,449
2,521,243	2,214,061	1,883,742	1,211,214	1,185,988	1,686,715
2,224,676	1,524,790	2,108,631	1,363,356	1,196,185	1,104,631
0	0	0	0	0	0
0	0	0	0	0	0
528,726	671,224	1,837,734	1,668,489	1,396,524	1,201,196
33,946,969	36,718,888	37,521,830	34,874,501	37,239,744	35,410,284
39,826,297	45,745,119	44,812,789	43,974,519	46,692,190	45,332,806
1,005,505	929,020	912,187	967,856	1,207,743	983,083
2,010,885	2,274,543	2,142,384	1,901,016	1,944,248	1,866,955
1,559,985 (4)	1,519,259	1,346,564	1,396,446	1,241,853	1,193,905
44,402,672	50,467,941	49,213,924	48,239,837	51,086,034	49,376,749
$ 78,349,641	$ 87,186,829	$ 86,735,754	$ 83,114,338	$ 88,325,778	$ 84,787,033
(1,192,270)	(1,261,885)	(1,215,314)	(1,343,539)	(1,304,961)	(1,369,231)
1,192,270	1,261,885	1,115,314	1,106,596	1,022,416	1,086,686
0	0	100,000	200,000	200,000	200,000
0	0	0	36,943	82,545	82,545
1,192,270	1,261,885	1,215,314	1,343,539	1,304,961	1,369,231
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
606,106	630,377	623,419	681,743	708,578	814,922
2,101,796	1,374,428 (9)	1,320,003	1,590,400	1,369,278	1,800,569
44,720	38,090	38,110	36,030	36,795	37,070
434,828	442,328	416,661	438,537	410,052	440,824
395,079	180,394	48,135	154,849	158,773	703,972
528,498	519,989	435,955	506,750	377,754	159,336
3,929,031	3,287,187	3,776,757	3,739,620	3,862,903	2,744,521
3,772,803	3,449,017	8,177,269 (11)	7,718,212 (11)	9,565,586 (11)	1,419,674
11,812,861	9,921,810	14,836,309	14,866,141	16,489,719	8,120,888
45,377,623	45,616,460	50,039,158	55,401,138	57,492,303	56,832,305
866,972	851,644	865,739	818,874	832,971	913,459
1,565,923	1,703,937	1,769,329	2,057,883	2,299,960	2,272,930
1,108,078 (4)	1,057,516	907,160	1,012,377	1,031,717	1,006,129
130,880	110,652	69,070	0	0	0
18,587,741	8,309,881 (10)	3,794,048 (10)	4,009,685	5,257,388	3,546,989
67,637,217	57,650,090	57,444,504	63,299,957	66,914,339	64,571,812
$ 79,450,078	$ 67,571,900	$ 72,280,813	$ 78,166,098	$ 83,404,058	$ 72,692,700

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

	Fiscal Year			
	2004	**2005**	**2006**	**2007**
Net (expense)/revenue				
Governmental activities	$ (13,314,643)	$ (15,716,934)	$ (13,640,064)	$ (17,893,504)
Business-type activities	19,142,512	19,377,582	17,076,461	31,033,410 (2)
Total primary government net (expense)/revenue	5,827,869	3,660,648	3,436,397	13,139,906
General revenues and other changes in net position				
Governmental activities:				
Taxes				
Property	5,083,793	5,258,299	5,456,200	6,571,545
Intangibles	299,365	348,523	317,048	307,098
Franchise	2,905,490	2,929,050	3,359,902	3,474,822
Occupational	0	1,256,001 (1)	1,260,686	1,342,953
Insurance premium	1,098,706	1,190,698	1,281,035	1,340,284
Alcoholic beverages	1,027,444	1,030,287	1,043,230	1,112,799
Hotel/Motel	425,504	443,492	461,602	487,172
Local option sales	4,682,435	4,928,637	5,634,966	5,866,449
Grants and contributions	3,646	0	0	0
Investment earnings	128,628	274,289	644,185	1,033,946
Payments from component unit	30,000	213,000	64,470	0
Gain on sale of assets	229,036	548,335	93,824	1,282,635 (3)
Miscellaneous	207,923	194,738	267,811	377,785
Transfers	1,775,008	2,842,126	2,286,216	1,585,275
Total governmental activities	17,896,978	21,457,475	22,171,175	24,782,763
Business-type activities				
Investment earnings	457,588	1,293,209	2,813,927	3,483,808
Payments from component unit	0	32,500	0	0
Gain on sale of assets	6,351	3,031	837	84,099
Miscellaneous	929,030	1,091,854	1,446,054	1,340,749
Transfers	(1,775,008)	(2,842,126)	(2,286,216)	(1,585,275)
Total business-type activities	(382,039)	(421,532)	1,974,602	3,323,381
Total primary government	17,514,939	21,035,943	24,145,777	28,106,144
Change in net position				
Governmental activities	4,582,335	5,740,541	8,531,111	6,889,259
Business-type activities	18,760,473	18,956,050	19,051,063	34,356,791 (2)
Total primary government	$ 23,342,808	$ 24,696,591	$ 27,582,174	$ 41,246,050

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): Bank interest paid on deposits was significantly lower in FY09 thru FY12 than in previous years.

Note (5): Beginning in 2013, miscellaneous revenue includes rent from the old Hall County Jail facility acquired in 2013.

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ (20,941,838)	$ (25,535,193)	$ (21,470,207)	$ (18,664,821)	$ (19,445,064)	$ (25,920,165)
22,042,275	5,920,264	7,015,266	13,716,581	15,828,305	13,825,832
1,100,437	(19,614,929)	(14,454,941)	(4,948,240)	(3,616,759)	(12,094,333)
7,101,695	7,421,155	7,253,570	7,886,437	7,338,537	7,825,290
237,483	180,064	97,161	59,343	81,841	80,720
4,599,218	4,451,348	3,866,595	4,072,511	4,240,193	4,092,271
1,354,234	1,288,785	1,114,317	1,111,954	1,139,926	1,199,374
1,398,065	1,431,555	1,418,124	1,376,910	1,585,550	1,684,119
1,056,980	1,000,788	942,016	999,642	994,573	979,409
479,684	473,047	444,852	517,456	563,902	591,793
5,829,689	4,799,932	4,943,847	5,030,213	5,259,684	5,300,279
0	0	0	0	0	0
1,033,414	209,981 (4)	498,737 (4)	450,031 (4)	426,185 (4)	448,728 (4)
0	0	0	0	0	0
900,112	17,246	40,591	0	0	67,897
297,695	325,996	363,279	236,416	245,524	1,057,074 (5)
3,055,911	1,495,051	2,190,747	3,006,690	3,254,637	5,122,095
27,344,180	23,094,948	23,173,836	24,747,603	25,130,552	28,449,049
2,664,847	1,013,233 (4)	401,971	355,561	314,147	334,347
0	0	0	0	0	0
29,804	1,315	19,569	20,718	33,411	12,331
1,151,124	1,020,458	1,023,096	1,011,088	1,055,930	1,042,459
(3,055,911)	(1,495,051)	(2,190,747)	(3,006,690)	(3,254,637)	(5,122,095)
789,864	539,955	(746,111)	(1,619,323)	(1,851,149)	(3,732,958)
28,134,044	23,634,903	22,427,725	23,128,280	23,279,403	24,716,091
6,402,342	(2,440,245)	1,703,629	6,082,782	5,685,488	2,528,884
22,832,138	6,460,219	6,269,155	12,097,258	13,977,156	10,092,874
$ 29,234,480	$ 4,019,974	$ 7,972,784	$ 18,180,040	$ 19,662,644	$ 12,621,758

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

Fiscal Year	Property Tax	Intangible Tax	Franchise Tax	Occupational Tax
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
2012	7,338,537	81,841	4,240,193	1,139,926
2013	7,825,290	80,720	4,092,271	1,199,374

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
$ 1,098,706	$ 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
1,585,550	994,573	563,902	5,259,684	21,204,206
1,684,119	979,409	591,793	5,300,279	21,753,255

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

	Fiscal Year			
	2004	**2005**	**2006**	**2007**
General fund				
Reserved	$ 2,461	$ 24,929	$ 42,976	$ 49,289
Unreserved	4,323,814	5,107,150	5,904,994	6,697,460
Nonspendable (4)				
Committed (4)				
Assigned (4)				
Unassigned (4)				
Total general fund	$ 4,326,275	$ 5,132,079	$ 5,947,970	$ 6,746,749
All other governmental funds				
Reserved	$ 4,368,660	$ 387,116	$ 2,333,758	$ 12,757,904
Unreserved, reported in:				
Special revenue funds	0	3,368,908	3,565,978	6,983,598
Capital project funds	4,540,937	4,648,892	833,467	4,569,334
Debt service funds	0	679,772	542,766	1,753,653
Nonspendable (4)				
Restricted (4)				
Committed (4)				
Assigned (4)				
Total all other governmental funds	$ 8,909,597	$ 9,084,688	$ 7,275,969	$ 26,064,489

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 adopted GASB 54 for reporting of fund balance classifications in 2011.

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 70,002	$ 102,572	$ 27,622			
4,066,767	3,595,792	4,164,074			
			$ 406,166	$ 384,796	$ 367,035
			0	10,054	6,583
			2,996,014	3,040,356	2,321,338
			5,134,064	5,874,076	6,565,665
$ 4,136,769	$ 3,698,364	$ 4,191,696	$ 8,536,244	$ 9,309,282	$ 9,260,621
$ 4,535,228	$ 24,515,444 (3)	$ 10,815,234			
10,081,308 (2)	9,982,391 (2)	10,546,826			
4,184,614	2,296,318	9,403,152			
1,602,964	2,266,195	1,293,247			
					$ 130,769
			$ 10,854,556	$ 11,214,865	6,385,355
			91,939	115,428	174,187
			11,457,922	11,225,020	16,162,739
$ 20,404,114	$ 39,060,348	$ 32,058,459	$ 22,404,417	$ 22,555,313	$ 22,853,050

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

	Fiscal Year			
	2004	**2005**	**2006**	**2007**
Revenues				
Taxes	$ 15,629,337	$ 17,354,577 (1)	$ 18,800,818	$ 20,557,731
Licenses and permits	1,951,898	826,075	824,465	1,045,039
Fines, fees and forfeitures	1,898,005	1,863,379	1,767,286	1,888,411
Charges for services	2,073,834	2,372,006	2,324,512	3,127,789
Intergovernmental	6,143,323	6,515,951	9,751,128 (2)	6,233,048
Interest	120,384	256,058	592,351	952,438
Property Sales	685,818	817,958	0	0
Contributions	500,989	306,728	402,948	262,754
Other	202,522	196,360	250,984	355,432
Total revenues	29,206,110	30,509,092	34,714,492	34,422,642
Expenditures				
General Government	2,682,906	2,780,457	2,858,175	3,036,416
Judicial	317,295	333,995	324,267	360,906
Public Safety	10,986,396	11,689,304	12,304,620	13,260,428
Public Works	3,465,572	3,785,981	3,990,492	4,081,934
Health and Welfare	2,422,265	2,693,714	3,348,749	2,922,009
Culture and Recreation	939,640	952,239	925,879	1,200,173
Housing and Development	893,537	1,305,500	1,550,568	2,249,375
Education	122,736	0	0	0
Non-departmental	5,059	0	0	0
Debt Service				
Principal	1,161,452	1,266,622	1,330,139	1,402,087
Interest	392,165	358,840	324,247	326,320
Capital Outlay	6,017,251	7,445,272	12,512,996 (3)	5,042,938
Total expenditures	29,406,274	32,611,924	39,470,132	33,882,586
Excess of revenues over (under) expenditures	(200,164)	(2,102,832)	(4,755,640)	540,056
Other financing sources (uses)				
Transfers in	6,630,018	7,611,665	8,441,779	10,434,930
Transfers out	(4,850,582)	(4,962,853)	(6,184,479)	(8,916,559)
Issuance of notes payable	0	0	0	0
Refunding of notes payable	0	0	0	0
Issuance of capital leases	596,620	402,148	1,334,089 (4)	11,898,663 (5)
Sale of capital assets	27,884	54,380	176,623	5,673,013 (6)
Total other financing sources (uses)	2,403,940	3,105,340	3,768,012	19,090,047
Net change in fund balances	$ 2,203,776	$ 1,002,508	$ (987,628)	$ 19,630,103
Debt service as a percentage of noncapital expenditures	6.3%	6.2%	6.2%	6.0%

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

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

Note (8): Beginning in 2013, miscellaneous revenue includes rent from the old Hall County Jail facility acquired in 2013.

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 21,931,347	$ 21,030,163	$ 20,073,154	$ 21,039,421	$ 21,205,179	$ 21,798,180
726,127	563,085	526,787	540,906	533,141	727,631
1,782,062	1,200,508	1,179,773	1,390,242	1,142,066	1,663,768
2,621,736	2,590,476	2,405,885	2,935,491	2,740,521	2,910,952
8,157,297	6,340,062	12,994,964	12,190,933	12,456,574	4,067,439
983,198	186,918	110,152	56,785	35,839	52,479
0	0	0	0	0	0
150,346	95,806	140,042	152,829	574,090	96,754
297,697	325,993	363,276	235,905	245,210	1,057,730 [8]
36,649,810	32,333,011	37,794,033	38,542,512	38,932,620	32,374,933
3,183,110	3,260,291	2,985,636	3,289,626	3,317,143	3,287,366
370,393	369,537	385,823	367,454	417,255	421,756
14,206,369	14,097,303	14,010,732	14,555,914	15,880,473	14,617,996
4,638,378	4,586,349	4,358,836	4,334,170	4,415,291	4,325,418
3,479,259	3,381,182	4,095,212	3,073,671	3,053,511	2,529,431
1,372,628	1,169,614	1,204,508	764,611	1,052,118	592,617
4,624,623	1,951,894	1,649,911	1,750,971	1,726,625	1,639,307
0	0	0	0	0	0
0	0	0	0	0	0
2,442,202	1,659,125	3,119,832	8,034,940 [7]	7,112,064 [7]	7,349,754 [7]
718,082	644,194	1,962,450	1,772,225	1,478,240	1,266,876
15,104,298	18,184,470	13,690,589	8,874,469	3,491,050	9,500,033
50,139,342	49,303,959	47,463,529	46,818,051	41,943,770	45,530,554
(13,489,532)	(16,970,948)	(9,669,496)	(8,275,539)	(3,011,150)	(13,155,621)
11,509,650	5,072,824	6,738,573	17,371,193	14,414,525	21,464,150
(9,131,665)	(3,506,803)	(4,240,053)	(14,788,283)	(11,222,388)	(16,413,039)
0	7,437,971	0	0	0	0
0	(7,437,971)	0	0	0	0
795,481	33,697,531	0	346,228	721,833	8,220,268
2,045,711	18,607	50,888	36,907	10,891	70,410
5,219,177	35,282,159	2,549,408	2,966,045	3,924,861	13,341,789
$ (8,270,355)	$ 18,311,211	$ (7,120,088)	$ (5,309,494)	$ 913,711	$ 186,168
9.3%	7.3%	15.4% [7]	25.6% [7]	22.7% [7]	21.2% [7]

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

Fiscal Year	Property Tax	Intangibles Tax	Franchise Tax	Insurance Premium Tax
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	7,871,392 (6)	59,343 (5)	4,072,511	1,376,910
2012	7,339,510	81,841	4,240,193	1,585,550
2013	7,870,215	80,720	4,092,271	1,684,119

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	$ 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	21,039,421
1,139,926	994,573	563,902	5,259,684	21,205,179
1,199,374	979,409	591,793	5,300,279	21,798,180

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

Fiscal Year Ended June 30	Real Property	Personal Property: Inventory/ Business Property	Personal Property: Motor Vehicles	Personal Property: Utilities	Digest Adjustments
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)
2012	2,626,851,558	845,534,643	153,096,940	68,615,798	(260,718,939)
2013	2,483,471,963	891,542,860	159,990,090	72,487,558	(336,283,393)

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

Note (1): The total assessed value amounts are based on the original tax digest prior to additions, deletions, and corrections to accounts. The adjusted assessed value is used to calculate the tax levy amount on the Property Tax Levies and Collections (See Exhibit 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
$ (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%
(800,000) [3]	3,432,580,000	2.92	3,432,580,000	100%
(800,000) [3]	3,270,409,078	3.02	3,270,409,078	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**
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
2011	2012	1.69	0.75	0.48	2.92
2012	2013	1.77	0.79	0.50	3.06

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

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

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

Overlapping Rates						
Gainesville City Schools				Hall County		Total
Operating Millage	Debt Service Millage	Total School Millage	State of Georgia	Operating Millage	Total County Millage	Direct & Overlapping Rates
7.01	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
7.39	0.00	7.39	0.25	6.25	6.25	16.81
7.59	0.00	7.59	0.25	6.25	6.25	17.15

CITY OF GAINESVILLE, GEORGIA
PRINCIPAL TAXPAYERS
June 30, 2013

	2013			2004		
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	$ 111,268,993	1	3.40%	$ 119,275,761	1	4.13%
Cargill, Inc.	82,374,019	2	2.52%	59,320,612	2	2.05%
Fieldale Farms Corporation (Queen City Foods)	41,840,187	3	1.28%	27,867,479	9	0.97%
Ace Hardware Corporation	50,618,969	4	1.55%	40,260,653	4	1.39%
ZF Industries, Inc.	50,160,057	5	1.53%	45,425,360	3	1.57%
SAPA Extruder Inc.	27,744,455	6	0.85%			
Inland Western Gainesville Village (Shopping Center)	21,401,715	7	0.65%			
Pilgrim's Pride	27,285,186	8	0.83%	28,704,637	8	0.99%
Alkermes Gainesville	27,847,684	9	0.85%			
Mid-America Apartments LP	20,353,778	10	0.62%			
Colonial Realty Limited Part. (Camelot Real Estate Corp.)				28,929,976	5	1.00%
Hayes Lemmerz Intl GA, Inc. (Western Wheel Georgia, Inc.)				25,629,726	6	0.89%
Bell South Communications				22,215,816	7	0.77%
Caradon Peachtree, Inc. (Peachtree Doors)				22,280,484	10	0.77%
Total	$ 460,895,043		14.09%	$ 419,910,504		14.55%

Source: 2012 and 2003 Hall County Tax Commissioner's Digest - Gainesville District.

Note (1): Assessed valuation for principal taxpayers includes real property, personal property and utilities taxes, but does not include motor vehicle taxes. Selection is based on the taxpayers with the largest assessed valuation. Values shown are assessed totals before freeport exemption is deducted for fiscal years prior 2012. Fiscal year 2012 and forward are net assessed value.

CITY OF GAINESVILLE, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Adjustments Made After Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2004	$ 6,837,108	$ 28,493	$ 6,792,902	99.35%	$ 72,699	$ 6,865,601	100.00%
2005	7,033,787	67,409	6,997,475	99.48%	103,721	7,101,196	100.00%
2006	7,431,394	(21,680)	7,252,591	97.59%	135,228	7,387,819	99.70%
2007	8,528,243	88,092	8,547,295	99.20%	62,775	8,610,070	99.93%
2008	9,490,615	64,687	9,308,622	97.42%	223,652	9,532,274	99.76%
2009	9,877,359	32,610	9,636,926	97.24%	238,344	9,875,270	99.65%
2010	9,894,722	(11,117)	9,579,640	96.92%	247,411	9,827,051	99.43%
2011	10,629,985	(30,553)	10,239,192	96.60%	157,166	10,396,358	98.08%
2012	10,023,134	(259,976)	9,518,471	97.49%	192,807	9,711,278	99.47%
2013	9,294,659	186,714	9,333,018	98.44%		9,333,018	98.44%

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

Note (1): Adjustments made after tax billing within the fiscal year of the levy.

CITY OF GAINESVILLE, GEORGIA
LOCAL OPTION SALES TAX DISTRIBUTION COMMODITY REPORT - HALL COUNTY
June 30, 2013

	2012			2004		
Commodity	**Total Distributed**	**Rank**	**% of Total**	**Total Distributed**	**Rank**	**% of Total**
Food	$ 4,983,836	1	18.41%	$ 5,472,776	1	22.72%
General	3,831,917	2	14.16%	3,328,268	3	13.82%
Wholesale	3,411,215	3	12.60%	0		0.00%
Other Retail	3,329,663	4	12.30%	4,551,713	2	18.89%
Auto	3,317,020	5	12.26%	1,843,016	6	7.65%
Utilities	2,340,726	6	8.65%	1,699,748	7	7.06%
Miscellaneous Service	2,020,530	7	7.47%	1,249,852	8	5.19%
Home	1,496,236	8	5.53%	965,809	9	4.01%
Manufacturer	1,115,970	9	4.12%	0		0.00%
Other Services	730,563	10	2.70%	2,692,310	4	11.18%
Accommodations	412,692	11	1.52%	1,882,264	5	7.81%
Construction	75,426	12	0.28%	404,040	10	1.68%
Total	$ 27,065,794		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): State of Georgia established different categories for the 2009 Calendar year.

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES TEN LARGEST SYSTEM CUSTOMERS
JUNE 30, 2013

Customer	Type of Business	Total Water Billings	Total Sewer Billings	Total Billings	Percentage of System Revenues
Fieldale Farms Corporation	Manufacturer - Poultry Products	$ 2,401,409	$ 5,632,779	$ 8,034,188	14.29%
Pilgrim's Pride	Manufacturer - Poultry Products	1,074,767	3,179,954	4,254,721	7.57%
Mar-Jac Poultry, Inc.	Manufacturer - Poultry Products	1,013,743	3,163,513	4,177,256	7.43%
NE GA Health Systems	Hospital	365,290	606,972	972,262	1.73%
Cooley Enterprises (DBA Kings Delight)	Food Further Processing	400,349	518,811	919,160	1.64%
Hall County Commissioners	Local Government	324,785	416,031	740,816	1.32%
Cargill, Inc.	Manufacturer - Soybean Products	332,697	341,969	674,666	1.20%
Islands Management Company LLC	Resort	401,369	-	401,369	0.71%
Mid America Apartment Comm.	Apartments	102,549	264,153	366,702	0.65%
Kubota MFG of America Corp	Manufacturer - Farm Equipment	161,142	172,440	333,582	0.59%
Total		$ 6,578,100	$ 14,296,622	$ 20,874,722	37.13%

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 TEN 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]
2004	$ 5,655,000	$ 1,640,618	$ 121,822,423	$ 55,099,562	$ 81,785	$ 184,299,388	24.90%	6,183
2005	4,970,000	1,461,144	117,919,849	85,986,473	5,151,053 [2]	215,488,519	27.68%	6,927
2006	4,250,000	2,185,094 [3]	130,255,278	106,718,229	40,626,338 [4]	284,034,939	33.62%	8,755
2007	3,490,000	13,428,006 [5]	125,853,111	115,280,594	39,078,688	297,130,399	33.65%	8,912
2008	2,690,000	12,581,284	119,110,185	119,221,083	37,454,530	291,057,082	29.74%	8,359
2009	1,840,000	45,469,691 [6]	112,067,258	125,581,156	35,756,155	320,714,260	30.35%	8,992
2010	945,000	42,862,532	104,719,329	119,786,181	34,048,349	302,361,391	28.01%	8,458
2011	-	35,737,268	97,030,523	113,800,132	32,321,761	278,889,683	28.41%	8,250
2012	-	28,964,712	89,089,423	107,536,775	30,575,173	256,166,083	24.16%	7,442
2013	-	29,451,699	80,918,760	101,142,593	28,945,860	240,458,912	21.60%	6,913

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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 TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property[1]	Per Capita[2]
2004	$ 5,655,000	0.22%	$ 189.73
2005	4,970,000	0.19%	$ 159.77
2006	4,250,000	0.15%	$ 130.99
2007	3,490,000	0.12%	$ 104.68
2008	2,690,000	0.08%	$ 77.26
2009	1,840,000	0.05%	$ 51.59
2010	945,000	0.03%	$ 26.43
2011	0	0.00%	$ -
2012	0	0.00%	$ -
2013	0	0.00%	$ -

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

Note: Details regarding the city's outstanding debt can

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.

Gainesville, Georgia

Since 1821

CITY OF GAINESVILLE, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Available	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Gainesville City Schools	$ 22,400,299	100%	$ 22,400,299
Hall County	10,380,854	19%	$ 1,972,362
Subtotal, overlapping debt			24,372,661
City of Gainesville direct debt			29,451,699
Total direct and overlapping debt			$ 53,824,360

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

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

Note: Beginning in 2013 the outstanding debt reported from overlapping authorities includes bonds, notes, and capital leases as reported on their Governmental Activities Sheet.

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

	Fiscal Year			
	2004	**2005**	**2006**	**2007**
Debt Limit	$ 288,694,816	$ 293,358,109	$ 313,425,727	$ 330,171,198
Total net debt applicable to limit	6,488,724	5,751,372	5,700,021	15,070,859
Legal debt margin	$ 282,206,092	$ 287,606,737	$ 307,725,706	$ 315,100,339
Total net debt applicable to the limit as a percentage of debt limit	2.25%	1.96%	1.82%	4.56%

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					
2008	2009	2010	2011	2012	2013
$ 406,664,323	$ 412,732,440	$ 403,529,632	$ 386,525,819	$ 369,409,894	$ 360,749,247
13,668,320	43,267,440 [2]	42,514,285	34,302,996	27,431,657	20,916,878
$ 392,996,003	$ 369,465,000	$ 361,015,347	$ 352,222,823	$ 341,978,237	$ 339,832,369
3.36%	10.48% [2]	10.54%	8.87%	7.43%	5.80%

Legal Debt Margin Calculation for Fiscal Year 2013

Total Assessed value	$ 3,607,492,471
Debt limit (10% of total assessed value)[1]	360,749,247
Debt applicable to limit:	
General obligation debt	29,451,699
Less: Amount set aside for repayment of general obligation debt	(8,534,821)
Total net debt applicable to limit	20,916,878
Legal debt margin	$ 339,832,369

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
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
2012	59,497,966	24,419,178	35,078,788	7,710,000	4,487,927	2.88
2013	59,442,496	23,442,197	36,000,299	7,955,000	4,073,505	2.99

Note (1): Gross revenue is comprised of operating revenue, connection fees, and interest on investments.

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
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]
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%
2012	34,422	1,060,404	30,806	7,464	7.5%
2013	34,786	1,113,187	32,001	7,702	7.6%

Source (a): Fiscal year 2002 number is based on 2000 census; Fiscal year 2003-2010, 2012-2013 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, Gainesville MSA unemployment rate

CITY OF GAINESVILLE, GEORGIA
PRINCIPAL EMPLOYERS/HALL COUNTY
June 30, 2013

	2013			2006		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
Northeast Georgia Medical Center	5,200	1	6.29%	4,200	1	5.34%
Fieldale Farms	2,400	2	2.90%	2,300	2	2.93%
Pilgrims Pride	1,600	3	1.94%	1,553	3	1.98%
Mar-Jac	1,250	4	1.51%	1,259	4	1.60%
Kubota Manufacturing of America	960	5	1.16%	717	7	0.91%
Coleman Natural Foods (Kings Delight)				950	5	1.21%
Perdue Farms	950	6	1.15%			
Victory Processing LLC	900	7	1.09%			
Wrigley Manufacturing Company, LLC	700	8	0.85%	800	6	1.02%
Koch Foods, Inc.				600	8	0.76%
Wal-Mart Super Center	690	9	0.84%	500	10	0.64%
Liberty Mutual Insurance				600	9	0.76%
The Longstreet Clinic	620	10	0.75%			
Total	15,270		18.77%	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 2013 is based on 2012 Hall County annual average employment of 84,096 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 TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function										
Primary government										
General Government	46	43	44	44	46	41	45	46	48	51
Judicial	8	8	8	8	8	8	7	8	8	10
Public Safety										
Police	117	117	117	119	122	115	113	113	113	113
Fire	82	82	82	82	83	81	102	103	103	103
City Marshal	4	7	7	9	7	5	3	3	3	5
Public Works	58	58	62	62	63	54	53	52	54	53
Health and Welfare	47	45	45	44	49	49	45	47	39	37
Culture and Recreation	11	11	11	11	11	10	7	7	5	0 (1)
Housing and Development	27	35	38	22	22	18	17	17	17	13
General Insurance	1	2	2	2	2	2	0	0	0	0
Vehicle Services	5	5	5	5	5	5	5	5	6	6
Water and Sewer	236	237	243	249	253	231	225	229	229	229
Solid Waste	24	27	27	27	31	24	24	24	24	24
Golf Course	18	16	18	12	13	13	7	4	4	4
Total primary government	684	693	709	696	715	656	653	658	653	648
Component unit										
City of Gainesville Parks and Recreation Culture and Recreation	32	32	34	34	38	37	36	36	37	37
Total employees	716	725	743	730	753	693	689	694	690	685

Source: Annual City of Gainesville Budget Document.

Note (1): Decrease is due to the closing of the Georgia Mountains Center facility.

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

	FISCAL YEAR			
	2004	2005	2006	2007
Function				
Police				
Number of citations issued	22,567	19,878	16,737	14,326
Number of calls for service	91,086	88,922	78,904	76,208
Fire				
Number of calls answered	5,871	5,496	5,918	6,443
Number of inspections conducted	890	3,467	2,856	3,490
Highways and streets				
Square feet of sidewalks replaced	8,000	9,570	6,399	5,127
Linear feet curb and gutter installed	3,000	5,806	2,161	1,679
Sanitation				
Refuse collected (tons)	5,362	5,407	5,497	5,489
Recyclables collected (tons)	656	681	700	711
Culture and Recreation				
Enrolled in youth athletics	1,007	997	1,049	1,297
Civic Center/Cabin rentals	1,051	1,161	1,350	1,229
Water System (MGD -Millions of Gallons per Day)				
Number of service connections	39,382	40,572	46,645	48,652
Daily average consumption in gallons	18.30 MGD	18.10 MGC	19.29 MGD	19.85 MGD
Sewer System (MGD -Millions of Gallons per Day)				
Number of service connections	7,814	7,892	8,170	9,489
Daily average treatment in gallons	8.38 MGD	8.90 MGD	9.14 MGD	8.42 MGD

Source: Various City Departments.

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

Note 2: General economic downturn and changes in importation laws were contributing factors to this decrease.

Note 3: Numbers are lower than preceding years due to declining economy.

FISCAL YEAR					
2008	2009	2010	2011	2012	2013
13,585	11,394 [3]	12,307	13,671	9,306	11,353
76,555	74,329	75,866	67,879	63,839	62,744
5,998	5,901	6,020	6,566	6,962	7,031
2,607	2,631	2,848	1,439	1,725	1,325
14,040	2,351 [4]	3,552 [4]	445 [4]	9,063	4,500
2,091	1,071	217	50	698	211
5,320	5,261	5,015	4,897	4,743	4,857
799	653	688	657	726	759
1,741	1,173 [4]	1,139	1,507	1,553	1,398
1,579	823 [4]	969	992	1,068	1,223
49,783	46,550 [4]	46,674	46,632	47,018	47,892
17.86 MGD	16.56 MGD	17.13 MGD	17.64 MGD	17.7 MGD	16.74 MGD
9,683	8,896 [4]	8,840	8,716	8,847	9,157
7.80 MGD	8.00 MGD	9.20 MGD	8.50 MGD	8.1 MGD	8.50 MGD

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

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

Source: Various City Departments.

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

Note 2: Elimination of Community Police Precincts in Housing Developments during FY11.

FISCAL YEAR					
2008	2009	2010	2011	2012	2013
5	5	3	2 (3)	2 (3)	2
4	4	4	4	4	4
9	9	9	9	10	10
136	136	136	136	136	136
20.11	20.20	20.20	20.20	20.47	20.47
2,340	2,380	2,414	2,627	2,694	2,700
8	8	2	2	2	2
22	21	21	21	21	22
443+	444+	445	445	445	450+
1	1	1	1	1	1
1	5	5	5	5	5
9	9	10	10	11	11
10	9	10	10	10	10
1	1	1	1	1	1
16	16	16	16	16	16
1,302	1,310	1,315	1,344	1,344	1,344
7,843	8,538	8,719	8,803	8,855	8,735
2	2	2	2	2	2
35 MGD	35 MGD	35MGD	35 MGD	35 MGD	35 MGD
271	278	280	280	286	286
2	2	2	2	2	2
17 MGD	17 MGD	17 MGD	17 MGD	17 MGD	17 MGD

CITY OF GAINESVILLE, GEORGIA
PUBLIC UTILITIES DEPARTMENT
WATER RATES AND MINIMUM DEMAND CHARGES
JUNE 30, 2013

Water Rates (Monthly Charges):

	Inside City Limits	Outside City Limits
Account Servicing Fee	$ 4.00	$ 4.00
Quantity Used Per Month		
In Cubic Feet		
Per Hundred Cubic feet	$2.44 Per 100 cf (1)	$ 4.88 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, 2013

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, 2013

Sewer Rates (Monthly Charges by Volume):

	Inside City Limits	Outside City Limits	Oakwood
Commodity charge			
Per Cubic Foot	$ 7.26	$ 7.26	$ 8.16

Industrial Surcharges:

Pollutant	**Concentration** (mg/l)	**Surcharge** (dollars per mg/l per 100 cubic feet)
BOD	250-500	$ 0.0019
	501-700	0.0050
	701-900	0.0057
	Over 900	0.0112
Suspended Solids	250-500	0.0014
	501-700	0.0035
	701-900	0.0039
	Over 900	0.0072
Oil and Grease	101-125	0.0005
	126-150	0.0120
	151-175	0.0140
	Over 175	0.0280
Phosphorus	7-11	0.0220
	12-15	0.0490
	16-20	0.0580
	Over 20	0.1120
Nitrogen	40-75	0.0050
	76-100	0.0130
	101-135	0.0160
	Over 135	0.0320

Accounts billed for sewer only shall pay a monthly account servicing fee of $4.00 inside the City and $4.00 outside the City. In addition, sewer only customers pay an additional fee per 100 cubic feet. The rate is $7.26 for inside city customers, $7.26 for outside city customers, $8.16 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, 2013

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

		Funding Sources	
Year	**Total Cost of Capital Improvements**	**System Revenues and Capital Contributions**	**Debt Proceeds and Investment Earnings**
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
2012	9,688,399	9,688,399	0
2013	10,633,627	10,633,627	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, 2013

		Amount	
Property Coverage			
Blanket building and contents ($10,000 deductible)		Replacement Cost [1]	
Flood ($50,000 deductible)		$ 5,000,000	
Equipment Breakdown ($50,000 deductible)		$ 100,000,000	
Automobile (Fire Trucks 1994 or newer) ($5,000 deductible)		Actual cash value	($4,303,659)
Inland Marine (Contractor's Equipment) ($2,500 deductible)		Actual cash value	($5,933,250)
EDP Equipment ($2,500 deductible)		Replacement Cost	($1,901,596)
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 $280,677,404

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

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

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

Hall County

	Number of Residential Permits		Total	Number of	Total
	Single Family	Multi-Family[1]/ Number of Units	Estimated Value	Commercial Permits	Estimated Value
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 [3]
2011	140	0	23,159,500	17	4,653,000 [3]
2012	167	0	28,447,800	17	3,873,000 [3]

City of Gainesville

	Number of Residential Permits		Total	Number of	Total
	Single Family	Multi-Family[1]/ Number of Units	Estimated Value	Commercial Permits	Estimated Value
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 [3]
2011	45	0	7,086,101	14	19,138,000 [3]
2012	122	2/88	29,873,617	7	18,033,377 [3]

Source: Hall County Building and Zoning Department.

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

Note (2): Northeast Georgia Medical Center acquired permits for several facilities in calendar year 2006.

Note (3): Economic decline contributed to decreased numbers beginning in 2008.

CITY OF GAINESVILLE, GEORGIA
MISCELLANEOUS STATISTICS
Source: Various city departments and local institutions

Date of Incorporation	1821
Form of Government	Council/Manager
City Population (2012 Estimate)	34,786
Hall County Population, including City (Estimate)	185,416
Area of City in square miles	34.06
Number of full time employees	648
Government facilities and services:	
Public Safety:	
ISO Fire Classification	Class II
Number of fire personnel and officers	103
Number of police personnel and officers	113
Number of police patrol units	121
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	105
Number of secondary schools	1
Number of secondary school instructors	102
Number of technical institutions (in Hall County, outside City)	1
Number of universities	2
Hospitals:	
Number of hospitals	1
Number of patient beds	557
Bond Rating (Moody's):	
General Obligation Bonds	Aa2
Revenue Bonds	
Senior Lien Bonds	Aa3
Junior Lien Bonds	A1

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

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the 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, 2013, and the related notes to the financial statements, which collectively comprise the City of Gainesville, Georgia's basic financial statements and have issued our report thereon dated November 19, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Gainesville, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Gainesville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Gainesville's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Comment 13-1, that we consider to be significant deficiencies.

Compliance and Other Matters

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

City of Gainesville, Georgia's Response to Findings

The City of Gainesville, Georgia's response to the findings identified in our audit is in the accompanying schedule of findings and questioned costs. The City Gainesville's, response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Gainesville, Georgia's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 19, 2013

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Gainesville, Georgia's compliance with the types of compliance requirements described in the *OMB 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, 2013. The City of Gainesville, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Gainesville, Georgia's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Gainesville, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the City of Gainesville, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Gainesville's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal

control over compliance in accordance with 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.

Report on Internal Control over Compliance

Management of the City of Gainesville, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Gainesville's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 19, 2013

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2013

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Department of Housing and Urban Development			
Community Development Block Grant/Entitlement Grants	14.218	N/A	$ 289,528
U.S. Department of the Interior			
Passed through Georgia Department of Natural Resources:			
Historic Preservation Fund Grants-in-Aid	15.904	SFY2012	8,100
U.S. Department of Justice			
Equitable Sharing for State and Local Law Enforcement Agencies	16.000	N/A	808
Bureau of Justice Assistance Bulletproof Vest Partnership Program	16.607	N/A	7,836
Bureau of Justice Assistance Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	2,168
Total U.S. Department of Justice			10,812
U.S. Department of Transportation			
Federal Aviation Administration			
Passed through the Georgia Department of Transportation:			
Airport Improvement Program	20.106	AP012-9013-30(139)	7,839
		AP013-9016-31(139)	324,541
			332,380
Passed through the Georgia Department of Transportation:			
Federal Transit - Formula Grants	20.507	T003235-GA-90-0309	45,998
		T003237-GA-90-4309	308,311
		T004482-GA-90-0309	39,816
			394,125
Formula Grants for Other than Urbanized Areas	20.509	T004266-GA-18-4032	228,443
ARRA - Formula Grants for Other than Urbanized Areas	20.509	T004545-GA-86-X001	54,883
			283,326
Passed through the Georgia Office of Highway Safety:			
State and Community Highway Safety	20.600	TEN-2012-174-00270	476
		TEN-2013-174-00418	10,701
			11,177
Total U.S. Department of Transportation			1,021,008
U.S. Department of Health and Human Services			
Aging Cluster of Programs			
Passed through Legacy Link, Inc.:			
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	Gainesville - Title III, C1	182,685
		Gainesville - Title III, C2	95,418
			278,103
Nutrition Services Incentive Program	93.053	Gainesville - NSIP	64,425
Total Aging Cluster of Programs			342,528
Passed through Hall County Department of Family and Children Services:			
Promoting Safe and Stable Families	93.556	201102000639	2,138
		201102000640	1,695
			3,833

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2013

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Department of Health and Human Services (continued)			
Social Services Block Grant	93.667		
Passed through Legacy Link, Inc.		Gainesville - SSBG	45,046
Passed through the Georgia Department of Human Resources		42700-362-0000013112	183,278
			228,324
Total U.S. Department of Health and Human Services			574,685
U.S. Department of Homeland Security			
Passed through the Georgia Emergency Management Agency:			
Homeland Security Grant Program	97.067	2008-GE-T8-0017	73,228
		EMW-2011-SS-00081-S01	12,397
			85,625
Staffing for Adequate Fire and Emergency Response	97.083	N/A	303,073
Total U.S. Department of Homeland Security			388,698
Total Federal Awards			$ 2,292,831

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013

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, 2013. 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, 2013

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	None reported

B. Federal Awards

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

20.106 Airport Improvement Program

20.507 Federal Transit – Formula Grants

20.509 Formula Grants for Other than Urbanized Areas

Aging Cluster of Programs
93.045 Special Programs for the Aging – Title III, Part C Nutrition Services
93.053 Nutrition Services Incentive Program

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. Current Year Audit Findings

Comment 13-1

Condition: During audit procedures on capital assets and accrued liabilities, we noted that City personnel failed to record retainages payable on projects in the Grants Capital Projects, Airport Enterprise, and Public Utilities Enterprise Funds. We also noted that personnel failed to record accounts payable on projects in the Airport Enterprise Fund. These failures to accrue liabilities also resulted in City personnel incorrectly calculating accrued revenue in the Airport Enterprise Fund.

Criteria: Generally accepted accounting principles require that accruals be properly calculated and recorded.

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

Recommendation: The Financial Services Manager should ensure that City personnel review all capital projects for accrued liabilities during the year-end closing process. The Financial Services Manager should also review all calculations of accruals to ensure all postings to the general ledger are correct.

Management Response: Management concurs with this finding. The Financial Services Manager will confirm that accrued liabilities for all capital projects are adequately reviewed by City Personnel during the year-end closing process and review all calculations of year-end accruals to ensure all postings to the general ledger are correct. The Financial Services Manager will also review the City's application of accounting principles to ensure compliance with generally accepted accounting principles.

B. Prior Year Audit Findings Follow-Ups

None reported

3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Section 510(a) of OMB A-133.

Gainesville, Georgia

Since 1821

STATE REPORTING SECTION

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2013

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST V					
Municipal Allocations	$ 6,764,982	$ 6,532,906			
Road Improvements			$ 2,372,302	$ 0	$ 2,372,302
Storm Drain Improvements			591,609	201,761	793,370
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			1,097,464	704,021	1,801,485
Fire Facilities			35,586	0	35,586
Rockcreek Greenway Connector			71,544	0	71,544
Road Improvements	1,591,760	1,537,156	1,537,156	0	1,537,156
Total	$ 8,356,742	$ 8,070,062	$ 6,762,406	$ 905,782	$ 7,668,188
SPLOST VI					
Public Safety Facilities	$ 27,000,000	$ 27,000,000	$ 15,043,823	$ 6,826,250	$ 21,870,073
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	$ 15,043,823	$ 6,826,250	$ 21,870,073

* 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	$ 905,782
SPLOST VI	6,826,250
	7,732,032
Expenditures financed through other revenues and transfers from other funds	
Reassignment of prior year's assigned fund balance which resulted from transfers from other funds	789,559
Total expenditures and transfers out of the SPLOST Capital Projects Fund	$ 8,521,591