

Gainesville.
Citizen centered
People empowered

Comprehensive Annual Financial Report

City of Gainesville, Florida
Fiscal Year Ended
September 30, 2017

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**
City of Gainesville, Florida
Fiscal Year Ended September 30, 2017

**Prepared By
The Budget & Finance Department**

LISTING OF CITY OFFICIALS

Item #180076A

ELECTED OFFICIALS

<i>Lauren Poe</i>	<i>Mayor (At Large)</i>
<i>Harvey Budd</i>	<i>Mayor-Commissioner Pro-Tem (At Large)</i>
<i>Charles Goston</i>	<i>Commissioner (District 1)</i>
<i>Harvey Ward</i>	<i>Commissioner (District 2)</i>
<i>David Arreola</i>	<i>Commissioner (District 3)</i>
<i>Adrian Hayes-Santos</i>	<i>Commissioner (District 4)</i>
<i>Helen Warren</i>	<i>Commissioner (At Large)</i>

APPOINTED OFFICIALS

<i>Anthony Lyons</i>	<i>City Manager</i>
<i>Edward Bielarski</i>	<i>General Manager for Utilities</i>
<i>Nicolle Shalley</i>	<i>City Attorney</i>
<i>Omichele Gainey</i>	<i>Clerk of the Commission</i>
<i>Carlos Holt</i>	<i>City Auditor</i>
<i>Bridget Lee</i>	<i>Equal Opportunity Director (Interim)</i>

BUDGET & FINANCE PROGRAM STAFF

<i>Christopher Quinn</i>	<i>Finance Director</i>
<i>Diane Wilson</i>	<i>Assistant Finance Director</i>
<i>Daniel Smierciak</i>	<i>Accounting Manager</i>
<i>Vacant</i>	<i>Grants Fiscal Coordinator</i>
<i>Lynn Thigpen</i>	<i>Property Control Specialist</i>
<i>Sandra Frankenberger</i>	<i>Accountant II</i>
<i>Everlyne Ololo</i>	<i>Accountant II</i>
<i>Belinda Morris</i>	<i>Account Clerk, Sr.</i>

Introductory

Table of Contents

Transmittal Letter

Government Finance Officers

Certificate of Achievement for

Excellence in Financial Reporting

Organizational Chart



TABLE OF CONTENTS

INTRODUCTORY SECTION

TABLE OF CONTENTS	i-v
LETTER OF TRANSMITTAL	
Formal Transmittal of the Comprehensive Annual Financial Report	vi-vii
Profile of the City	vii-viii
Factors Affecting the City's Financial Condition	viii-ix
Awards and Acknowledgements	x
Certificate of Achievement	xi
Organizational Chart	xii

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	AUD-1
MANAGEMENT'S DISCUSSION AND ANALYSIS	MDA-1
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements	
Statement of Net Position	1-2
Statement of Activities	3
Fund Financial Statements:	
Balance Sheet - Governmental Funds	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Net Position - Proprietary Funds	8-9
Reconciliation of the Statement of Net Position of Proprietary Funds to the Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	11
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net Position of Proprietary Funds to the Statement of Activities	12

TABLE OF CONTENTS (continued)

Statement of Cash Flows - Proprietary Funds	13-14
Statement of Fiduciary Net Position - Fiduciary Funds	15
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	16
Notes to Financial Statements	17-88

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of Revenues and Expenditures - Budget and Actual - General Fund	89
Notes to Schedule of Revenues and Expenditures - Budget and Actual - General Fund	90
Employees' Pension Plan:	
Schedules of Changes in Pension Fund Net Pension Liability and Related Ratios	91
Schedules of Employer Contributions	92
Police Officers' and Firefighters' Consolidated Pension Plan:	
Schedules of Changes in Pension Fund Net Pension Liability and Related Ratios	93
Schedules of Employer Contributions	94
Schedule of Annual Money-Weighted Rate of Return - All Pension Funds	95
Other Post Employment Benefits Plan (OPEB)	
Schedules of Changes in City's Net OPEB Liability and Related Ratios	96
Schedule of Employer Contributions	97
Schedule of Annual Money-Weighted Rate of Return - OPEB Fund	98
Schedule of Funding Progress OPEB Plan	99

SUPPLEMENTARY INFORMATION:

Combining Balance Sheet - Nonmajor Governmental Funds	101-120
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	121-132
Schedule of Revenues and Expenditures - Budget and Actual -	
Community Development Block Grant Fund	133
Urban Development Action Grant Fund	134
Home Grant Fund	135
Cultural and Nature Projects Fund	136
State Law Enforcement Contraband Forfeiture Fund	137
Federal Law Enforcement Contraband Forfeiture Fund	138
Police Billable Overtime Fund	139

TABLE OF CONTENTS (continued)

Community Redevelopment Agency Fund	140
Economic Development Fund	141
Evergreen Cemetery Trust Fund	142
School Crossing Guard Trust Fund	143
Art in Public Places Trust Fund	144
FFGFC Fund - Series 2005	145
FFGFC Fund - Series 2007	146
Guaranteed Entitlement Revenue and Refunding Bonds Fund - 2004	147
Pension Obligation Bond Series 2003A	148
Pension Obligation Bond Series 2003B	149
GPD Energy Conservation Master Lease Fund	150
Capital Improvement Revenue Note (CIRN) - Series 2009	151
Capital Improvement Revenue Bond (CIRB) - Series 2010	152
Revenue Refunding Note Series 2011	153
Capital Improvement Revenue Note Series 2011A	154
Revenue Refunding Note Series 2014	155
Capital Improvement Revenue Bond Series 2014	156
Capital Improvement Revenue Refunding Note Series 2016A	157
Capital Improvement Revenue Note Series 2016B	158
Combining Statement of Net Position - Nonmajor Enterprise Funds	159-161
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds	162-163
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	164-167
Combining Statement of Net Position - Internal Service Funds	168-169
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds	170
Combining Statement of Cash Flows - Internal Service Funds	171-172
Combining Statement of Fiduciary Net Position - Pension and OPEB Trust Funds	173-174
Combining Statement of Changes in Fiduciary Net Position - Pension and OPEB Trust Funds	175

TABLE OF CONTENTS (continued)**STATISTICAL SECTION**

STATISTICAL SECTION SUMMARY	177
FINANCIAL TREND INFORMATION	
Net Position by Component	179
Changes in Net Position	180-181
Fund Balances of Governmental Funds	182
Changes in Fund Balances of Governmental Funds	183
REVENUE CAPACITY INFORMATION	
Assessed Value of Taxable Property	185
Property Tax Rates - Direct and Overlapping Governments	186
Principal Property Taxpayers	187
Property Tax Levies and Collections	188
Utility Base - Number of Customers and Sales Quantities	189
Utility Rates	190-193
Principal Utility Revenue Contributors	194
DEBT CAPACITY INFORMATION	
Ratios of Outstanding Debt by Type	195
Direct and Overlapping Governmental Activities Debt	196
Pledged Revenue Coverage	197
DEMOGRAPHIC AND ECONOMIC INFORMATION	
Demographic and Economic Statistics	199
Principal Employers	200
OPERATING INFORMATION	
Full-time Equivalent City Governmental Employees by Function/Program	201
Operating Indicators by Functional Department	202-203
Capital Asset Statistics by Functional Department	204

TABLE OF CONTENTS (concluded)**SINGLE AUDIT SECTION**

Management Letter - Required by Section 10.557, Rules of the Auditor General	205-206
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	207
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	208-209
Schedule of Expenditures of Federal Awards and State Financial Assistance	210-211
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	212
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550 Rules of the Auditor General	213-215
Schedule of Findings and Questioned Costs	216
Schedule of Prior Year Findings and Schedule of Current Year Findings and Corrective Action Plan	217
Independent Certified Public Accountants Report on Internal Control over Financial Reporting and on Compliance and Other Matters for Gainesville Regional Utilities	218-219

June 5, 2018

**Honorable Mayor, Members of the City Commission and
Citizens of the City of Gainesville, Florida**

Dear Mayor, Commissioners, and Citizens:

Formal Transmittal of the Comprehensive Annual Financial Report

It is our pleasure to submit this *Comprehensive Annual Financial Report* for the City of Gainesville, Florida for the fiscal year ended September 30, 2017. The report fulfills the requirements set forth in the *City Code of Ordinances*, Section 2-433; *Florida Statutes*, Chapter 166.241; and the *Rules of the Florida Auditor General*, Chapter 10.550. The organization, form and contents of this report plus the accompanying financial statements and statistical tables are formulated in accordance with the principles prescribed by the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, the State of Florida, the City Code of Ordinances, and the Government Finance Officers Association.

This report consists of management's representations concerning the finances of the City of Gainesville. Consequently, management assumes full responsibility for the completeness and reliability of all 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 generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City'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, this financial report is complete and reliable in all material respects.

Florida Statutes and the *City Code of Ordinances* require that an annual financial audit be performed by independent certified public accountants. This year the audit was performed jointly by Carr, Riggs & Ingram and Baker Tilly. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2017, are free of 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 a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2017 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 was part of a broader, federally and state mandated “Single Audit” designed to meet the special needs of federal and state 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 and state awards.

GAAP 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’s MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The **City of Gainesville** is the most populous city in, and serves as the county seat of, Alachua County. The City also serves as the cultural, educational and commercial center for the North Central Florida region. Gainesville is located midway between the Gulf of Mexico and the Atlantic Ocean and halfway between Miami and Pensacola. There are approximately 60 square miles of land included within the corporate boundaries of the City. As of April 1, 2017, the official population estimate was 129,816.

The City was established in 1854, incorporated in 1869 and has operated under a Commission-Manager form of government since 1927. The City Commission consists of seven elected officials (the Mayor and six Commissioners) who are responsible for enacting the ordinances and resolutions which govern the City. In March of 1998, City voters elected a Mayor for the first time in more than 70 years. The elected Mayor serves a three-year term and presides over public meetings and ceremonial events. The Commission appoints the City Manager, General Manager for Utilities, City Auditor, City Attorney, Clerk of the Commission and Equal Opportunity Director. As chief executive officers, the City Manager and General Manager for Utilities are charged with the enforcement of all ordinances and resolutions passed by the Commission. They accomplish this task through the selection and supervision of two Assistant City Managers, an Executive Chief of Staff, Utilities Executive Management Team and Leadership Team, and numerous department heads.

The City of Gainesville provides its constituents with a wide variety of public services as listed below:

- **building inspections**
- **codes enforcement**
- **community development**
- **cultural affairs**
- **economic development**
- **electrical power generation and distribution**
- **golf course**
- **mass transit**
- **natural gas distribution**
- **parks and recreation**
- **homeless services**
- **police and fire protection**
- **refuse collection**
- **small business development**
- **stormwater management**
- **street maintenance, traffic engineering and parking**
- **water and wastewater**
- **telecommunications and data transfer**

Internal support services include the following:

- **accounting and reporting**
- **accounts payable and payroll**
- **billing & collections**
- **budgeting and budget monitoring**
- **cash management**
- **City-wide management**
- **computer systems support**
- **debt management**
- **equal opportunity**
- **fleet maintenance**
- **facilities maintenance**
- **human resources**
- **information systems**
- **investment management**
- **labor relations**
- **mail services**
- **pension administration**
- **property control**
- **purchasing**
- **risk management**
- **strategic initiatives**

All moneys required to support the above-stated services are reflected in this report. This report includes all funds that are controlled by or are dependent on the **City Commission**.

In addition to these activities, the City exercises oversight responsibility for the **Community Redevelopment Agency** and the **Gainesville Enterprise Zone Development Agency**. Accordingly, these activities are included in the reporting entity and are reflected in this report. **Note 1(A)** in the *Notes to the Financial Statements* lists the specific criteria used for establishing oversight responsibility.

The City also maintains budgetary controls. The objective of these is to ensure compliance with legal provisions contained in the annual appropriated budget approved by the City Commission. Annual budgets are legally adopted for activities of the *general fund*, certain *special revenue funds* and *debt service funds*. *Capital projects funds* and certain *special revenue funds* (such as multi-year grant funds and tax increment funds) are appropriated on a project basis. Budgets are controlled at the departmental level and total expenditures may not legally exceed appropriations for each budgeted fund without Commission approval. Encumbrance accounting is utilized in governmental funds and encumbrances are reappropriated as part of the following year's budget.

Factors Affecting the City's Financial Condition

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

Local economy. The economic landscape in Gainesville continues to be dominated by the government sector. Statistics compiled by the Bureau of Economic and Business Research at the University of Florida indicate that one of every three jobs in Gainesville is provided by the federal, state or local government. This reliance on jobs from other than the private sector tends to modify Gainesville's reaction to external economic stimuli, such that the local economy grows less rapidly than others during boom periods but also suffers less during economic declines.

The City's unemployment rate is 3.1%, which is significantly lower than the state and national averages and is a decrease from 4.4% at the same time last year. Enrollment at the University of Florida, the engine for the area's economy, has remained steady with a 2017 fall enrollment of 52,367 students.

The General Fund's main revenue sources include Property Tax, Utility Tax, State Revenue Sharing & Half-Cent Sales Tax, Fire Assessment and the transfer from the Utility Fund. These revenue sources have begun to experience moderate growth after the recession which is expected to continue.

A significant expenditure facing the City is long-term pension costs. During fiscal years 2012 and 2013, the City successfully negotiated modifications to its General and Consolidated Pension Plans which reduced the trajectory of the increases in the projected contributions for the City.

Long-term financial planning. Both General Government and the City-owned Utility develop multi-year financial forecasts, including capital improvement plans. In accordance with the City's Capital Improvement Planning Policy, the Capital Improvement Plan Financing Committee is required to review the financial capacity of the City to fund Capital Improvement Plan (CIP) projects. This assessment should include a review of such issues as:

- Capital market conditions
- Current debt levels
- Unfunded liabilities
 - Pension costs
 - Other post-employment benefits
- Projected trends in revenues, expenditures and fund balance

Some of the key projects in these capital improvement plans are:

- The City residents passed a half cent sales tax initiative to enhance the City's park and recreation facilities and cultural events.
- Improvements to Stormwater system
- Investments in technology, including improvements to the City's ERP systems.
- Relocation and rebuilding of an existing fire station (#1).
- Implementation of recurring annual funding for three new areas:
 - Equipment replacement fund
 - Facilities maintenance fund
 - Road resurfacing funds

Financial policies. The City has adopted and complied with the following financial policies:

- **General Fund Reserve Policy** – The unassigned fund balance of the General Fund will be at least 10% of the proposed General Fund revenue budget.
- **General Insurance Fund Reserve Policy** – The General Insurance Fund will maintain fiscal year-end current assets equal to current liabilities.
- **Budget Administration Policy** – Systematic procedures that are used in the development, review, adoption, monitoring, and revision of the budget.
- **Debt Management Policy** – Outlines allowable debt issuance purposes, debt structure, limitations on debt levels, allowable types of debt, promotes sound financial management and enhances the City's credit rating.
- **Capital Improvement Planning Policy** – Requires a fully funded five-year Capital Improvement Plan and Capital Budget.

Awards and Acknowledgements

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 September 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

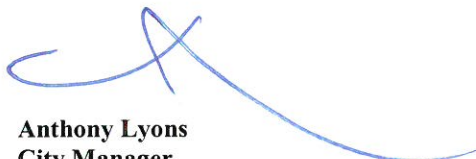
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Gainesville has received a Certificate of Achievement since 1951. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to GFOA.


Additionally, the City received the Government Finance Officers Association's Award for Distinguished Budget Presentation for its biennial budget for the period started October 1, 2016. The City of Gainesville has received this award consecutively since the fiscal year beginning October 1, 1984. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

This report represents countless hours of preparation. Many individuals are responsible for its completion. The utmost appreciation is extended to the many City employees throughout the organization who maintain the financial records upon which this report is based. Special recognition is given to the employees of the Budget and Finance Department who worked diligently to ensure the timeliness and accuracy of the report.

Respectfully submitted,



Anthony Lyons
City Manager



Christopher Quinn, CPA, CGFO
Finance Director



Government Finance Officers Association

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

Presented to

**City of Gainesville
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

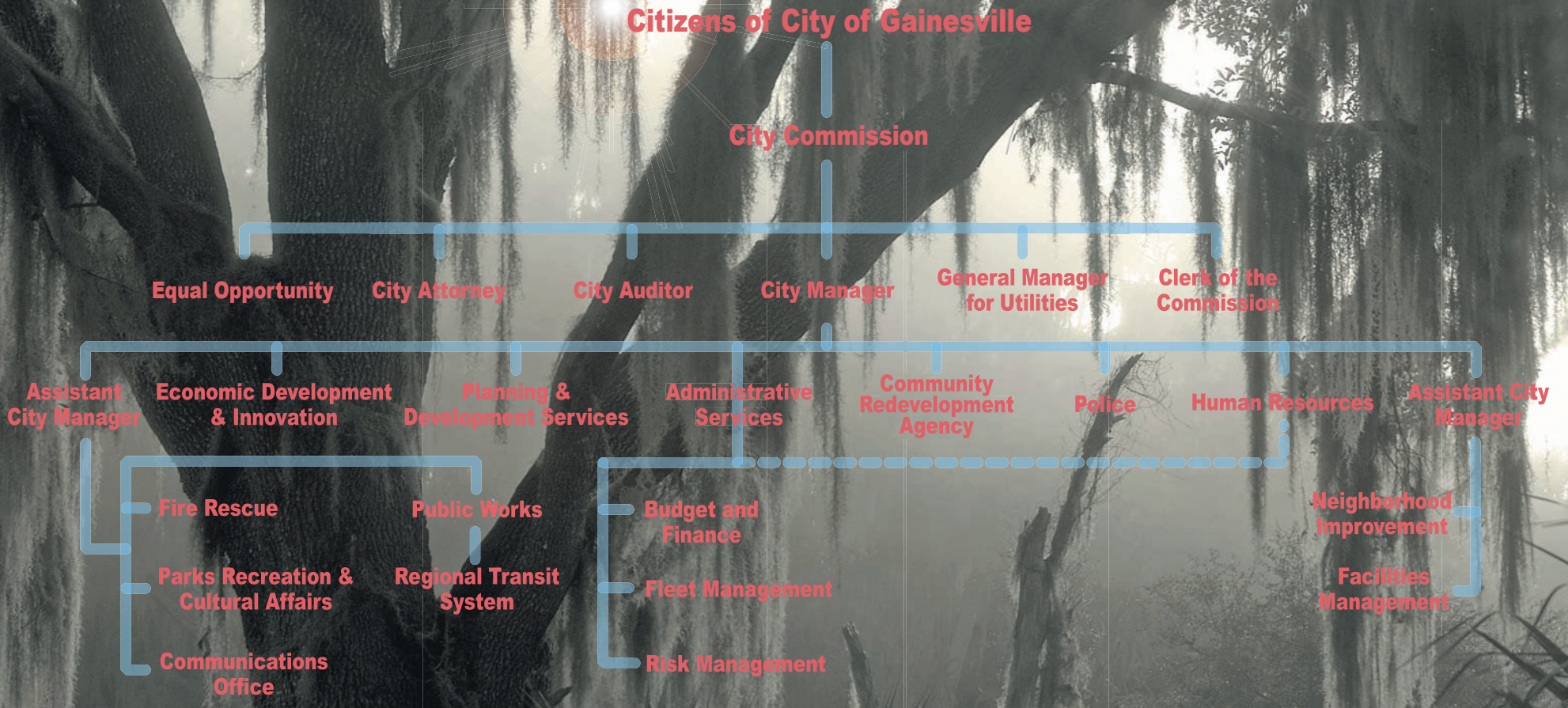
Christopher P. Morill

Executive Director/CEO

CITY OF GAINESVILLE

2017 ORGANIZATION CHART

Item #180076A



Financial

Auditors' Report

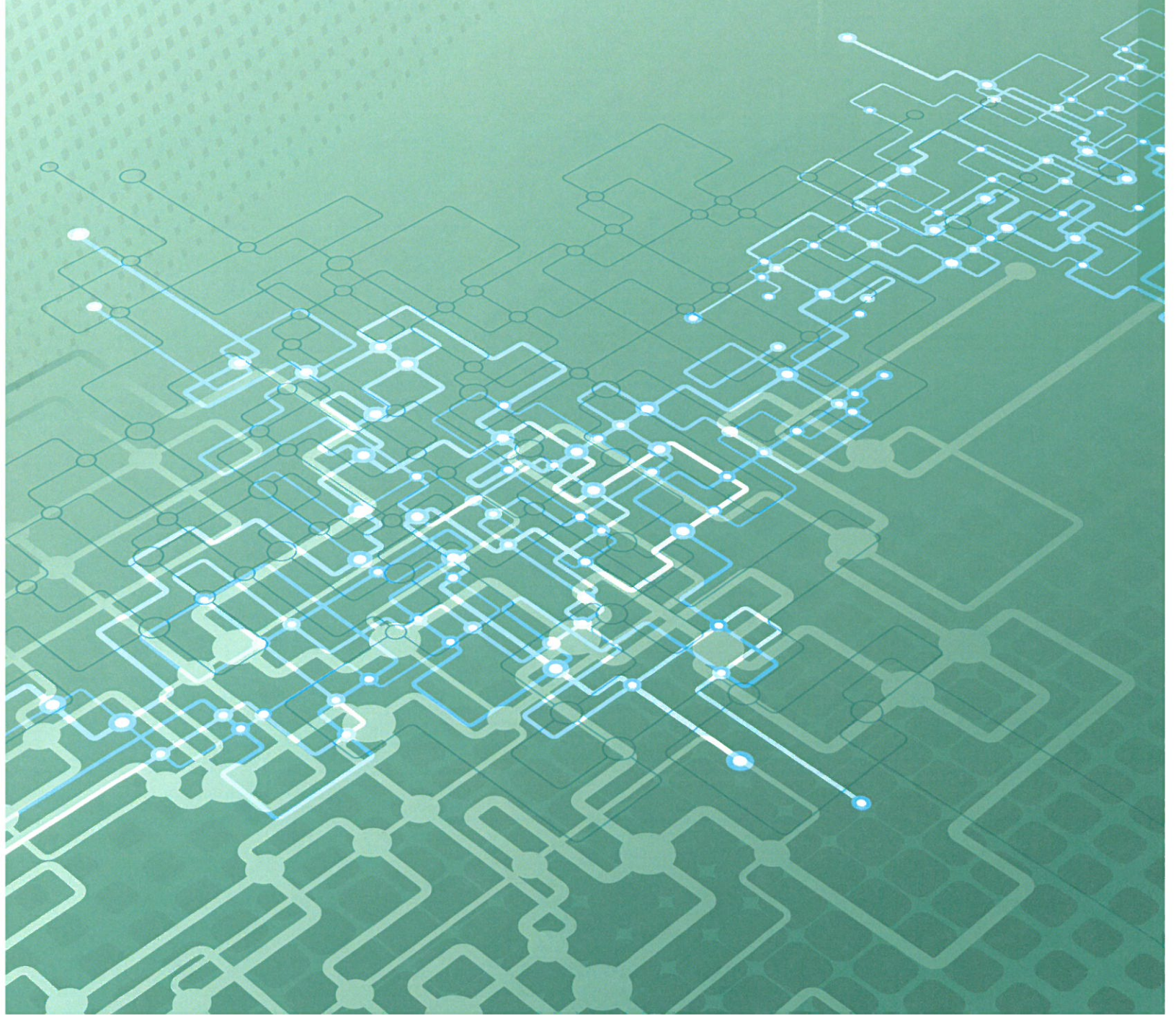
Management Discussion and Analysis

Basic Financial Statements

Notes to the Financial Statements

Required Supplementary Information

Supplemental Information



AUDITORS' REPORT



Item #180076A

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Gainesville, Florida (the "City"), as of and for the year ended September 30, 2017, 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 did not audit the financial statements of the Utility Fund, which is both a major fund and 95 percent, 83 percent, and 90 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Utility Fund and the business-type activities, are based solely on the report of the other auditors. 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 from 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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 schedules listed in the table of contents as "required supplementary information" 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 and other auditors 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The purpose of that report is solely 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 effectiveness of the City's 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's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 5, 2018

Gainesville.
Citizen centered
People empowered

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MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Gainesville (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vi - x of this report, and the City's financial statements which begin on page 1.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$687,534,808 (*net position*). This is a decrease of 4.03% from fiscal year 2016.
- The City's total net position increased \$12,685,078 as a result of fiscal year 2017 operations.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$91,376,126, a decrease of \$680,286 in comparison with the prior year. Of the total ending fund balances, \$45,612,193 is available for spending at the City's discretion (*committed, assigned and unassigned fund balances*).
- At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$16,199,506.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets & deferred outflows of resources and liabilities & deferred inflows of resources, with the net amount reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position has changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, physical environment, transportation, economic environment, human services and culture and recreation. The business-type activities include electric generation, transmission and distribution, natural gas, water and wastewater, telecommunications, refuse collection, stormwater management, golf course, building code enforcement, and mass transit.

The government-wide financial statements include not only the City itself, but also a legally separate enterprise zone development agency (discretely reported component unit), and a legally separate redevelopment agency (blended component unit) for which the City is financially accountable. Financial information for the *discretely reported component unit* is reported separately from the financial information presented for the primary government itself. The *blended component unit* is reported in five non-major special revenue funds of the primary government and is included in the Governmental Activities section of the government-wide financial statements. The government-wide financial statements can be found on pages 1-3 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seventy-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other seventy governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 4-7 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City maintains six enterprise funds to account for the following operations: utilities (including electric power generation, transmission and distribution, natural gas distribution, water and wastewater treatment and telecommunications), refuse collection, golf course, stormwater management, building code enforcement, and mass transit. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains three internal service funds to account for fleet management operations, general insurance, and employee health insurance programs. Because these services benefit governmental more than business-type functions, they have been included within *governmental activities* in the government-wide financial statements, however in the government-wide financial statements, a certain portion of the net income of the internal service funds each year is reported in the business-type activities. This amount is allocated based on percentage of service charges.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility fund, which is considered to be a major fund of the City. Data from the other five proprietary funds are combined into a single, aggregated presentation. The three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise funds as well as for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 8-14 of this report.

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 statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 15-16 of this report.

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 17-87 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's compliance with its General Fund budget and the

City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 89-99 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and proprietary funds, and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 101-175 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, net position was \$687,534,808 at the close of the most recent fiscal year.

	City of Gainesville's Net Position					
	Governmental Activities		Business-type Activities		Total	
	FY17	FY16	FY17	FY16	FY17	FY16
Current and other assets	\$ 129,444,877	\$ 129,541,107	\$ 469,380,437	\$ 484,426,994	\$ 598,825,314	\$ 613,968,101
Capital assets	233,082,984	230,268,044	2,185,132,520	2,242,956,534	2,418,215,504	2,473,224,578
Total assets	<u>362,527,861</u>	<u>359,809,151</u>	<u>2,654,512,957</u>	<u>2,727,383,528</u>	<u>3,017,040,818</u>	<u>3,087,192,679</u>
Deferred outflows	19,331,812	28,436,043	109,869,539	133,062,144	129,201,351	161,498,187
Long-term liabilities	207,927,004	223,608,268	1,899,587,117	2,030,234,741	2,107,514,121	2,253,843,009
Other liabilities	17,423,237	17,410,639	247,023,455	173,219,311	264,446,692	190,629,950
Total liabilities	<u>225,350,241</u>	<u>241,018,907</u>	<u>2,146,610,572</u>	<u>2,203,454,052</u>	<u>2,371,960,813</u>	<u>2,444,472,959</u>
Deferred inflows	5,817,661	6,326,051	80,928,887	81,461,864	86,746,548	87,787,915
Net position:						
Net investment in						
capital assets	195,530,215	190,440,482	326,814,049	361,120,054	522,344,264	551,560,536
Restricted	47,526,431	41,905,152	60,698,691	82,756,292	108,225,122	124,661,444
Unrestricted (Deficit)	<u>(92,364,875)</u>	<u>(91,445,398)</u>	<u>149,330,297</u>	<u>131,653,410</u>	<u>56,965,422</u>	<u>40,208,012</u>
Total net position	<u>\$ 150,691,771</u>	<u>\$ 140,900,236</u>	<u>\$ 536,843,037</u>	<u>\$ 575,529,756</u>	<u>\$ 687,534,808</u>	<u>\$ 716,429,992</u>

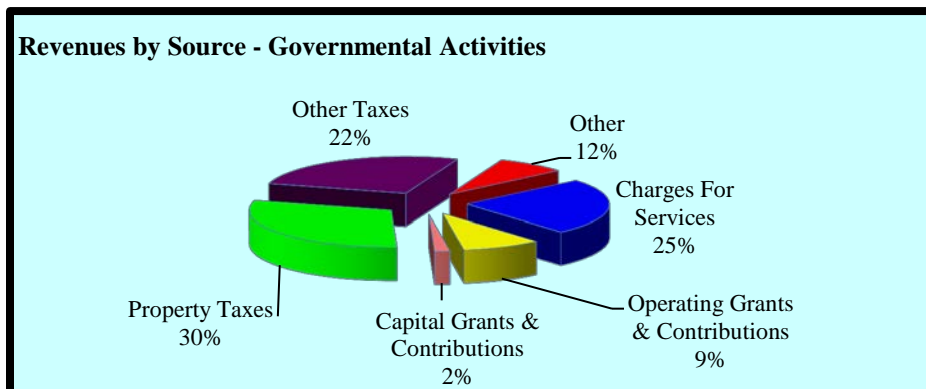
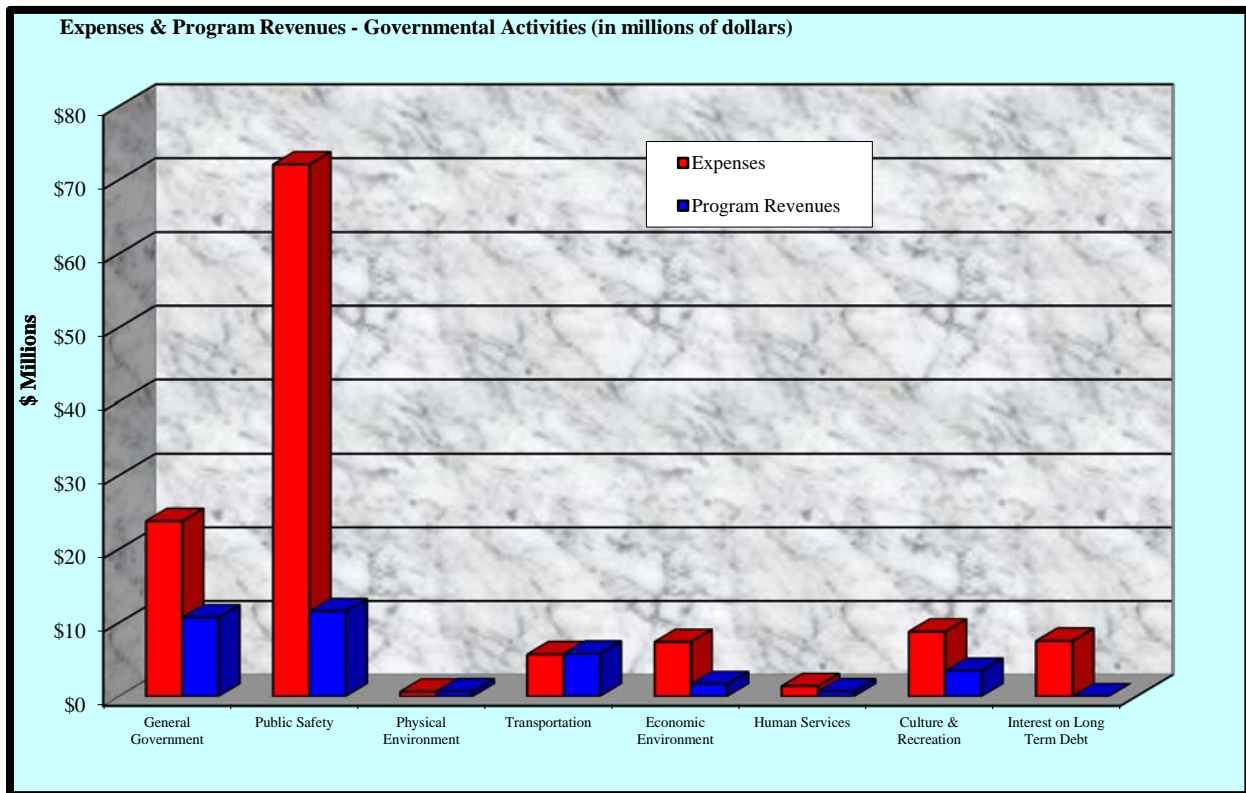
Approximately 76% of The City's net position reflects its investment in capital assets (e.g., land, utility plant and equipment, buildings, improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital 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.

An additional portion of the City's net position, \$108,225,122 or 16% represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$56,965,422 may be used to meet the government's ongoing obligations to citizens and creditors.

City of Gainesville Changes in Net Position						
	Governmental		Business-type		Total	
	activities		activities			
	FY17	FY16	FY17	FY16	FY17	FY16
Revenues:						
Program revenues:						
Charges for services	\$ 24,328,262	\$ 24,068,605	\$ 438,797,419	\$ 417,345,917	\$ 463,125,681	\$ 441,414,522
Operating grants and contrib.	6,822,748	8,809,447	10,315,741	5,828,801	17,138,489	14,638,248
Capital grants and contrib.	2,634,365	1,698,750	13,089,525	5,305,542	15,723,890	7,004,292
General revenues:						
Property taxes	31,116,558	29,161,493	-	-	31,116,558	29,161,493
Other taxes	22,105,551	21,670,989	-	-	22,105,551	21,670,989
State revenue sharing	4,648,650	4,316,493	-	-	4,648,650	4,316,493
Investment gain (loss)	443,618	4,176,684	5,234,036	19,569,675	5,677,654	23,746,359
Other revenues	8,127,699	3,567,795	61,488,630	56,319,413	69,616,329	59,887,208
Total revenues	100,227,451	97,470,256	528,925,351	504,369,348	629,152,802	601,839,604
Expenses:						
General government	13,257,529	23,812,563	-	-	13,257,529	23,812,563
Public safety	60,307,834	72,097,913	-	-	60,307,834	72,097,913
Physical environment	1,820,004	637,207	-	-	1,820,004	637,207
Transportation	17,941,779	5,723,450	-	-	17,941,779	5,723,450
Economic environment	8,879,794	7,397,884	-	-	8,879,794	7,397,884
Human services	1,340,199	1,393,939	-	-	1,340,199	1,393,939
Culture & recreation	17,049,901	8,802,512	-	-	17,049,901	8,802,512
Interest on long-term debt	6,374,794	7,113,163	-	-	6,374,794	7,113,163
Electric	-	-	331,139,770	322,959,616	331,139,770	322,959,616
Gas	-	-	21,284,174	21,999,919	21,284,174	21,999,919
Water	-	-	32,390,604	28,179,472	32,390,604	28,179,472
Wastewater	-	-	37,417,260	32,454,104	37,417,260	32,454,104
GRUCom	-	-	12,358,447	12,491,683	12,358,447	12,491,683
Regional transit system	-	-	33,640,219	28,302,063	33,640,219	28,302,063
Stormwater management	-	-	8,877,317	7,504,695	8,877,317	7,504,695
Ironwood golf course	-	-	1,632,760	1,701,930	1,632,760	1,701,930
Florida building code enf.	-	-	2,656,233	2,661,425	2,656,233	2,661,425
Solid waste	-	-	8,099,106	9,002,895	8,099,106	9,002,895
Total expenses	126,971,834	126,978,631	489,495,890	467,257,802	616,467,724	594,236,433
Change in net position before transfers						
transfers	(26,744,383)	(29,508,375)	39,429,461	37,111,546	12,685,078	7,603,171
Transfers	36,535,918	35,509,081	(36,535,918)	(35,509,081)	-	-
Change in net position	9,791,535	6,000,706	2,893,543	1,602,465	12,685,078	7,603,171
Net position - October 1	140,900,236	134,899,530	575,529,756	573,927,291	716,429,992	708,826,821
Restatement	-	-	(41,580,262)	-	(41,580,262)	-
Net position - October 1, as restated	140,900,236	134,899,530	533,949,494	573,927,291	674,849,730	708,826,821
Net position - September 30	\$ 150,691,771	\$ 140,900,236	\$ 536,843,037	\$ 575,529,756	\$ 687,534,808	\$ 716,429,992

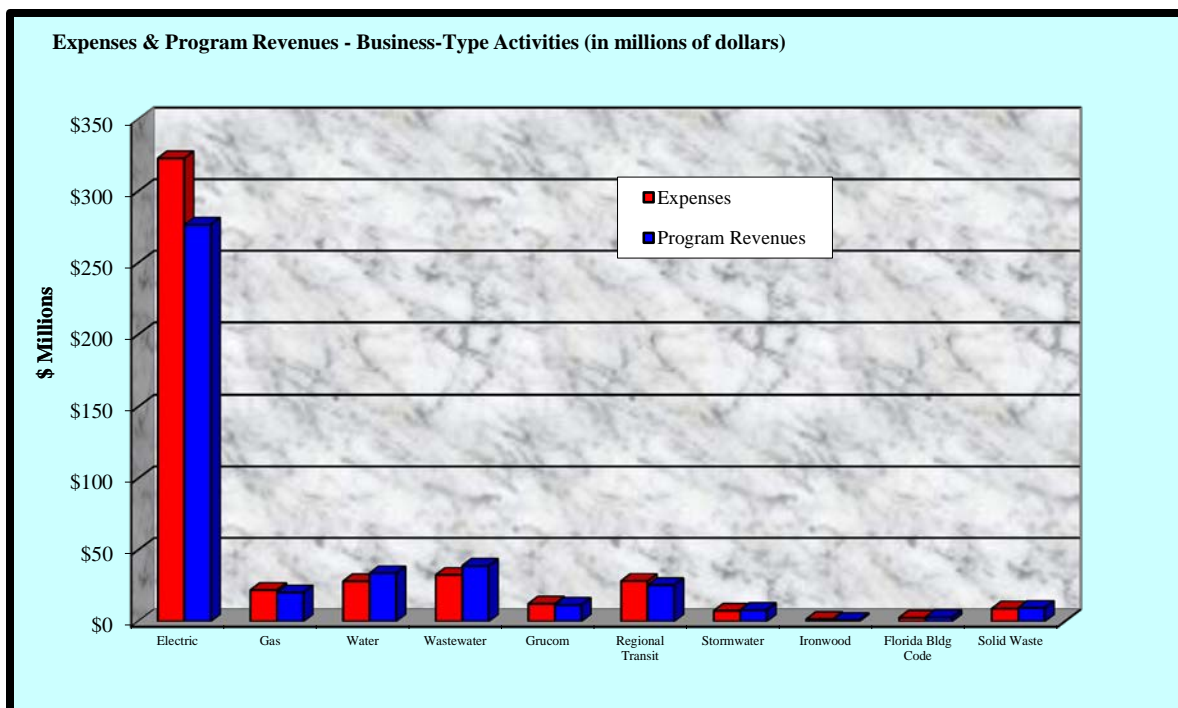
Governmental activities.

- General government expenses decreased from prior year due to several large projects were completed in the prior fiscal year.
- Public safety expenses decreased from prior year due to several large projects were completed in the prior fiscal year. Also, the pension expense decreased significantly due to the net changes in the pension liability from the prior fiscal year.
- Physical environment expenses increased from prior fiscal year due to the commencement of several stormwater projects.
- Transportation expenses increased from the prior year due to several large road repair projects which were started in fiscal year 2017.
- Cultural and recreation expenses increased from the prior year due to additional spending on recreation facilities in fiscal year 2017.
- As in prior years, fiscal year 2017's expenses were dominated by public safety expenses.



Business-type activities. Business-type activities' key elements for fiscal year 2016 are as follows:

- Gross utility plant in service increased \$128 million, or 6.9%, in fiscal year 2017. The increase was due primarily to completion of water and waste water pumping and treatment facilities.
- Long-term utility debt increased \$58.6 million, or 3.3%, in fiscal year 2017, due to the issuance of \$5 million of new debt and the reclassification of previously classified current portion of long-term debt to long-term debt.
- GRU is completing remediation efforts at a former manufactured gas plant site. The costs incurred to date total \$29.9 million. GRU accrued a regulatory asset and liability to account for the cost and cost recovery of the expense, which is being recognized as customer revenues are received.
- Sales and service charges increased \$10.4 million or 2.7% in fiscal year 2017. The increase in sales and service charges is the result of increases associated with sales, modest base rate increases in the water, wastewater, and gas systems offset by a reduction in the fuel adjustment rates.
- Operating expenses increased \$19.4 million or 5.1% in fiscal year 2017. The increase in operating expenses is due to increases in operation, maintenance, and administrative expenses.
- Transfers to rate stabilization were \$11.7 million in fiscal year 2017 as a result of budgeted transfers during the year.
- The number of customers for electric services increased 1.6%, water services increased 0.8%, wastewater services increased 1.3%, and gas services increased 1.3% in fiscal year 2017.
- On October 1, 2017, GRU implemented a 2% increase in the revenue requirement for the electric system. There were no increases or decreases in the revenue requirements in any of the other systems.



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$91,376,126, a decrease of \$680,286 in comparison with the prior year balance. Approximately 3.2% or

\$2,932,811 of this total amount constitutes *nonspendable fund balance*, which are amounts that are not in spendable form, primarily constituted of long-term receivables. An additional 46.9% or \$42,831,122 is *restricted*, indicating that funds can only be spent for specific purposes stipulated by external entities.

Approximately 34.2% (\$4,186,209 and \$27,042,204, respectively) are *committed and assigned* for spending at the government's discretion. The remaining 15.7% or \$14,383,780 of fund balance is *unassigned* to indicate that it has no internal or external restrictions or commitments.

The general fund is the chief operating fund of the City. At the end of the current fiscal year there was \$16,199,506 in unassigned fund balance of the general fund, while total fund balance was \$19,766,244. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance is 14.1% of total expenditures and transfers out, while total fund balance represents 17.2% of that same amount.

The fund balance of the City's general fund decreased \$3,074,196 during the current fiscal year. The original budget anticipated a decrease of fund balance in fiscal year 2017 of \$3,230,236 which was amended to appropriate \$0.5 million of general fund fund balance for Hurricane Irma related expenses. The general fund experienced a negative revenue variance of \$1,475,454 and departmental budgetary savings of \$2,707,224 compared to the final budget. The majority of the decrease of revenue can be found in fines and forfeitures and miscellaneous revenue. The majority of the positive variance in expenditures for the year can be found in general government expenditures; specifically there was over \$1 million in personnel positive variance and another positive variance of approximately \$600,000 in professional and contract services.

The special revenue funds have a total fund balance of \$32,157,022, which represents an increase of \$1,021,452 from last year's balance. The debt service funds have a total fund balance of \$735,049. The net decrease in fund balance for the current year for these funds was \$405,988. Fund balance in the capital projects funds increased by \$1,778,446 to end the fiscal year at \$38,717,811. This increase is primarily due to the City receiving \$4.2 million in half cent sales tax from the Wild Spaces Public Places sales tax initiative. Residents of Gainesville voted in favor of the half cent sales tax for enhancement and acquisition of recreation and cultural facilities.

Proprietary funds. The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The difference between the original and final revenue budget was a slight decrease of \$40,363. The difference between the original and final general fund budget for expenditures was a slight decrease of \$334,263. There were no significant budget amendments.

The most significant variances between the final budget and actual results for general fund revenues were for fines and forfeiture and miscellaneous revenue which were realized at \$437,449 or 29.8% below budgeted amounts for fines and forfeitures and \$482,807 or 28.3% below budgeted amounts for miscellaneous revenue. The majority of the shortfall for fines and forfeitures can be found in parking fines and court costs. The majority of the revenue shortfall for miscellaneous revenue was due to investment income falling short due to management's decision to liquidate all investments during fiscal year 2017 until new senior management in the Finance Department was selected.

The most significant variances between final budget and actual expenditures are found in general government, \$1,873,710 below budgeted amounts. Due to regular budget monitoring, most departments ended the fiscal year with expenditures below budgeted amounts.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2017 totals \$2,418,215,504 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, utility plant & equipment (including a capital lease for a biomass electric generation plant), infrastructure, roads, bike paths and sidewalks. Major capital asset events during the fiscal year include:

- Approximately \$4.7 million in road maintenance, repair, construction and drainage construction and maintenance.
- Acquisition of about \$2.6 million in vehicles for the fleet. \$2.2 million of that total was spent on public safety vehicles.
- Public safety projects totaling \$3.5 million with the majority of the expenditures spent on the new Fire Station #1.
- GRU initially recorded a capital lease asset during fiscal year 2014 when GREC began commercial operations in December 2013. The capital lease asset was recorded at \$1 billion at September 30, 2017.
- Electric generation capital expenditures were \$14.1 million for fiscal year 2017. These expenditures included \$1.2 million for the John R Kelly (JRK) generating station and \$12.9 million for the Deerhaven (DH) generation station.
- Electric transmission and distribution expansion was \$12.7 million in 2017 of which \$4.5 million was spent on underground system improvements.
- Water capital expenditures were \$6.3 million in fiscal year 2017 with \$1.8 million for supply, pumping and treatment and \$3.2 million for transmission and distribution.
- Wastewater capital expenditures were \$12.8 million in 2017. This included \$3.1 million spent on treatment plant improvements and \$7.7 million in collection improvements.
- Gas distribution expansion expenditures were \$3.0 million in 2017. This expansion included expenditures of \$0.8 million in gas distribution mains, \$0.8 million in residential gas services.
- Telecommunication fiber and electronics expansion were \$1.8 million which included \$0.6 million in fiber and related infrastructure installation and \$0.5 million in electronics upgrades.

City of Gainesville's Capital Assets (net of depreciation)						
	Governmental activities		Business-type activities		Total	
	FY17	FY16	FY17	FY16	FY17	FY16
Land	\$ 33,992,083	\$ 33,867,429	\$ 9,466,133	\$ 9,464,437	\$ 43,458,216	\$ 43,331,866
Utility P&E	-	-	1,110,949,243	1,121,981,976	1,110,949,243	1,121,981,976
Utility Capital Lease	-	-	879,694,878	913,255,170	879,694,878	913,255,170
Buildings	48,722,162	49,556,455	39,503,107	40,654,564	88,225,269	90,211,019
Improvements	15,532,789	10,131,525	2,540,975	2,708,598	18,073,764	12,840,123
Mach & equip	15,527,649	15,301,584	17,446,708	17,196,405	32,974,357	32,497,989
Infrastructure	108,580,442	104,211,194	31,600,677	21,800,794	140,181,119	126,011,988
Const in prog	10,727,859	17,199,857	93,930,799	115,894,590	104,658,658	133,094,447
Total	\$ 233,082,984	\$ 230,268,044	\$ 2,185,132,520	\$ 2,242,956,534	\$ 2,418,215,504	\$ 2,473,224,578

Additional information on the City's capital assets can be found in Note 8 on pages 71-72 of this report.

Bonded debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,085,095,430. This entire amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds and notes) and excludes issuance premiums and discounts.

City of Gainesville's Outstanding Bonded Debt

	Governmental activities	Business-type activities	Total
Pension obligation bonds	\$ 72,864,045	\$ -	\$ 72,864,045
Revenue bonds & notes	<u>50,549,999</u>	<u>935,794,398</u>	<u>986,344,397</u>
Total	<u>\$ 123,414,044</u>	<u>\$ 935,794,398</u>	<u>\$ 1,059,208,442</u>

- The City's total bonded debt decreased by approximately \$25.9 million, or 2.4% during the current fiscal year through scheduled principal payments.
- During fiscal year 2017, GRU reduced utilities system revenue bonds and commercial paper notes by \$24,020,000 through scheduled principal payments.
- During fiscal year 2017, GRU issued \$5,000,000 in tax exempt commercial paper to support construction costs for water and wastewater systems.
- During fiscal year 2017, GRU replaced the liquidity facility for the 2008B revenue bonds from BMO to Barclays as well as replaced the liquidity facility for the 2012B revenue bonds from SMBC to Citibank. GRU also extended a letter of credit with State Street for the taxable commercial paper line of \$25 million.
- As a result of the start of commercial operation of the GREC biomass plant in December 2013, GRU recorded a capital lease liability of \$941,269,071 at September 30, 2017.

The Utility has ratings of AA, Aa3, and AA with Standard and Poor's, Moody's Investor Service, and/or Fitch Ratings, respectively, for utility system revenue bonds. The Utility has ratings of P-2 or better, A-2 or better, and F2 or better with Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively, for commercial paper notes. In September 2017, Moody's Investors Service lowered GRU's long term rating to Aa3 from Aa2 following GRU's announcement of the Asset Purchase Agreement (APA) to buy out the GREC biomass plant for \$750 million and terminate the existing power purchase agreement (PPA).

The Fitch rating on the City's pension bonds and Capital Improvement Revenue Bonds Series 2010 and 2014 is AA- and the City's underlying Issuer Default Rating is AA.

Additional information on the City's long-term debt can be found in Note 7 on pages 58-70 of this report.

Currently Known Facts or Conditions that may have a Significant Effect on the City's Financial Condition

- GRU management, with the approval of the City Commission, entered into a long-term contract to obtain dependable capacity, energy, and environmental attributes from GREC's 100 megawatt biomass fueled power plant. The facility is located on a portion of land leased from GRU's Deerhaven power plant site and is owned by a third party. The plant became commercially operable in December 2013.
- On March 10, 2016, arbitration was filed by GREC with the American Arbitration Association (AAA) against GRU alleging that GREC did not have to perform a scheduled annual Planned Maintenance outage for April 2016. Prior to the dispute and the arbitration being filed with the AAA, GRU and GREC mutually agreed in writing to an annual Planned Maintenance Outage for twenty-one days, scheduled to take place April 9-29, 2016. GREC unilaterally cancelled the twenty-one day mutually agreed upon annual Planned Maintenance outage. Section 10.4.1(a) of the Power Purchase Agreement (PPA) requires GREC to submit a written annual maintenance plan containing its forecast of planned maintenance for the coming year no later than sixty (60) days prior to the start of each calendar year. Any and all changes to such plan shall be mutually agreeable to GREC and GRU. In April of 2016, GRU withheld \$4.1 million in Available Energy invoice payments related to the agreed upon annual Planned Maintenance outage. As of September 30, 2017, GRU has withheld approximately \$8,514,656 for various commercial disputes related to the PPA. GRU entered into a Memorandum of Understanding with GREC on April 24, 2017, to explore the possible purchase of the biomass plant, the cancellation of the PPA and the resolution of the arbitration case. On September 12, 2017, GRU and GREC executed the APA which defined the purchase of the biomass plant,

the termination of the PPA and the resolution of the arbitration case. Closing occurred on November 7, 2017. See Note 13 Commitments and Contingencies and Note 19 Subsequent Events for additional information.

GRU's long-term energy supply strategy is to encourage maximum cost effective energy conservation, renewable energy in combination with GRU owned generation, and purchased power while managing potential regulatory requirements. Based on the most recent forecasts, GRU has adequate reserves of generating capacity to meet forecasted loads plus a reserve margin through 2022. This forecast incorporates new population forecasts and changed economic circumstances.

Economic Factors and Next Year's Budgets and Rates

Some of the significant factors considered in preparing the City's fiscal year 2018 budget were:

- The transfer to the General Fund from the Utility accounts for approximately 33% of General Fund revenues, and is based on formulas approved by the City Commission. During the FY 2015 budget process, an amended transfer formula was adopted by the City Commission. The formula uses its base equal to the FY 2014 transfer, a growth rate at 1.5% and reduced by the property tax received for the biomass plant. The same formula was used for FY 2018.
- Property tax revenues have flattened due to a combination of legislative action and a soft real estate market. The taxable values have begun a slow rebound, which combined with robust new construction results in the FY 2018 plan anticipating about a 8.8% growth. The growth is primarily composed of approximately \$406 million of appreciation value of existing properties along with \$122 million in new construction. The City Commission approved an increase of the millage rate from 4.5079 to 4.7474.
- Utility tax revenues are generated through taxes levied on utility customers within the City's corporate limits. The FY 2018 forecast of utility tax revenues is projected to be about 1.87% increase over fiscal year 2017.
- Charges for services include a wide variety of sources. To keep with the increases in costs in these services, the City's practice has historically been to increase most user fees by 5% every other year. The FY 2018 plan includes these increases except for Landlord License fees, for which a \$130,000 decrease has been proposed.
- Two significant revenues which are expected to improve are State Revenue Sharing and Half Cent Sales Tax which are projected to generate just around 5% more revenue in FY 2018.
- The City Commission maintained the fire assessment, which was added in FY 2011, bringing needed diversification to the revenue base during a period of generally flat revenue growth. Gainesville has the highest percentage of property off the tax roll of any municipality in Florida, with 59% of the value of property exempt. The fire assessment broadens the base of those who pay for services delivered by the City. This is expected to generate approximately \$6.9 million in FY 2018 due to the City Commission approving an increase of the fee by nearly 30% .
- Pension liabilities are long-term in nature and the investment plan and asset allocation strategy to fund these liabilities should be long-term as well. To that end, approximately 70% of the plan assets of the City's two defined benefit pension plans are invested in equities. The City has negotiated and implemented pension reform for the General and Consolidated Police & Fire pension plans to mitigate the increases in contributions due to poor market performance during the recession and changing employee and retiree demographics.
- Two of every three area jobs are supplied by the government, education and health services sectors. Such an economic structure tends to mitigate the impact of external economic stimuli. Gainesville's economy does not rise as much as the national average during economic expansions, nor fall as much during economic declines.
- This area's primary economic engine, the University of Florida (UF) has a number of ambitious expansion plans in progress which will contribute to long-term growth for the City.
- In November 2016, the citizens of Gainesville passed a 0.5% sales tax increase for eight years for the Wild Spaces Public Places recreation and land conservation initiative. The funds will be used to enhance current City owned parks and recreation programs.

Utility highlights for the 2018 fiscal year budget are as follows:

- The primary factors currently affecting the utility industry include environmental regulations, Operating, Planning and Critical Infrastructure Protection Standards promulgated by NERC under FERC

jurisdiction, and the increasing strategic and price differences among various types of fuels. No state or federal legislation is pending or proposed at this time for retail competition in Florida.

- GRU and its operations are subject to federal, state, and local statutory and regulatory requirements with respect to the siting and licensing of facilities, safety and security, air and water quality, land use, and other environmental factors.
- On October 26, 2016, the EPA published an update to the Cross-State Air Pollution Rule (“CSAPR”). For three states, including Florida, the EPA is removing them from the CSAPR ozone season NOx trading program because modeling for the Final Rule indicates that these states do not contribute significantly to ozone air quality problems in downwind states. Therefore, GRU will not have to meet any ozone season limits in 2018 and probably 2019.
- In late 2011, the EPA promulgated the Mercury and Air Toxics Standards (MATS) to reduce emissions of toxic air pollutants from power plants which faced several legal challenges including a decision on June 29, 2015, by the U.S. Supreme Court reversing the District of Columbia Circuit Court’s decision to uphold the EPA’s rule establishing the standards. But since the Supreme Court did not vacate the rule, the MATS rule remained in effect. On April 14, 2016, the Administrator of the EPA signed the final supplemental finding in the MATS rule and concluded it is proper to regulate mercury emissions from power plants. Challenges to the rule were filed by various parties and on April 27, 2017, the D.C. Circuit Court granted the EPA’s motion to postpone oral argument in these challenges and directed the EPA to file status reports with the courts every 90 days. GRU’s Deerhaven (DH) Unit #2 is the only generation unit affected by the MATS rule and air quality control systems are currently in place at DH which enables this station to comply with these standards at a known cost for operations and reagents. See Note 13 Commitments and Contingencies for additional information.
- Legislation and regulation at the federal level has been proposed to mandate the use of renewable energy and to constrain the emission of greenhouse gases. GRU’s institution of a solar feed-in-tariff and purchase of a 102.5 megawatt biomass fueled power plant will hedge against these uncertainties. See Note 19, Subsequent Event, for additional information.

Requests for Information

This financial report is designed to provide a general overview of the City’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 200 East University Avenue, Gainesville, Florida, 32601.

Gainesville.
Citizen centered
People empowered

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BASIC FINANCIAL STATEMENTS

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Total	GEZDA
ASSETS				
Cash and cash equivalents	\$ 522,000	\$ 7,150	\$ 529,150	\$ -
Equity in pooled cash and investments	105,296,019	62,765,619	168,061,638	5,425
Investments	1,585,993	-	1,585,993	-
Receivables	8,015,140	58,899,811	66,914,951	-
Internal balances	(4,585,891)	4,585,891	-	-
Inventories	223,876	16,834,053	17,057,929	-
Fuel Adjustment	-	4,729,317	4,729,317	-
Prepays	23,204	-	23,204	-
Other assets and regulatory assets	-	2,793,639	2,793,639	-
Assets held for evidence	315,251	-	315,251	-
Other noncurrent assets	-	159,765,177	159,765,177	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	158,999,780	158,999,780	-
Negative net OPEB obligation asset	18,049,285	-	18,049,285	-
Capital assets (net of accumulated depreciation):				
Utility plant and equipment	-	1,110,949,243	1,110,949,243	-
Utility plant and equipment - under capital lease	-	879,694,878	879,694,878	-
Buildings	48,722,162	39,503,107	88,225,269	-
Improvements other than buildings	15,532,789	2,540,975	18,073,764	-
Machinery and equipment	15,527,649	17,446,708	32,974,357	-
Infrastructure	108,580,442	31,600,677	140,181,119	-
Capital assets (not depreciated):				
Land	33,992,083	9,466,133	43,458,216	-
Construction in progress	10,727,859	93,930,799	104,658,658	-
Total assets	<u>362,527,861</u>	<u>2,654,512,957</u>	<u>3,017,040,818</u>	<u>5,425</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding of bonds	2,119,340	21,372,280	23,491,620	-
Accumulated decrease in fair value of hedging derivatives	-	57,652,361	57,652,361	-
Deferred amounts related to pensions	17,212,472	30,844,898	48,057,370	-
Total deferred outflows of resources	<u>19,331,812</u>	<u>109,869,539</u>	<u>129,201,351</u>	<u>-</u>

(CONTINUED)

The notes to the financial statements are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Total	GEZDA
LIABILITIES				
Accounts payable	16,959,665	36,159,195	53,118,860	-
Accounts payable - payroll	-	1,707,325	1,707,325	-
Accrued interest payable	349,711	-	349,711	-
Unearned revenue	113,861	-	113,861	-
Fuel adjustment	-	179,859	179,859	-
Liabilities payable from restricted assets:				
Accrued interest payable	-	18,039,204	18,039,204	-
Other liabilities payable from restricted assets	-	19,504,471	19,504,471	-
Long-term debt due within one year	8,021,220	43,862,387	51,883,607	-
Long-term debt due in more than one year	120,265,947	1,855,724,730	1,975,990,677	-
Net pension liability	79,639,837	106,247,321	185,887,158	-
Other noncurrent liabilities	-	4,002,000	4,002,000	-
Fair value of derivative instruments	-	61,184,080	61,184,080	-
Total liabilities	225,350,241	2,146,610,572	2,371,960,813	-
DEFERRED INFLOWS OF RESOURCES				
Rate stabilization	-	62,369,039	62,369,039	-
Business taxes not yet earned	524,493	-	524,493	-
Deferred amounts related to pensions	5,293,168	18,559,848	23,853,016	-
Total deferred inflows of resources	5,817,661	80,928,887	86,746,548	-
NET POSITION				
Net investment in capital assets	195,530,215	326,814,049	522,344,264	-
Restricted for:				
Debt service	-	24,283,000	24,283,000	-
Capital projects	25,642,441	-	25,642,441	-
Utility plant improvement	-	35,418,000	35,418,000	-
Tax increment zones	17,737,304	-	17,737,304	-
Federal and state grants	2,521,736	-	2,521,736	-
Cemetery care	1,624,950	-	1,624,950	-
Other purposes	-	997,691	997,691	-
Unrestricted	(92,364,875)	149,330,297	56,965,422	5,425
Total net position	\$ 150,691,771	\$ 536,843,037	\$ 687,534,808	\$ 5,425

(CONCLUDED)

The notes to the financial statements are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET(EXPENSE)REVENUE AND CHANGES IN NET POSITION			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	GEZDA
PRIMARY GOVERNMENT								
Governmental activities:								
General government	\$ 13,257,529	\$ 11,795,746	\$ (525)	\$ -	\$ (1,462,308)	\$ -	\$ (1,462,308)	\$ -
Public safety	60,307,834	7,640,035	2,667,284	217,333	(49,783,182)	-	(49,783,182)	-
Physical environment	1,820,004	358,375	865,906	-	(595,723)	-	(595,723)	-
Transportation	17,941,779	2,209,599	1,322,006	2,417,032	(11,993,142)	-	(11,993,142)	-
Economic environment	8,879,794	193,892	1,149,416	-	(7,536,486)	-	(7,536,486)	-
Human services	1,340,199	-	580,819	-	(759,380)	-	(759,380)	-
Culture & recreation	17,049,901	2,130,615	237,842	-	(14,681,444)	-	(14,681,444)	-
Interest on long-term debt	6,374,794	-	-	-	(6,374,794)	-	(6,374,794)	-
Total governmental activities	<u>126,971,834</u>	<u>24,328,262</u>	<u>6,822,748</u>	<u>2,634,365</u>	<u>(93,186,459)</u>	<u>-</u>	<u>(93,186,459)</u>	<u>-</u>
Business-type activities:								
Electric	331,139,770	293,065,520	-	-	-	(38,074,250)	(38,074,250)	-
Gas	21,284,174	21,522,854	-	-	-	238,680	238,680	-
Water	32,390,604	35,307,647	-	4,067,912	-	6,984,955	6,984,955	-
Wastewater	37,417,260	40,105,516	-	3,509,780	-	6,198,036	6,198,036	-
GRUCom	12,358,447	11,189,423	-	-	-	(1,169,024)	(1,169,024)	-
Regional Transit System	33,640,219	16,516,593	10,315,741	508,662	-	(6,299,223)	(6,299,223)	-
Stormwater Management	8,877,317	8,082,600	-	4,974,395	-	4,179,678	4,179,678	-
Ironwood Golf Course	1,632,760	539,477	-	28,776	-	(1,064,507)	(1,064,507)	-
Florida Building Code Enforcement	2,656,233	2,819,874	-	-	-	163,641	163,641	-
Solid Waste	8,099,106	9,647,915	-	-	-	1,548,809	1,548,809	-
Total business-type activities	<u>489,495,890</u>	<u>438,797,419</u>	<u>10,315,741</u>	<u>13,089,525</u>	<u>-</u>	<u>(27,293,205)</u>	<u>(27,293,205)</u>	<u>-</u>
Total primary government	<u>\$ 616,467,724</u>	<u>\$ 463,125,681</u>	<u>\$ 17,138,489</u>	<u>\$ 15,723,890</u>	<u>(93,186,459)</u>	<u>(27,293,205)</u>	<u>(120,479,664)</u>	<u>-</u>
COMPONENT UNIT								
Gainesville Enterprise Zone Development Agency	\$ -	\$ -	\$ -	\$ -	-	-	-	-
General revenues:								
Property taxes					31,116,558	-	31,116,558	-
Franchise & utility taxes					10,537,025	-	10,537,025	-
Communications services tax					3,807,842	-	3,807,842	-
Half cent sales tax					7,760,684	-	7,760,684	-
State revenue sharing (unrestricted)					4,648,650	-	4,648,650	-
Gain on sale of capital assets					109,652	-	109,652	-
Other unrestricted general revenues					8,018,047	61,488,630	69,506,677	-
Investment gain					443,618	5,234,036	5,677,654	8
Transfers					36,535,918	(36,535,918)	-	-
Total general revenues and transfers					<u>102,977,994</u>	<u>30,186,748</u>	<u>133,164,742</u>	<u>8</u>
Change in net position					9,791,535	2,893,543	12,685,078	8
Net position - beginning of year, as previously reported					140,900,236	575,529,756	716,429,992	5,417
Restatement					-	(41,580,262)	(41,580,262)	-
Net position - beginning of year					<u>140,900,236</u>	<u>533,949,494</u>	<u>674,849,730</u>	<u>5,417</u>
Net position - end of year					<u>\$ 150,691,771</u>	<u>\$ 536,843,037</u>	<u>\$ 687,534,808</u>	<u>\$ 5,425</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Equity in pooled cash and investments	\$ 7,835,559	\$ 74,139,848	\$ 81,975,407
Investments	-	1,585,993	1,585,993
Receivables	4,023,820	3,990,596	8,014,416
Due from other funds	10,934,845	270,642	11,205,487
Advances to other funds	1,840,188	-	1,840,188
Inventories	49,868	-	49,868
Assets held for evidence	-	315,251	315,251
Total assets	<u>\$ 24,684,280</u>	<u>\$ 80,302,330</u>	<u>\$ 104,986,610</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 4,393,543	\$ 3,787,429	\$ 8,180,972
Due to other funds	-	2,886,284	2,886,284
Unearned revenues	-	113,861	113,861
Advances from other funds	-	1,840,188	1,840,188
Total liabilities	<u>4,393,543</u>	<u>8,627,762</u>	<u>13,021,305</u>
DEFERRED INFLOWS OF RESOURCES			
Business taxes not yet earned	524,493	-	524,493
Deferred revenue-notes receivable	-	59,838	59,838
Deferred revenue-assessments net yet available	-	4,848	4,848
Total deferred inflows of resources	<u>524,493</u>	<u>64,686</u>	<u>589,179</u>
FUND BALANCES			
Nonspendable	1,959,310	973,501	2,932,811
Restricted	-	42,831,122	42,831,122
Committed	-	4,186,209	4,186,209
Assigned	1,607,428	25,434,776	27,042,204
Unassigned	16,199,506	(1,815,726)	14,383,780
Total fund balances	<u>19,766,244</u>	<u>71,609,882</u>	<u>91,376,126</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,684,280</u>	<u>\$ 80,302,330</u>	<u>\$ 104,986,610</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Total fund balances: governmental funds balance sheet		\$ 91,376,126
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. The cost of the assets is \$398,793,171 and the accumulated depreciation is \$181,199,708. This excludes internal service fund capital assets which are included in the internal service fund adjustment below.		217,593,463
Long term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities of internal service funds are included in the internal service fund adjustment below. Other governmental long-term liabilities at year end consist of:		
Bonds and promissory notes payable	123,414,044	
Capital lease payable	78,141	
Compensated absences	3,817,087	
Net pension liability	75,864,480	(203,173,752)
Deferred outflows and inflows of resources are not available in the current period and , therefore, are not reported in the government funds. Deferred outflows and inflows of resources at year-end consist of:		
Deferred outflow amount on debt refunding	2,119,340	
Deferred outflow amount on pension liabilities	16,739,841	
Deferred inflow amount on pension liabilities	(5,257,070)	13,602,111
Governmental funds do not report a liability for accrued interest until it is due and payable. Accrued interest must be reported as a liability in the government-wide financial statements.		(349,711)
In fund financial statements, governmental fund types recognize discounts and premiums during the current period as other financing sources and uses. In the government-wide statements, discounts and premiums are applied against bonds payable.		
Discounts	9,816	
Premiums	(863,345)	(853,529)
Unavailable revenue is deferred in governmental funds but not in the government-wide financial statements		64,686
Negative net OPEB obligation assets created through treatment of Taxable OPEB Bonds as employer contributions to OPEB plans are not recognized in the funds.		
Negative net OPEB obligation asset		18,049,285
Internal service funds are used by management to charge the costs of fleet management, general insurance, employees health insurance, and retirees health insurance. The assets and liabilities of the internal service funds, including net capital assets of \$15,489,522, compensated absences liabilities of \$124,366, deferred outflows related to pension of \$472,630, deferred inflows related to pensions of \$36,098 and net pension liability of \$3,775,357 are included in governmental activities in the statement of net position.		14,383,092
Net position of governmental activities		\$ 150,691,771

The notes to the financial statements are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Taxes	\$ 42,453,001	\$ 9,147,588	\$ 51,600,589
Licenses and permits	5,901,029	-	5,901,029
Intergovernmental	14,195,190	12,108,172	26,303,362
Charges for services	10,552,595	1,523,406	12,076,001
Fines and forfeitures	1,032,912	127,337	1,160,249
Miscellaneous	1,062,559	2,123,662	3,186,221
Total revenues	<u>75,197,286</u>	<u>25,030,165</u>	<u>100,227,451</u>
EXPENDITURES			
Current:			
General government	17,447,884	435,028	17,882,912
Public safety	58,005,467	2,943,921	60,949,388
Physical environment	185,498	1,453,353	1,638,851
Transportation	11,389,719	2,117,249	13,506,968
Economic environment	391,759	8,057,994	8,449,753
Human services	-	1,342,820	1,342,820
Culture and recreation	8,584,733	1,112,832	9,697,565
Debt service:			
Principal	-	7,512,126	7,512,126
Interest and fiscal charges	-	6,129,579	6,129,579
Capital outlay	-	10,296,971	10,296,971
Total expenditures	<u>96,005,060</u>	<u>41,401,873</u>	<u>137,406,933</u>
Excess of revenues over(under) expenditures	<u>(20,807,774)</u>	<u>(16,371,708)</u>	<u>(37,179,482)</u>
OTHER FINANCING SOURCES(USES)			
Transfers in	36,705,718	22,335,845	59,041,563
Transfers out	(18,972,140)	(3,570,227)	(22,542,367)
Total other financing sources(uses)	<u>17,733,578</u>	<u>18,765,618</u>	<u>36,499,196</u>
Net change in fund balances	<u>(3,074,196)</u>	<u>2,393,910</u>	<u>(680,286)</u>
Fund balances - beginning	<u>22,840,440</u>	<u>69,215,972</u>	<u>92,056,412</u>
Fund balances - ending	<u>\$ 19,766,244</u>	<u>\$ 71,609,882</u>	<u>\$ 91,376,126</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Net changes in fund balances - total governmental funds	\$	(680,286)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
This is the capital outlay recorded in the current period, excluding internal service fund activity.		12,021,361
This is the depreciation expense recorded in the current period, excluding internal service fund activity.		(9,397,570)
Proceeds of other post-employment benefit obligation bonds issued during FY2005 were contributed to the OPEB plan to retire the unfunded obligation. This transaction resulted in contributions in excess of the required amounts which results in the reporting of an asset on the Statement of Net Position. On the Statement of Activities, the impact is the change in the Negative Net OPEB Obligation during the current fiscal year.		
Change in Negative Net OPEB Obligation		(858,329)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions, however, have no effect on net position This is the amount of repayment of principal of long-term debt.		
		7,512,126
Governmental funds report the effect of bond premiums and discounts when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount of the effect of the difference in treatment of bond premiums and discounts.		
Amortization of bond premiums	101,352	
Amortization of bond discounts	<u>(768)</u>	100,584
Losses on refundings of debt are reported in governmental activities but not in governmental funds.		
Amortization of loss on refunding		(246,420)
The net change in net pension liability and deferred outflows and inflows are reported in the statement of activities, but not in the governmental funds.		
Change in net pension liability	8,749,827	
Change in deferred outflows related to pensions	(8,429,957)	
Change in deferred inflows related to pensions	<u>210,119</u>	529,989
Governmental funds do not recognize expenditures for the long-term accrued liability associated with compensated absences. This is the amount of the change in the liability amount, excluding the amount attributable to internal service funds, which is included in the internal service fund adjustment below.		
		(177,150)
Governmental funds do not recognize expenditures for the liability associated with accrued interest payable on long-term debt. This is the amount of the change in the liability amount.		
		(99,379)
Internal service funds are used by management to charge the costs of fleet maintenance and insurance to individual funds. A portion of the net revenue of certain activities of internal service funds is reported in governmental activities.		
		<u>1,086,609</u>
Change in net position of governmental activities	\$	<u>9,791,535</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			GOVERNMENTAL
	<u>Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	ACTIVITIES - Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 7,150	\$ 7,150	\$ 522,000
Equity in pooled cash and investments	49,488,170	13,277,449	62,765,619	23,320,612
Receivables	52,423,319	6,476,492	58,899,811	724
Due from other funds	783,639	60,586	844,225	809,055
Inventories	15,451,128	1,382,925	16,834,053	174,008
Fuel Adjustment	4,729,317	-	4,729,317	-
Prepaid expenses	-	-	-	23,204
Other assets and regulatory assets	2,793,639	-	2,793,639	-
Restricted assets - cash and investments	158,999,780	-	158,999,780	-
Total current assets	<u>284,668,992</u>	<u>21,204,602</u>	<u>305,873,594</u>	<u>24,849,603</u>
Noncurrent assets:				
Other noncurrent assets	159,765,177	-	159,765,177	-
Capital assets (net of accumulated depreciation):				
Utility plant & equipment	1,110,949,243	-	1,110,949,243	-
Utility plant & equipment - under capital lease	879,694,878	-	879,694,878	-
Buildings	-	39,503,107	39,503,107	3,125,645
Improvements other than buildings	-	2,540,975	2,540,975	1,101,252
Machinery and equipment	-	17,446,708	17,446,708	10,388,464
Infrastructure	-	31,600,677	31,600,677	242,598
Capital assets (not depreciated):				
Land	-	9,466,133	9,466,133	631,563
Construction in progress	92,098,075	1,832,724	93,930,799	-
Total capital assets	<u>2,082,742,196</u>	<u>102,390,324</u>	<u>2,185,132,520</u>	<u>15,489,522</u>
Total noncurrent assets	<u>2,242,507,373</u>	<u>102,390,324</u>	<u>2,344,897,697</u>	<u>15,489,522</u>
Total assets	<u>2,527,176,365</u>	<u>123,594,926</u>	<u>2,650,771,291</u>	<u>40,339,125</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refundings of bonds	21,372,280	-	21,372,280	-
Accumulated decrease in fair value of hedging derivatives	57,652,361	-	57,652,361	-
Deferred amounts related to pensions	27,899,197	2,945,701	30,844,898	472,630
Total deferred outflows of resources	<u>106,923,838</u>	<u>2,945,701</u>	<u>109,869,539</u>	<u>472,630</u>

(CONTINUED)

The notes to the financial statements are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			GOVERNMENTAL ACTIVITIES - Internal Service Funds
	<u>Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	33,195,080	2,964,115	36,159,195	8,712,778
Accounts payable - payroll	1,306,933	400,392	1,707,325	65,915
Due to other funds	3,166,764	6,805,719	9,972,483	-
Current portion of long-term debt	43,467,920	394,467	43,862,387	4,784
Other liabilities and regulatory liabilities	179,859	-	179,859	-
Current liabilities payable from restricted assets:				
Utility deposits	9,532,684	-	9,532,684	-
Accrued interest payable	18,039,204	-	18,039,204	-
Other liabilities payable from restricted assets	9,971,787	-	9,971,787	-
Total current liabilities	<u>118,860,231</u>	<u>10,564,693</u>	<u>129,424,924</u>	<u>8,783,477</u>
Noncurrent liabilities:				
Long-term debt	1,850,147,771	5,576,959	1,855,724,730	119,582
Fair value of derivative instruments	61,184,080	-	61,184,080	-
Net pension liability	82,704,362	23,542,959	106,247,321	3,775,357
Other noncurrent liabilities	4,002,000	-	4,002,000	-
Total noncurrent liabilities	<u>1,998,038,213</u>	<u>29,119,918</u>	<u>2,027,158,131</u>	<u>3,894,939</u>
Total liabilities	<u>2,116,898,444</u>	<u>39,684,611</u>	<u>2,156,583,055</u>	<u>12,678,416</u>
DEFERRED INFLOWS OF RESOURCES				
Rate stabilization	62,369,039	-	62,369,039	-
Deferred amounts related to pensions	18,336,347	223,501	18,559,848	36,098
Total deferred inflows of resources	<u>80,705,386</u>	<u>223,501</u>	<u>80,928,887</u>	<u>36,098</u>
NET POSITION				
Net investment in capital assets	226,493,152	100,320,897	326,814,049	15,489,522
Restricted for:				
Debt service	24,283,000	-	24,283,000	-
Utility plant improvement	35,418,000	-	35,418,000	-
RTS grant	-	468,600	468,600	-
Other	529,091	-	529,091	-
Unrestricted	149,773,130	(14,156,982)	135,616,148	12,607,719
Total net position	<u>\$ 436,496,373</u>	<u>\$ 86,632,515</u>	<u>\$ 523,128,888</u>	<u>\$ 28,097,241</u>

(CONCLUDED)

The notes to the financial statements are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF NET POSITION OF PROPRIETARY FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Total net position of Enterprise Funds on the statement of net position of proprietary funds	\$ 523,128,888
<p>Internal service funds are used by management to charge the costs of fleet management, general insurance, and employee health insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.</p>	
Look-back adjustment for the consolidation of internal service fund activity involving enterprise fund participants.	<u>13,714,149</u>
Net position of business-type activities	<u>\$ 536,843,037</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			GOVERNMENTAL
	<u>Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>ACTIVITIES - Internal Service Funds</u>
Operating revenues:				
Sales and service charges	\$ 401,190,960	\$ 37,606,459	\$ 438,797,419	\$ 19,469,820
Employer contributions	-	-	-	13,898,725
Employee contributions	-	-	-	7,231,760
Other operating revenues	59,349,766	125,076	59,474,842	2,402,445
Total operating revenues	<u>460,540,726</u>	<u>37,731,535</u>	<u>498,272,261</u>	<u>43,002,750</u>
Operating expenses:				
Operations and maintenance	250,632,067	44,774,096	295,406,163	10,736,605
Administrative and general	40,667,600	3,927,225	44,594,825	2,392,866
Depreciation and amortization	105,402,712	6,452,926	111,855,638	2,404,106
Benefits paid and other expenses	-	-	-	24,197,910
Total operating expenses	<u>396,702,379</u>	<u>55,154,247</u>	<u>451,856,626</u>	<u>39,731,487</u>
Operating income (loss)	<u>63,838,347</u>	<u>(17,422,712)</u>	<u>46,415,635</u>	<u>3,271,263</u>
Nonoperating revenues (expenses):				
Investment income	5,308,201	(74,175)	5,234,026	31,844
Interest expense	(39,797,539)	(174,761)	(39,972,300)	-
Local option gas tax	-	2,013,788	2,013,788	-
Operating grants	-	10,315,741	10,315,741	-
Total nonoperating revenue (expenses)	<u>(34,489,338)</u>	<u>12,080,593</u>	<u>(22,408,745)</u>	<u>31,844</u>
Income (loss) before capital contributions and transfers	29,349,009	(5,342,119)	24,006,890	3,303,107
Capital contributions	7,577,692	5,511,833	13,089,525	79,816
Transfers in	-	1,857,301	1,857,301	1,283,631
Transfers out	<u>(35,814,010)</u>	<u>(2,579,209)</u>	<u>(38,393,219)</u>	<u>(1,246,909)</u>
Change in net position	<u>1,112,691</u>	<u>(552,194)</u>	<u>560,497</u>	<u>3,419,645</u>
Net position - beginning of year, as previously reported	476,963,944	87,184,709	564,148,653	24,677,596
Restatement	<u>(41,580,262)</u>	<u>-</u>	<u>(41,580,262)</u>	<u>-</u>
Net position - beginning of year, as restated	<u>435,383,682</u>	<u>87,184,709</u>	<u>522,568,391</u>	<u>24,677,596</u>
Net position - end of year	<u>\$ 436,496,373</u>	<u>\$ 86,632,515</u>	<u>\$ 523,128,888</u>	<u>\$ 28,097,241</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND NET POSITION OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Change in net position - Enterprise Funds	\$	560,497
<p>Internal service funds are used by management to charge the costs of fleet maintenance and insurance to individual funds. A portion of the net revenue of certain activities of internal service funds is reported in business-type activities.</p>		
Look-back adjustment for the consolidation of internal service fund activity involving enterprise fund participants.		<u>2,333,046</u>
Change in net position of business-type activities	\$	<u>2,893,543</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	UTILITY FUND	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash received from customers	\$ 397,879,291	\$ 38,050,272	\$ 435,929,563	\$ 42,388,013
Cash paid to suppliers	(262,733,577)	(24,934,913)	(287,668,490)	(34,059,724)
Cash paid to employees	(56,733,264)	(19,841,279)	(76,574,543)	(3,634,591)
Cash paid for operating transactions with other funds	(7,383,824)	-	(7,383,824)	-
Other operating receipts	28,321,636	-	28,321,636	615,910
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	99,350,262	(6,725,920)	92,624,342	5,309,608
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Local option gas tax	-	2,013,788	2,013,788	-
Operating grants	-	9,807,079	9,807,079	-
Interest paid	-	(54,865)	(54,865)	-
Interfund borrowing	-	1,677,865	1,677,865	-
Transfers from other funds	-	1,857,301	1,857,301	1,283,631
Transfers to other funds	(35,814,010)	(2,579,209)	(38,393,219)	(1,246,909)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES	(35,814,010)	12,721,959	(23,092,051)	36,722
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Principal repayments and refundings on long-term debt	(23,135,000)	(335,271)	(23,470,271)	-
Proceeds from sale of capital assets	3,151,706	-	3,151,706	-
Interest paid on long-term debt	(40,192,140)	(174,761)	(40,366,901)	-
Capital contributions	-	508,662	508,662	-
Proceeds from interest rebate-Build America Bonds	5,308,201	-	5,308,201	-
Acquisition and construction of capital assets	(69,689,834)	(5,304,245)	(74,994,079)	(2,515,437)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(119,557,067)	(5,305,615)	(124,862,682)	(2,515,437)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest received	1,314,281	(19,310)	1,294,971	31,844
Purchase of investments	(285,349,954)	-	(285,349,954)	-
Investment in The Energy Authority	6,084,011	-	6,084,011	-
Distributions from The Energy Authority	(6,075,313)	-	(6,075,313)	-
Proceeds from investment maturities	327,003,774	2,040,998	329,044,772	3,914,908
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	42,976,799	2,021,688	44,998,487	3,946,752
NET INCREASE (DECREASE) IN CASH	(13,044,016)	2,712,112	(10,331,904)	6,777,645
CASH - OCTOBER 1	49,535,773	10,572,487	60,108,260	17,064,967
CASH - SEPTEMBER 30	\$ 36,491,757	\$ 13,284,599	\$ 49,776,356	\$ 23,842,612

The notes to the financial statements are an integral part of this statement.

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	UTILITY FUND	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
OPERATING INCOME (LOSS)	\$ 63,838,347	\$ (17,422,712)	\$ 46,415,635	\$ 3,271,263
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Depreciation and amortization	105,402,712	6,452,926	111,855,638	2,404,106
Net costs to be recovered in future rates	(15,150,511)	-	(15,150,511)	-
(Increase)/decrease in receivables	(3,071,948)	318,737	(2,753,211)	1,173
(Increase)/decrease in due from other funds	-	-	-	(329,030)
(Increase)/decrease in inventories	(342,356)	(72,349)	(414,705)	(10,958)
(Increase)/decrease in other assets and regulatory assets	(166,934)	-	(166,934)	-
(Increase)/decrease in noncurrent assets	101,488	-	101,488	-
Increase/(decrease) in accounts payable and accrued liabilities	9,437,164	373,371	9,810,535	(26,946)
Increase/(decrease) in due to other funds	(2,363,527)	195,465	(2,168,062)	-
Increase/(decrease) in fuel adjustment	(19,560,881)	-	(19,560,881)	-
Increase/(decrease) in other liabilities and regulatory liabilities	(201,210)	-	(201,210)	-
Increase/(decrease) in other payables from restricted assets	(26,624,013)	-	(26,624,013)	-
(Increase)/decrease in rate stabilization	(11,708,349)	-	(11,708,349)	-
Increase/(decrease) in utility deposits	(239,720)	-	(239,720)	-
Pension expense adjustment	-	3,428,642	3,428,642	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 99,350,262	\$ (6,725,920)	\$ 92,624,342	\$ 5,309,608
RECONCILIATION OF CASH TO STATEMENT OF NET POSITION				
Cash	\$ 36,491,757	\$ 13,284,599	\$ 49,776,356	\$ 23,842,612
Investments	171,996,193	-	171,996,193	-
TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER STATEMENT OF NET POSITION	\$ 208,487,950	\$ 13,284,599	\$ 221,772,549	\$ 23,842,612
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES				
Contribution of capital assets	\$ 7,577,691	\$ -	\$ 7,577,691	\$ 79,816
Change in construction in progress	36,042,282	-	36,042,282	-
Net costs recoverable in future years	(15,150,511)	-	(15,150,511)	-
Change in utility plant in service under long term capital lease obligation	(18,409,781)	-	(18,409,781)	-
Acquisition of utility construction in progress with construction fund payable	758,362	-	758,362	-
Change in ineffective portion of hedging derivatives	2,536,638	-	2,536,638	-
Change in hedging derivatives - interest rate swaps	23,459,575	-	23,459,575	-
Change in hedging derivatives - fuel options and futures	250,563	-	250,563	-
Change in fair value of investments	(1,179,432)	-	(1,179,432)	189,485
Change in fair value of hedging derivatives	(25,996,214)	-	(25,996,214)	-
Other noncash capital, investing and financing activities	273,653	-	273,653	-
NET NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES	\$ 10,162,826	\$ -	\$ 10,162,826	\$ 269,301

The notes to the financial statements are an integral part of this statement.

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2017

	<u>PENSION AND OPEB TRUST FUNDS</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 22,241,505
Equity in pooled cash and investments	7,832,063
Investments, at fair value:	
Equities	324,520,273
Limited partnership units	17,130,431
Real estate	5,376,266
Alternative investments	311,341,391
Fixed income:	
Government bonds	3,019,298
Corporate bonds	10,921,067
Mortgage & asset backed securities	1,606,543
Total investments, at fair value	<u>673,915,269</u>
Investment adjustments:	
Dividends receivable	239,152
Interest receivable	161,438
Receivable for investments sold	1,037,398
Payable for investments purchased	(810,719)
Total investment adjustments	<u>627,269</u>
TOTAL ASSETS	<u>704,616,106</u>
 <u>LIABILITIES</u>	
Accounts payable and accrued liabilities	<u>3,310,289</u>
TOTAL LIABILITIES	<u>3,310,289</u>
 NET POSITION RESTRICTED FOR PENSION AND OPEB BENEFITS	 <u>\$ 701,305,817</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>PENSION AND OPEB TRUST FUNDS</u>
<u>ADDITIONS:</u>	
Contributions:	
Employer contributions:	
Required	\$ 20,571,975
State on behalf payments, through general fund	1,258,284
Total employer contributions	<u>21,830,259</u>
Employee contributions	<u>10,255,460</u>
Total contributions	<u>32,085,719</u>
Investment income:	
Net appreciation in fair value of investments	89,166,868
Dividends & interest	<u>10,511,851</u>
Total investment income	99,678,719
Less investment expense	<u>2,664,524</u>
Net investment income	<u>97,014,195</u>
 TOTAL ADDITIONS	 <u>129,099,914</u>
 <u>DEDUCTIONS:</u>	
Benefit payments	61,743,833
Refunds of contributions	612,302
Administrative expenses	<u>1,178,889</u>
TOTAL DEDUCTIONS	<u>63,535,024</u>
 CHANGE IN NET POSITION	 65,564,890
NET POSITION - beginning	<u>635,740,927</u>
NET POSITION - ending	<u>\$ 701,305,817</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

1.	Summary of Significant Accounting Policies	
	A. Reporting Entity	19-20
	B. Government -wide and Fund Financial Statements	20-21
	C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	21-22
	D. Receivables	22
	E. Inventories	23
	F. Capital Assets	23-24
	G. Long -term Obligations	24-25
	H. Futures and Options Contracts, Derivatives and Deferred Charges/Credits	25
	I. Deferred Outflows of Resources	25
	J. Deferred Inflows of Resources	25
	K. Costs Recoverable in Future Years	25-26
	L. Contributions in Aid of Construction	26
	M. Hedging Derivative Instruments	26
	N. Compensated Absences	26
	O. Risk Management	26-27
	P. Interfund Activity	27
	Q. Property Taxes	27-28
	R. Revenue Recognition	28
	S. Budgetary Information	28
	T. Statement of Cash Flows	28
	U. Use of Estimates	28
	V. Rates and Regulation	29
	W. Fund Balance Reporting	29-33
	X. Future Accounting Pronouncements	33
2.	Deposits with Financial Institutions and Investments	34-42
3.	Fair Value Measurements	42-45
4.	Retirement Plans	
	A. Defined Benefit Plans	45-56
	B. Defined Contribution Pension Plan	56
5.	Other Post-Employment Benefits Plan	56-59
6.	Deferred Compensation Plan	59
7.	Long-Term Debt and Capital Leases	
	Governmental Activities	60-61
	Business-type Activities	61-64
	Non-Utility Notes	64
	Utility Notes	64-65
	Debt Service Requirements for Long-term Debt	65-66
	Capital Leases and Related Debt Service Requirements	66-67
	Hedging Activities	67-70
	Pledged Revenues	70
	Changes in Long-term Liabilities	71
8.	Capital Assets	72-73
9.	Individual Fund Deficits	74

10.	Composition of Receivables and Payables	75
11.	Interfund Receivables, Payables, Advances and Transfers	75-77
12.	Enterprise Fund (Utility Fund) Transfers to General Fund	77
13.	Commitments and Contingencies	77-85
14.	Lease Revenue	85
15.	Investment in The Energy Authority	85-86
16.	Conduit Debt	86-87
17.	Tax Abatements	87
18.	Restatements	87
19.	Subsequent Events	87-88

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This Summary of Significant Accounting Policies is presented to assist the reader in interpreting the financial statements. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the City of Gainesville, Florida (City) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB) or, where applicable, the Financial Accounting Standards Board (FASB). Gainesville Regional Utilities (GRU or the Utility) is a combined municipal utility system operating electric, water, wastewater, natural gas and telecommunications utilities. GRU is a utility enterprise of the City and is reported as an enterprise fund of the City. GRU is required to follow the provisions in the Amended and Restated Utilities System Revenue Bond Resolution (Resolution) adopted by the City on January 30, 2003. GRU's electric and gas accounts are maintained substantially in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC), as required by the Resolution, and in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting, including the application of regulatory accounting as described in Governmental Accounting Standards Board (GASB) Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

GRU prepares its financial statements in accordance with GASB Statement No. 62, paragraphs 476-500, *Regulated Operations*, and records various regulatory assets and liabilities. For a government to report under GASB Statement No. 62, its rates must be designed to recover its costs of providing services, and the utility must be able to collect those rates from customers. If it were determined, whether due to regulatory action or competition, that these standards no longer applied, GRU could be required to expense its regulatory assets and liabilities. Management believes that GRU currently meets the criteria for continued application of GASB Statement No. 62, but will continue to evaluate significant changes in the regulatory and competitive environment to assess continuing applicability of the criteria.

The Resolution specifies the flow of funds from revenues and the requirements for the use of certain restricted and unrestricted assets. Under the Resolution, rates are designed to cover operation and maintenance expenses, rate stabilization, debt service requirements, utility plant improvement fund contributions, and for any other lawful purpose. The flow of funds excludes depreciation expense and certain other noncash revenue and expense items. This method of rate setting results in costs being included in the determination of rates in different periods than when these costs are recognized for financial statement purposes. The effects of these differences are recognized in the determination of operating income in the period that they occur, in accordance with GRU's accounting policies. Rates are approved annually by the City Commission.

(A) Reporting Entity

The City is a Florida municipality established by the Laws of Florida, Section 12760, pursuant to the authority provided in Chapter 165, Florida Statutes, and is governed by an elected seven member Commission. It provides most of the traditional municipal services to its citizens including police and fire protection, community development, streets, recreation, parks, cultural affairs, and other general government activities. It also operates transit, stormwater, golf course, building code enforcement, solid waste, water, wastewater, natural gas distribution, telecommunications and electric utility enterprises. The City does not provide educational, health care, court or detention facilities.

As required by generally accepted accounting principles, the accompanying financial statements present the City as a primary government and its component units, entities for which the City is considered financially accountable. The component units are included in the reporting entity because of the significance of their operational relationship with the primary government. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the

primary government. The primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

Blended Component Unit - A legally separate entity, the Community Redevelopment Agency (CRA) was created by ordinance of the City to carry out community redevelopment within the City of Gainesville under Chapter 163 of the Florida Statutes. The City Commission sits as the board of this organization and approves its budget. The CRA is reported as if it were a part of the City because the City Commission is its governing body and because of the existence of a financial benefit/burden relationship. The CRA's operating fund and four Tax Increment District project funds are reported as separate nonmajor governmental funds. This organization has a September 30 year-end. Separate financial statements of the CRA are prepared and are available by contacting the City at PO Box 490, MS 14, Gainesville, Florida 32627.

Discretely Presented Component Unit - The Gainesville Enterprise Zone Development Agency (GEZDA) was created by ordinance of the City to carry out community redevelopment within the City of Gainesville under Chapter 163 of the Florida Statutes. The City Commission appoints the board of this organization and approves its budget. This organization has a September 30 year-end. Separate financial statements of this agency are not prepared.

The following entities are not included in the accompanying financial statements:

Gainesville Housing Authority (GHA) GHA is a public housing authority (dependent special district) created under Section 421.04 of the Florida Statutes. The GHA is considered a related organization because the City is responsible for appointing a voting majority of GHA's board members. The City is not financially accountable for the GHA.

Gainesville-Alachua County Regional Airport Authority (GACRAA) GACRAA is an independent special district created for the purpose of providing airport services for citizens of Gainesville and Alachua County, Florida and surrounding areas. The GACRAA is considered a related organization because the City is responsible for appointing a voting majority of GACRAA's board members. The City is not financially accountable for the GACRAA.

The only joint venture in which the City participated in fiscal year 2017 was Gainesville Regional Utilities' investment in The Energy Authority, which is described in Note 15.

(B) Government-wide and Fund 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. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

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

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except

those accounted for in proprietary or fiduciary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Projects Funds

Proprietary Funds are used to account for the City's ongoing activities which are similar to those often found in the private business sector. The following are the City's proprietary fund types:

- Enterprise Funds
- Internal Service Funds

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City's fiduciary fund type includes:

- Pension and Other Post-Employment Benefit (OPEB) Trust Funds

(C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and pension and OPEB trust funds within the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the fiscal period. Measurable refers to the ability to quantify in monetary terms the amount of the revenue and receivable. Available means collectible in the current period or soon enough thereafter to be used to pay liabilities at the balance sheet date. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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. Transfers are recognized in the accounting period in which the interfund receivable and payable arise. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured principal and interest on long-term debt.

Material revenues in the following categories are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period:

<i>Ad Valorem Taxes</i>	<i>Intergovernmental Revenue</i>
<i>Sales & Franchise Taxes</i>	<i>Interest Earned</i>

Interest and investment income earnings are recognized when earned and allocated monthly based on each fund's equity in the pool.

The following governmental fund revenues are not considered susceptible to accrual because they are not both measurable and available to finance expenditures of the current period:

<i>Fees</i>	<i>Licenses and Permits</i>
<i>Miscellaneous Charges</i>	<i>Rents and Concessions</i>

The City reports one major governmental fund:

The General Fund is the City's primary operating fund. It accounts for all resources traditionally associated with governments except those accounted for in another fund.

The City reports one major proprietary fund:

The Utility Fund accounts for the activities of the City's electric generation, transmission and distribution operations, as well as its water, wastewater, natural gas transmission, and telecommunications operations.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 City's enterprise funds are charges to customers for sales and services. The principal operating revenues for the City's internal service funds related to general insurance and fleet management are charges to other funds for sales and services. For the internal service fund related to health insurance, the principal operating revenues are employer and employee contributions. Operating expenses for enterprise funds and internal service funds include the cost of sales and service, administrative expenses, depreciation on capital assets, and benefits paid. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Substantially all of Gainesville Regional Utility's revenues are pledged to the repayment of revenue bonds.

The City applies all applicable GASB pronouncements.

The City uses internal service funds for fleet acquisition and maintenance as well as self-insurance for health insurance and general liability insurance.

For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the General Employees' Pension Plan and Consolidated Police officers' and Firefighters' Retirement Plan and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported in the related separately issued plan statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

(D) Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of the interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are classified as nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. For the most part, receivables and the related revenues are recognized when determined and billed - either for services rendered, grant entitlements, or reimbursements due, or otherwise measurable and available. Utilities service receivables are recorded at year end for services rendered but unbilled. They are calculated by prorating cycle billings subsequent to September 30, 2017 according to the number of days applicable to the current fiscal year.

Receivables are reported net of an estimated allowance for uncollectible accounts. At September 30, 2017, the allowance was \$631,028 for the General Fund and \$741,678 for Enterprise Funds.

(E) Inventories

The City accounts for its General Fund supply inventory at cost, (FIFO) using the “consumption method”. Other supply inventories are stated at cost using the weighted average unit cost method. Inventories held for resale are reported at the lower of cost or market. Obsolete and unusable materials and supplies are expensed. Fuel stocks in the electric system, which are stated using the weighted average unit cost method, are recorded as inventory when purchased. The cost of fuel used for electric generation is charged to expense as consumed.

(F) Capital Assets

Capital assets, which include property, utility plant, general plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than those recorded in the Utility fund, are defined by the City as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Utility fund general plant capital assets are defined as assets with an initial, individual cost of more than \$2,500 and a useful life in excess of more than one year. GRU has no capital threshold for utility plant assets.

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 acquisition value on the date donated. The costs of capital assets include material, labor, vehicle and equipment usage, related overhead items, capitalized interest, and certain administrative and general expenses. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings -----	20 to 50 years
Improvements other than Buildings -----	20 to 30 years
Infrastructure – Roads, curb & gutter-----	50 years
Infrastructure – Roads, non-curb & gutter-----	25 years
Infrastructure – Sidewalks-----	50 years
Infrastructure – Bike paths-----	25 years
Equipment -----	5 to 20 years
Stormwater system -----	50 years
Streetscape -----	25 years

Depreciation of utility plant is computed using the straight-line method over estimated service lives ranging from 6 to 86 years. The overall depreciation rate was 3.60% in fiscal 2017.

GRU entered into a Participation Agreement in 1977 with Florida Power Corporation (FPC) which became Progress Energy, to purchase a 1.4079% undivided ownership interest, approximately 12.7 megawatts (MW) in Progress Energy’s 860-MW nuclear powered electric generating plant called Crystal River Unit No. 3 (CR3). In July 2012, Progress Energy merged with and became a wholly owned subsidiary of Duke Energy. GRU does not exercise significant influence or control over the operating or financial policies of Duke Energy.

The Nuclear Regulatory Commission (NRC) requires utilities owning nuclear powered electric generating plants to provide financial assurance that funds would be sufficient and available when needed to pay the future decommissioning costs. In accordance with the NRC requirements, GRU established a decommissioning trust fund.

GRU and Florida Municipal Power Agency (FMPA) entered into an agreement whereby FMPA would act as agent for GRU and other CR3 minority owner participants to coordinate the administration of the decommissioning trust funds. Contributions to this trust fund are not available to the City for any other purpose except for the decommissioning of CR3. Contributions were based on independent studies, which took into account the anticipated future decommissioning costs and anticipated investment returns. Future contribution amounts were based on updated cost estimates and trust fund earnings.

In September 2009, CR3 began an outage for normal refueling and maintenance as well as an uprate project to increase generating capability and to replace two steam generators. During preparations to replace steam generators, workers discovered a delamination (or separation) within the concrete at the periphery of the containment building. After reviewing all options to repair the unit, Duke Energy announced in February 2013 its intention to retire the CR3 nuclear power plant. Duke Energy expected that the decommissioning fund balances are sufficient to decommission the plant (including future investment growth of the funds).

During 2013, Duke Energy provided GRU with insurance proceeds of \$3.5 million from Duke Energy's settlement with its insurance provider Nuclear Electric Insurance, LTD (NEIL). GRU determined \$2.9 million of these insurance proceeds were settlement for damages related to the plant and reduced its net investment in CR3 by these amounts. The remaining \$600,000 of the \$3.5 million insurance proceeds received in 2013 was a result of entitlement from GRU participation as a wholesale purchaser of nuclear energy as part of a five-year Power Purchase Agreement for 50 megawatts with Progress Energy/Duke Energy, ending December 31, 2013. The remaining net investment of \$17.9 million in the CR3 plant and \$787,000 of nuclear fuel inventory was written off as an extraordinary item as of September 30, 2013.

GRU, along with other CR3 minority owners, designated FMPA as its agent in negotiations with Duke Energy on various matters related to the retirement of CR3. FMPA negotiated a settlement with Duke Energy on behalf of itself and the other minority owners. The CR3 Settlement, Release, and Acquisition Agreement (settlement agreement) was approved by the City Commission on May 30, 2014, and agreed to and executed by all parties on September 26, 2014. The settlement agreement sets forth the terms and conditions and documents necessary to transfer all of the City's ownership interest in CR3 to Duke Energy along with the decommissioning trust funds. In return, the minority owners would receive certain cash settlements and Duke Energy would agree to be responsible for all costs and liabilities relating to CR3 including costs of decommissioning. CR3 operation and maintenance costs, which represents GRU's share of the expenses attributable to the operation of CR3, were discontinued as of October 1, 2013, and are no longer obligated to be paid in the future per the settlement agreement. The settlement agreement was approved by the NRC on May 29, 2015. GRU received a cash settlement in the amount of \$10.2 million and transferred the \$11.6 million decommissioning trust fund balance to Duke Energy at closing of the settlement agreement on October 30, 2015.

The City has elected to report infrastructure acquired prior to October 1, 1979, in addition to complying with the requirement to report infrastructure acquired subsequent to that date.

Major outlays for capital assets and improvements are capitalized as projects are constructed. An allowance for interest on borrowed funds used during construction of \$1.5 million for the year ended September 30, 2017, was included in construction in progress and as a reduction of interest expense. These amounts are computed by applying the effective interest rate on the funds borrowed to finance the projects to the monthly balance of projects under construction. The effective interest rate was approximately 4.1% for fiscal years 2017.

When units of depreciable property are retired, the original cost and removal cost, less salvage, are charged to accumulated depreciation.

(G) Long-term Obligations

In the government-wide financial statements, and proprietary 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 statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Losses resulting from the refunding of bonds are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Historically, in the government-wide and proprietary fund statements, the City accounted for debt issuance costs as assets and amortized them over the life of the related debt. Pursuant to GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City was required to expense these costs in the year in which the costs were incurred and to restate beginning balances in 2014 to reflect the retroactive application of this statement. GRU elected to follow GASB Statement No. 62, paragraphs 476-500, Regulated Operations, and established a regulatory asset for the debt issuance costs that otherwise would have been expensed.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures except as noted above.

(H) Futures and Options Contracts, Derivatives and Deferred Charges/Credits

GRU conducts a risk management program with the intent of reducing the impact of fuel price increases for its customers. The program utilizes futures and options contracts that are traded on the New York Mercantile Exchange (NYMEX) so that prices may be fixed or reduced for given volumes of gas that the utility projects to consume during a given production month. This program is based on feedback and direction from GRU's Risk Oversight Committee, consultation and recommendations from reputable risk management sources, and close monitoring of the market.

(I) Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Unamortized loss on refunding of bonds

Losses on refunding of bonds have been deferred. These amounts are being amortized over the life of the old debt or the life of the new debt, whichever is shorter.

Accumulated decrease in fair value of hedging derivatives

GRU has two types of hedging instruments: interest rate swap agreements and natural gas hedges. Each is associated with an item that is eligible to be hedged. For effective hedging transactions, hedge accounting is applied and fair market value changes are recorded on the statement of net position as either a deferred inflow of resources or a deferred outflow of resources until such time that the transaction ends.

Deferred amounts related to pension

Recognition of deferred outflows of resources from unrealized contributions and losses related to pension costs totaled \$58,458,759. See Note 4 – Retirement Plans for additional information.

(J) Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net assets that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Rate stabilization

GRU designs its rates to recover costs of providing services. In order to stabilize future rate increases or decreases, GRU determines a rate stabilization amount to be charged or credited to revenues on an annual basis. There were rate stabilization transfers of \$11.7 million for the year ended September 30, 2017. These amounts are reflected as increases or decreases in deferred inflows.

Business taxes not yet earned

Business taxes are due to the City on October 1 for the fiscal year beginning that day. Payments received prior to that date are recorded as a deferred inflow of resources.

Deferred amounts related to pensions

Recognition of deferred inflows of resources is related to unrealized gains for the pension plan. See Note 4 – Retirement Plans for additional information.

(K) Costs Recoverable in Future Years

The Power Purchase Agreement (PPA) with the Gainesville Renewable Energy Center (GREC) is recorded as a capital lease. Activity related to this lease generates a non-cash flow related to depreciation expense which is recorded as net costs recoverable in future years. These net costs recoverable in future years represent the amount by which depreciation expense exceeds principal repayment on the capital lease obligation of \$15.1 million for the fiscal year ended September 30, 2017.

(L) Contributions in Aid of Construction

GRU recognizes capital contributions to the electric and gas systems as revenues which are subsequently expensed in the same period for capital contributions that will not be recovered in rates in accordance with GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

GRU recognizes capital contributions to the water, wastewater, and GRUCom systems as revenues in the periods received. Depreciation on these assets is recorded on a straight-line basis over the estimated lives of the assets.

(M) Hedging Derivative Instruments

GRU records fuel and financial related derivative instruments in accordance with GASB Statement No. 53, *Accounting and Reporting for Financial and Derivative Instruments*. All effective derivative instruments are included in the Statement of Net Position as either an asset or liability measured at fair market value. All ineffective derivative instruments are recorded as a regulatory asset.

Changes in the fair value of the hedging derivative instruments during the year are recorded as either deferred outflows or deferred inflows and are recognized in the period in which the derivative is settled. The settlement of fuel and financial related hedging derivative instruments are included as a part of fuel costs and interest expense, respectively, in the Statements of Revenues, Expenses and Changes in Net Position and Statement of Activities.

(N) Compensated Absences

The City's policy is to allow limited vesting of employee vacation and sick pay. The limitation of vacation time is governed by the period of employment and is determinable. Unused sick leave may be added to an employee's length of service at the time of retirement for the purpose of computing retirement benefits or, in some cases, received partially in cash upon election at retirement. The resulting liability is not determinable in advance, however. All vacation pay and applicable sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. For governmental activities, these liabilities are generally liquidated by the General Fund.

(O) Risk Management

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City maintains a General Insurance Fund (an Internal Service Fund) to account for some of its uninsured risk of loss. Under the current program, the City is self-insured for workers' compensation, auto, and general liability. Third-party coverage is currently maintained for workers' compensation claims in excess of \$350,000. Settlements have not exceeded insurance coverage for each of the last three years. Liabilities 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 (IBNRs), and are shown at current dollar value.

All funds other than the Utility Fund participate in the general insurance program. Risk management/ insurance related activities of the Utility fund are accounted for within the Utility Fund. The Utility Fund purchases plant and machinery insurance from a commercial carrier. There have been no significant reductions in insurance coverage from that in the prior year and settlements have not exceeded insurance coverage for the past three fiscal years. In addition, an actuarially computed liability of \$3,337,000 is recorded in the Utility Fund as a fully amortized deferred

credit. The present value calculation assumes a rate of return of 4.5% with a confidence level of 75%. All claims for fiscal year 2017 were paid from current year's revenues.

Changes in the Utility Fund's claims liability for the last two years are as follows:

	BEGINNING OF FISCAL YEAR <u>LIABILITY</u>	<u>INCURRED</u>	<u>PAYMENTS</u>	END OF FISCAL YEAR <u>LIABILITY</u>
2016-2017	\$3,337,000	\$2,253,000	\$2,253,000	\$3,337,000
2015-2016	3,337,000	1,178,000	1,178,000	3,337,000

There is a claims liability of \$6,854,000 included in the General Insurance Fund as the result of actuarial estimates.

Changes in the General Insurance Fund's claims liability were:

	BEGINNING OF FISCAL YEAR <u>LIABILITY</u>	<u>INCURRED</u>	<u>PAYMENTS</u>	END OF FISCAL YEAR <u>LIABILITY</u>
2016-2017	\$6,854,000	\$2,466,244	\$2,466,244	\$6,854,000
2015-2016	6,854,000	2,280,237	2,280,237	6,854,000

The City is also self-insured for its Employee Health and Accident Benefit Plan (the Plan). The Plan is accounted for in an Internal Service Fund and is externally administered, for an annually contracted amount that is based upon the volume of claims processed. Contributions for City employees and their dependents are shared by the City and the employee. Administrative fees are paid primarily out of this fund. Stop-loss insurance is maintained for this program at \$300,000 per individual. No claims have exceeded insurance coverage in the last three years.

Changes in claims liability for the last two years are as follows:

	BEGINNING OF FISCAL YEAR <u>LIABILITY</u>	<u>INCURRED</u>	<u>PAYMENTS</u>	END OF FISCAL YEAR <u>LIABILITY</u>
2016-2017	\$1,310,671	\$21,883,325	\$21,883,325	\$1,310,671
2015-2016	1,310,671	24,243,566	24,243,566	1,310,671

These claims liability amounts are all considered to be due within one year and are classified as current liabilities in the accompanying financial statements.

(P) Interfund Activity

During the course of normal operations, the City has various nonreciprocal interfund activities. Following is a summary of the accounting treatment applied to such interfund transactions:

Reimbursement Transactions Reimbursements from one fund to another are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

Transfers Interfund transfers affect the results of operations in the affected funds. An example is the payment to the General Fund from the Utility Fund.

(Q) Property Taxes

Ad valorem property tax revenue is recognized as revenue in the fiscal year for which taxes are levied, measurable and available. Only property taxes collected within 60 days after year end are recognized as revenue. The total millage levy is assessed at **4.5079 mills**. Taxes are levied and collected according to Florida State Statutes under the following calendar:

Lien Date	January 1
Levy Date	October 1
Due Date	November 1
Delinquency Date	April 1

The County Tax Collector bills and collects ad valorem taxes for the City. State Statutes provide for tax discounts for installment prepayments or full payments before certain dates. Installment prepayment dates and discounts of each installment (one-fourth of estimated taxes) are: June 30 - 6%, September 30 - 4.5%, December 31 - 3% and March 31 - 0%. Full payment dates and discounts are: November 30 - 4%, December 31 - 3%, January 31 - 2%, February 28 - 1% and March 31 - 0%. The Tax Collector remits current taxes collected to the City several times a month during the first two months of the collection period. Thereafter, remittances are made to the City on a monthly basis.

(R) Revenue Recognition

Revenue is recorded as earned. GRU accrues for services rendered but unbilled, which amounted to approximately \$13.8 million for fiscal year 2017. Fuel and purchased gas adjustment levelization revenue is recognized as expenses are incurred. Amounts charged to customers for fuel are based on estimated costs. The amount charged in the fuel adjustment is adjusted and approved by the City Commission as deemed necessary. If the amount recovered through billings exceeds actual fuel expenses, GRU records the excess billings as a liability. If the amount recovered through billings is less than actual fuel expenses, GRU records the excess fuel expense as a reduction of the liability or as an asset.

Electric and natural gas customers are billed a monthly fuel and purchased gas adjustment charge based on a number of factors including fuel and fuel related costs. GRU establishes this fuel and purchased gas adjustment charge based on ordinances approved by the City Commission. A fuel and purchased gas adjustment levelization account is utilized to stabilize the monthly impact of the fuel and purchased gas adjustment charge included in customer billings.

The following table represents total revenues and expenses associated with the fuel and purchased gas adjustment and the subsequent impact on the fuel and purchased gas levelization balance as of September 30, 2017:

	Fuel Adjustment	Purchased Gas Adjustment	Total
Revenues	\$ 143,999,868	\$ 5,954,556	\$ 149,954,424
Expenses	(162,490,201)	(7,025,104)	(169,515,305)
To (From) Levelization Account	\$ (18,490,333)	\$ (1,070,548)	\$ (19,560,881)
Levelization Acct Beginning Balance	\$ 12,902,279	\$ 1,929,285	\$ 14,831,564
To (From) Levelization Account	(18,490,333)	(1,070,548)	(19,560,881)
Levelization Acct Ending Balance	\$ (5,588,054)	\$ 858,737	\$ (4,729,317)

(S) Budgetary Information

The City has elected to report budgetary comparisons as required supplementary information (RSI). Please refer to the accompanying notes to the RSI for the City's budgetary information.

(T) Statement of Cash Flows

For purposes of the Statement of Cash Flows, cash equivalents are defined as all liquid investments with an original maturity of three months or less. These include cash on hand, bank demand accounts, and overnight repurchase agreements.

(U) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(V) Rates and Regulation

GRU is regulated by the Gainesville City Commission (City Commission) and GRU's rates are established in accordance with the Resolution. Each year during the budget process, and at any other time deemed necessary, the City Commission approves base rate changes and other changes to GRU's system charges as applicable.

The Florida Public Service Commission (PSC) does not regulate rate levels in any of GRU's utility systems. They do, however, have jurisdiction over the rate structure for the electric system.

(W) Fund Balance Reporting

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. As of September 30, 2017, fund balances for governmental funds are comprised of the following:

- Nonspendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts and long-term note receivables.
- Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource provider.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority. Formal actions include ordinances (for more permanent regulations) and resolutions (for shorter term actions) approved by the City Commission. Ordinances require two readings for approval and therefore are technically considered the most binding. This formal action must occur prior to the end of the reporting period, but the amount of the commitment may be determined in the subsequent period.
- Assigned Fund Balance – comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. *Intent* is expressed by a body (for example a budget or finance committee) or official to whom the City's Commission has delegated the authority to assign amounts to be used for specific purposes. The City Commission has delegated such authority to the City Manager.
- Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Unassigned Fund Balance also includes the negative fund balance of Special Revenue Funds due to expenditures incurred exceeding the amounts restricted, committed and assigned.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

Fund balances for major and nonmajor governmental funds as of September 30, 2017 are classified as follows:

	General Fund	Nonmajor Governmental Funds	Total
Nonspendable			
Inventory	\$ 49,868	\$ -	\$ 49,868
Long-term receivable	1,909,442	-	1,909,442
Cemetery Trust	-	973,501	973,501
	<u>1,959,310</u>	<u>973,501</u>	<u>2,932,811</u>
Restricted for:			
Cemetery Trust	-	651,449	651,449
City Building Improvements	-	93,132	93,132
Community Redevelopment	-	18,637,632	18,637,632
Depot Avenue Project	-	280,115	280,115
Fire Programs	-	44,299	44,299
Homeless Assistance	-	20,684	20,684
Housing & Community Development	-	1,766,345	1,766,345
Land Acquisitions	-	233,711	233,711
Neighborhood Improvements	-	1,193,319	1,193,319
Other Purposes	-	759,543	759,543
Parking Improvements	-	953	953
Police Equipment	-	252,581	252,581
Police Mentoring Programs	-	196,115	196,115
Police Programs	-	325,941	325,941
Police Services-Other	-	707,109	707,109
Recreation Facilities	-	3,961,049	3,961,049
Recreation Programs	-	112,509	112,509
Road Improvements	-	8,477,274	8,477,274
Sidewalks/Pedestrian & Bike Paths	-	316,714	316,714
Tourist Development	-	1,706	1,706
Traffic Signals	-	634,390	634,390
Transportation Improvements	-	4,164,552	4,164,552
	-	<u>42,831,122</u>	<u>42,831,122</u>
Committed for:			
Cultural Events	-	130,040	130,040
Economic Development	-	268,691	268,691
Homeless Assistance	-	393,897	393,897
Housing & Community Development	-	21,201	21,201
Neighborhood Improvements	-	236,536	236,536
Other Purposes	-	393,284	393,284
Tree Mitigation	-	2,742,560	2,742,560
	-	<u>4,186,209</u>	<u>4,186,209</u>

Fund balances for major and nonmajor governmental funds as of September 30, 2017 are classified as follows
(Continued):

	General Fund	Nonmajor Governmental Funds	Total
Assigned for:			
City Building Improvements	-	2,038,638	2,038,638
Community Redevelopment	-	386,394	386,394
Cultural Events	-	62,374	62,374
Debt Service Principal & Interest	-	735,325	735,325
Depot Avenue Project	-	310,436	310,436
Economic Development	-	637,627	637,627
Equipment Replacement	-	250,794	250,794
Fire Equipment	-	73,066	73,066
Fire Programs	-	24,476	24,476
Fire Station	-	4,456,232	4,456,232
FY18 Budget	1,607,428	-	1,607,428
Homeless Assistance	-	801,117	801,117
Information Technologies	-	2,053,638	2,053,638
Land Acquisitions	-	1,294,210	1,294,210
Neighborhood Improvements	-	668,637	668,637
Other Purposes	-	656,237	656,237
Parking Improvements	-	13,545	13,545
Police Equipment	-	335,451	335,451
Police Programs	-	24,001	24,001
Recreation Equipment	-	125,119	125,119
Recreation Facilities	-	1,351,193	1,351,193
Recreation Programs	-	25,420	25,420
Road Improvements	-	8,705,960	8,705,960
Sidewalks/Pedestrian & Bike Path:	-	92,295	92,295
Streetscapes	-	148,836	148,836
Traffic Signals	-	162,197	162,197
Transportation Improvements	-	1,558	1,558
	<u>1,607,428</u>	<u>25,434,776</u>	<u>27,042,204</u>
Unassigned	<u>16,199,506</u>	<u>(1,815,726)</u>	<u>14,383,780</u>
Total	<u>\$ 19,766,244</u>	<u>\$ 71,609,882</u>	<u>\$ 91,376,126</u>

Encumbrances for major and nonmajor governmental funds as of September 30, 2017 are classified as follows:

	General Fund	Nonmajor Governmental Funds	Total
Advertising Services	\$ 10,000	\$ -	\$ 10,000
Architect Services	47,100	7,325	54,425
Community Redevelopment	-	2,927,272	2,927,272
Consulting Services	-	91,937	91,937
Economic Development	-	523,005	523,005
Engineering Services	-	96,930	96,930
Equipment Replacement	-	4,188	4,188
Fire Station	-	7,892,328	7,892,328
Homeless Assistance	-	7,062	7,062
Housing & Community Development	-	220,641	220,641
Information Technologies	61,759	110,936	172,695
Land Acquisition	-	7,042	7,042
Neighborhood Improvements	-	30,770	30,770
Other	15,000	-	15,000
Police Equipment	39,000	-	39,000
Police Programs	-	182,130	182,130
Professional Services-Other	4,543	-	4,543
Recreation Equipment	-	376,076	376,076
Recreation Facilities	-	108,856	108,856
Roadway Improvements	-	2,317,666	2,317,666
Traffic Signals	48,142	36,119	84,261
	<u>\$ 225,544</u>	<u>\$ 14,940,283</u>	<u>\$ 15,165,827</u>

Restricted Net Position

In the accompanying government-wide and proprietary funds' statements of net position, *restricted net position* is subject to restrictions beyond the City's control. The restriction is either externally imposed (for instance, by creditors, grantors, contributors, or laws and regulations of other governments) or is imposed by law through constitutional provisions or enabling legislation.

The composition of net position "restricted for other purposes", based on third party external restrictions, at September 30, 2017 is:

Business-type activities

GRU Utility Restrictions	\$ 529,091
Regional Transit Capital Acquisition Reserve	<u>468,600</u>
Total	<u>\$ 997,691</u>

The government-wide statement of net position reports \$108,225,122 of restricted net position, of which \$45,004,695 is restricted by enabling legislation.

Reserve Policy

During Fiscal Year 2014, the City Commission amended the General Fund Reserve Policy which was originally adopted during Fiscal Year 2005 to ensure General Government's orderly provision of services to its citizens, availability of adequate working capital, plan for contingencies, and retain the City's good standing with the rating agencies and the credit markets.

For each fiscal year, the unassigned Fund Balance of the General Fund will be at least 10% of the Proposed General Fund Revenue Budget (excluding one-time appropriations from fund balance). This balance is to provide for the following:

- Budget fluctuations
- Unanticipated emergencies (e.g. natural disasters, public safety emergencies, capital emergencies, etc.)
- Any other financial uncertainties

The General Fund unassigned fund balance will not be used to solve recurring revenue shortfalls.

That portion of the General Fund unassigned fund balance that exceeds the minimum required level may be appropriated as needed and expended. No amount of the minimum required level of the General Fund unassigned fund balance may be expended unless it meets the purposes stated above and until appropriated by the City Commission, except as provided below for unanticipated emergencies.

In those unanticipated emergency situations which demand immediate government action in the interest of public safety and welfare, the City Manager is authorized by the City Commission to spend up to a maximum of 20% of the minimum required level of General Fund unassigned fund balance in accordance with procedures provided in the City of Gainesville Purchasing Policies. A financial accounting related to such emergency expenditures will be submitted to the City Commission by the City Manager as expeditiously as possible after the end of the emergency.

During the budget process, the required level of General Fund unassigned fund balance shall be calculated by the Budget and Finance Department based on the Proposed General Fund Revenue Budget. The additional amount required each year shall be included as a line item appropriation in the General Fund Uses Budget.

Upon completion of the audited financial statements, the Finance Director will review the final year-end results. If the General Fund unassigned fund balance falls below the required minimum level, the shortfall, if less than five percent, will be budgeted in its entirety in the succeeding budget year.

In the case of an event that creates a differential between the required General Fund unassigned fund balance amount and current available funds of equal to, or more than five percent, a funding plan will be developed to meet the requirements of the General Fund Reserve Policy within three years of the event.

It is the policy of the City of Gainesville that any excess General Fund unassigned fund balance remaining after meeting financial reserve requirements may be appropriated to finance any one-time expenses, as determined by the City Commission.

At least every five years, a review of this reserve policy will be completed by the City Manager or designee, and recommendations for changes, if appropriate, will be submitted to the City Commission.

(X) Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in 2018. The statements address:

- OPEB-accounting and financial reporting by employers;
- Split-interest agreements;
- Various practice issues (Omnibus), and;
- Certain debt extinguishing issues.

The City is currently evaluating the effects that these statements will have on its 2018 financial statements.

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**Deposits and Investments**

Deposits and investments as of September 30, 2017 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 37,020,907
Equity in pooled cash and investments	131,569,881
Investments	1,585,993
Restricted cash and cash equivalents	158,999,780

Statement of fiduciary net position:

Cash and cash equivalents	22,241,505
Equity in pooled cash and investments	7,832,063

Investments:

Equities	324,520,273
Limited partnerships	17,130,431
Real estate	5,376,266
Mutual funds	311,341,391
Government bonds	3,019,298
Corporate bonds	10,921,067
Mortgage & asset backed securities	1,606,543

Total cash and investments	<u><u>\$ 1,033,165,398</u></u>
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Deposits and investments as of September 30, 2017 consist of the following:

Defined benefit pension:

Deposits with financial institutions	\$ 27,725,822
Investments	612,686,649

Other post employment benefit (OPEB):

Deposits with financial institutions	2,347,746
Investments	61,228,620

Other than defined benefit pension and OPEB:

Deposits with financial institutions	35,474,018
Investments	293,702,543

Total cash and investments	<u><u>\$ 1,033,165,398</u></u>
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Investment Policies

The City's total deposits and investments are comprised of three major components, each with its own set of legal and contractual provisions as described below.

Defined Benefit Pension Investments

These funds represent investments administered by the City's Defined Benefit Pension Fund Investment Managers. They comprise \$612,686,649 of the City's total fair value of investments, and are exclusive of the \$27,725,822 held in cash by the Trustees.

These investments are reported at fair value. The fair value of this plan is derived through valuation efforts done by our investment managers in conjunction with our plan custodian. The fair values for the vast majority of these assets are readily available. For those assets whose fair value is less verifiable, the best available information is used.

The City maintains separate investment managers for its equity and fixed income portfolios. The managers are required to comply with Florida statutes, City ordinances, other applicable laws and with the fiduciary standards set

forth in the Employees Retirement Income Security Act of 1974 at 29 U.S.C. Section 1140(a)(1)(A)(C). The managers of these funds are permitted to invest in the following instruments:

Equity Funds (domestic)

- Common Stocks
- Stock Index Futures
- Convertible and Preferred Stocks
- American Depository Receipts
- REITS
- Limited Liability Companies (LLCs)

Equity Funds (international)

- Restricted to managers specifically hired to invest in international equities
- Common and Preferred Stocks of foreign issuers domiciled in developed and developing countries (emerging markets)
- Forward Foreign Currency Exchange Contracts for hedging purposes
- American and Global Depository Receipts and similar securities

Fixed Income Funds (domestic)

- Must have a rating of investment grade (BBB/Baa) or better
- United States Treasury and Agency Securities
- Commercial Paper with either a Standard & Poor's quality rating of A-1 or a Moody's quality rating of P-1 and a maturity of 270 days or less
- Certificates of Deposit up to FDIC or FSLIC insurance coverage or any amount fully collateralized by US Government Securities or issued by an institution which is a qualified public depository within the State of Florida
- Corporate Bonds, Mortgage Backed Securities, or Asset Backed Securities
- Yankee Bonds
- Convertible Securities
- Money Market or Cash Equivalent Securities

Fixed Income Funds (international)

- Investment Grade Sovereign Issued Debt
- Investment Grade Corporate Bonds and Commercial Paper

Cash Equivalents

- Certificates of Deposit, Commercial Paper, Direct Obligations of the U.S. Government, Repurchase Agreements, Bankers Acceptances, Custodian STIFs, and other appropriate liquid short-term investments

Real Estate and Alternative Assets

- Discretionary commingled vehicles such as insurance company separate accounts, open-end or closed-end funds and real estate investment trusts (REITS) holding either leveraged or unleveraged positions in real property and real property related assets
- All must be of institutional investment quality and must be diversified by property type and geographic location

Pooled or Commingled Funds

- The fund may invest in commingled vehicles such as mutual funds, LLCs or common trust funds that are invested in substantially the same manner and same investments as stated above

Derivatives

- No use of leverage
- No use of "linked" securities that have the principal value or interest rate tied to anything not specifically allowed as permissible investments in these guidelines
- Any structured note must maintain a constant spread relationship with its underlying acceptable index

- Collateralized mortgage obligations cannot be more sensitive to interest-rate changes than the underlying mortgage-backed security

Restricted Direct Investments – Prohibited

- Short Sales or Margin Transactions
- Investments in Commodities or Commodity Contracts
- Direct loans or extension lines of credit to any interested party
- Letter Stock
- Unregistered securities and private placements (except those regulated by SEC Rule 144a or as specifically permitted by the Board)
- Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism, unless specifically permitted by the Board

Other Post Employment Benefit (OPEB) Investments

These funds represent investments administered by the City's OPEB Fund Investment Managers. They comprise \$61,228,620 of the City's total fair value of investments, and are exclusive of the \$2,347,746 held in cash by the Trustees. These investments are reported at fair value. The fair value of this plan is derived through valuation efforts done by the City's investment managers in conjunction with the plan custodian. The fair values for the vast majority of these assets are readily available. For those assets whose fair value is less verifiable, the best available information is used.

The City maintains separate investment managers for its equity and fixed income portfolios. The managers of these funds are permitted to invest in the following:

Equity Funds (domestic)

- Common Stocks
- Stock Index Futures
- Convertible and Preferred Stocks
- American Depositary Receipts
- REITS
- Limited Liability Companies (LLCs)

Equity Funds (international)

- Restricted to managers specifically hired to invest in international equities
- Common and Preferred Stocks of foreign issuers domiciled in developed and developing countries (emerging markets)
- Forward Foreign Currency Exchange Contracts for hedging purposes
- American and Global Depositary Receipts and similar securities

Fixed Income Funds (domestic)

- Must have a rating of investment grade (BBB/Baa) or better
- United States Treasury and Agency Securities
- Commercial Paper with either a Standard & Poor's quality rating of A-1 or a Moody's quality rating of P-1 and a maturity of 270 days or less
- Certificates of Deposit up to FDIC or FSLIC insurance coverage or any amount fully collateralized by US Government Securities or issued by an institution which is a qualified public depository within the State of Florida
- Corporate Bonds, Mortgage Backed Securities, or Asset Backed Securities
- Yankee Bonds
- Convertible Securities
- Money Market or Cash Equivalent Securities

Fixed Income Funds (international)

- Investment Grade Sovereign Issued Debt
- Investment Grade Corporate Bonds and Commercial Paper

Cash Equivalents

- Certificates of Deposit, Commercial Paper, Direct Obligations of the U.S. Government, Repurchase Agreements, Bankers Acceptances, Custodian STIFs, and other appropriate liquid short-term investments

Real Estate and Alternative Assets

- Discretionary commingled vehicles such as insurance company separate accounts, open-end or closed-end funds and real estate investment trusts (REITS) holding either leveraged or unleveraged positions in real property and real property related assets
- All must be of institutional investment quality and must be diversified by property type and geographic location

Pooled or Commingled Funds

- The fund may invest in commingled vehicles such as mutual funds, LLCs or common trust funds that are invested in substantially the same manner and same investments as stated above

Derivatives

- No use of leverage
- No use of “linked” securities that have the principal value or interest rate tied to anything not specifically allowed as permissible investments in these guidelines
- Any structured note must maintain a constant spread relationship with its underlying acceptable index
- Collateralized mortgage obligations cannot be more sensitive to interest-rate changes than the underlying mortgage-backed security

Restricted Direct Investments – Prohibited

- Short Sales or Margin Transactions
- Investments in Commodities or Commodity Contracts
- Direct loans or extension lines of credit to any interested party
- Letter Stock
- Unregistered securities and private placements (except those regulated by SEC Rule 144a or as specifically permitted by the Board)
- Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism, unless specifically permitted by the Board

The City also imposes the following limitations on its investment managers:

Equity Managers

- The equity portion of each portfolio manager shall not be more than 10% invested in the securities of any one company at fair value.
- The portfolio manager shall not make short sales or use margin or leverage.
- The portfolio manager shall not be invested in commodities, private real estate, or investment art objects.
- The portfolio manager shall not invest in options, including the purchase, sale or writing of options unless options are “covered” by the corresponding security.
- The portfolio manager shall not invest in warrants, although warrants issued in connection with stocks held by the fund may be sold, held, or converted by the investment manager at its discretion.

Fixed Income Managers

- Security ratings reduced beneath the three highest classifications after purchase should be sold by the portfolio manager within a reasonable period of time.
- Except for treasury and agency obligations, the debt portion of the OPEB fund shall contain no more than 10% of a given issuer irrespective of the number of differing issues.
- If commercial paper is used, it must be only of the highest quality (A-1 or P-1).
- Private placement debt is not permissible.

Other than Defined Benefit Pension and OPEB Investments

These funds comprise \$293,702,543 of the City's total fair value of investments. This figure excludes \$35,474,018 of deposits with financial institutions.

Deposits The institutions in which the City's monies were deposited were certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, the City's total bank balances on deposit are entirely insured or collateralized by the Federal Depository Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, State Department of Insurance. Additionally, under the terms of the Resolution, GRU's depository is restricted to be a bank, savings and loan association or trust company of the United States or a national banking association, having capital stock, surplus and undivided earnings aggregating at least \$10 million.

Investments The City's other investments are reported at fair value. Fair value is based on market values or independent pricing sources. Investments in commercial paper are recorded at amortized cost, which approximates fair value.

State statutes, City ordinances and the Resolution authorize the City to invest in the following instruments:

- Any bonds or other obligations that, as to principal and interest, constitute direct obligations of, or are unconditionally guaranteed by, the United States of America;
- Certain bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any state;
- Bonds, debentures, or other evidences of indebtedness issued or guaranteed by an agency or corporation that is created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;
- New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America;
- Direct and general obligations of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided that at the time of their purchase under the resolution such obligations are rated by a nationally recognized bond rating agency in either of its two highest rating categories;
- Certain certificates of deposit, provided that the aggregate of principal amount of all certificates of deposit issued by any institution do not at any time exceed 10% of the total of the capital, surplus and undivided earnings of such institution unless such certificates of deposit are fully insured (for classification purposes, only non-negotiable certificates of deposit are considered deposits, with negotiable certificates considered as investments);
- Bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated by a nationally recognized rating agency in its highest rating category, and by at least one other nationally recognized rating agency in either of its two highest rating categories, for comparable types of debt obligations;
- Any fully collateralized repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured; and
- Domestic equity mutual funds rated four (4) stars or higher by Morningstar, Inc. and investment trusts rated AAA.

The City has a contractual relationship with a Qualified Public Depository in the State of Florida. Under the terms of the contract, essentially all bank balances are transferred into a sweep account at the close of each business day. The money market account underlying securities are AAA obligations of the United States Government and Corporations with maturities not exceeding 365 days.

GRU's investment policy limits investments to securities with terms of ten years or less to reduce exposure to rising interest rates, unless investments are matched to meet specific cash flow needs. Additionally, the average portfolio term is not to exceed seven years. GRU's Bond Resolution further limits GRU's investments in Utility Plant Improvement and Rate Stabilization accounts to five years.

GRU's investment policy and the Resolution limit investments in state and local taxable or tax-exempt debt, corporate fixed income securities, and other corporate indebtedness to investments that are rated by a nationally recognized rating agency at a minimum acceptable level at time of purchase, AA/Aa3/AA by Standard and Poor's, Moody's Investor Service, and/or Fitch Ratings respectively, and at least one other nationally recognized rating

agency in either of its two highest rating categories. At September 30, 2017, all of GRU's corporate holdings were rated Aa2 or better by Moody's Investor Services and/or AA+ or better by Standard and Poor's and/or AA+ or better by Fitch. As of September 30, 2017, GRU's FFCB, FHLMC, and FNMA were rated Aaa by Moody's Investor Service and AA+ by Standard and Poor's and AAA by Fitch. As of September 30, 2017, GRU's FHLB were rated Aaa by Moody's Investor Service and AA+ by Standard and Poor's and NR by Fitch.

Money belonging to the Evergreen Cemetery Trust Fund (a non-major special revenue fund), is invested in accordance with guidelines established by the Evergreen Cemetery Advisory Committee and/or as approved by the City Commission. These guidelines authorize investments in mutual funds including domestic equities, international equities and fixed income funds, as well as in a money market sweep account for cash balances held in the Evergreen Cemetery Trust bank account.

Custodial Credit Risk - Deposits

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and they are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

All deposits of the City are either covered by depository insurance or are collateralized by the pledging financial institution's trust department or agent in the City's name. Detailed information on the City's policies on custodial credit risk for deposits is described above in the subsection titled "Investment Policies", separately for each major investment category.

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if they are uninsured and are not registered in the name of the government and are held by either the counterparty or by the counterparty's trust department or agent but not in the government's name.

All identifiable investment securities of the City are either insured or are registered in the Custodian's Street name for the benefit of the City and are held by the counterparty's trust department or agent. Detailed information on the City's policies on custodial credit risk for investments is described above in the subsection titled "Investment Policies", separately for each major investment category.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by a rating by a nationally recognized statistical rating organization.

The City has separate investment policies for its major investment categories. Detailed information on the City's policies on credit risk for investments is described above in the subsection titled "Investment Policies", separately for each major investment category. Guidelines for the credit ratings of specific types of investments are listed within each major investment category's investment policy description.

Presented below is the rating as of year-end for each investment type.

Defined Benefit Pension Investments

Investment Type	Fair Value	Unrated/ Exempt	AAA	AA	A	BBB
Common Stock	\$ 264,974,017	\$ 264,974,017	\$ -	\$ -	\$ -	\$ -
Limited Partnership Units	17,130,431	17,130,431	-	-	-	-
Mutual Funds	311,341,391	311,341,391	-	-	-	-
Real Estate Inv Trust	5,376,266	5,376,266	-	-	-	-
US Government Bonds	2,556,507	2,556,507	-	-	-	-
Corporate Bonds	10,921,067	-	230,442	1,793,614	6,302,387	2,594,624
Mortgage & Asset Backed	386,970	386,970	-	-	-	-
Totals	\$ 612,686,649	\$ 601,765,582	\$ 230,442	\$ 1,793,614	\$ 6,302,387	\$ 2,594,624

OPEB Investments

Investment Type	Fair Value	Exempt from Disclosure	AAA	AA+
Common Stock	\$ 59,546,256	\$ 59,546,256	\$ -	\$ -
US Government Bonds	462,791	-	462,791	-
Mortgage & Asset Backed	1,219,573	-	1,105,895	113,678
Totals	<u>\$ 61,228,620</u>	<u>\$ 59,546,256</u>	<u>\$ 1,568,686</u>	<u>\$ 113,678</u>

Other than Defined Benefit Pension and OPEB Investments – Governmental Activities

Investment Type	Fair Value	Exempt from Disclosure
Money Market	\$ 105,818,019	\$ 105,818,019
Mutual Funds	1,585,993	1,585,993
Totals	<u>\$ 107,404,012</u>	<u>\$ 107,404,012</u>

Other than Defined Benefit Pension and OPEB Investments – Business-Type Activities

Investment Type	Fair Value	AAA	A-1
Money Market	\$ 13,284,599	\$ 13,284,599	\$ -
Commercial Paper	74,681,831	-	74,681,831
Government Agencies	61,619,429	61,619,429	-
Government Bonds	8,498,358	8,498,358	-
Corporate Bonds	28,214,314	28,214,314	-
Totals	<u>\$ 186,298,531</u>	<u>\$ 111,616,700</u>	<u>\$ 74,681,831</u>

Concentration of Credit Risk

Investments in any one issuer that represent 5% or more of the City's investments are reported below. This is presented by the three major categories described above, and is additionally shown using governmental and business type categories. The City's investment policies do not specifically restrict the concentration allowed to be held with any individual issuer, except that the equity portion of each portfolio manager shall not be more than 10% invested in the securities of any one company at fair value. Investments that represent 5% or more by each category are shown below by issuer and percent of total investments.

Defined Benefit Pension Investments

Only mutual fund investments, which are exempt from disclosure requirements, exceed 5% of total defined benefit pension investments.

OPEB Investments

No investment in any one issuer exceeds 5% of total OPEB investments.

Other than Defined Benefit Pension and OPEB Investments – Governmental Activities

The investments held by the City at September 30, 2017 were a mutual funds and money market accounts, which are exempt from disclosure requirements.

Other than Defined Benefit Pension and OPEB Investments – Business-Type Activities

Issuer	Investment Type	Fair Value	%
Federal Home Loan Mortgage Corporation	Federal Agency Securities	\$ 13,720,000	7.9%
New York Life	Corporate Bonds	17,825,000	10.3%
Federal Farm Credit Bank	Federal Agency Securities	10,313,000	5.9%
Federal National Mortgage Association	Federal Agency Securities	14,600,000	8.4%
Federal Home Loan Bank	Federal Agency Securities	26,590,000	13.6%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. The City's investment policies do not provide specific restrictions as to maturity length of investments. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided below, using the segmented time distribution method:

Defined Benefit Pension Investments

Investment Type	Fair Value	< 2 years	2-5 years	5-10 yrs	> 10 yrs
Common Stock *	\$ 264,974,017	\$ -	\$ -	\$ -	\$ -
Limited Partnership Units*	17,130,431	-	-	-	-
Mutual Funds *	311,341,391	-	-	-	-
Real Estate Inv Trust *	5,376,266	-	-	-	-
US Government Bonds	2,556,507	-	1,038,262	-	1,518,245
Corporate Bonds	10,921,067	2,824,120	3,897,264	2,172,313	2,027,370
Mortgage & Asset Backed	386,970	-	386,970	-	-
Totals	\$ 612,686,649	\$ 2,824,120	\$ 5,322,496	\$ 2,172,313	\$ 3,545,615

* Included but not required to be presented by maturity date

OPEB Investments

Investment Type	Fair Value	n/a	< 5 years	5-10 years	> 10 years
Common Stock	\$ 59,546,256	\$ 59,546,256	\$ -	\$ -	\$ -
US Government Bonds	462,791	-	370,156	92,635	-
Mortgage & Asset Backed	1,219,573	-	63,330	-	1,156,243
	<u>\$ 61,228,620</u>	<u>\$ 59,546,256</u>	<u>\$ 433,486</u>	<u>\$ 92,635</u>	<u>\$ 1,156,243</u>

Other than Defined Benefit Pension and OPEB Investments – Governmental Activities

Investment Type	Fair Value	n/a
Money Market	\$ 105,818,019	\$ 105,818,019
Mutual Funds*	1,585,993	1,585,993
Totals	<u>\$ 107,404,012</u>	<u>\$ 107,404,012</u>

*Included but not required to be presented by maturity date

Other than Defined Benefit Pension and OPEB Investments – Business-Type Activities

Investment Type	Fair Value	< 1 year	1-5 years
Money Market	\$ 13,284,599	\$ 13,284,599	\$ -
Commercial Paper	74,681,831	74,681,831	-
Corporate Bonds	28,214,314	4,525,077	23,689,237
Government Agencies	61,619,429	15,973,446	45,645,983
US Government Bonds	8,498,358	1,497,422	7,000,936
Totals	<u>\$ 186,298,531</u>	<u>\$ 109,962,375</u>	<u>\$ 76,336,156</u>

NOTE 3 – FAIR VALUE MEASUREMENTS

The City records assets and liabilities in accordance with GASB Statement No. 72, Fair Value Measurement and Application, which determines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement.

Fair value is defined in Statement No. 72 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

As a basis for considering market participant assumptions in fair value measurements, Statement No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. U.S. Treasury securities are examples of Level 1 investments.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. U.S. agencies, corporate bonds, and financial hedges are examples of Level 2 investments.
- Level 3 inputs are unobservable inputs that reflect the City's own assumptions about factors that market participants would use in pricing the asset or liability (including assumptions about risk).

Valuation methods of the primary fair value measurements are as follows:

- U.S. Treasury securities are valued using quoted market prices (Level 1 inputs).
- Investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating.
- Commodity derivatives, such as futures, swaps and options, which are ultimately settled using prices at locations quoted through clearinghouses are valued using level 1 inputs.
- Other hedging derivatives, such as swaps settled using prices at locations other than those quoted through clearinghouses and options with strike prices not identically quoted through a clearinghouse, are valued using Level 2 inputs. For these instruments, fair value is based on pricing algorithms using observable market quotes.

Defined Benefit Pension Investments

The City of Gainesville's Defined Benefit Pension Plan (The Plan) categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of September 30, 2017:

Investments Measured at Fair Value	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value	9/30/2017			
Debt Securities				
U.S Treasury Securites	\$ 2,556,507	\$ 2,556,507	\$ -	\$ -
Mortgage backed securites	386,970	-	386,970	-
Corporate bonds	10,921,067	-	10,921,067	-
Total Debt Securities	13,864,544	2,556,507	11,308,037	-
Equity securites				
Consumer discretionary	32,399,273	32,399,273	-	-
Consumer staples	10,858,723	10,858,723	-	-
Energy	18,260,732	18,260,732	-	-
Financials	42,495,346	42,495,346	-	-
Health care	38,873,131	38,873,131	-	-
Industrials	42,093,523	42,093,523	-	-
Information technology	67,038,640	67,038,640	-	-
Materials	8,999,963	8,999,963	-	-
Telecommunications	2,277,486	2,277,486	-	-
Utilities	1,677,201	1,677,201	-	-
Real estate	5,376,266	-	5,376,266	-
Limited partnership units	17,130,431	17,130,431	-	-
Mutual funds	311,341,390	311,341,390	-	-
Total Equity Securities	598,822,105	593,445,839	5,376,266	-
Total Investments at fair value	\$ 612,686,649	\$ 596,002,346	\$ 16,684,303	\$ -

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

OPEB Investments

The City of Gainesville's OPEB Benefit Plan categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The OPEB Benefit Plan has the following recurring fair value measurements as of September 30, 2017:

Investments Measured at Fair Value

Investments by fair value	9/30/2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S Treasury Securities	\$ 462,791	\$ 462,791	\$ -	\$ -
Mortgage backed securities	1,219,573	-	1,219,573	-
Total Debt Securities	1,682,364	462,791	1,219,573	-
Equity securities				
Consumer discretionary	6,451,914	6,451,914	-	-
Consumer staples	3,492,310	3,492,310	-	-
Energy	3,930,053	3,930,053	-	-
Financials	10,834,208	10,834,208	-	-
Health care	8,714,672	8,714,672	-	-
Industrials	7,601,002	7,601,002	-	-
Information Technology	12,332,495	12,332,495	-	-
Materials	2,539,570	2,539,570	-	-
Real Estate	119,093	119,093	-	-
Telecommunications	1,646,376	1,646,376	-	-
Utilities	1,646,376	1,646,376	-	-
Others	238,187	238,187	-	-
Total Equity Securities	59,546,256	59,546,256	-	-
Total Investments at fair value	\$ 61,228,620	\$ 60,009,047	\$ 1,219,573	\$ -

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Other than Defined Benefit Pension and OPEB Investments – Governmental Activities

The City of Gainesville categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of September 30, 2017, the investments for Governmental Activities includes a mutual fund (Level 1) with the Cemetery Trust fund for \$1,585,993 and the City's pooled cash money market account (Level 1) for \$105,818,019.

Other than Defined Benefit Pension and OPEB Investments – Business Type Activities

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Utility's assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the valuation of fair value assets and liabilities and their place within the fair value hierarchy levels. GRU's fair value measurements are performed on a recurring basis. The following table presents fair value balances and their levels within the fair value hierarchy as of September 30, 2017:

Investments by fair value level	9/30/2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money Market Account	\$ 13,284,599	\$ 13,284,599	\$ -	\$ -
Commercial Paper	74,681,831	74,681,831	-	-
U.S. Treasury Securities	8,498,358	8,498,358	-	-
U.S. Agencies:				
Federal Home Loan Mortgage Corp.	13,464,526	-	13,464,526	-
Federal National Mortgage Assn	14,312,774	-	14,312,774	-
Federal Home Loan Bank	23,573,296	-	23,573,296	-
Federal Farm Credit Bank	10,268,833	-	10,268,833	-
Corporate Bonds:				
Massmutual Global Funding	4,949,430	-	4,949,430	-
Guardian Life	5,430,937	-	5,430,937	-
New York Life	17,833,947	-	17,833,947	-
Total Investments at fair value level	\$ 186,298,531	\$ 96,464,788	\$ 89,833,743	\$ -
Liabilities				
Effective interest rate swaps	\$ (57,721,474)	\$ -	\$ (57,721,474)	\$ -
Ineffective interest rate swaps	(3,462,606)	-	(3,462,606)	-
Total financial instruments	\$ (61,184,080)	\$ -	\$ (61,184,080)	\$ -

NOTE 4 - RETIREMENT PLANS

The City sponsors and administers two single-employer retirement plans, which are accounted for in separate Pension Trust Funds.

- The Employees' Pension Plan (Employees' Plan)
- The Consolidated Police Officers' and Firefighters' Retirement Plan (Consolidated Plan)

(A) Defined Benefit Plans**Employees' Plan:**

Plan Description. The Employees' Plan is a contributory defined benefit single-employer pension plan that covers all permanent employees of the City, except certain personnel who elected to participate in the Defined Contribution Plan and who were grandfathered into that plan, and police officers and firefighters who participate in the Consolidated Plan. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. The costs of administering the plan, like other plan costs, are captured within the plan itself and financed through contribution and investment income, as appropriate.

The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Plan. That report may be obtained by writing to City of Gainesville, Budget & Finance Department, P.O. Box 490, Gainesville, Florida 32627 or by calling (352) 334-5054.

Benefits Provided. The Employees' Plan provides retirement, disability and death benefits. Prior to April 2015, disability benefits were provided through a separate plan which was subsequently terminated. Existing and future pension assets and pension liabilities were transferred to the Employees' Plan at that time.

Retirement benefits for employees are calculated as a fixed percent (often referred to as "the multiplier") of the employee's final average earnings (FAE) times the employee's years of service. The fixed percentage and final average earnings vary depending on the date of hire as follows:

Date of Hire	Fixed percent of FAE (multiplier)	Final Average Earnings
On or before 10/01/2007	2.0%	Highest 36 consecutive months
10/02/2007 – 10/01/2012	2.0%	Highest 48 consecutive months
On or after 10/02/2012	1.8%	Highest 60 consecutive months

For service earned prior to 10/01/2012, the lesser number of unused sick leave or personal critical leave bank credits earned on or before 09/30/2012 or the unused sick leave or personal critical leave bank credits available at the time of retirement may be credited towards the employee's years of service for that calculation. For service earned on or after 10/01/2012, no additional months of service will be credited for unused sick leave or personal critical leave bank credits.

Retirement eligibility is also tiered based on date of hire as follows:

- Employees are eligible for normal retirement:
 - If the date of hire occurred on or before 10/02/2007, after accruing 20 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.
 - If the date of hire was between 10/02/2007 and 10/01/2012, after accruing 25 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.
 - If the date of hire was on or after 10/02/2012, after accruing 30 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.
- Employees are eligible for early retirement:
 - If the date of hire occurred on or before 10/01/2012, after accruing 15 years of pension service credit and reaching age 55 while still employed.
 - If the date of hire was on or after 10/02/2012, after accruing 20 years of pension service credit and reaching age 60 while still employed.
 - Under the early retirement option, the benefit is reduced by 5/12ths of one percent for each month (5% for each year) by which the retirement date is less than the date the employee would reach age 65.
- Employees receive a deferred vested benefit if they are terminated after accruing five years of pension service credit but prior to eligibility for regular retirement. Those employees will be eligible to receive a benefit starting at age 65.

A 2% cost of living adjustment (COLA) is applied to retirements benefits each October 1st if the retiree has reached eligibility for COLA prior to that date. Eligibility for COLA is determined as follows:

- If the retiree had at least 20 years of credited service prior to 10/01/2012 and had at least 20 years but less than 25 years of credited service upon retirement, COLA begins after reaching age 62.
- If the retiree had at least 20 years of credited service prior to 10/01/2012 and had at least 25 years of credited service upon retirement, COLA begins after reaching age 60.
- If the retiree was hired on or before 10/01/2012 and had less than 20 years of credited service on or before 10/01/2012 and 25 years or more of credited service upon retirement, COLA begins after reaching age 65.

- If the retiree was hired after 10/01/2012 and had 30 years or more of credited service upon retirement, COLA begins after age 65.

Employees hired on or before 10/01/2012 are eligible to participate in the deferred retirement option plan (DROP) when they have completed 27 years of credited service and are still employed by the City. Such employees retire from the Employees' Plan but continue to work for the City. The retirement benefit is calculated as if the employee had terminated employment and is paid to a DROP account held within the pension plan until the employee actually leaves the employment of the City. While in DROP, these payments earn a guaranteed rate of annual interest, compounded monthly. For employees who entered DROP on or before 10/01/2012, DROP balances earn 6% annual interest. For employees who entered DROP on or after 10/02/2012, DROP balances earn 2.25% annual interest. Employees may continue in the DROP for a maximum of 5 years or until reaching 35 years of service, whichever occurs earlier. Upon actual separation from employment, the monthly retirement benefits begin being paid directly to the retiree and the retiree must take their DROP balance plus interest as a lump-sum cash disbursement, roll into a retirement account or choose a combination of the two options.

Death benefits are paid as follows:

- If an active member retires after reaching normal retirement eligibility and had selected a tentative benefit option, benefit payments will be made to the beneficiary in accordance with the option selected.
- If an active member who is married dies after reaching normal retirement eligibility and did not previously select a tentative benefit option, the plan assumes the employee retired the day prior to death and elected the Joint & Survivor option naming their spouse as their beneficiary.
- If an active member who is not married dies after reaching normal retirement eligibility and did not previously select a tentative benefit option, or if an active member dies prior to reaching normal retirement eligibility, or if a non-active member with a deferred vested benefit dies before age 65, the death benefit is a refund of the member's contributions without interest to the beneficiary on record.
- Continuation of retirement benefits after the death of a retiree receiving benefits is contingent on the payment option selected upon retirement. If the retiree has chosen a life annuity and dies prior to receiving benefits greater than the retiree's contributions to the plan, a lump sum equal to the difference is paid to the beneficiary on record.

Disability benefits are paid to eligible regular employees of the City who become totally and permanently unable to perform substantial work for pay within a 50-mile radius of the home or city hall, whichever is greater, and who is wholly and continuously unable to perform any and every essential duty of employment, with or without a reasonable accommodation, or of a position to which the employee may be assigned. The basic disability benefit is equal to the greater of the employee's years of service credit times 2% with a minimum 42% for in line of duty disability and a minimum 25% for other than in line of duty disability, times the employee's final average earnings as would be otherwise calculated under the plan. The benefit is reduced by any disability benefit percent up to a maximum of 50% multiplied by the monthly Social Security primary insurance amount to which the employee would be initially entitled to as a disabled worker, regardless of application status. The disability benefit is limited to the lesser of \$3,750 per month or an amount equal to the maximum benefit percent, less reductions above and the initially determined wage replacement benefit made under workers' compensation laws.

Employees covered by benefit terms. At September 30, 2017, the following employees were covered by the benefit terms:

Active employees	1,519
Inactive employees:	
Retirees and beneficiaries currently receiving benefits	1,266
Terminated members and survivors of deceased members entitled to benefits but not yet receiving benefits	428
Total	3,213

Contribution Requirements. The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission. The City is required to contribute at an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance

any unfunded accrued liability. The City contributes the difference between the actuarially determined rate and the contribution rate of employees. Plan members are required to contribute 5% of their annual covered salary. The rate for fiscal year 2017 was 17.45% of covered payroll. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003A. The proceeds from this issue were utilized to retire the unfunded actuarial accrued liability at that time in the Employees' Plan. Differences between the required contribution and actual contribution are due to actual payroll experiences varying from the estimated total payroll used in the generation of the actuarially required contribution rate. Administrative costs are financed through investment earnings.

Net Pension Liability. The net pension liability related to the Employee's Plan was measured as of September 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016.

The components of the net pension liability at September 30, 2017 were as follows:

<u>Components of Net Pension Liability</u>	
Total pension liability	\$ 537,712,710
Plan fiduciary net position	(396,313,562)
City's net pension liability	<u>\$ 141,399,148</u>

Plan fiduciary net position as a percentage of the total pension liability	73.70%
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Significant Actuarial Assumptions. The total pension liability as of September 30, 2017 was determined based on a roll-forward of entry age normal liabilities from the October 1, 2016 actuarial valuation to the pension plan's fiscal year end of September 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

<u>Actuarial Assumptions</u>	
Inflation	3.75%
Salary Increases	3.00% to 5.00%
Investment Rate of Return	8.10%, net of pension investment expenses

Mortality Rate:

Mortality rates were updated to the assumptions used in the 2016 FRS valuation as it applies to "other than special risk" participants.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Development of Long Term Discount Rate for General Employees' Pension Plan

	Real Risk			Total	Policy	Policy
	Inflation	Free Return	Risk Premium	Expected Return	Allocation	Return
Domestic Equity	3.00%	2.00%	4.50%	9.50%	50.00%	4.75%
Intl Equity	3.00%	2.00%	5.50%	10.50%	30.00%	3.15%
Domestic Bonds	3.00%	2.00%	0.50%	5.50%	2.00%	0.11%
Intl Bonds	3.00%	2.00%	1.50%	6.50%	0.00%	0.00%
Real Estate	3.00%	2.00%	2.50%	7.50%	16.00%	1.20%
Alternatives	3.00%	2.00%	3.50%	7.50%	0.00%	0.00%
US Treasuries	3.00%	0.00%	0.00%	3.00%	0.00%	0.00%
Cash	3.00%	-2.00%	0.00%	1.00%	2.00%	0.02%
Total					100.00%	9.23%

Discount Rate:

The discount rate used to measure the total pension liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 10/01/2016	\$485,658,954	\$357,298,271	\$128,360,683
Changes for the year:			
Service cost	8,355,553	-	8,355,553
Interest	39,934,706	-	39,934,706
Differences between expected and actual experience	7,646,058	-	7,646,058
Changes to assumptions	21,041,875	-	21,041,875
One time adjustment for DROP account balances	10,038,916	-	10,038,916
Contributions - employer	-	14,654,934	(14,654,934)
Contributions - employee	-	4,829,122	(4,829,122)
Net investment income	-	58,605,302	(58,605,302)
Benefit payments, including refunds and DROP payouts	(34,963,352)	(38,469,162)	3,505,810
Administrative expense	-	(604,905)	604,905
Net changes	52,053,756	39,015,291	13,038,465
Balances at 09/30/2017	\$537,712,710	\$396,313,562	\$141,399,148

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability, calculated using the discount rate of 8.1%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7.1%) or 1 percentage-point higher (9.1%) than the current rate:

	1% Decrease (7.1%)	Current Discount Rate (8.1%)	1% Increase (9.1%)
Net pension liability	\$ 202,787,977	\$ 141,399,148	\$ 89,907,875

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees' Plan financial report.

Pension expense and deferred outflows of resources and deferred inflows of resources. For the year ended September 30, 2017, the City recognized pension expense for the Employees' Plan of \$22,320,071. At September 30, 2017, the City reported deferred outflows of resources related to the Employees' Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,719,277	\$ -
Changes to assumptions	27,523,573	-
Changes between projected and actual investment earnings	-	(18,893,302)
Total	\$ 35,242,850	\$ (18,893,302)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Employees' Plan will be recognized in pension expense as follows:

Fiscal Year	Net Deferred Outflows/(Inflows) of Resources
2018	\$ 7,859,825
2019	7,859,826
2020	1,382,370
2021	(752,473)
Thereafter	-

Consolidated Plan:

Plan Description. The Consolidated Plan is a contributory defined benefit single-employer pension plan that covers City sworn police officers and firefighters. The Plan is established under City of Gainesville Code of Ordinances, Article 7, Chapter 2, Division 8. It complies with the provisions of Chapter 112, Part VII, Florida Statutes; Chapter 22D-1 of the Florida Administrative Code; Chapters 175 and 185, Florida Statutes; and Article X, Section 14 of the Florida Constitution, governing the establishment, operation and administration of plans.

The basis of accounting for the Consolidated Plan is accrual. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. The costs of administering the plan, like other plan costs, are captured within the plan itself and financed through contribution and investment income, as appropriate.

The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 32627 or by calling (352) 334-5054.

Benefits Provided for Police Officers. The Consolidated Plan provides retirement, disability and death benefits. Retirement benefits for employees are calculated as a fixed percent (often referred to as "the multiplier") of the

employee's final average earnings (FAE) times the employee's years of service. For Police Officers, the final average monthly earnings (FAME) is the average of pensionable earnings during the 36 to 48 month period (depending on date of hire) that produces the highest earnings. For Police Officers, the benefit multiplier is 2.5% for credited service before 10/01/2005, 2.625% for credited service from 10/01/2005 to 07/01/2013 and 2.5% for credited service on and after 07/01/2013.

Retirement eligibility for Police Officers is tiered based on date of hire as follows:

- Employees are eligible for normal retirement:
 - If the date of hire occurred prior to 07/01/2013, after accruing 20 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy (Rule of Seventy).
 - If the date of hire was on or after 07/01/2013, after accruing 25 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy.
- Employees are eligible for early retirement:
 - After accruing 10 years of pension service credit and reaching age 50 while still employed.
 - Under the early retirement option, the benefit is reduced 3% for each year by which the retirement date is less than the date the employee would reach age 55.
- Employees may choose to receive a refund on contributions to the plan or to receive a deferred vested benefit if they are terminated after accruing 10 years of pension service credit but prior to eligibility for regular retirement. Those employees will be eligible to receive a benefit starting at age 55 with no reduction or at age 50 with the early retirement penalty above.

A 1-2% cost of living adjustment (COLA) is applied to retirement benefits each October 1st if the retiree has reached eligibility for COLA prior to that date. Eligibility for COLA is determined as follows:

- If the retiree was eligible for retirement on or before 07/01/2013 and had at least 25 years of credited service upon retirement, 2% COLA begins after reaching age 55.
- If the retiree was eligible for retirement on or before 07/01/2013 had 20 years of credited service upon retirement, 2% COLA begins after reaching age 62.
- If the retiree was eligible for retirement after 07/01/2013 and had 25 years of credited service upon retirement 1% COLA begins after reaching age 55 and the COLA increases to 2% after reaching age 62.
- If the retiree retired under the Rule of Seventy with less than 20 years of credited service upon retirement, COLA begins after age 62. Effective July 1, 2013, Police Officers retiring under the Rule of Seventy are ineligible for COLA.

Benefits Provided for Firefighters. The Consolidated Plan provides retirement, disability and death benefits. Retirement benefits for employees are calculated as a fixed percent (often referred to as "the multiplier") of the employee's final average earnings (FAE) times the employee's years of service. For Firefighters, the final average monthly earnings (FAME) is the average of pensionable earnings during the 36 month period that produces the highest earnings. For Firefighters, the benefit multiplier is 2.5% for credited service before 10/01/2005, 2.625% for credited service from 10/01/2005 to 12/31/2013 and 2.5% for credited service on and after 01/01/2014.

For service earned prior to 01/01/2014, the lesser number of unused sick leave credits earned on or before 12/31/2013 or the unused sick leave bank credits available at the time of retirement may be credited towards the employee's years of service for that calculation. For service earned on or after 01/01/2014, no additional months of service will be credited for unused sick leave credits.

Retirement eligibility for Firefighters is as follows:

- Employees are eligible for normal retirement:
 - If the date of hire occurred prior to 01/01/2014, after accruing 20 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy (Rule of Seventy).

- If the date of hire was on or after 01/01/2014, after accruing 25 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy.
- Employees are eligible for early retirement:
 - After accruing 10 years of pension service credit and reaching age 50 while still employed.
 - Under the early retirement option, the benefit is reduced 3% for each year by which the retirement date is less than the date the employee would reach age 55.
- Employees may choose to receive a refund on contributions to the plan or to receive a deferred vested benefit if they are terminated after accruing 10 years of pension service credit but prior to eligibility for regular retirement. Those employees will be eligible to receive a benefit starting at age 55 with no reduction or at age 50 with the early retirement penalty above.

A 2% cost of living adjustment (COLA) is applied to retirement benefits each October 1st if the retiree has reached eligibility for COLA prior to that date. Eligibility for COLA is determined as follows:

- If the retiree had at least 25 years of credited service upon retirement, COLA begins after reaching age 55.
- If the retiree had 20 years of credited service upon retirement, COLA begins after reaching age 62.
- If the retiree retired under the Rule of Seventy with less than 20 years of credited service upon retirement, COLA begins after age 62.

Benefits Provided to Both Police Officers and Firefighters.

Employees are eligible to participate in the deferred retirement option plan (DROP) when they have completed 25 years of credited service and are still employed by the City (or meet the Rule of Seventy). Such employees retire from the Consolidated Plan but continue to work for the City. The retirement benefit is calculated as if the employee had terminated employment and is paid to a DROP account held within the pension plan until the employee actually leaves the employment of the City. While in DROP, these payments earn a guaranteed rate of annual interest, (5.5% for Firefighters and 4.5% for Police Officers) compounded monthly. Employees may continue in the DROP for a maximum of 5 years or until reaching 35 years of service, whichever occurs earlier. Upon actual separation from employment, the monthly retirement benefits begin being paid directly to the retiree and the retiree must take their DROP balance plus interest as a lump-sum cash disbursement, roll into a retirement account or choose a combination of the two options. The Consolidated Plan also provides for a reverse DROP option.

Death benefits are paid as follows:

- If an active member retires after reaching normal retirement eligibility and had selected a tentative benefit option, benefit payments will be made to the beneficiary in accordance with the option selected.
- If an active member with less than ten years of service dies before reaching normal retirement eligibility, the death benefit is a refund to the beneficiary of 100% of the member contributions without interest.
- If an active member with at least ten years of service dies before reaching normal retirement eligibility, the beneficiary is entitled to the benefits otherwise payable to the employee at early or normal retirement age, based on the accrued benefit at the time of death.
- Continuation of retirement benefits after the death of a retiree receiving benefits is contingent on the payment option selected upon retirement. If the retiree has chosen a life annuity and dies prior to receiving benefits greater than the retiree's contributions to the plan, a lump sum equal to the difference is paid to the beneficiary on record.

Disability Benefits – The monthly benefit for a service-incurred disability is the greater of the employee's accrued benefit as of the date of disability or 42% of the FAME. The monthly benefit for a non-service-incurred disability is the greater of the accrued benefit as of the date of disability or 25% of the FAME. Payments continue until the death of the member or until the 120th payment, payable to the designated beneficiary if no option is elected. There is no minimum eligibility requirement if the injury or disease is service-incurred. If the injury or disease is not service-incurred, the employee must have at least five years of service to be eligible for disability benefits.

Employees covered by benefit terms. At September 30, 2017, the following employees were covered by the benefit terms:

Active employees	393
Inactive employees:	
Retirees and beneficiaries currently receiving benefits	427
Vested terminated members entitled to future benefits	20
Total	840

Contribution Requirements. The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission in accordance with Part V11, Chapter 112, Florida Statutes.

The City is required to contribute at an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Firefighters contribute 9.0% of gross pay and Police Officers contribute 7.5% of gross pay. The City's contribution rate for fiscal year 2017 was 15.76% of covered payroll for police personnel and 20.31% for fire personnel. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003B. In addition, State contributions, which totaled \$1,258,283, are also made to the plan on behalf of the City under Chapters 175/185, Florida Statutes. These State contributions are recorded as revenue and personnel expenditures in the City's General Fund before they are recorded as contributions in the Consolidated Pension Fund. Differences between the required contribution and actual contribution are due to actual payroll experiences varying from the estimated total payroll used in the generation of the actuarially required contribution rate. Administrative costs are financed through investment earnings.

Net Pension Liability. The net pension liability related to the Consolidated Plan was measured as of September 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016.

The components of the net pension liability reported at September 30, 2017 were as follows:

<u>Components of Net Pension Liability</u>	
Total pension liability	\$ 263,488,192
Plan fiduciary net position	(219,000,182)
City's net pension liability	\$ 44,488,010
Plan fiduciary net position as a percentage of the total pension liability	83.12%

Significant Actuarial Assumptions. The total pension liability was determined based on entry age normal liabilities using the following actuarial assumptions, applied to all periods included in the measurement.

<u>Actuarial Assumptions</u>	
Inflation	3.00%
Salary Increases for police employees with less than 5 years of service	6.00%
Salary Increases for fire employees with less than 5 years of service	5.00%
Salary Increases for police employees with 5 to 9 years of service	5.00%
Salary Increases for fire employees with 5 to 9 years of service	4.00%
Salary Increases for police employees with 10 to 14 years of service	4.00%
Salary Increases for fire employees with 10 to 14 years of service	3.00%
Salary Increases for police employees more than 14 years of service	3.00%
Salary Increases for fire employees more than 14 years of service	2.00%
Investment Rate of Return	8.10%, net of pension investment expenses

Mortality Rate:

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with Blue Collar adjustment based on Mortality Improvement Scale AA. 50% of deaths among active members are assumed to be service incurred, and 50% are assumed to be non-service incurred. Disabled mortality is based on the RP-2000 Disability Retiree Mortality Table.

Other Assumptions:

The actuarial assumptions used as of September 30, 2016 were based on the assumptions approved by the Board in conjunction with an experience study covering the 5 year period ending on September 30, 2010. Due to plan changes first valued in the October 1, 2012 actuarial valuation, changes to the assumed retirement rates and the valuation methodology for the assumed increase in benefit service for accumulated sick leave and accumulated vacation paid upon termination were made. Payroll growth assumptions were updated in 2012 and investments was reviewed by the Board in February of 2015 based on an asset liability study reflecting the current investment policy.

Long-Term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined over a 30 year time horizon based on the allocation of assets as shown in the current investment policy using the expected geometric return, expected arithmetic return and the standard deviation arithmetic return. The analysis represented investment rates of return net of investment expenses. The return is expected to be above 8.75% for 60% of market simulations and below 8.75% for 40% of the market simulations.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Development of Long Term Discount Rate - Arithmetic

	Inflation	Total Expected Return	Policy Allocation	30-Year Policy Return
US Large Cap	3.04%	11.56%	35.00%	4.05%
US Small Cap	3.04%	13.70%	20.00%	2.74%
Global Equity ex US	3.04%	10.70%	20.00%	2.14%
US Govt Credit	3.04%	4.84%	12.50%	0.61%
NCREIF	3.04%	9.87%	12.50%	1.23%
Total			100.00%	10.76%

Discount Rate:

The discount rate used to measure the total pension liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member and State contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 10/01/2015	\$258,251,636	\$205,667,930	\$ 52,583,706
Changes for the year:			
Service cost	3,812,252	-	3,812,252
Interest	20,156,185	-	20,156,185
Differences between expected and actual experience	(6,006,515)	-	(6,006,515)
Changes to assumptions	2,719,455	-	2,719,455
Contributions - employer	-	3,716,354	(3,716,354)
Contributions - employee	-	2,093,074	(2,093,074)
Contributions - state	-	1,242,740	(1,242,740)
Net investment income	-	22,310,321	(22,310,321)
Benefit payments, including refunds and DROP payouts	(15,444,821)	(15,444,821)	-
Administrative expense	-	(585,416)	585,416
Net changes	5,236,556	13,332,252	(8,095,696)
Balances at 09/30/2016	\$263,488,192	\$219,000,182	\$ 44,488,010

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability, calculated using the discount rate of 8.1%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7.1%) or 1 percentage-point higher (9.1%) than the current rate:

	1% Decrease	Current	1% Increase
	(7.1%)	Discount Rate (8.1%)	(9.1%)
Net pension liability	\$ 74,910,801	\$ 44,488,010	\$ 19,575,553

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Consolidated Plan financial report.

Pension expense and deferred outflows of resources and deferred inflows of resources. For the year ended September 30, 2017, the City recognized pension expense for the Consolidated Plan of \$(1,676,563). At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the Consolidated Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (4,959,714)
Change in assumptions	4,820,848	-
Difference between projected and actual investment earnings	3,699,360	-
Contributions after measurement date	4,294,312	-
Total	\$ 12,814,520	\$ (4,959,714)

The \$4,294,312 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Consolidated Plan will be recognized in pension expense as follows:

Fiscal Year	Deferred Outflows/(Inflows) of Resources
2018	\$ 1,612,733
2019	1,612,732
2020	2,209,101
2021	(1,688,012)
Thereafter	(186,060)

(B) Defined Contribution Pension Plan

Plan Description. As noted above, the Defined Contribution Pension Plan is open to certain existing City professional and managerial employees. The plan is only available to newly hired at-will professional and managerial employees. The Commission of the City of Gainesville adopted this plan and related amendments through a City Ordinance.

The plan is qualified under the provisions of Section 401A of the Internal Revenue Code. Assets of the Defined Contribution Plan are self-directed, and investment results are reported to employees quarterly. The City does not have fiduciary accountability for the Defined Contribution Pension Plan and, accordingly, the Plan is not reported in the accompanying financial statements.

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission in accordance with applicable State Statute. Plan members are required to contribute 5.0% of their annual covered salary. The City is required to contribute 10% of covered payroll. During fiscal year 2017, plan members contributed \$188,879 and the City contributed \$313,456.

NOTE 5 – OTHER POST-EMPLOYMENT BENEFITS PLAN

Plan Description. By ordinance enacted by the City Commission, the City has established the Retiree Health Care Plan (RHCP), providing for the payment of a portion of the health care insurance premiums for eligible retired employees. The RHCP is a single-employer defined benefit healthcare plan administered by the City which provides medical insurance benefits to eligible retirees and their beneficiaries.

Management of the RHCP is vested in the RHCP Board of Trustees which consists of the seven member City Commissioners all who are elected by the citizens of Gainesville for three year terms.

The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the RHCP. That report may be obtained by writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 32627 or by calling (352) 334-5054.

The RHCP has 746 retirees receiving benefits, 1,052 retirees not currently electing medical coverage and has a total of 1,867 active participants and 133 DROP participants for a total of 3,798. Ordinance 991457 of the City of Gainesville assigned the authority to establish and amend benefit provisions to the City Commission.

Annual OPEB Cost and Net OPEB Obligation. For fiscal year 2017, the City's annual OPEB cost for the RHCP was \$2,481,058. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended September 30, 2017 were as follows:

Annual required contribution	\$ 1,820,901
Interest on net OPEB obligation	(1,531,517)
Adjustment to annual required contribution	2,191,674
Annual OPEB cost	\$ 2,481,058
Contributions made	1,622,729
Change in net OPEB obligation (asset)	\$ 858,329
Net OPEB obligation (asset), beginning of year	(18,907,614)
Net OPEB obligation(asset), end of year	\$ (18,049,285)

Trend Information

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB Obligation (Asset)
09/30/15	\$ 3,585,790	\$ 2,972,451	82.90%	\$ (17,669,214)
09/30/16	1,677,380	2,915,780	173.83%	(18,907,614)
09/30/17	2,481,058	1,622,729	65.40%	(18,049,284)

Fiscal year 2005 was the year of implementation of GASB 45 and the City elected to implement prospectively. The City's contributions include \$ 1,006,642, \$2,375,230 and \$2,441,107 in payments made by the City for the implicit rate subsidy included in the blended rate premiums for active employees which fund the implicit rate subsidy discount provided to the retirees for fiscal years 2017, 2016, and 2015, respectively.

Funding Policy. In 1995, the City instituted a cost sharing agreement with retired employees for individual coverage only, based on a formula taking into account age at the time the benefit is first accessed and service at time of retirement. The contribution requirements of plan members and the City are established and may be amended by the City Commission. These contributions are neither mandated nor guaranteed. The City has retained the right to unilaterally modify its payment for retiree health care benefits. Administrative costs are financed through investment earnings.

RHCP members receiving benefits contribute a percentage of the monthly insurance premium. Based on this plan, the RHCP pays up to 50% of the individual premium for each insured according to the age/service formula factor of the retiree. Spouses and other dependents are eligible for coverage, but the employee is responsible for the entire cost, there is no direct RHCP subsidy. The employee contributes the premium cost each month, less the RHCP subsidy calculated as a percentage of the individual premium.

The State of Florida prohibits the City from separately rating retirees and active employees. The City therefore charges both groups an equal, blended rate premium. Although both groups are charged the same blended rate premium, GAAP require the actuarial figures presented above to be calculated using age adjusted premiums approximating claim costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. However, the City has elected to contribute to the RHCP at a rate that is based on an actuarial valuation prepared using the blended rate premium that is actually charged to the RHCP.

In July 2005, the City issued \$35,210,000 Taxable Other Post Employment Benefit (OPEB) bonds to retire the unfunded actuarial accrued liability then existing in the RHCP Trust Fund. This allowed the City to reduce its contribution rate. The City's actual regular contribution was less than the annual required contribution calculated using the age-adjusted premiums instead of the blended rate premiums. The difference between the annual required calculation and the City's actual regular contribution was due to two factors. The first is the amortization of the negative net OPEB obligation created in fiscal year 2005 by the issuance of the OPEB bonds. The other factor is that the City has elected to contribute based on the blended rate premium instead of the age-adjusted premium, described above as the implicit rate subsidy.

In September 2008, the City approved Ordinance 0-08-52, terminating the existing program and trust and creating a new program and trust, effective January 1, 2009. This action changed the benefits provided to retirees, such that the City will contribute towards the premium of those who retire after August 31, 2008 under a formula that provides ten dollars per year of credited service, adjusted for age at first access of the benefit. Current retirees receive a similar benefit, however the age adjustment is modified to be set at the date the retiree first accesses the benefit or January 1, 2009, whichever is later. For current retirees that are 65 or older as of January 1, 2009, the City's contribution towards the premium will be the greater of the amount calculated under this method or the amount provided under the existing Ordinance. The City's contribution towards the premium will be adjusted annually at the rate of 50% of the annual percentage change in the individual premium compared to the prior year.

Actuarial Methods and Assumptions. Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and

plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2015, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used included an 8.2% investment rate of return, compounded annually, net of investment expenses. The annual healthcare cost trend rate of 4.5% is the ultimate rate, which decreased from 6% from the prior year. The select rate was 12% but was decreased to the ultimate rate in 2002. Both the rate of return and the healthcare cost trend rate include an assumed inflation rate of 3.75%. The actuarial valuation of RHCP assets was set at fair value of investments as of the measurement date.

The RCHP's initial unfunded actuarial accrued liability (UAAL) as of 1994 was amortized as a level percentage of projected payroll over a closed period of twenty years from 1994 and changes in the UAAL from 1994 through 2003 are amortized over the remaining portion of the twenty-year period. Future changes in the UAAL will be amortized on an open period of ten years from inception.

Funded Status.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of covered payroll (b-a)/c
9/30/2017	\$ 63,500,353	\$ 67,590,558	\$ 4,090,205	93.95%	\$ 122,798,859	3.33%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Investment policy. The City Commission has the responsibility to develop a policy for the investment of the assets of the RHCP. The investment of the assets must be consistent with the written investment policy adopted by the City Commission (Section 2-438 of the Gainesville City Code). The policies are structured to maximize the financial return to the RHCP consistent with the risks incumbent in each investment and are structured to establish and maintain an appropriate diversification of the RHCP's assets. The City Commission periodically undertakes studies to evaluate the potential consequence of alternative investment strategies on the long term well-being of the RHCP.

Based on analysis of the RHCP assets and expected investment returns and risks associated with alternative asset mix strategies, the City adopted the following asset class targets, based on market value:

<u>Asset Class</u>	<u>% Target</u>
Traditional Assets Classes	
Equity	75%
Fixed Income	5%
Total Traditional Asset Classes	80%
Alternative Asset Classes	
Real Estate	10%
Master Limited Partnerships	10%
Total Alternative Asset Classes	20%
Totals	100%

Net OPEB Liability. The City implemented GASB Statement No. 74 in 2017. The net OPEB liability related to the RHCP was measured as of September 30, 2017 and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015, rolled forward to September 30, 2017.

The components of the net OPEB liability at September 30, 2017 were as follows:

Components of Net OPEB Liability

Total OPEB liability	\$ 67,590,559
Plan fiduciary net position	(63,500,353)
City's net OPEB liability	<u>\$ 4,090,206</u>

Plan fiduciary net position as a percentage of the total pension liability	93.95%
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Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of October 1, 2015 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage, closed
Amortization period	10 years
Asset valuation method	Actuarial value
Inflation rate	3.75%
Payroll growth	4.50%
Investment return rate	8.10%, net of investment expenses
Salary increase rate	3.75% to 7.00%
Health Care Cost Trend Rate	6.00%
Retirement rates	Schedule of probabilities based on age and service, increasing as age and service increase
Mortality rates	RP-2000 Mortality Table

Discount Rate. The discount rate used to measure the total OPEB liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability, calculated using the discount rate of 8.1%, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7.1%) or 1 percentage-point higher (9.1%) than the current rate:

	1% Decrease (7.1%)	Current Discount Rate (8.1%)	1% Increase (9.1%)
Net OPEB liability (asset)	\$ 10,156,721	\$ 4,090,206	\$ (1,165,281)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Trend Rate. The following presents the net OPEB liability, calculated using the health care cost trend rate of 6.0%, as well as what the Plan's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage-point lower (5.0%) or 1 percentage-point higher (7.0%) than the current rate:

	1% Decrease 5.0%	Current Rate 6.0%	1% Increase 7.0%
Net OPEB liability (asset)	\$ (2,343,426)	\$ 4,090,206	\$ 11,583,731

NOTE 6 - DEFERRED COMPENSATION PLAN

The City of Gainesville offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The City has complied with the requirements of subsection (g) of IRC Section 457 and, accordingly, all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

NOTE 7 - LONG-TERM DEBT AND CAPITAL LEASES

GOVERNMENTAL ACTIVITIES:

\$15,892,220 Guaranteed Entitlement Revenue and Refunding Bonds, Series 1994 - 3.0-6.1%, final maturity 2024; payable solely from and secured by a lien upon and pledge of monies from the City's Guaranteed Entitlement Funds (Intergovernmental Revenues). *Current Interest Paying Bonds* were paid in full August 1, 2006. For *Capital Appreciation Bonds*, principal is payable August 1 and February 1 beginning August 1, 2018. Interest accrues to principal and is payable upon maturity or prior redemption.

\$40,042,953 Taxable Pension Obligation Bonds, Series 2003A - 1.71% - 6.19%, issued March 14, 2003, final maturity October 2032, payable solely from non-ad valorem revenues. Principal payable annually on October 1, beginning 2004. Interest payable semi-annually beginning October 1, 2003. The bonds are not subject to redemption prior to maturity.

\$49,851,806 Taxable Pension Obligation Bonds, Series 2003B - 3.07% - 5.42%, issued March 14, 2003, final maturity October, 2033, payable solely from non-ad valorem revenues. Principal payable annually on October 1, beginning 2006. Interest payable semi-annually beginning October 1, 2003. The bonds are not subject to redemption prior to maturity.

\$9,805,000 Guaranteed Entitlement Refunding Bonds Series 2004 3.5%-5.5%; issued May 4, 2004, final maturity August 1, 2017; payable solely from and secured by a lien upon and pledge of monies from the City's Guaranteed Entitlement Funds. The proceeds were used to refund \$10,010,000 of the City's Guaranteed Entitlement Revenue and Refunding Bonds, Series 1994. Principal is payable annually on August 1, beginning 2005. Interest is payable semi-annually beginning August 1, 2004. This current refunding resulted in a reduction of total debt service payments over 13 years of approximately \$735,000 and an economic gain of approximately \$572,000.

\$11,500,000 Capital Improvement Revenue Note, 2009 (CIRN) - 5.15%, issued July 3, 2009, final maturity November 1, 2028, payable solely from non-ad valorem revenues. Principal payable annually on November 1, beginning in fiscal year 2011, interest payable semi-annually beginning November 1, 2009. This note also funded an additional \$1.5 million of capital projects for which the debt and assets are reported in the Solid Waste and Stormwater enterprise funds.

\$3,036,907 Capital Improvement Revenue Bonds, Series 2010 - 2.00% -4.375%, issued July 13, 2010, final maturity October 2030, payable solely from non-ad valorem revenues. Principal payable annually on October 1, beginning 2011. Interest payable semi-annually beginning October 1, 2010. The bonds are not subject to redemption prior to maturity. This note also funded an additional \$1,313,093 of capital improvements for which the debt and assets are reported in the Ironwood Golf Course enterprise fund.

\$361,856 Construction Promissory Note – Variable interest rate based on 5 Year Treasury Index plus 2.75%. In December 2009, a promissory note was entered into for construction of the CRA office building with Sunstate Federal Credit Union to be repaid from tax increment proceeds. Interest payable monthly beginning February 2010 and principal payable monthly beginning February 2011. Loan payments are amortized over a 360 month period with a balloon payment due February 2025. The interest rate was 5.99% at September 30, 2017.

\$6,230,000 Revenue Refunding Note Series 2011 – 2.36% fixed, issued November 1, 2011, final maturity July 1, 2022; payable solely from non-ad valorem revenues. Proceeds from the Note were used to refinance all of the First Florida Governmental Finance Commission Series 2002 Bonds along with closing costs incurred. This advance refunding resulted in a reduction of total debt service payments over 10 years of approximately \$912,000 and an economic gain of approximately \$705,000.

\$3,730,000 Revenue Note Series 2011A – 2.29% fixed issued December 21, 2011, final maturity October 1, 2021; payable solely from non-ad valorem revenues. Proceeds from the Note are to be used for partial funding of the renovation and reconstruction of the Police Department Headquarters, capital improvements and remediation improvements at Depot Park and other capital improvements.

\$14,715,000 Revenue Refunding Note Series 2014 – 2.4% fixed, issued February 14, 2014, final maturity October 1, 2025; payable solely from non-ad valorem revenues. Proceeds from the Note were used to refinance all of the Capital Improvement Revenue Bond Series 2005 Bonds along with closing costs incurred. This advance refunding resulted in a reduction of total debt service payments over 10 years of approximately \$1,023,600 and an economic gain of approximately \$893,900.

\$12,535,000 Capital Improvement Revenue Bonds, Series 2014 – 2.00% -5.00%, issued December 17, 2014, final maturity October 2034, payable solely from non-ad valorem revenues. Principal payable annually on October 1, beginning 2015. Interest payable semi-annually beginning April 1, 2015. The bonds are not subject to redemption prior to maturity. This note also funded an additional \$2,000,000 of capital improvements for which the debt and assets are reported in the Solid Waste enterprise fund.

\$11,970,000 Revenue Refunding Note Series 2016A – 2.3% fixed, issued April 15, 2016, final maturity November 1, 2028; payable solely from non-ad valorem revenues. Proceeds from the Note were used to refinance all of the First Florida Governmental Financing Commission Loan, Series 2005 and the First Florida Governmental Financing Commission Loan, Series 2007 and partial refunding of the Capital Improvement Revenue Note Series 2009 along with closing costs incurred. This advance refunding resulted in a reduction of total debt service payments over 12 years of approximately \$2,959,727 with a present value of \$2,596,468 less \$1,596,164 of prior funds on hand resulting in a net present value savings of \$1,000,304. The economic loss on refunding was \$1,377,903.

\$6,630,000 Capital Improvement Revenue Notes, Series 2016B – 2.3% fixed, issued April 15, 2016, final maturity October 1, 2031, payable solely from non-ad valorem revenues. Annual Principal payments begin on October 1, 2017. Semi-annual interest payments begin November 1, 2016. Proceeds from the Note are to be used for partial funding of the road resurfacing and repairs and streetscapes.

BUSINESS-TYPE ACTIVITIES:

\$196,950,000 Utilities System Revenue Bonds, 2005 Series A – 4.75% - 5.00%, dated November 16, 2005, mature on various dates through October 1, 2036, and were partially refunded as part of the 2012 Series A Utilities System Revenue Bond issuance. The 2005 Series A Bonds are subject to redemption at the option of the City on and after October 1, 2015, as a whole or in part at any time, at a redemption price of 100% of the principal amount, plus accrued interest to the date of redemption. The 2005 Series A Bonds were issued to pay a portion of the cost of acquisition and construction of certain improvements to the City's utilities system and to refund the City's Utilities System Commercial Paper Notes, Series C. In March 2007, the 2007 Series A Bonds (\$139,505,000) were issued to advance-refund to the maturity dates a portion of the bonds maturing from October 1, 2030 to October 1, 2036. The proceeds related to the refunded bonds were deposited into an escrow account to refund the bonds on October 1, 2015, at 100% of par. In August 2012, the 2012 Series A Bonds (\$81,860,000) were issued to refund \$78,690,000 of bonds maturing from October 1, 2021 thru October 1, 2028. In December 2014, the 2014 Series B Bonds (\$30,970,000) were issued to advance-refund \$12,725,000 for portions of bonds maturing from October 1, 2029,

October 1, 2030, and October 1, 2036. The proceeds of the refunded bonds were deposited into an escrow account to refund the bonds on October 1, 2015.

\$61,590,000 Utilities System Revenue Bonds, 2005 Series B (Federally Taxable) – 5.31%, dated November 16, 2005, final maturity October 1, 2021. The 2005 Series B Bonds are subject to redemption at the option of the City, in whole or in part, on any date, at a redemption price equal to the greater of: 100% of the principal amount, plus accrued and unpaid interest to the date of redemption; or the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed discounted to the date of redemption on a semiannual basis plus 12.5 basis points. The 2005 Series B Bonds were issued to pay a portion of the cost of acquisition and construction of certain improvements to the City's utilities system and to refund the City's Utilities System Commercial Paper Notes, Series D originally issued in June 2000. In August 2012, the 2012 Series B Bonds (\$100,470,000) were issued to partially refund \$31,560,000 of bonds maturing from October 1, 2015 and October 1, 2021.

\$55,135,000 Utilities System Revenue Bonds, 2005 Series C – Variable interest rates based on market rates, 0.96% at September 30, 2017, dated November 16, 2005, final maturity October 1, 2026. The 2005 Series C Bonds are subject to redemption at the option of the City at a redemption price of 100% of the principal amount, plus accrued interest to the date of redemption. The 2005 Series C Bonds were issued to refund a portion of the City's Utilities System Revenue Bonds, 1996 Series A. A liquidity facility is provided by Helaba at 0.29% and expires November 24, 2020. In August 2012, the 2012 Series B Bonds (\$100,470,000) were issued to partially refund \$17,570,000 of bonds maturing from October 1, 2013 thru October 1, 2017.

\$53,305,000 Utilities System Revenue Bonds, 2006 Series A – Variable interest rates based on market rates, 0.95% at September 30, 2017, dated July 6, 2006, final maturity October 1, 2026. The 2006 Series A Bonds are subject to redemption at the option of the City, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption. The 2006 Series A Bonds were issued to pay a portion of the cost of acquisition and construction of certain improvements to the City's utilities system and to refund a portion of the City's Utilities System Revenue Bonds, 1996 Series A. The 2006 Series A Bonds created a net present value savings of over \$6,200,000, with yearly cash savings ranging from approximately \$371,000 to over \$890,000. In August 2012, the 2012 Series B Bonds (\$100,470,000) were issued to partially refund \$25,930,000 of bonds maturing from October 1, 2013 thru October 1, 2020. A liquidity facility is provided by Helaba at 0.29% and expires November 24, 2020.

\$139,505,000 Utilities System Revenue Bonds, 2007 Series A – Variable interest rates based on market rates, 0.95% at September 30, 2017, dated July 6, 2006, final maturity October 1, 2036. The 2007 Series A Bonds are subject to redemption at the option of the City, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption. The 2007 Series A Bonds were issued to refund a portion of the City's Utilities System Revenue Bonds, 2003 Series A and a portion of the City's Utilities System Revenue Bonds, 2005 Series A. The 2007 Series A Bonds created a net present value savings of over \$8,500,000, with yearly cash savings ranging from \$100,000 to \$500,000. A liquidity facility is provided by State Street Bank and Trust at 0.39% and expires March 1, 2018. The liquidity facility (or other financial agreement) will be renewed, replaced, or implemented by March 1, 2018.

\$105,000,000 Utilities System Revenue Bonds, 2008 Series A (Federally Taxable) – 5.02% - 5.27%, dated February 13, 2008, final maturity October 1, 2020, and were partially refunded as part of the 2012 Series B Utilities System Revenue Bond issuances. The 2008 Series A Bonds are subject to redemption prior to maturity at the election of the City in whole or in part, at a redemption price equal to the greater of: 100% of the principal amount, plus accrued and unpaid interest to the date of redemption; or the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed discounted to the date of redemption on a semiannual basis plus 12.5 basis points. The 2008 Series A Bonds were issued to pay costs of acquisition and construction of the City's utilities system. In August 2012, the 2012 Series B Bonds (\$100,470,000) were issued to partially refund \$14,405,000 of bonds maturing from October 1, 2014 thru October 1, 2017. In December 2014, the 2014 Series B Bonds (\$30,970,000) were issued to redeem \$19,915,000 for portions of bonds maturing from October 1, 2015 thru October 1, 2020.

\$90,000,000 Utilities System Revenue Bonds, 2008 Series B – Variable interest rates based on market rates, 0.97% at September 30, 2017, dated February 13, 2008, final maturity October 1, 2038. The 2008 Series B Bonds are

subject to redemption prior to maturity at the election of the City in whole or in part, at a redemption price of 100% of the principal amount plus accrued interest to the date of redemption. The 2008 Series B Bonds were issued to pay costs of acquisition and construction of the City's utilities system. A liquidity facility is provided by Barclay's at 0.29% and expires June 29, 2020.

\$156,900,000 Utilities System Revenue Bonds, 2009 Series B – Issuer Subsidy – Build America Bonds (Federally Taxable) – 4.50% - 5.65%, dated September 16, 2009, final maturity October 1, 2039. The 2009 Series B Bonds are subject to redemption prior to maturity at the election of the City at a redemption price equal to the greater of: 100% of the principal amount, plus accrued and unpaid interest to the date of redemption; or the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed discounted to the date of redemption on a semiannual basis plus 12.5 basis points. The 2009 Series B Bonds were issued to pay costs of acquisition and construction of the City's utilities system.

\$12,930,000 Utilities System Revenue Bonds, 2010 Series A (Federally Taxable) – 5.87%, dated November 1, 2010, final maturity October 1, 2030. The 2010 Series A Bonds are subject to redemption prior to maturity at the election of the City at a redemption price equal to the greater of: 100% of the principal amount, plus accrued and unpaid interest to the date of redemption; or the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed discounted to the date of redemption on a semiannual basis plus 12.5 basis points. The 2010 Series A Bonds were issued to (a) pay costs of acquisition and construction of the City's utilities system, (b) to provide for the payment of certain capitalized interest on the Taxable 2010 Series A Bonds, and (c) to pay the costs of issuance of the Taxable 2010 Series A Bonds.

\$132,445,000 Utilities System Revenue Bonds, 2010 Series B – Issuer Subsidy – Build America Bonds (Federally Taxable) – 6.02%, dated November 1, 2010, final maturity October 1, 2040. The 2010 Series B Bonds are subject to redemption prior to maturity at the election of the City at a redemption price equal to the greater of: 100% of the principal amount, plus accrued and unpaid interest to the date of redemption; or the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed discounted to the date of redemption on a semiannual basis plus 12.5 basis points. The 2010 Series B Bonds were issued to (a) pay costs of acquisition and construction of the City's utilities system, (b) to provide for the payment of certain capitalized interest on the Taxable 2010 Series B Bonds, and (c) to pay the costs of issuance of the Taxable 2010 Series B Bonds.

\$16,365,000 Utilities System Revenue Bonds, 2010 Series C – 5.00% - 5.25%, dated November 1, 2010, final maturity October 1, 2034. The 2010 Series C Bonds are subject to redemption prior to maturity at the election of the City at a redemption price so specified. The 2010 Series C Bonds were issued to (a) refund \$5,860,000 in aggregate principal amount of the 2003 Series A Bonds, and (b) to provide funds to refund \$10,505,000 in aggregate principal amount of the 2008 Series A Bonds.

\$81,860,000 Utilities System Revenue Bonds, 2012 Series A – 2.50% - 5.00%, dated August 2, 2012, final maturity October 1, 2028. The 2012 Series A Bonds were issued to (a) provide funds to refund \$1,605,000 in aggregate principal amount of the 2003 Series A Bonds, (b) to provide funds to refund \$78,690,000 in aggregate principal amount of the 2005 Series A Bonds, and (c) to pay cost of issuance of the 2012 Series A Bonds. These bonds mature at various dates from October 1, 2021 to October 1, 2028. Those bonds maturing on and after October 1, 2023, are subject to redemption prior to maturity, at a redemption price so specified.

\$100,470,000 Utilities System Revenue Bonds, 2012 Series B – Variable interest rates based on market rates, 0.97% at September 30, 2017, dated August 2, 2012, final maturity October 1, 2042. The 2012 Series B Bonds were issued to (a) refund \$31,560,000 in aggregate principal amount of the 2005 Series B Bonds, (b) provide funds to refund \$17,570,000 in aggregate principal amount of the 2005 Series C Bonds, (c) provide funds to refund \$25,930,000 in aggregate principal amount of the 2006 Series A Bonds, (d) provide funds to refund \$14,405,000 in aggregate principal amount of the 2008 Series A Bonds, and (e) pay costs of issuance of the 2012 Series B Bonds. These bonds mature at various dates through October 1, 2042. The 2012 Series B Bonds are subject to redemption prior to maturity, at a redemption price so specified. A liquidity facility is provided by Citibank at 0.33% and expires on June 29, 2020.

\$37,980,000 Utilities System Revenue Bonds, 2014 Series A – 2.50% - 5.00%, dated December 19, 2014, with final maturity October 1, 2044. The 2014 Series A Bonds were issued to (a) provide funds for the payment of the cost and acquisition and construction of certain improvements to the System, and (b) pay costs of issuance of the 2014 Series A Bonds. These bonds mature at various dates beginning October 1, 2015, and from October 1, 2021 to October 1, 2034, October 1, 2039, and October 1, 2044. The bonds maturing prior to October 1, 2024 are not subject to redemption prior to maturity. The bonds maturing on and after October 1, 2025 are subject to redemption prior to maturity at the option of GRU on and after October 1, 2024, as whole or in part at any time, at a redemption price plus interest so specified.

\$30,970,000 Utilities System Revenue Bonds, 2014 Series B – 3.13% - 5.00%, dated December 19, 2014 with final maturity October 1, 2036. The 2014 Series B Bonds were issued to (a) provide funds to refund \$12,725,000 in aggregate principal amount of a portion of the 2005 Series A Bonds; (b) provide funds to refund \$19,915,000 in aggregate principal amount of a portion of the 2008 Series A Bonds; and (c) pay costs of issuance of the 2014 Series B Bonds. These bonds mature at various dates beginning October 1, 2015 through October 1, 2020, from October 1, 2029 to October 1, 2030, and October 1, 2036. The bonds maturing prior to October 1, 2024 are not subject to redemption prior to maturity. The bonds maturing on and after October 1, 2025 are subject to redemption prior to maturity at the option of GRU on and after October 1, 2024, as whole or in part at any time, at a redemption price plus interest so specified. The 2014 Series B Bonds created a net present value savings of \$1,700,000, with yearly cash savings ranging from approximately \$11,000 to over \$600,000.

\$85,000,000 Utilities System Commercial Paper Notes, Series C Notes – These tax-exempt notes are subordinated debt and may continue to be issued to refinance maturing Series C Notes or provide for other costs. Liquidity support for the Series C Notes is provided under a long-term credit agreement effective November 30, 2015, with Bank of America, NA at 0.40% and is set to expire November 30, 2018. The obligation of the bank may be substituted by another bank that meets certain credit standards and which is approved by the Utility and the Agent. Under terms of the agreement, the Utility may borrow up to \$85,000,000 with same day availability ending on the termination date, as defined in the agreement. Interest is at a variable market rate which was 0.91% at September 30, 2017. Series C Notes of \$50.9 million are outstanding as of September 30, 2017.

\$25,000,000 Utilities System Commercial Paper Notes, Series D Notes – In June 2000, a Utilities System Commercial Paper Note Program, Series D (taxable) was established in a principal amount not to exceed \$25,000,000. On December 16, 2014, GRU issued \$8,000,000 of Series D Notes to provide funds for the cost of acquisition and construction of certain improvements to the telecommunications system. Interest is at a variable market rate of 1.295% at September 30, 2017. Series D Notes of \$8 million are outstanding as of September 30, 2017. These taxable notes are subordinated debt. Liquidity support for the Series D Notes is provided under a long-term credit agreement effective August 28, 2014, with State Street Bank and Trust Company at 0.42% and expires August 28, 2020.

Non-Utility Notes:

\$4,312,000 State Revolving Loan – Depot Park Remediation (FDEP) – In an agreement dated December 9, 2004, FDEP issued the City a loan not to exceed \$16,360,500 (including \$360,500 of capitalized interest) for remediation of the Depot Park area for stormwater improvements. The loan was amended on September 9, 2008 to reduce the available principal from \$16,000,000 to \$4,312,000 as the Utility chose to withdraw from the program before drawing any funds. The loan is made interest-free, but includes a 1.97% annual grant allocation assessment rate and a one-time 2% loan service fee. Repayment began in September 2007 and will continue semi-annually until the balance is repaid. Payable from non-ad valorem revenues, including stormwater fees. The principal balance outstanding at September 30, 2017 was \$1,416,629.

\$1,500,000 Capital Improvement Revenue Note, 2009 (CIRN) – 5.15%, issued July 3, 2009, final maturity November 1, 2028, payable solely from non-ad valorem revenues. Principal payable annually on November 1, beginning in fiscal year 2011, interest payable semi-annually beginning November 1, 2009. This note also funded an additional \$11.5 million of capital projects for governmental activities.

\$1,313,093 Capital Improvement Revenue Bonds, Series 2010 – 2.00% -4.375%, issued July 13, 2010, final maturity October 2030, payable solely from non-ad valorem revenues. Principal payable annually on October 1,

beginning 2011. Interest payable semi-annually beginning October 1, 2010. The bonds are not subject to redemption prior to maturity. This note also funded an additional \$3,036,907 of capital projects for governmental activities.

\$2,000,000 Capital Improvement Revenue Bonds, Series 2014 – 2.00% -5.00%, issued December 17, 2014, final maturity October 2034, payable solely from non-ad valorem revenues. Principal payable annually on October 1, beginning 2015. Interest payable semi-annually beginning April 1, 2015. The bonds are not subject to redemption prior to maturity. This note also funded an additional \$12,535,000 of capital projects for governmental activities.

Utility Notes

\$85,000,000 Utilities System Commercial Paper Notes, Series C Notes – These tax-exempt notes are subordinated debt and may continue to be issued to refinance maturing Series C Notes or provide for other costs. Liquidity support for the Series C Notes is provided under a long-term credit agreement effective November 30, 2015, with Bank of America, NA at 0.40% and is set to expire November 30, 2018. The obligation of the bank may be substituted by another bank that meets certain credit standards and which is approved by the Utility and the Agent. Under terms of the agreement, the Utility may borrow up to \$85,000,000 with same day availability ending on the termination date, as defined in the agreement. Interest is at a variable market rate which was 0.72% at September 30, 2016. Series C Notes of \$51,500,000 are outstanding as of September 30, 2016.

\$25,000,000 Utilities System Commercial Paper Notes, Series D Notes – In June 2000, a Utilities System Commercial Paper Note Program, Series D (taxable) was established in a principal amount not to exceed \$25,000,000. On December 16, 2014, GRU issued \$8,000,000 of Series D Notes to provide funds for the cost of acquisition and construction of certain improvements to the telecommunications system. Interest is at a variable market rate of 0.70% at September 30, 2016. Series D Notes of \$8,000,000 are outstanding as of September 30, 2016. These taxable notes are subordinated debt. Liquidity support for the Series D Notes is provided under a long-term credit agreement effective August 28, 2014, with State Street Bank and Trust Company at 0.33% and is set to expire August 28, 2017. The full amount of the outstanding notes of \$8 million has been reclassified to utilities system revenue bonds – current portion. Management intends to renew or replace the credit agreement in FY 2017.

DEBT SERVICE REQUIREMENTS FOR LONG-TERM DEBT:

Annual debt service requirements to maturity for long-term debt are as follows:

Year ending September 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Principal	Interest	Principal	Interest
2018	\$ 7,791,278	\$ 6,857,582	\$ 24,390,728	\$ 24,953,213
2019	6,592,114	6,838,986	25,275,370	24,071,015
2020	6,970,565	6,909,509	26,314,705	23,076,898
2021	7,338,791	6,988,214	27,444,257	22,062,178
2022	7,303,693	7,056,376	27,191,497	21,189,501
2022-2026	35,726,020	33,732,517	153,998,628	94,078,222
2027-2031	48,930,940	12,568,658	202,149,852	70,471,047
2032-2036	2,760,643	142,982	216,759,358	48,439,336
2037-2041	-	-	208,220,000	17,779,875
2042-2047	-	-	24,050,000	641,790
Total	<u>\$ 123,414,044</u>	<u>\$ 81,094,824</u>	<u>\$ 935,794,395</u>	<u>\$ 346,763,075</u>

The interest rates used in this table are per GASB Statement No. 38, Certain Financial Statement Note Disclosures, which requires the rate used in the calculations be that in effect as of September 30, 2017. Interest rates on variable-rate long-term debt were valued to be equal to 0.96% for the 2005 Series C Bonds, 0.95% for the 2006 Series A Bonds, 0.95% for the 2007 Series A Bonds, 0.97% for the 2008 Series B Bonds, 0.97% for the 2012 Series B Bonds, 0.91% for the Commercial Paper Notes, Series C, and 1.295% for the Commercial Paper Notes, Series D.

The 2009 Series B and 2010 Series B Bonds receive a federal interest subsidy of 32.6% of the annual interest expense and are assumed to remain at said rate for the duration of the bonds. The subsidy is recorded as non-operating revenue on the Statements of Revenues, Expenses, and Changes in Net Position.

For GRU's utilities system variable rate demand obligations (VRDO), support is provided in connection with tenders for purchase with various liquidity providers pursuant to standby bond purchase agreements (SBPA) or credit agreements relating to that series of obligation. The purchase price of the obligations tendered or deemed tendered for purchase is payable solely from the proceeds of the remarketing thereof and moneys drawn under the applicable SBPA or credit agreement. The current stated termination dates of the SBPA and credit agreements range from March 1, 2018 to November 24, 2020. Each of the SBPA and credit agreement termination dates may be extended. At September 30, 2017, there were no outstanding draws under the SBPA.

GRU has entered into revolving credit agreements with commercial banks to provide liquidity support for its commercial paper notes. If funds are not available to pay the principal of any maturing commercial paper notes during the term of the credit agreement, GRU is entitled to make a borrowing under the credit agreement. The termination dates of the credit agreements, as of September 30, 2017, are November 30, 2018 and August 28, 2020. The credit agreement supporting the tax-exempt Commercial Paper Notes, Series C had no outstanding draws as of September 30, 2017. The credit agreement supporting the taxable Commercial Paper Notes, Series D had no outstanding draws as of September 30, 2017.

CAPITAL LEASES AND RELATED DEBT SERVICE REQUIREMENTS

General Government Capital Lease:

Siemens Buildings Technologies, GPD Energy Project Capital Lease

This lease had an initial value of \$942,136 and an interest rate of 4.18%, with lease payments due monthly for 144 months, beginning October 10, 2006. The lease will be repaid using non-ad valorem revenues, and it is expected that the building improvements being leased will result in energy savings equal to or greater than the lease payments. During fiscal year 2007 the proceeds were fully expended and capitalized. These assets are being amortized as part of depreciation expense.

Debt Service Requirements for General Government Siemens Capital Lease

Year ending	Governmental Activities		
	Principal	Interest	Total
September 30, 2018	<u>78,141</u>	<u>1,915</u>	<u>80,056</u>
Total	<u>\$ 78,141</u>	<u>\$ 1,915</u>	<u>\$ 80,056</u>

Utility Capital Lease:

Gainesville Renewable Energy Center Capital Lease

GRU executed a PPA with the Gainesville Renewable Energy Center (GREC) in 2009. The plant, a 102.5 megawatt biomass-fired power production facility located in Alachua County, Florida, utilizes woody biomass comprised of urban wood waste, forest wood waste, and mill residue. The nature of these are further limited by Forest Sustainability Standards that are included as part of the PPA. The PPA requires that GREC provide available energy, delivered energy, and environmental attributes exclusively to GRU and began commercial operations on

December 17, 2013. GRU is required to pay for all available energy from the plant at fixed prices, adjusted for liquidated damages and other penalties. GRU is also required to pay a variable operations and maintenance charge for all delivered energy, a fuel charge for all delivered energy, a shutdown charge as applicable and ad valorem taxes paid by GREC.

The PPA has been accounted for as a long-term capital lease for a term of 30 years with a capital lease asset and liability recorded. The capital lease asset was recorded at \$1 billion at September 30, 2017. The total payments applicable to the lease were \$61.2 million for September 30, 2017. The payments for fiscal year 2017 included \$42.8 million for interest expense included in fuel costs. The capital lease will be amortized over the life of the PPA. Amortization of \$33.6 million was recorded at September 30, 2017.

The following lists the minimum payments due under the PPA as of September 30, 2017.

<u>Year</u>	<u>Payments</u>
2018	\$ 61,216,244
2019	61,216,244
2020	61,216,244
2021	61,216,244
2022	61,216,244
2023-2027	306,081,220
2028-2032	306,081,220
2033-2037	306,081,220
2038-2042	306,081,220
2043-2044	<u>74,215,985</u>
Total minimum lease payments	1,604,622,085
Less: Amounts representing interest	<u>(663,353,014)</u>
Net minimum lease payments	<u>\$ 941,269,071</u>

If at any time GRU's senior unsecured debt rating is rated below a Standard & Poor's rating of A- or a Moody's rating of A3 (such rating levels to be equitably adjusted if either rating agency were in the future to change its rating standards), GRU is required to pay or provide to GREC a security deposit equal to \$40 million as security for GRU's performance of its obligations under the PPA. If required, such security shall be in the form of cash deposited in either an interest bearing escrow account mutually acceptable to GREC and GRU, an unconditional and irrevocable direct pay letter of credit in form and substance reasonably satisfactory to GREC, or a performance bond in form and substance reasonably satisfactory to GREC. As of September 30, 2017, GRU's credit ratings were in compliance with the performance security requirements.

A land lease was executed on September 28, 2009, between GRU and GREC for the land on which the biomass plant is located. The payment per year is \$100 for a term of 47 years on the condition that GREC provide dependable energy to GRU. If a condition occurs in which GREC does not provide dependable energy to GRU, the payment will be adjusted to the fair market value of the land at that time. Rental income of \$100 was received for the years ended September 30, 2017.

As of November 7, 2017, GRU purchased the plant and terminated the PPA and capital lease. See Note 19 Subsequent Event for additional information.

HEDGING ACTIVITIES

Interest Rate Hedges

The Utility is a party to certain interest rate swap agreements. GRU applies hedge accounting where applicable. Under GRU's interest rate swap programs, GRU either pays a variable rate of interest, which is based on various indices, and receives a fixed rate of interest for a specific period of time (unless earlier terminated), or GRU pays a fixed rate of interest and receives a variable rate of interest, which is based on various indices for a specified period of time (unless earlier terminated). These indices are affected by changes in the market. The net amounts received

or paid under the swap agreements are recorded as an adjustment to interest on debt in the statements of revenues, expenses, and changes in net position. No money is initially exchanged when GRU enters into a new interest rate swap transaction.

The net amounts received or paid under the swap agreements are recorded as an adjustment to interest on debt in the statements of revenues, expenses, and changes in net position. No money is initially exchanged when GRU enters into a new interest rate swap transaction. Following is a disclosure of key aspects of the agreements.

Objective of the interest rate swap. To protect against the potential of rising interest rates, GRU has entered into interest rate swap transactions.

The terms, fair values, and counterparty credit ratings of the outstanding swaps as of September 30, 2017, were as follows:

Associated Bond Issue	2008CP*	2005B*	2005C*	2006A*
Notion amounts	\$ 5,900,000	\$ 32,160,000	\$ 30,790,000	\$ 29,795,000
Effective date	07/03/02	11/16/05	11/16/05	07/06/06
Fixed payer rate	4.1000%	SIFMA	3.2000%	3.2240%
Variable receiver rate	SIFMA	77.14% of 1 MO LIBOR	60.36% of 10 YR LIBOR	68% of 10 YR LIBOR - 0.3635%
Fair value	\$ (116,981)	\$ 32,390	\$ (1,680,388)	\$ (1,814,608)
Termination date	10/01/17	10/01/21	10/01/26	10/01/26
Counterparty credit rating	Baa1/BBB+/A	Aa2/AA-	Aa3/A+/AA-	Aa2/AA-

Associated Bond Issue	2008B*	2008B*	2007A*
Notion amounts	\$ 585,000	\$ 31,500,000	\$ 136,900,000
Effective date	02/13/08	02/13/08	03/01/07
Fixed payer rate	4.2290%	4.2290%	3.9440%
Variable receiver rate	SIFMA	SIFMA	SIFMA
Fair value	\$ (15,296,840)	\$ (8,244,145)	\$ (34,063,508)
Termination date	10/01/38	10/01/38	10/02/36
Counterparty credit rating	Aa3/A+/AA-	Aa3/A+/AA-	Aa2/AA-

* See "Basis Risk" section below for details.

Fair Value – All of the swap agreements, except for the 2005B swap, had a negative fair value as of September 30, 2017. Due to the low interest rate environment, as compared to the period when the swaps were entered into, the fixed payer rates currently exceed the variable receiver rates:

	Fair Value of Interest Rate Swaps at September 30, 2017	Changes in Fair Value	Changes in Deferred (Inflow) Outflow	Changes in Regulatory (Asset) Liability for Ineffective Instruments
2008CP	\$ (116,981)	\$ 307,862	\$ (307,862)	\$ -
2005B	32,390	208,507	-	(208,507)
2005C	(1,680,388)	1,116,936	-	(1,116,937)
2006A	(1,814,608)	1,211,195	-	(1,211,195)
2008B	(15,296,840)	5,777,574	(5,777,574)	-
2008B	(8,244,145)	3,113,811	(3,113,811)	-
2007A	(34,063,508)	14,260,329	(14,260,329)	-
	<u>\$ (61,184,080)</u>	<u>\$ 25,996,214</u>	<u>\$ (23,459,576)</u>	<u>\$ (2,536,639)</u>

Interest Rate Swap Payments – Debt service requirements on the interest rate swaps using interest rates in effect at September 30, 2017, would be as follows:

Fiscal Year Ending Sept 30,	Swap Interest
2018	\$ 8,055,831
2019	7,870,075
2020	7,718,228
2021	7,519,837
2022	7,313,561
2023-2027	32,122,688
2028-2032	23,820,299
2033-2037	8,281,979
2038-2042	171,028
Total	<u>\$ 102,873,526</u>

Credit Risk – As of September 30, 2017, although most of the fair value of the interest rate swaps were negative, GRU has structured its swap documents to minimize credit risk. To mitigate the potential for credit risk, GRU has negotiated additional termination event and collateralization requirements in the event of a ratings downgrade. Failure to deliver the Collateral Agreement to GRU as negotiated and detailed in the Schedule to the International Swaps and Derivative Agreements (ISDA) master agreement for each counterparty would constitute an event of default with respect to that counterparty.

Basis Risk – The swaps expose the City to basis risk:

- The 2005 Series B Swap is exposed to basis risk through the potential mismatch of 77.14% of one-month LIBOR and the SIFMA rate. As a result, savings may not be realized. As of September 30, 2017, the one-month LIBOR rate was 1.23 %, and SIFMA rate was at .94 %, which places the SIFMA at approximately 76 % of one-month LIBOR at that date.
- The 2005 Series C Swap is exposed to basis risk through the potential mismatch of 60.36% of 10-year LIBOR and the variable 31-day rollover rate. As a result, savings may not be realized. As of September 30, 2017, the 10-year LIBOR rate was at 2.28 %.
- The 2006 Series A Swap is exposed to basis risk through the potential mismatch of 68% of 10-year LIBOR less 0.36% and the variable 31-day rollover rate. As a result, savings may not be realized.

- The 2007 Series A and the 2008 Series B Swaps are exposed to the difference between SIFMA and the variable 31-day rollover rate.
- The Commercial Paper Series C Notes Swap (formerly the 2002 Series A Swap) is exposed to the difference between the weekly SIFMA index and CP maturity rate of less than 90 days based on current market conditions. As a result, savings may not be realized.

Termination Risk – The swap agreement will be terminated at any time if certain events occur that result in one party not performing in accordance with the agreement. The swap can be terminated due to illegality, a credit event upon merger, an event of default, or if credit ratings fall below established levels.

Interest Rate Risk – This risk is associated with the changes in interest rates that will adversely affect the fair values of GRU’s swaps and derivatives. GRU mitigates this risk by actively reviewing and negotiating its swap agreements.

Rollover Risk – GRU is exposed to this risk when its interest rates swap agreements mature or terminate prior to the maturity of the hedged debt. When the counterparty to the interest rate swap agreements chooses to terminate early, GRU will be re-exposed to the rollover risk. Currently, there is no early termination option being exercised by any of GRU’s interest rate swap counterparties.

Market Access Risk – This risk is associated with the event that GRU will not be able to enter credit markets for interest rate swap agreements or that the credit market becomes more costly. GRU maintains a strong credit rating of “Aa2” from Moody’s, “AA-” from Standard and Poor’s, and “AA-” from Fitch Ratings. Currently GRU has not encountered any credit market barriers.

Effectiveness – Of the interest rate swap agreements, four have been determined to be effective, while three have been deemed ineffective as of September 30, 2017. The ineffective portion related to interest rate swap agreements is recorded as a regulatory asset for \$3.5 million as of September 30, 2017.

Fair value changes of \$26 million have been recorded for interest rate swap agreements in accumulated decrease in fair value of hedging derivatives at September 30, 2017. There were no realized gains or losses related to interest rate swaps as of September 30, 2017.

Fuel Hedges – GRU utilizes commodity price swap contracts to hedge the effects of fluctuations in the prices for natural gas. These transactions meet the requirements of GASB Statement No. 53. Realized losses related to gas hedging positions were recorded as an addition to fuel costs of \$438,000 for September 30, 2017. Unrealized gains and losses related to gas hedging agreements are deferred in a regulatory account and recognized in earnings as fuel costs are incurred. All fuel hedges have been determined to be effective.

The information below provides a summary of results based on GRU’s risk management activity for fiscal year 2017.

	Fair Value of Cash Flow Hedges at September 30, 2017	Changes in Fair Value	Deferred (Inflows)/ Outflows of Resources	Notional Amount (MMBTU's)
Natural Gas	\$ 62,061	\$ 243,511	\$ -	89,000,000

PLEGGED REVENUES:

The 1994 and 2004 Guaranteed Entitlement Revenue and Refunding Bonds were issued to refund multiple prior issues and to fund road and building construction and repair projects. Both issues are secured by a lien upon and pledge of the City’s Guaranteed Entitlement Funds. The remaining principal and interest payments on these bonds at September 30, 2017 total \$7,665,000, payable semiannually through July 1, 2024. Pledged revenue was \$955,000 for fiscal year 2017, which was 90.52% of the annual debt requirement.

Under the terms of the Resolution relating to the sale of the Utilities System Revenue Bonds, payment of the principal and interest is secured by an irrevocable lien on GRU's net revenue (exclusive of any funds that may be established pursuant to the Resolution for certain other specified purposes), including any investments and income thereof. The Utilities System Revenue Bonds have a first lien and the Commercial Paper Series C and D Notes have a second lien.

The Resolution contains certain restrictions and commitments, including GRU's covenant to establish and maintain rates and other charges to produce revenue sufficient to pay operation and maintenance expenses, amounts required for deposit in the debt service account, and amounts required for deposit in the utility plant improvement account.

CHANGES IN LONG-TERM LIABILITIES:

Long-term liability activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within one year
Governmental activities:					
Bonds payable:					
Revenue bonds and loans	\$ 16,477,325	\$ -	\$ 1,578,293	\$ 14,899,032	\$ 854,041
Bond premium	964,697	-	101,352	863,345	-
Pension obligation bonds	75,845,401	-	2,981,356	72,864,045	3,343,168
Less deferred amounts:					
For issuance discounts	10,584	-	768	9,816	-
Total bonds payable	93,276,839	-	4,660,233	88,616,606	4,197,209
Capital lease	173,550	-	95,409	78,141	78,141
Revenue note	38,508,036	-	2,857,069	35,650,967	3,594,070
Compensated absences	3,762,339	2,576,224	2,397,110	3,941,453	151,800
Total	<u>\$ 135,720,764</u>	<u>\$ 2,576,224</u>	<u>\$ 10,009,821</u>	<u>\$ 128,287,167</u>	<u>\$ 8,021,220</u>

Typically, the General Fund has been used in prior years to liquidate the liability for compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within one year
Business-type activities:					
Bonds payable:					
Utility revenue bonds	\$ 889,075,000	\$ -	\$ 17,535,000	\$ 871,540,000	\$ 18,120,000
Add: Issuance premiums	17,990,208	-	1,087,821	16,902,387	-
Total bonds payable	907,065,208	-	18,622,821	888,442,387	18,120,000
Utility notes payable	59,500,000	5,000,000	5,600,000	58,900,000	5,900,000
Capital lease	959,678,852	-	18,409,781	941,269,071	19,255,473
Other notes payable	5,689,668	-	335,271	5,354,397	370,714
Compensated absences	5,244,173	1,310,073	932,984	5,621,262	216,200
Total	<u>\$ 1,937,177,901</u>	<u>\$ 6,310,073</u>	<u>\$ 43,900,857</u>	<u>\$ 1,899,587,117</u>	<u>\$ 43,862,387</u>

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 33,867,429	\$ 124,654	\$ -	\$ 33,992,083
Construction in progress	<u>17,199,857</u>	<u>775,591</u>	<u>7,247,589</u>	<u>10,727,859</u>
Total capital assets, not being depreciated	51,067,286	900,245	7,247,589	44,719,942
Capital assets, being depreciated:				
Buildings	78,254,260	1,426,680	-	79,680,940
Improvements other than buildings	18,223,957	6,529,667	53,015	24,700,609
Machinery and equipment	51,483,546	4,416,142	3,078,828	52,820,860
Infrastructure	<u>221,622,286</u>	<u>8,737,790</u>	<u>-</u>	<u>230,360,076</u>
Total capital assets being depreciated	369,584,049	21,110,279	3,131,843	387,562,485
Less accumulated depreciation for:				
Buildings	(28,697,805)	(2,260,973)	-	(30,958,778)
Improvements other than buildings	(8,092,432)	(1,128,403)	(53,015)	(9,167,820)
Machinery and equipment	(36,181,962)	(4,043,758)	(2,932,509)	(37,293,211)
Infrastructure	<u>(117,411,092)</u>	<u>(4,368,542)</u>	<u>-</u>	<u>(121,779,634)</u>
Total accumulated depreciation	<u>(190,383,291)</u>	<u>(11,801,676)</u>	<u>(2,985,524)</u>	<u>(199,199,443)</u>
Total capital assets, being depreciated, net	<u>179,200,758</u>	<u>9,308,603</u>	<u>146,319</u>	<u>188,363,042</u>
Governmental activities capital assets, net	<u>\$ 230,268,044</u>	<u>\$ 10,208,848</u>	<u>\$ 7,393,908</u>	<u>\$ 233,082,984</u>

Depreciation expense was charged to governmental activities functions/programs of the primary government as follows:

General Government	\$ 1,009,918
Public Safety	1,875,199
Transportation	4,802,959
Culture & Recreation	1,709,494
Depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of the assets	<u>2,404,106</u>
Total depreciation expense - governmental activities	<u>\$ 11,801,676</u>

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 9,464,437	\$ 1,696	\$ -	\$ 9,466,133
Construction in progress (restated)	<u>146,083,176</u>	<u>87,870,351</u>	<u>140,022,728</u>	<u>93,930,799</u>
Total capital assets, not being depreciated	155,547,613	87,872,047	140,022,728	103,396,932
Capital assets, being depreciated:				
Utility plant and equipment	1,866,653,970	133,990,903	5,907,534	1,994,737,339
Utility plant and equipment - capital lease	1,006,808,995	-	-	1,006,808,995
Buildings	45,947,234	124,720	23,760	46,048,194
Improvements other than buildings	5,637,465	38,317	-	5,675,782
Machinery and equipment	45,870,039	4,231,410	1,910,282	48,191,167
Infrastructure	<u>42,049,545</u>	<u>10,843,131</u>	<u>-</u>	<u>52,892,676</u>
Total capital assets, being depreciated	3,012,967,248	149,228,481	7,841,576	3,154,354,153
Less accumulated depreciation for:				
Utility plant and equipment (restated)	(816,440,842)	(71,648,523)	(4,301,269)	(883,788,096)
Utility plant and equipment - capital lease	(93,553,825)	(33,560,292)	-	(127,114,117)
Buildings	(5,292,670)	(1,276,177)	(23,760)	(6,545,087)
Improvements other than buildings	(2,928,868)	(205,939)	-	(3,134,807)
Machinery and equipment	(28,673,632)	(3,927,561)	(1,856,734)	(30,744,459)
Infrastructure	<u>(20,248,752)</u>	<u>(1,043,247)</u>	<u>-</u>	<u>(21,291,999)</u>
Total accumulated depreciation	<u>(967,138,589)</u>	<u>(111,661,739)</u>	<u>(6,181,763)</u>	<u>(1,072,618,565)</u>
Total capital assets, being depreciated, net	<u>2,045,828,659</u>	<u>37,566,742</u>	<u>1,659,813</u>	<u>2,081,735,588</u>
Business-type activities capital assets, net	<u>\$ 2,201,376,272</u>	<u>\$ 125,438,789</u>	<u>\$ 141,682,541</u>	<u>\$ 2,185,132,520</u>

Depreciation expense was charged to business-type activities functions/programs of the primary government as follows:

Utility	\$ 105,208,813
Regional Transit System	4,996,421
Stormwater	1,258,617
Ironwood	169,730
Florida Building Code Enforcement	4,355
Solid Waste	<u>23,803</u>
Total depreciation expense - business type activities	<u>\$ 111,661,739</u>

For the Utility, the average depreciation rate was 3.60% for utility plant and equipment for fiscal year 2017.

NOTE 9 - INDIVIDUAL FUND DEFICITS

The following funds had deficit net position or fund balances at September 30, 2017:

Special Revenue Funds

<i>Urban Development Action Grant</i>	\$	(30,656)
<i>Police Billable Overtime</i>	\$	(63,647)
<i>Community Redevelopment Agency Fund</i>	\$	(900,328)
<i>Art in Public Places</i>	\$	(16,583)

Debt Service Funds

<i>CIRN 2016B Note Fund</i>	\$	(276)
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Capital Project Funds

<i>CIRN 2009 Capital Projects Fund</i>	\$	(527)
<i>CIRN 2017 Capital Projects Fund</i>	\$	(803,709)

Enterprise Fund

<i>Ironwood Golf Course</i>	\$	(380,816)
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The Urban Development Action Grant Fund has a negative balance due to capital project expenditures were spent before funding was received. The fund will be receiving funds from the Fifth Avenue Tax Increment Fund to cover the deficit in subsequent fiscal years.

The Police Billable Overtime Fund has a negative balance due to invoicing for all the police billable overtime was not sufficient to cover the cost. Management will evaluate the rate which is being charged to determine if the rate will be cost prohibited to entities who utilize the City's police services. The General Fund will subsidize any shortages in the future.

The Community Redevelopment Agency Fund has a negative fund balance due to long term advances from the General Fund for redevelopment projects. These advances are described in more detail in Note 11.

The Art in Public Places Fund's negative fund balance resulted from expenditures for 352Walls Initiative with funding coming from the Tax Increment Funds in fiscal year 2018.

The Capital Improvement Revenue Note 2016B Fund has a negative balance due to investment losses for fiscal year 2017. In fiscal year 2018, a transfer from other funds will cover the deficit.

The Capital Improvement Revenue Note 2009 CIP Fund has a negative balance due to capital project expenditures were spent after the fund was closed down due to refinancing. The fund will be receiving funds from the General Fund to close out this fund in fiscal year 2018.

The Capital Improvement Revenue Note 2017 CIP Fund has a negative balance due to capital project expenditures were spent before the City received funding from a debt issue issued in fiscal year 2018. The debt proceeds have been received in fiscal year 2018 and transferred to this fund to cover the deficit. See Subsequent Event Note 19 for further disclosure of the debt issue.

The Ironwood Golf Course Fund has reported expenses in excess of revenues for several years, which has depleted the fund's net position. Management has implemented a variety of cost saving plans, including significantly reducing expenses for the clubhouse and pro shop. In 2006, a capital improvement surcharge was added to each round of play, which is expected to generate restricted revenues for long-term capital maintenance and additions. The City is currently implementing a plan to reverse the ongoing deficits which included major capital improvements in fiscal year 2010 and changes in the rate structures. In addition, in FY2010, the City began a ten-year series of transfers from the General Fund to fully fund the deficit balance. In FY2020, the City plans to incorporate the Golf Course into the General Fund as a part of the Parks, Recreation, and Cultural Affairs Department.

NOTE 10 – COMPOSITION OF RECEIVABLES AND PAYABLESGovernmental activities

Receivables:

General Fund – Net accounts receivable as of September 30, 2017 are comprised of approximately 31% taxes (communications services tax and local option gas tax), 4% due from other governments, 1% receivables from employees, and 64% other receivables.

Nonmajor governmental funds – Net accounts receivable as of September 30, 2017 consist of approximately 87% intergovernmental receivables, and 13% other receivables.

Payables:

General Fund – As of September 30, 2017, the payables balance in the General Fund consists of 36% wages payable and 64% other payables.

Nonmajor governmental funds – Payables balances as of September 30, 2017 are comprised of 7% construction related obligations and 93% other payables.

Business-type activities

Receivables:

Utility Fund – As of September 30, 2017 the net accounts receivable balance in the Utility Fund consists of 100% customer receivables for billed and unbilled utility services.

Nonmajor Enterprise Funds – Net accounts receivable as of September 30, 2017 are comprised of approximately 46% intergovernmental receivables and 54% other receivables.

Payables:

Utility Fund – As of September 30, 2017 the payables balance in the Utility Fund consists of 15% fuels payable, 45% standard vendor payables, 10% intergovernmental payables, 22% wages payable and 8% other payables.

Nonmajor Enterprise Funds – As of September 30, 2017 payables balances consist of 100% standard vendor payables.

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS**Due to/from other funds:**

Due to:	Due from:			Total
	Utility	Nonmajor governmental	Nonmajor Enterprise	
General	\$ 2,026,481	\$ 2,861,781	\$ 6,046,583	\$ 10,934,845
Utility	-	24,503	759,136	783,639
Nonmajor Governmental	270,642	-	-	270,642
Internal Service	809,055	-	-	809,055
Nonmajor Enterprise	60,586	-	-	60,586
Total	\$ 3,166,764	\$ 2,886,284	\$ 6,805,719	\$ 12,858,767

The \$6,046,583 interfund payable from nonmajor enterprise funds to the General Fund resulted from Ironwood and Regional Transit overdrawn their share of the pooled cash account. The \$2,861,781 due to the General Fund from nonmajor governmental funds is entirely composed of an interfund payable resulting from certain funds overdrawn their share of the pooled cash account. All remaining balances resulted from the time lag between the dates that (1) interfund good and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances to/from other funds:

The Advance to Other Funds balance in the General Fund and the Advance from Other Funds in the Nonmajor Governmental Funds resulted from various notes between the City and the Community Redevelopment Agency

(CRA) blended component unit for various projects within the four CRA districts. A description of each note is listed below:

\$836,900 Commerce Building/AMJ Project, Downtown Promissory Note – 1.05% to 4.28% fixed annual interest rate. In September 1999, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds associated with the Commerce Building project. In July 2004, the note was amended to specify that repayment will be from all tax increment proceeds from the Downtown Redevelopment Area. The final repayment is scheduled for January 2020.

\$434,955 The Lofts (Old Stringfellow) – 609 West University Avenue, College Park Promissory Note – 1.57% to 4.96% fixed annual interest rate. In April 2001, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds. In October 2004, the note was amended for the redevelopment of the area known as The Lofts. The final repayment is scheduled for November 2024.

\$650,000 Fifth Avenue/Pleasant Street Projects, Fifth Avenue/Pleasant Street Promissory Note – 6.72% fixed annual interest rate. In April 2002, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds. The final repayment is scheduled for July 2022.

\$1,400,600 Courthouse Parking Facility Project, Downtown Promissory Note – 6.72% fixed annual interest rate. In April 2002, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds. The final repayment is scheduled for July 2024.

\$300,000 Eastside District Redevelopment Trust Promissory Note – 4.5% to 6.2% fixed annual interest rate. In May 2005, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds. The final repayment is scheduled for July 2025.

\$800,000 College Park / 2nd Avenue Redevelopment Trust, College Park Promissory Note – 4.5% to 6.2% fixed annual interest rate. In May 2005, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds. The final repayment is scheduled for July 2025.

Following is the repayment schedule of advances from the City's General Fund to the CRA:

Year ending September 30,	Advances from General Fund to CRA		
	Principal	Interest	Total
2018	\$ 267,505	\$ 166,102	\$ 433,607
2019	282,257	70,511	352,768
2020	292,271	57,601	349,872
2021	230,758	45,740	276,498
2022	243,278	34,880	278,158
2023-2025	<u>524,119</u>	<u>41,422</u>	<u>565,541</u>
Total	<u>\$ 1,840,188</u>	<u>\$ 416,256</u>	<u>\$ 2,256,444</u>

Interfund transfers:

	Transfers from:					Total
	General	Utility	Nonmajor governmental	Internal Service	Nonmajor Enterprise	
Transfers to:						
General	\$ -	\$ 35,814,010	\$ 517,626	\$ -	\$ 374,082	\$ 36,705,718
Nonmajor Governmental	17,552,774	-	2,541,904	79,909	2,161,258	22,335,845
Internal Service	2,065	-	70,697	1,167,000	43,869	1,283,631
Nonmajor Enterprise	1,417,301	-	440,000	-	-	1,857,301
Total	\$ 18,972,140	\$ 35,814,010	\$ 3,570,227	\$ 1,246,909	\$ 2,579,209	\$ 62,182,495

The Utility transfer totaling \$35,814,010 to the General Fund is based on a formula adopted by the City Commission. Please refer to Note 12 for more detail. \$9,046,464 was transferred from the General Fund to Debt Service Funds for scheduled debt service payments. Other interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

NOTE 12 - ENTERPRISE FUND (UTILITY FUND) TRANSFERS TO GENERAL FUND

In 1986, the City Commission established a formula to determine the amount of Utility System revenues to be transferred to the General Fund of the City from the Utility Fund. The formula predominately tied the transfer directly to the financial performance of the Utility System. The transfer to the General Fund may be made only to the extent such monies are not necessary to pay operating and maintenance expense and to pay debt service on the outstanding bonds and subordinated debt or to make other necessary transfers under the Bond Resolution.

The formula-based transfer to the General Fund was suspended for the four year period from fiscal year 2011 to fiscal year 2014. For each year in that period, a jointly negotiated amount was transferred and adjusted subsequent to each year by comparing the negotiated amount transferred to the amount that would have been transferred under the prior formula. If the difference between the fixed agreed upon transfer amount and the General Fund Transfer formula calculated amount was no greater than \$500,000, then the transfer amount remained unchanged for that fiscal year. If the difference was greater than \$500,000 over or under, then the General Fund and GRU equally shared in the gain or loss for amounts greater than \$500,000 for that fiscal year.

Effective for fiscal year 2015, the City Commission approved a change to the transfer formula. This new transfer formula contains the following components:

- A new base equal to the fiscal year 2014 General Fund Transfer level that would have been produced under the formula methodology that was in place from fiscal years 2001 through 2010.
- Growth of the base by 1.5% per year for fiscal years 2016 through 2019.
- Reduction of this amount by an amount equal to the property tax revenue that the City of Gainesville receives related to the GREC Biomass Facility.
- In addition to the components above, a further one-time reduction of \$250,000 for fiscal year 2015 only.
- The transfer to the General Fund for the year ended September 30, 2017 was \$35,814,010.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Legal cases arise in the normal course of operations but there were none that were significant for individual disclosure, except as noted below.

General Utility

The primary factors currently affecting the utility industry include environmental regulations, Operating, Planning and Critical Infrastructure Protection Standards promulgated by NERC under FERC jurisdiction, and the increasing strategic and price differences among various types of fuels. No state or federal legislation is pending or proposed at this time for retail competition in Florida.

The role of municipalities as telecommunications providers pursuant to the 1996 Federal Telecommunications Act resulted in a number of state-level legislative initiatives across the nation to curtail this activity. In Florida, this issue culminated in the passage, in 2005, of legislation codified in Section 350.81, Florida Statutes (Section 350.81) that defined the conditions under which municipalities are allowed to provide retail telecommunications services. Although GRU has special status as a grandfathered entity under this legislation, the provision of certain additional retail telecommunications services by the Utility would implicate certain of the requirements of Section 350.81. Management does not expect that any required compliance with the requirements of Section 350.81 would have a material adverse effect on the operations or financial condition of GRUCom.

Environmental and Other Natural Resource Regulations

GRU and its operations are subject to federal, state and local environmental regulations which include, among other things, control of emissions of particulates, mercury, acid gases, SO₂ and NO_X into the air; discharges of pollutants, including heat, into surface or ground water; the disposal of wastes and reuse of products generated by wastewater treatment and combustion processes; management of hazardous materials; and the nature of waste materials discharged into the wastewater system's collection facilities. Environmental regulations generally are becoming more numerous and more stringent and, as a result, may substantially increase the costs of the Utility's services by requiring changes in the operation of existing facilities as well as changes in the location, design, construction, and operation of new facilities [including both facilities that are owned and operated by GRU as well as facilities that are owned and operated by others, (including, particularly, GREC), from which the Utility purchases output, services, commodities and other materials]. There is no assurance that the facilities in operation, under construction, or contemplated will always remain subject to the regulations currently in effect or will always be in compliance with future regulations. Compliance with applicable regulations could result in increases in the costs of construction and/or operation of affected facilities, including associated costs such as transmission and transportation, as well as limitations on the operation of such facilities. Failure to comply with regulatory requirements could result in reduced operating levels or the complete shutdown of those facilities not in compliance as well as the imposition of civil and criminal penalties.

Increasing concerns about climate change and the effects of greenhouse gases (GHG) on the environment have resulted in EPA finalizing on August 3, 2015 carbon regulations for existing power plants. Currently, the Clean Power Plan is being litigated and on August 10, 2017, the United States Court of Appeals for the D.C. Circuit issued an order holding the challenges to the greenhouse gas new source performance standards ("GHG NSPS") in abeyance "pending further order of the court." The order also directs EPA to file status reports at 90-day intervals beginning October 27, 2017.

Further litigation is expected regardless of the DC Circuit Court of Appeals decision. In addition, the EPA has been given presidential direction to review the Clean Power Plan. The court has also ordered the parties to file supplemental briefs addressing whether the challenges should be remanded to the EPA rather than held in abeyance. The briefs were filed on May 15, 2017.

Air Emissions***The Clean Air Act***

The Clean Air Act regulates emissions of air pollutants, establishes national air quality standards for major pollutants, and requires permitting of both new and existing sources of air pollution. Among the provisions of the Clean Air Act that affect GRU's operations are: (1) the acid rain program, which requires nationwide reductions of SO₂ and NO_X from existing and new fossil-fueled electric generating plants, (2) provisions related to toxic or hazardous pollutants, and (3) requirements to address regional haze.

The Clean Air Act also requires persons constructing new major air pollution sources or implementing significant modifications to existing air pollution sources to obtain a permit prior to such construction or modifications.

Significant modifications include operational changes that increase the emissions expected from an air pollution source above specified thresholds. In order to obtain a permit for these purposes, the owner or operator of the affected facility must undergo a "new source review," which requires the identification and implementation of Best Available Control Technology (BACT) for all regulated air pollutants and an analysis of the ambient air quality impacts of a facility. In 2009, the EPA announced plans to actively pursue new source review enforcement actions against electric utilities for making such changes to their coal-fired power plants without completing new source reviews. Under Section 114 of the Clean Air Act, the EPA has the authority to request from any person who owns or operates an emission source, information and records about operation, maintenance, emissions, and other data relating to such source for the purpose of developing regulatory programs, determining if a violation occurred (such as the failure to undergo new source review), or carrying out other statutory responsibilities.

The Cross-State Air Pollution Rule (CSAPR)

On July 6, 2011, the EPA released its final Cross-State Air Pollution Rule ("CSAPR"). This rule is the final version of the Transport Rule and replaces Clean Air Interstate Rule (CAIR). In Florida, only ozone season NOX emissions are regulated by CSAPR through the use of allowances.

Various states, local governments, and other stakeholders challenged CSAPR and, on August 21, 2012, a three-judge panel of the D.C. Circuit Court, by a 2-1 vote, held that the EPA had exceeded its statutory authority in issuing CSAPR and vacated CSAPR along with certain related federal implementation plans. As part of its holding, the D.C. Circuit Court panel held that the EPA should continue to administer the original CAIR program until the EPA promulgates a valid replacement.

On July 28, 2015, the D.C. Circuit ruled that Florida's allowance budget is invalid and remanded CSAPR to the EPA. On October 26, 2016, the EPA published in the Federal Register, at 81 Fed. Reg. 74504, an update to the Cross-State Air Pollution Rule ("CSAPR") to address the 2008 ozone National Ambient Air Quality Standards. For three states (North Carolina, South Carolina, and Florida), the EPA is removing the states from the CSAPR ozone season NOX trading program because modeling for the Final Rule indicates that these states do not contribute significantly to ozone air quality problems in downwind states under the 2008 ozone NAAQS. Therefore, GRU did not have to meet ozone season limits in 2017 and, will not have to in 2018.

Mercury and Air Toxics Standards (MATS)

On December 16, 2011, the EPA promulgated a rule to reduce emissions of toxic air pollutants from power plants. Specifically, these mercury and air toxics standards or MATS for power plants will reduce emissions from new and existing coal- and oil-fired electric utility steam generating units (EGUs). The EPA also signed revisions to the new source performance standards for fossil fuel-fired EGUs. Such revisions revised the standards that new coal- and oil-fired power plants must meet for particulate matter, SO₂ and NOX. On November 25, 2014, the United States Supreme Court accepted certiorari to hear challenges to the mercury rules.

On June 29, 2015, the U.S. Supreme Court issued a 5-to-4 decision reversing the D.C. Circuit's decision to uphold EPA's rule establishing mercury and air toxics standards (MATS) for electric generating units. The case is *Michigan, et al. v. EPA, et al.*, No. 14-46. The Court granted review on a single issue: "Whether the Environmental Protection Agency unreasonably refused to consider costs in determining whether it is appropriate to regulate hazardous air pollutants emitted by electric utilities." Writing for the majority, Justice Scalia held that EPA "strayed far beyond" the "bounds of reasonable interpretation" when the Agency interpreted the Clean Air Act to mean that it "could ignore costs when deciding to regulate power plants." The Court remanded the case to the D.C. Circuit for further proceedings consistent with the Court's opinion. On August 10, 2015, EPA stated in a motion filed with the U.S. Court of Appeals for the District of Columbia Circuit ("D.C. Circuit") that the Agency plans to revise its "appropriate and necessary" determination for the Mercury and Air Toxics Standards ("MATS") by the spring of 2016, prior to the extended MATS compliance deadline of April 15, 2016. EPA also stated that it intends to request that the D.C. Circuit remand the rule without vacatur while EPA works on this revision. Since the Court did not vacate the rule, the MATS rule remained in effect.

On April 14, 2016, the Administrator of the Environmental Protection Agency (EPA) signed the final supplemental finding in the MATS rule. The new "appropriate and necessary" finding responds to the U.S. Supreme Court decision in *Michigan v. EPA*, and explains how EPA has taken cost into account in evaluating whether it is appropriate and necessary to regulate coal- and oil-fired electric utility steam generating units (EGUs) under

Section 112 of the Clean Air Act (CAA). EPA still concludes it is proper to regulate mercury emissions from power plants.

On May 6, 2016, the EPA filed a brief urging the U.S. Supreme Court to deny a writ of certiorari filed by 20 states requesting that the Court review and reverse a decision by the U.S. Court of Appeals for the D.C. Circuit to remand EPA's Mercury and Air Toxics Standards ("MATS") rule to the Agency without vacating the rule. According to EPA's brief, the Supreme Court should deny review of whether the MATS rule should have been vacated while EPA made its "appropriate and necessary" finding because the issue is moot now that EPA has issued the finding. Additionally, EPA argues that the Clean Air Act ("CAA"), not the Administrative Procedure Act, governs whether the MATS rule should have been vacated and the CAA does not mandate vacatur of a rule on remand. Rather, the CAA gives a court discretion on whether to vacate a remanded rule based on the circumstances. Finally, EPA asserts that the D.C. Circuit was correct in not vacating the MATS rule on remand because EPA could quickly remedy the legal deficiency and vacating the rule would have been harmful to the public because it would have allowed an increase in emissions of HAPs from EGUs.

Murray Energy became the first party to appeal the final MATS Appropriate and Necessary Finding, filing its petition for review on April 25, 2016, the same day the rule was published in the Federal Register. 81 Fed. Reg. 24,420 (Apr. 25, 2016). All petitions for review of the Finding must have been filed in the D.C. Circuit Court no later than June 24, 2016. As of this deadline, six petitions for review have been filed in the D.C. Circuit Court and have been consolidated under the lead case Murray Energy Corp. v. EPA, No. 16-1127.

On October 14, 2016, the U.S. Court of Appeals for the District of Columbia Circuit issued orders establishing the briefing schedule for the challenge related to "MATS". In Murray v. EPA, 16-1127 (D.C. Cir.), industry petitioners challenge EPA's supplemental determination that it was "appropriate and necessary" to regulate emissions of hazardous air pollutants from electric generating units.

On April 27, 2017, the D.C. Circuit Court granted the EPA's motions to postpone oral argument in the challenge to the EPA's supplemental determination that it was "appropriate and necessary" to regulate emissions of hazardous air pollutants from electric generating units ("Supplemental Finding"), Murray v. EPA, No. 16-1127 (D.C. Cir.), as well as in industry's challenge to the EPA's denial of administrative petitions for reconsideration of MATS, ARIPPA v. EPA, No. 15-1180 (D.C. Cir.). Oral argument in both cases was previously scheduled for May 18, 2017.

The court also ordered both challenges held in abeyance "pending further order of the court." EPA is directed to file status reports with the court every 90 days. The parties will be directed to file motions to govern future proceedings within 30 days of the EPA notifying the court and the parties of any action it has or will be taking with respect to the Supplemental Finding and the MATS reconsideration petitions.

So far, since the MATS program became effective on April 16, 2015, GRU's Deerhaven Unit 2 (the only unit MATS would affect) has been able to comply with all requirements.

Effluent Limitation Guidelines

On September 30, 2015, the EPA issued a final rule addressing effluent limitation guidelines ("ELG") for power plants under the Clean Water Act (the "ELG Rule"). The final rule establishes Best Available Technology Economically Achievable ("BAT"), New Source Performance Standards ("NSPS"), Pretreatment Standards for Existing Sources ("PSES"), and Pretreatment Standards for New Sources ("PSNS") that may apply to discharges of six waste streams: flue gas desulfurization ("FGD") wastewater, fly ash transport water, bottom ash transport water, flue gas mercury control wastewater, gasification wastewater, and combustion residual leachate.

The EPA did not finalize the proposed best management practices ("BMP") for surface impoundments containing coal combustion residuals (e.g., ash ponds and FGD ponds) in order to avoid "unnecessary duplication" with its final rule pertaining to coal combustion residuals, 80 Fed. Reg. 21,302 (April 17, 2015).

On November 3, 2015, the final Effluent Limitation Guidelines for Steam Electric Generating Units was published in the Federal Register. As a result, the final rule was effective on January 4, 2016.

The Utility Water Act Group ("UWAG"), on March 24, 2017, filed an administrative petition for reconsideration of the ELG Rule. The petition requests the EPA reconsider the ELG Rule and seeks an administrative stay to suspend all compliance deadlines, while the EPA works to reconsider and revise the rule.

On April 12, 2017, the EPA Administrator, announced that he will reconsider the ELG for the power sector, in response to the two petitions for reconsideration received from UWAG and the Small Business Administration's Office of Advocacy. Both petitions raised concerns that the ELG Rule imposed unreasonable costs and lacked scientific support.

The Sierra Club, Clean Water Action, and a handful of other groups filed on May 3, 2017, a legal challenge against EPA's ELG stay. The complaint, filed in the D.C. Circuit Court, cites six supposed legal deficiencies in the EPA's stay, and asks the court to vacate the stay and compel the EPA to reinstate the compliance deadlines. All parties are now waiting on a decision by the D.C. Circuit Court.

On July 28th, 2017, the EPA filed a cross motion for summary judgment. The motion makes two main arguments: (1) Sierra Club filed the suit in the wrong court; it should have been filed in the 5th Circuit, which is considering the legal challenges against the substance of the ELG rules and (2) the EPA has "extraordinary broad authority" to stay the compliance deadlines under section 705 of the APA. Note that this filing does not address EPA's reconsideration of the ELG rules, which may ultimately moot the litigation in the D.C. District Court. This motion is noteworthy, however, in that the EPA is mounting a vigorous defense of its steps to unwind the ELG rules.

On August 23, 2017, the 5th Circuit granted the Department of Justice's motion to "sever and hold in abeyance all judicial proceedings as to all issues relating to the portion of the 2015 Rule concerning the new, more stringent BAT limitations and PSES applicable to (1) bottom ash transport water, (2) FGD wastewater, and (3) gasification wastewater." The abeyance will last until the EPA completes its rulemaking and variance activities. The challenges against other elements of the ELG rule will move forward.

Regional Haze

On June 15, 2005, the EPA issued the Clean Air Visibility Rule, amending its 1999 regional haze rule, which had established timelines for states to improve visibility in national parks and wilderness areas throughout the United States. Under the amended rule, certain types of older sources may be required to install best available retrofit technology (BART). Some of the effects of the amended rule could be requirements for newer and cleaner technologies and additional controls for particulate matter, SO₂ and NO_x emissions from utility sources. The states were to develop their regional haze implementation plans by December 2007, identifying the facilities that will have to reduce emissions and then set emissions limits for those facilities. However, states have not met that schedule and on January 15, 2009, the EPA published a notice finding that 37 states (including Florida), the District of Columbia, and the Virgin Islands failed to submit all or a portion of their regional haze implementation plans. The EPA's notice initiates a two-year period during which each jurisdiction must submit a haze implementation plan or become subject to a Federal Implementation Plan issued by the EPA that would set the basic program requirements. GRU has installed additional emission control equipment at Deerhaven Unit 2 to reduce SO₂ and NO_x emissions that potentially contribute to regional haze.

Emissions modeling was completed for DH 1 to determine its impact on visibility in the Class I areas within 300 km of the unit. Results of this modeling confirmed that DH 1 had impacts on the applicable Class I areas below the 0.5 deciview threshold and therefore is exempt from the BART program associated with the regional haze program.

The reasonable further progress (RFP) section of Florida's regional haze state implementation plan, which has been approved by EPA, applies to DH 2. GRU has voluntarily requested a cap on SO₂ emissions, which provides DH 2 with an exemption from the RFP section. A draft permit from the FDEP was issued on June 1, 2012 approving GRU's requested cap on SO₂ emissions, and the final permit was issued on June 26, 2012.

Internal Combustion Engine MACT

On August 20, 2010, the EPA published a final rule for the National Emissions Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engines, which covers existing stationary spark ignition reciprocating internal combustion engines located at major sources of hazardous air pollutant emissions such as power plant sites. This final rule, which became effective on October 19, 2010, requires the reduction of emissions of hazardous air pollutants from covered engines. Several of GRU's reciprocating engines are covered by this new rule and all are in full compliance.

Climate Change

On June 25, 2013, President Obama issued a Presidential Memorandum directing the EPA to work expeditiously to complete GHG standards for the power sector. The agency is using its authority under section 111(d) of the Clean Air Act to issue emission guidelines to address GHG emissions from existing power plants. The Presidential Memorandum specifically directed the EPA to build on state leadership, provide flexibility and take advantage of a wide range of energy sources and technologies towards building a cleaner power sector. The Presidential Memorandum also directed the EPA to issue final GHG standards, regulations, or guidelines, as appropriate by no later than June 1, 2015. In addition, the Presidential Memorandum directed the EPA to include in the guidelines addressing existing power plants, a requirement that states submit to the EPA the implementation plans required under section 111(d) of the Clean Air Act and its implementing regulations by no later than June 30, 2016, States would be able to request more time to submit complete implementation plans with the EPA being able to allow states until June 30, 2017 or June 30, 2018, as appropriate, to submit additional information completing the submitted plan no later than June 30, 2016.

Accordingly, on June 2, 2014, EPA released a proposed rule, the Clean Power Plan Rule, that would limit and reduce carbon dioxide emissions from certain fossil fuel power plants, including existing plants. Finally, on August 3, 2015, EPA released the final version of such rule, and on October 23, 2015 the EPA published in the Federal Register the GHG existing source performance standards for power plants (the “Clean Power Plan”), and the final NSPS for GHG emissions from new, modified and reconstructed fossil fuel-fired power plants. The final Clean Power Plan was published at 80 Fed. Reg. 64662, and the final GHG NSPS were published at 80 Fed. Reg. 64510.

On October 23, 2015, the American Public Power Association (“APPA”) and the Utility Air Regulatory Group (UARG) filed a joint petition for review of the EPA’s final Section 111(d) rule to regulate carbon dioxide (CO₂) emissions from existing electric generating sources in the D.C. Circuit Court. In addition, the state of West Virginia joined by Texas, Alabama, Arkansas, Colorado, Florida, Georgia, Indiana, Kansas, Kentucky, Louisiana, Michigan, Missouri, Montana, Nebraska, New Jersey, Ohio, South Dakota, Utah, Wisconsin, Wyoming, the Arizona Corporation Commission, and the North Carolina Department of Environmental Quality, also filed their motion to stay the final Section 111(d) rule under the Clean Air Act. Such a stay would put implementation of the rule on hold until the court decides on its legality.

On January 26, 2016, twenty-nine states requested that the U.S. Supreme Court stay implementation on the final GHG Clean Power Plan or CPP (80 Fed. Reg. 64662 – Oct. 23, 2015), pending judicial review of the rule. On February 9, 2016, the Supreme Court granted the stay of the Clean Power Plan pending judicial review of the rule. The stay will remain in effect pending Supreme Court Review if such review is sought. Since the U.S. Supreme Court stayed the EPA rulemaking on the Clean Power Plan, that extraordinary action will delay any regulatory action. GRU continues to closely monitor any activities with respect to Climate Change and GHGs.

The D.C. Circuit Court issued an order on April 28, 2017, holding the consolidated Clean Power Plan cases in abeyance for 60 days. The D.C. Circuit Court is requiring the EPA to file status reports concerning its ongoing regulatory deliberations at 30 day intervals. The court also asked the parties to file supplemental briefs by May 15, 2017 addressing whether the judicial process should be ended and the matter should be remanded to the EPA.

On August 10, 2017, the United States Court of Appeals for the D.C. Circuit issued an order holding the challenges to the greenhouse gas new source performance standards (“GHG NSPS”) in abeyance “pending further order of the court.” The order also directs the EPA to file status reports at 90-day intervals beginning October 27, 2017.

Coal Combustion Products

The EPA published a final rule (40 CFR 257), effective October 14, 2015 to regulate the disposal of coal combustion residuals (CCR) as solid waste under subtitle D of the Resource Conservation and Recovery Act (RCRA). The rule includes national minimum criteria for existing and new CCR landfills and existing and new CCR surface impoundments. GRU is subject to the requirements of the promulgated rule that are applicable to CCR ponds and landfill at Deerhaven.

On May 1, 2017, the EPA Administrator sent a letter informing states that the EPA is working on guidance for implementing state permitting programs that allow flexibility in individual permits to manage the safe disposal of coal combustion residuals, known as CCR or “coal ash.” The EPA expects that its new guidance will allow for the safe disposal and continued beneficial use of coal ash, while enabling states to decide what works best for their environment. GRU, through the Florida Electric Power Coordinating Group, made contact with FDEP’s Tim Bahr on May 2, 2017 and he confirmed that the EPA shared some draft CCR permit program materials (draft FAQs, draft checklist, etc.). The FDEP is planning to discuss that internally. The EPA has finished drafting the guidance document that is intended to assist States in ensuring that their permit program applications are complete. This guidance has been published in the Federal Register and GRU continues to closely follow developments to CCR regulations.

Storage Tanks

GRU is required to demonstrate financial responsibility for the costs of corrective actions and compensation of third-parties for bodily injury and property damage arising from releases of petroleum products and hazardous substances from certain underground and above-ground storage tank systems. GRU has eleven fuel oil storage tanks. The South Energy Center has two underground distillate (No. 2) oil tanks; the JRK Station has four above-ground distillate oil tanks, two of which are empty and out of service, and two above-ground No. 6 oil tanks which are also empty and out of service. DH has one above-ground distillate and two above-ground No. 6 oil tanks one of which is out of service. All of GRU’s fuel storage tanks have secondary containment and/or interstitial monitoring and the Utility is insured for the requisite amounts.

Remediation Sites

Several site investigations have been completed at the JRK Station, the most recent was in 2011. According to previous assessments, the horizontal extent of soils impacted with No. 6 fuel oil extends from the northern containment wall of the above-ground storage tanks (ASTs) to the wastewater filter beds and from the old plant building to Sweetwater Branch Creek. The results of the most recent soil assessment document the presence of Benzo(a)pyrene in one soil sample at a concentration greater than its default commercial/industrial direct exposure based soil cleanup target levels (SCTLs). Four of the soil samples contained Benzo(a)pyrene equivalents at concentrations greater than its default commercial/industrial direct exposure based SCTLs. In addition, two of the soil samples contained total recoverable petroleum hydrocarbons (TRPH) at concentrations greater than its default commercial/industrial direct exposure based SCTLs.

In the Site-Wide Monitoring Report dated March 24, 2011, measurable free product was detected in four wells. An inspection in April 2013 showed that groundwater contains four of the polynuclear aromatic hydrocarbons (PAHs) (Benzo(a)anthracene, Benzo(a)pyrene, Benzo(b)fluoranthene, and Dibenzo(a,h)anthracene) at concentrations greater than their groundwater cleanup target levels (GCTLs). With the exception of Benzo(a)pyrene, the concentration of the remainder of these parameters did not exceed their Natural Attenuation Default Concentrations. The groundwater quality data reported in the 2011 Site-Wide Groundwater Monitoring Report documents that groundwater quality meets applicable GCTLs at the locations sampled. It is likely that groundwater quality impacts exist in the area where residual number 6 Fuel Oil is present as a non-aqueous phase liquid.

In August 2013, the Utility submitted a no further action (NFA) proposal to the FDEP requesting that the site be granted a no further action status based on an evaluation of the soil and groundwater data with respect to site conditions and operations. The FDEP has not formally responded to the NFA request and there is currently no further update.

Water Use Restrictions

Pursuant to Florida law, a water management district in Florida may mandate restrictions on water use for non-essential purposes when it determines such restrictions are necessary. The restrictions may either be temporary or permanent. The St. Johns River Water Management District (SJRWMD) has mandated permanent district-wide restrictions on residential and commercial landscape irrigation. The restrictions limit irrigation to no more than two days per week during Daylight Savings Time, and one day per week during Eastern Standard Time. The restrictions apply to centralized potable water as provided by the Utility as well as private wells. All irrigation between the hours of 10:00 a.m. and 4:00 p.m. is prohibited.

In addition, in April 2010, the County adopted, and the City subsequently opted into, an Irrigation Ordinance that codified the above-referenced water restrictions which promote and encourage water conservation. County personnel enforce this ordinance, which further assists in reducing water use and thereby extending the Utility's water supply.

The SJRWMD and the Suwannee River Water Management District (SRWMD) each have promulgated regulations referred to as Year-Round Water Conservation Measures, for the purpose of increasing long-term water use efficiency through regulatory means. In addition, the SJRWMD and the SRWMD each have promulgated regulations referred to as a "Water Shortage Plan", for the purpose of allocating and conserving the water resource during periods of water shortage and maintaining a uniform approach towards water use restrictions. Each Water Shortage Plan sets forth the framework for imposing restrictions on water use for non-essential purposes when deemed necessary by the applicable water management district.

On August 7, 2012, in order to assist the SJRWMD and the SRWMD in the implementation and enforcement of such Water Conservation Measures and such Water Shortage Plans, the Board of County Commissioners of Alachua County enacted an ordinance creating year-round water conservation measures and water shortage regulations (County Water Use Ordinance), thereby making such Water Conservation Measures and such Water Shortage Plans applicable to the unincorporated areas of the County. On December 20, 2012, the City Commission adopted a resolution to opt into the County's year round water conservation measures and water shortage regulations ordinances in order to give the Alachua County Environmental Protection Department the authority to enforce water shortage orders and water shortage emergencies within the City.

Manufactured Gas Plant

Gainesville's natural gas system originally distributed blue water gas, which was produced in town by gasification of coal using distillate oil. Although manufactured gas was replaced by pipeline gas in the mid-1950's, coal residuals and spilt fuel contaminated soils at and adjacent to the manufactured gas plant (MGP) site. When the natural gas system was purchased, GRU assumed responsibility for the investigation and remediation of environmental impacts related to the operation of the former MGP. GRU has pursued recovery for the MGP from past insurance policies and, to date, has recovered \$2.2 million from such policies. GRU received final approval of its Remedial Action Plan which entailed the excavation and landfilling of impacted soils at a specially designed facility. This plan was implemented pursuant to a Brownfield Site Rehabilitation Agreement with the State. Following remediation, the property has been redeveloped by the City as a park with storm-water ponds, nature trails, and recreational space, all of which were considered in the remediation plan's design. The duration of the groundwater monitoring program is unknown, and that timeframe is open to the results of what the sampling data shows.

Based upon GRU's analysis of the cost to clean up this site, GRU has accrued a liability to reflect the costs associated with the cleanup effort. During fiscal year 2017, expenditures which reduced the liability balance were approximately \$1.12 million. The reserve balance at September 30, 2017 was approximately \$814'000.

GRU is recovering the costs of this cleanup through customer charges. A regulatory asset was established for the recovery of remediation costs from customers. Customer billings were \$1,089,230 as of September 30, 2017. The regulatory asset balance was \$13,119,159 as of September 30, 2017.

Although some uncertainties associated with environmental assessment and remediation activities remain, GRU believes that the current provision for such costs is adequate and additional costs, if any, will not have an adverse material effect on GRU's financial position, results of operations, or liquidity.

GREC

On March 10, 2016, Gainesville Renewable Energy Center, LLC ("GREC"), filed arbitration (American Arbitration Association Case No. 01-16-0000-8157) against the City doing business as the Gainesville Regional Utilities ("GRU"), initially challenging GRU's withholding payment of invoiced amounts pursuant to the long-term power purchase agreement between GRU and GREC ("PPA"). Since January 31, 2017, \$8,514,656 (including accrued interest) has been withheld by GRU based on disputed amounts actually invoiced by GREC. In addition, GREC has alleged claims in contract and tort that it asserts could result in aggregate damages to GREC of over \$100 million. Likewise, GRU has alleged claims in contract that could result in aggregate damages to GRU of over \$100 million.

At this stage in the proceedings, neither party has substantiated the dollar value of these additional claims to the tribunal. At this stage in the proceedings, it is not possible for GRU to predict the outcome of these claims. However, GRU is vigorously defending against the GREC Counts in arbitration and believes that (i) some or all of any damages resulting from the GREC Counts constituting tort claims would be subject to sovereign immunity claims processes and statutory caps, (ii) some or all of any damages resulting from the tort claims may be covered by liability insurance of the City, and (iii) regardless of whether GREC is successful on any of the GREC Counts, GRU Management believes that any potential liability of GRU will not have a material adverse effect on the financial conditions of GRU. See Note 19 Subsequent Events for additional information.

Operating Leases

GRU leases various equipment, facilities and property under operating leases that are cancelable only under certain circumstances. Rental costs under operating leases for the years ended September 30, 2017 was \$108,000.

Future minimum rental payments for various operating leases are:

<u>Years Ending September 30:</u>	<u>Future Minimum Rental Payments</u>
2018	\$ 108,517
2019	26,789
2020	7,433
2021	7,203
2022	6,050
2023-2027	30,250
2028-2032	30,250
2033-2037	30,250
2038-2042	30,250
2043-2046	24,200
	<u>\$ 301,192</u>

NOTE 14 - LEASE REVENUE

GRU leases generators, land and communication tower antenna space among other items. Future minimum rental revenue for various operating leases are as follows:

<u>Year ending September 30:</u>	<u>Future Minimum Rental Revenue</u>
2018	\$ 1,699,995
2019	1,592,661
2020	1,517,758
2021	1,427,737
2022	1,267,579
2023-2027	3,898,920
2028-2032	2,041,022
Thereafter	341,004
	<u>\$ 13,786,676</u>

NOTE 15 - INVESTMENT IN THE ENERGY AUTHORITY

GRU has an equity investment in The Energy Authority (TEA), a power marketing corporation comprised of eight municipal utilities as of September 30, 2017: MEAG Power, JEA (Florida), South Carolina Public Service Authority, Nebraska Public Power District, GRU, City Utilities of Springfield (Missouri), Public Utility District No. 1 of Cowlitz County (Washington), and American Municipal Power, Inc. (Ohio). TEA provides energy products and

resource management services to equity members and non-members and allocates transaction savings and operating expenses to equity members pursuant to Settlement Procedures under the Operating Agreement.

In the Statement of Revenues, Expenses, and Changes in Net Position, GRU's sales to and purchases from TEA are recorded in sales and service charges and operations and maintenance expenses, respectively. For the year ended September 30, 2017, sales to TEA totaled \$871,000 and purchases from TEA totaled \$24.8 million. GRU's equity interest was 5.6% for fiscal year 2017, and GRU accounted for this investment using the equity method of accounting. As of September 30, 2017, GRU's investment in TEA was \$2.1 million.

Through a combination of agreements, GRU guaranteed credit received by TEA for \$19.5 million as of September 30, 2017. TEA evaluates its credit needs periodically and requests equity members to adjust their guarantees accordingly. The guarantee agreements are intended to provide credit support for TEA when entering into transactions on behalf of equity members. Such guarantees are within the scope of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, and would require the equity members to make payments to TEA's counterparties if TEA failed to deliver energy, capacity or natural gas as required by contract, or if TEA failed to make payment for the purchases of such commodities. If guarantee payments are required, GRU has rights with other equity members that such payments be apportioned based on certain criteria.

The guarantees generally have indefinite terms; however, GRU can terminate its guarantee obligations by providing notice to counterparties and others, as required by the agreements. Such terminations would not pertain to any transactions TEA entered into prior to notice being given. As of September 30, 2017, GRU had not recorded a liability related to these guarantees. TEA's accounting records are maintained in conformity with the pronouncements of the GASB. The table below contains unaudited condensed financial information for TEA for the period ended September 30, 2017.

Condensed Statement of Operations:	(in thousands)
Total Revenue	\$ 1,153,933
Total Cost of Sales and Expense	<u>(1,092,748)</u>
Operating Income	61,185
Nonoperating (Expense)	<u>38</u>
Change in Net Position	<u>\$ 61,223</u>
Condensed Balance Sheet:	
Assets:	
Current Assets	\$ 177,777
Noncurrent Assets	15,622
Total Assets	<u>\$ 193,399</u>
Liabilities:	
Current Liabilities	\$ 155,313
Noncurrent Liabilities	394
Total Liabilities	<u>\$ 155,707</u>
Total Net Position	<u>37,692</u>
Total Liabilities and Net Position	<u>\$ 193,399</u>

As of September 30, 2017, GRU's accounts receivable due from TEA totaled approximately \$521,000. TEA issues stand-alone audited financial statements on a calendar year basis which may be obtained by writing to 76 South Laura Street; Suite 1500; Jacksonville, Florida 32202.

NOTE 16 – CONDUIT DEBT

From time to time, the City has issued Industrial Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial facilities deemed to be in the public interest. These bonds are secured by the financed property and are payable solely by the private-sector entity served by the bond issuance.

There is no obligation on the part of the City, County, State, or any political subdivision for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2016, there was one Industrial Revenue bond outstanding, with an aggregate principal amount payable of \$5,000,000.

NOTE 17 – TAX ABATEMENTS

The City's Community Redevelopment Agency (CRA) a public body corporate and politic, created pursuant to Part III of Chapter 163, Florida Statutes has entered into Development Agreements with various developers to redevelop properties within the four CRA districts. The Development Agreements are agreements between the CRA and a developer to construct multi-family units with the potential of commercial space in the building being constructed. In return the City agrees to annually reimburse the developer a Tax Increment Recapture based on the increase of assessed value of the development as determined by the Alachua County Property Appraiser.

For fiscal year ended September 30, 2017 the City paid the following Tax Increment Recapture amounts for the following projects:

- \$178,035 of Tax Increment Fund Incentive Reimbursement for Union Street Station, a multi-family and commercial complex located in downtown Gainesville.
- \$128,348 of Tax Increment Fund Incentive Reimbursement for a façade and streetscape project located in the CRA's 5th Avenue/Pleasant Street District.

NOTE 18 – RESTATEMENTS

GRU has restated its 2016 financial statements to correct recording of utility plant retirements in prior years. Based on prior auditor guidance, GRU recorded utility plant retirements as a reduction to accumulated depreciation instead of recording any gain or loss on the utility plant retirements to net income in the year the assets were retired. A portion of the utility plant retirements were purchased or built with debt that is still outstanding. Those costs, approximately \$6.4 million, will be recovered in future years from ratepayers as the outstanding debt is fully repaid. Beginning and ending net positions were restated as shown below.

	Utility Fund	Business-type Activities
Net position, end of year as previously reported	\$ 476,963,944	\$ 575,529,756
Restatement of net position accounts-Electric Fund	(38,157,715)	(38,157,715)
Restatement of net position accounts-Water Fund	(463,343)	(463,343)
Restatement of net position accounts-Wastewater Fund	(999,986)	(999,986)
Restatement of net position accounts-Gas Fund	(621,493)	(621,493)
Restatement of net position accounts-GRUCOM Fund	(1,337,725)	(1,337,725)
Net position, beginning of year, as restated	<u>\$ 435,383,682</u>	<u>\$ 533,949,494</u>

NOTE 19 – SUBSEQUENT EVENTS

On November 7, 2017, GRU issued Utility Revenue Bonds to purchase the Gainesville Renewable Energy Center (GREC) biomass fueled generating power plant for \$750,000,000 pursuant to the Asset Purchase Agreement (APA) executed on September 12, 2017. The purchase of the power plant and the subsequent termination of the Power Purchase Agreement with GREC will reduce capital assets by \$131,390,477, regulatory assets by \$63,083,760, current liabilities by \$14,315,547 and long-term debt by \$170,888,140. In addition, with the purchase of the biomass fueled generation power plant and the termination of the Purchase Power Agreement, the arbitration case between GRU and GREC was resolved and dismissed with prejudice (per the terms of the APA).

In December 2017, the City entered into a \$10,365,000 Capital Improvement Note, Series 2017 with CenterState Bank. The Series 2017 Note is being issued to finance the cost of (i) acquisition, installation and consulting costs related to Human Resources and Financial ERP system; (ii) acquisition, construction, improvement and equipping a South Main Street firehouse; and (iii) street, curb, storm water infrastructure and other capital costs. The Note is

secured by a covenant of the City to appropriate in its annual budget an amount from legally available non-ad valorem revenues commencing on October 1, 2018 with the final payment on October 1, 2037. Interest is paid semiannually on April 1 and October 1 of each year. The Note has a fixed interest rate of 2.75%.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	BUDGETED AMOUNTS		ACTUAL	ENCUMBRANCES	BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL				
REVENUES						
Taxes	\$ 42,782,088	\$ 42,782,088	\$ 42,453,001	\$ -	\$ 42,453,001	\$ (329,087)
Licenses and permits	6,197,781	6,197,781	5,901,029	-	5,901,029	(296,752)
Intergovernmental	13,657,862	13,704,163	14,195,190	-	14,195,190	491,027
Charges for services	11,128,638	10,972,981	10,552,595	-	10,552,595	(420,386)
Fines and forfeitures	1,470,361	1,470,361	1,032,912	-	1,032,912	(437,449)
Miscellaneous	1,476,373	1,545,366	1,062,559	-	1,062,559	(482,807)
TOTAL REVENUES	76,713,103	76,672,740	75,197,286	-	75,197,286	(1,475,454)
EXPENDITURES						
Current:						
General government	19,719,401	19,455,453	17,447,884	133,859	17,581,743	1,873,710
Public safety	58,425,405	58,257,535	58,005,467	-	58,005,467	252,068
Physical environment	195,235	195,235	185,498	39,000	224,498	(29,263)
Transportation	12,047,815	11,906,332	11,389,719	48,142	11,437,861	468,471
Economic environment	418,295	418,295	391,759	-	391,759	26,536
Human services	20,200	20,200	-	-	-	20,200
Culture and recreation	8,220,196	8,459,234	8,584,733	4,543	8,589,276	(130,042)
TOTAL EXPENDITURES	99,046,547	98,712,284	96,005,060	225,544	96,230,604	2,481,680
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(22,333,444)	(22,039,544)	(20,807,774)	(225,544)	(21,033,318)	1,006,226
OTHER FINANCING SOURCES (USES)						
Transfers in	36,685,148	36,694,963	36,705,718	-	36,705,718	10,755
Transfers out	(17,581,940)	(19,082,473)	(18,972,140)	-	(18,972,140)	110,333
TOTAL OTHER FINANCING SOURCES (USES)	19,103,208	17,612,490	17,733,578	-	17,733,578	121,088
NET CHANGE IN FUND BALANCES	\$ (3,230,236)	\$ (4,427,054)	\$ (3,074,196)	\$ (225,544)	\$ (3,299,740)	\$ 1,127,314

CITY OF GAINESVILLE, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
SEPTEMBER 30, 2017

Annual budgets are legally adopted for all governmental funds other than Capital Projects Funds and certain Special Revenue Funds (such as grant funds and tax increment funds), which are appropriated on a project-length basis. Budgets are controlled at the department level throughout the year and total expenditures plus encumbrances may not legally exceed appropriations for each budgeted fund. The Special Revenue Funds which are budgeted annually are the Community Development Block Grant Fund, the Urban Development Action Grant Fund, the Home Grant Fund, the Cultural and Nature Projects Fund, the State Law Enforcement Contraband Forfeiture Fund, the Federal Law Enforcement Contraband Forfeiture Fund, the Police Billable Overtime Fund, the Community Redevelopment Agency Fund, the Economic Development Fund, the Evergreen Cemetery Trust Fund, the School Crossing Guard Trust Fund and the Art in Public Places Trust Fund. All other Special Revenue Funds are appropriated on a project-length, multi-year basis.

Budget amounts reflected in the accompanying schedule incorporate all budgetary amendments (including supplemental appropriations) to the original budget. Budget amendments are approved by the City Commission during the year, with a final amendatory ordinance approved after the end of the fiscal year.

The City Manager can approve budget transfers within and between operating departments and divisions of the same fund. All interfund budget transfers require prior approval of the City Commission, as do transfers from contingency funds exceeding \$50,000. Transfers concerning personnel can be made as long as the total number of permanent positions approved in the budget is not exceeded.

Budget appropriations lapse at year-end. Encumbrances at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. All governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year-end.

The actual results of operations are presented in accordance with GAAP, and the City does not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. It is necessary to include the budgetary encumbrances to reflect actual revenues and expenditures on a budgetary basis consistent with the City's legally adopted budget. The following fiscal year's budget is amended to reappropriate the fund balance represented by encumbrances.

As illustrated on the previous page, on the budgetary basis, total expenditures were \$2,481,680 less than the final budget. Revenues were recognized in an amount \$1,475,454 less than the final budget. Including other financing sources and uses, the General Fund fund balance increased by \$1,127,314 more than was budgeted.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS
EMPLOYEES' PENSION PLAN
LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service costs	\$ 8,355,553	\$ 7,789,638	\$ 7,153,541	\$ 6,612,646
Interest	39,934,706	38,189,162	35,741,289	36,171,225
Differences between expected and actual experience	7,646,058	1,125,190	1,954,558	1,105,967
Transfer from Disability Plan	-	-	2,455,848	-
Changes of assumptions	21,041,875	4,860,706	15,880,346	-
One time adjustment for DROP account balances	10,038,916	-	-	-
Benefit payments, including refunds of employee contributions	<u>(34,963,352)</u>	<u>(37,252,988)</u>	<u>(28,306,207)</u>	<u>(31,819,142)</u>
Net change in total pension liability	52,053,756	14,711,708	34,879,375	12,070,696
Total pension liability-beginning	485,658,954	470,947,246	436,067,871	423,997,175
Total pension liability-ending (a)	<u>\$ 537,712,710</u>	<u>\$ 485,658,954</u>	<u>\$ 470,947,246</u>	<u>\$ 436,067,871</u>
Plan fiduciary net position				
Employer contributions	14,654,934	13,481,032	11,746,935	11,519,431
Employee contributions	4,829,122	7,947,069	4,429,289	4,260,476
Net investment income	58,605,302	39,190,078	(2,486,089)	34,176,892
Transfer from Disability Plan	-	-	2,320,442	-
Benefit payments, including refunds of employee contributions	<u>(38,469,162)</u>	<u>(37,252,988)</u>	<u>(28,306,207)</u>	<u>(26,161,924)</u>
Administrative expense	<u>(604,905)</u>	<u>(670,867)</u>	<u>(580,988)</u>	<u>(613,886)</u>
Net change in plan fiduciary net position	39,015,291	22,694,324	(12,876,618)	23,180,989
Plan fiduciary net position-beginning	357,298,271	334,603,947	347,480,565	324,299,576
Plan fiduciary net position-ending (b)	<u>\$ 396,313,562</u>	<u>\$ 357,298,271</u>	<u>\$ 334,603,947</u>	<u>\$ 347,480,565</u>
City's net pension liability-ending (a)-(b)	<u>\$ 141,399,148</u>	<u>\$ 128,360,683</u>	<u>\$ 136,343,299</u>	<u>\$ 88,587,306</u>
Plan fiduciary net position as a percentage of the total pension liability	73.70%	73.57%	71.05%	79.68%
Annual covered payroll	\$ 91,143,976	\$ 80,223,575	\$ 79,930,261	\$ 81,654,532
Net pension liability as a percentage of covered payroll	155.14%	160.00%	170.58%	108.49%

Notes to Schedule:

Benefit Payments in Total Pension Liability include an interest calculation. This amount does not represent actual Benefit Payments as shown in the changes in Plan fiduciary net position. Changes to assumptions resulted from reducing the investment return rate from 8.2% to 8.1% in 2017. The schedule will present ten years comparative data in the future.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF CITY CONTRIBUTIONS
EMPLOYEES' PENSION PLAN
LAST FIVE FISCAL YEARS**

	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 14,654,934	\$ 13,481,032	\$ 13,211,521	\$ 12,700,223	\$ 10,927,391
Contributions in relation to the actuarially determined contribution	<u>14,654,934</u>	<u>13,481,032</u>	<u>12,224,716</u>	<u>11,995,271</u>	<u>10,206,334</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 986,805</u>	<u>\$ 704,952</u>	<u>\$ 721,057</u>
Covered payroll	\$ 91,143,976	\$ 80,223,575	\$ 79,930,261	\$ 81,654,532	\$ 80,365,984
Contributions as percentage of covered payroll	16.08%	16.80%	15.29%	14.69%	12.70%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

Actuarial cost method	Individual entry age, level percent of pay
Amortization method	Level percentage, closed
Remaining amortization period	21 to 30 years based on year established; gains/losses, assumption plan changes over 30 years from inceptions
Asset valuation method	Actuarial value, based on 5-year recognition of returns greater or less than the assumed investment return
Inflation rate	3.75%
Future rate of growth in valuation payroll	4.50%
Investment return rate	8.10%
Salary increase rate	3.75% to 7.00%
Retirement rates	Schedule of probabilities based on age and service, increasing as age and service increase
Mortality rates	RP-2000 Combined Healthy Mortality Table-Dynamic with projection to valuation year

The schedule will present ten years comparative data in the future.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE OFFICERS' AND FIREFIGHTERS' CONSOLIDATED RETIREMENT PLAN
LAST THREE FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service costs	\$ 3,812,252	\$ 4,094,841	\$ 3,730,365
Interest	20,156,185	23,375,806	19,299,422
Differences between expected and actual experience	(6,006,515)	(140,568)	-
Changes of assumptions	2,719,455	2,608,508	2,523,158
Benefit payments, including refunds of employee contributions	(15,444,821)	(17,602,583)	(12,898,782)
Net change in total pension liability	5,236,556	12,336,004	12,654,163
Total pension liability-beginning	258,251,636	245,915,632	233,261,469
Total pension liability-ending (a)	<u>\$ 263,488,192</u>	<u>\$ 258,251,636</u>	<u>\$ 245,915,632</u>
Plan fiduciary net position			
Employer contributions	\$ 3,716,354	\$ 3,682,847	\$ 3,855,020
Employee contributions	2,093,074	1,972,417	2,067,685
State contributions	1,242,740	1,269,827	1,259,995
Net investment income	22,310,321	(93,259)	21,911,535
Benefit payments, including refunds of employee contributions	(15,444,821)	(17,602,583)	(12,898,782)
Administrative expense	(585,416)	(609,229)	(609,264)
Net change in plan fiduciary net position	13,332,252	(11,379,980)	15,586,189
Plan fiduciary net position-beginning	205,667,930	217,047,910	201,461,721
Plan fiduciary net position-ending (b)	<u>\$ 219,000,182</u>	<u>\$ 205,667,930</u>	<u>\$ 217,047,910</u>
City's net pension liability-ending (a)-(b)	<u>\$ 44,488,010</u>	<u>\$ 52,583,706</u>	<u>\$ 28,867,722</u>
Plan fiduciary net position as a percentage of the total pension liability	83.12%	79.64%	88.26%
Annual covered payroll	\$ 23,885,642	\$ 25,539,198	\$ 24,364,333
Net pension liability as a percentage of covered payroll	186.25%	205.89%	118.48%

Notes to Schedule:

Changes of Assumptions: The investment rate of return was changed from 8.3% to 8.2% for 2016. The schedule will present ten years comparative data in the future.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF POLICE OFFICERS' AND FIREFIGHTERS' CONSOLIDATED
PENSION PLAN EMPLOYER CONTRIBUTIONS
LAST FOUR FISCAL YEARS

	2017	2016	2015	2014
Actuarially determined contribution	\$ 4,294,312	\$ 3,716,354	\$ 3,682,847	\$ 3,855,020
Contributions in relation to the actuarially determined contribution	<u>4,294,312</u>	<u>3,716,354</u>	<u>3,682,847</u>	<u>3,855,020</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 25,501,291	\$ 23,885,642	\$ 25,539,198	\$ 24,364,333
Contributions as percentage of covered payroll	16.84%	15.56%	14.42%	15.82%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed
Remaining amortization period	30 years
Asset valuation method	Actuarial value
Inflation rate	3.00%
Future rate of growth in valuation payroll	3.00%
Investment return rate	8.20%, net of investment expenses
Salary increase rate	4.00% to 7.00%
Retirement rates	Schedule of probabilities based on age and service, increasing as age and service increase
Mortality rates	RP-2000 combined fully generational mortality table with blue collar adjustment

The schedule will present ten years comparative data in the future.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN
LAST FOUR FISCAL YEARS
PENSION PLANS

FY	Annual Money-Weighted Rate of Return on Pension Plan Investments	
	General Pension Plan	Consolidated Plan
2017	11.84%	11.20%
2016	11.84%	11.20%
2015	-0.74%	0.00%
2014	10.61%	11.01%

Note to Schedule:

The schedule will present ten years comparative data in the future.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF CHANGES IN CITY'S NET OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN

	2017
Total OPEB liability	
Service costs	\$ 1,282,158
Interest	5,274,094
Differences between expected and actual experience	(914,359)
Changes of assumptions	559,494
Benefit payments, including refunds of employee contributions	(4,109,173)
Net change in total OPEB liability	2,092,214
Total OPEB liability-beginning	65,498,345
Total OPEB liability-ending (a)	\$ 67,590,559
Plan fiduciary net position	
Employer contributions	1,622,729
Net investment income	6,550,405
Net benefit payments	(4,109,173)
Administrative expense	(6,082)
Net change in plan fiduciary net position	4,057,879
Plan fiduciary net position-beginning	59,442,474
Plan fiduciary net position-ending (b)	\$ 63,500,353
City's net OPEB liability-ending (a)-(b)	\$ 4,090,206
Plan fiduciary net position as a percentage of the total pension liability	93.95%
Annual covered payroll	\$ 122,798,859
Net OPEB liability as a percentage of covered payroll	3.33%

Notes to Schedule:

A. Benefit changes: None

B. Changes to assumptions:

The discount rate was updated from 8.2% at 9/30/16 to 8.1% at 9/30/17.

The following assumption changes are reflected in both the total OPEB liability at the beginning of FY17 and the total OPEB liability at the end of FY17:

- The mortality assumptions was updated in accordance with the changes that were enacted in the 2015 legislative session to sections 112.63 and 112.664 of the Florida Statutes.

- The retirement rates for firefighters and the withdrawal rates and salary increase assumption for firefighters and police officers were updated to reflect the results of an experience study conducted by Conduent in 2017.

- The salary increase assumption for general employees was updated to reflect the results of an experience study conducted by Conduent in 2017.

- The healthcare claims cost per participant assumption was updated to include October 2016 through September 2017 actual claims.

- Updated valuation model for Medicare participants due to the implementation of Alternative Medicare options in 2016:

a. Assumed both pre-Medicare and Medicare-eligible future retirees (i.e. active employees) and DROP participants would assumed to elect medical coverage according to the "Plan Participation" table shown on page 14 of the GASB 45 report dated March 13, 2017.

b. Assumed 10% of deferred retirees and terminated vested participants elect coverage after age 65, all under the Alternative Medicare options.

c. Assumed 50% of currently covered post-65 retirees elect coverage under the Alternative Medicare options, with the other 20% remaining in the Florida Blue plan.

d. Alternative Medicare plan participants were assumed to utilize 95% of their available subsidy.

e. Participants covered by Alternative Medicare options are assumed to continue coverage for life.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF CITY CONTRIBUTIONS
OPEB PLAN

	<u>2017</u>
Actuarially determined contribution	\$ 616,087
Contributions in relation to the actuarially determined contribution	<u>1,622,729</u>
Contribution deficiency (excess)	<u>\$ (1,006,642)</u>
Covered payroll	\$ 122,798,859
Contributions as percentage of covered payroll	1.3%

Notes to Schedule:

A. Valuation Date: Actuarially determined contribution calculated as of October 1, 2015 applies for the fiscal year ended September 30, 2017.

B. Methods and assumptions used to determine contribution:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage, closed
Amortization period	10 years
Asset valuation method	Actuarial value
Inflation rate	3.75%
Payroll growth	4.50%
Investment return rate	8.10%, net of investment expenses
Salary increase rate	3.75% to 7.00%
Retirement rates	Schedule of probabilities based on age and service, increasing as age and service increase
Mortality rates	RP-2000 Mortality Table

The schedule will present ten years comparative data in the future.

REQUIRED SUPPLEMENTARY INFORMATION**CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN
OPEB PLAN**

	Annual Money-Weighted Rate of Return on OPEB Plan Investments
FY 2017	11.25%

Note to Schedule:

The schedule will present ten years comparative data in the future.

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b) - (a)	Funded ratio (a/b)	Covered Payroll (c)	UAAL as % of covered payroll (b-a)/c
09/30/17	\$ 63,500,353	\$ 67,590,558	\$ 4,090,205	93.95%	\$ 122,798,859	3.33%
09/30/16	59,442,474	59,679,811	237,337	99.60%	117,500,000	0.20%
09/30/15	56,422,165	63,325,773	6,903,608	89.10%	131,000,000	5.27%

Notes to Schedule:

Valuation Date	09/30/17
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of salary
Asset Valuation Method	Market value
Actuarial Assumptions:	
Investment Rate of Return*	8.10% per annum
Health Care Cost Trend Rate	
Initial	8.10%/7.50%
Ultimate	4.50%

* Includes inflation of 3.75%.

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SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENT FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are restricted to expenditures for specific purposes.

The City maintains the following Special Revenue Funds:

Community Development Block Grant Fund - to maintain unique accounting requirements for Federal funds being used to refurbish and rehabilitate deteriorated neighborhoods.

Urban Development Action Grant Fund - to account for Urban Development Action Grant Funds loaned to a local developer for construction of a downtown-parking garage. The loan is to be repaid based on provisions of an agreement.

Home Grant Fund - to maintain unique accounting requirements for HOME Investment Partnerships Program Grant funds. This program was created under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990.

Cultural and Nature Projects Fund - to account for revenues and expenditures associated with various cultural activities provided for the benefit of the citizens of the City. Financing is provided by various charges for services and miscellaneous revenue sources.

State Law Enforcement Contraband Forfeiture Fund - to account for law enforcement related projects funded by the proceeds from state confiscated property forfeited under the provisions of Sections 932.701 through 932.704, Florida Statutes.

Federal Law Enforcement Contraband Forfeiture Fund - to account for law enforcement related projects funded by the proceeds from federal confiscated property forfeited under the provisions of USC 21 SS 881 and U.S. Department of Justice, Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies.

Police Billable Overtime Fund - to account for revenues and expenditures associated billable overtime that the Police Department performs outside of their regular duties for both City events and non-City events. Fees are set with the intent to cover variable costs including overtime pay and benefits.

Community Redevelopment Agency Fund - to account for the administrative operations of the City's four tax increment districts. This fund is a component unit of the City and is reported as a blended component unit in the nonmajor governmental funds section.

Street, Sidewalk and Ditch Improvement Fund - to account for the provision and financing of paving and ditch improvement projects. Financing is provided by assessments levied against property owners in a limited geographical area as improvement projects are approved.

Economic Development Fund - to account for revenue and expenditures made to promote economic development. Includes operating expense and rental revenue generated by the GTEC (Gainesville Technology Incubator) facility.

Miscellaneous Gifts and Grants Fund - to account for a large number of miscellaneous gifts and grants, which are single purpose in nature and require minimal special accounting features.

Transportation Concurrency Exception Area Fund - to account for revenue and expenditures generated in connection with transportation improvements made in conjunction with new developments. Funds are provided by real estate developers to mitigate the development's impact on transportation in accordance with Ordinance #981310.

Water and Wastewater Surcharge Infrastructure Fund – to account for surcharge collections and interest earnings which are to be expended on related infrastructure improvements for water and wastewater. Half of the funds collected are transferred to this fund. Resolution #030223 specifies that the expenditures are to be used as follows: 20% health/safety/environmental projects. 20% affordable housing projects, and 60% programmed extension projects.

Supportive Housing Investment Partnership (SHIP) Fund – to account for documentary stamp proceeds from real estate transactions to be used as funding for the entitlement program. Expenditures made by the City include grants to improve housing options for lower income and less advantaged citizens.

Hurricane Irma 2017 Fund – to account for revenue and expenditures incurred during and from the recovery of Hurricane Irma.

Small Business Loan Fund – to account for revenue and expenditures associated with revolving loan funds to local small businesses. This fund was established in fiscal year 2005 with the funds received through an insurance settlement associated with the United Gainesville Community Development Corporation.

Miscellaneous Special Revenue Fund – to account for several miscellaneous programs that are of small dollar value and are restricted to a specific project or activity.

Hurricane Matthew 2017 Fund – to account for revenue and expenditures incurred during and from the recovery of Hurricane Matthew.

Tourist Product Development Fund-FY12 - to account for Tourist Product Development tax dollars passed through from the County and awarded as grants to artistic, eco-tourism and new program projects that will promote tourism in the area during fiscal year 2012. The City's Parks, Recreation and Cultural Affairs Department administers the program for Alachua County.

Tourist Product Development Fund-FY13 - to account for Tourist Product Development tax dollars passed through from the County and awarded as grants to artistic, eco-tourism and new program projects that will promote tourism in the area during fiscal year 2013. The City's Parks, Recreation and Cultural Affairs Department administers the program for Alachua County.

Tourist Product Development Fund-FY14 - to account for Tourist Product Development tax dollars passed through from the County and awarded as grants to artistic, eco-tourism and new program projects that will promote tourism in the area during fiscal year 2014. The City's Parks, Recreation and Cultural Affairs Department administers the program for Alachua County.

Tourist Product Development Fund-FY15 - to account for Tourist Product Development tax dollars passed through from the County and awarded as grants to artistic, eco-tourism and new program projects that will promote tourism in the area during fiscal year 2015. The City's Parks, Recreation and Cultural Affairs Department administers the program for Alachua County.

Tourist Product Development Fund-FY16 - to account for Tourist Product Development tax dollars passed through from the County and awarded as grants to artistic, eco-tourism and new program projects that will promote tourism in the area during fiscal year 2016. The City's Parks, Recreation and Cultural Affairs Department administers the program for Alachua County.

Tree Mitigation Fund - to account for projects that exceed the basic service levels for tree planting, routine pruning maintenance and hazard abatement of the City's tree canopy.

Evergreen Cemetery Trust Fund - to account for revenues, which will be used to finance perpetual care expenses incurred by the General Fund for cemetery gravesites. Interest income and income from lot sales and perpetual care contracts provide the financing sources.

School Crossing Guard Trust Fund - to account for the surcharge imposed on parking fines to fund the School Crossing Guard Program.

Art in Public Places Trust Fund - to account for the use of funds to purchase art for new or majorly-renovated City buildings, and to accumulate funds to provide art that is accessible to the public in accordance with City Ordinance #3509.

Downtown Redevelopment Tax Increment Fund - to account for certain property tax increments, and interest earned on such funds, which are to be used for specific projects involving downtown redevelopment.

Fifth Avenue Tax Increment Fund - to account for certain property tax increments, and interest earned on such funds, which are to be used for specific projects involving redevelopment of the Fifth Avenue and Pleasant Street neighborhoods.

College Park Tax Increment Fund - to account for certain property tax increments and interest earned on such funds, which are to be used for specific projects involving redevelopment of the College Park and University Heights neighborhoods.

Eastside Tax Increment Fund - to account for certain property tax increments and interest earned on such funds, which are to be used for specific projects involving redevelopment of the Eastside Redevelopment District.

DEBT SERVICE FUNDS

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

The City maintains the following Debt Service Funds:

First Florida Governmental Financing Commission (FFGFC) Fund – Series 2005 – to account for funds to accumulate the debt service requirements of the 2005 borrowing from the First Florida Governmental Financing Commission.

First Florida Governmental Financing Commission (FFGFC) Fund – Series 2007 – to account for funds to accumulate the debt service requirements of the 2007 borrowing from the First Florida Governmental Financing Commission.

Guaranteed Entitlement Revenue and Refunding Bonds 2004 Fund – to receive and account for funds (Guaranteed Entitlement funds) to accumulate the debt service requirements of the Guaranteed Entitlement Refunding Bonds of 2004.

Pension Obligation Bonds Series 2003 A – to account for funds to accumulate the debt service requirements of the pension obligation bonds for the General Employee's Pension Plan.

Pension Obligation Bonds Series 2003 B – to account for funds to accumulate the debt service requirements of the pension obligation bonds for the Consolidated Police Officers' and Firefighters' Pension Plan.

GPD Energy Conservation Master Capital Lease – to account for funds to accumulate the capital lease required payments for the Siemens GPD Energy Conservation Capital Lease.

Capital Improvement Revenue Note (CIRN) 2009 – to account for funds to accumulate the debt service requirements of the CIRN of 2009.

Capital Improvement Revenue Bond (CIRB) Series 2010 – to account for funds to accumulate the debt service requirements of the CIRB of 2010.

Revenue Refunding Note Series 2011 – to account for funds to accumulate the debt service requirements of the Revenue Refunding Note of 2011.

Capital Improvement Revenue Note Series 2011A – to account for funds to accumulate the debt service requirements of the CIRN of 2011.

Revenue Refunding Note Series 2014 – to account for funds to accumulate the debt service requirements of the Revenue Refunding Note of 2014.

Capital Improvement Revenue Bond (CIRB) Series 2014 – to account for funds to accumulate the debt service requirements of the CIRB of 2014.

Revenue Refunding Note Series 2016A – to account for funds to accumulate the debt service requirements of the Revenue Refunding Note of 2016.

Capital Improvement Revenue Note (CIRN) Series 2016B (5c Gas Tax) – to account for funds to accumulate the debt service requirements of the CIRN of 2016B.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

The City maintains the following Capital Projects Funds:

General Capital Projects Fund - to account for costs of various projects, which are of relatively small dollar value in nature. Financing is generally provided by operating transfers from other funds of the City and interest earnings.

Public Improvement Construction Fund - to account for the costs of various capital projects funded by the nonrefunding portion of the 1994 Guaranteed Entitlement Revenue & Refunding Bonds & interest earnings.

Greenspace and Community Improvement Fund - to account for the costs of acquiring greenspace land and quality of life improvements in the community.

Roadway Construction Fund 96 - to account for the costs of roadway improvements financed through First Florida Governmental Financing Commission borrowings (1996) and interest earnings.

Capital Projects Fund 02 - to account for the costs of various capital projects financed by the First Florida Governmental Financing Commission 2002 and interest earnings.

Fifth Avenue/Pleasant Street Rehabilitation Project Fund 02 - to account for the acquisition and rehabilitation of properties in the Fifth Avenue/Pleasant Street district financed through the First Florida Governmental Financing Commission 2002 and interest earnings.

Downtown Parking Garage Sales Tax Fund - to account for construction costs of the Alachua County Criminal Courthouse parking facilities financed by the local option sales tax.

FFGFC 05 Capital Projects Fund - to account for the costs of various capital projects financed by the First Florida Governmental Financing Commission 2005 and interest earnings.

39th Avenue Fleet Garage Expansion Fund - to account for the costs of the expansion of the 39th Avenue Fleet garage.

Capital Improvement Revenue Bond (CIRB) 2005 CIP Fund - to account for the costs of various capital projects financed by the CIRB 2005 and interest earnings.

Kennedy Homes Acquisition/Demolition Fund - to account for the costs of acquiring the Kennedy Homes property, and for associated demolition and remodeling costs associated with the property's rehabilitation.

Campus Development Agreement (CDA) Capital Projects Fund - to account for the costs of projects specified to be funded by the Campus Development Agreement, provided by the University of Florida.

Energy Conservation Capital Projects Fund - to account for the costs of projects related to energy conservation funded by the CIRN 2009 debt issue.

Additional 5 Cents Local Option Gas Tax (LOGT) Capital Projects Fund - to account for the receipt and expenditure of the additional five cent local option gas tax.

Additional 5 Cents Local Option Gas Tax (LOGT) CIRN 2009 Capital Projects Fund - to account for the expenditure of the CIRN 2009 proceeds to be repaid with additional five cent local option gas tax.

Traffic Management System Building Capital Projects Fund – to account for the costs of the traffic management system building project.

Capital Improvement Revenue Note (CIRN) 2009 Capital Projects Fund – to account for the costs of various capital projects financed by the CIRN 2009 and interest earnings.

Wild Spaces Public Places ½ Cent Sales Tax Capital Projects Fund – to account for the receipt of a portion of the Wild Spaces Public Places two-year ½ cent sales tax and the related capital projects associated with public recreation funded by the tax and interest earnings.

Wild Spaces Public Places Land Acquisition Capital Projects Fund – to account for the receipt of a portion of the Wild Spaces Public Places two-year ½ cent sales tax and the related capital projects associated with land acquisition funded by the tax and interest earnings.

Senior Recreation Center Capital Projects Fund – to account for the costs of the construction of the Senior Recreation Center.

Capital Improvement Revenue Bond (CIRB) 2010 CIP Fund – to account for the costs of various capital projects financed by the CIRB 2010 and interest earnings.

Capital Improvement Revenue Note (CIRN) 2011 CIP Fund – to account for the costs of various capital projects financed by the CIRN 2011 and interest earnings.

Facilities Maintenance Recurring Capital Projects Fund – to account for the costs for ongoing facilities capital maintenance.

Equipment Replacement Capital Projects Fund – to account for the costs for replacing City equipment (radios, computers, laptops, etc.).

Roadway Resurfacing Program Capital Projects Fund – to account for the costs for resurfacing roads.

Capital Improvement Revenue Bond (CIRB) 2014 CIP Fund – to account for the costs of various capital projects financed by the CIRB 2014 and interest earnings.

Capital Improvement Beazer Settlement Capital Projects Fund – to account for the costs of remediation work associated with the clean-up at the Cabot Carbon/Koppers Superfund Site.

Capital Improvement Revenue Note 2016B Additional 5c Gas Tax CIP Fund – to account for the costs of various capital projects financed by the CIRN 2016B and interest earnings.

Capital Improvement Revenue Note (CIRN) 2017 CIP Fund – to account for the costs of various capital projects financed by the CIRN 2017 and interest earnings.

Wild Spaces Public Places ½ Cent Sales Tax 2017-2025 Capital Projects Fund – to account for the receipt of a portion of the Wild Spaces Public Places eight-year ½ cent sales tax and the related capital projects associated with public recreation funded by the tax and interest earnings.

	SPECIAL REVENUE FUNDS				
	COMMUNITY DEVELOP- MENT BLOCK GRANT FUND	URBAN DEVELOP- MENT ACTION GRANT FUND	HOME GRANT FUND	CULTURAL AND NATURE PROJECTS FUND	STATE LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND
<u>ASSETS</u>					
Equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ 133,705	\$ 195,376
Investments	-	-	-	-	-
Receivables	453,656	-	588,876	1,978	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	315,251
TOTAL ASSETS	\$ 453,656	\$ -	\$ 588,876	\$ 135,683	\$ 510,627
<u>LIABILITIES</u>					
Accounts payable and accrued liabilities	\$ 58,655	\$ -	\$ 16,648	\$ 5,643	\$ 314,512
Due to other funds	189,374	30,656	446,960	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	248,029	30,656	463,608	5,643	314,512
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred revenue-notes receivable	33,165	-	26,673	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	33,165	-	26,673	-	-
<u>FUND BALANCES</u>					
Nonspendable	-	-	-	-	-
Restricted	172,462	-	98,595	-	196,115
Committed	-	-	-	130,040	-
Assigned	-	-	-	-	-
Unassigned	-	(30,656)	-	-	-
Total Fund Balances	172,462	(30,656)	98,595	130,040	196,115
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 453,656	\$ -	\$ 588,876	\$ 135,683	\$ 510,627

(CONTINUED)

SPECIAL REVENUE FUNDS (continued)

	FEDERAL LAW EN- FORCEMENT CONTRABAND FORFEITURE FUND	POLICE BILLABLE OVERTIME FUND	COMMUNITY REDEVEL- OPMENT AGENCY FUND	STREET, SIDEWALK AND DITCH IMPROVE- MENT FUND	ECONOMIC DEVELOP- MENT FUND	MISCEL- LANEOUS GIFTS AND GRANTS FUND
ASSETS						
Equity in pooled cash and investments	\$ 1,061,134	\$ -	\$ 949,692	\$ 180,910	\$ 241,242	\$ -
Investments	-	-	-	-	-	-
Receivables	-	179,334	6,192	2,611	39,459	2,494,040
Due from other funds	-	2,596	-	-	-	-
Assets held for evidence	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,061,134	\$ 181,930	\$ 955,884	\$ 183,521	\$ 280,701	\$ 2,494,040
LIABILITIES						
Accounts payable and accrued liabilities	\$ 15,316	\$ -	\$ 16,024	\$ -	\$ 12,010	\$ 97,595
Due to other funds	-	245,577	-	-	-	1,496,537
Unearned revenues	-	-	-	-	-	113,861
Advances from other funds	-	-	1,840,188	-	-	-
Total Liabilities	15,316	245,577	1,856,212	-	12,010	1,707,993
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue-notes receivable	-	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	3,458	-	-
Total Deferred Inflows of Resources	-	-	-	3,458	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	1,045,818	-	-	180,063	-	786,047
Committed	-	-	-	-	268,691	-
Assigned	-	-	-	-	-	-
Unassigned	-	(63,647)	(900,328)	-	-	-
Total Fund Balances	1,045,818	(63,647)	(900,328)	180,063	268,691	786,047
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,061,134	\$ 181,930	\$ 955,884	\$ 183,521	\$ 280,701	\$ 2,494,040

(CONTINUED)

SPECIAL REVENUE FUNDS (continued)

	TRANSPOR- TATION CONCURRENCY EXCEPTION AREA FUND	WATER AND WASTEWATER SURCHARGE INFRA- STRUCTURE FUND	SHIP FUND	HURRICANE IRMA 2017 FUND	SMALL BUSINESS LOAN FUND
ASSETS					
Equity in pooled cash and investments	\$ 4,164,742	\$ 1,003,411	\$ 1,496,088	\$ 29,865	\$ 21,201
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	-	20,306	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 4,164,742	\$ 1,023,717	\$ 1,496,088	\$ 29,865	\$ 21,201
LIABILITIES					
Accounts payable and accrued liabilities	\$ 190	\$ -	\$ 800	\$ 29,865	\$ -
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	190	-	800	29,865	-
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	4,164,552	-	1,495,288	-	-
Committed	-	1,023,717	-	-	21,201
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	4,164,552	1,023,717	1,495,288	-	21,201
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,164,742	\$ 1,023,717	\$ 1,496,088	\$ 29,865	\$ 21,201

(CONTINUED)

SPECIAL REVENUE FUNDS (continued)

	MISC- ELLANEOUS SPECIAL REVENUE FUND	HURRICANE MATTHEW 2017 FUND	TOURIST PRODUCT DEVELOP FY12 FUND	TOURIST PRODUCT DEVELOP FY13 FUND	TOURIST PRODUCT DEVELOP FY14 FUND	TOURIST PRODUCT DEVELOP FY15 FUND
ASSETS						
Equity in pooled cash and investments	\$ 543,108	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables	125,773	-	41,060	14,449	-	-
Due from other funds	1,250	-	-	-	-	-
Assets held for evidence	-	-	-	-	-	-
TOTAL ASSETS	\$ 670,131	\$ -	\$ 41,060	\$ 14,449	\$ -	\$ -
LIABILITIES						
Accounts payable and accrued liabilities	\$ 106,093	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	41,060	13,160	-	-
Unearned revenues	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	106,093	-	41,060	13,160	-	-
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue-notes receivable	-	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	476,524	-	-	1,289	-	-
Committed	-	-	-	-	-	-
Assigned	87,514	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	564,038	-	-	1,289	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 670,131	\$ -	\$ 41,060	\$ 14,449	\$ -	\$ -

(CONTINUED)

SPECIAL REVENUE FUNDS (continued)

	TOURIST PRODUCT DEVELOP FY16 FUND	TREE MITIGATION FUND	EVERGREEN CEMETERY TRUST FUND	SCHOOL CROSSING GUARD TRUST FUND	ART IN PUBLIC PLACES TRUST FUND	DOWNTOWN REDEVELOP- MENT TAX INCREMENT FUND
ASSETS						
Equity in pooled cash and investments	\$ -	\$ 2,764,652	\$ 38,690	\$ 15,178		\$ 3,117,405
Investments	-	-	1,585,993	-	-	-
Receivables	-	-	267	-	-	14,128
Due from other funds	-	6,300	-	-	-	-
Assets held for evidence	-	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 2,770,952	\$ 1,624,950	\$ 15,178	\$ -	\$ 3,131,533
LIABILITIES						
Accounts payable and accrued liabilities	\$ -	\$ 28,392	\$ -	\$ -	\$ -	\$ 14,868
Due to other funds	-	-	-	-	16,583	59
Unearned revenues	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	-	28,392	-	-	16,583	14,927
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue-notes receivable	-	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	973,501	-	-	-
Restricted	-	-	651,449	15,178	-	3,116,606
Committed	-	2,742,560	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(16,583)	-
Total Fund Balances	-	2,742,560	1,624,950	15,178	(16,583)	3,116,606
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ 2,770,952	\$ 1,624,950	\$ 15,178	\$ -	\$ 3,131,533

(CONTINUED)

	SPECIAL REVENUE FUNDS (concluded)			DEBT SERVICE FUNDS		
	FIFTH AVENUE TAX INCREMENT FUND	COLLEGE PARK TAX INCREMENT FUND	EASTSIDE TAX INCREMENT FUND	FFGFC SERIES 2005	FFGFC SERIES 2007	GUARANTEED ENTITLEMENT REFUNDING BONDS 2004
ASSETS						
Equity in pooled cash and investments	\$ 847,163	\$13,152,447	\$ 2,720,567	\$ 141,801	\$ -	\$ 42,297
Investments	-	-	-	-	-	-
Receivables	2,873	-	6,400	-	-	-
Due from other funds	-	-	-	-	-	-
Assets held for evidence	-	-	-	-	-	-
TOTAL ASSETS	\$ 850,036	\$13,152,447	\$ 2,726,967	\$ 141,801	\$ -	\$ 42,297
LIABILITIES						
Accounts payable and accrued liabilities	\$ 14,779	\$ 906,226	\$ 263,408	\$ -	\$ -	\$ -
Due to other funds	-	22,621	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	14,779	928,847	263,408	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue-notes receivable	-	-	-	-	-	-
Deferred revenue-assessments net yet available	1,390	-	-	-	-	-
Total Deferred Inflows of Resources	1,390	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	833,867	12,223,600	2,463,559	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	141,801	-	42,297
Unassigned	-	-	-	-	-	-
Total Fund Balances	833,867	12,223,600	2,463,559	141,801	-	42,297
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 850,036	\$13,152,447	\$ 2,726,967	\$ 141,801	\$ -	\$ 42,297

(CONTINUED)

DEBT SERVICE FUNDS (continued)

	PENSION OBLIGATION BOND SERIES <u>2003A</u>	PENSION OBLIGATION BOND SERIES <u>2003B</u>	GPD ENERGY CONSERV. MASTER CAPITAL <u>LEASE</u>	CAPITAL IMPROVEMENT REVENUE NOTE <u>(CIRN) 2009</u>	CAPITAL IMPROVEMENT REVENUE BOND (CIRB) <u>SERIES 2010</u>
ASSETS					
Equity in pooled cash and investments	\$ 125,866	\$ 33,832	\$ 12,040	\$ 33,453	\$ 98,866
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 125,866	\$ 33,832	\$ 12,040	\$ 33,453	\$ 98,866
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	125,866	33,832	12,040	33,453	98,866
Unassigned	-	-	-	-	-
Total Fund Balances	125,866	33,832	12,040	33,453	98,866
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 125,866	\$ 33,832	\$ 12,040	\$ 33,453	\$ 98,866

(CONTINUED)

DEBT SERVICE FUNDS (concluded)

	REVENUE REFUNDING NOTE SERIES <u>2011</u>	CAPITAL IMPROVEMENT REVENUE NOTE SERIES 2011A	REVENUE REFUNDING NOTE SERIES <u>2014</u>	CAPITAL IMPROV. REVENUE BOND SERIES <u>2014</u>	REVENUE REFUNDING NOTE SERIES <u>2016A</u>	CAPITAL IMPROV. REVENUE NOTE <u>2016B</u>
ASSETS						
Equity in pooled cash and investments	\$ 15,110	\$ 8,251	\$ 36,845	\$ 179,737	\$ 13,726	\$ 3,786
Investments	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Assets held for evidence	-	-	-	-	-	-
TOTAL ASSETS	\$ 15,110	\$ 8,251	\$ 36,845	\$ 179,737	\$ 13,726	\$ 3,786
LIABILITIES						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 6,499	\$ 4,062
Due to other funds	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	-	-	-	-	6,499	4,062
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue-notes receivable	-	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	15,110	8,251	36,845	179,737	7,227	-
Unassigned	-	-	-	-	-	(276)
Total Fund Balances	15,110	8,251	36,845	179,737	7,227	(276)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 15,110	\$ 8,251	\$ 36,845	\$ 179,737	\$ 13,726	\$ 3,786

(CONTINUED)

CAPITAL PROJECTS FUNDS

	GENERAL CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT CONSTRUCTION FUND	GREENSPACE AND COMMUNITY IMPROVEMENT FUND	ROADWAY CONSTRUCTION FUND 96	CAPITAL PROJECTS FUND 02
ASSETS					
Equity in pooled cash and investments	\$ 5,102,775	\$ 12,801	\$ 1,294,210	\$ 65,541	\$ 567,214
Investments	-	-	-	-	-
Receivables	19,500	-	-	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 5,122,275	\$ 12,801	\$ 1,294,210	\$ 65,541	\$ 567,214
LIABILITIES					
Accounts payable and accrued liabilities	\$ 106,095	\$ -	\$ -	\$ -	\$ 38,115
Due to other funds	294	-	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	106,389	-	-	-	38,115
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	1,464,808	-	-	-	-
Committed	-	-	-	-	-
Assigned	3,551,078	12,801	1,294,210	65,541	529,099
Unassigned	-	-	-	-	-
Total Fund Balances	5,015,886	12,801	1,294,210	65,541	529,099
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,122,275	\$ 12,801	\$ 1,294,210	\$ 65,541	\$ 567,214

(CONTINUED)

CAPITAL PROJECTS FUNDS (continued)

	FIFTH AVENUE/ PLEASANT ST REHAB PROJ FUND 02	DOWNTOWN PARKING GARAGE SALES TAX FUND	FFGFC 05 CAPITAL PROJECTS FUND	39TH AVENUE FLEET GARAGE EXPANSION FUND	CAPITAL IMPROVEMENT REVENUE BOND (CIRB) 2005 CIP FUND
<u>ASSETS</u>					
Equity in pooled cash and investments	\$ 7,979	\$ 953	\$ 118,534	\$ 440	\$ 1,335,253
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 7,979	\$ 953	\$ 118,534	\$ 440	\$ 1,335,253
<u>LIABILITIES</u>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 163,786
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	-	-	-	-	163,786
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
<u>FUND BALANCES</u>					
Nonspendable	-	-	-	-	-
Restricted	-	953	-	-	-
Committed	-	-	-	-	-
Assigned	7,979	-	118,534	440	1,171,467
Unassigned	-	-	-	-	-
Total Fund Balances	7,979	953	118,534	440	1,171,467
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,979	\$ 953	\$ 118,534	\$ 440	\$ 1,335,253

(CONTINUED)

CAPITAL PROJECTS FUNDS (continued)

	<u>KENNEDY HOMES ACQUISITION/ DEMOLITION FUND</u>	<u>CAMPUS DEVELOPMENT AGREEMENT CAPITAL PROJECTS FUND</u>	<u>ENERGY CONSERVATION CAPITAL PROJECTS FUND</u>	<u>ADD'L 5 CENTS LOCAL OPTION GAS TAX (LOGT) CAPITAL PROJECTS FUND</u>	<u>ADD'L 5 CENTS GAS TAX (LOGT) CIRN 2009 CAPITAL PROJECTS FUND</u>
<u>ASSETS</u>					
Equity in pooled cash and investments	\$ 415,665	\$ 6,068,190	\$ 16,430	\$ 3,407,992	\$ 597,451
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 415,665	\$ 6,068,190	\$ 16,430	\$ 3,407,992	\$ 597,451
<u>LIABILITIES</u>					
Accounts payable and accrued liabilities	\$ -	\$ 4,019	\$ -	\$ 4,572	\$ -
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	-	4,019	-	4,572	-
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
<u>FUND BALANCES</u>					
Nonspendable	-	-	-	-	-
Restricted	-	5,257,916	-	3,403,420	597,451
Committed	-	-	-	-	-
Assigned	415,665	806,255	16,430	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	415,665	6,064,171	16,430	3,403,420	597,451
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 415,665	\$ 6,068,190	\$ 16,430	\$ 3,407,992	\$ 597,451

(CONTINUED)

CAPITAL PROJECTS FUNDS (continued)

	TRAFFIC MGMT SYSTEM BLDG CAPITAL PROJECTS FUND	CAPITAL IMP REVENUE NOTE (CIRN) 2009 CAPITAL PROJECTS FUND	WILD SPACES PUBLIC PLACES 1/2 CENT SALES TAX CAPITAL PROJECTS FUND	WILD SPACES PUBLIC PLACES LAND ACQ. CAPITAL PROJECTS FUND	SENIOR RECREATION CENTER CAPITAL PROJECTS FUND
ASSETS					
Equity in pooled cash and investments	\$ 120,422	\$ -	\$ 164,792	\$ 234,373	\$ 22,683
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 120,422	\$ -	\$ 164,792	\$ 234,373	\$ 22,683
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 29,920	\$ 662	\$ -
Due to other funds	-	527	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	-	527	29,920	662	-
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	134,872	233,711	22,683
Committed	-	-	-	-	-
Assigned	120,422	-	-	-	-
Unassigned	-	(527)	-	-	-
Total Fund Balances	120,422	(527)	134,872	233,711	22,683
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 120,422	\$ -	\$ 164,792	\$ 234,373	\$ 22,683

(CONTINUED)

CAPITAL PROJECTS FUNDS (continued)

	CAPITAL IMP REVENUE BOND (CIRB) 2010 CAPITAL PROJECTS FUND	CAPITAL IMP REVENUE NOTE (CIRN) 2011 CAPITAL PROJECTS FUND	FACILITIES MAINTENANCE RECURRING CAPITAL PROJECTS FUND	EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND	ROADWAY RESURFACING PROGRAM CAPITAL PROJECTS FUND
ASSETS					
Equity in pooled cash and investments	\$ 769,387	\$ 5,940	\$ 1,022,556	\$ 937,475	\$ 1,444,199
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	-	-	-	240,190	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 769,387	\$ 5,940	\$ 1,022,556	\$ 1,177,665	\$ 1,444,199
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ 1,500	\$ 17,899	\$ 1,794	\$ 436,853
Due to other funds	-	-	-	-	1,129
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	-	1,500	17,899	1,794	437,982
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	769,387	4,440	1,004,657	1,175,871	1,006,217
Unassigned	-	-	-	-	-
Total Fund Balances	769,387	4,440	1,004,657	1,175,871	1,006,217
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 769,387	\$ 5,940	\$ 1,022,556	\$ 1,177,665	\$ 1,444,199

(CONTINUED)

CAPITAL PROJECTS FUNDS (concluded)

	CAPITAL IMP REVENUE BOND (CIRB) 2014 CAPITAL PROJECTS FUND	CAPITAL IMP BEAZER SETTLEMENT CAPITAL PROJECTS FUND	CAPITAL IMP REVENUE NOTE 2016B ADD'L 5 CENT GAS TAX CIP FUND	CAPITAL IMP REVENUE NOTE (CIRN) 2017 CAPITAL PROJECTS FUND	WILD SPACES PUBLIC PLACES 1/2 CENT SALES TAX 2017-2025 CIP FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS						
Equity in pooled cash and investments	\$ 7,601,256	\$ 20,769	\$ 5,450,623	\$ -	\$ 3,911,759	\$ 74,139,848
Investments	-	-	-	-	-	1,585,993
Receivables	-	-	-	-	-	3,990,596
Due from other funds	-	-	-	-	-	270,642
Assets held for evidence	-	-	-	-	-	315,251
TOTAL ASSETS	\$ 7,601,256	\$ 20,769	\$ 5,450,623	\$ -	\$ 3,911,759	\$ 80,302,330
LIABILITIES						
Accounts payable and accrued liabilities	\$ 530,804	\$ -	\$ -	\$ 422,362	\$ 117,463	\$ 3,787,429
Due to other funds	400	-	-	381,347	-	2,886,284
Unearned revenues	-	-	-	-	-	113,861
Advances from other funds	-	-	-	-	-	1,840,188
Total Liabilities	531,204	-	-	803,709	117,463	8,627,762
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue-notes receivable	-	-	-	-	-	59,838
Deferred revenue-assessments net yet available	-	-	-	-	-	4,848
Total Deferred Inflows of Resources	-	-	-	-	-	64,686
FUND BALANCES						
Nonspendable	-	-	-	-	-	973,501
Restricted	-	-	-	-	3,794,296	42,831,122
Committed	-	-	-	-	-	4,186,209
Assigned	7,070,052	20,769	5,450,623	-	-	25,434,776
Unassigned	-	-	-	(803,709)	-	(1,815,726)
Total Fund Balances	7,070,052	20,769	5,450,623	(803,709)	3,794,296	71,609,882
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,601,256	\$ 20,769	\$ 5,450,623	\$ -	\$ 3,911,759	\$ 80,302,330

(CONCLUDED)

	SPECIAL REVENUE FUNDS					
	COMMUNITY DEVELOP- MENT BLOCK GRANT FUND	URBAN DEVELOP- MENT ACTION GRANT FUND	HOME GRANT FUND	CULTURAL AND NATURE PROJECTS FUND	STATE LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND	FEDERAL LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,088,941	-	444,337	-	-	-
Charges for services	500	-	-	449,462	-	-
Fines and forfeitures	-	-	-	-	33,840	33,625
Miscellaneous	1,620	-	23,201	65,493	3,746	-
TOTAL REVENUES	1,091,061	-	467,538	514,955	37,586	33,625
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	197,967	-	-	-	4,447	339,031
Physical environment	-	-	-	-	-	-
Transportation	39,593	-	-	-	-	-
Economic environment	697,721	-	464,826	-	-	-
Human services	142,296	-	-	-	-	-
Culture and recreation	-	-	-	470,624	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	1,077,577	-	464,826	470,624	4,447	339,031
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,484	-	2,712	44,331	33,139	(305,406)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	24,500	-	-	-	-
Transfers out	(13,484)	-	(2,712)	(4,059)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(13,484)	24,500	(2,712)	(4,059)	-	-
NET CHANGE IN FUND BALANCES	-	24,500	-	40,272	33,139	(305,406)
FUND BALANCES, October 1	172,462	(55,156)	98,595	89,768	162,976	1,351,224
FUND BALANCES, September 30	\$ 172,462	\$ (30,656)	\$ 98,595	\$ 130,040	\$ 196,115	\$ 1,045,818

(CONTINUED)

SPECIAL REVENUE FUNDS (continued)

	POLICE BILLABLE OVERTIME FUND	COMMUNITY REDEVELOP- MENT AGENCY FUND	STREET, SIDEWALK AND DITCH IMPROVEMENT FUND	ECONOMIC DEVELOP- MENT FUND	MISCEL- LANEOUS GIFTS AND GRANTS FUND	TRANSPORTATION CONCURRENCY EXCEPTION AREA FUND
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	3,713,316	-
Charges for services	440,573	-	-	-	-	548,220
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	-	1,806	251	378	-	7,308
TOTAL REVENUES	440,573	1,806	251	378	3,713,316	555,528
EXPENDITURES						
Current:						
General government	-	71,502	-	19,008	-	-
Public safety	511,171	-	-	-	1,120,180	-
Physical environment	-	-	-	-	1,100,827	-
Transportation	-	-	-	-	1,320,274	757,382
Economic environment	-	1,110,678	-	61,543	-	-
Human services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	174,570	-
Debt service:						
Principal	-	6,290	-	-	-	-
Interest and fiscal charges	-	17,557	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	511,171	1,206,027	-	80,551	3,715,851	757,382
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(70,598)	(1,204,221)	251	(80,173)	(2,535)	(201,854)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	1,837,285	-	12,000	550	-
Transfers out	-	(30,432)	-	-	(139)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	1,806,853	-	12,000	411	-
NET CHANGE IN FUND BALANCES	(70,598)	602,632	251	(68,173)	(2,124)	(201,854)
FUND BALANCES, October 1	6,951	(1,502,960)	179,812	336,864	788,171	4,366,406
FUND BALANCES, September 30	\$ (63,647)	\$ (900,328)	\$ 180,063	\$ 268,691	\$ 786,047	\$ 4,164,552

(CONTINUED)

SPECIAL REVENUE FUNDS (continued)

	WATER AND WASTEWATER SURCHARGE INFRASTRUCTURE FUND	SHIP FUND	HURRICANE IRMA 2017 FUND	SMALL BUSINESS LOAN FUND	MISC- ELLANEOUS SPECIAL REVENUE FUND	HURRICANE MATTHEW 2017 FUND	TOURIST PRODUCT DEVELOP FY12 FUND
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	307,788	844,906	-	-	598,127	23,599	-
Charges for services	-	-	-	-	80,370	-	-
Fines and forfeitures	-	-	-	-	32,120	-	-
Miscellaneous	1,326	29,846	-	-	509,401	-	-
TOTAL REVENUES	309,114	874,752	-	-	1,220,018	23,599	-
EXPENDITURES							
Current:							
General government	-	-	-	-	344,518	-	-
Public safety	-	-	515,534	-	231,992	23,599	-
Physical environment	4,310	-	-	-	46,470	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	598,814	-	50,000	500	-	-
Human services	-	-	-	-	1,200,524	-	-
Culture and recreation	-	-	-	-	167,052	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	4,310	598,814	515,534	50,000	1,991,056	23,599	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	304,804	275,938	(515,534)	(50,000)	(771,038)	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	515,534	-	658,313	-	-
Transfers out	-	-	-	-	(273,536)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	515,534	-	384,777	-	-
NET CHANGE IN FUND BALANCES	304,804	275,938	-	(50,000)	(386,261)	-	-
FUND BALANCES, October 1	718,913	1,219,350	-	71,201	950,299	-	-
FUND BALANCES, September 30	\$ 1,023,717	\$ 1,495,288	\$ -	\$ 21,201	\$ 564,038	\$ -	\$ -

(CONTINUED)

SPECIAL REVENUE FUNDS (continued)

	TOURIST PRODUCT DEVELOP FY13 FUND	TOURIST PRODUCT DEVELOP FY14 FUND	TOURIST PRODUCT DEVELOP FY15 FUND	TOURIST PRODUCT DEVELOP FY16 FUND	TREE MITIGATION FUND	EVERGREEN CEMETERY TRUST FUND	SCHOOL CROSSING GUARD TRUST FUND
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	4,281	-
Fines and forfeitures	-	-	-	-	-	-	27,752
Miscellaneous	-	-	-	-	792,079	249,939	35
TOTAL REVENUES	-	-	-	-	792,079	254,220	27,787
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Physical environment	-	-	-	-	301,746	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Culture and recreation	-	5,050	4,440	78,768	208,620	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	5,050	4,440	78,768	510,366	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(5,050)	(4,440)	(78,768)	281,713	254,220	27,787
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(160,000)	(79,306)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	(160,000)	(79,306)
NET CHANGE IN FUND BALANCES	-	(5,050)	(4,440)	(78,768)	281,713	94,220	(51,519)
FUND BALANCES, October 1	1,289	5,050	4,440	78,768	2,460,847	1,530,730	66,697
FUND BALANCES, September 30	\$ 1,289	\$ -	\$ -	\$ -	\$ 2,742,560	\$ 1,624,950	\$ 15,178

(CONTINUED)

SPECIAL REVENUE FUNDS (concluded)

	ART IN PUBLIC PLACES TRUST FUND	DOWNTOWN REDEVELOP- MENT TAX INCREMENT FUND	FIFTH AVENUE TAX INCREMENT FUND	COLLEGE PARK TAX INCREMENT FUND	EASTSIDE TAX INCREMENT FUND
REVENUES					
Taxes	\$ -	\$ 1,565,762	\$ 355,030	\$ 2,607,361	\$ 385,974
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Miscellaneous	(121)	72,117	18,605	15,680	26,224
TOTAL REVENUES	(121)	1,637,879	373,635	2,623,041	412,198
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	1,141,240	187,019	3,177,624	568,029
Human services	-	-	-	-	-
Culture and recreation	3,708	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	3,708	1,141,240	187,019	3,177,624	568,029
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,829)	496,639	186,616	(554,583)	(155,831)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	790,492	179,241	1,316,353	194,863
Transfers out	-	(659,954)	(296,720)	(717,140)	(187,971)
TOTAL OTHER FINANCING SOURCES (USES)	-	130,538	(117,479)	599,213	6,892
NET CHANGE IN FUND BALANCES	(3,829)	627,177	69,137	44,630	(148,939)
FUND BALANCES, October 1	(12,754)	2,489,429	764,730	12,178,970	2,612,498
FUND BALANCES, September 30	\$ (16,583)	\$ 3,116,606	\$ 833,867	\$ 12,223,600	\$ 2,463,559

(CONTINUED)

DEBT SERVICE FUNDS

	FFGFC SERIES 2005	FFGFC SERIES 2007	GUARANTEED ENTITLEMENT REFUNDING BONDS 2004	PENSION OBLIGATION BOND SERIES 2003A	PENSION OBLIGATION BOND SERIES 2003B	GPD ENERGY CONSERV. CAPITAL LEASE	CAPITAL IMPROV. REVENUE NOTE (CIRN) 2009
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	955,000	1,930,328	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Miscellaneous	597	-	(2,316)	2,754	1,185	8	(1,002)
TOTAL REVENUES	597	-	952,684	1,933,082	1,185	8	(1,002)
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	1,000,000	886,356	2,095,000	95,409	499,799
Interest and fiscal charges	-	-	55,345	2,224,419	2,333,920	5,984	70,782
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	1,055,345	3,110,775	4,428,920	101,393	570,581
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	597	-	(102,661)	(1,177,693)	(4,427,735)	(101,385)	(571,583)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	1,175,892	4,288,921	31,393	508,249
Transfers out	-	(3,694)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(3,694)	-	1,175,892	4,288,921	31,393	508,249
NET CHANGE IN FUND BALANCES	597	(3,694)	(102,661)	(1,801)	(138,814)	(69,992)	(63,334)
FUND BALANCES, October 1	141,204	3,694	144,958	127,667	172,646	82,032	96,787
FUND BALANCES, September 30	\$ 141,801	\$ -	\$ 42,297	\$ 125,866	\$ 33,832	\$ 12,040	\$ 33,453

(CONTINUED)

DEBT SERVICE FUNDS (concluded)

	CAPITAL IMPROV. REV BOND (CIRB) SERIES 2010	REVENUE REFUNDING NOTE SERIES 2011	CAPITAL IMPROVEMENT REVENUE NOTE SERIES 2011A	REVENUE REFUNDING NOTE SERIES 2014	CAPITAL IMPROV. REVENUE BOND SERIES 2014	REVENUE REFUNDING NOTE SERIES 2016A	CAPITAL IMPROV. REVENUE NOTE 2016B
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Miscellaneous	245	(1,127)	316	1,305	653	(529)	(290)
TOTAL REVENUES	245	(1,127)	316	1,305	653	(529)	(290)
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	129,156	600,000	385,000	1,320,000	449,138	45,978	-
Interest and fiscal charges	92,208	93,085	50,362	315,953	435,962	266,977	167,025
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	221,364	693,085	435,362	1,635,953	885,100	312,955	167,025
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(221,119)	(694,212)	(435,046)	(1,634,648)	(884,447)	(313,484)	(167,315)
OTHER FINANCING SOURCES (USES)							
Transfers in	219,864	690,152	406,030	1,635,120	885,099	320,690	167,027
Transfers out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	219,864	690,152	406,030	1,635,120	885,099	320,690	167,027
NET CHANGE IN FUND BALANCES	(1,255)	(4,060)	(29,016)	472	652	7,206	(288)
FUND BALANCES, October 1	100,121	19,170	37,267	36,373	179,085	21	12
FUND BALANCES, September 30	\$ 98,866	\$ 15,110	\$ 8,251	\$ 36,845	\$ 179,737	\$ 7,227	\$ (276)

(CONTINUED)

CAPITAL PROJECTS FUNDS						
	GREENSPACE AND				FIFTH AVENUE/ PLEASANT ST.	
GENERAL CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT CONSTRUCTION FUND	COMMUNITY IMPROVEMENT FUND	ROADWAY CONSTRUCTION FUND 96	CAPITAL PROJECTS FUND 02	REHAB. PROJ. FUND 02	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	215,796	18	1,795	91	813	11
TOTAL REVENUES	215,796	18	1,795	91	813	11
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	1,380,085	-	22,575	-	62,078	-
TOTAL EXPENDITURES	1,380,085	-	22,575	-	62,078	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,164,289)	18	(20,780)	91	(61,265)	11
OTHER FINANCING SOURCES (USES)						
Transfers in	2,866,208	-	-	-	-	-
Transfers out	(71,648)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,794,560	-	-	-	-	-
NET CHANGE IN FUND BALANCES	1,630,271	18	(20,780)	91	(61,265)	11
FUND BALANCES, October 1	3,385,615	12,783	1,314,990	65,450	590,364	7,968
FUND BALANCES, September 30	\$ 5,015,886	\$ 12,801	\$ 1,294,210	\$ 65,541	\$ 529,099	\$ 7,979

(CONTINUED)

CAPITAL PROJECTS FUNDS (continued)

	DOWNTOWN PARKING GARAGE SALES TAX FUND	FFGFC 05 CAPITAL PROJECTS FUND	39TH AVE FLEET GARAGE EXPANSION FUND	CAPITAL IMPROVEMENT REVENUE BOND (CIRB) 2005 CIP FUND	KENNEDY HOMES ACQUISITION/ DEMOLITION FUND	CAMPUS DEVELOP AGREEMENT CAPITAL PROJECTS FUND	ENERGY CONSER- VATION CAPITAL PROJECTS FUND
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Miscellaneous	1	201	-	2,694	-	8,702	(40)
TOTAL REVENUES	1	201	-	2,694	-	8,702	(40)
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlay	-	24,541	-	1,031,531	134,202	183,916	38,637
TOTAL EXPENDITURES	-	24,541	-	1,031,531	134,202	183,916	38,637
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1	(24,340)	-	(1,028,837)	(134,202)	(175,214)	(38,677)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	1	(24,340)	-	(1,028,837)	(134,202)	(175,214)	(38,677)
FUND BALANCES, October 1	952	142,874	440	2,200,304	549,867	6,239,385	55,107
FUND BALANCES, September 30	\$ 953	\$ 118,534	\$ 440	\$ 1,171,467	\$ 415,665	\$ 6,064,171	\$ 16,430

(CONTINUED)

CAPITAL PROJECTS FUNDS (continued)

	ADD'L 5 CENT LOCAL OPT GAS TAX CAPITAL PROJECTS FUND	ADD'L 5 CENT GAS TAX CIRN 2009 CAPITAL PROJECTS FUND	TRAFFIC MGMT BLDG CAPITAL PROJECTS FUND	CAPITAL IMP REV NOTE (CIRN) 2009 CAPITAL PROJECTS FUND	WILD SPACES PUBLIC PLACES 1/2 CENT SALES TAX CAPITAL PROJECTS FUND	WILD SPACES PUBLIC PLACES LAND ACQ. CAPITAL PROJECTS FUND
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,201,830	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	15,373	835	183	(4)	200	25,441
TOTAL REVENUES	2,217,203	835	183	(4)	200	25,441
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	178,542	461	-	-	33,420	12,759
TOTAL EXPENDITURES	178,542	461	-	-	33,420	12,759
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,038,661	374	183	(4)	(33,220)	12,682
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(1,036,036)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,036,036)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	1,002,625	374	183	(4)	(33,220)	12,682
FUND BALANCES, October 1	2,400,795	597,077	120,239	(523)	168,092	221,029
FUND BALANCES, September 30	\$ 3,403,420	\$ 597,451	\$ 120,422	\$ (527)	\$ 134,872	\$ 233,711

(CONTINUED)

CAPITAL PROJECTS FUNDS (continued)

	SENIOR RECREATION CENTER CAPITAL PROJECTS FUND	CAPITAL IMP REVENUE BOND (CIRB) 2010 CAPITAL PROJECTS FUND	CAPITAL IMP REVENUE NOTE (CIRN) 2011 CAPITAL PROJECTS FUND	FACILITIES MAINTENANCE RECURRING CAPITAL PROJECTS FUND	EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND	ROADWAY RESURFACING PROGRAM CAPITAL PROJECTS FUND	CAPITAL IMP REVENUE BOND (CIRB) 2014 CAPITAL PROJECTS FUND
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Miscellaneous	31	1,089	(110)	1,373	496	1,095	10,221
TOTAL REVENUES	31	1,089	(110)	1,373	496	1,095	10,221
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlay	-	34,782	61,208	205,430	458,158	2,664,284	2,141,074
TOTAL EXPENDITURES	-	34,782	61,208	205,430	458,158	2,664,284	2,141,074
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	31	(33,693)	(61,318)	(204,057)	(457,662)	(2,663,189)	(2,130,853)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	562,500	977,500	2,072,069	-
Transfers out	-	-	-	(21,260)	-	(12,136)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	541,240	977,500	2,059,933	-
NET CHANGE IN FUND BALANCES	31	(33,693)	(61,318)	337,183	519,838	(603,256)	(2,130,853)
FUND BALANCES, October 1	22,652	803,080	65,758	667,474	656,033	1,609,473	9,200,905
FUND BALANCES, September 30	\$ 22,683	\$ 769,387	\$ 4,440	\$ 1,004,657	\$ 1,175,871	\$ 1,006,217	\$ 7,070,052

(CONTINUED)

CAPITAL PROJECTS FUNDS (concluded)

	CAPITAL IMP BEAZER SETTLEMENT CAPITAL PROJECTS FUND	CAPITAL IMP REVENUE NOTE 2016B ADD'L 5 CENT GAS TAX CIP FUND	CAPITAL IMP REVENUE NOTE (CIRN) 2017 CAPITAL PROJECTS FUND	WILD SPACES PUBLIC PLACES 1/2 CENT SALES TAX 2017-2025 CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 4,233,461	\$ 9,147,588
Intergovernmental	-	-	-	-	12,108,172
Charges for services	-	-	-	-	1,523,406
Fines and forfeitures	-	-	-	-	127,337
Miscellaneous	358	8,565	(358)	8,059	2,123,662
TOTAL REVENUES	358	8,565	(358)	4,241,520	25,030,165
EXPENDITURES					
Current:					
General government	-	-	-	-	435,028
Public safety	-	-	-	-	2,943,921
Physical environment	-	-	-	-	1,453,353
Transportation	-	-	-	-	2,117,249
Economic environment	-	-	-	-	8,057,994
Human services	-	-	-	-	1,342,820
Culture and recreation	-	-	-	-	1,112,832
Debt service:					
Principal	-	-	-	-	7,512,126
Interest and fiscal charges	-	-	-	-	6,129,579
Capital outlay	338,005	40,708	803,351	447,224	10,296,971
TOTAL EXPENDITURES	338,005	40,708	803,351	447,224	41,401,873
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(337,647)	(32,143)	(803,709)	3,794,296	(16,371,708)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	22,335,845
Transfers out	-	-	-	-	(3,570,227)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	18,765,618
NET CHANGE IN FUND BALANCES	(337,647)	(32,143)	(803,709)	3,794,296	2,393,910
FUND BALANCES, October 1	358,416	5,482,766	-	-	69,215,972
FUND BALANCES, September 30	\$ 20,769	\$ 5,450,623	\$ (803,709)	\$ 3,794,296	\$ 71,609,882

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
REVENUES					
Intergovernmental	\$ 1,088,941	\$ -	\$ 1,088,941	\$ 1,211,681	\$ (122,740)
Charges for services	500	-	500	500	-
Miscellaneous	1,620	-	1,620	1,420	200
TOTAL REVENUES	<u>1,091,061</u>	<u>-</u>	<u>1,091,061</u>	<u>1,213,601</u>	<u>(122,540)</u>
EXPENDITURES					
Public safety	197,967	-	197,967	279,963	81,996
Transportation	39,593	-	39,593	46,832	7,239
Economic environment	697,721	116,349	814,070	1,911,739	1,097,669
Human services	142,296	28,499	170,795	248,476	77,681
TOTAL EXPENDITURES	<u>1,077,577</u>	<u>144,848</u>	<u>1,222,425</u>	<u>2,487,010</u>	<u>1,264,585</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,484	(144,848)	(131,364)	(1,273,409)	1,142,045
OTHER FINANCING USES					
Transfers out	(13,484)	-	(13,484)	(13,484)	-
NET CHANGE IN FUND BALANCES	\$ -	\$ (144,848)	\$ (144,848)	\$ (1,286,893)	\$ 1,142,045

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
URBAN DEVELOPMENT ACTION GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>					
Culture and recreation	-	-	-	<u>2,042</u>	<u>2,042</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	(2,042)	2,042
<u>OTHER FINANCING SOURCES</u>					
Transfers In	<u>24,500</u>	-	<u>24,500</u>	<u>24,500</u>	-
NET CHANGE IN FUND BALANCE	<u>\$ 24,500</u>	<u>\$ -</u>	<u>\$ 24,500</u>	<u>\$ 22,458</u>	<u>\$ 2,042</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
HOME GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Intergovernmental	\$ 444,337	\$ -	\$ 444,337	\$ 451,124	\$ (6,787)
Miscellaneous	<u>23,201</u>	<u>-</u>	<u>23,201</u>	<u>20,964</u>	<u>2,237</u>
TOTAL REVENUES	467,538	-	467,538	472,088	(4,550)
<u>EXPENDITURES</u>					
Economic environment	<u>464,826</u>	<u>31,694</u>	<u>496,520</u>	<u>1,855,012</u>	<u>1,358,492</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,712	(31,694)	(28,982)	(1,382,924)	1,353,942
<u>OTHER FINANCING USES</u>					
Transfers out	<u>(2,712)</u>	<u>-</u>	<u>(2,712)</u>	<u>(2,327)</u>	<u>(385)</u>
NET CHANGE IN FUND BALANCES	\$ -	\$ (31,694)	\$ (31,694)	\$ (1,385,251)	\$ 1,353,557

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CULTURAL AND NATURE PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Charges for services:					
Entry fees and ticket sales	\$ 449,462	\$ -	\$ 449,462	\$ 439,516	\$ 9,946
Miscellaneous:					
Donations	50,648	-	50,648	50,130	518
Other miscellaneous	14,845	-	14,845	24,188	(9,343)
Total miscellaneous	65,493	-	65,493	74,318	(8,825)
TOTAL REVENUES	514,955	-	514,955	513,834	1,121
<u>EXPENDITURES</u>					
Culture and recreation	470,624	-	470,624	480,204	9,580
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	44,331	-	44,331	33,630	10,701
<u>OTHER FINANCING (USES)</u>					
Transfers out	(4,059)	-	(4,059)	(4,059)	-
NET CHANGE IN FUND BALANCES	\$ 40,272	\$ -	\$ 40,272	\$ 29,571	\$ 10,701

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
STATE LAW ENFORCEMENT CONTRABAND FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Fines and forfeitures:					
Confiscated property	\$ 33,840	\$ -	\$ 33,840	\$ -	\$ 33,840
Miscellaneous:					
Investment income	235	-	235	-	235
Other miscellaneous	3,511	-	3,511	-	3,511
Total miscellaneous	3,746	-	3,746	-	3,746
TOTAL REVENUES	37,586	-	37,586	-	37,586
<u>EXPENDITURES</u>					
Public safety	4,447	-	4,447	41,001	36,554
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 33,139	\$ -	\$ 33,139	\$ (41,001)	\$ 74,140

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FEDERAL LAW ENFORCEMENT CONTRABAND FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Fines and forfeitures:					
Confiscated property	\$ 33,625	\$ -	\$ 33,625	\$ -	\$ 33,625
<u>EXPENDITURES</u>					
Public safety	<u>339,031</u>	<u>-</u>	<u>339,031</u>	<u>590,231</u>	<u>251,200</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (305,406)</u>	<u>\$ -</u>	<u>\$ (305,406)</u>	<u>\$ (590,231)</u>	<u>\$ 284,825</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
POLICE BILLABLE OVERTIME FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Charges for services:					
Billable overtime	\$ 440,573	\$ -	\$ 440,573	\$ 658,632	\$ (218,059)
<u>EXPENDITURES</u>					
Public safety	<u>511,171</u>	<u>-</u>	<u>511,171</u>	<u>649,750</u>	<u>138,579</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (70,598)</u>	<u>\$ -</u>	<u>\$ (70,598)</u>	<u>\$ 8,882</u>	<u>\$ (79,480)</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Miscellaneous:					
Investment income	\$ 1,806	\$ -	\$ 1,806	\$ -	\$ 1,806
<u>EXPENDITURES</u>					
Current:					
General government	71,502	-	71,502	72,510	1,008
Economic environment	1,110,678	9,989	1,120,667	1,585,728	465,061
Debt service:					
Principal	6,290	-	6,290	-	(6,290)
Interest	17,557	-	17,557	-	(17,557)
TOTAL EXPENDITURES	<u>1,206,027</u>	<u>9,989</u>	<u>1,216,016</u>	<u>1,658,238</u>	<u>442,222</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,204,221)</u>	<u>(9,989)</u>	<u>(1,214,210)</u>	<u>(1,658,238)</u>	<u>444,028</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	1,837,285	-	1,837,285	1,837,285	-
Transfers out	(30,432)	-	(30,432)	(30,432)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,806,853</u>	<u>-</u>	<u>1,806,853</u>	<u>1,806,853</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 602,632</u>	<u>\$ (9,989)</u>	<u>\$ 592,643</u>	<u>\$ 148,615</u>	<u>\$ 444,028</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Miscellaneous:					
Investment income	\$ 378	\$ -	\$ 378	\$ -	\$ 378
<u>EXPENDITURES</u>					
General government	19,008	130,316	149,324	188,780	39,456
Economic environment	61,543	-	61,543	100,000	38,457
TOTAL EXPENDITURES	80,551	130,316	210,867	288,780	77,913
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(80,173)	(130,316)	(210,489)	(288,780)	78,291
<u>OTHER FINANCING SOURCES</u>					
Transfers in	12,000	-	12,000	12,000	-
NET CHANGE IN FUND BALANCES	\$ (68,173)	\$ (130,316)	\$ (198,489)	\$ (276,780)	\$ 78,291

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
EVERGREEN CEMETERY TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Charges for services	\$ 4,281	\$ -	\$ 4,281	\$ 4,194	\$ 87
Miscellaneous:					
Investment income	<u>249,939</u>	<u>-</u>	<u>249,939</u>	<u>28,442</u>	<u>221,497</u>
TOTAL REVENUES	254,220	-	254,220	32,636	221,584
<u>EXPENDITURES</u>					
Physical environment:	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,062</u>	<u>71,062</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	254,220	-	254,220	(38,426)	292,646
<u>OTHER FINANCING USES</u>					
Transfers out	<u>(160,000)</u>	<u>-</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	\$ 94,220	\$ -	\$ 94,220	\$ (198,426)	\$ 292,646

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
SCHOOL CROSSING GUARD TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Fines and forfeitures	\$ 27,752	\$ -	\$ 27,752	\$ 40,000	\$ (12,248)
Miscellaneous:					
Investment income	<u>35</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>35</u>
TOTAL REVENUES	27,787	-	27,787	40,000	(12,213)
<u>EXPENDITURES</u>					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	27,787	-	27,787	40,000	(12,213)
<u>OTHER FINANCING USES</u>					
Transfers out	<u>(79,306)</u>	<u>-</u>	<u>(79,306)</u>	<u>(79,306)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	\$ (51,519)	\$ -	\$ (51,519)	\$ (39,306)	\$ (12,213)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
ART IN PUBLIC PLACES TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Miscellaneous:					
Investment income	\$ (121)	\$ -	\$ (121)	\$ -	\$ (121)
<u>EXPENDITURES</u>					
Culture and recreation	<u>3,708</u>	<u>-</u>	<u>3,708</u>	<u>43,373</u>	<u>39,665</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ (3,829)</u>	<u>\$ -</u>	<u>\$ (3,829)</u>	<u>\$ (43,373)</u>	<u>\$ 39,544</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 2005
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ 597	\$ -	\$ 597
<u>EXPENDITURES</u>			
Debt service:			
Interest and fiscal charges	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 597</u>	<u>\$ -</u>	<u>\$ 597</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 2007
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>			
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	-	-
Transfers out	(3,694)	(3,694)	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,694)	(3,694)	-
NET CHANGE IN FUND BALANCES	\$ (3,694)	\$ (3,694)	\$ -

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GUARANTEED ENTITLEMENT REVENUE AND REFUNDING BONDS 2004
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Intergovernmental:			
State revenue sharing	\$ 955,000	\$ 955,000	\$ -
Miscellaneous:			
Investment income	(2,316)	5,000	(7,316)
TOTAL REVENUES	<u>952,684</u>	<u>960,000</u>	<u>(7,316)</u>
<u>EXPENDITURES</u>			
Debt service:			
Principal	1,000,000	1,000,000	-
Interest and fiscal charges	55,345	55,500	155
TOTAL EXPENDITURES	<u>1,055,345</u>	<u>1,055,500</u>	<u>155</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (102,661)</u>	<u>\$ (95,500)</u>	<u>\$ (7,161)</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
PENSION OBLIGATION BOND SERIES 2003A
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Intergovernmental:			
Local cost sharing - GRU	\$ 1,918,102	\$ 1,928,551	\$ (10,449)
Other local cost sharing	<u>12,226</u>	<u>12,226</u>	<u>-</u>
Total intergovernmental	1,930,328	1,940,777	(10,449)
Miscellaneous:			
Investment income	<u>2,754</u>	<u>5,000</u>	<u>(2,246)</u>
TOTAL REVENUES	<u>1,933,082</u>	<u>1,945,777</u>	<u>(12,695)</u>
<u>EXPENDITURES</u>			
Debt service:			
Principal	886,356	886,356	-
Interest & fiscal charges	<u>2,224,419</u>	<u>2,224,420</u>	<u>1</u>
TOTAL EXPENDITURES	<u>3,110,775</u>	<u>3,110,776</u>	<u>1</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,177,693)	(1,164,999)	(12,694)
<u>OTHER FINANCING SOURCES</u>			
Transfers in	<u>1,175,892</u>	<u>1,175,892</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,801)</u>	<u>\$ 10,893</u>	<u>\$ (12,694)</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
PENSION OBLIGATION BOND SERIES 2003B
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment income	<u>\$ 1,185</u>	<u>\$ 5,000</u>	<u>\$ (3,815)</u>
<u>EXPENDITURES</u>			
Debt service:			
Principal	2,095,000	2,095,000	-
Interest & fiscal charges	<u>2,333,920</u>	<u>2,333,921</u>	<u>1</u>
TOTAL EXPENDITURES	<u>4,428,920</u>	<u>4,428,921</u>	<u>1</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,427,735)	(4,423,921)	(3,814)
<u>OTHER FINANCING SOURCES</u>			
Transfers in	<u>4,288,921</u>	<u>4,288,921</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (138,814)</u>	<u>\$ (135,000)</u>	<u>\$ (3,814)</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GPD ENERGY CONSERVATION MASTER CAPITAL LEASE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ <u>8</u>	\$ <u>-</u>	\$ <u>8</u>
<u>EXPENDITURES</u>			
Debt service:			
Principal	95,409	95,409	-
Interest and fiscal charges	<u>5,984</u>	<u>5,984</u>	<u>-</u>
TOTAL EXPENDITURES	<u>101,393</u>	<u>101,393</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(101,385)	(101,393)	8
<u>OTHER FINANCING SOURCES</u>			
Transfers in	<u>31,393</u>	<u>31,393</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (69,992)</u>	<u>\$ (70,000)</u>	<u>\$ 8</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE NOTE (CIRN) - SERIES 2009
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ (1,002)	\$ 1,000	\$ (2,002)
<u>EXPENDITURES</u>			
Debt service:			
Principal	499,799	499,799	-
Interest and fiscal charges	70,782	71,850	1,068
TOTAL EXPENDITURES	570,581	571,649	1,068
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(571,583)	(570,649)	(934)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	508,249	508,249	-
NET CHANGE IN FUND BALANCES	\$ (63,334)	\$ (62,400)	\$ (934)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE BOND (CIRB) - SERIES 2010
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ 245	\$ 2,000	\$ (1,755)
<u>EXPENDITURES</u>			
Debt service:			
Principal	129,156	129,156	-
Interest and fiscal charges	92,208	95,209	3,001
TOTAL EXPENDITURES	221,364	224,365	3,001
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(221,119)	(222,365)	1,246
<u>OTHER FINANCING SOURCES</u>			
Transfers in	219,864	219,864	-
NET CHANGE IN FUND BALANCES	\$ (1,255)	\$ (2,501)	\$ 1,246

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
REVENUE REFUNDING NOTE SERIES 2011
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ (1,127)	\$ -	\$ (1,127)
<u>EXPENDITURES</u>			
Debt service:			
Principal	600,000	600,000	-
Interest and fiscal charges	93,085	93,087	2
TOTAL EXPENDITURES	693,085	693,087	2
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(694,212)	(693,087)	(1,125)
<u>OTHER FINANCING SOURCES</u>			
Transfers in	690,152	690,152	-
NET CHANGE IN FUND BALANCES	\$ (4,060)	\$ (2,935)	\$ (1,125)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE NOTE SERIES 2011A
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ 316	\$ -	\$ 316
<u>EXPENDITURES</u>			
Debt service:			
Principal	385,000	385,000	-
Interest and fiscal charges	50,362	50,362	-
TOTAL EXPENDITURES	435,362	435,362	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(435,046)	(435,362)	316
<u>OTHER FINANCING SOURCES</u>			
Transfers in	406,030	406,030	-
NET CHANGE IN FUND BALANCES	\$ (29,016)	\$ (29,332)	\$ 316

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
REVENUE REFUNDING NOTE SERIES 2014
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Miscellaneous:			
Investment income	<u>\$ 1,305</u>	<u>\$ -</u>	<u>\$ 1,305</u>
<u>EXPENDITURES</u>			
Debt service:			
Principal	1,320,000	1,320,000	-
Interest and fiscal charges	<u>315,953</u>	<u>316,620</u>	<u>667</u>
TOTAL EXPENDITURES	<u>1,635,953</u>	<u>1,636,620</u>	<u>667</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,634,648)	(1,636,620)	1,972
<u>OTHER FINANCING SOURCES</u>			
Transfers in	<u>1,635,120</u>	<u>1,635,120</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 472</u>	<u>\$ (1,500)</u>	<u>\$ 1,972</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE BOND SERIES 2014
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ 653	\$ -	\$ 653
<u>EXPENDITURES</u>			
Debt service:			
Principal	449,138	449,138	-
Interest and fiscal charges	435,962	435,962	-
TOTAL EXPENDITURES	885,100	885,100	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(884,447)	(885,100)	653
<u>OTHER FINANCING SOURCES</u>			
Transfers in	885,099	885,099	-
NET CHANGE IN FUND BALANCES	\$ 652	\$ (1)	\$ 653

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE REFUNDING (CIRN) NOTE 2016A
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ (529)	\$ -	\$ (529)
<u>EXPENDITURES</u>			
Debt service:			
Principal	45,978	47,584	1,606
Interest and fiscal charges	266,977	273,106	6,129
TOTAL EXPENDITURES	312,955	320,690	7,735
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(313,484)	(320,690)	7,206
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	320,690	320,690	-
TOTAL OTHER FINANCING SOURCES (USES)	320,690	320,690	-
NET CHANGE IN FUND BALANCES	\$ 7,206	\$ -	\$ 7,206

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE (CIRN) NOTE 2016B
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ (290)	\$ -	\$ (290)
<u>EXPENDITURES</u>			
Debt service:			
Interest and fiscal charges	<u>167,025</u>	<u>167,027</u>	<u>2</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(167,315)	(167,027)	(288)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	<u>167,027</u>	<u>167,027</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (288)</u>	<u>\$ -</u>	<u>\$ (288)</u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City maintains the following non-major Enterprise Funds:

Regional Transit System Fund - to account for the operations of the City's mass transit system, funded by user fees and state and federal grants.

Stormwater Management Utility Fund - to account for the operations of a program designed to maintain, replace and expand the City's stormwater-related infrastructure, funded by user fees.

Ironwood Golf Course Fund - to account for the operations of the City owned golf course, funded by user fees and transfer from the General Fund.

Florida Building Code Enforcement Fund - to account for the operations of the City's code enforcement operations, funded by building permit revenues.

Solid Waste Fund - to account for the City's refuse and recycling collection program. The refuse and recycling collections are performed by private contractors and are funded through user fees.

	REGIONAL TRANSIT SYSTEM FUND	STORMWATER MANAGEMENT UTILITY FUND	IRONWOOD GOLF COURSE FUND
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 3,750	\$ -	\$ 3,400
Equity in pooled cash and investments	-	3,448,750	-
Receivables	4,459,693	987,030	1,400
Due from other funds	14,512	-	-
Inventories	<u>1,313,380</u>	<u>-</u>	<u>65,402</u>
Total current assets	<u>5,791,335</u>	<u>4,435,780</u>	<u>70,202</u>
Noncurrent assets:			
Capital assets (net of accumulated depreciation):			
Buildings	37,241,839	1,476,152	325,665
Improvements other than buildings	1,621,848	-	919,127
Machinery and equipment	16,998,353	213,784	217,729
Infrastructure	-	31,600,677	-
Capital assets (not depreciated):			
Land	4,690,877	4,154,002	520,265
Construction in progress	<u>581,358</u>	<u>1,251,366</u>	<u>-</u>
TOTAL ASSETS	<u>66,925,610</u>	<u>43,131,761</u>	<u>2,052,988</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>2,113,890</u>	<u>463,727</u>	<u>24,428</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,113,890</u>	<u>463,727</u>	<u>24,428</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	1,047,212	316,876	38,594
Accounts payable - payroll	306,780	44,666	4,329
Due to other funds	4,787,200	563,671	1,259,383
Current portion of long-term debt	<u>15,303</u>	<u>189,768</u>	<u>57,819</u>
Total current liabilities	<u>6,156,495</u>	<u>1,114,981</u>	<u>1,360,125</u>
Noncurrent liabilities:			
Long-term debt	382,568	1,879,659	898,610
Net pension liability	<u>16,897,198</u>	<u>3,704,658</u>	<u>197,959</u>
Total noncurrent liabilities	<u>17,279,766</u>	<u>5,584,317</u>	<u>1,096,569</u>
TOTAL LIABILITIES	<u>23,436,261</u>	<u>6,699,298</u>	<u>2,456,694</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>160,119</u>	<u>35,369</u>	<u>1,538</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>160,119</u>	<u>35,369</u>	<u>1,538</u>
<u>NET POSITION</u>			
Net investment in capital assets	61,134,275	36,626,554	1,982,786
Restricted for:			
RTS grant	468,600	-	-
Unrestricted	<u>(16,159,755)</u>	<u>234,267</u>	<u>(2,363,602)</u>
TOTAL NET POSITION	<u>\$ 45,443,120</u>	<u>\$ 36,860,821</u>	<u>\$ (380,816)</u>

(CONTINUED)

	FLORIDA BUILDING CODE ENFORCEMENT FUND	SOLID WASTE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ 7,150
Equity in pooled cash and investments	5,927,189	3,901,510	13,277,449
Receivables	-	1,028,369	6,476,492
Due from other funds	46,074	-	60,586
Inventories	4,143	-	1,382,925
Total current assets	<u>5,977,406</u>	<u>4,929,879</u>	<u>21,204,602</u>
Noncurrent assets:			
Capital assets (net of accumulated depreciation):			
Buildings	-	459,451	39,503,107
Improvements other than buildings	-	-	2,540,975
Machinery and equipment	11,701	5,141	17,446,708
Infrastructure	-	-	31,600,677
Capital assets (not depreciated):			
Land	-	100,989	9,466,133
Construction in progress	-	-	1,832,724
TOTAL ASSETS	<u>5,989,107</u>	<u>5,495,460</u>	<u>123,594,926</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>212,404</u>	<u>131,252</u>	<u>2,945,701</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>212,404</u>	<u>131,252</u>	<u>2,945,701</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	544,373	1,017,060	2,964,115
Accounts payable - payroll	35,100	9,517	400,392
Due to other funds	-	195,465	6,805,719
Current portion of long-term debt	2,373	129,204	394,467
Total current liabilities	<u>581,846</u>	<u>1,351,246</u>	<u>10,564,693</u>
Noncurrent liabilities:			
Long-term debt	59,331	2,356,791	5,576,959
Net pension liability	1,696,790	1,046,354	23,542,959
Total noncurrent liabilities	<u>1,756,121</u>	<u>3,403,145</u>	<u>29,119,918</u>
TOTAL LIABILITIES	<u>2,337,967</u>	<u>4,754,391</u>	<u>39,684,611</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>16,209</u>	<u>10,266</u>	<u>223,501</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>16,209</u>	<u>10,266</u>	<u>223,501</u>
<u>NET POSITION</u>			
Net investment in capital assets	11,701	565,581	100,320,897
Restricted for:			
RTS grant	-	-	468,600
Unrestricted	3,835,634	296,474	(14,156,982)
TOTAL NET POSITION	<u>\$ 3,847,335</u>	<u>\$ 862,055</u>	<u>\$ 86,632,515</u>

(CONCLUDED)

	REGIONAL TRANSIT SYSTEM FUND	STORMWATER MANAGEMENT UTILITY FUND	IRONWOOD GOLF COURSE FUND
<u>OPERATING REVENUES</u>			
Sales and service charges	\$ 16,516,593	\$ 8,082,600	\$ 539,477
Other operating revenues	105,504	19,572	-
TOTAL OPERATING REVENUES	<u>16,622,097</u>	<u>8,102,172</u>	<u>539,477</u>
<u>OPERATING EXPENSES</u>			
Operations and maintenance	27,162,496	6,607,365	934,822
Administrative and general	1,718,191	1,079,539	493,488
Depreciation and amortization	4,996,421	1,258,617	169,730
TOTAL OPERATING EXPENSES	<u>33,877,108</u>	<u>8,945,521</u>	<u>1,598,040</u>
OPERATING INCOME (LOSS)	<u>(17,255,011)</u>	<u>(843,349)</u>	<u>(1,058,563)</u>
<u>NON OPERATING REVENUES (EXPENSES)</u>			
Investment income/(loss)	(45,379)	(29,633)	(9,486)
Interest expense	-	(45,900)	(39,220)
Local option gas tax	2,013,788	-	-
Operating grants	10,040,402	275,339	-
TOTAL NON OPERATING REVENUE(EXPENSES)	<u>12,008,811</u>	<u>199,806</u>	<u>(48,706)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(5,246,200)</u>	<u>(643,543)</u>	<u>(1,107,269)</u>
Capital contributions	508,662	4,974,395	28,776
Transfers in	1,067,210	-	783,691
Transfers out	(422,375)	(79,053)	(5,017)
CHANGE IN NET POSITION	<u>(4,092,703)</u>	<u>4,251,799</u>	<u>(299,819)</u>
TOTAL NET POSITION			
October 1	<u>49,535,823</u>	<u>32,609,022</u>	<u>(80,997)</u>
TOTAL NET POSITION			
September 30	<u>\$ 45,443,120</u>	<u>\$ 36,860,821</u>	<u>\$ (380,816)</u>

(CONTINUED)

	FLORIDA BUILDING CODE ENFORCEMENT FUND	SOLID WASTE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
<u>OPERATING REVENUES</u>			
Sales and service charges	\$ 2,819,874	\$ 9,647,915	\$ 37,606,459
Other operating revenues	-	-	125,076
TOTAL OPERATING REVENUES	<u>2,819,874</u>	<u>9,647,915</u>	<u>37,731,535</u>
<u>OPERATING EXPENSES</u>			
Operations and maintenance	2,412,080	7,657,333	44,774,096
Administrative and general	276,705	359,302	3,927,225
Depreciation and amortization	4,355	23,803	6,452,926
TOTAL OPERATING EXPENSES	<u>2,693,140</u>	<u>8,040,438</u>	<u>55,154,247</u>
OPERATING INCOME (LOSS)	<u>126,734</u>	<u>1,607,477</u>	<u>(17,422,712)</u>
<u>NON OPERATING REVENUES (EXPENSES)</u>			
Investment income/(loss)	8,955	1,368	(74,175)
Interest expense	-	(89,641)	(174,761)
Local option gas tax	-	-	2,013,788
Operating grants	-	-	10,315,741
TOTAL NON OPERATING REVENUE(EXPENSES)	<u>8,955</u>	<u>(88,273)</u>	<u>12,080,593</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	135,689	1,519,204	(5,342,119)
Capital contributions	-	-	5,511,833
Transfers in	-	6,400	1,857,301
Transfers out	(277,395)	(1,795,369)	(2,579,209)
CHANGE IN NET POSITION	(141,706)	(269,765)	(552,194)
TOTAL NET POSITION			
October 1	<u>3,989,041</u>	<u>1,131,820</u>	<u>87,184,709</u>
TOTAL NET POSITION			
September 30	<u>\$ 3,847,335</u>	<u>\$ 862,055</u>	<u>\$ 86,632,515</u>

(CONCLUDED)

	REGIONAL TRANSIT SYSTEM FUND	STORMWATER MANAGEMENT UTILITY FUND	IRONWOOD GOLF COURSE FUND
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 18,222,922	\$ 7,475,299	\$ 539,477
Cash paid to suppliers	(12,880,025)	(3,534,035)	(1,182,068)
Cash paid to employees	(13,425,139)	(3,512,319)	(210,469)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(8,082,242)</u>	<u>428,945</u>	<u>(853,060)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Local option gas tax	2,013,788	-	-
Operating grants	9,531,740	275,339	-
Interest paid	(45,379)	-	(9,486)
Interfund borrowing	(416,856)	1,121,272	178,936
Transfers from other funds	1,067,210	-	783,691
Transfers to other funds	(422,375)	(79,053)	(5,017)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES	<u>11,728,128</u>	<u>1,317,558</u>	<u>948,124</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal repayments on long-term debt	-	(168,954)	(55,844)
Interest paid on long-term debt	-	(45,900)	(39,220)
Capital contributions	508,662	-	-
Acquisition and construction of capital assets	(4,154,348)	(1,132,939)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,645,686)</u>	<u>(1,347,793)</u>	<u>(95,064)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received	-	(29,633)	-
Proceeds from investment maturities	-	498,599	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>468,966</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	200	867,676	-
CASH - OCTOBER 1	<u>3,550</u>	<u>2,581,074</u>	<u>3,400</u>
CASH - SEPTEMBER 30	<u>\$ 3,750</u>	<u>\$ 3,448,750</u>	<u>\$ 3,400</u>

(CONTINUED)

	FLORIDA BUILDING CODE ENFORCEMENT FUND	SOLID WASTE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 2,819,874	\$ 8,992,700	\$ 38,050,272
Cash paid to suppliers	(627,743)	(6,711,042)	(24,934,913)
Cash paid to employees	(1,830,320)	(863,032)	(19,841,279)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>361,811</u>	<u>1,418,626</u>	<u>(6,725,920)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Local option gas tax	-	-	2,013,788
Operating grants	-	-	9,807,079
Interest paid	-	-	(54,865)
Interfund borrowing	(45,409)	839,922	1,677,865
Transfers from other funds	-	6,400	1,857,301
Transfers to other funds	(277,395)	(1,795,369)	(2,579,209)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES	<u>(322,804)</u>	<u>(949,047)</u>	<u>12,721,959</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal repayments on long-term debt	-	(110,473)	(335,271)
Interest paid on long-term debt	-	(89,641)	(174,761)
Capital contributions	-	-	508,662
Acquisition and construction of capital assets	(11,277)	(5,681)	(5,304,245)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(11,277)</u>	<u>(205,795)</u>	<u>(5,305,615)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received	8,955	1,368	(19,310)
Proceeds from investment maturities	953,673	588,726	2,040,998
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>962,628</u>	<u>590,094</u>	<u>2,021,688</u>
NET INCREASE (DECREASE) IN CASH	990,358	853,878	2,712,112
CASH - OCTOBER 1	<u>4,936,831</u>	<u>3,047,632</u>	<u>10,572,487</u>
CASH - SEPTEMBER 30	<u>\$ 5,927,189</u>	<u>\$ 3,901,510</u>	<u>\$ 13,284,599</u>

(CONTINUED)

	REGIONAL TRANSIT SYSTEM FUND	STORMWATER MANAGEMENT UTILITY FUND	IRONWOOD GOLF COURSE FUND
OPERATING INCOME (LOSS)	\$ (17,255,011)	\$ (843,349)	\$ (1,058,563)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Depreciation and amortization	4,996,421	1,258,617	169,730
(Increase)/decrease in receivables	1,600,825	(626,873)	-
(Increase)/decrease in inventories	(72,349)	-	-
Increase/(decrease) in accounts payable and accrued liabilities	93,631	127,676	4,526
Increase/(decrease) in due to other funds	-	-	-
Pension expense adjustment	2,554,241	512,874	31,247
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (8,082,242)	\$ 428,945	\$ (853,060)

**RECONCILIATION OF CASH TO
STATEMENT OF NET POSITION**

Cash	\$ 3,750	\$ 3,448,750	\$ 3,400
Investments	-	-	-
TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER STATEMENT OF NET POSITION	\$ 3,750	\$ 3,448,750	\$ 3,400

(CONTINUED)

	FLORIDA BUILDING CODE ENFORCEMENT FUND	SOLID WASTE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING INCOME (LOSS)	\$ 126,734	\$ 1,607,477	\$ (17,422,712)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Depreciation and amortization	4,355	23,803	6,452,926
(Increase)/decrease in receivables	-	(655,215)	318,737
(Increase)/decrease in inventories	-	-	(72,349)
Increase/(decrease) in accounts payable and accrued liabilities	75,884	71,654	373,371
Increase/(decrease) in due to other funds	-	195,465	195,465
Pension expense adjustment	154,838	175,442	3,428,642
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 361,811	\$ 1,418,626	\$ (6,725,920)

**RECONCILIATION OF CASH TO
STATEMENT OF NET POSITION**

Cash	\$ 5,927,189	\$ 3,901,510	\$ 13,284,599
Investments	-	-	-
TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER STATEMENT OF NET POSITION	\$ 5,927,189	\$ 3,901,510	\$ 13,284,599

(CONCLUDED)

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

The City maintains the following Internal Service Funds:

General Insurance Fund - to account for costs associated with administering a self-insurance plan for worker's compensation, automobile, and general liability benefits. The plan is externally administered.

Employees Health and Accident Benefits Fund - to account for costs associated with administering a self-insurance plan for employees' and retirees' health and accident claims. The plan is externally administered for an annually contracted amount, which is based upon volume of claims.

Fleet Management Fund - to account for the costs of vehicle acquisition and replacements and operating a maintenance facility for vehicles used by various City departments.

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2017

	<u>GENERAL INSURANCE FUND</u>	<u>EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND</u>	<u>FLEET MANAGEMENT FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 400,000	\$ 122,000	\$ -	\$ 522,000
Equity in pooled cash and investments	9,312,007	7,599,367	6,409,238	23,320,612
Receivables	555	169	-	724
Due from other funds	103,889	-	705,166	809,055
Inventories	-	-	174,008	174,008
Prepaid expenses	23,204	-	-	23,204
Total current assets	<u>9,839,655</u>	<u>7,721,536</u>	<u>7,288,412</u>	<u>24,849,603</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Buildings	-	-	3,125,645	3,125,645
Improvements other than buildings	-	-	1,101,252	1,101,252
Machinery and equipment	3,045	-	10,385,419	10,388,464
Infrastructure	-	-	242,598	242,598
Capital assets (non depreciable):				
Land	-	-	631,563	631,563
Total noncurrent assets	<u>3,045</u>	<u>-</u>	<u>15,486,477</u>	<u>15,489,522</u>
TOTAL ASSETS	<u>9,842,700</u>	<u>7,721,536</u>	<u>22,774,889</u>	<u>40,339,125</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions	210,125	17,804	244,701	472,630
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>210,125</u>	<u>17,804</u>	<u>244,701</u>	<u>472,630</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	6,930,977	1,310,671	471,130	8,712,778
Accounts payable - payroll	26,812	2,297	36,806	65,915
Current portion of long-term debt	2,041	55	2,688	4,784
Total current liabilities	<u>6,959,830</u>	<u>1,313,023</u>	<u>510,624</u>	<u>8,783,477</u>
Noncurrent liabilities:				
Long-term debt	51,016	1,379	67,187	119,582
Pension liability	1,682,650	141,399	1,951,308	3,775,357
	<u>1,733,666</u>	<u>142,778</u>	<u>2,018,495</u>	<u>3,894,939</u>
TOTAL LIABILITIES	<u>8,693,496</u>	<u>1,455,801</u>	<u>2,529,119</u>	<u>12,678,416</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions	15,566	1,455	19,077	36,098
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>15,566</u>	<u>1,455</u>	<u>19,077</u>	<u>36,098</u>
<u>NET POSITION</u>				
Net investment in capital assets	3,045	-	15,486,477	15,489,522
Unrestricted	1,340,718	6,282,084	4,984,917	12,607,719
TOTAL NET POSITION	<u>\$ 1,343,763</u>	<u>\$ 6,282,084</u>	<u>\$ 20,471,394</u>	<u>\$ 28,097,241</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	GENERAL INSURANCE FUND	EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	FLEET MANAGEMENT FUND	TOTALS
<u>OPERATING REVENUES</u>				
Sales and service charges	\$ 5,899,078	\$ 5,626,547	\$ 7,944,195	\$ 19,469,820
Employer contributions	-	13,898,725	-	13,898,725
Employee contributions	-	7,231,760	-	7,231,760
Other operating revenues	211,498	1,786,535	404,412	2,402,445
TOTAL OPERATING REVENUES	6,110,576	28,543,567	8,348,607	43,002,750
<u>OPERATING EXPENSES</u>				
Operations and maintenance	5,982,651	-	4,753,954	10,736,605
Administrative and general	1,242,959	337,604	812,303	2,392,866
Depreciation and amortization	4,424	-	2,399,682	2,404,106
Benefits paid and other expenses	-	24,197,910	-	24,197,910
TOTAL OPERATING EXPENSES	7,230,034	24,535,514	7,965,939	39,731,487
OPERATING INCOME (LOSS)	(1,119,458)	4,008,053	382,668	3,271,263
<u>NON OPERATING REVENUES</u>				
Investment income	12,538	13,429	5,877	31,844
TOTAL NON OPERATING REVENUES	12,538	13,429	5,877	31,844
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,106,920)	4,021,482	388,545	3,303,107
Capital contributions	-	-	79,816	79,816
Transfers in	-	1,167,000	116,631	1,283,631
Transfers out	(1,203,890)	(2,742)	(40,277)	(1,246,909)
CHANGE IN NET POSITION	(2,310,810)	5,185,740	544,715	3,419,645
TOTAL NET POSITION				
October 1,	3,654,573	1,096,344	19,926,679	24,677,596
NET POSITION, September 30	\$ 1,343,763	\$ 6,282,084	\$ 20,471,394	\$ 28,097,241

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	GENERAL INSURANCE FUND	EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	FLEET MANAGEMENT FUND	TOTALS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash received from customers	\$ 5,899,085	\$ 28,543,567	\$ 7,945,361	\$ 42,388,013
Cash paid to suppliers	(5,198,760)	(24,574,775)	(4,286,189)	(34,059,724)
Cash paid to employees	(1,773,697)	(117,830)	(1,743,064)	(3,634,591)
Other operating receipts	211,498	-	404,412	615,910
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(861,874)	3,850,962	2,320,520	5,309,608
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers from other funds	-	1,167,000	116,631	1,283,631
Transfers to other funds	(1,203,890)	(2,742)	(40,277)	(1,246,909)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,203,890)	1,164,258	76,354	36,722
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition and construction of capital assets	-	-	(2,515,437)	(2,515,437)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	(2,515,437)	(2,515,437)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest received	12,538	13,429	5,877	31,844
Proceeds from investment maturities	2,028,199	443,515	1,443,194	3,914,908
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	2,040,737	456,944	1,449,071	3,946,752
NET INCREASE (DECREASE) IN CASH	(25,027)	5,472,164	1,330,508	6,777,645
CASH - OCTOBER 1	9,737,034	2,249,203	5,078,730	17,064,967
CASH - SEPTEMBER 30	\$ 9,712,007	\$ 7,721,367	\$ 6,409,238	\$ 23,842,612

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	GENERAL INSURANCE FUND	EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	FLEET MANAGEMENT FUND	TOTALS
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
OPERATING INCOME (LOSS)	\$ (1,119,458)	\$ 4,008,053	\$ 382,668	\$ 3,271,263
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Depreciation and amortization	4,424	-	2,399,682	2,404,106
(Increase)/decrease in receivables	7	-	1,166	1,173
(Increase)/decrease in due from other funds	196,920	-	(525,950)	(329,030)
(Increase)/decrease in inventories	-	-	(10,958)	(10,958)
Increase/(decrease) in accounts payable and accrued liabilities	56,233	(157,091)	73,912	(26,946)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (861,874)	\$ 3,850,962	\$ 2,320,520	\$ 5,309,608
 <u>RECONCILIATION OF CASH TO STATEMENT OF NET POSITION</u>				
Cash	\$ 9,712,007	\$ 7,721,367	\$ 6,409,238	\$ 23,842,612
Investments	-	-	-	-
TOTAL CASH AND EQUITY IN POOL PER STATEMENT OF NET POSITION	\$ 9,712,007	\$ 7,721,367	\$ 6,409,238	\$ 23,842,612
 <u>NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES</u>				
Contribution of capital assets	\$ -	\$ -	\$ 79,816	\$ 79,816
Change in fair value of investments	103,538	30,282	55,665	189,485
NET NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES	\$ 103,538	\$ 30,282	\$ 135,481	\$ 269,301

(CONCLUDED)

FIDUCIARY FUNDS

TRUST FUNDS

Trust Funds are used to account for public employee retirement systems and the other post-employment benefit trust fund.

The City maintains the following Trust Funds:

Employees' Pension Fund - to account for the accumulation of resources to be used for pension and disability payments to participants of the City's Employees' Pension Plan.

Police Officers' and Firefighters' Consolidated Retirement Fund - to account for the accumulation of resources to be used for pension and disability payments to participants of the City's Consolidated Police Officers' and Firefighters' Retirement Plan.

Other Post-Employment Benefits (OPEB) Fund - to account for the accumulation of resources to be used for the City's portion of the premium cost for providing health insurance to the City's retired employees participating in the OPEB plan.

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS
SEPTEMBER 30, 2017

	EMPLOYEES' PENSION FUND	POLICE OFFICERS' AND FIREFIGHTERS' CONSOLIDATED RETIREMENT FUND	OTHER POST- EMPLOYMENT BENEFITS (OPEB) FUND	TOTALS
ASSETS				
Cash and cash equivalents	\$ 3,767,666	\$ 16,964,881	\$ 1,508,958	\$ 22,241,505
Equity in pooled cash and investments	330,814	6,662,461	838,788	7,832,063
Investments, at fair value:				
Equities	199,340,207	65,633,810	59,546,256	324,520,273
Limited partnerships units	17,130,431	-	-	17,130,431
Real estate	2,165,995	3,210,271	-	5,376,266
Mutual funds	176,497,450	134,843,941	-	311,341,391
Fixed income:				
Government bonds	-	2,556,507	462,791	3,019,298
Corporate bonds	-	10,921,067	-	10,921,067
Mortgage & asset backed securities	-	386,970	1,219,573	1,606,543
Total investments, at fair value:	<u>395,134,083</u>	<u>217,552,566</u>	<u>61,228,620</u>	<u>673,915,269</u>
Investment adjustments:				
Dividends receivable	164,750	74,402	-	239,152
Interest receivable	2,562	158,876	-	161,438
Receivable for investments sold	636,055	401,343	-	1,037,398
Payable for investments purchased	<u>(773,679)</u>	<u>(37,040)</u>	<u>-</u>	<u>(810,719)</u>
Total investment adjustments	<u>29,688</u>	<u>597,581</u>	<u>-</u>	<u>627,269</u>
TOTAL ASSETS	<u>399,262,251</u>	<u>241,777,489</u>	<u>63,576,366</u>	<u>704,616,106</u>
LIABILITIES				
Accounts payable and accrued liabilities	<u>2,948,689</u>	<u>285,587</u>	<u>76,013</u>	<u>3,310,289</u>
TOTAL LIABILITIES	<u>2,948,689</u>	<u>285,587</u>	<u>76,013</u>	<u>3,310,289</u>
NET POSITION RESTRICTED FOR PENSION AND OPEB BENEFITS	<u>\$ 396,313,562</u>	<u>\$ 241,491,902</u>	<u>\$ 63,500,353</u>	<u>\$ 701,305,817</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>EMPLOYEES'</u> <u>PENSION</u> <u>FUND</u>	<u>POLICE OFFICERS'</u> <u>AND</u> <u>FIREFIGHTERS'</u> <u>CONSOLIDATED</u> <u>RETIREMENT</u> <u>FUND</u>	<u>OTHER</u> <u>POST-</u> <u>EMPLOYMENT</u> <u>BENEFITS</u> <u>(OPEB)</u> <u>FUND</u>	<u>TOTALS</u>
<u>ADDITIONS:</u>				
Contributions:				
Employer Contributions:				
Required	\$ 14,654,934	\$ 4,294,312	\$ 1,622,729	\$ 20,571,975
State on behalf payments, through general fund	-	1,258,284	-	1,258,284
Total employer contributions	<u>14,654,934</u>	<u>5,552,596</u>	<u>1,622,729</u>	<u>21,830,259</u>
Employee contributions	<u>4,829,122</u>	<u>2,020,581</u>	<u>3,405,757</u>	<u>10,255,460</u>
Total contributions	<u>19,484,056</u>	<u>7,573,177</u>	<u>5,028,486</u>	<u>32,085,719</u>
Investment income:				
Net appreciation/(depreciation) in fair value of investments	54,149,414	29,231,192	5,786,262	89,166,868
Dividends & interest	<u>6,005,207</u>	<u>3,275,442</u>	<u>1,231,202</u>	<u>10,511,851</u>
Total investment income	<u>60,154,621</u>	<u>32,506,634</u>	<u>7,017,464</u>	<u>99,678,719</u>
Less investment expense	<u>1,549,319</u>	<u>648,146</u>	<u>467,059</u>	<u>2,664,524</u>
Net investment income	<u>58,605,302</u>	<u>31,858,488</u>	<u>6,550,405</u>	<u>97,014,195</u>
TOTAL ADDITIONS	<u>78,089,358</u>	<u>39,431,665</u>	<u>11,578,891</u>	<u>129,099,914</u>
<u>DEDUCTIONS:</u>				
Benefit payments	38,104,186	16,124,717	7,514,930	61,743,833
Refunds of contributions	364,976	247,326	-	612,302
Administrative expenses	<u>604,905</u>	<u>567,902</u>	<u>6,082</u>	<u>1,178,889</u>
TOTAL DEDUCTIONS	<u>39,074,067</u>	<u>16,939,945</u>	<u>7,521,012</u>	<u>63,535,024</u>
CHANGE IN NET POSITION	39,015,291	22,491,720	4,057,879	65,564,890
NET POSITION - October 1	<u>357,298,271</u>	<u>219,000,182</u>	<u>59,442,474</u>	<u>635,740,927</u>
NET POSITION - September 30	<u>\$ 396,313,562</u>	<u>\$ 241,491,902</u>	<u>\$ 63,500,353</u>	<u>\$ 701,305,817</u>

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Statistical

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operating Information



STATISTICAL SECTION SUMMARY

This part of the City of Gainesville, Florida's comprehensive annual financial report presents additional information to assist users in understanding how the information provided in the financial statements, note disclosures, and required supplementary information impacts the City's overall financial health.

<u>Schedules</u>	<u>Page</u>
<u>Financial Trends</u> <i>These schedules provide financial trend information, which shows how the City's financial performance has changed over time.</i>	179
<u>Revenue Capacity</u> <i>These schedules provide additional information about Property Tax and Utility Revenues, the City's most significant local revenue sources.</i>	185
<u>Debt Capacity</u> <i>These schedules provide detailed information about the City's current levels of outstanding debt, and can help the financial statement user assess the City's ability to issue additional debt in the future.</i>	195
<u>Demographic and Economic Information</u> <i>These schedules present demographic and economic indicators to assist the financial statement user in understanding the environment in which the City's financial activities occur.</i>	199
<u>Operating Information</u> <i>These schedules contain service and infrastructure data to help the financial statement user understand how the information in the City's financial statements relates to the services the City provides.</i>	201

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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FINANCIAL TRENDS

City of Gainesville
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Invested in capital assets, net of related debt	\$ 96,668,703	\$ 109,776,558	\$ 116,698,998	\$ 127,383,906	\$ 133,198,609	\$ 147,982,728	\$ 163,117,931	\$ 167,469,862	\$ 190,440,482	\$ 195,530,215
Restricted	32,633,862	54,338,573	63,393,549	66,834,959	63,041,610	52,874,367	42,462,127	53,090,288	41,905,152	47,526,431
Unrestricted	11,236,904	8,569,078	10,754,370	17,050,427	16,993,135	11,105,349	17,334,531	(85,660,620)	(91,445,398)	(92,364,875)
Total governmental activities net position	\$ 140,539,469	\$ 172,684,209	\$ 190,846,917	\$ 211,269,292	\$ 213,233,354	\$ 211,962,444	\$ 222,914,589	\$ 134,899,530	\$ 140,900,236	\$ 150,691,771
Business-type activities:										
Invested in capital assets, net of related debt	\$ 355,005,449	\$ 355,449,225	\$ 373,193,617	\$ 350,932,231	\$ 368,031,597	\$ 362,258,572	\$ 387,916,136	\$ 379,583,536	\$ 361,120,054	\$ 326,814,049
Restricted	47,479,252	59,072,730	74,411,130	84,940,717	85,067,843	88,409,575	60,971,377	78,925,696	82,756,292	60,698,691
Unrestricted	30,115,444	57,894,750	55,460,731	102,951,974	110,159,236	113,807,653	134,105,632	115,418,059	131,653,410	149,330,297
Total business-type activities net position	\$ 432,600,145	\$ 472,416,705	\$ 503,065,478	\$ 538,824,922	\$ 563,258,676	\$ 564,475,800	\$ 582,993,145	\$ 573,927,291	\$ 575,529,756	\$ 536,843,037
Total primary government:										
Invested in capital assets, net of related debt	\$ 451,674,152	\$ 465,225,783	\$ 489,892,615	\$ 478,316,137	\$ 501,230,206	\$ 510,241,300	\$ 551,034,067	\$ 547,053,398	\$ 551,560,536	\$ 522,344,264
Restricted	80,113,114	113,411,303	137,804,679	151,775,676	148,109,453	141,283,942	103,433,504	132,015,984	124,661,444	108,225,122
Unrestricted	41,352,348	66,463,828	66,215,101	120,002,401	127,152,371	124,913,002	151,440,163	29,757,439	40,208,012	56,965,422
Total primary government net position	\$ 573,139,614	\$ 645,100,914	\$ 693,912,395	\$ 750,094,214	\$ 776,492,030	\$ 776,438,244	\$ 805,907,734	\$ 708,826,821	\$ 716,429,992	\$ 687,534,808

City of Gainesville
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012
Expenses						
Governmental activities:						
General government	\$ 17,066,712	\$ 19,676,597	\$ 20,156,210	\$ 18,762,647	\$ 18,698,649	\$ 16,546,820
Public safety	49,394,763	51,608,781	52,968,413	56,238,741	57,166,952	59,735,600
Physical environment	2,790,089	1,144,211	1,126,951	1,510,055	1,116,462	2,218,153
Transportation	12,220,979	11,787,373	4,527,795	14,089,516	13,982,396	18,686,598
Human services	284,999	367,706	293,829	593,420	1,250,715	581,239
Economic environment	8,492,950	8,118,429	7,537,152	7,239,951	6,402,656	9,164,986
Interest on long-term debt	7,504,485	7,420,509	7,367,850	7,632,165	7,580,944	7,390,511
Culture & recreation	6,527,215	8,784,045	9,479,058	8,713,366	8,433,374	9,705,943
Total governmental activities expenses	104,282,192	108,907,651	103,457,258	114,779,861	114,632,148	124,029,850
Business-type activities:						
Electric	192,569,894	226,444,987	230,822,719	234,835,876	228,544,484	221,494,502
Gas	27,732,906	29,688,866	24,405,725	24,599,071	24,336,197	21,898,283
Water	18,895,269	21,282,566	21,323,742	22,290,808	22,945,996	24,458,151
Wastewater	22,704,103	26,027,811	24,722,167	24,925,561	27,068,964	27,072,938
GRUCOM	8,421,765	10,437,988	9,993,228	10,719,866	10,907,359	11,160,732
Regional transit system	17,282,667	19,234,349	18,275,948	20,299,166	20,196,358	21,458,507
Stormwater management	5,095,939	4,774,960	4,650,703	5,486,082	5,030,742	6,376,271
Ironwood golf course	1,325,727	1,317,753	1,259,517	1,304,741	1,419,653	1,454,435
Florida building code enforcement	1,783,856	2,025,997	2,577,306	2,362,379	2,263,325	2,156,163
Solid waste	10,009,758	6,993,233	6,285,562	7,101,229	7,320,642	7,377,876
Total business-type activities expenses	305,821,884	348,228,510	344,316,617	353,924,779	350,033,720	344,907,858
Total primary government expenses	\$ 410,104,076	\$ 457,136,161	\$ 447,773,875	\$ 468,704,640	\$ 464,665,868	\$ 468,937,708
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 8,923,828	\$ 9,822,901	\$ 9,949,536	\$ 10,078,544	\$ 10,434,927	\$ 10,701,617
Public safety	3,903,871	3,571,167	3,824,888	2,692,994	8,696,812	7,945,799
Other charges for services	4,958,140	4,648,919	3,933,103	4,474,776	3,427,670	4,500,224
Operating grants and contributions	6,109,549	7,606,468	7,634,880	6,817,388	8,405,085	8,537,676
Capital grants and contributions	8,093,971	6,822,160	15,249,638	8,224,492	7,130,480	2,862,493
Total governmental activities program revenues	31,989,359	32,471,615	40,592,045	32,288,194	38,094,974	34,547,809
Business-type activities:						
Charges for services:						
Electric	206,552,756	238,595,628	249,761,764	262,530,880	250,057,292	230,805,656
Other utilities	85,133,356	94,775,804	96,097,911	95,053,793	101,100,900	96,875,398
Other charges for services	29,289,277	28,055,330	27,672,309	28,617,567	30,630,504	32,257,122
Operating grants and contributions	6,191,062	9,103,954	7,739,337	11,661,662	5,886,603	6,384,981
Capital grants and contributions	15,903,334	5,134,693	4,253,489	3,554,922	5,146,531	7,148,130
Total business-type activities program revenues	343,069,785	375,665,409	385,524,810	401,418,824	392,821,830	373,471,287
Total primary government program revenues	\$ 375,059,144	\$ 408,137,024	\$ 426,116,855	\$ 433,707,018	\$ 430,916,804	\$ 408,019,096
Net (Expense)/Revenue						
Governmental activities	\$ (72,292,833)	\$ (76,436,036)	\$ (62,865,213)	\$ (82,491,667)	\$ (76,537,174)	\$ (89,482,041)
Business-type activities	37,247,901	27,436,899	41,208,193	47,494,045	42,788,110	28,563,429
Total primary government net revenue	\$ (35,044,932)	\$ (48,999,137)	\$ (21,657,020)	\$ (34,997,622)	\$ (33,749,064)	\$ (60,918,612)
General Revenues and Other						
Changes in Net Position						
Governmental activities:						
Taxes:						
Property taxes	\$ 22,094,936	\$ 25,974,094	\$ 26,163,266	\$ 26,499,911	\$ 29,016,964	\$ 26,833,852
Other taxes	19,989,122	19,906,074	22,432,162	24,326,238	27,865,426	25,444,169
State revenue sharing	4,258,238	4,190,182	3,919,560	3,523,204	3,487,190	3,653,017
Investment gain (loss)	3,413,776	5,862,894	2,744,915	3,240,737	2,706,332	2,317,663
Other revenues	2,312,756	1,318,358	3,142,232	2,817,165	3,593,703	3,082,853
Total governmental activities	52,068,828	57,251,602	58,402,135	60,407,255	66,669,615	61,331,554
Business-type activities:						
Interest	10,217,610	11,581,622	9,370,421	6,930,659	7,176,761	9,242,257
Other revenues	6,944,982	5,880,934	18,896,561	26,280,406	9,962,727	19,357,072
Total business-type activities	17,162,592	17,462,556	28,266,982	33,211,065	17,139,488	28,599,329
Total primary government	\$ 69,231,420	\$ 74,714,158	\$ 86,669,117	\$ 93,618,320	\$ 83,809,103	\$ 89,930,883
Changes in Net Position (including transfers, special items and extraordinary items)						
Governmental activities	\$ 16,017,190	\$ 14,397,873	\$ 32,049,638	\$ 18,162,708	\$ 20,422,375	\$ 5,278,076
Business-type activities	23,652,036	23,272,107	39,911,662	30,648,773	35,759,444	24,433,754
Total primary government	\$ 39,669,226	\$ 37,669,980	\$ 71,961,300	\$ 48,811,481	\$ 56,181,819	\$ 29,711,830

(continued)

City of Gainesville
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

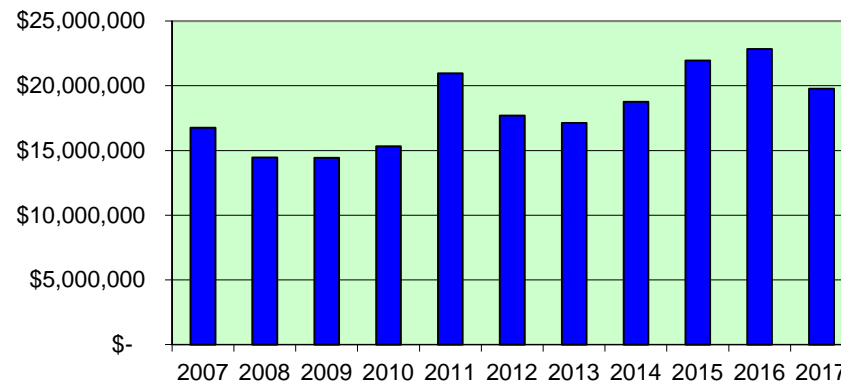
	2013	2014	2015	2016	2017
Expenses					
Governmental activities:					
General government	\$ 17,814,078	\$ 16,176,189	\$ 20,042,296	\$ 23,812,563	\$ 13,257,529
Public safety	62,938,271	64,021,054	58,122,081	72,097,913	60,307,834
Physical environment	3,799,039	2,871,836	1,007,994	637,207	1,820,004
Transportation	18,410,169	15,142,893	18,412,980	5,723,450	17,941,779
Human services	384,825	2,216,579	1,726,374	7,397,884	8,879,794
Economic environment	6,809,885	8,602,592	5,930,125	1,393,939	1,340,199
Interest on long-term debt	7,248,291	6,711,350	7,216,312	8,802,512	17,049,901
Culture & recreation	9,551,902	9,332,876	11,042,060	7,113,163	6,374,794
Total governmental activities expenses	126,956,460	125,075,369	123,500,222	126,978,631	126,971,834
Business-type activities:					
Electric	227,350,282	291,110,843	313,776,108	322,959,616	331,139,770
Gas	21,436,501	22,764,377	23,086,959	21,999,919	21,284,174
Water	24,988,038	25,516,070	25,990,135	28,179,472	32,390,604
Wastewater	27,618,138	27,740,855	27,852,572	32,454,104	37,417,260
GRUCOM	10,504,492	11,761,638	13,733,955	12,491,683	12,358,447
Regional transit system	23,167,649	24,279,240	26,170,257	28,302,063	33,640,219
Stormwater management	6,283,365	6,351,290	6,574,131	7,504,695	8,877,317
Ironwood golf course	1,401,017	1,456,632	1,573,460	1,701,930	1,632,760
Florida building code enforcement	2,042,119	2,306,430	2,324,819	2,661,425	2,656,233
Solid waste	7,237,205	7,594,037	8,623,125	9,002,895	8,099,106
Total business-type activities expenses	352,028,806	420,881,412	449,705,521	467,257,802	489,495,890
Total primary government expenses	\$ 478,985,266	\$ 545,956,781	\$ 573,205,743	\$ 594,236,433	\$ 616,467,724
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 11,418,234	\$ 13,124,551	\$ 12,900,012	\$ 10,423,187	\$ 11,795,746
Public safety	8,238,633	8,399,721	9,105,760	8,464,495	7,640,035
Other charges for services	3,769,211	3,962,570	6,233,296	5,180,923	4,892,481
Operating grants and contributions	8,170,095	7,036,634	7,169,569	8,809,447	6,822,748
Capital grants and contributions	7,570,791	5,061,574	3,999,209	1,698,750	2,634,365
Total governmental activities program revenues	39,166,964	37,585,050	39,407,846	34,576,802	33,785,375
Business-type activities:					
Charges for services:					
Electric	228,822,572	268,774,902	277,077,555	276,623,151	293,065,520
Other utilities	97,083,057	99,880,653	101,823,558	103,207,375	108,125,440
Other charges for services	33,332,016	34,576,794	36,298,907	37,515,391	37,606,459
Operating grants and contributions	14,074,581	25,213,077	9,435,118	5,828,801	10,315,741
Capital grants and contributions	3,004,490	5,658,720	1,962,901	5,305,542	13,089,525
Total business-type activities program revenues	376,316,716	434,104,146	426,598,039	428,480,260	462,202,685
Total primary government program revenues	\$ 415,483,680	\$ 471,689,196	\$ 466,005,885	\$ 463,057,062	\$ 495,988,060
Net (Expense)/Revenue					
Governmental activities	\$ (87,789,496)	\$ (87,490,319)	\$ (84,092,376)	\$ (92,401,829)	\$ (93,186,459)
Business-type activities	24,287,910	13,222,734	(23,107,482)	(38,777,542)	(27,293,205)
Total primary government net revenue	\$ (63,501,586)	\$ (74,267,585)	\$ (107,199,858)	\$ (131,179,371)	\$ (120,479,664)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Property taxes	\$ 25,871,976	\$ 26,077,888	\$ 26,476,044	\$ 29,161,493	\$ 31,116,558
Other taxes	21,952,397	21,899,384	21,516,536	21,670,989	22,105,551
State revenue sharing	3,712,905	3,723,420	3,945,358	4,316,493	4,648,650
Investment gain (loss)	3,556,870	(4,908,204)	6,061,874	4,176,684	443,618
Other revenues	2,993,407	2,826,862	3,495,904	3,567,795	8,127,699
Total governmental activities	58,087,555	49,619,350	61,495,716	62,893,454	66,442,076
Business-type activities:					
Interest	9,234,751	6,653,021	6,871,499	19,569,675	5,234,036
Other revenues	23,308,136	7,175,429	39,459,939	56,319,413	61,488,630
Total business-type activities	32,542,887	13,828,450	46,331,438	75,889,088	66,722,666
Total primary government	\$ 90,630,442	\$ 63,447,800	\$ 107,827,154	\$ 138,782,542	\$ 133,164,742
Changes in Net Position (including transfers, special items and extraordinary items)					
Governmental activities	\$ (1,270,910)	\$ 12,751,251	\$ 14,225,269	\$ 6,000,706	\$ 9,791,535
Business-type activities	1,217,124	20,988,318	4,753,418	1,602,465	2,893,543
Total primary government	\$ (53,786)	\$ 33,739,569	\$ 18,978,687	\$ 7,603,171	\$ 12,685,078

(concluded)

**City of Gainesville
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund:											
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 3,474,278	\$ 3,363,691	\$ 2,959,587	\$ 2,753,498	\$ 2,487,568	\$ 2,238,498	\$ 1,959,310
Assigned	-	-	-	-	1,060,672	2,236,549	772,730	1,494,098	1,985,914	3,551,786	1,607,428
Unassigned	-	-	-	-	16,433,938	12,087,485	13,408,146	14,520,395	17,476,507	17,050,156	16,199,506
Reserved *	4,925,724	4,629,909	4,768,553	4,051,937	-	-	-	-	-	-	-
Unreserved *	11,826,843	9,818,911	9,659,258	11,264,725	-	-	-	-	-	-	-
Total general fund	\$ 16,752,567	\$ 14,448,820	\$ 14,427,811	\$ 15,316,662	\$ 20,968,888	\$ 17,687,725	\$ 17,140,463	\$ 18,767,991	\$ 21,949,989	\$ 22,840,440	\$ 19,766,244
All other governmental funds:											
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 973,501	\$ 973,501	\$ 973,501
Restricted	-	-	-	-	70,813,952	64,831,266	5,636,125	45,981,942	40,819,050	36,886,125	42,831,122
Committed	-	-	-	-	782,237	782,237	901,448	1,361,332	2,714,703	3,684,544	4,186,209
Assigned	-	-	-	-	10,370,993	16,633,174	12,555,440	9,632,021	31,481,786	29,243,195	25,434,776
Unassigned	-	-	-	-	(29,288)	(3,067,169)	(2,499,106)	(2,121,436)	(1,734,610)	(1,571,393)	(1,815,726)
Reserved *	5,215,953	8,635,651	12,958,151	12,066,838	-	-	-	-	-	-	-
Unreserved, reported in: *											
Special revenue funds	17,059,686	19,457,506	20,652,435	17,677,648	-	-	-	-	-	-	-
Capital projects funds	30,400,097	26,667,704	47,356,632	54,624,332	-	-	-	-	-	-	-
Debt service funds	544,869	784,834	819,434	965,256	-	-	-	-	-	-	-
Total all other governmental funds	\$ 53,220,605	\$ 55,545,695	\$ 81,786,652	\$ 85,334,074	\$ 81,937,894	\$ 79,179,508	\$ 16,593,907	\$ 54,853,859	\$ 74,254,430	\$ 69,215,972	\$ 71,609,882

General Fund - Fund Balance



* GASB 54 was implemented in FY11, which changed the presentation of fund balance components.

City of Gainesville
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues											
Taxes	\$ 40,954,740	\$ 44,919,849	\$ 48,660,333	\$ 55,238,898	\$ 49,781,834	\$ 45,404,192	\$ 45,099,581	\$ 44,949,416	\$ 46,728,963	\$ 45,455,100	\$ 51,600,589
Licenses and permits	648,571	1,060,465	770,664	745,274	832,814	866,236	899,441	950,644	965,536	943,444	5,901,029
Intergovernmental	28,253,027	25,763,178	35,152,327	26,966,627	28,665,033	24,685,016	29,719,620	27,502,531	26,925,019	26,204,076	26,303,362
Charges for services	9,285,755	9,380,880	8,918,343	9,134,011	13,375,534	15,054,350	14,389,653	15,533,253	17,043,277	16,977,893	12,076,001
Fines and forfeitures	2,119,270	2,274,774	2,502,515	1,726,229	2,629,506	1,796,110	1,985,956	1,824,055	2,145,183	1,483,244	1,160,249
Miscellaneous	6,875,578	7,227,407	4,263,958	4,727,669	3,936,894	4,450,048	(1,599,295)	7,020,464	7,224,161	5,592,138	3,186,221
Total revenues	88,136,941	90,626,553	100,268,140	98,538,708	99,221,615	92,255,952	90,494,956	97,780,363	101,032,139	96,655,895	100,227,451
Expenditures											
General government	15,920,764	16,470,644	16,588,882	16,110,505	14,707,657	14,999,927	14,857,602	15,191,905	15,432,428	16,769,826	17,882,912
Public safety	48,197,056	49,867,812	51,474,948	52,936,750	54,085,573	55,405,967	57,644,637	60,050,160	57,211,291	58,725,485	60,949,388
Physical environment	2,853,920	971,472	1,220,036	949,027	746,462	1,020,714	3,422,270	2,345,811	728,714	179,148	1,638,851
Transportation	10,993,376	11,590,424	12,043,680	12,669,257	13,165,523	12,481,951	12,117,326	13,493,390	14,799,718	14,357,357	13,506,968
Economic environment	6,009,987	7,634,661	7,938,012	9,710,604	9,040,688	7,961,882	7,324,538	8,322,502	5,679,667	6,110,015	8,449,753
Human services	336,491	410,920	293,829	593,420	1,123,442	554,740	390,769	819,536	1,379,014	1,354,828	1,342,820
Culture and recreation	6,206,272	8,165,959	8,727,210	8,813,164	7,683,761	7,998,869	8,282,530	8,138,572	8,758,008	10,795,803	9,697,565
Debt service:											
Principal	6,920,902	7,747,796	7,822,049	8,511,383	9,192,493	10,332,810	9,886,531	12,884,423	6,084,283	6,205,471	7,512,126
Interest	7,442,180	7,336,659	7,125,182	7,472,387	7,489,706	7,283,092	7,127,610	6,803,431	6,946,531	6,963,319	6,129,579
Advance refunding escrow	-	-	-	-	-	-	-	-	-	2,027,758	-
Bond issuance costs	26,566	-	36,004	84,974	-	67,243	-	41,837	242,746	78,691	-
Capital outlay	13,609,187	12,967,402	9,801,087	13,410,389	15,369,816	17,741,445	21,958,840	18,682,145	10,242,908	19,494,913	10,296,971
Total expenditures	118,516,701	123,163,749	123,070,919	131,261,860	132,605,121	135,848,640	143,012,653	146,773,712	127,505,308	143,062,614	137,406,933
Excess of revenues under expenditures	(30,379,760)	(32,537,196)	(22,802,779)	(32,723,152)	(33,383,506)	(43,592,688)	(52,517,697)	(48,993,349)	(26,473,169)	(46,406,719)	(37,179,482)
Other Financing Sources (Uses)											
Debt issuance	1,540,000	-	11,500,000	3,036,907	-	9,960,000	-	14,715,000	12,435,000	18,600,000	-
Bond premium/(discount)	(13,434)	-	-	(15,320)	-	-	-	-	947,278	-	-
Transfers in	46,789,277	50,638,004	67,675,683	54,268,164	54,072,623	67,533,715	61,955,075	59,810,683	71,442,628	63,795,920	59,041,563
Transfers out	(15,261,684)	(18,079,465)	(29,013,693)	(20,130,326)	(18,433,071)	(30,755,032)	(21,843,241)	(21,656,854)	(35,769,168)	(28,212,063)	(22,542,367)
Payments to refunded bond escrow agent	-	-	-	-	-	(6,230,000)	-	(14,715,000)	-	(11,925,145)	-
Total other financing sources (uses)	33,054,159	32,558,539	50,161,990	37,159,425	35,639,552	40,508,683	40,111,834	38,153,829	49,055,738	42,258,712	36,499,196
Net change in fund balances	\$ 2,674,399	\$ 21,343	\$ 27,359,211	\$ 4,436,273	\$ 2,256,046	\$ (3,084,005)	\$ (12,405,863)	\$ (10,839,520)	\$ 22,582,569	\$ (4,148,007)	\$ (680,286)
Debt service as a percentage of noncapital expenditures	13.92%	13.99%	14.57%	14.26%	14.80%	14.33%	13.22%	15.92%	11.22%	11.47%	10.88%

Gainesville.
Citizen centered
People empowered

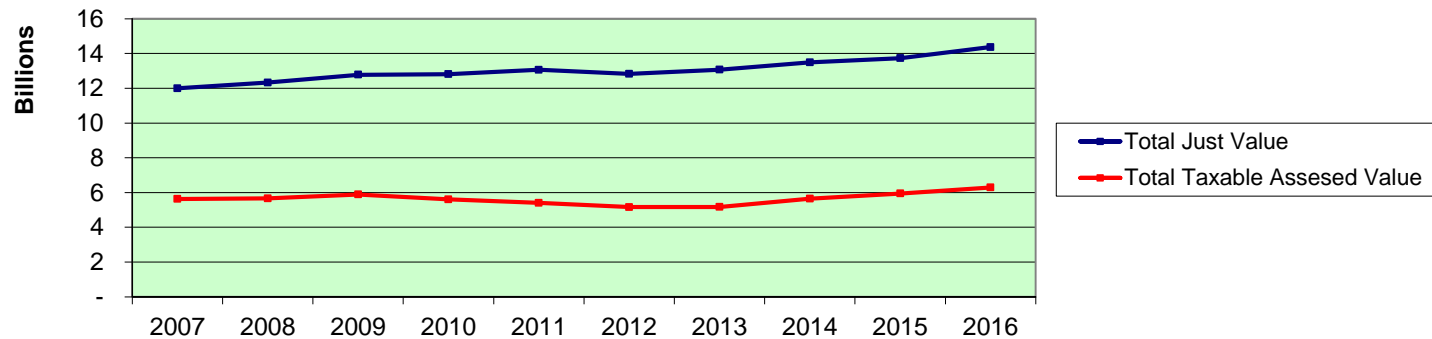
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REVENUE CAPACITY

**City of Gainesville
Assessed Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Tax Year	Just Value			Exemptions					Total Taxable Assessed Value	Total Direct Tax Rate
		Real Property	Personal Property	Centrally Assessed Property	Governmental	Agricultural	Institutional	Homestead	Other		
2008	2007	10,059,735,400	1,931,740,674	1,111,824	4,354,225,897	28,451,900	574,033,101	1,385,629,369	16,885,367	5,633,362,264	4.2544
2009	2008	10,599,500,250	1,732,004,529	1,149,322	4,195,267,980	35,549,700	647,733,978	1,773,423,757	14,341,607	5,666,337,079	4.2544
2010	2009	10,534,674,944	2,245,414,910	1,234,487	4,251,801,982	39,408,200	874,389,881	1,594,957,710	134,747,020	5,886,019,548	4.3963
2011	2010	10,570,350,300	2,241,373,073	987,726	4,815,548,071	37,517,700	896,937,822	1,313,405,085	141,081,893	5,608,220,528	4.2544
2012	2011	10,756,478,800	2,308,068,145	1,130,083	5,343,081,038	39,115,900	1,029,746,160	1,134,254,774	117,240,859	5,402,238,297	4.2544
2013	2012	10,437,604,712	2,386,565,278	1,073,991	5,408,327,315	37,576,500	1,112,522,902	993,996,869	109,161,684	5,163,658,711	4.4946
2014	2013	10,480,490,440	2,587,608,797	2,138,554	5,609,545,384	39,389,400	1,095,790,104	916,778,157	234,075,511	5,174,659,235	4.5780
2015	2014	10,508,455,900	2,979,114,148	2,210,823	5,603,063,413	39,298,000	1,129,921,784	895,414,243	178,766,271	5,643,317,160	4.5079
2016	2015	10,815,607,700	2,912,715,109	2,251,700	5,651,530,893	40,988,400	1,094,785,940	992,344,032	181,396,571	5,769,528,673	4.5079
2017	2016	11,183,742,495	3,179,982,350	2,303,808	5,923,396,413	42,466,700	1,065,499,494	1,041,502,131	267,520,476	6,025,643,439	4.5079

Just and Taxable Values



Source:

Alachua County Property Appraiser

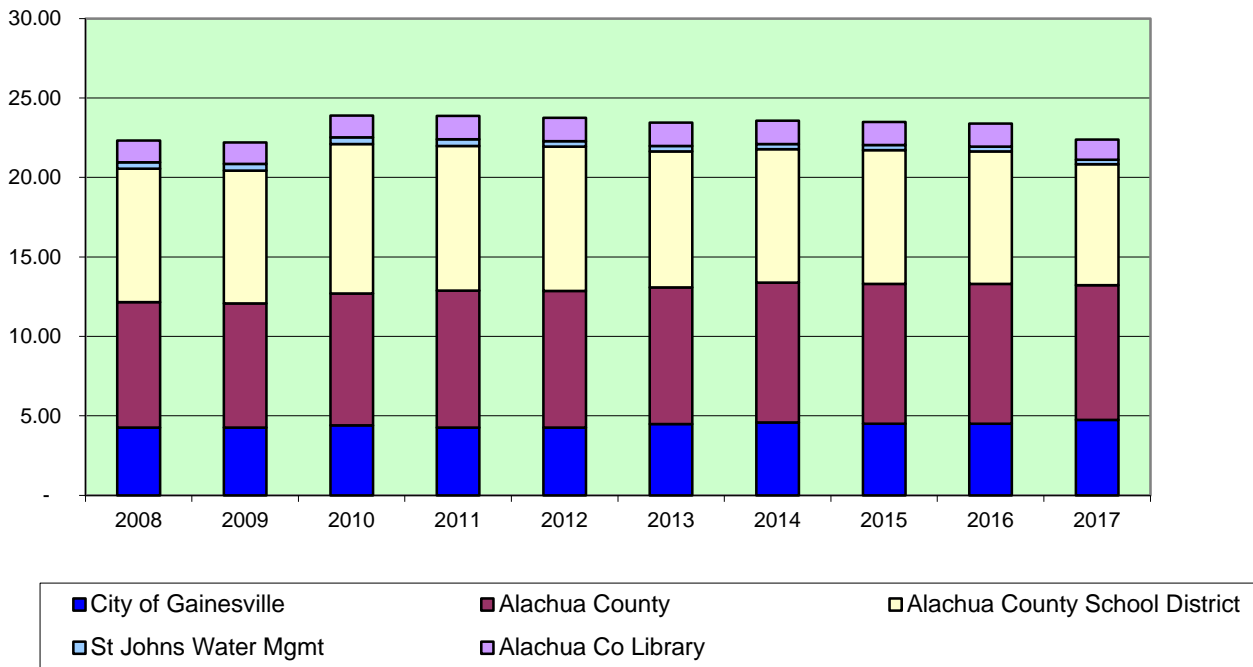
Note:

The Property Appraiser assesses the value of property in a manner that does not provide a reasonable basis for estimating the actual value of property. Exempt property makes up 57% of total assed value. Disclosing the nature of the exemptions provides more relevant information than detailing real property categories.

**City of Gainesville
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(rate per \$1,000 assessed value)**

Year Fiscal	Year Tax	City of Rate Direct	Overlapping Rates				Total Rates Overlapping
			County Alachua	Alachua District School	St. Johns District Management	Alachua District Library	
2008	2007	4.2544	7.8968	8.3950	0.4158	1.3560	22.3180
2009	2008	4.2544	7.8208	8.3590	0.4158	1.3406	22.1906
2010	2009	4.3963	8.2995	9.4080	0.4158	1.3771	23.8967
2011	2010	4.2544	8.6263	9.1070	0.4158	1.4736	23.8771
2012	2011	4.2544	8.5956	9.0920	0.3313	1.4790	23.7523
2013	2012	4.4946	8.5956	8.5490	0.3313	1.4768	23.4473
2014	2013	4.5780	8.7990	8.4020	0.3283	1.4588	23.5661
2015	2014	4.5079	8.7990	8.4100	0.3164	1.4588	23.4921
2016	2015	4.5079	8.7950	8.3240	0.3023	1.4538	23.3830
2017	2016	4.7474	8.4648	7.6250	0.2724	1.2655	22.3751

**Overlapping Millage Rates
(for City Residents)**



Source: Alachua County Property Appraiser

Notes: The City's direct property tax rate is limited to a maximum rate of 10.0.

Overlapping rates are those of other local and county governments that apply to property owners within the City.

**City of Gainesville
Principal Property Taxpayers
Current Year and Ten Years Ago**

	2017		2007	
	Total Assessed	Percentage of Total Taxable Assessed	Total Assessed	Percentage of Total Taxable Assessed
Gainesville Renewable Energy Center Inc.	\$ 301,247,900	1 5.00%	\$ -	0.00%
Oaks Mall Gainesville LTD	137,399,380	2 2.28%	119,000,000	1 2.11%
HCA Health Services of Florida, Inc.	80,328,240	3 1.33%	57,270,600	3 1.02%
Stanley Robert E	63,165,500	4 1.05%	-	0.00%
AT & T Mobility LLC	61,263,706	5 1.02%	-	0.00%
North Florida Regional Medical Center Inc.	57,660,710	6 0.96%	-	0.00%
Oak Hammock at the Univ of Florida, Inc.	55,555,790	7 0.92%	55,989,500	4 0.99%
CoxCom LLC	37,508,473	8 0.62%	33,745,220	6 0.60%
CH Realty VII-Preiss SH Gainesville Cabana Beach, LLC	36,237,700	9 0.60%	-	0.00%
Sivance LLC	35,638,240	10 0.59%	-	0.00%
LSH 1601 SW 51st Terrace LP	-	n/a	-	0.00%
S. Clark Butler Properties Land Trust	-	n/a	-	0.00%
Duke Energy Florida Inc.	-	n/a	-	0.00%
Inland American Lodging Gaineville LLC	-	n/a	-	0.00%
Bellsouth Telecommunications	-	n/a	57,936,110	2 1.03%
Florida Power Corp	-	n/a	40,425,000	5 0.72%
Anheuser Busch Companies	-	n/a	33,669,060	7 0.60%
Campus Lodge of Gainesville, LTD	-	n/a	28,820,900	8 0.51%
Columbia/HCA Health Care Corporation	-	n/a	27,114,010	9 0.48%
Kings Gainesville Apartments, LLC	-	n/a	25,861,500	10 0.46%
Total	\$ 866,005,639	14.37%	\$ 479,831,900	6.41%

Source: Alachua County Property Appraiser

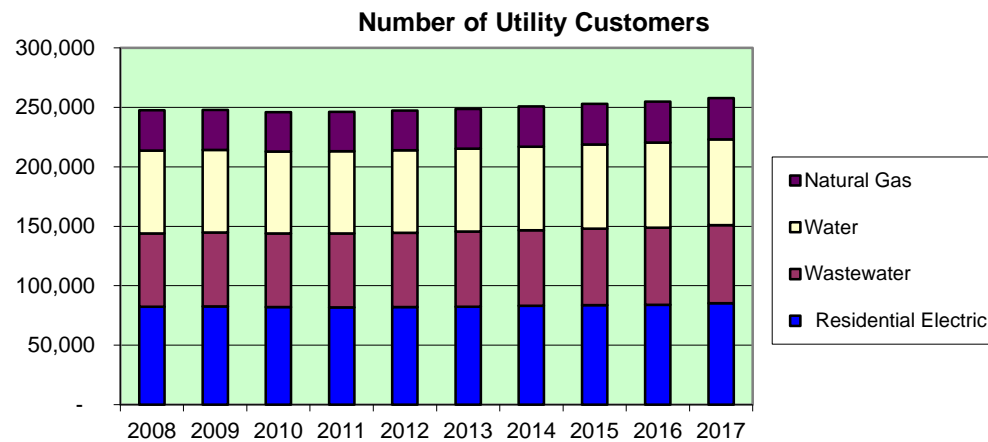
**City of Gainesville
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	23,854,419	23,035,894	96.6%	38,651	23,074,545	96.7%
2009	24,020,009	23,191,605	96.6%	59,492	23,251,097	96.8%
2010	25,782,262	24,912,341	96.6%	78,396	24,990,737	96.9%
2011	23,802,971	23,007,885	96.7%	25,880	23,033,765	96.8%
2012	22,865,258	22,085,295	96.6%	62,971	22,148,266	96.9%
2013	23,164,346	22,259,404	96.1%	87,462	22,346,866	96.5%
2014	23,556,658	22,573,803	95.8%	122,992	22,696,795	96.3%
2015	25,408,150	24,342,225	95.8%	57,859	24,400,084	96.0%
2016	25,989,724	24,924,172	95.9%	27,208	24,951,380	96.0%
2017	27,150,814	26,030,596	95.9%	N/A	26,030,596	95.9%

Source: Alachua County Tax Collector

**City of Gainesville
Utility Base
Number of Customers and Sales Quantities
Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Number of Customers</u>										
Residential Electric	82,399	82,668	82,038	81,900	82,039	82,440	83,117	83,796	84,069	85,229
Non-residential Electric	10,450	10,461	10,383	10,372	10,422	10,467	10,602	10,677	10,726	11,043
Water	69,784	69,496	68,819	68,952	69,329	69,847	70,300	70,903	71,546	72,136
Wastewater	61,552	62,071	61,999	62,164	62,536	63,001	63,501	64,121	64,781	65,591
Natural Gas	33,777	33,451	33,202	33,208	33,264	33,465	33,780	34,152	34,496	34,942
<u>Sales</u>										
Electric (gigawatt hours):										
Residential Electric	829	807	857	821	754	752	772	793	819	797
Non-residential Electric	992	964	994	967	945	930	942	951	978	963
Gallons of Water (million gallons)	8,435	7,892	7,371	7,775	7,369	6,964	6,822	6,786	6,837	7,211
Gallons of Wastewater (million gallons)	5,229	4,899	4,696	4,666	4,706	4,603	4,528	4,491	4,510	4,657
Therms of Natural Gas (million therms)	21	21	23	22	18	19	21	21	20	20



Source: GRU Annual Reports

	2008	2009	2010	2011	
Electric:					
Residential Service - Standard					
Customer Charge	per month	\$ 5.54	\$ 7.60	\$ 8.45	\$ 8.45
Energy Charge ²	per kWh				
0-250 kWh		0.02500	0.02600	0.02800	0.03200
250-750 kWh		0.06500	0.06600	0.06700	0.06800
over 750 kWh		0.09700	0.09800	0.10200	0.10200
Residential Service - Peak Periods					
Customer Charge	per month	9.36	17.60	17.60	17.60
Energy Charge ²	per kWh				
On-Peak		0.11000	0.13900	0.13900	0.13900
Off-Peak		0.03500	0.03500	0.03500	0.03500
General Service Non-Demand & Demand < 50 kW					
Customer Charge	per month	16.00	16.00	25.50	26.00
Energy Charge ²	per kWh				
0-1500 kWh		0.06200	0.06800	0.07000	0.08000
over 1500 kWh		0.08000	0.09500	0.10300	0.10800
Business Partner Discount Rate		0%	0%	0%	0%
General Service Demand - 50kW > Demand < 1000 kW					
Customer Charge	per month	33.00	45.00	45.00	50.00
Demand Charge	per kW	9.00	9.20	9.25	9.25
Energy Charge ²	per kWh	0.02900	0.03200	0.04200	0.05100
Business Partner Discount Rate		0%	0%	0%	0%
Large Power Service - Demand > 1000 kW					
Customer Charge	per month	265.00	300.00	300.00	300.00
Demand Charge	per kW	9.00	9.20	9.25	9.25
Energy Charge ²	per kWh	0.02700	0.03100	0.03900	0.04600
Business Partner Discount Rate		0%	0%	0%	0%
Water:					
Residential Service					
Customer Charge ⁵	per month	5.35	7.00	7.30	7.75
Usage Charge ³	per kGal				
1,000 - 6,000		1.56	1.59	1.65	1.99
7,000 - 20,000		2.82	3.11	3.30	3.65
Over 21,000		4.93	5.50	6.00	6.00
Non-Residential Service					
Customer Charge ⁵	per month	5.35	7.00	7.30	7.75
Usage Charge	per kGal	2.82	3.11	3.30	3.40
Irrigation Service					
Customer Charge ^{4,5}	per month	4.86	4.86	7.30	7.75
Usage Charge	per kGal				
1,000 - 12,000		2.82	3.11	3.30	3.65
13,000 or more		4.93	5.50	6.00	6.00
Non-residential		n/a	n/a	4.35	4.40
University of Florida					
Customer Charge ⁵	per month	5.35	7.00	7.30	7.75
Usage Charge	per kGal				
On-Campus		1.13	1.54	1.92	1.67
Off-Campus		1.30	1.80	2.67	2.57
City of Alachua					
Customer Charge ⁵	per month	5.35	7.00	7.30	7.75
Usage Charge	per kGal	1.33	1.45	1.51	1.62
Fire Hydrant History of Monthly Charges					
Installed, Maintained, Supported					
Maintained, Supported					
Supported only (UF)					

(continued)

	2012	2013	2014	2015	2016	2017	
Electric:							
Residential Service - Standard							
Customer Charge	per month	\$ 8.67	\$ 8.67	\$ 11.90	\$ 12.75	\$ 14.25	\$ 14.25
Energy Charge ²	per kWh						
0-250 kWh		0.03400	0.03400	0.03900	0.03100	0.04300	0.04300
250-750 kWh		0.06800	0.06800	0.05000	0.04200	0.06400	0.06400
over 750 kWh		0.10200	0.10200	0.09400	0.08400	0.07800	0.07000
Residential Service - Peak Periods							
Customer Charge	per month	17.60	17.60	17.60	n/a	n/a	n/a
Energy Charge ²	per kWh						
On-Peak		0.13900	0.13900	0.13900	n/a	n/a	n/a
Off-Peak		0.03500	0.03500	0.03500	n/a	n/a	n/a
General Service Non-Demand & Demand < 50 kW							
Customer Charge	per month	26.00	26.00	30.00	29.50	29.50	29.50
Energy Charge ²	per kWh						
0-1500 kWh		0.08000	0.08000	0.07600	0.06900	0.06900	0.06900
over 1500 kWh		0.10800	0.10800	0.10600	0.10000	0.10000	0.10000
Business Partner Discount Rate		0%	0%	0%	0%	0%	0%
General Service Demand - 50kW > Demand < 1000 kW							
Customer Charge	per month	50.00	50.00	100.00	100.00	100.00	100.00
Demand Charge	per kW	9.25	9.25	9.25	8.50	8.50	8.50
Energy Charge ²	per kWh	0.05100	0.05100	0.04500	0.04000	0.04000	0.04000
Business Partner Discount Rate		2%	2%	2%	0%	0%	0%
Large Power Service - Demand > 1000 kW							
Customer Charge	per month	300.00	300.00	350.00	350.00	350.00	350.00
Demand Charge	per kW	9.25	9.25	9.25	8.50	8.50	8.50
Energy Charge ²	per kWh	0.04600	0.04600	0.04050	0.03600	0.03600	0.03600
Business Partner Discount Rate		2%	2%	2%	0%	0%	0%
Water:							
Residential Service							
Customer Charge ⁵	per month	8.65	8.70	9.00	9.20	9.20	9.45
Usage Charge ³	per kGal						
1,000 - 6,000		2.05	2.20	2.30	2.35	2.35	2.45
7,000 - 20,000		3.65	3.75	3.75	3.75	3.75	3.75
Over 21,000		6.00	6.00	6.00	6.00	6.00	6.00
Non-Residential Service							
Customer Charge ⁵	per month	8.65	8.70	9.00	9.20	9.20	9.45
Usage Charge	per kGal	3.65	3.75	3.80	3.85	3.85	3.85
Irrigation Service							
Customer Charge ^{4,5}	per month	8.65	8.70	9.00	9.20	9.20	9.45
Usage Charge	per kGal						
1,000 - 12,000		3.65	3.75	3.75	3.75	3.75	3.75
13,000 or more		6.00	6.00	6.00	6.00	6.00	6.00
Non-residential		4.40	4.45	4.50	4.55	4.60	4.60
University of Florida							
Customer Charge ⁵	per month	8.65	8.70	9.00	9.20	9.20	9.45
Usage Charge	per kGal						
On-Campus		2.17	2.16	2.18	2.22	2.30	2.84
Off-Campus		3.21	3.13	2.77	2.64	2.91	3.67
City of Alachua							
Customer Charge ⁵	per month	8.65	8.70	9.00	9.20	9.20	9.45
Usage Charge	per kGal	1.62	1.62	1.62	1.62	1.62	1.62
Fire Hydrant History of Monthly Charges							
Installed, Maintained, Supported							
Maintained, Supported							
Supported only (UF)							

(continued)

		2008	2009	2010	2011
Wastewater:					
Residential Service					
Customer Charge	per month	4.00	6.00	6.00	6.50
Usage Charge	per kGal	4.63	4.94	5.07	5.29
Residential not connected , but required to be by ordinance		23.22	23.22	31.35	32.95
Residential, on wells, flat rate per month		23.22	23.22	31.35	32.95
Multi-family					
Customer Charge	per month	4.00	6.00	6.00	6.50
Usage Charge- flat rate	per month	23.15	24.70	25.35	26.45
Non-Residential Service					
Customer Charge ⁵	per month	4.00	6.00	6.00	6.50
Usage Charge	per kGal	4.63	4.94	5.07	5.29
Tacachale					
Customer Charge	per month	4,929.63	5,259.69	n/a	n/a
Usage Charge	per kGal	1.36	1.44	n/a	n/a
University of Florida - Maguire Village					
Customer Charge	per month	n/a	n/a	n/a	n/a
Usage Charge	per kGal	n/a	n/a	n/a	n/a
Natural Gas:					
Residential Service					
Customer Charge	per month	7.15	9.52	9.52	9.52
Energy Charge ¹	per therm	0.42400	0.48300	0.48300	0.48300
MGP	per therm	0.03210	0.03700	0.03700	0.04340
General Firm Service					
Customer Charge	per month	\$ 19.89	\$ 30.00	\$ 30.00	\$ 35.00
Energy Charge ¹	per therm	\$ 0.26990	\$ 0.30800	\$ 0.30800	\$ 0.34300
MGP	per therm	\$ 0.32100	\$ 0.03700	\$ 0.03700	\$ 0.04340
Interruptible Service					
Customer Charge	per month	\$ 360.00	\$ 375.00	\$ 375.00	\$ 375.00
Energy Charge ²	per therm	\$ 0.20590	\$ 0.28600	\$ 0.28600	\$ 0.31500
MGP	per therm	\$ 0.03210	\$ 0.03700	\$ 0.03700	\$ 0.04340
Contract Interruptible Service					
Customer Charge	per month	\$ 360.00	\$ 375.00	\$ 375.00	\$ 375.00
Energy Charge ³	per therm	\$ 0.03210	\$ 0.03700	\$ 0.03700	\$ 0.04340
MGP	per therm	\$ 0.03210	\$ 0.03700	\$ 0.03700	\$ 0.04340
Large Volume Interruptible Service					
Customer Charge	per month	\$ 351.90	\$ 375.00	\$ 375.00	\$ 375.00
Energy Charge ²	per therm	\$ 0.11990	\$ 0.14268	\$ 0.14268	\$ 0.15730
MGP	per therm	\$ 0.03210	\$ 0.03700	\$ 0.03700	\$ 0.04340
Liquid Propane (LP) Service					
Customer Charge	per month	\$ 7.15	\$ 9.52	\$ 9.52	\$ 9.52
Energy Charge ⁴	per gallon	\$ 0.64513	\$ 0.64513	\$ 0.64513	\$ 0.64513
3-yr recovery		\$ 0.59513	\$ 0.59513	\$ 0.59513	\$ 0.59513
5-yr recovery		\$ 0.57013	\$ 0.57013	\$ 0.57013	\$ 0.57013
7-yr recovery		\$ 0.52513	\$ 0.52513	\$ 0.52513	\$ 0.52513
> 7-yr recovery		\$ 0.52513	\$ 0.52513	\$ 0.52513	\$ 0.52513
Basic (no recovery)		n/a	n/a	n/a	n/a
Average Annual PGA per therm					

Notes:

1 Includes \$0.06906 per therm of fuel

2 Includes 6.5 mills/kWh of fuel

3 Effective October 1, 2013; previously
2011-2012 0-7,000,7001-20,000;

Source: GRU Annual Reports

4 Effective October 1, 2013 previously 0-15,000, over

5 Effective October 1, 2015 monthly charge for 0.625"

(continued)

		2012	2013	2014	2015	2016	2017
Wastewater:							
Residential Service							
Customer Charge	per month	7.40	7.40	7.85	8.40	9.00	9.10
Usage Charge	per kGal	5.50	5.80	5.85	6.05	6.20	6.30
Residential not connected , but required to be by ordinance		34.90	36.40	37.10	38.65	40.00	40.60
Residential, on wells, flat rate per month		34.90	36.40	37.10	38.65	40.00	40.60
Multi-family							
Customer Charge	per month	7.40	7.40	7.85	8.40	9.00	9.10
Usage Charge- flat rate	per month	27.50	29.00	29.25	30.25	31.00	n/a
Non-Residential Service							
Customer Charge ⁵	per month	7.40	7.40	7.85	8.40	9.00	9.10
Usage Charge	per kGal	5.50	5.80	5.85	6.05	6.20	6.30
Tacachale							
Customer Charge	per month	n/a	n/a	n/a	n/a	n/a	n/a
Usage Charge	per kGal	n/a	n/a	n/a	n/a	n/a	n/a
University of Florida - Maguire Village							
Customer Charge	per month	n/a	n/a	n/a	n/a	n/a	n/a
Usage Charge	per kGal	n/a	n/a	n/a	n/a	n/a	n/a
Natural Gas:							
Residential Service							
Customer Charge	per month	9.52	9.52	9.52	9.75	9.75	9.75
Energy Charge ¹	per therm	0.48300	0.47370	0.48200	0.50200	0.54000	0.63000
MGP	per therm	0.05050	0.05050	0.05050	0.05660	0.05660	0.05560
General Firm Service							
Customer Charge	per month	\$ 35.00	\$ 35.00	\$ 40.00	\$ 40.00	\$ 45.00	\$ 45.00
Energy Charge ¹	per therm	\$ 0.34300	\$ 0.34300	\$ 0.34300	\$ 0.36500	\$ 0.38000	\$ 0.44000
MGP	per therm	\$ 0.05050	\$ 0.05050	\$ 0.05000	\$ 0.05560	\$ 0.05560	\$ 0.05560
Interruptible Service							
Customer Charge	per month	\$ 375.00	\$ 375.00	n/a	n/a	n/a	n/a
Energy Charge ²	per therm	\$ 0.31500	\$ 0.31500	n/a	n/a	n/a	n/a
MGP	per therm	\$ 0.05050	\$ 0.05050	n/a	n/a	n/a	n/a
Contract Interruptible Service							
Customer Charge	per month	\$ 375.00	n/a	n/a	n/a	n/a	n/a
Energy Charge ³	per therm	\$ 0.05050	n/a	n/a	n/a	n/a	n/a
MGP	per therm	\$ 0.05050	n/a	n/a	n/a	n/a	n/a
Large Volume Interruptible Service							
Customer Charge	per month	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00	\$ 400.00	\$ 400.00
Energy Charge ²	per therm	\$ 0.15730	\$ 0.20394	\$ 0.20394	\$ 0.20500	\$ 0.23000	\$ 0.27000
MGP	per therm	\$ 0.05050	\$ 0.05050	\$ 0.05050	\$ 0.05560	\$ 0.05560	\$ 0.05560
Liquid Propane (LP) Service							
Customer Charge	per month	\$ 9.52	\$ 9.52	\$ 9.52	\$ 9.75	\$ 9.75	\$ 9.75
Energy Charge ⁴	per gallon	\$ 0.64513	n/a	n/a	n/a	n/a	n/a
3-yr recovery		\$ 0.59513	n/a	n/a	n/a	n/a	n/a
5-yr recovery		\$ 0.57013	\$ 0.63846	\$ 0.64676	\$ 0.66676	\$ 0.70476	n/a
7-yr recovery		\$ 0.52513	\$ 0.59346	\$ 0.60176	\$ 0.62176	\$ 0.65976	n/a
> 7-yr recovery		n/a	\$ 0.56346	\$ 0.57176	\$ 0.59176	\$ 0.62976	n/a
Basic (no recovery)							
Average Annual PGA	per therm						

Notes:

1 Includes \$0.06906 per therm of fuel

2 Includes 6.5 mills/kWh of fuel

15,000

3 Effective October 1, 2013; previously
2011-2012 0-7,000,7001-20,000;

Source: GRU Annual Reports

(concluded)

City of Gainesville
Principal Utility Revenue Contributors
Current Year and Ten Years Ago

	2017			2007		
	Total Payments	Rank	Percentage of Total Utility Value	Total Payments	Rank	Percentage of Total Utility Value
City of Gainesville	\$ 78,049,210	1	16.49%	\$ 5,338,231	1	1.79%
Alachua County School Board	5,845,064	2	1.23%	4,840,380	2	1.63%
Shands Teaching Hospital and Clinics	4,871,825	3	1.03%	1,809,204	8	.61%
North FL Regional Medical Center	4,664,679	4	0.99%	2,739,784	5	.92%
Publix	4,524,178	5	0.96%	3,331,678	3	1.12%
University of Florida	4,151,354	6	0.88%	1,868,957	7	.63%
Alachua County Board of County Comm	2,682,495	7	0.57%	1,974,064	6	.66%
Wal Mart Stores Inc	1,699,386	8	0.36%	-	-	n/a
SiVance LLC	1,576,487	9	0.33%	-	-	n/a
State of FL Dept. Of Children & Family Svc	1,566,734	10	0.33%	-	-	n/a
VA Medical Center	-	-	-	3,164,922	4	1.06%
Santa Fe Community College	-	-	-	1,555,757	9	.52%
Shands @ AGH	-	-	-	1,550,898	10	.52%
Paradigm Properties Inc.	-	-	n/a	-	-	n/a
FL Dept of Children and Families	-	-	n/a	-	-	n/a
Total	\$ 109,631,412		23.16%	\$ 28,173,875		5.60%
	109,631,412		46.31%	28,173,875		9.46%

Source: GRU Annual Reports

DEBT CAPACITY

City of Gainesville
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Presented by Governmental and Business-Type Activities

Year	Governmental Activities			Business-Type Activities			Total Primary Government	Total	
	Bonds	Notes	Lease	Bonds	Notes	Lease		% of Personal Income	Per Capita
2007	170,352,693	1,836,310	879,513	592,718,901	-	-	765,787,417	18.61%	6,303
2008	163,229,892	-	808,654	708,588,045	63,704,015	-	936,330,606	21.30%	7,521
2009	155,428,350	11,500,000	740,339	869,464,359	78,965,901	-	1,116,098,949	26.83%	8,865
2010	149,961,998	11,500,000	669,111	841,502,667	66,036,166	-	1,069,669,942	22.80%	8,090
2011	141,168,262	11,128,468	594,846	946,381,178	65,690,256	-	1,164,963,010	25.41%	9,365
2012	125,440,277	20,643,225	517,414	918,731,703	65,337,135	-	1,130,669,754	23.99%	9,125
2013	117,168,774	19,326,461	436,681	923,700,771	64,974,623	-	1,125,607,310	23.86%	9,049
2014	92,086,614	32,562,746	352,505	896,179,836	66,181,064	99,410,828	1,186,773,593	24.55%	9,444
2015	100,957,376	30,991,592	264,740	924,958,029	70,811,880	977,280,085	2,105,263,702	42.35%	16,453
2016	93,276,839	38,508,036	173,550	907,065,208	65,189,668	959,678,852	2,063,892,153	40.90%	16,047
2017	88,616,606	35,650,967	78,141	888,442,387	64,254,397	941,269,071	2,018,311,569	38.44%	15,547

Presented by City Government and Gainesville Regional Utilities (GRU)

Fiscal Year	City Government	Utility (GRU)	Primary Government	City Government		Utility (GRU)	
				% of Personal Income	Per Capita	% of Personal Income	Per Customer
2007	173,068,516	592,718,901	765,787,417	4.21%	1,424	6.81%	2,306
2008	164,038,546	772,292,060	936,330,606	3.73%	1,318	8.27%	2,920
2009	167,668,689	948,430,260	1,116,098,949	4.03%	1,332	10.85%	3,584
2010	162,131,109	907,538,833	1,069,669,942	3.46%	1,226	9.71%	3,446
2011	152,891,576	1,012,071,434	1,164,963,010	3.33%	1,229	10.43%	3,845
2012	146,600,916	984,068,838	1,130,669,754	3.11%	1,183	9.79%	3,724
2013	136,931,916	988,675,394	1,125,607,310	2.90%	1,101	9.79%	3,713
2014	125,001,865	1,061,771,728	1,186,773,593	2.59%	995	10.36%	3,984
2015	132,213,708	1,973,049,994	2,105,263,702	2.66%	1,033	18.83%	7,313
2016	131,958,425	1,931,933,728	2,063,892,153	2.62%	1,026	18.54%	7,273
2017	124,345,714	1,893,965,855	2,018,311,569	2.37%	958	16.95%	6,855

Sources: Personal income information was obtained from the Bureau of Economic Analysis.
Population figures were obtained from the Bureau of Economic and Business Research.
Customer information was obtained from GRU's Annual Report.

Notes: Details regarding the City's outstanding debt may be found in the Notes to the Financial Statements.
The debt ratios for the primary government include both General Government and GRU. These ratios are shown separately as well to provide more meaningful information.

City of Gainesville
Direct and Overlapping Governmental Activities Debt
As of September 30, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Alachua County:			
Gas Tax Bank Note	\$ 8,360,000	45.68%	\$ 3,818,669
Capital Improvement Revenue Note	7,248,000	45.68%	3,310,731
Public Improvement Revenue Note	46,253,000	45.68%	21,127,381
Local Option Gas Tax bank loan	2,645,000	45.68%	1,208,179
Capital Lease Payable	271,220	45.68%	123,893
Alachua County School Board District			
State Motor Vehicle License Tax Revenue Bonds	225,000	41.66%	93,726
Certificates of Participation	56,187,724	41.66%	<u>23,405,564</u>
Subtotal, Overlapping Debt			53,088,145
City of Gainesville Governmental Activities Direct Debt			<u>131,958,425</u>
			<u>\$ 185,046,570</u>
Total Direct and Overlapping Governmental Activities Debt			

Notes:

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. This process recognizes that, when considering the City'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.

The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by dividing the portion of another government unit's taxable value that is within the City's boundaries and dividing it by each unit's total taxable value.

Sources: Alachua County Finance Department, Alachua County School Board and Alachua County Property Appraiser

**City of Gainesville
Pledged Revenue Coverage
Last Ten Fiscal Years**

State Guaranteed Entitlement Revenue Bonds					Utilities System Revenue Bonds					
Fiscal Year	State Guaranteed Entitlement Revenue	Debt Service			Utilities Revenues (1)	Less: Operating Expenses (2)	Net Available Revenues	Debt Service		
		Principal	Interest	Coverage				Principal	Interest	Coverage
2008	1,100,340	645,000	396,513	1.0565	352,615,563	241,084,088	111,531,475	18,555,000	28,572,033	2.3666
2009	1,100,340	670,000	370,713	1.0573	363,585,373	237,644,597	125,940,776	21,985,000	29,077,280	2.4664
2010	1,100,340	700,000	341,163	1.0568	376,339,759	234,351,801	141,987,958	35,045,000	27,123,819	2.2839
2011	1,100,340	735,000	309,362	1.0536	376,167,181	222,620,162	153,547,019	31,055,000	32,952,046	2.3989
2012	1,100,340	770,000	272,683	1.0553	356,680,648	207,130,769	149,549,879	31,900,000	31,855,940	2.3457
2013	1,100,340	810,000	234,813	1.0531	356,409,450	214,466,006	141,943,444	31,900,000	21,964,939	2.6352
2014	1,100,340	850,000	194,313	1.0536	412,169,722	255,797,502	156,372,220	26,845,000	23,392,328	3.1127
2015	1,100,340	890,000	151,813	1.0562	439,576,909	270,982,823	168,594,086	49,020,000	22,227,180	2.3663
2016	1,100,340	935,000	104,088	1.0589	453,177,915	280,634,777	172,543,138	16,805,000	21,544,385	4.4992
2017	1,100,340	1,000,000	55,000	1.0430	473,426,619	331,097,206	142,329,413	23,135,000	38,892,441	2.2946

Notes:

- (1) Utilities revenues include electric, gas, water, wastewater and telecommunications charges to customers, other utilities revenues (including fees for connection, installation and backflow prevention), rate stabilization transfers, and interest income (excluding interest income earned on construction funds). Source: GRU Annual Reports
- (2) Operating expenses exclude depreciation and debt service charges.

Gainesville.
Citizen centered
People empowered

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DEMOGRAPHIC AND ECONOMIC INFORMATION

City of Gainesville
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	(1) Median Age (Alachua County)	(3) Public School Enrollment (Alachua County)	(4) Unemployment Rate
2008	124,491	8,781,243,000	35,313	29.6	28,198	4.70%
2009	125,904	9,240,924,000	33,044	29.7	27,100	7.40%
2010	132,217	8,706,501,000	35,488	30.1	28,581	8.30%
2011	124,397	9,386,000,000	36,858	30.5	28,085	8.10%
2012	123,903	9,819,000,000	38,045	30.8	27,491	6.90%
2013	124,391	10,514,601,000	37,929	25.8	27,506	5.30%
2014	125,661	10,255,284,000	38,462	25.8	27,390	4.90%
2015	127,955	10,619,747,010	38,847	25.8	27,802	4.50%
2016	128,612	10,725,944,480	39,235	25.7	27,343	4.20%
2017	129,816	11,352,822,000	40,444	26.6	26,881	3.50%

Note:

- (a) At the 2012 Year-end, the BEA published revised Personal Income and Per Capita Personal Income Statistics for years prior. The revised statistics are reflected in this publication.
- (b) 2012 Personal Income and Per Capital Personal Income are estimates based on a 1% growth rate from the 2011 BEA data published November 26, 2012.

Sources:

- (1) The Population and Median Age of Gainesville were obtained from the University of Florida Bureau of Economic and Business Research
- (2) Total Personal Income and Per Capita Personal Income amounts obtained from Bureau of Economic Analysis (BEA)
- (3) Public School Enrollment information obtained from Alachua County School Board
- (4) Unemployment Rates obtained from the United States Department of Labor

**City of Gainesville
Principal Employers
Current Year and Nine Years Ago**

Employer	2017			2008		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Florida	27,567	1	21.43%	12,297	1	10.36%
UF Health	12,705	2	9.88%	8,225	2	6.93%
VA Medical Center	6,127	3	4.76%	1,627	7	1.37%
Alachua County School Board	3,904	4	3.04%	4,064	3	3.43%
City of Gainesville	2,072	5	1.61%	2,369	4	2.00%
North Florida Regional Medical Ctr.	2,000	6	1.56%	1,560	8	1.31%
Gator Dining Services	1,200	7	0.93%	-	-	0.00%
Nationwide Insurance	960	8	0.75%	1,058	9	0.89%
Alachua County	809	9	0.63%	-	-	0.00%
Publix Supermarkets	780	10	0.61%	1,876	6	n/a
Santa Fe Community College	-	-	n/a	926	10	0.78%
Florida Dept. Of Children & Family	-	-	n/a	2,319	5	1.95%
Total	58,124		45.19%	36,321		29.03%

Source: Gainesville Area Chamber of Commerce

Note:

(1) Alachua County employment includes employees of constitutional officers, such as the Sheriff's Office.

OPERATING INFORMATION

City of Gainesville
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Charter Offices:										
City Commission	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Clerk of the Commission	8.00	8.00	6.50	6.50	5.50	5.50	5.50	5.00	5.00	5.00
Assistant City Manager	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Manager's Office	6.00	5.00	4.00	4.00	5.00	5.00	5.00	4.35	4.35	8.35
City Auditor's Office	5.50	5.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	5.50
City Attorney's Office	16.00	16.00	15.00	15.00	17.00	17.00	18.00	17.00	17.00	17.00
Equal Opportunity Office	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00	9.00	8.00
General Government:										
Administrative Services	4.50	4.50	4.00	4.00	4.00	4.00	4.00	3.70	3.70	3.65
Computer Services	18.00	17.00	19.00	17.00	-	-	-	-	-	-
Budget & Finance	45.50	47.00	36.00	37.00	37.00	37.00	37.00	37.00	36.50	38.50
Human Resources	19.00	19.00	15.00	15.00	16.00	16.00	17.00	16.00	16.00	25.00
Risk Management	15.00	15.00	15.00	15.00	16.00	16.00	16.50	16.50	16.50	16.50
Communications and Marketing	7.00	5.00	4.00	4.00	4.00	4.00	4.00	4.50	4.00	5.00
Public Safety:										
Police										
Officers	284.00	299.00	295.00	301.00	301.00	301.00	306.00	305.00	307.00	308.00
Civilians	94.00	87.00	80.00	80.00	80.00	80.00	85.00	83.00	86.00	89.00
Fire Rescue										
Officers	144.00	144.00	155.00	158.00	158.00	158.00	166.00	167.00	166.00	167.00
Civilians	10.00	9.00	10.00	7.00	7.00	7.00	8.00	7.00	8.00	7.00
Physical Environment:										
Codes Enforcement	19.00	19.00	16.00	16.00	16.08	16.08	16.02	16.02	16.30	26.00
Planning & Development Services	46.50	48.00	38.00	38.50	39.50	39.50	40.50	40.50	41.50	49.50
Community Development	-	-	-	-	-	-	-	-	-	-
Building Inspection	-	-	-	-	-	-	-	-	-	-
Public Works	163.75	164.75	160.38	161.87	163.38	163.38	162.38	157.38	158.75	159.00
Facilities Management	-	-	-	-	-	-	-	-	-	-
Transportation:										
Regional Transit System	235.00	236.00	238.00	262.50	272.50	269.50	289.50	289.50	296.50	298.50
General Services/Facilities Management	52.00	51.00	48.38	48.38	48.38	48.38	22.00	22.00	22.00	23.00
Fleet Management	-	-	-	-	-	-	25.38	25.38	25.00	26.00
Economic Environment:										
Housing	8.00	5.00	1.00	1.70	1.57	1.60	1.57	2.00	1.57	1.57
Community Development Block Grant	4.00	4.00	9.00	8.30	8.30	8.30	8.41	7.98	8.13	8.13
Community Redevelopment Agency	8.00	10.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Economic Development	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Culture & Recreation:										
Parks, Recreation and Cultural Affairs	103.00	102.00	80.50	80.50	78.50	78.50	79.50	77.00	83.25	89.25
Cultural Affairs	-	-	-	-	-	-	-	-	-	-
Recreation & Parks	-	-	-	-	-	-	-	-	-	-
General Manager for Utilities	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: City of Gainesville Budget Division, FTE Report

Notes: In 2014 the General Services Department was restructured into Facilities Management and Fleet Management.

In 2011 the General Government Computer Services department merged with that of Gainesville Regional Utility (GRU). These positions were absorbed by GRU and now provide support to the General Government as contract services.

In 2007, a reorganization was put in place to streamline planning & permitting processes.

In 2006, a major reorganization was implemented which combined various departments. Finance and the Office of Management and Budget were combined into Budget and Finance, Building Inspections was combined with Public Works, Facilities Management and Fleet were combined into General Services, and Cultural Affairs and Recreation & Parks were combined into Parks, Recreation and Cultural Affairs.

	2008	2009	2010	2011	2012
Fire & EMS ³					
Total EMS incidents per 1,000 population served	29.90	33.70	27.80	99.60	114.30
Total Non-EMS incidents per 1,000 population served	90.12	96.20	92.70	27.90	23.15
Total arson incidents per 10,000 population served	1.46	0.64	0.54	-	1.13
90 th percentile Turnout Time for Fire Apparatus to EMS Incidents	-	-	-	1:08	1:18
90 th percentile Turnout Time for Fire Apparatus to Building Fires	-	-	-	1:26	1:27
90 th percentile Travel Time for Fire Apparatus to EMS Incidents	-	-	-	7:27	7:04
90 th percentile Travel Time for First Arriving Unit at Building Fires	-	-	-	6:21	6:20
Fleet					
Average age of police vehicles (months)	56	44	50	46	49
Average age of fire apparatus (months)	81	92	106	107	79
Hours billed as a percentage of hours available	79.1%	78.3%	79.9%	95.2%	82.7%
No. of work orders completed - police vehicles	1,697	1,736	1,822	1,063	1,362
No. of work orders completed - fire apparatus	170	152	279	235	160
Total vehicle and heavy equipment work orders	8,025	7,711	7,327	7,466	8,243
Highway and Road Maintenance					
Number of potholes repaired	14,335	16,943	16,375	10,940	2,630
% lane miles assessed as satisfactory or better	66.0%	64.0%	60.0%	71.5%	73.7%
Number of linear miles swept	19,293	18,337	14,016	11,998	13,668
Housing					
# of homes purchased or constructed	30	2	10	7	26
Number of properties rehabilitated	68	66	49	50	48
Number of families served through housing programs	784	798	558	314	367
Police					
Police 911 calls received	124,955	133,768	142,486	136,085	137,943
UCR Part I violent crimes reported per 1,000 pop	8.46	9.18	7.11	7.26	7.33
% of UCR Part I violent crimes cleared	56.41%	65.14%	66.60%	62.56%	62.22%
UCR Part I property crimes reported per 1,000 pop	47.11	50.71	43.05	42.17	42.08
% of UCR Part I property crimes cleared	23.56%	29.95%	29.85%	29.93%	30.42%
Injury-producing traffic accidents per 1,000 pop	5.35	6.03	5.67	6.42	6.80
Traffic fatalities per 1,000 population	0.05	0.06	0.05	0.05	0.07
Moving violation citations issued per 1,000 pop	233.25	176.48	216.00	215.89	214.18
DUI arrests per 1,000 population	2.96	2.75	3.06	3.88	2.50
Purchasing					
Dollar amount of purchasing card expenditures	\$ 4,049,230	\$ 4,370,367	\$ 4,001,232	\$ 3,898,638	\$ 4,167,550
Number of purchasing card transactions	17,008	14,919	13,815	14,971	14,917
Average number of days for a formal bid process	45	53	53	53	53
Refuse & Recycling					
Avg # accounts served per on-route hour	133	133	138	138	133
Tons of refuse collected & disposed	19,720	19,501	19,189	18,274	19,856
Tons yard waste collected & composted ²	8,494	8,481	8,099	7,814	8,325
Tons recycling materials collected	4,693	4,692	5,017	4,890	4,795
Complaints per 1,000 accounts	93	67	51	48	50
Utility					
Residential customers - Electric	82,399	82,668	82,038	81,900	82,039
Commercial & industrial - Electric	10,450	10,461	10,383	10,372	10,422
Customers - Natural Gas	33,777	33,451	33,202	33,208	33,264
Customers - Water	69,784	69,496	68,819	68,952	69,329
Customers - Wastewater	61,552	62,071	61,999	62,164	62,536

Sources:

Gainesville Regional Utilities Annual Report; ICMA Center for Performance Measurement.

Note:

¹ GASB Statement 44 was implemented in fiscal year 2005, in future years, additional years will be reported.

¹ As of 2008 the yard trash situation has changed; it all still gets reused, but much of it becomes boiler fuel instead of being composted now. It depends on the markets for composted materials vs. boiler fuel.

² In 2011 the Fire department adapted new reporting software for tracking operational indicators using the 90th percentile. The 90th percentile is the performance baseline that indicates that 90% of the performance occurs below the time stated in

(continued)

	2013	2014	2015	2016	2017
Fire & EMS ³					
Total EMS incidents per 1,000 population served	118.01	143.92	14.77	147.79	143.43
Total Non-EMS incidents per 1,000 population served	24.74	17.19	17.84	28.34	26.37
Total arson incidents per 10,000 population served	1.29	1.84	1.02	1.02	0.77
90 th percentile Turnout Time for Fire Apparatus to EMS Incidents	1:27	1:34	1:21	1:15	1:20
90 th percentile Turnout Time for Fire Apparatus to Building Fires	1:28	1:41	1:34	1:31	1:32
90 th percentile Travel Time for Fire Apparatus to EMS Incidents	7:47	6:37	6:42	6:50	6:40
90 th percentile Travel Time for First Arriving Unit at Building Fires	6:33	6:24	5:59	5:26	5:21
Fleet					
Average age of police vehicles (months)	53	49	48	54	58
Average age of fire apparatus (months)	120	128	102	101	95
Hours billed as a percentage of hours available	80.3%	78.0%	83.0%	86.0%	84.0%
No. of work orders completed - police vehicles	1,220	1,243	1,159	1,246	1,179
No. of work orders completed - fire apparatus	174	190	213	217	236
Total vehicle and heavy equipment work orders	8,175	9,397	8,262	7,937	7,720
Highway and Road Maintenance					
Number of potholes repaired	2,360	6,094	4,609	1,358	1,279
% lane miles assessed as satisfactory or better	72.0%	75.0%	74.0%	73.7%	73.7%
Number of linear miles swept	14,337	14,337	13,894	13,894	3,473
Housing					
# of homes purchased or constructed	12	8	14	14	15
Number of properties rehabilitated	40	30	28	13	16
Number of families served through housing programs	344	210	175	164	263
Police					
Police 911 calls received	132,229	121,872	157,685	162,375	161,201
UCR Part I violent crimes reported per 1,000 pop	6.37	6.56	6.64	7.00	7.33
% of UCR Part I violent crimes cleared	64.65%	63.83%	76.44%	66.89%	55.46%
UCR Part I property crimes reported per 1,000 pop	40.88	37.70	34.88	38.51	36.81
% of UCR Part I property crimes cleared	31.19%	31.07%	36.54%	32.63%	20.69%
Injury-producing traffic accidents per 1,000 pop	11.21	6.77	14.23	7.63	8.07
Traffic fatalities per 1,000 population	0.02	0.08	0.11	0.12	0.12
Moving violation citations issued per 1,000 pop	208.44	198.72	159.43	117.31	179.89
DUI arrests per 1,000 population	2.93	2.38	2.37	1.40	1.76
Purchasing					
Dollar amount of purchasing card expenditures	\$ 4,450,648	\$ 4,139,136	\$ 4,159,386	\$ 4,491,334	\$ 4,364,407
Number of purchasing card transactions	15,191	14,586	1,588	17,341	16,227
Average number of days for a formal bid process	53	45	45	45	45
Refuse & Recycling					
Avg # accounts served per on-route hour	133	139	136	134	101
Tons of refuse collected & disposed	20,081	20,522	20,827	20,679	20,688
Tons yard waste collected & composted ²	8,576	9,079	9,127	9,886	8,612
Tons recycling materials collected	4,912	5,043	4,809	4,833	4,964
Complaints per 1,000 accounts	54	119	120	156	156
Utility					
Residential customers - Electric	82,440	83,117	83,796	84,069	85,229
Commercial & industrial - Electric	10,467	10,602	10,677	10,726	11,043
Customers - Natural Gas	33,465	33,780	34,152	34,496	34,942
Customers - Water	69,847	70,300	70,903	71,546	72,136
Customers - Wastewater	63,001	63,501	64,121	64,781	65,591

Sources:

Gainesville Regional Utilities Annual Report; ICMA Center for Performance Measurement.

Note:

- ¹ GASB Statement 44 was implemented in fiscal year 2005, in future years, additional years will be reported.
- ¹ As of 2008 the yard trash situation has changed; it all still gets reused, but much of it becomes boiler fuel instead of being composted now.
It depends on the markets for composted materials vs. boiler fuel.
- ² In 2011 the Fire department adapted new reporting software for tracking operational indicators using the 90th percentile
The 90th percentile is the performance baseline that indicates that 90% of the performance occurs below the time stated in

City of Gainesville
Capital Asset Statistics by Functional Department
Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fire & EMS										
Total number of fire apparatus	13	13	13	14	14	14	14	15	17	21
Average age of fire apparatus (in months)	81	92	106	107	79	120	128	102	101	95
Average annual mileage per fire apparatus	8,839	8,998	13,912	8,345	8,561	8,244	7,819	7,521	7,306	7,053
Number of fire stations	7	7	7	8	8	8	8	8	9	9
Fleet										
Light vehicles:										
Number	549	347	339	616	574	670	877	1,330	1,330	1,314
Number using alternative fuel	4	4	4	40	52	136	172	216	301	309
Average age (in months)	52	67	78	73	73	79	86	103	96	106
Medium-duty vehicles:										
Number	36	79	82	68	120	122	127	180	172	178
Average age (in months)	87	91	68	72	91	98	101	103	112	121
Heavy-duty vehicles:										
Number	36	128	107	90	96	46	47	48	58	46
Average age (in months)	101	103	89	103	78	72	88	99	95	112
Heavy equipment:										
Number	11	22	13	14	18	75	90	18	17	23
Average age (in months)	67	132	67	126	121	172	130	149	145	138
Highway and Road Maintenance										
Total paved lane miles maintained	779	764	773	773	777	857	778	789	789	789
Number of traffic signals (LEDs)	4,495	7,994	8,042	8,279	8,279	8,279	8,279	8,279	8,279	8,279
Parks and Recreation										
Park acres per 1,000 population	19.24	18.90	20.28	21.56	21.64	21.55	21.34	27.64	27.06	26.81
Total park acres	2,395	2,379	2,681	2,681	2,681	2,681	2,681	3,471	3,481	3,481
Recreation/community centers	8	8	8	8	8	8	8	8	8	8
Athletic fields	35	35	35	35	36	36	24	24	24	24
Play structures	112	112	98	98	98	98	96	96	96	96
Tennis courts	23	23	23	23	23	23	23	23	23	23
Basketball courts	23	23	23	23	23	23	23	23	23	23
Swimming pools	3	3	3	3	3	3	3	3	3	3
Miles of bike, walking, and hiking trails	30.6	31.4	37.4	49.8	50.9	50.9	51.0	52.4	52.4	31.4
Police										
Number of police vehicles - marked	201	268	210	227	232	222	239	238	250	265
Average age of police vehicles (in months)	56	44	50	46	49	53	49	48	54	58
Average annual mileage per police vehicle	6,856	5,311	8,472	9,087	10,783	9,180	9,411	8,396	7,764	7,070
Regional Transit System										
Number of buses	110	105	105	106	116	123	123	128	128	131
Number of buses using alternative fuel	2	2	3	-	-	-	-	-	-	-
Average age of buses (in months)	118	108	82	88	77	89	98	107	106	130
Electricity										
Combined system net capability (megawatts)	611	611	611	616	610	532	523	525	521	525
Distribution - overhead (circuit miles)	583	580	575	575	568	567	564	562	560	558
Distribution - underground (circuit miles)	814	832	838	849	846	850	852	857	866	871
Distribution substations	10	10	11	11	11	11	11	11	11	
Natural Gas										
Distribution mains (miles)	731	739	742	747	752	758	766	774	781	789
Delivery points	6	6	6	5	5	6	6	6	6	6
Water										
FDEP permitted treatment capacity (mgd)	54	54	54	54	54	54	54	54	54	54
Storage capacity (million gallons)	19.5	19.5	19.5	19.5	18.5	18.5	18.5	18.5	18.5	18.5
Consumptive Use Permit (mgd)	29.0	29.4	29.9	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Distribution mains (miles)	1,095	1,102	1,106	1,115	1,128	1,130	1,139	1,141	1,141	1,169
Supply wells	16	16	16	16	16	16	16	16	16	16
Wastewater										
Gravity mains (miles)	607	608	612	618	629	630	631	633	636	661
Force mains (miles)	133	137	137	139	139	139	139	140	142	153
Lift stations	165	164	164	164	165	165	165	167	168	170
Treatment capacity (million gallons per day)	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4
GRUCom										
Fiber optic cable (miles)	318	341	351	389	420	449	438	473	513	528
Maximum bandwidth (2.5 gigabits/second)*10gbs	OC-48	OC-48	OC-192	OC-192	OC-192	OC-192*	OC-192*	OC-192*	OC-192*	OC-192*
On-net locations	436	463	454	524	503	523	555	577	625	752

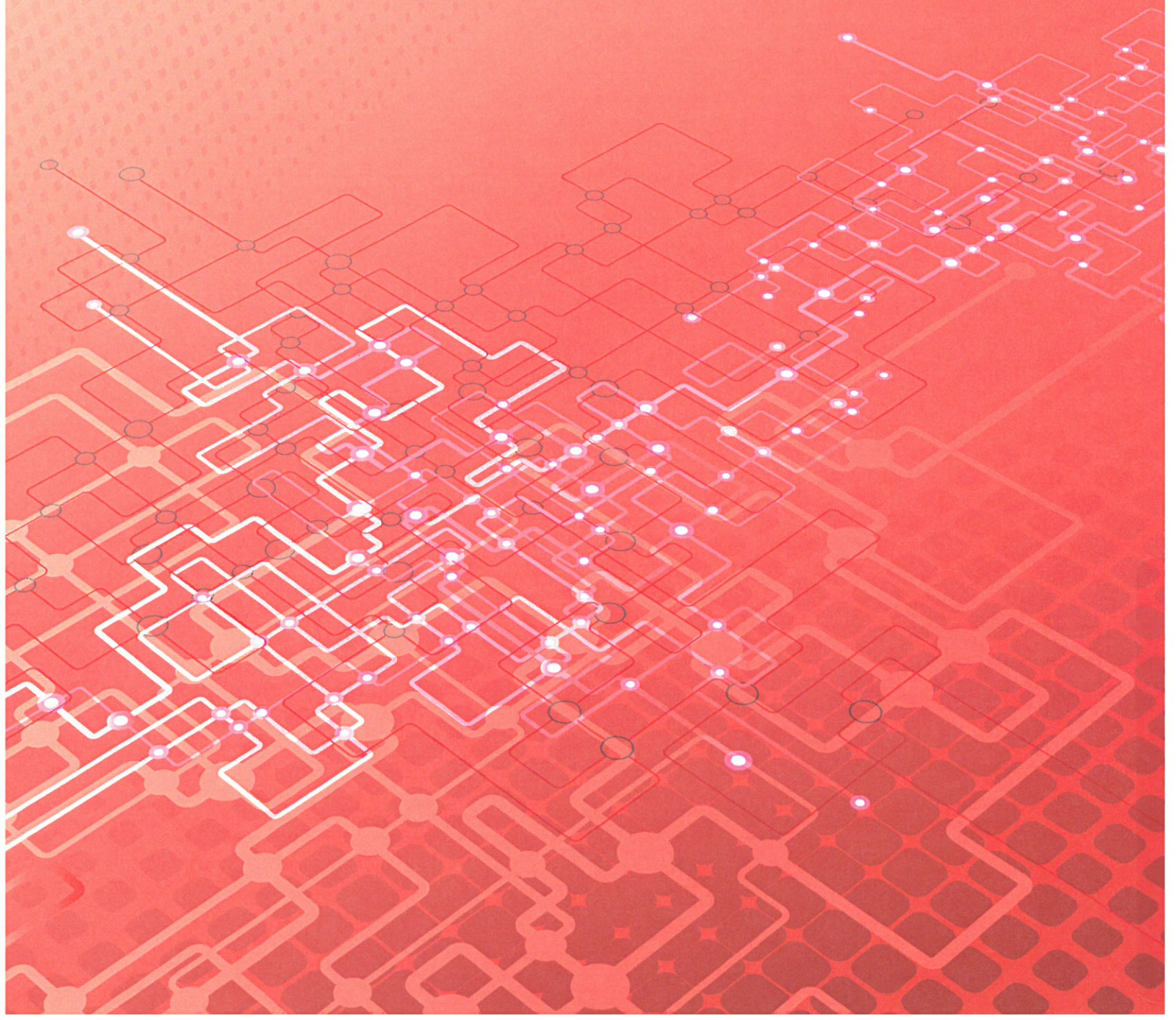
Sources:

Gainesville Regional Utilities Annual Report
ICMA Center for Performance Measurement

Note:

GASB Statement 44 was implemented in fiscal year 2005, in future years, additional years will be reported, cumulating in a ten year presentation.

Single Audit





**MANAGEMENT LETTER
REQUIRED BY SECTION 10.557, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and City Commissioners
City of Gainesville, Florida

We have audited the basic financial statements of the City of Gainesville, Florida (the "City"), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 5, 2018. Our report on the basic financial statements included a reference to the report of other auditors who issued separate communications relative to Gainesville Regional Utilities. Our audit was conducted 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; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Pursuant to the Rules of the Auditor General, which govern the conduct of governmental audits performed in the State of Florida, we make the following representations:

- As required by the Rules of the Auditor General, we determined that the annual financial report for the City, for the fiscal year ended September 30, 2017, was filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, and is in substantial agreement with the audit report.
- The scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, *Determination of Financial Emergency*. We determined that the City has not met one or more of the conditions described in that section that are indicative of a state of financial emergency.
- As required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(8). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.
- The Rules of the Auditor General stipulate that auditors should review the status of prior-audit findings. If the audit findings in the preceding audit report are uncorrected, auditors are required to identify those findings that were also included in the second preceding audit report. In that regard, there are no uncorrected prior audit findings.

Accompanying this letter are our reports on internal control and compliance relative to financial reporting and financial assistance programs. Also, other auditors have issued separate communications relative to Gainesville Regional Utilities. The comments in those documents should be considered in conjunction with this management letter.

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

Thank you for the cooperation and courtesies extended to us during the course of our audit. We have sincerely enjoyed our association with the City and look forward to a continuing relationship. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida

June 5, 2018

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and City Commissioners
City of Gainesville, Florida

We have examined the City of Gainesville's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017.

This report is intended solely for the information and use of the Honorable Mayor and City Commissioners, management, and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 5, 2018

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 City Commissioners
City of Gainesville, Florida

We have audited, in accordance with the 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, each major fund, and the aggregate discretely presented component unit and remaining fund information of City of Gainesville, Florida (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 5, 2018. Other auditors audited the financial statements of the Utility Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is 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 entity's internal control or on 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.

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida

June 5, 2018

Schedule of Federal Awards and State Financial Assistance
September 30, 2017
City of Gainesville, FL

Federal Grantor/ Program Title	Federal CFDA NUMBER	Contract/Grant No.	Expenditures	Program Total	Cluster Total	Federal Amount Provided to Subrecipients
<u>DEPARTMENT OF HOMELAND SECURITY</u>						
FEMA						
Hurricane Hermine Disaster Declaration (CAT B # 163,F #147)	97.036	FEMA-420-DR-FL/20 2 750001/17-PA- W1-03-11-13-126	716,711			
FY 2013 Staffing for Adequate Fire and Emergency Response (SAFER) Passed Through DEM via Florida Department of Financial Services	97.083	EMW-2013-FH-00366	23,789			
Hazmat Critical Needs	97.067	EMW-2016-SS-092-S01/17-DS-V4-03- 11-01- 256	143,915			
Hazmat Sustainment	97.067	EMW-2016-SS-092-S01/17-DS-V4-03- 11-01- 264	34,731			
2015 State Homeland Security Grant Program	97.067	EMW-2015-SS-00083-501//16-DS-T9- 03-11-01-388	1,410	180,056		
<u>EXECUTIVE OFFICE OF THE PRESIDENT-OFFICE OF NATIONAL DRUG POLICY</u>						
Passed Through St. Johns County Sheriff Office						
North Florida HIDTA-Highway Interdiction	95.001	G15/16NF0001A	3,328			
North Florida HIDTA-Cadet Initiative-via Alachua County Sheriff Office	95.001	G15/16/17NF0001A	4,480			
North Florida HIDTA-Cadet Initiative-via Alachua County Sheriff Office	95.001	G17NF0001A	20,856	28,664		
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>						
Community Development Block Grant-Entitlement Program	14.218	B-14-16/MC-12-0007	1,090,861			
HOME Investment Partnership Grant	14.239	M-11-16/MC-12-0206	467,539			
<u>U.S. DEPARTMENT OF JUSTICE</u>						
Federal Equitable Sharing Proceeds	16.922	N/A	339,111			
2015 HERO Child Rescue-Enhancing Forensic Capacity	16.543	2015-MC-FX-K011	41,307			
2015 Internet Crimes Against Children	16.543	2015-MC-FX-K025	416,339	457,646		99,392
OVW FY 15 Grants To Encourage Arrests Policies and Enforcement of Protection Orders	16.590	2015-WE-AX-0033	114,715			107,941
2010 COPS Hiring Program	16.710	2010-UM-WX-0066	215,663			
2013 COPS Hiring Program	16.710	2013-UM-WX-0067	3,828	219,491		
FY 14 JAG	16.738	2014-DJ-BX-0689	6,220			6,130
Edward Byrne Memorial Justice Assistance -FY15	16.738	2015-DJ-BX-1035	19,185			
Edward Byrne Memorial Justice Assistance -FY16	16.738	2016-DJ-BX-1078	29,333			
Passed Through Florida Department of Law Enforcement:						
FY-17 Robbery, Burglary & Retail Fraud Details	16.738	2017-JAGC-ALAC-10-F9-213	1,676			
FY-17 BOLD	16.738	2017-JAGC-ALAC-9-F9-204	6,875			
FY-17 Problem Oriented Policing	16.738	2017-JAGC-ALAC-11-F9-194	9,911			
2016 Sexual Offender and Predator Tracking	16.738	2016-JAGC-ALAC-12-H3-103	821	74,021		
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>						
FY12 State of Good Repair	20.500	FL-04-0175	56,262			
FY12 Urbanized Area Formula Grant	20.507	FL-90-X798	977			
FY13 Urbanized Area Formula Grant	20.507	FL-90-X824	133,598			
FY14 Urbanized Area Formula Grant	20.507	FL-90-X851	257,972			
FY15 Urbanized Area Formula Grant	20.507	FL-90-X889	1,495,244			
FY15 Surface Transportation	20.507	FL-95-X104	2,350,000			
FY16 Urbanized Area Formula Grant	20.507	FL-2016-026	982,967			
FY17 Urbanized Area Formula Grant	20.507	FL-2017-1084	1,800,000	7,020,758		
Total Federal Transit Cluster					7,077,020	
Passed Through Florida Department of Transportation						
FY 15/16 Sec. 5311 Grant	20.509	GO862	117,460			
Non-Urbanized Alachua County	20.509	GOK53	60,337	177,797		
NOGA Sec. 5310- ADA Capital Assistance	20.513	435210-8-93-04	42,748			
FY 14/15 Sec. 5310- Operating Assistance	20.513	ART89	13,170			
FY 15/16 Sec. 5310- Operating Assistance	20.513	G0861	22,555	78,473		
Passed Through Florida Department Transportation:						
FY2011-Clean Fuels	20.519	FL-58-0002	188,618			
Passed Through Florida Department Transportation:						
2017 Motorcycle/Scooter Safety and Education Program	20.600	MC-17-10-07	15,600			
2016 Motorcycle/Scooter Safety and Education Program	20.600	MC-16-10-07/G0776	804	16,404		
Passed Through NHTSA via Western Michigan University						
Passed Through Florida Department of Environmental Protection						
LAP-PD&E Study SW 62nd Blvd/4-Lane Arterial Connector	20.205	211365-6-28-01-03	548,741			
LAP-PD&E Norton Elementary Trail	20.205	435559-1-38-02/ G0M82	817			
LAP-PD&E NW 19th Ln. Bike Lane and Sidewalks	20.205	437333-1-38-02/ G0J57	899			
LAP-PD&E SW Williston Rd to SW 35th Place	20.205	433989-1-38-02/ G0J43	946	551,402		
TOTAL EXPENDITURES OF FEDERAL AWARDS			11,802,319			213,462

**Schedule of Federal Awards and State Financial Assistance
September 30, 2017
City of Gainesville, FL**

<u>State Grantor/ Program Title</u>	<u>State CSFA NUMBER</u>	<u>Contract/Grant No.</u>	<u>Expenditures</u>	<u>Program Total</u>
<u>FLORIDA HOUSING FINANCE CORPORATION</u>				
SHIP 2014/2015	40.901	N/A	481,151	
SHIP 2015/2016	40.901	N/A	107,766	
SHIP 2016/2017	40.901	N/A	9,896	598,814
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>				
Depot Park Stormwater Monitoring	37.039	S0826	107,960	
Tumblin Creek Regional Stormwater Treatment Facility	37.039	S0718	393,357	501,317
<u>DEPARTMENT OF ECONOMIC OPPORTUNITY</u>				
Visit Florida	40.04	N/A	10,832	
<u>DEPARTMENT OF HEALTH</u>				
Pass through Alachua County EMS- Pass through from County	64.005	C5001	38,687	
<u>DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES</u>				
Florida Arts Licens Plate Project	76.041	N/A	0	
<u>DEPARTMENT OF STATE</u>				
Division of Cultural Affairs General Program Support	45.061	17.6.500.229	81,869	
<u>DEPARTMENT OF TRANSPORTATION</u>				
FY16/17 vRide	55.007	G0D10	104,086	
FY 16/17 Block Grant	55.010	G0G36	1,843,539	
FY16/17 Ehanced Operationg- Route 39 Yr.3	55.012	G0J50	30,922	
FY16/17 Ehanced Operationg- Route 125	55.012	G0H57	70,322	
FY16/17 Ehanced Operationg- Route 300	55.012	G0H56	85,266	
FY16/17 Route 62 Yr. 3	55.012	G0H53	40,453	
FY16/17 Holiday Bus Service	55.012	G0H55	49,728	
FY14/15 Service Development Funds - Route 77 Yr. 3	55.012	ARN05/435124-1-84-15	40,971	
FY15/16 Service Development Funds - Route 76 Yr. 3	55.012	AQT70/43216-1-84-16	36,381	
FY14/15 Route 27 Yr.3	55.012	ARN04/435123-1-84-15	17,188	
FY15/16 Route 37 Yr.1, Yr. 2	55.012	G0636/437363-1-84-16	102,219	
FY15/16 Route 40 Yr.1,Yr.2	55.012	G0637/437364-1-84-16	83,387	
FY15/16 Bus Stop Amenities	55.012	G0635/437362-1-94-16	21,851	578,685
Transportation Regional Incentive Program	55.026	423306-1-58-01 & 423306-3-58-01	767,465	
TOTAL EXPENDITURES OF STATE AWARDS			4,525,297	

**Notes to the Schedule of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2017
City of Gainesville, Florida**

Note 1. Significant Accounting Policies

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Gainesville, Florida and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization; 2CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards; and the Florida Single Audit Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The schedule is prepared using the modified accrual basis of accounting.

Note 2. Sub recipients

The City provided federal awards to sub recipients as follows:

	Federal CFDA		
2015 Internet Crimes Against Children	16.543	\$	99,392
Sub recipients:			
Escambia County Sheriffs Office			
Florida Department of Law Enforcement			
Jacksonville Sheriff's Office			
Marion County Sheriff Office			
Okaloosa County Sheriff's Office			
Pensacola Police Department			
St Johns County Sherriff's Office			
Task Force Affiliates			
U.S. Virgin Islands Police Department			
Volusia County Sheriff's Office			
Wakulla Sheriff's Office			
Walton Sheriff's Office			
OVW FY 15 Grant	16.590	\$	107,941
Sub recipients:			
Alachua County Board of County Commissioners			
Black on Black Crime Task Force			
FY 14 JAG Grant	16.738	\$	6,130
Sub recipients:			
Alachua County Sheriff Office			

Note 3. Indirect Costs

The City has not elected to use the 10% de minimis cost rate as covered in the 200.414 Indirect (F&A) costs.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor and City Commissioners
City of Gainesville, Florida

Report on Compliance for Each Major Federal Program and Each Major State Project

We have audited the City of Gainesville, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2017. The City's major federal programs and state projects 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements of Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, 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 or state project occurred. An audit includes examining, on a test basis, evidence about the City'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 and each major state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and Each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and each of its major state projects for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of the City 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's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, 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'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 or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 5, 2018, which contained unmodified opinions on those financial statements. Our report on the basic financial statements included a reference to the report of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state

financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, and is 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 basic financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors 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, based on our audit and the report of other auditors, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Cary Riggs & Ingram, L.L.C.

Gainesville, Florida

June 5, 2018

**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2017
City of Gainesville, Florida**

Part I – Summary of Auditor’s Results

1. The auditor's report on the basic financial statements contained unmodified opinions.
2. The audit did not report significant deficiencies or disclose material weaknesses in internal control over financial reporting.
3. No instances of noncompliance considered material to the financial statements were disclosed by the audit.
4. The audit did not report significant deficiencies or disclose material weaknesses in internal control over the major federal programs and major state projects.
5. The auditor’s report on compliance for the major federal programs and major state projects was unmodified.
6. The audit did not disclose findings relative to the major federal programs and major state projects.
7. The City's major programs/projects were:

<u>Federal Programs</u>	<u>CFDA No.</u>
Federal Transit Cluster	20.500 & 20.507
<u>State Projects</u>	<u>CSFA No.</u>
Statewide Surface Water Restoration and Wastewater Projects	37.039
Public Transit Block Grant Program	55.010
Public Transit Service Development Program	55.012

8. A threshold of \$750,000 was used to distinguish between Type A and Type B programs for federal programs and \$300,000 was used for state projects.
9. The City qualified as a low-risk auditee as that term is defined in the Uniform Guidance.

Part II – Financial Statement Findings

No matters are reportable.

Part III – Findings and Questioned Costs – Federal Programs

No matters are reportable.

Part IV – Findings and Questioned Costs – State Projects

No matters are reportable.

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Schedule of and Response to Prior Year Audit Findings

We are pleased to report that in connection with our September 30, 2016 financial statement audit and single audit, our external auditors listed no findings. Therefore, there was no plan required for corrective action and no discussion of current status is necessary.

Response to Current Year Audit Findings and Corrective Action Plan

We are pleased to report that in connection with our September 30, 2017 financial statement audit and single audit, our external auditors listed no findings. Therefore, there is currently no plan required for corrective action.

We would like to take this opportunity to thank Carr, Riggs & Ingram for their professional and thorough audit. It is a pleasure to work with their partners and staff.



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*

Independent Auditors' Report

To the Honorable Mayor and City Commission
Gainesville Regional Utilities
Gainesville, Florida

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 Gainesville Regional Utilities as of and for the year ended September 30, 2017, and have issued our report thereon dated March 29, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gainesville Regional Utilities' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gainesville Regional Utilities' internal control. Accordingly, we do not express an opinion on the effectiveness of Gainesville Regional Utilities' 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 controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
March 29, 2018

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