

**CITY OF GAINESVILLE  
FLORIDA —**

**AUDIT REPORT**

**SEPTEMBER 30, 2007**

**City of Gainesville, Florida  
Audit Report  
September 30, 2007**

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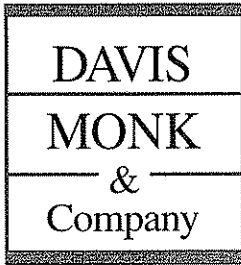
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## Independent Auditors' Report

Honorable Mayor and City Commissioners  
City of Gainesville, Florida

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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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, a major fund, which represent 96 percent and 89 percent, respectively, of the assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Utility Fund, are based on the report of the other auditors.

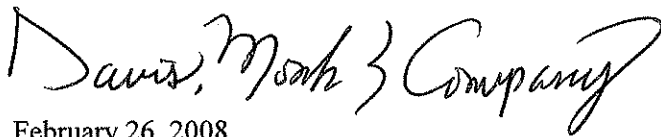
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our 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, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2008 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the schedules listed in the table of contents as "required supplementary information" are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents as "supplemental information" are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



February 26, 2008  
Gainesville, Florida

## 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, 2007. 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 - xii of this report, and the City's financial statements which begin on page 1.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$535,469,634 (*net assets*). Of this amount, \$30,049,345 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$39,669,226 as a result of fiscal year 2007 operations.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$69,973,172, an increase of \$2,674,399 in comparison with the prior year. Of the total ending fund balances, \$59,831,495 is available for spending at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, the undesignated fund balance in the General Fund was \$8,836,423.
- The City's total bonded debt decreased by \$8.95 million, or 1.13% during the current fiscal year. The components of this change are discussed in detail in the bonded debt section below.

### 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets have changed during the most recent fiscal year. All changes in net assets 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, and a legally separate redevelopment agency for which the City is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 1-2 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 fifty-seven 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 fifty-six 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 3-6 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: electric power generation, transmission and distribution, natural gas distribution, water and wastewater treatment, 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 7-12 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 13-14 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 15-52 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 53-59 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 60-119 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$535,469,634 at the close of the most recent fiscal year. Approximately 83% of the City's net assets reflect 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.

	City of Gainesville's Net Assets					
	Governmental Activities		Business-type Activities		Total	
	FY07	FY06	FY07	FY06	FY07	FY06
Current and other assets	\$ 193,035,603	\$ 189,339,909	\$ 409,138,276	\$ 478,298,849	\$ 602,173,879	\$ 667,638,758
Capital assets	122,931,512	114,150,881	869,070,437	792,044,226	992,001,949	906,195,107
Total assets	315,967,115	303,490,790	1,278,208,713	1,270,343,075	1,594,175,828	1,573,833,865
Long-term liabilities						
outstanding	176,374,385	181,808,763	596,367,169	608,372,745	772,741,554	790,181,508
Other liabilities	13,451,134	11,557,621	272,513,506	276,294,328	285,964,640	287,851,949
Total liabilities	189,825,519	193,366,384	868,880,675	884,667,073	1,058,706,194	1,078,033,457
Net assets:						
Invested in capital assets,						
net of related debt	92,860,038	81,644,688	349,405,887	331,146,120	442,265,925	412,790,808
Restricted	24,744,773	23,804,426	38,409,591	41,927,823	63,154,364	65,732,249
Unrestricted	8,536,785	4,675,292	21,512,560	12,602,059	30,049,345	17,277,351
Total net assets	\$ 126,141,596	\$ 110,124,406	\$ 409,328,038	\$ 385,676,002	\$ 535,469,634	\$ 495,800,408

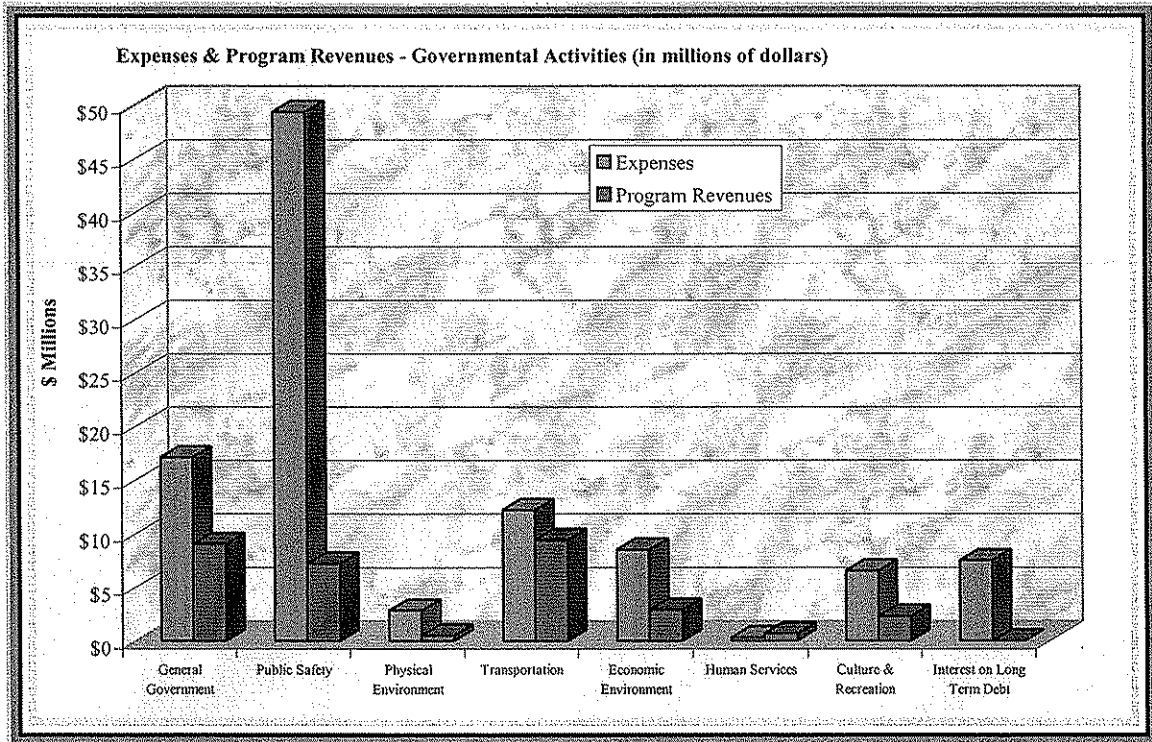
An additional portion of the City's net assets (\$63,154,364 or 10 %) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$30,049,345) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net assets increased by \$39,669,226 during the current fiscal year. This increase is primarily due to Utility operations and is explained further in the following sections.

City of Gainesville Changes in Net Assets						
	Governmental activities		Business-type activities		Total	
	FY07	FY06	FY07	FY06	FY07	FY06
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 17,785,839	\$ 16,808,138	\$ 320,975,389	\$ 307,995,771	\$ 338,761,228	\$ 324,803,909
Operating grants and contributions	6,109,549	8,097,602	6,191,062	3,567,605	12,300,611	11,665,207
Capital grants and contributions	8,093,971	1,617,534	15,903,334	9,492,873	23,997,305	11,110,407
<b>General revenues:</b>						
Property taxes	25,974,094	22,094,936	-	-	25,974,094	22,094,936
Other taxes	19,906,074	19,989,122	-	-	19,906,074	19,989,122
State revenue sharing	4,190,182	4,258,238	-	-	4,190,182	4,258,238
Interest	5,862,894	3,413,776	11,581,622	10,217,610	17,444,516	13,631,386
Other revenues	1,318,358	2,312,756	5,880,934	6,944,982	7,199,292	9,257,738
<b>Total revenues</b>	<b>89,240,961</b>	<b>78,592,102</b>	<b>360,532,341</b>	<b>338,218,841</b>	<b>449,773,302</b>	<b>416,810,943</b>
<b>Expenses:</b>						
General government	17,066,712	24,048,427	-	-	17,066,712	24,048,427
Public safety	49,394,763	47,701,143	-	-	49,394,763	47,701,143
Physical environment	2,790,089	3,243,727	-	-	2,790,089	3,243,727
Transportation	12,220,979	10,506,470	-	-	12,220,979	10,506,470
Economic environment	8,492,950	5,787,916	-	-	8,492,950	5,787,916
Human services	284,999	1,043,843	-	-	284,999	1,043,843
Culture & recreation	6,527,215	5,916,408	-	-	6,527,215	5,916,408
Interest on long-term debt	7,504,485	7,539,632	-	-	7,504,485	7,539,632
Electric	-	-	192,569,894	200,086,670	192,569,894	200,086,670
Gas	-	-	27,732,906	30,563,089	27,732,906	30,563,089
Water	-	-	18,895,269	18,267,647	18,895,269	18,267,647
Wastewater	-	-	22,704,103	22,266,780	22,704,103	22,266,780
GRUCom	-	-	8,421,765	8,481,545	8,421,765	8,481,545
Regional transit system	-	-	17,282,667	16,521,738	17,282,667	16,521,738
Stormwater	-	-	5,095,939	5,061,984	5,095,939	5,061,984
Ironwood	-	-	1,325,727	1,309,847	1,325,727	1,309,847
Florida Building Code Enforcement	-	-	1,783,856	-	1,783,856	-
Solid waste	-	-	10,009,758	6,635,067	10,009,758	6,635,067
<b>Total expenses</b>	<b>104,282,192</b>	<b>105,787,566</b>	<b>305,821,884</b>	<b>309,194,367</b>	<b>410,104,076</b>	<b>414,981,933</b>
<b>Increase(Decrease) in net assets</b>						
before transfers	(15,041,231)	(27,195,464)	54,710,457	29,024,474	39,669,226	1,829,010
Transfers	31,058,421	30,311,348	(31,058,421)	(30,311,348)	-	-
<b>Increase in net assets</b>	<b>16,017,190</b>	<b>3,115,884</b>	<b>23,652,036</b>	<b>(1,286,874)</b>	<b>39,669,226</b>	<b>1,829,010</b>
Net assets - October 1	110,124,406	102,402,878	385,676,002	386,962,876	495,800,408	489,365,754
Prior period adjustment	-	4,605,644	-	-	-	4,605,644
Net assets - October 1	110,124,406	107,008,522	385,676,002	386,962,876	495,800,408	493,971,398
Net assets - September 30	\$ 126,141,596	\$ 110,124,406	\$ 409,328,038	\$ 385,676,002	\$ 535,469,634	\$ 495,800,408

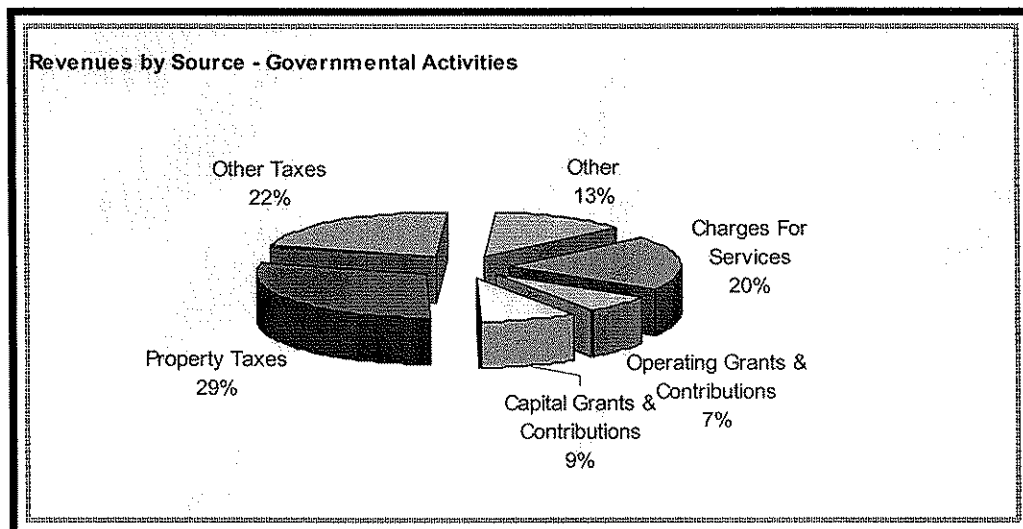
**Governmental activities.** Key elements of governmental activities revenues are as follows:

- Property taxes increased by more than \$3.8 million (18%) from last year.
- The City experienced an approximately \$2.4 million increase (72%) in interest earnings in the current year.



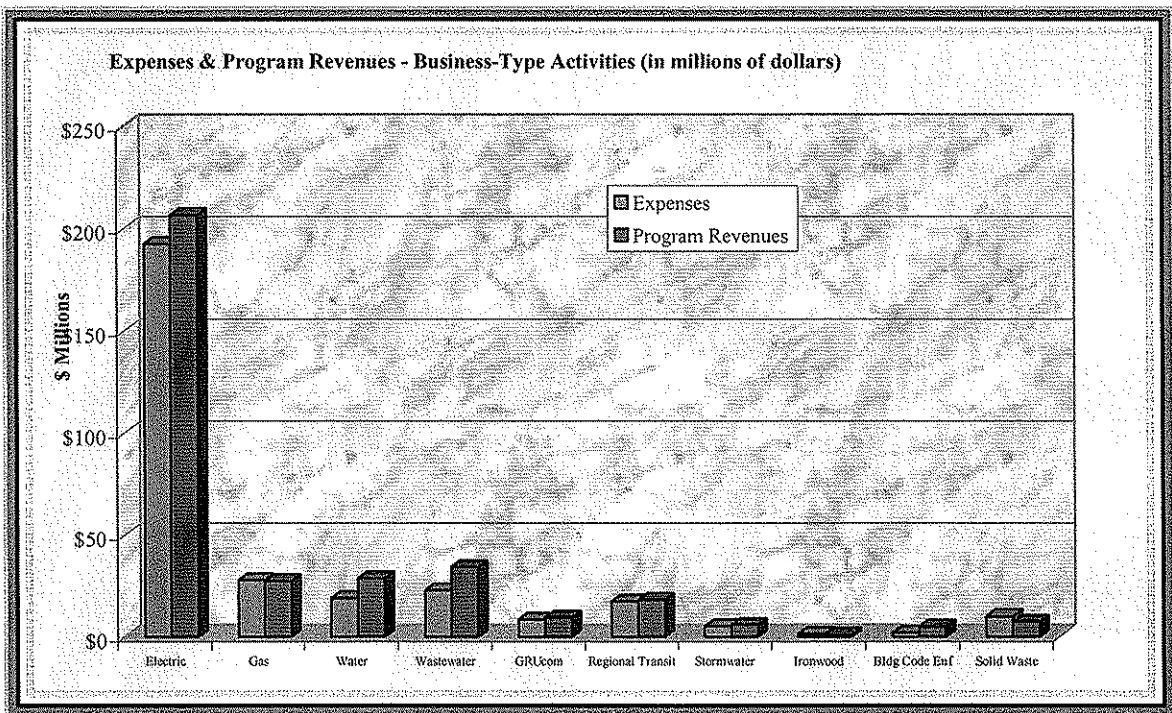
Governmental activities' expense decreased by \$1,505,374 or approximately 1.5%. The principal components of this decrease are shown below:

- General Government expense decreased by approximately \$7 million (29%) from the prior year. This decrease was primarily due to the move of the building inspection function (revenues and expenditures) from the General Fund to its own enterprise fund.
- In addition a travel and hiring freeze was implemented, resulting in reduced expenses.
- The majority of this decrease was offset by increases in other functional areas, most specifically in public safety and transportation.



**Business-type activities.** Business-type activities' key elements for fiscal year 2007 are as follows:

- Utilities operating sales revenue increased \$6.3 million, or approximately 2.2%. Included in this amount is a reduction in revenue of approximately \$10.4 million related to lower fuel costs which are passed directly through to customers as part of a fuel adjustment charge, which is recorded as revenue.
- The year end fuels payable decreased \$2.3 million, or approximately 23.6%. The primary reason for this decrease is a reduction in coal deliveries received but not yet invoiced at fiscal year end.
- Net capital contributions from developers increased in the current fiscal year by \$9.4 million, primarily due to a large number of developments being put into service during the year. The Utility records contributions when each project is placed in service.
- The number of customers for electric, water, wastewater and gas services increased 1.4%, 1.9%, 1.7% and 1.9% respectively in fiscal year 2007.
- Gainesville Regional Utilities is in the process of remediation efforts at a former manufactured gas plant site. The costs incurred to date total \$3.2 million and the remaining costs of the project are estimated at \$9 million. However, to date, the Utility has recovered \$3.3 million from insurance. After recognizing collection fees paid, a net recovery of \$2.2 million has been realized which will directly reduce the amount to be recovered through customer billings. A regulatory asset and liability have been accrued to account for the cost and cost recovery, which is being amortized as costs are incurred and customer revenues are received.



**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 \$69,973,172, an increase of \$2,674,399 in comparison with the prior year. Approximately 86% (\$59,831,495) of this total amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$4,427,068), 2) to pay debt service (\$499,000), 3) noncurrent receivables (\$4,568,681), and 4) for a variety of other restricted purposes (\$646,928).

The general fund is the chief operating fund of the City. At the end of the current fiscal year there was \$8,836,423 undesignated fund balance of the general fund, while total fund balance was \$16,752,567. As a measure of the general fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures. Undesignated fund balance is 11.20% of total expenditures, while total fund balance represents 21.23% of that same amount.

The fund balance of the City's general fund increased by \$510,953 during the current fiscal year. Key factors in this minor increase from the prior year are as follows:

- An increase in property tax revenues of \$3.8 million. The millage rate was slightly reduced from 4.9355 in the previous year to 4.8509 in the current year, this growth was generated through an increase in the property tax base.
- Reductions in total fund expenditures to \$1.66 million below budgeted expenditure amounts, primarily due to a temporary hiring and travel freeze implemented to prepare the City fiscally for the effects of future property tax legislation.

The special revenue funds have a total fund balance of \$19,329,377, which represents an increase of \$3,352,974 from last year's balance of \$15,976,403. The debt service funds have a total fund balance of \$1,043,869, \$499,000 of which is reserved for debt service. The net increase in fund balance for the current year for these funds was \$730,073. Fund balance in the capital projects funds decreased by \$1,503,324 from \$34,350,683 to \$32,847,359. This decrease is primarily due to the expenditure of \$3.4 million from the CIRB 2005 bond issue for capital projects, and was partially offset by the issuance of the FFGFC 2007 bonds, which resulted in a \$1.5 million transfer in to a new capital project fund.

**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 \$182,394 or 0.30%. The difference between the original and final general fund budget for expenditures was \$221,729, or 0.27%. Accordingly, there are no significant revenue budget amendments to discuss.

The only significant changes between the original and final budgets were made in the transfers out category. This increased by \$4.2 million, or 36%. This increase is composed of many small adjustments throughout the fiscal year and the following larger adjustments:

- \$1.5 million due to rollovers of prior year budget for capital projects and contracts in progress.
- \$958,000 to transfer to capital projects funds to provide additional funding for the Kennedy Homes acquisition and demolition project.
- \$258,000 in additional property tax revenue earned by the Tax Increment Districts and due to those funds.
- \$197,000 transfer to a special revenue fund for homeless projects, including fencing and the homeless initiative.

There were no significant variances between the final budget and actual results for general fund revenues. Actual expenditures for the general fund were \$1.6 million below final budgeted amounts primarily due to a hiring and travel freeze instituted in 2007 to prepare the City for probable reductions in future ad valorem tax revenues due to legislative action, which is described in more detail below.

## 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, 2007 totals \$992,001,949 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, utility infrastructure, roads, bikepaths and sidewalks. Major capital asset events during the fiscal year include:

- Approximately \$3.5 million to reconstruct and improve SW 2<sup>nd</sup> Avenue.
- Approximately \$2.5 million for the Kennedy Homes acquisition and demolition project.
- Approximately \$2.1 million on the police headquarters annex construction.
- Acquisition of about \$1.4 million in vehicles for the fleet.
- Over \$1.1 million to improve parks and pools, including new playground equipment.
- Over \$560,000 in general roadway resurfacing.
- Almost \$300,000 to replace police laptop computers.
- Regional Transit System acquired approximately \$1.8 million of new buses and support vehicles and expended \$1.9 million to complete the construction a new transfer station.
- The Utility's general plant was expanded \$16.4 million, including an \$8.4 million customer information system implemented in April 2007. Upgrades to the phone system, network storage area and other system applications were also accomplished.
- Electric transmission and distribution capital assets were expanded by \$4.8 million, which includes \$1.9 million in system substation improvements.
- The wastewater collection system was expanded by \$0.9 million.
- The gas distribution plant was expanded by \$0.6 million.
- The Utility began work on its Air Quality Control project at the Deerhaven 2 power plant. \$26.2 million was expended on the project during the current fiscal year. The project is expected to be complete by the summer of 2009 at a total cost of \$141 million.
- Other significant projects in progress and their estimated total costs to complete include the Shands Central Energy Plant (\$7 million), the Eastside Operations Center (\$3 million) and the DH2 Boiler Roof Enclosure (\$2.6 million).

	Governmental activities		Business-type activities		Total	
	FY07	FY06	FY07	FY06	FY07	FY06
Land	\$ 19,278,776	\$ 17,019,604	\$ 3,732,790	\$ 3,808,720	\$ 23,011,566	\$ 20,828,324
Utility P&E	-	-	647,586,291	630,903,737	647,586,291	630,903,737
Buildings	26,859,672	26,211,863	3,946,303	1,742,634	30,805,975	27,954,497
Improvements	2,101,864	1,404,355	1,467,584	4,108,768	3,569,448	5,513,123
Mach & equip	11,620,462	11,440,934	9,013,711	8,709,006	20,634,173	20,149,940
Infrastructure	56,753,329	52,178,648	7,434,891	7,608,225	64,188,220	59,786,873
Const in prog	6,317,409	5,895,477	195,888,867	135,163,136	202,206,276	141,058,613
<b>Total</b>	<b>\$ 122,931,512</b>	<b>\$ 114,150,881</b>	<b>\$ 869,070,437</b>	<b>\$ 792,044,226</b>	<b>\$ 992,001,949</b>	<b>\$ 906,195,107</b>

Additional information on the City's capital assets can be found in Note 6 on pages 45-46 of this report.

**Bonded debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$785,914,822. 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 Debt Revenue Bonds			
	Governmental activities	Business-type activities	Total
Pension and OPEB obligation bonds	\$ 117,562,602	\$ -	\$ 117,562,602
Revenue bonds & utility notes	<u>52,302,220</u>	<u>616,050,000</u>	<u>668,352,220</u>
<b>Total</b>	<u>\$ 169,864,822</u>	<u>\$ 616,050,000</u>	<u>\$ 785,914,822</u>

The City's total bonded debt decreased by approximately \$9 million, or just over 1% during the current fiscal year. In addition to the scheduled pay down of existing debt, the prominent components of this change were the issuance of \$139,505,000 in Utilities System Revenue Bonds, Series 2007A which were used to refund portions of the Utilities System Revenue Bonds, Series 2005A and 2003A. In addition, the City issued \$1,540,000 of bonded debt through a FFGFC, Series 2007 bond, issued to fund ongoing capital project needs.

The City's utility system debt is rated Aa2 and AA by Moody's Investors Services and Standard & Poor's, respectively for its revenue bonds. The utility system has ratings of A-1 and P-1 for commercial paper. The Moody's underlying rating on the General Government First Florida Governmental Financing Commission Loans are A2.

The Fitch rating on the City's pension and OPEB bonds was increased in fiscal year 2005 from A to A+ and the City's implied underlying general obligation bond rating was also increased from A+ to AA-.

Additional information on the City's long-term debt can be found in Note 5 on pages 35-44 of this report.

**Economic Factors and Next Year's Budgets and Rates**

Some of the significant factors considered in preparing the City's fiscal year 2008 budgets were:

- During 2007, the Florida legislature created legislation requiring local governments to significantly change the method in which the maximum millage rate for ad valorem property taxes is calculated. This legislation required local governments to cap their millage rate at the 2006 "roll-back" rate (the rate at which actual total collections would remain the same, regardless of increases in taxable value), reduced by an additional amount ranging up to 9%, depending on the local government's specific past rate of per capita ad valorem tax revenue growth, relative to the State average. Because of the City's moderate rate of growth, the roll-back rate was reduced by 3%, which resulted in a total reduction in the millage rate from 4.8509 in 2007 to 4.2544 in 2008, which represents a 12.3% total millage rate reduction, and a corresponding reduction in budgeted property tax revenues in FY 2008.
- On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution changing the homestead exemption and Save Our Homes provisions which will reduce the City's ad valorem property tax revenues further beginning in FY 2009. Additional information on this measure can be found in Note 18 on page 52 of this report.
- Gainesville's unemployment rate is currently 3.0%. This is significantly lower than the state and national averages.

- Per capita income in Gainesville is \$30,435. This equates to 89% of state and 88% of national levels.
- Over half of Gainesville's 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.

Utility highlights for the 2008 fiscal year budget are as follows:

- The primary factors affecting the utility industry include environmental regulations, restructuring of the wholesale energy market, the formation of independent bulk power transmission systems and the increasing strategic and price differences among various types of fuels.
- Utilities, and particularly electric utilities, are subject to increasing federal, state and local statutory and regulatory requirements with respect to the location and licensing of facilities, safety and security, air and water quality, land use and other environmental factors.
- The Utility's Deerhaven and JR Kelly generating stations are subject to Clean Air Interstate Rule (CAIR) and Clean Air Mercury Rule (CAMR) which were promulgated in 2005. As a result, significant capital and operating and maintenance expenditures will be required prior to 2009 and 2010.
- Restructuring of wholesale markets and the formation of independent transmission systems has slowed considerably. No state legislation is pending or proposed at this time for retail competition in Florida. Any such restructuring of the Florida retail electric utility industry would be expected to affect the Utility. Currently, there is no initiative concerning retail electric deregulation in Florida or nationwide.
- On October 1, 2007, the Utility implemented a 10.8% revenue requirement increase in the electric system to be recovered across all classes. The customer charge for all classes and all services was increased to the cost of service.
- The Utility also increased rates for the water system by 13%, for the wastewater system by 17% and for the gas system by 11%.
- Water and wastewater connection fee charges were increased by 3.2% to meet increased costs of service.
- The emerging role of municipalities as telecommunications providers has resulted in a number of state-level legislative initiatives across the nation to curtail this activity. In Florida, this has culminated in the passage of SB1322. Although the Utility has special status as a grandfathered entity under this legislation, there are some implications should GRUCom seek to expand into additional areas of service.
- The Utility currently forecasts the need for new electric supply by 2018, in order to maintain a 15% reserve margin. This is later than previous studies had indicated due to the incorporation of additional Demand Side Management (DSM) measures, and is reflected in the System's load forecast which is lower than previous forecasts. In 2002, GRU initiated an Integrated Resource Planning (IRP) process to investigate options to satisfy its customer demand and supply needs. In early 2005, Utilities management proposed to the City Commission an IRP comprised of DSM programs; additional solid fuel capacity able to use a mix of coal, petroleum coke, and biomass; and a greenhouse gas fund to develop local carbon offsets. The Commission has reviewed the proposals and had two separate individual consultants. In 2006, the Commission voted and gave direction to develop the Utility's long-term energy supply plan, consisting of two key components. The first is to pursue all cost-effective and feasible DSM measures. The second is to develop additional generation capacity for the balance of the Utility's needs. On June 18, 2007, the City Commission authorized Utility staff to develop a power supply request for proposal for biomass-fueled base load generation capacity, and this request for proposal was issued on October 15, 2007.
- On December 10, 1998, the City entered into a lease/leaseback transaction for all of the Deerhaven Unit 1 and a substantial portion of the Deerhaven Unit 2 generating facilities. Under the terms of the transaction, the City entered into a 38-year lease and simultaneously a 20-year leaseback. On May 17, 2006 the Tax Increase Prevention and Reconciliation Act of 2005 was signed which imposes an excise tax on certain types of leasing transactions. The City is unable to determine at this time whether this law will have a material adverse affect on its results of



utility operations or financial condition. Additional detail on this transaction may be found in Note 13, on pages 50-51 of this report.

- The Utility currently carries a reserve balance of \$2.25 million, primarily for possible liability related to the oil contamination at the Kelly Generating Station. In July of 2006, GRU was notified by the Florida Department of Environmental Protection (FDEP) that provisions of Chapter 62-780, F.A.C. must be complied with on this site. This Rule is currently being utilized to establish a process and time schedule for assessment and remediation of the site. GRU's liability utilizing this Rule is unknown and cannot be reasonably estimated at this time.

#### **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.

**CITY OF GAINESVILLE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2007**

	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Total	GEZDA	CRA
<b>ASSETS</b>					
Cash and cash equivalents	\$ 659,726	\$ 4,950	\$ 664,676	\$ -	\$ -
Equity in pooled cash and investments	78,662,451	7,189,615	85,852,066	4,394	235,804
Investments	1,769,514	-	1,769,514	-	-
Receivables	12,421,293	55,427,644	67,848,937	-	-
Internal balances	(2,018,956)	2,018,956	-	-	-
Inventories	120,070	20,128,503	20,248,573	-	-
Prepays	-	10,686,909	10,686,909	-	-
Assets held for evidence	82,908	-	82,908	-	-
Deferred charges and other assets	2,498,304	133,472,556	135,970,860	-	-
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	180,209,143	180,209,143	-	-
Negative net pension obligation asset	74,529,245	-	74,529,245	-	-
Negative net OPEB obligation asset	24,311,048	-	24,311,048	-	-
Capital assets (net of accumulated depreciation):					
Utility plant and equipment	-	647,586,291	647,586,291	-	-
Buildings	26,859,672	3,946,303	30,805,975	-	-
Improvements other than buildings	2,101,864	1,467,584	3,569,448	-	-
Machinery and equipment	11,620,462	9,013,711	20,634,173	-	-
Infrastructure	56,753,329	7,434,891	64,188,220	-	-
Capital Assets (not depreciated):					
Land	19,278,776	3,732,790	23,011,566	-	-
Construction in progress	6,317,409	195,888,867	202,206,276	-	-
Total assets	<u>\$ 315,967,115</u>	<u>\$ 1,278,208,713</u>	<u>\$ 1,594,175,828</u>	<u>\$ 4,394</u>	<u>\$ 235,804</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 11,758,037	\$ 29,101,694	\$ 40,859,731	\$ -	\$ -
Accounts payable - payroll	1,026,915	1,392,273	2,419,188	-	5,684
Accrued interest payable	305,495	-	305,495	-	-
Unearned revenue	360,687	166,412,518	166,773,205	-	-
Liabilities payable from restricted assets:					
Accrued interest payable	-	11,053,714	11,053,714	-	-
Other liabilities payable from restricted assets	-	64,553,307	64,553,307	-	-
Long-term debt due within one year	7,961,965	18,695,000	26,656,965	-	318,610
Long-term debt due in more than one year	168,412,420	577,672,169	746,084,589	-	3,696,019
Total liabilities	<u>\$ 189,825,519</u>	<u>\$ 868,880,675</u>	<u>\$ 1,058,706,194</u>	<u>\$ -</u>	<u>\$ 4,020,313</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 92,860,038	\$ 349,405,887	\$ 442,265,925	\$ -	\$ -
Restricted for:					
Debt service	499,000	11,682,233	12,181,233	-	-
Capital projects	7,273,672	-	7,273,672	-	-
Utility plant improvement	-	16,071,384	16,071,384	-	-
Investment In The Energy Authority	-	2,513,497	2,513,497	-	-
Nuclear decommissioning reserve	-	7,594,434	7,594,434	-	-
Tax increment zones	5,998,973	-	5,998,973	-	-
Federal and state grants	9,064,363	-	9,064,363	-	-
Cemetery care	1,714,215	-	1,714,215	-	-
Other purposes	194,550	548,043	742,593	-	-
Unrestricted	8,536,785	21,512,560	30,049,345	4,394	(3,784,509)
Total net assets	<u>\$ 126,141,596</u>	<u>\$ 409,328,038</u>	<u>\$ 535,469,634</u>	<u>\$ 4,394</u>	<u>\$ (3,784,509)</u>

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, 2007**

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	PROGRAM REVENUES				NET(EXPENSE)REVENUE AND CHANGES IN NET ASSETS			
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Component Units	
			Grants and Contributions	Capital Grants and Contributions			GEZDA	CRA
Governmental activities:								
General government	\$ 17,066,712	\$ 8,923,828	\$ 21,735	\$ 63,700	\$ (8,057,449)	\$ -	\$ -	\$ -
Public safety	49,394,763	3,903,871	2,351,328	899,960	(42,239,604)	-	-	-
Physical environment	2,790,089	73,639	242,506	157,785	(2,316,159)	-	-	-
Transportation	12,220,979	2,131,041	612,050	6,689,026	(2,788,862)	-	-	-
Economic environment	8,492,950	1,335,121	1,594,954	-	(5,562,875)	-	-	-
Human services	284,999	201,687	530,399	-	447,087	-	-	-
Culture & recreation	6,527,215	1,216,652	756,577	283,500	(4,270,486)	-	-	-
Interest on long-term debt	7,504,485	-	-	-	(7,504,485)	-	-	-
Total governmental activities	104,282,192	17,785,839	6,109,549	8,093,971	(72,292,833)	-	-	(72,292,833)
Business-type activities:								
Electric	192,569,894	206,552,756	-	-	-	13,882,862	-	-
Gas	27,732,906	27,333,336	-	-	-	(399,570)	-	-
Water	18,895,269	22,970,589	-	5,523,733	-	9,599,053	-	-
Wastewater	22,704,103	25,554,308	-	8,615,553	-	11,465,758	-	-
GRUCOM	8,421,765	9,275,123	-	-	-	853,358	-	-
Regional Transit System	17,282,667	10,405,917	6,191,062	1,599,946	-	914,258	-	-
Stormwater Management	5,095,939	5,579,222	-	135,852	-	619,135	-	-
Ironwood Golf Course	1,325,727	940,513	-	28,250	-	(956,964)	-	-
Florida Building Code Enforcement	1,783,856	4,926,736	-	-	-	3,142,880	-	-
Solid Waste	10,009,758	7,436,889	-	-	-	(2,572,869)	-	-
Total business-type activities	305,821,884	320,975,389	6,191,062	15,903,334	-	37,247,901	-	-
Total primary government	\$ 410,104,076	\$ 338,761,228	\$ 12,300,611	\$ 23,997,305	(72,292,833)	37,247,901	(35,044,932)	-
COMPONENT UNITS								
Gainesville Enterprise Zone Development Agency	\$ -	\$ -	\$ -	\$ -	-	-	-	(951,299)
Community Redevelopment Agency	\$ 951,299	-	-	-	-	-	-	(951,299)
Total component units	\$ 951,299	\$ -	\$ -	\$ -	-	-	-	(951,299)
General revenues:								
Property taxes					25,974,094	-	-	-
Franchise & utility taxes					7,841,137	-	-	-
Communications services tax					5,051,864	-	-	-
Half cent sales tax					7,013,073	-	-	-
State revenue sharing (unrestricted)					4,190,182	-	-	-
Gain on sale of capital assets					25,220	13,887	39,107	-
Other unrestricted general revenues					1,293,138	5,867,047	7,160,185	1,185,738
Interest					5,862,894	11,581,622	17,444,516	490
Transfers					31,058,421	(31,058,421)	-	-
Total general revenues and transfers					88,310,023	(13,595,365)	74,714,158	1,186,228
Change in net assets					16,017,190	23,652,036	39,669,226	234,929
Net assets - beginning					110,124,406	385,676,002	495,800,408	(4,019,438)
Net assets - ending					\$ 126,141,596	\$ 409,328,038	\$ 535,469,634	\$ (3,784,509)

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

**CITY OF GAINESVILLE, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 575,676	\$ 575,676
Equity in pooled cash and investments	5,452,748	52,561,268	58,014,016
Investments	-	1,769,514	1,769,514
Receivables	8,775,401	3,635,830	12,411,231
Due from other funds	4,961,871	109,833	5,071,704
Inventories	10,747	-	10,747
Assets held for evidence	-	82,908	82,908
Total assets	<u>\$ 19,200,767</u>	<u>\$ 58,735,029</u>	<u>\$ 77,935,796</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable and accrued liabilities	\$ 2,263,712	\$ 1,376,610	\$ 3,640,322
Due to other funds	-	2,888,660	2,888,660
Deferred revenue	184,488	1,249,154	1,433,642
Total liabilities	<u>2,448,200</u>	<u>5,514,424</u>	<u>7,962,624</u>
Fund balances:			
Reserved	4,925,724	5,215,953	10,141,677
Unreserved, reported in:			
General Fund			
Designated for Future Use	2,990,420	-	2,990,420
Undesignated	8,836,423	-	8,836,423
Special Revenue Funds			
Designated for Future Use	-	17,250,704	17,250,704
Undesignated	-	(191,018)	(191,018)
Debt Service Funds			
Designated for Future Use	-	378,830	378,830
Undesignated	-	166,039	166,039
Capital Projects Funds			
Designated for Future Use	-	30,544,813	30,544,813
Undesignated	-	(144,716)	(144,716)
Total fund balances	<u>16,752,567</u>	<u>53,220,605</u>	<u>69,973,172</u>
Total liabilities and fund balances	<u>\$ 19,200,767</u>	<u>\$ 58,735,029</u>	<u>\$ 77,935,796</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 ASSETS**  
**SEPTEMBER 30, 2007**

Total fund balances: governmental funds balance sheet		\$ 69,973,172
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. The cost of the assets is \$236,358,778 and the accumulated depreciation is \$121,432,101. This excludes internal service fund capital assets which are included in the internal service fund adjustment below.		114,926,677
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	171,701,132	
Capital lease payable	879,513	
Compensated absences	3,232,716	(175,813,361)
Governmental funds record debt issuance costs as expenditures when these costs are first incurred. Unamortized debt issuance costs must be included as a deferred charge in the government-wide financial statements.		2,468,666
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.		(305,495)
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	98,327	
Premiums	(586,198)	(487,871)
Liabilities for earned but unavailable revenues are reported in the funds, but not in the statement of net assets.		1,072,955
Negative net pension obligation and OPEB obligation assets created through treatment of Taxable Pension Obligation Bonds and Taxable OPEB Obligation Bonds as employer contribution to defined benefit pension plans are not recognized in the funds.		
Negative net pension obligation asset	74,529,245	
Negative net OPEB obligation asset	24,311,048	98,840,293
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 \$8,004,835 and compensated absences liabilities of \$73,153, are included in governmental activities in the statement of net assets.		15,466,560
Net assets of governmental activities		\$ 126,141,596

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, 2007**

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>			
Taxes	\$ 38,269,956	\$ 2,684,784	\$ 40,954,740
Licenses and permits	648,571	-	648,571
Intergovernmental	12,203,225	16,049,802	28,253,027
Charges for services	7,841,683	1,444,072	9,285,755
Fines and forfeitures	1,558,816	560,454	2,119,270
Miscellaneous	1,414,290	5,461,288	6,875,578
Total revenues	<u>61,936,541</u>	<u>26,200,400</u>	<u>88,136,941</u>
<b>EXPENDITURES</b>			
Current:			
General government	15,645,857	274,907	15,920,764
Public safety	46,069,899	2,127,157	48,197,056
Physical environment	2,395,857	458,063	2,853,920
Transportation	9,647,358	1,346,018	10,993,376
Economic environment	284,239	5,725,748	6,009,987
Human services	-	336,491	336,491
Culture and recreation	4,862,733	1,343,539	6,206,272
Debt service:			
Principal	-	6,920,902	6,920,902
Interest	-	7,442,180	7,442,180
Bond issuance costs	-	26,566	26,566
Capital outlay	-	13,609,187	13,609,187
Total expenditures	<u>78,905,943</u>	<u>39,610,758</u>	<u>118,516,701</u>
Excess of revenues over(under) expenditures	<u>(16,969,402)</u>	<u>(13,410,358)</u>	<u>(30,379,760)</u>
<b>OTHER FINANCING SOURCES(USES)</b>			
Debt issuance	-	1,540,000	1,540,000
Bond discount	-	(13,434)	(13,434)
Transfers in	30,824,351	15,964,926	46,789,277
Transfers out	(13,343,996)	(1,917,688)	(15,261,684)
Total other financing sources(uses)	<u>17,480,355</u>	<u>15,573,804</u>	<u>33,054,159</u>
Net change in fund balances	510,953	2,163,446	2,674,399
Fund balances - beginning	<u>16,241,614</u>	<u>51,057,159</u>	<u>67,298,773</u>
Fund balances - ending	<u>\$ 16,752,567</u>	<u>\$ 53,220,605</u>	<u>\$ 69,973,172</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, 2007**

Net changes in fund balances - total governmental funds	\$	2,674,399
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay recorded in the current period, excluding internal service fund activity.		15,342,450
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense recorded in the current period, excluding internal service fund activity.		(6,207,806)
In the governmental funds, revenue cannot be recognized until it is available to liquidate liabilities of the current period. In the statement of activities, revenue is recognized as soon as it is earned regardless of its availability.		(105,951)
The issuance of long-term debt provides current financial resources to governmental funds. These transactions, however, have no effect on net assets. This is the amount of long-term debt issued in the current period, including discount of \$13,434.		(1,526,566)
Proceeds of pension obligation bonds issued during FY2003 and other post-employment benefit obligation bonds issued during FY2005 were contributed to the pension plans and the OPEB plan to retire the unfunded obligations. Governmental funds report such outlays as expenditures. However, the outlay is reported as an asset on the Statement of Net Assets. The impact on the Statement of Activities is the amortization of the Negative NPO and Negative Net OPEB Obligation during the current fiscal year.		
Amortization of Negative Net Pension Obligation	(2,027,147)	
Amortization of Negative Net OPEB Obligation	(1,273,405)	(3,300,552)
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 assets. This is the amount of repayment of principal of long-term debt recorded in the current period.		6,920,902
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	53,988	
Amortization of bond discounts	(5,788)	48,200
Governmental funds report the effect of issuance costs when debt is first 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 unamortized debt issuance costs.		
Amortization of debt issuance costs	(158,094)	
Deferral of current year debt issuance costs	26,566	(131,528)
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 account, excluding the amount attributable to internal service funds, which is included in the internal service fund adjustment below.		(17,985)
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 account.		47,589
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.		2,274,038
Change in net assets of governmental activities	<u>\$</u>	<u>16,017,190</u>

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

**CITY OF GAINESVILLE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2007**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			<b>GOVERNMENTAL ACTIVITIES - Internal Service Funds</b>
	<u>Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 4,950	\$ 4,950	\$ 84,050
Equity in pooled cash and investments	497,495	6,692,120	7,189,615	20,648,435
Receivables	51,736,380	3,691,264	55,427,644	8,271
Due from other funds	1,095,653	4,308,561	5,404,214	769,389
Inventories	19,393,846	734,657	20,128,503	109,323
Prepaid rent - lease/leaseback	10,686,909	-	10,686,909	-
Prepaid expenses	-	-	-	29,638
Deferred charges	10,698,039	-	10,698,039	-
Restricted assets - cash and investments	94,162,021	-	94,162,021	-
<b>Total current assets</b>	<b>188,270,343</b>	<b>15,431,552</b>	<b>203,701,895</b>	<b>21,649,106</b>
Noncurrent assets:				
Restricted assets - cash and investments	86,047,122	-	86,047,122	-
Prepaid rent - lease/leaseback	108,650,241	-	108,650,241	-
Other noncurrent assets	14,124,276	-	14,124,276	-
Capital assets (net of accumulated depreciation)				
Utility plant & equipment	647,586,291	-	647,586,291	-
Buildings	-	3,946,303	3,946,303	65,123
Improvements other than buildings	-	1,467,584	1,467,584	20,385
Machinery and equipment	-	9,013,711	9,013,711	7,546,491
Infrastructure	-	7,434,891	7,434,891	-
Capital assets (not depreciated)				
Land	-	3,732,790	3,732,790	146,033
Construction in progress	191,835,728	4,053,139	195,888,867	226,803
<b>Total capital assets</b>	<b>839,422,019</b>	<b>29,648,418</b>	<b>869,070,437</b>	<b>8,004,835</b>
<b>Total noncurrent assets</b>	<b>1,048,243,658</b>	<b>29,648,418</b>	<b>1,077,892,076</b>	<b>8,004,835</b>
<b>Total assets</b>	<b>1,236,514,001</b>	<b>45,079,970</b>	<b>1,281,593,971</b>	<b>29,653,941</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	27,201,703	1,899,991	29,101,694	9,096,277
Accounts payable - payroll	1,117,246	275,027	1,392,273	46,562
Due to other funds	4,312,219	4,044,428	8,356,647	-
Current portion of long-term debt	121,989	18,011	140,000	2,814
Deferred credits	21,022,919	-	21,022,919	-
Current liabilities payable from restricted assets:				
Rate stabilization deferred credit	52,828,569	-	52,828,569	-
Accrued interest payable	11,053,714	-	11,053,714	-
Current portion of long-term debt	18,555,000	-	18,555,000	-
Other liabilities payable from restricted assets	11,724,738	-	11,724,738	-
<b>Total current liabilities</b>	<b>147,938,097</b>	<b>6,237,457</b>	<b>154,175,554</b>	<b>9,145,653</b>
Noncurrent liabilities:				
Long-term debt	577,221,912	450,257	577,672,169	70,339
Operating lease - lease/leaseback	126,686,285	-	126,686,285	-
Other noncurrent liabilities	18,703,314	-	18,703,314	-
<b>Total noncurrent liabilities</b>	<b>722,611,511</b>	<b>450,257</b>	<b>723,061,768</b>	<b>70,339</b>
<b>Total liabilities</b>	<b>870,549,608</b>	<b>6,687,714</b>	<b>877,237,322</b>	<b>9,215,992</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	319,757,469	29,648,418	349,405,887	8,004,835
Restricted for:				
Debt service	11,682,233	-	11,682,233	-
Utility plant improvement	16,071,384	-	16,071,384	-
Other purposes	10,107,931	548,043	10,655,974	-
Unrestricted	8,345,376	8,195,795	16,541,171	12,433,114
<b>Total net assets</b>	<b>\$ 365,964,393</b>	<b>\$ 38,392,256</b>	<b>\$ 404,356,649</b>	<b>\$ 20,437,949</b>

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



**CITY OF GAINESVILLE, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF NET ASSETS OF PROPRIETARY FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2007**

Total net assets of Enterprise Funds on the statement of net assets of proprietary funds \$ 404,356,649

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 assets.

Look-back adjustment for the consolidation of internal service fund activity involving enterprise fund participants. 4,971,389

Net assets of business-type activities \$ 409,328,038

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 ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			<b>GOVERNMENTAL</b>
	<b>Utility</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>	<b>ACTIVITIES - Internal Service Funds</b>
Operating revenues:				
Sales and service charges	\$ 291,686,112	\$ 29,289,277	\$ 320,975,389	\$ 20,558,573
Employer contributions	-	-	-	5,796,672
Employee contributions	-	-	-	4,130,596
Other operating revenues	3,153,755	203,105	3,356,860	146,466
Total operating revenues	<u>294,839,867</u>	<u>29,492,382</u>	<u>324,332,249</u>	<u>30,632,307</u>
Operating expenses:				
Operations and maintenance	172,451,692	28,015,066	200,466,758	10,918,509
Administrative and general	31,220,383	3,016,806	34,237,189	1,853,249
Depreciation and amortization	40,197,132	5,108,386	45,305,518	2,009,492
Benefits paid and other expenses	-	-	-	13,396,236
Total operating expenses	<u>243,869,207</u>	<u>36,140,258</u>	<u>280,009,465</u>	<u>28,177,486</u>
Operating income (loss)	<u>50,970,660</u>	<u>(6,647,876)</u>	<u>44,322,784</u>	<u>2,454,821</u>
Nonoperating revenues (expenses):				
Investment income	11,317,499	264,123	11,581,622	1,129,044
Interest expense	(26,942,796)	-	(26,942,796)	-
Gain on disposal of capital assets	-	13,887	13,887	80,927
Local option gas tax	-	1,990,000	1,990,000	-
Other revenue	-	520,187	520,187	-
Operating grants	-	6,191,062	6,191,062	-
Total nonoperating revenue(expenses)	<u>(15,625,297)</u>	<u>8,979,259</u>	<u>(6,646,038)</u>	<u>1,209,971</u>
Income before capital contributions and transfers	35,345,363	2,331,383	37,676,746	3,664,792
Capital contributions	14,139,286	1,764,048	15,903,334	208,795
Transfers in	-	1,108,356	1,108,356	-
Transfers out	(30,397,527)	(1,769,250)	(32,166,777)	(469,172)
Change in net assets	<u>19,087,122</u>	<u>3,434,537</u>	<u>22,521,659</u>	<u>3,404,415</u>
Total net assets - beginning	346,877,271	34,957,719	381,834,990	17,033,534
Total net assets - ending	<u>\$ 365,964,393</u>	<u>\$ 38,392,256</u>	<u>\$ 404,356,649</u>	<u>\$ 20,437,949</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 ASSETS OF PROPRIETARY FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Change in net assets - Enterprise Funds	\$	22,521,659
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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.

Look-back adjustment for the consolidation of internal service fund activity involving enterprise fund participants.		1,130,377
		1,130,377

Change in net assets of business-type activities	\$	23,652,036
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The notes to the financial statement are an integral part of this statement.

**CITY OF GAINESVILLE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	UTILITY FUND	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Cash Received from Customers	\$ 284,077,990	\$ 29,039,915	\$ 313,117,905	\$ 30,173,936
Cash Paid to Suppliers	(147,890,172)	(17,209,451)	(165,099,623)	(23,548,405)
Cash Paid to Employees	(48,477,008)	(13,977,583)	(62,454,591)	(2,421,311)
Cash Paid for Operating Transactions with Other Funds	(7,968,835)	-	(7,968,835)	-
Other Operating Receipts	1,379,553	203,105	1,582,658	146,466
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>81,121,528</u></b>	<b><u>(1,944,014)</u></b>	<b><u>79,177,514</u></b>	<b><u>4,350,686</u></b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>				
Local Option Gas Tax	-	1,990,000	1,990,000	-
Operating Grants	-	6,143,916	6,143,916	-
Interest Paid	-	(248,691)	(248,691)	-
Interfund Borrowing	-	279,491	279,491	-
Transfers from Other Funds	-	1,108,356	1,108,356	-
Transfers to Other Funds	(30,397,527)	(1,769,250)	(32,166,777)	(439,173)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES</b>	<b><u>(30,397,527)</u></b>	<b><u>7,503,822</u></b>	<b><u>(22,893,705)</u></b>	<b><u>(439,173)</u></b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>				
Principal Repayments on Long-Term Debt	(143,620,000)	-	(143,620,000)	-
Proceeds from Sale of Capital Assets	55,126	13,887	69,013	82,632
Interest Paid on Long-term Debt	(34,286,420)	-	(34,286,420)	-
Capital Contributions	-	183,750	183,750	84,075
Acquisition and Construction of Capital Assets	(93,100,494)	(1,663,756)	(94,764,250)	(1,686,295)
Proceeds from Debt Issued	139,505,000	-	139,505,000	-
Capitalized Connection Fees	3,143,418	-	3,143,418	-
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>(128,303,370)</u></b>	<b><u>(1,466,119)</u></b>	<b><u>(129,769,489)</u></b>	<b><u>(1,519,588)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Interest Received	5,268,057	512,815	5,780,872	1,128,354
Purchase of Investments	(441,486,603)	(4,361,270)	(445,847,873)	(13,516,207)
Investment in The Energy Authority	(1,200,000)	-	(1,200,000)	-
Distributions from The Energy Authority	1,215,070	-	1,215,070	-
Proceeds from Investment Maturities	499,350,520	1,290,692	500,641,212	11,263,527
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b><u>63,147,044</u></b>	<b><u>(2,557,763)</u></b>	<b><u>60,589,281</u></b>	<b><u>(1,124,326)</u></b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b><u>(14,432,325)</u></b>	<b><u>1,535,926</u></b>	<b><u>(12,896,399)</u></b>	<b><u>1,267,599</u></b>
<b>CASH - OCTOBER 1, 2006</b>	<b><u>16,539,355</u></b>	<b><u>798,324</u></b>	<b><u>17,337,679</u></b>	<b><u>5,948,679</u></b>
<b>CASH - SEPTEMBER 30, 2007</b>	<b><u>\$ 2,107,030</u></b>	<b><u>\$ 2,334,250</u></b>	<b><u>\$ 4,441,280</u></b>	<b><u>\$ 7,216,278</u></b>

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, 2007**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</b>			<b>GOVERNMENTAL ACTIVITIES</b>
	<b>UTILITY FUND</b>	<b>OTHER ENTERPRISE FUNDS</b>	<b>TOTAL ENTERPRISE FUNDS</b>	<b>INTERNAL SERVICE FUNDS</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 50,970,660</b>	<b>\$ (6,647,876)</b>	<b>\$ 44,322,784</b>	<b>\$ 2,454,821</b>
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Depreciation and Amortization	40,197,132	5,108,386	45,305,518	2,009,492
Operating Lease-Lease/leaseback Revenue	(1,774,203)	-	(1,774,203)	-
(Increase)/Decrease in Receivables	(8,006,410)	(44,177)	(8,050,587)	(3,123)
(Increase)/Decrease in Due from Other Funds	-	19,321	19,321	(308,782)
(Increase)/Decrease in Inventories	(612,892)	(170,913)	(783,805)	3,712
(Increase)/Decrease in Prepaid Expenses	(847,466)	-	(847,466)	18,521
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	5,761,328	(202,522)	5,558,806	176,045
Increase/(Decrease) in Due to Other Funds	204,456	(6,233)	198,223	-
Increase/(Decrease) in Deferred Credits	(8,759,635)	-	(8,759,635)	-
(Increase)/Decrease in Deferred Debits	3,590,270	-	3,590,270	-
Increase/(Decrease) in Utility Deposits	398,288	-	398,288	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 81,121,528</b>	<b>\$ (1,944,014)</b>	<b>\$ 79,177,514</b>	<b>\$ 4,350,686</b>
 <b>RECONCILIATION OF CASH TO STATEMENT OF NET ASSETS</b>				
Cash	\$ 2,107,030	\$ 2,334,250	\$ 4,441,280	\$ 7,216,278
Accrued Interest	132,996	-	132,996	-
CR3 Decommissioning Reserve	7,594,434	-	7,594,434	-
Investment in TEA	2,513,497	-	2,513,497	-
Investments	168,358,681	4,362,820	172,721,501	13,516,207
<b>TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER STATEMENT OF NET ASSETS</b>	<b>\$ 180,706,638</b>	<b>\$ 6,697,070</b>	<b>\$ 187,403,708</b>	<b>\$ 20,732,485</b>
 <b>NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES</b>				
Contribution of Capital Assets	\$ 14,139,286	\$ 1,580,298	\$ 15,719,584	\$ 124,720
Change in Fair Value of Investments	-	121,239	121,239	269,662

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

(CONCLUDED)

**CITY OF GAINESVILLE, FLORIDA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2007**

	<b>PENSION AND OPEB TRUST FUNDS</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 8,400,239
Equity in Pooled Cash and Investments	3,611,355
Investments, at fair value:	
Equities	400,279,197
Real Estate	52,454,192
Alternative Investments	30,860,365
Fixed Income:	
Government Bonds	10,756,881
Corporate Bonds	40,750,762
Mortgage & Asset Backed Securities	20,370,918
Total Investments, at fair value	<u>555,472,315</u>
Investment Adjustments:	
Dividends Receivable	222,803
Interest Receivable	752,301
Receivable for Investments Sold	659,410
Payable for Investments Purchased	(980,495)
Total Investment Adjustments	<u>654,019</u>
Receivables	1,253,399
Due from Other Funds	<u>1,101,644</u>
<b>TOTAL ASSETS</b>	<b><u>570,492,971</u></b>
 <b>LIABILITIES</b>	
Accounts Payable and Accrued Liabilities	7,259
Due to Other Funds	<u>1,101,644</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,108,903</u></b>
 <b>NET ASSETS HELD IN TRUST FOR PENSION AND OPEB BENEFITS</b>	 <b><u>\$ 569,384,068</u></b>

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

**CITY OF GAINESVILLE, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>PENSION AND OPEB TRUST FUNDS</b>
<b><u>ADDITIONS:</u></b>	
<b>Contributions:</b>	
Employer Contributions:	
Required	\$ 7,197,305
State on Behalf Payments, through General Fund	<u>1,253,399</u>
Total Employer Contributions	8,450,704
Employee Contributions	<u>11,863,638</u>
<b>Total Contributions</b>	<b><u>20,314,342</u></b>
<b>Investment Income:</b>	
Net Appreciation in Fair Value of Investments	59,239,762
Dividends & Interest	<u>16,639,161</u>
<b>Total Investment Income</b>	<b>75,878,923</b>
<b>Less Investment Expense</b>	<b><u>3,302,821</u></b>
<b>Net Investment Income</b>	<b><u>72,576,102</u></b>
<b>TOTAL ADDITIONS</b>	<b><u>92,890,444</u></b>
<b><u>DEDUCTIONS:</u></b>	
Benefit Payments	39,469,028
Refunds of Contributions	590,849
Administrative Expenses	<u>744,863</u>
<b>TOTAL DEDUCTIONS</b>	<b><u>40,804,740</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>52,085,704</b>
<b>NET ASSETS - beginning</b>	<b><u>517,298,364</u></b>
<b>NET ASSETS - ending</b>	<b><u>\$ 569,384,068</u></b>

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

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2007**

**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) has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and the National Association of Regulatory Utility Commissioners (NARUC).

**(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, code enforcement, streets, recreation, parks, cultural affairs, and other general government activities. It also operates transit, stormwater, golf course, 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 units, although legally separate entities, are in substance part of the primary government's operations and accordingly, data from these units would be combined with the data of the City. The City has no blended component units. Each discretely presented component unit, on the other hand, is presented in a separate column in the combined financial statements to emphasize it is legally separate from the City.

**Discretely Presented Component Units** - The Community Redevelopment Agency (CRA) and the Gainesville Enterprise Zone Development Agency (GEZDA) were 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 boards of these organizations and approves their budgets. These organizations have a September 30 year-end. Separate financial statements of the individual component units are available at the office of the Finance Director, 200 East University Avenue, Gainesville, Florida, 32601.

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.



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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 2007 was Gainesville Regional Utilities' investment in The Energy Authority, which is described in Note 14.

**(B) Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the 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. 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 certain 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

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2007**

**(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 &amp; 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 funds' 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 required to be 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

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
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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.

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) Deposits with Financial Institutions and Investments**

**Deposits and Investments**

Deposits and investments as of September 30, 2007 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	\$ 664,676
Equity in pooled cash and investments	85,852,066
Investments	1,769,514
Restricted cash and cash equivalents	180,209,143
Statement of fiduciary net assets:	
Cash and cash equivalents	8,400,239
Equity in pooled cash and investments	3,611,355
Investments:	
Equities	400,279,197
Real Estate	52,454,192
Alternative Investments	30,860,365
Government Bonds	10,756,881
Corporate Bonds	40,750,762
Mortgage & Asset Backed Securities	20,370,918
Total cash and investments	<u>\$ 835,979,308</u>

Deposits and investments as of September 30, 2007 consist of the following:

Defined benefit pension	
Deposits with financial institutions	\$ 5,942,513
Investments	498,381,239
Other post employment benefit (OPEB)	
Deposits with financial institutions	2,457,726
Investments	57,091,076
Other than defined benefit pension and OPEB:	
Deposits with financial institutions	1,682,185
Investments	260,183,642
Utilities investment in The Energy Authority	2,513,497
Utilities CR3 decommissioning reserve	7,594,434
Utilities accrued interest receivable	132,996
Total cash and investments	<u>\$ 835,979,308</u>

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2007**

**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 \$498,381,239 of the City's total fair value of investments, and are exclusive of the \$5,942,513 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 United States 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

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2007**

*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 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 \$ 57,091,076 of the City's total fair value of investments, and are exclusive of the \$2,457,726 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 and international)*

- Equity securities (including convertible bonds) listed on the New York, American and principal regional exchanges.
- Over-the-counter securities for which there is an active market marker regulated by the NASD.

*Fixed Income Funds*

- Marketable debt securities issued or guaranteed by either the United States Government or its agencies, domestic corporations (including industrial and utilities), or domestic banks and other United States financial institutions.

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
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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 \$260,183,642 of the City’s total fair value of investments. This figure excludes \$1,682,185 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 Gainesville Regional Utilities bond resolution, the 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 in accordance with *GASB Statement No. 31*. Fair value is based on market values.

State statutes, City ordinances and Gainesville Regional Utilities bond resolutions 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;

**CITY OF GAINESVILLE, FLORIDA**  
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- 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.

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.

**CITY OF GAINESVILLE, FLORIDA**  
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**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 the assignment of 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	\$ 197,836,294	\$ 197,836,294	\$ -	\$ -	\$ -	\$ -
Mutual Funds	242,439,948	242,439,948	-	-	-	-
Real Estate Inv Trust	695,580	695,580	-	-	-	-
US Government Bonds	5,521,498	55,934	5,465,564	-	-	-
Corporate Bonds	40,547,576	295,610	1,834,877	8,733,136	26,262,583	3,421,370
Mortgage & Asset Backed	11,340,343	1,070,613	10,269,730	-	-	-
Totals	<u>\$ 498,381,239</u>	<u>\$ 442,393,979</u>	<u>\$ 17,570,171</u>	<u>\$ 8,733,136</u>	<u>\$ 26,262,583</u>	<u>\$ 3,421,370</u>

***OPEB Investments***

Investment Type	Fair Value	Exempt from	
		Disclosure	AAA
Common Stock	\$ 42,621,932	\$ 42,621,932	\$ -
US Government Bonds	5,235,383	-	5,235,383
Corporate Bonds	203,186	-	203,186
Mortgage & Asset Backed Securities	9,030,575	-	9,030,575
Totals	<u>\$ 57,091,076</u>	<u>\$ 42,621,932</u>	<u>\$ 14,469,144</u>

***Other than Defined Benefit Pension and OPEB Investments – Governmental Activities***

Investment Type	Fair Value	Exempt from	
		Disclosure	AAA
Money Market	\$ 28,755,363	\$ -	\$ 28,755,363
Mutual Funds	7,017,337	7,017,337	-
US Government Bonds	49,360,142	-	49,360,142
Totals	<u>\$ 85,132,842</u>	<u>\$ 7,017,337</u>	<u>\$ 78,115,505</u>

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

Investment Type	Fair Value	AAA		A-1	
Money Market	\$ 6,692,120	\$ 6,692,120	\$ -	\$ -	\$ -
Commercial Paper	80,934,820	-	-	80,934,820	-
US Government Bonds	87,423,860	87,423,860	-	-	-
Totals	<u>\$ 175,050,800</u>	<u>\$ 94,115,980</u>	<u>\$ -</u>	<u>\$ 80,934,820</u>	<u>\$ -</u>



**CITY OF GAINESVILLE, FLORIDA**  
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**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***

Issuer	Investment Type	Fair Value	%
Federal National Mortgage Assn.	Federal Agency Securities	\$ 9,054,909	15.9%

***Other than Defined Benefit Pension and OPEB Investments – Governmental Activities***

Issuer	Investment Type	Fair Value	%
Federal Farm Credit Banks	Federal Agency Securities	\$ 15,039,552	16.4%
Federal Home Loan Banks	Federal Agency Securities	13,790,000	15.0%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	16,612,450	18.1%

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

Issuer	Investment Type	Fair Value	%
Federal National Mortgage Association	Federal Agency Securities	\$ 17,122,078	10.2%
Federal Home Loan Banks	Federal Agency Securities	60,676,468	36.0%

**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 *	\$ 197,836,294	\$ -	\$ -	\$ -	\$ -
Mutual Funds *	242,439,948	-	-	-	-
Real Estate Inv Trust *	695,580	-	-	-	-
US Government Bonds	5,521,498	437,455	2,092,870	927,172	2,064,001
Corporate Bonds	40,547,576	7,416,216	10,406,183	13,962,345	8,762,832
Mortgage & Asset Backed	11,340,343	-	-	2,091,908	9,248,435
Totals	<u>\$ 498,381,239</u>	<u>\$ 7,853,671</u>	<u>\$ 12,499,053</u>	<u>\$ 16,981,425</u>	<u>\$ 20,075,268</u>

\* Included but not required to be presented by maturity date

**CITY OF GAINESVILLE, FLORIDA**  
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***OPEB Investments***

Investment Type	Fair Value	n/a	< 5 years	5-10 years	> 10 yrs
Common Stock	\$ 42,621,932	\$ 42,621,932	\$ -	\$ -	\$ -
US Government Bonds	5,235,383	-	4,199,492	1,035,891	-
Corporate Bonds	203,186	-	-	137,406	65,780
Mortgage & Asset Backed Securities	9,030,575	-	269,247	1,222,298	7,539,030
Totals	<u>\$ 57,091,076</u>	<u>\$ 42,621,932</u>	<u>\$ 4,468,739</u>	<u>\$ 2,395,595</u>	<u>\$ 7,604,810</u>

***Other than Defined Benefit Pension and OPEB Investments – Governmental Activities***

Investment Type	Fair Value	n/a	1-5 years	> 5 years
Money Market	\$ 28,755,363	\$ 28,755,363	\$ -	\$ -
Mutual Funds	7,017,337	7,017,337	-	-
US Government Bonds	49,360,142	-	26,104,588	23,255,554
Totals	<u>\$ 85,132,842</u>	<u>\$ 35,772,700</u>	<u>\$ 26,104,588</u>	<u>\$ 23,255,554</u>

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

Investment Type	Fair Value	n/a	< 1 year	1-5 years
Money Market	\$ 6,692,120	\$ 6,692,120	\$ -	\$ -
Commercial Paper	80,934,820	-	80,934,820	-
US Government Bonds	87,423,860	-	30,041,464	57,382,396
Totals	<u>\$ 175,050,800</u>	<u>\$ 6,692,120</u>	<u>\$ 110,976,284</u>	<u>\$ 57,382,396</u>

**(E) 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 offset by a fund balance reserve account 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, 2007 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, 2007, the allowance was \$17,323 for the General Fund and \$2,572,568 for Enterprise Funds.

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**(F) Inventories**

The City accounts for its General Fund inventory using the “consumption method”; that is, inventory is budgeted and recorded as items are consumed.

Except for inventories of the General Fund, inventories are stated at the lower of cost or market. Cost is determined using the weighted average method except for fuel in Enterprise Funds, which is determined using the last-in, first-out method. Obsolete and unusable items are reduced to estimated salvage values. Inventory in the General Fund is recorded at cost. Such inventory is written down to a lower market value if the inventory is affected by physical deterioration or obsolescence.

**(G) Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, bikepaths, 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 capital assets are defined as assets with an initial, individual cost of more than \$1,000 and a useful life in excess of more than one year.

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 market value on the date donated.

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 – Bikepaths-----	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 50 years. These service lives were changed in fiscal year 2005, which adjusted the overall depreciation rate of average depreciable property from 3.50% in fiscal year 2004 to 3.29% in fiscal year 2007.

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.

City-owned resources for supplying electric power and energy requirements include its 1.4079% undivided ownership interest in the Crystal River Unit 3 (CR3) nuclear power plant operated by Progress Energy. Depreciation expense includes a provision for decommissioning costs related to the jointly-owned nuclear power plant. The cost of nuclear fuel, including estimated disposal cost, is amortized to fuel expense based on the quantity of heat produced for the generation of electric energy in relation to the quantity of heat expected to be produced over the life of the nuclear fuel core. These costs are charged to customers through the fuel adjustment clause. See Note 15 for more detail on the CR3 agreement.

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The average cost and related accumulated depreciation of proprietary fund assets are removed from the accounts upon disposal or retirement, with any resulting gain or loss recognized as nonoperating income or expense. The average cost of appreciable utility plant retired is eliminated from the plant accounts and charged to accumulated depreciation. The associated cost of removal, net of salvage, is charged to depreciation expense as incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed. An allowance for interest on borrowed funds used during construction of \$359,000 is included in construction in progress for the Utilities Fund and as a corresponding reduction in interest expense. It is 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 4.2%. For assets constructed with governmental fund resources, interest during construction is not capitalized.

**(H) 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

**(I) Amortization and Deferred Charges/Credits**

Currently, GRU prepares its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 71, and records various regulatory assets and liabilities. For a company to report under SFAS No. 71, the company's rates must be designed to recover its costs of providing services, and the company must be able to collect those rates from customers. If it were determined, whether due to competition or regulatory action, that these standards no longer applied, GRU could be required to write off its regulatory assets and liabilities. Management believes that GRU currently meets the criteria for continued application of SFAS No. 71, but will continue to evaluate significant changes in the regulatory and competitive environment to assess continuing applicability of the criteria.

Deferred charges are presented on the balance sheets under current assets, other non-current assets, current liabilities and other non-current liabilities. The largest deferred charge is for estimated environmental costs of \$8,423,000 at September 30, 2007. An offset from the manufactured gas plant remediation of \$2.2 million is a result of proceeds received from insurance coverage. Also included in deferred charges are unamortized bond issuance costs of approximately \$6.3 million. These costs are being amortized straight-line over the life of the bonds, which approximates the effective interest method. Unrecognized hedge adjustments were \$3.0 million for September 30, 2007. Accrued fuel adjustment was a deferred debit of \$5,523,000 at September 30, 2007. Electric distribution plant acquisition costs of \$3,167,000 are being amortized over the expected life of the acquired assets. Also included in deferred charges as a current liability, is a temporary transfer from the Rate Stabilization Reserve of \$20.2 million. This transfer was made in accordance with GRU's bond resolution for the purpose of meeting temporary cash requirements, primarily due to timing differences. Remaining smaller items make up the balance of the deferred charges.

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**(J) 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.

**(K) 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. An actuarially computed liability of \$2,106,000 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%. This reserve is recorded as a fully amortized deferred credit.

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

	<b>BEGINNING OF FISCAL YEAR</b>			<b>END OF FISCAL YEAR</b>
	<u>LIABILITY</u>	<u>INCURRED</u>	<u>PAYMENTS</u>	<u>LIABILITY</u>
<b>2006-2007</b>	\$2,106,000	\$957,216	\$957,216	\$2,106,000
<b>2005-2006</b>	\$2,106,000	\$2,077,078	\$2,077,078	\$2,106,000

There is a claims liability of \$6,714,000 included in the General Insurance Fund as the result of actuarial estimates. Changes in the General Insurance Fund's claims liability were:

	<b>BEGINNING OF FISCAL YEAR</b>			<b>END OF FISCAL YEAR</b>
	<u>LIABILITY</u>	<u>INCURRED</u>	<u>PAYMENTS</u>	<u>LIABILITY</u>
<b>2006-2007</b>	\$6,714,000	\$2,366,962	\$2,366,962	\$6,714,000
<b>2005-2006</b>	\$6,714,000	\$2,599,971	\$2,599,971	\$6,714,000

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 \$160,000 per individual. Three claims have exceeded insurance coverage in the last three years. Changes in claims liability for the last two years are as follows:

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	BEGINNING OF FISCAL YEAR			END OF FISCAL YEAR
	<u>LIABILITY</u>	<u>INCURRED</u>	<u>PAYMENTS</u>	<u>LIABILITY</u>
2006-2007	\$1,208,144	\$13,611,122	\$13,396,236	\$1,423,030
2005-2006	\$1,237,451	\$11,265,932	\$11,295,239	\$1,208,144

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

**(L) Interfund Activity**

During the course of normal operations, the City has various nonreciprocal interfund activity. 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.

**(M) 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 **4.8509 mills**. Taxes are levied and collected according to Florida State Statutes under the following calendar:

<b>Lien Date</b>	<b>January 1</b>
<b>Levy Date</b>	<b>October 1</b>
<b>Due Date</b>	<b>November 1</b>
<b>Delinquency Date</b>	<b>April 1</b>

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.

**(N) 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.

**(O) 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.

**(P) Enterprise Activities**

For its enterprise activities, the City applies all applicable GASB pronouncements. Additionally, the City applies pronouncements of the FASB and its predecessor bodies issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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**NOTE 2 - RETIREMENT PLANS**

The City sponsors and administers two single-employer retirement plans and a single-employer disability plan, which are accounted for in separate Pension Trust Funds in the fiduciary category herein.

- The Employees' Pension Plan (Employees Plan)
- The Employees' Disability Plan (Disability 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 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. The Employees' Plan provides retirement and death benefits to plan members and beneficiaries. The pension plan's basis of accounting is accrual; the policy is to recognize costs of the plan under 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. This plan and any amendments were adopted through a City Ordinance by the Commission of the City of Gainesville. In October 2002, the Board of Trustees approved allowing participants to buy back City years of service at its actuarial valuation. 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, Finance Department, P.O. Box 490, Gainesville, Florida 32602 or by calling (352)334-5054.

*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. Plan members are required to contribute 5% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2007 for retirement and death benefits was 3.51% of covered payroll. This reduced rate was brought about through the issuance of the Taxable Pension Obligation Bonds, Series 2003A. The proceeds from this issue were utilized to retire the unfunded actuarial accrued liability in the Employees' Plan - the 3.51% represents the ongoing normal cost of the plan. Administrative costs are financed through investment earnings.

*Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation to the Employees' Plan for the current year were as follows:

Annual required contribution	\$ 2,617,627
Interest on net pension obligation	(3,099,047)
Adjustment to annual required contribution	3,333,617
<b>Annual Pension Cost</b>	<b>\$ 2,852,197</b>
Contributions Made	2,648,008
Change in net pension obligation	\$ 204,189
Net Pension Obligation (Asset), beginning of year	(33,054,574)
<b>Net Pension Obligation(Asset), end of year</b>	<b>\$ (32,850,385)</b>

The annual required contribution for the current year was determined as part of the October 1, 2004 actuarial valuation using the Individual Entry Age Actuarial Cost method. The actuarial assumptions included (a) 9.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 3.75%-7% per year, based on years of service. Both (a) and (b) included an inflation

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component of 3.75%. The assumptions include post-retirement benefit increases for those retirees who meet eligibility criteria. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any unfunded actuarial accrued liability is traditionally amortized as a level percentage of projected payroll on a closed basis. The amortization period at September 30, 2007 was 30 years.

**Three Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
09/30/05	\$ 4,485,797	\$ 1,894,206	42.2%	\$ (33,754,665)
09/30/06	3,189,427	2,489,336	78.0%	(33,054,574)
09/30/07	2,852,197	2,648,008	92.8%	(32,850,385)

**Disability Plan:**

*Plan Description.* The Disability Plan is a contributory defined benefit plan that covers all permanent employees of the City, except police officers and firefighters whose disability plan is incorporated in the Consolidated Plan. The Disability Plan provides disability benefits to plan members and beneficiaries. The Disability Plan's basis of accounting is accrual; the policy is to recognize costs of the plan under accrual. Benefits 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. This plan and any amendments were adopted through a City Ordinance by the Commission of the City of Gainesville. The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the Disability Plan. That report may be obtained by writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 32602 or by calling (352)334-5054.

*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. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2007 for disability benefits was 0.60% of covered payroll. Administrative costs are financed through investment earnings.

*Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation to the Disability Plan for the current year were as follows:

Annual required contribution	\$ 424,984
Interest on net pension obligation	(3,793)
Adjustment to annual required contribution	4,080
<b>Annual Pension Cost</b>	<b>\$ 425,271</b>
Contributions Made	461,753
Change in net pension obligation	\$ (36,482)
Net Pension Obligation (Asset), beginning of year	(41,006)
<b>Net Pension Obligation(Asset), end of year</b>	<b>\$ (77,488)</b>

*Annual Contribution:* The annual contribution for the current year was determined as part of the October 1, 2005 actuarial valuation using the individual entry age actuarial cost method. The actuarial assumptions included (a) 9.25% investment rate of return (net of administrative expenses) and (b) projected salary increase of between 3.75% and 7% per year, based on years of service. Both (a) and (b) included an inflation component of 3.75%. The actuarial value of assets was set at market value. Any unfunded actuarial accrued liability is traditionally amortized as a level percentage of projected payroll on a closed basis. The amortization period at September 30, 2007 was 15 years.



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**Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
09/30/05	\$ 487,779	\$ 487,779	100.0%	\$ -
09/30/06	466,973	507,979	108.8%	(41,006)
09/30/07	425,271	461,753	108.6%	(77,488)

Fiscal year 2005 was the first year the Disability Plan was valued and reported separately from the General Pension Plan.

**Consolidated Plan:**

*Plan Description.* The Consolidated Plan is a contributory defined benefit pension plan that covers City sworn police officers and firefighters. The Consolidated Plan provides retirement, disability, and death benefits to plan members and beneficiaries. 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. This plan and any amendments were adopted through a City Ordinance by the Commission of the City of Gainesville in accordance with State Statute. 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 32602 or by calling (352)334-5054.

*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 7.50% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2007 was 6.13% of covered payroll. This reduced rate was brought about through the issuance of the Taxable Pension Obligation Bonds, Series 2003B. In addition, State contributions, which totaled \$1,253,399, are also made to the plan on behalf of the City. 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. Administrative costs are financed through investment earnings.

*Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation to the Consolidated Plan for the current year were as follows:

Annual required contribution	\$ 2,153,262
Interest on net pension obligation	(3,906,604)
Adjustment to annual required contribution	<u>5,014,735</u>
<b>Annual Pension Cost</b>	<b>\$ 3,261,393</b>
Contributions Made	<u>1,401,953</u>
Change in net pension obligation	\$ 1,859,440
Net Pension Obligation (Asset), beginning of year	<u>(43,460,812)</u>
<b>Net Pension Obligation(Asset), end of year</b>	<b><u>\$ (41,601,372)</u></b>

The annual required contribution for the current year was determined as part of the October 1, 2005 actuarial valuation using the Entry Age Normal Cost method. The actuarial assumptions included (a) 8.5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4% to 7% per year, based on years of service. Both (a) and (b) included an inflation component of 3.75%.

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The assumptions include post-retirement benefit increases for those retirees meeting eligibility criteria. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any unfunded actuarial accrued liability is traditionally amortized as a level percentage of projected payroll on a closed basis. The amortization period at September 30, 2007 was 30 years.

**Three Year Trend Information**

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	<u>Contribution</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation (Asset)</u>
09/30/05	\$ 2,438,428	\$ 1,476,918	60.6%	\$ (44,206,445)
09/30/06	2,301,574	1,555,941	67.6%	(43,460,812)
09/30/07	3,261,393	1,401,953	43.0%	(41,601,372)

Benefits and refunds of the defined benefit pension plans are recognized when due and payable in accordance with the terms of the plan. Costs of administering the pension plans are financed through contributions and/or investment income, as appropriate.

**(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. It is no longer available to newly hired 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 10.0% of covered payroll. During fiscal year 2007, plan members contributed \$286,310 and the City contributed \$294,761.

**NOTE 3 – 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.

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 32602 or by calling (352)334-5054.

The RHCP has 740 retirees and spouses receiving benefits and has a total of 1,688 active participants and dependents. Of that total, 1,394 are not yet eligible to receive benefits. Ordinance 991457 of the City of Gainesville assigned the authority to establish and amend benefit provisions to the City Commission.

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*Annual OPEB Cost and Net OPEB Obligation.* For fiscal year 2007, the City's annual OPEB cost for the RHCP was \$3,958,996. 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, 2007 were as follows:

Annual required contribution	\$ 3,783,270
Interest on net OPEB obligation	(2,155,746)
Adjustment to annual required contribution	<u>2,331,472</u>
<b>Annual OPEB cost</b>	<b>\$ 3,958,996</b>
Contributions made	<u>2,685,591</u>
Change in net OPEB obligation (asset)	\$ 1,273,405
Net OPEB obligation (asset), beginning of year	<u>(25,584,453)</u>
<b>Net OPEB obligation(asset), end of year</b>	<b><u>\$ (24,311,048)</u></b>

**Trend Information**

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB Obligation (Asset)
09/30/05	\$ 7,680,930	\$ 39,822,573	518.46%	\$ (32,141,643)
09/30/06	9,271,124	2,713,934	29.27%	(25,584,453)
09/30/07	3,958,996	2,685,591	67.84%	(24,311,048)

Fiscal year 2005 was the year of implementation of GASB 43 and 45 and the City elected to implement prospectively. The City's contributions in fiscal year 2005 included OPEB bond proceeds of \$34,656,923. In addition, City's contributions also include \$2,157,385, \$1,945,556 and \$1,631,725 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 2007, 2006, and 2005, 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

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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.

*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, 2003, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used included a 9% investment rate of return, compounded annually, net of investment expenses. The annual healthcare cost trend rate of 7% is the ultimate rate. 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 market value of investments as of the measurement date.

The RCHP's initial unfunded actuarial accrued liability (UAAL) as of 1994 is being 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.

**NOTE 4 - 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 5 - LONG-TERM DEBT AND CAPITAL LEASES**

Long-term debt and capital leases are hereafter described:

**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). Principal and interest are payable as follows:

*Current Interest Paying Bonds* - Principal and interest are payable February 1 and August 1 through August 1, 2006.

*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.

**\$4,990,000 First Florida Governmental Financing Commission Loan, Series 1996** - 3.75% - 6.0%, issued May 1, 1996, final maturity July, 2010; payable solely from non-ad valorem revenues. Principal payable annually on July 1, beginning 1997. Interest payable semi-annually.

**\$10,955,000 First Florida Governmental Financing Commission Loan, Series 1998** - 3.60% - 4.30%, issued April 1, 1998, final maturity July, 2012, payable solely from non-ad valorem revenues. Principal payable annually on July 1, beginning 1999. Interest payable semi-annually.

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**\$9,870,000 First Florida Governmental Financing Commission Loan, Series 2002** – 3.75% - 5.0%, issued May 1, 2002, final maturity July 1, 2022; payable solely from non-ad valorem revenues. Principal payable annually on July 1, beginning 2003. interest payable semi-annually beginning July 1, 2002.

**\$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.

**\$5,640,000 First Florida Governmental Financing Commission Loan, Series 2005** – 2.5% - 4.125%, issued March 10, 2005, final maturity July 1, 2025; payable solely from non-ad valorem revenues. Principal payable annually on July 1, beginning 2006. interest payable semi-annually beginning July 1, 2005.

**\$35,210,000 Taxable Other Post Employment Benefit (OPEB) Obligation Bonds, Series 2005** – 4.05% -4.71%, issued July 28, 2005, final maturity October 2014, payable solely from non-ad valorem revenues. Principal payable annually on October 1, beginning 2006. Interest payable semi-annually beginning October 1, 2005. The bonds are not subject to redemption prior to maturity.

**\$22,695,000 Capital Improvement Revenue Bonds, Series 2005** – 4.00% -4.50%, issued November 30, 2005, final maturity October 2025, payable solely from non-ad valorem revenues. Principal payable annually on October 1, beginning 2006. Interest payable semi-annually beginning April 1, 2006. The bonds are not subject to redemption prior to maturity.

**\$1,540,000 First Florida Governmental Financing Commission Loan, Series 2007** –3.7% - 4.375%, issued April 17, 2007, final maturity July 1, 2027; payable solely from non-ad valorem revenues. Principal payable annually on July 1, beginning 2008. interest payable semi-annually beginning July 1, 2007.

**\$16,360,500 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 is made interest-free, but includes a 1.97% annual grant allocation assessment rate and a one-time 2% loan service fee. Repayment will begin in September 2007 and will continue semi-annually until the balance is repaid.

Payable from non-ad valorem revenues, including stormwater fees and transfers from the Gas Utility. The principal balance outstanding at September 30, 2007 was \$1,836,310.

**\$942,136 Siemens Buildings Technologies, GPD Energy Project Capital Lease, 2006** – 4.18%, repayable 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. At September 30, 2007, the proceeds had been expended and capitalized. These assets are being amortized as part of depreciation expense.

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**BUSINESS-TYPE ACTIVITIES:**

**\$186,000,000 Utilities System Revenue Bonds, Series 1983** - 6.0%, dated August 1, 1983, final maturity 2014; payable solely from and secured by an irrevocable lien of Gainesville Regional Utilities (Utility) net revenues. Interest is payable on April 1 and October 1. Principal is payable on October 1. The bonds are subject to redemption at the option of the City at a redemption price of 100% plus accrued interest to the date of redemption.

**\$134,920,000 Utilities System Revenue Bonds, Series 1992B** - 6.0%-7.5%, dated March 1, 1992, final maturity 2017. The 1992 B Bonds mature at various dates from October 1, 2001 to October 1, 2017. Those bonds maturing on or after October 1, 2004 to October 1, 2007, amounting to \$14.3 million were redeemed at the option of the City on October 1, 2002.

**\$143,215,000 1996 Utilities System Revenue Bonds Series 1996A** – 5.0%-5.75%, dated February 1, 1996, final maturity October, 2026. The 1996A Series A Bonds maturing on or after October 1, 2010 are subject to redemption at the option of the City on or after October 1, 2006 as a whole or in part at anytime, at the following redemption prices, plus accrued interest to the date of the redemption.

<u>Redemption Period(dated inclusive)</u>	<u>Redemption Price</u>
October 1, 2006 to September 30, 2007	102%
October 1, 2007 to September 30, 2008	101%
October 1, 2008 and thereafter	100%

A portion of the Bonds maturing from October 1, 2004 to October 1, 2008 (\$6.235 million) were advance-refunded to the maturity dates. The bonds were defeased, in substance, and will be paid from escrowed funds. There were defeased bonds totaling \$2,705,000 outstanding as of September 30, 2007.

In November 2005, the 2005 Series C Bonds totaling \$53,190,000 were issued to advance-refund to the maturity dates a portion of the bonds maturing from October 1, 2010 to October 1, 2026. In July 2006, the 2006 Series A Bonds totaling \$51,675,000 were issued to refund to the maturity dates the remainder of the bonds maturing from October 1, 2010 to October 1, 2026. The proceeds related to the refunded bonds for both series were deposited into an escrow account to refund the bonds on October 1, 2006 at 102% of par.

**\$37,300,000 2002 Utilities System Subordinated Utilities System Revenue Bonds Series 2002A** – variable interest rates, based on market rates, 3.67% at September 30, 2007, dated July 20, 2002. The 2002A bonds were issued as multi-modal variable interest rate bonds, initially issued as variable-rate auction notes. Interest rates are reset by an auction process each 35 days based on market rates. Payment of principal and interest of the 2002A Series Subordinated Bonds when due are insured by a municipal bond insurance policy issued by Financial Security Assurance. While in the variable auction-rate mode, the Bonds may be redeemed at the option of the City in whole or in part on any interest payment date immediately following the end of an auction period without premium. The 2002A Bonds mature on October 1, 2017.

**\$40,000,000 2002 Utilities System Subordinated Utilities System Revenue Bonds Series 2002B** – variable interest rates, based on market rates, 3.95% at September 30, 2007, dated July 20, 2002. The 2002B bonds were issued as multi-modal variable interest rate bonds, initially issued as variable-rate auction notes. Interest rates are reset by an auction process each 35 days based on market rates. Payment of principal and interest of the 2002B Series Subordinated Bonds when due are insured by a municipal bond insurance policy issued by Financial Security Assurance. While in the variable auction-rate mode, the Bonds may be redeemed at the option of the city in whole or in part on any interest payment date immediately following the end of an auction period without premium. The 2002B Bonds mature on October 1, 3032.

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**\$33,000,000 2003 Utilities System Revenue Bonds Series 2003A** – 4.625%-5.25%, dated January 30, 2003, final maturity October 1, 2033. The 2003A bonds maturing on or after October 1, 2013 are subject to redemption at the option of the City on or after October 1, 2013 at 100%. 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, 2020 to October 1, 2033. The proceeds related to the refunded bonds were deposited into an escrow account to refund the bonds on October 1, 2013 at 100% of par.

**\$7,625,000 2003 Utilities System Revenue Bonds Series 2003B** – 4.4%, dated January 30, 2003, final maturity October 1, 2013. The 2003B bonds are taxable, and are not subject to redemption prior to maturity. The 2003B bonds are federally taxable.

**\$115,925,000 2003 Utilities System Revenue Bonds Series 2003C** – 4.0%-5.0%, dated August 20, 2003, final maturity October 1, 2013. The 2003C bonds are not subject to redemption prior to maturity.

**\$196,950,000 2005 Utilities System Revenue Bonds Series 2005A** – 4.75%-5.0%, dated November 16, 2005, final maturity October 1, 2036. The 2005A bonds will be subject to redemption at the option of the City on and after October 1, 2015, at a redemption price of 100% of the principal amount, plus accrued interest to the date of redemption. The 2005A bonds were issued to pay a portion of the cost of acquisition and construction of certain improvements to the City's electric, natural gas, water, wastewater and telecommunications systems 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.

**\$61,590,000 2005 Utilities System Revenue Bonds Series 2005B** – 5.14%-5.31%, dated November 16, 2005, final maturity October 1, 2021. The 2005B bonds will be 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 2005B bonds were issued to pay a portion of the cost of acquisition and construction of certain improvements to the City's electric, natural gas, water, wastewater and telecommunications systems and to refund the City's Utilities System Commercial Paper Notes, Series D.

**\$55,135,000 2005 Utilities System Revenue Bonds Series 2005C** – Variable interest rates based on market rates, 4.05% at September 30, 2007, dated November 16, 2005, final maturity October 1, 2026. The 2005C bonds will be 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 2005C bonds were issued to refund a portion of the City's Utilities System Revenue Bonds, 1996 Series A and created a net present value savings of over \$6,700,000, with yearly cash savings ranging from approximately \$370,000 to over \$1,085,000.

**\$53,305,000 2006 Utilities System Revenue Bonds Series 2006A** – Variable interest rates based on market rates, 4.07% at September 30, 2007, dated July 6, 2006, final maturity October 1, 2026. The 2006A bonds will be 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 2006A Bonds were issued to pay a portion of the cost of acquisition and construction of certain improvements to the City's electric, natural gas, water, wastewater and telecommunications systems and to refund a portion of the City's Utilities System Revenue Bonds, 1996 Series A. The 2006A 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.

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**\$139,505,000 2007 Utilities System Revenue Bonds Series 2007A** – Variable interest rates based on market rates, 3.88% at September 30, 2007, dated July 6, 2006, final maturity October 1, 2036. The 2007A bonds will be 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 2007A 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 2007A Bonds created a net present value savings of over \$8,500,000, with yearly cash savings ranging from \$136,266 to \$504,969.

**Utility Notes**

The following Utility System notes are outstanding as of September 30, 2007:

**\$85,000,000 Commercial Paper Notes, Series C Notes (tax-exempt)**- These 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 dated as of March 1, 2000 with Bayerische Landesbank Gironzentrale. This agreement has been extended to November 30, 2015. The obligation of the bank may be substituted by another bank which meets certain credit standards and which is approved by GRU and the Agent. Under terms of the agreement, GRU may borrow up to \$85,000,000 with same day availability ending on the termination date, as defined in the agreement. Series C Notes of \$80.6 million and \$3.2 million were redeemed during 2006 and 2005, respectively. There are no Series C Notes outstanding as of September 30, 2007.

**\$25,000,000 Commercial Paper Notes, Series D (taxable)** - 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. Liquidity support for the Series D Notes is provided under a long-term credit agreement dated June 1, 2000 with SunTrust Bank. This agreement has been extended to September 14, 2008. The obligation of the bank may be substituted by another bank which meets certain credit standards and is approved by GRU. Under the terms of the agreement, GRU may borrow up to \$25,000,000 with same day availability ending on the termination date, as defined in the agreement. Series D Notes of \$16.2 million and \$833,000 were redeemed during 2006 and 2005, respectively. There are no Series D Notes outstanding as of September 30, 2007.

**COMMUNITY REDEVELOPMENT AGENCY (CRA):**

**\$60,000 Arlington Square Apartments Phase III, Downtown Promissory Note** – 6.5% fixed annual interest rate. In August 1998, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds. In September 2002, the note was amended to specify that repayment will be from tax increment proceeds from the redevelopment of specific parcels. The final repayment is scheduled for July 2013.

**\$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 2019.

**\$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.



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**\$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 2022.

**\$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 / 2<sup>nd</sup> 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.

**\$300,000 National Trust for Historic Preservation ICFV Line of Credit** – In March 2004, the CRA entered into a line of credit to be used for stabilization and rehabilitation or construction of residential properties in the Model Block Program in the Pleasant Street and Fifth Avenue neighborhoods. A fixed 5% interest rate applies to any draws against this line of credit. The line of credit is repaid as each model block home is sold and is due in full in March 2008.

**Debt Service Requirements for Long-term Debt**

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

Year ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 7,769,671	\$ 7,554,756	\$ 18,555,000	\$ 25,739,944
2009	8,462,166	7,368,965	21,985,000	27,093,062
2010	8,873,458	7,049,155	23,185,000	25,891,215
2011	8,631,504	6,752,767	25,420,000	24,723,334
2012	9,336,473	6,622,541	26,650,000	23,454,734
2013-2017	35,821,594	31,209,326	120,470,000	98,103,379
2018-2022	25,872,471	32,137,728	100,565,000	72,087,349
2023-2027	25,467,642	31,653,080	79,595,000	51,110,000
2028-2032	40,391,153	11,684,233	108,065,000	31,471,378
2033-2037	1,075,000	58,265	91,560,000	10,083,709
<b>Total</b>	<b>\$ 171,701,132</b>	<b>\$ 142,090,816</b>	<b>\$ 616,050,000</b>	<b>\$ 389,758,104</b>

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**Debt Service Requirements for Capital Lease**

Year ending September 30,	Governmental Activities		
	Principal	Interest	Total
2008	\$ 65,294	\$ 36,099	\$ 101,393
2009	68,078	33,315	101,393
2010	70,981	30,412	101,393
2011	74,007	27,386	101,393
2012	77,163	24,230	101,393
2013-2017	424,858	82,104	506,962
2018	99,132	2,261	101,393
<b>Total</b>	<b>\$ 879,513</b>	<b>\$ 235,807</b>	<b>\$ 1,115,320</b>

**Debt Service Requirements for CRA**

Year ending September 30,	Promissory Notes			National Trust Line of Credit		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 189,208	\$ 163,967	\$ 353,175	\$ 129,402	\$ 3,235	\$ 132,637
2009	197,846	157,784	355,630	-	-	-
2010	206,418	150,902	357,320	-	-	-
2011	211,879	143,547	355,426	-	-	-
2012	220,423	135,519	355,942	-	-	-
2013-2017	1,249,840	528,016	1,777,856	-	-	-
2018-2022	1,294,731	239,045	1,533,776	-	-	-
2023-2025	314,882	25,602	340,484	-	-	-
<b>Total</b>	<b>\$ 3,885,227</b>	<b>\$ 1,544,382</b>	<b>\$ 5,429,609</b>	<b>\$ 129,402</b>	<b>\$ 3,235</b>	<b>\$ 132,637</b>

**Derivatives**

GRU is a party to certain interest rate swap agreements, which are not recorded in the financial statements. 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 three separate floating-to-fixed interest rate swap transactions.

**Terms, fair values and credit risk.** The terms, fair values and credit ratings of the outstanding swaps as of September 30, 2007 were as follows. The notational amounts of the swaps match the principal amounts of the outstanding debt.

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Associated Bond Issue	2002A*	2005B*	2005C*
Notational Amounts	\$ 25,300,000	\$45,000,000	\$ 55,135,000
Effective Date	07/03/2002	11/16/2005	11/16/2005
Fixed Payer Rate	4.100%	BMA	3.200%
Variable Receiver Rate	BMA	77.14% of LIBOR	68% of LIBOR
Fair Value	\$(919,288)	\$796,774	\$1,263,631
Termination Date	10/01/2017	10/01/2021	10/01/2026
Counterparty Credit Rating	As3/AA-/AA-	Aaa/AAA	Aaa/AAA
Associated Bond Issue	2006A*	2008*	2008*
Notational Amounts	\$ 535,305,000	\$ 58,500,000	\$ 31,500,000
Effective Date	07/06/2006	02/01/2008	02/01/2008
Fixed Payer Rate	3.224%	4.222%	4.222%
Variable Receiver Rate	68% of 10 YR LIBOR	BMA	BMA
Fair Value	\$1,443,791	\$(1,293,034)	\$(680,061)
Termination Date	10/01/2026	10/01/2038	10/01/2038
Counterparty Credit Rating	Aaa/AAA	Aaa/AAA	Aaa/AA
Associated Bond Issue	2007A*		
Notational Amounts	\$ 139,505,000		
Effective Date	03/01/2007		
Fixed Payer Rate	3.944%		
Variable Receiver Rate	BMA		
Fair Value	\$323,611		
Termination Date	10/01/2036		
Counterparty Credit Rating	Aaa/AAA		

\* See "Basis Risk" section below in Note 5 "Long Term Debt" for details.

Fair Value. Three of the swap agreements have negative fair values as of September 30, 2007. Due to the low interest rate environment, as compared to the period when the swaps were entered into, the fixed payer rates exceeded the variable receiver rates as of September 30, 2007. The remaining four swap agreements have a positive fair value as of September 30, 2007.

Swap payments and associated debt. Assuming interest rates remain the same at September 30, 2007, debt service requirements on the auction rate notes and interest rate swap would be as follows:

Fiscal Year Ending Sept 30,	Variable Rate		Fixed Rate		Interest Rate Swaps, Net	Total
	Principal	Interest	Principal	Interest		
2008	\$ 3,300,000	\$ 10,861,225	\$ 750,000	\$ 3,226,351	\$ 37,231	\$ 18,174,807
2009	245,000	10,735,362	790,000	3,186,773	157,515	15,114,650
2010	255,000	10,725,662	830,000	3,145,139	151,170	15,106,971
2011	6,155,000	10,596,013	875,000	3,101,321	158,622	20,885,956
2012	6,360,000	10,342,455	920,000	3,055,189	166,251	20,843,895
2013-2017	53,545,000	47,009,524	18,185,000	13,839,787	938,526	133,517,837
2018-2022	51,380,000	34,609,458	39,240,000	4,799,709	1,579,141	131,608,308
2023-2027	28,710,000	26,491,641	-	-	1,844,861	57,046,502
2028-2032	39,430,000	21,692,886	-	-	1,467,044	62,589,930
2033-2037	83,865,000	8,084,465	-	-	597,156	92,546,621
<b>Total</b>	<b>\$273,245,000</b>	<b>\$ 191,148,691</b>	<b>\$61,590,000</b>	<b>\$34,354,269</b>	<b>\$ 7,097,517</b>	<b>\$567,435,477</b>

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Credit Risk. As of September 30, 2007 the fair value of the 2002A and 2008 swaps were negative, therefore the City is not subject to credit risk. However, the fair value of the 2005B, 2005C, 2006A and 2007A swaps are positive, exposing the City to credit risk in the amount of the derivative's fair value. 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 the City as negotiated and detailed in the Schedule to the International Swap and Derivative Agreement (ISDA) 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 2002A swap is exposed to the difference between the weekly BMA index and a 35-day rollover based on current market conditions. As a result, savings may not be realized. As of September 30, 2007, BMA was 3.84%. The 2005B swap is exposed to basis risk through the potential mismatch of 77.14% of LIBOR and the BMA rate. The 2005C swap is exposed to basis risk through the potential mismatch of 68% of one-month LIBOR and the BMA rate. As of September 30, 2007, the one-month LIBOR rate was 5.12% trading at approximately 75.00% of BMA. The 2006A swap is exposed to basis risk through the potential mismatch of 68% of 10-year LIBOR less .365% and the BMA rate. As of September 30, 2007, the 10-year LIBOR rate was 5.213%, trading at approximately 73.6% of BMA. The 2007A swap is exposed to the difference between the BMA index and a 31-day rollover.

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, or an event of default and illegality. The swap can also be terminated if credit ratings fall below established levels.

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2007**

**(A) Changes in long-term liabilities**

Long-term liability activity for the year ended September 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within one year
<b>Governmental activities:</b>					
Bonds payable:					
Revenue bonds and loans	\$ 54,092,220	\$ 1,540,000	\$ 3,330,000	\$ 52,302,220	\$ 3,520,000
Bond premium	640,186	-	53,988	586,198	-
Pension obligation bonds	87,722,706	-	440,104	87,282,602	649,992
OPEB obligation bonds	32,885,000	-	2,605,000	30,280,000	2,905,000
Less deferred amounts:					
For issuance discounts	90,681	13,434	5,788	98,327	-
Total bonds payable	<u>175,249,431</u>	<u>1,526,566</u>	<u>6,423,304</u>	<u>170,352,693</u>	<u>7,074,992</u>
FDEP Depot Park state revolving loan fund	2,319,485	-	483,175	1,836,310	694,679
GPD Siemens Capital Lease	942,136	-	62,623	879,513	65,294
Compensated absences	3,297,711	1,530,000	1,521,842	3,305,869	127,000
Total	<u>\$ 181,808,763</u>	<u>\$ 3,056,566</u>	<u>\$ 8,490,944</u>	<u>\$ 176,374,385</u>	<u>\$ 7,961,965</u>
Typically, the General Fund has been used in prior years to liquidate the liability for compensated absences.					
<b>Business-type activities:</b>					
Bonds payable:					
Utility revenue bonds	\$ 620,165,000	\$ 139,505,000	\$ 143,620,000	\$ 616,050,000	\$ 18,555,000
Add: Issuance premiums	11,235,855	-	3,399,554	7,836,301	-
Less deferred amounts:					
For issuance discounts	26,071,113	5,096,287	-	31,167,400	-
Total bonds payable	<u>605,329,742</u>	<u>134,408,713</u>	<u>147,019,554</u>	<u>592,718,901</u>	<u>18,555,000</u>
Compensated absences	3,043,003	1,559,547	954,282	3,648,268	140,000
Total	<u>\$ 608,372,745</u>	<u>\$ 135,968,260</u>	<u>\$ 147,973,836</u>	<u>\$ 596,367,169</u>	<u>\$ 18,695,000</u>
<b>Community Redevelopment Agency:</b>					
CRA promissory notes	\$ 4,070,075	\$ -	\$ 184,848	\$ 3,885,227	\$ 189,208
Nat'l Trust line of credit	-	129,402	-	129,402	129,402
Total	<u>\$ 4,070,075</u>	<u>\$ 129,402</u>	<u>\$ 184,848</u>	<u>\$ 4,014,629</u>	<u>\$ 318,610</u>

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2007**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 17,019,604	\$ 2,281,671	\$ 22,499	\$ 19,278,776
Construction in progress	<u>5,895,477</u>	<u>1,584,425</u>	<u>1,162,493</u>	<u>6,317,409</u>
Total capital assets, not being depreciated	22,915,081	3,866,096	1,184,992	25,596,185
Capital assets, being depreciated:				
Buildings	41,577,742	2,294,246	442,212	43,429,776
Improvements other than buildings	6,483,545	853,337	8,655	7,328,227
Machinery and equipment	34,536,564	3,868,174	3,618,583	34,786,155
Infrastructure	<u>136,876,665</u>	<u>7,799,250</u>	<u>-</u>	<u>144,675,915</u>
Total capital assets being depreciated	219,474,516	14,815,007	4,069,450	230,220,073
Less accumulated depreciation for:				
Buildings	(15,365,879)	(1,226,758)	(22,533)	(16,570,104)
Improvements other than buildings	(5,079,190)	(155,827)	(8,654)	(5,226,363)
Machinery and equipment	(23,095,630)	(3,610,143)	(3,540,080)	(23,165,693)
Infrastructure	<u>(84,698,017)</u>	<u>(3,224,569)</u>	<u>-</u>	<u>(87,922,586)</u>
Total accumulated depreciation	<u>(128,238,716)</u>	<u>(8,217,297)</u>	<u>(3,571,267)</u>	<u>(132,884,746)</u>
Total capital assets, being depreciated, net	<u>91,235,800</u>	<u>6,597,710</u>	<u>498,183</u>	<u>97,335,327</u>
Governmental activities capital assets, net	<u>\$ 114,150,881</u>	<u>\$ 10,463,806</u>	<u>\$ 1,683,175</u>	<u>\$ 122,931,512</u>

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

General Government	\$ 952,410
Public Safety	993,383
Transportation	3,664,987
Economic Environment	68,518
Culture & Recreation	528,507
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>2,009,492</u>
Total depreciation expense - governmental activities	<u>\$ 8,217,297</u>

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2007**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,808,720	\$ -	\$ 75,930	\$ 3,732,790
Construction in progress	135,163,136	115,413,198	54,687,467	195,888,867
Total capital assets, not being depreciated	138,971,856	115,413,198	54,763,397	199,621,657
Capital assets, being depreciated:				
Utility plant and equipment	1,093,286,279	105,120,573	59,081,363	1,139,325,489
Buildings	3,532,298	2,307,449	3,960	5,835,787
Improvements other than buildings	5,693,707	557,399	3,078,684	3,172,422
Machinery and equipment	20,093,707	1,963,180	216,039	21,840,848
Infrastructure	25,008,181	-	-	25,008,181
Total capital assets, being depreciated	1,147,614,172	109,948,601	62,380,046	1,195,182,727
Less accumulated depreciation for:				
Utility plant and equipment	(462,382,542)	(36,710,096)	(7,353,440)	(491,739,198)
Buildings	(1,789,664)	(103,780)	(3,960)	(1,889,484)
Improvements other than buildings	(1,584,939)	(3,198,583)	(3,078,684)	(1,704,838)
Machinery and equipment	(11,384,701)	(1,632,689)	(190,253)	(12,827,137)
Infrastructure	(17,399,956)	(173,334)	-	(17,573,290)
Total accumulated depreciation	(494,541,802)	(41,818,482)	(10,626,337)	(525,733,947)
Total capital assets, being depreciated, net	653,072,370	68,130,119	51,753,709	669,448,780
Business-type activities capital assets, net	<u>\$ 792,044,226</u>	<u>\$ 183,543,317</u>	<u>\$ 106,517,106</u>	<u>\$ 869,070,437</u>

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

Utility	\$ 36,710,096
Regional Transit System	1,670,576
Stormwater	200,881
Ironwood	128,010
Florida Building Code Enforcement	5,156
Solid Waste	3,103,763
Total depreciation expense - business type activities	<u>\$ 41,818,482</u>

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2007**

**NOTE 7 - INDIVIDUAL FUND DEFICITS**

The following funds had deficit fund balances/net assets at September 30, 2007:

**Enterprise Funds**

<i>Ironwood Golf Course</i>	\$ (996,734)
<i>Solid Waste</i>	\$ (224,788)

The Ironwood Golf Course Fund has reported expenses in excess of revenues for several years, which has depleted the fund's net assets. 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 Solid Waste Fund has had expenses in excess of three million dollars related to the Old Landfill Slope Stabilization Project due to unforeseen project overages. This was a remediation project which is now substantially complete. The City reviews the rate structure every three years and adjusts rates as necessary to ensure the fund remains solvent.

**NOTE 8 - COMPOSITION OF RECEIVABLES AND PAYABLES**

Governmental activities

Receivables:

**General Fund** – Net accounts receivable as of September 30, 2007 are comprised of approximately 15% taxes (communications services tax, half cent sales tax, and local option gas tax), 3% due from other governments, 40% notes receivable, 5% receivables from employees, and 37% other receivables.

**Nonmajor governmental funds** – Net accounts receivable as of September 30, 2007 consist of approximately 29% loans receivable, 61% intergovernmental receivables, and 10% other receivables.

Payables:

**General Fund** – As of September 30, 2007, the payables balance in the General Fund consists of 46% wages payable and 54% other payables.

**Nonmajor governmental funds** – Payables balances as of September 30, 2007 are comprised of 74% construction related obligations, 1% wages payable and 25% other payables.

Business-type activities

Receivables:

**Utility Fund** – As of September 30, 2007 the net accounts receivable balance in the Utility Fund consists of 88% customer receivables for billed and unbilled utility services and 12% other receivables.

**Nonmajor Enterprise Funds** – Net accounts receivable as of September 30, 2007 are comprised of approximately 30% intergovernmental receivables and 70% other receivables.

Payables:

**Utility Fund** – As of September 30, 2007 the payables balance in the Utility Fund consists of 26% fuels payable, 47% standard vendor payables, 11% intergovernmental payables, 11% wages payable and 5% other payables.

**Nonmajor Enterprise Funds** – As of September 30, 2007 payables balances consist of 6% construction related obligations, 13% wages payable and 81% other payables.



**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2007**

**NOTE 9 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Due to/from other funds:

Due to:	Due from:					Total
	General	Utility	Nonmajor governmental	Internal Service	Nonmajor Enterprise	
General	\$ -	\$ 3,046,151	\$ 1,793,278	\$ -	\$ 122,442	\$ 4,961,871
Utility	-	-	1,095,382	-	271	1,095,653
Nonmajor						
Governmental	-	109,833	-	-	-	109,833
Internal Service	-	769,389	-	-	-	769,389
Nonmajor						
Enterprise	-	386,846	-	-	3,921,715	4,308,561
<b>Total</b>	<b>\$ -</b>	<b>\$ 4,312,219</b>	<b>\$ 2,888,660</b>	<b>\$ -</b>	<b>\$ 4,044,428</b>	<b>\$ 11,245,307</b>

There is an interfund balance between the fiduciary funds of \$1,101,644 which is due to the establishment of an interfund payable resulting from the Other Post-Employment Benefits (OPEB) Fund overdrawing its share of the pooled cash account. There were no interfund balances between the fiduciary funds and other non-fiduciary funds.

The \$3,921,715 interfund payable between enterprise funds resulted from Ironwood and Regional Transit overdrawing their share of the pooled cash account.

The \$1,793,278 due to the General Fund from nonmajor governmental funds is entirely composed of an interfund payable resulting from certain funds overdrawing 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.

Interfund transfers:

Transfers to:	Transfers from:					Total
	General	Utility	Nonmajor governmental	Internal Service	Nonmajor Enterprise	
General	\$ -	\$ 30,388,898	\$ 135,453	\$ -	\$ 300,000	\$ 30,824,351
Nonmajor						
Governmental	12,237,530	6,739	1,782,235	469,172	1,469,250	15,964,926
Nonmajor						
Enterprise	1,106,466	1,890	-	-	-	1,108,356
<b>Total</b>	<b>\$ 13,343,996</b>	<b>\$ 30,397,527</b>	<b>\$ 1,917,688</b>	<b>\$ 469,172</b>	<b>\$ 1,769,250</b>	<b>\$ 47,897,633</b>

The Utility transfer to the General Fund is based on a formula adopted by the City Commission. Please refer to Note 11 for more detail. The other interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2007**

**NOTE 10 - EQUITY RESERVES**

*Fund Balance Reserves.*

In the accompanying fund financial statements, use of the term “reserved” is limited to indicating that a portion of reported equity is legally restricted to a specific future use, or not available for appropriation or expenditure. Such reserves are clearly distinguished from designations, since designations represent management’s tentative future spending plans and such plans are subject to change and may never be legally authorized or result in actual expenditures.

A brief description and balances of reported reserved equity balances at September 30, 2007 follows:

<u>Fund Type</u>	<u>Encumbrances</u>	<u>Inventories</u>	<u>Noncurrent Receivable</u>	<u>Debt Service</u>	<u>Legal Restrictions for a Specific Future Use</u>	<u>TOTAL</u>
<i>General Fund</i>	\$ 226,296	\$ 10,747	\$ 4,568,681	\$ -	\$ 120,000	\$ 4,925,724
<i>Special Revenue Funds</i>	1,753,510	-	-	-	516,181	2,269,691
<i>Debt Service Funds</i>	-	-	-	499,000	-	499,000
<i>Capital Projects Funds</i>	2,447,262	-	-	-	-	2,447,262
<b>Total Reserves</b>	<b>\$ 4,427,068</b>	<b>\$ 10,747</b>	<b>\$ 4,568,681</b>	<b>\$ 499,000</b>	<b>\$ 636,181</b>	<b>\$ 10,141,677</b>

*Restricted Net Assets.*

In the accompanying government-wide and proprietary funds’ statements of net assets, *restricted net assets* are 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 assets “restricted for other purposes”, based on third party external restrictions, at September 30, 2007 is:

**Governmental activities**

National Trust for Historic Preservation	\$ 120,000
Royal Village	74,550
Total	<u>\$ 194,550</u>

**Business-type activities**

Ironwood Capital Improvement Surcharge	\$ 79,443
Regional Transit Capital Acquisition Reserve	468,600
Total	<u>\$ 548,043</u>

The government-wide statement of net assets reports \$63,154,364 of restricted net assets, of which \$13,888,288 is restricted by enabling legislation.

**NOTE 11- ENTERPRISE FUND (UTILITIES SYSTEM) 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 Enterprise (Utilities System) Funds. The transfer to the General Fund may be made only to the extent such monies are not necessary to pay debt service on the outstanding bonds and subordinated debt or to make other necessary transfers under the Resolution. The transfer to the General Fund for the year ended September 30, 2007 was \$30,388,898.

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2007**

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

GRU is subject to numerous Federal, State, and local environmental regulations. Under the Comprehensive Environmental Response Compensation and Liability Act, commonly known as "Superfund", GRU has been named as a potentially responsible party at several hazardous waste sites. In January 1990, GRU purchased the natural gas distribution assets of a company and pursuant to the related purchase agreement, assumed responsibility for the investigation and remediation of environmental impact related to the operation of the former manufactured gas plant. Based upon GRU's analysis of the cost to clean up these sites, GRU has accrued a liability to reflect the costs associated with the cleanup effort. Current fiscal year expenses which reduce the liability balance were \$169,000. When applied against the reserve, it leaves a balance of \$6,296,000 as of September 30, 2007. GRU is recovering the costs of this clean-up through customer charges. A regulatory asset was established as a deferred charge in the accompanying financial statements to represent the balance of customer charges. Current fiscal year billings were \$726,000. This reduced the deferred asset balance to \$6,173,000 as of September 30, 2007. 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 a material adverse effect on the City's financial position, results of operations or liquidity.

GRU currently carries a reserve balance of \$2.25 million, primarily for possible liability related to the oil contamination at the Kelly Generating Station. In July of 2006, GRU was notified by the Florida Department of Environmental Protection (FDEP) that provisions of Chapter 62-780, F.A.C. must be complied with on this site. This Rule is currently being utilized to establish a process and time schedule for assessment and remediation of the site. GRU's liability utilizing this Rule is unknown and cannot be reasonably estimated at this time. Therefore, GRU will make no changes to the reserve balance until further information is received and a reasonable estimate can be established.

The City is involved in several pending lawsuits in the normal course of operations. There are also certain pending unasserted claims and assessments relating to environmental cleanup issues. It is the opinion of management and the City Attorney (in-house counsel) that any uninsured claims resulting from such litigation would not be material in relation to the City's financial condition or results of operations.

**NOTE 13 - LEASE/LEASEBACK TRANSACTION**

On December 10, 1998, GRU entered into a lease/leaseback transaction for all of the Deerhaven Unit 1 and a substantial portion of the Deerhaven Unit 2 generating facilities. Under the terms of the transaction, GRU entered into a 38-year lease and simultaneously a 20-year leaseback. At the end of the leaseback period term, GRU has the option to buy out the remainder of the lease for a fixed purchase option amount. Under the terms of the transaction, GRU continues to own, operate, maintain and staff the facilities.

The proceeds received by GRU from this transaction were approximately \$249 million. From these proceeds, GRU deposited \$142 million as a payment undertaking agreement and a second deposit of \$72 million in the form of a collateralized Guaranteed Investment Contract (GIC) both with an AAA rated insurance company. The deposit instruments will mature in amounts sufficient to meet the annual payment obligations under the leaseback including the end of term fixed purchase option if elected by GRU.

The net benefit of this transaction, after payment of transaction expenses, was approximately \$35 million and resulted in a deferred gain, which is being amortized as income on a straight-line basis over the leaseback period of 20 years. Of the \$35 million, \$5.1 million was transferred in a prior year to the City of Gainesville's General Fund with the remainder being used, along with other funds on hand, to pay off approximately \$43 million of tax-exempt commercial paper.

Amortization of the net benefit was \$1,775,000 in fiscal year 2007 and was reported as a component of other operating revenue.

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2007**

On May 17, 2006, President Bush signed into law an act entitled the "Tax Increase Prevention and Reconciliation Act of 2005" (the "Act"). Among other provisions, the Act imposes an excise tax on certain types of leasing transactions entered into by tax-exempt entities, including states and their political subdivisions (including the City). The City is currently evaluating this legislation. At this time, the magnitude of any excise tax that the City may owe under the Act (as a result of having entered into the lease/leaseback transaction) is uncertain because, among other reasons, the Act fails to define important terms relating to the application and measurement of the tax. Accordingly, the City is unable to determine at this time whether the imposition of the excise tax will have a material adverse effect on its results of utility operations or financial condition.

**NOTE 14 – INVESTMENT IN THE ENERGY AUTHORITY**

In May 2000, GRU became an equity member of The Energy Authority (TEA), a power marketing joint venture. In May 2002, TEA began trading natural gas on behalf of GRU. As of September 30, 2007 this joint venture was comprised of six municipal utilities across the nation, all of which are participating in the electric marketing and five of which participate in the gas program. GRU's ownership interest was 7.1% in the electric venture and 7.7% in the gas venture, and it accounted for this investment using equity accounting. To become a member, GRU paid an initial capital contribution of \$1,000,000 and a membership fee of \$867,360. The membership fee was amortized over 24 months and, consequently, eliminated at September 30, 2002. GRU has reflected the capital contribution as an investment in TEA. The investment balance has been adjusted for GRU's subsequent share of TEA's net income or loss. In calculating GRU's share of net income or loss, profit on transactions between GRU and TEA have been eliminated. Such transactions primarily relate to purchases and sales of electricity between GRU and TEA.

GRU had electric purchase transactions with TEA of \$17,479,607 and sales transactions of \$1,882,999 in fiscal year 2007. TEA's profit on these transactions has been reflected as a reduction to GRU's reported revenue or expense. As of September 30, 2007, GRU's investment in TEA was \$2,513,500.

GRU provides guarantees to TEA and to TEA's bank to secure letters of credit issued by the bank to cover purchase and sale contracts for electric energy, natural gas and related transmission. In accordance with the membership agreement between GRU and its joint venture members and with the executed guaranties delivered to TEA and to TEA's bank, GRU's aggregate obligation for electric energy marketing transactions entered into by TEA on behalf of its members is \$9,600,000 as of September 30, 2007. GRU's aggregate obligation for TEA's natural gas marketing transactions, under similar agreements and executed guaranties, is \$18,800,000 as of September 30, 2007.

TEA issues stand-alone financial statements which may be obtained by writing to 76 South Laura Street; Suite 1500; Jacksonville, Florida 32202.

**NOTE 15 – JOINTLY OWNED ELECTRIC PLANT (CR3)**

GRU owned resources for supplying electric power and energy requirements include its 1.4079% undivided ownership interest in the Crystal River Unit 3 (CR3) nuclear power plant operated by Progress Energy. GRU's net investment in CR3 at September 30, 2007 is approximately \$9,971,000. CR3 operation and maintenance costs, which represent GRU's part of expenses attributable to operation of CR3, are recorded in accordance with the instructions as set forth in the FERC uniform system of accounts. Payments are made to Progress Energy in accordance with the CR3 participation agreement.

GRU, as a part of this participation agreement, is responsible for its share of future decommissioning costs. Decommissioning costs are funded and expensed annually and are recovered through rates charged to customers. The most recent decommissioning cost estimate provided by Progress Energy in September 2006 estimated GRU's share of total future decommissioning costs to be \$7,744,000. At September 30, 2007, GRU has funded \$7,594,000 of this cost.

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2007**

**NOTE 16 – UTILITIES’ FUTURES AND OPTIONS CONTRACTS**

GRU conducts a risk management program with the intent of reducing the impact of fuel price spikes 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.

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 on a daily basis, GRU makes every effort to take reasonable steps to minimize the customers’ exposure to fuel spikes while, at the same time, attempting to reduce costs.

The information below provides a summary of results based on GRU’s risk management activity during fiscal year 2007.

Deposits	\$4,961,685
Unrealized Gain/(Loss)	<u>(2,207,750)</u>
Net Investment in Derivatives	\$2,753,935

Gains or losses from hedging transactions are applied to GRU’s monthly fuel expenses as an offset to fuel cost when realized. Unrealized gains and losses related to hedging positions are deferred under the rate-setting policy. During fiscal year 2007, GRU recognized losses of \$5.4 million. Realized, but unrecognized, losses of \$2.2 million have been deferred at September 30, 2007.

**NOTE 17 – 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, 2007, there were five Industrial Revenue bonds outstanding, with an aggregate principal amount payable of \$16,175,000.

**NOTE 18 – SUBSEQUENT EVENT**

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution. This amendment changes the homestead exemption and Save Our Homes (SOH) provisions which will reduce the City’s ad valorem property tax revenues beginning in Fiscal Year 2009.

For homesteaded properties, the amendment increased the current \$25,000 homestead exemption by another \$25,000 (applied to assessed property values between \$50,000 and \$75,000), except for school district taxes. SOH became effective in 1995 and limits the annual increase to assessed value of homesteaded properties to 3% or the percentage change in the Consumer Price Index, whichever is less. The amendment allows current property owners with SOH benefits to transfer up to \$500,000 of those savings to a new property (portability) if they change their homestead.

For non-homestead property, the amendment caps the annual increase in assessed value to 10%, except for school district taxes. The final provision of the amendment is a \$25,000 exemption for tangible personal property. The amendment becomes effective on October 1, 2008, with the exception of the 10% assessment cap on non-homestead property, which becomes effective on January 1, 2009.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	BUDGETED AMOUNTS		ACTUAL	ENCUMBRANCES	BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL				
<b>REVENUES</b>						
Taxes	\$ 38,521,390	\$ 37,458,100	\$ 38,269,956	\$ -	\$ 38,269,956	\$ 811,856
Licenses and Permits	1,564,317	1,564,317	648,571	-	648,571	(915,746)
Intergovernmental	11,965,268	13,055,027	12,203,225	-	12,203,225	(851,802)
Charges for Services	7,031,147	6,953,587	7,841,683	-	7,841,683	888,098
Fines and Forfeitures	1,420,440	1,420,440	1,558,816	-	1,558,816	138,376
Miscellaneous	1,032,035	1,265,520	1,414,290	-	1,414,290	148,770
<b>TOTAL REVENUES</b>	<b>61,534,597</b>	<b>61,716,991</b>	<b>61,936,541</b>	<b>-</b>	<b>61,936,541</b>	<b>219,550</b>
<b>EXPENDITURES</b>						
Current:						
General Government	17,676,669	17,316,297	15,645,857	161,947	15,807,804	1,508,493
Public Safety	45,126,363	45,756,332	46,069,899	-	46,069,899	(313,567)
Physical Environment	2,764,389	2,662,875	2,395,857	45,000	2,440,857	222,018
Transportation	9,563,212	9,600,645	9,647,358	19,349	9,666,707	(66,062)
Economic Environment	320,734	320,734	284,239	-	284,239	36,495
Culture and Recreation	5,120,367	5,136,580	4,862,733	-	4,862,733	273,847
<b>TOTAL EXPENDITURES</b>	<b>80,571,734</b>	<b>80,793,463</b>	<b>78,905,943</b>	<b>226,296</b>	<b>79,132,239</b>	<b>1,661,224</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(19,037,137)</b>	<b>(19,076,472)</b>	<b>(16,969,402)</b>	<b>(226,296)</b>	<b>(17,195,698)</b>	<b>1,880,774</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	30,649,067	30,649,067	30,824,351	-	30,824,351	175,284
Transfers Out	(11,611,930)	(15,782,432)	(13,343,996)	-	(13,343,996)	2,438,436
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>19,037,137</b>	<b>14,866,635</b>	<b>17,480,355</b>	<b>-</b>	<b>17,480,355</b>	<b>2,613,720</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ -</b>	<b>\$ (4,209,837)</b>	<b>\$ 510,953</b>	<b>\$ (226,296)</b>	<b>\$ 284,657</b>	<b>\$ 4,494,494</b>

**CITY OF GAINESVILLE, FLORIDA**  
**NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**SEPTEMBER 30, 2007**

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.

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 \$25,000. 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. Encumbrances are presented as reservations of fund balance. 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 reserved for encumbrances.

As illustrated on the previous page, on the budgetary basis, total expenditures were \$1,661,839 less than the final budget. Revenues were recognized in an amount \$219,550 in excess of the final budget. Including other financing sources and uses, General Fund fund balances increased by \$4,495,109 more than was budgeted.



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF FUNDING PROGRESS**  
**EMPLOYEES' PENSION PLAN**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded (UAAL) (b) - (a)</b>	<b>Funded ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as % of covered payroll (b-a)/c</b>
9/30/07	\$ 284,869,306	\$ 293,642,423	\$ 8,773,117	97.01%	\$ 72,728,508	12.06%
9/30/06	262,621,476	274,195,707	11,574,231	95.78%	71,106,379	16.28%
9/30/05	246,611,495	249,529,300	2,917,805	98.83%	63,792,144	4.57%

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GAINESVILLE, FLORIDA  
SCHEDULE OF FUNDING PROGRESS  
DISABILITY PENSION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

*PASS OF DISCLOS CHECKLIST*

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Funding Excess</u> <del>Unfunded (UAAL)</del> <u>(b) - (a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as % of covered payroll (b-a)/c</u>
09/30/07	\$ 4,882,539	\$ 3,164,662	\$ (1,717,877)	154.28%	\$ 72,728,508	-2.36%
09/30/06	4,225,636	3,160,818	(1,064,818)	133.69%	71,106,379	-1.50%
09/30/05	3,773,474	3,052,206	(721,268)	123.63%	63,792,144	-1.13%

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF FUNDING PROGRESS**  
**POLICE OFFICERS' AND FIREFIGHTERS' CONSOLIDATED PENSION PLAN**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded (UAAL) (b) - (a)</b>	<b>Funded ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as % of covered payroll (b-a)/c</b>
10/1/06	\$ 155,509,178	\$ 157,048,198	\$ 1,539,020	99.02%	\$ 21,579,538	7.13%
10/1/05	144,236,229	147,209,020	2,972,791	97.98%	21,307,037	13.95%
10/1/04	133,518,595	136,712,754	3,194,159	97.66%	20,229,474	15.79%

Note: The 10/1/07 information was not available for this plan.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded (UAAL) (b) - (a)</b>	<b>Funded ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as % of covered payroll (b-a)/c</b>
9/30/07	\$ 58,288,705	\$ 74,904,008	\$ 16,615,303	77.82%	\$ 104,807,692	15.85%
9/30/06	51,805,265	73,563,260	21,757,995	70.42%	99,154,562	21.94%
9/30/05	49,249,956	75,573,136	26,323,180	65.17%	95,340,925	27.61%

CITY OF GAINESVILLE, FLORIDA  
NOTES TO SCHEDULES OF FUNDING PROGRESS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	EMPLOYEES' PLAN		DISABILITY PLAN		CONSOLIDATED PLAN		OPEB PLAN
Valuation Date	10/01/07		10/01/07		10/01/06		10/01/07
Actuarial Cost Method	Entry Age Normal		Entry Age Normal		Entry Age Normal		Entry Age Normal
Amortization Method	Level percent		Level percent		Level percent		Level percent
Asset Valuation Method	5-year smoothed market		Market value		5-year smoothed market		Market value
Actuarial Assumptions:							
Investment Rate of Return*	9.25% per annum		9.25% per annum		8.50% per annum		9.00% per annum
Salary Increase Rate*	<u>Years of svc.</u>	<u>Rate</u>	<u>Years of svc.</u>	<u>Rate</u>	<u>Age range</u>	<u>Rate</u>	not applicable
	6 & under	7%	6 & under	7%	Less than 30	7%	
	7 - 11	6	7 - 11	6	30 - 35	6	
	12 - 16	4	12 - 16	4	35 - 40	5	
	Over 16	3.75	Over 16	3.75	40 & older	4	
Health Care Cost Trend Rate	not applicable		not applicable		not applicable		7%

\* Includes inflation of 3.75%.

In the Consolidated Plan, prior year actuarial data is updated using the most recent version provided by the actuary, which may vary from the amounts presented in previous financial reports.

**SUPPLEMENTAL INFORMATION**

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

	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
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	-	401,158	-	74,211	73,404
Investments	-	-	-	-	-
Receivables	555,862	914,375	818,416	622	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	82,908
<b>TOTAL ASSETS</b>	<b>\$ 555,862</b>	<b>\$ 1,315,533</b>	<b>\$ 818,416</b>	<b>\$ 74,833</b>	<b>\$ 156,312</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ 53,748	\$ -	\$ 62,964	\$ 9,738	\$ -
Due to Other Funds	296,548	-	544,141	325	-
Deferred Revenue	33,104	914,375	112,716	-	82,908
<b>TOTAL LIABILITIES</b>	<b>383,400</b>	<b>914,375</b>	<b>719,821</b>	<b>10,063</b>	<b>82,908</b>
<b>FUND BALANCES</b>					
Reserved for Encumbrances	28,175	-	-	-	-
Reserved for Legal Restrictions	29,625	-	486,556	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	-	-	-	64,770	73,404
Undesignated	114,662	401,158	(387,961)	-	-
<b>TOTAL FUND BALANCES</b>	<b>172,462</b>	<b>401,158</b>	<b>98,595</b>	<b>64,770</b>	<b>73,404</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 555,862</b>	<b>\$ 1,315,533</b>	<b>\$ 818,416</b>	<b>\$ 74,833</b>	<b>\$ 156,312</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

**SPECIAL REVENUE FUNDS (continued)**

	<b>FEDERAL LAW EN- FORCEMENT CONTRABAND FORFEITURE FUND</b>	<b>STREET, SIDEWALK AND DITCH IMPROVE- MENT FUND</b>	<b>ECONOMIC DEVELOP- MENT FUND</b>	<b>MISCEL- LANEOUS GIFTS AND GRANTS FUND</b>	<b>TRANSPOR- TATION CONCURRENCY EXCEPTION AREA FUND</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	5,147,976	137,505	132,418	-	1,097,308
Investments	-	-	-	-	-
Receivables	-	11,373	84,049	1,061,991	-
Due from Other Funds	-	-	100,000	8,333	-
Assets Held for Evidence	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,147,976</b>	<b>\$ 148,878</b>	<b>\$ 316,467</b>	<b>\$ 1,070,324</b>	<b>\$ 1,097,308</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ 121,284	\$ -	\$ 29,007	\$ 46,143	\$ -
Due to Other Funds	-	323	-	898,855	108,790
Deferred Revenue	-	11,373	-	93,288	-
<b>TOTAL LIABILITIES</b>	<b>121,284</b>	<b>11,696</b>	<b>29,007</b>	<b>1,038,286</b>	<b>108,790</b>
<b>FUND BALANCES</b>					
Reserved for Encumbrances	45,474	-	-	775,557	84,302
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	4,981,218	-	-	-	904,216
Undesignated	-	137,182	287,460	(743,519)	-
<b>TOTAL FUND BALANCES</b>	<b>5,026,692</b>	<b>137,182</b>	<b>287,460</b>	<b>32,038</b>	<b>988,518</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,147,976</b>	<b>\$ 148,878</b>	<b>\$ 316,467</b>	<b>\$ 1,070,324</b>	<b>\$ 1,097,308</b>

(CONTINUED)



**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

**SPECIAL REVENUE FUNDS (continued)**

	<b>WATER AND WASTEWATER SURCHARGE INFRA- STRUCTURE FUND</b>	<b>SHIP FUND</b>	<b>FEDERAL EMERGENCY MANAGEMENT AGENCY GRANT FUND</b>	<b>SMALL BUSINESS LOAN FUND</b>	<b>MISC- ELLANEOUS SPECIAL REVENUE FUND</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	1,015,436	2,206,340	501,315	70,238	516,918
Investments	-	-	-	-	-
Receivables	-	-	-	-	17,274
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,015,436</b>	<b>\$ 2,206,340</b>	<b>\$ 501,315</b>	<b>\$ 70,238</b>	<b>\$ 534,192</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ -	\$ 21,947	\$ 717	\$ -	\$ 12,672
Due to Other Funds	11,778	-	337,563	-	-
Deferred Revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>11,778</b>	<b>21,947</b>	<b>338,280</b>	<b>-</b>	<b>12,672</b>
<b>FUND BALANCES</b>					
Reserved for Encumbrances	59,644	52,351	-	-	119,645
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	944,014	2,132,042	163,035	70,238	401,875
Undesignated	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>1,003,658</b>	<b>2,184,393</b>	<b>163,035</b>	<b>70,238</b>	<b>521,520</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,015,436</b>	<b>\$ 2,206,340</b>	<b>\$ 501,315</b>	<b>\$ 70,238</b>	<b>\$ 534,192</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

**SPECIAL REVENUE FUNDS (continued)**

	<b>TOURIST DESTINATION ENHANCE- MENT FUND</b>	<b>EVERGREEN CEMETERY TRUST FUND</b>	<b>SCHOOL CROSSING GUARD TRUST FUND</b>	<b>ART IN PUBLIC PLACES TRUST FUND</b>	<b>DOWNTOWN REDEVELOP- MENT TAX INCREMENT FUND</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ 59,357	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	316,287	-	440	22,118	960,593
Investments	-	1,690,592	-	-	-
Receivables	54,926	-	-	-	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 371,213</b>	<b>\$ 1,749,949</b>	<b>\$ 440</b>	<b>\$ 22,118</b>	<b>\$ 960,593</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ 2,705	\$ -	\$ -	\$ -	\$ 31,017
Due to Other Funds	-	35,734	-	-	500
Deferred Revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>2,705</b>	<b>35,734</b>	<b>-</b>	<b>-</b>	<b>31,517</b>
<b>FUND BALANCES</b>					
Reserved for Encumbrances	292,582	-	-	-	56,224
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	75,926	1,714,215	440	22,118	872,852
Undesignated	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>368,508</b>	<b>1,714,215</b>	<b>440</b>	<b>22,118</b>	<b>929,076</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 371,213</b>	<b>\$ 1,749,949</b>	<b>\$ 440</b>	<b>\$ 22,118</b>	<b>\$ 960,593</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

	<u>SPECIAL REVENUE FUNDS (continued)</u>			<u>DEBT SERVICE FUNDS</u>	
	FIFTH AVENUE TAX INCREMENT FUND	COLLEGE PARK TAX INCREMENT FUND	EASTSIDE TAX INCREMENT FUND	FFGFC SERIES 1996	FFGFC SERIES 1998
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 516,319	\$ -
Equity in Pooled Cash and Investments	968,578	3,687,271	667,805	19,597	20,716
Investments	-	-	-	-	-
Receivables	1,390	-	-	-	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 969,968</b>	<b>\$ 3,687,271</b>	<b>\$ 667,805</b>	<b>\$ 535,916</b>	<b>\$ 20,716</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b><u>LIABILITIES</u></b>					
Accounts Payable and Accrued Liabilities	\$ 27,391	\$ 28,491	\$ 14,279	\$ -	\$ -
Due to Other Funds	-	183,596	-	-	-
Deferred Revenue	1,390	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>28,781</b>	<b>212,087</b>	<b>14,279</b>	<b>-</b>	<b>-</b>
<b><u>FUND BALANCES</u></b>					
Reserved for Encumbrances	103,014	123,771	12,771	-	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	499,000	-
Unreserved:					
Designated for Future Use	838,173	3,351,413	640,755	36,916	20,716
Undesignated	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>941,187</b>	<b>3,475,184</b>	<b>653,526</b>	<b>535,916</b>	<b>20,716</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 969,968</b>	<b>\$ 3,687,271</b>	<b>\$ 667,805</b>	<b>\$ 535,916</b>	<b>\$ 20,716</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

**DEBT SERVICE FUNDS (continued)**

	FFGFC SERIES <u>2001</u>	FFGFC SERIES <u>2002</u>	FFGFC SERIES <u>2005</u>	FFGFC SERIES <u>2007</u>	GUARANTEED ENTITLEMENT REFUNDING BONDS 2004
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	3,728	961	18,775	601	41,877
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,728</b>	<b>\$ 961</b>	<b>\$ 18,775</b>	<b>\$ 601</b>	<b>\$ 41,877</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Reserved for Encumbrances	-	-	-	-	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	3,728	961	18,775	601	41,877
Undesignated	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>3,728</b>	<b>961</b>	<b>18,775</b>	<b>601</b>	<b>41,877</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,728</b>	<b>\$ 961</b>	<b>\$ 18,775</b>	<b>\$ 601</b>	<b>\$ 41,877</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

**DEBT SERVICE FUNDS (continued)**

	PENSION OBLIGATION BOND SERIES <u>2003A</u>	PENSION OBLIGATION BOND SERIES <u>2003B</u>	OTHER POST- EMPLOYMENT (OPEB) <u>BONDS 2005</u>	DEPOT AVE STORM- WATER PARK DEBT <u>SERVICE</u>	CAPITAL IMPROVEMENT REVENUE BOND (CIRB) <u>SERIES 2005</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	88,605	68,987	121,170	52,268	66,165
Investments	-	-	-	-	-
Receivables	8,447	-	-	-	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 97,052</b>	<b>\$ 68,987</b>	<b>\$ 121,170</b>	<b>\$ 52,268</b>	<b>\$ 66,165</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Reserved for Encumbrances	-	-	-	-	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	-	-	121,170	52,268	66,165
Undesignated	97,052	68,987	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>97,052</b>	<b>68,987</b>	<b>121,170</b>	<b>52,268</b>	<b>66,165</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 97,052</b>	<b>\$ 68,987</b>	<b>\$ 121,170</b>	<b>\$ 52,268</b>	<b>\$ 66,165</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

	DEBT SERVICE FUNDS (concluded)		CAPITAL PROJECTS FUNDS		
	GPD ENERGY CONSERV. MASTER CAPITAL LEASE	GENERAL CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT CONSTRUCTION FUND	GREENSPACE ACQUISITION FUND	INFORMATION SYSTEMS CAPITAL PROJECTS FUND
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	15,653	660,575	51,102	133,419	3,084
Investments	-	-	-	-	-
Receivables	-	19,500	-	-	-
Due from Other Funds	-	1,500	-	-	-
Assets Held for Evidence	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 15,653</b>	<b>\$ 681,575</b>	<b>\$ 51,102</b>	<b>\$ 133,419</b>	<b>\$ 3,084</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ -	\$ 892	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>892</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Reserved for Encumbrances	-	825,399	-	-	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	15,653	-	51,102	133,419	3,084
Undesignated	-	(144,716)	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>15,653</b>	<b>680,683</b>	<b>51,102</b>	<b>133,419</b>	<b>3,084</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 15,653</b>	<b>\$ 681,575</b>	<b>\$ 51,102</b>	<b>\$ 133,419</b>	<b>\$ 3,084</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

**CAPITAL PROJECTS FUNDS (continued)**

	<b>ROADWAY CONSTRUCTION FUND 96</b>	<b>COMMUNICATION EQUIPMENT PROJECT FUND 98</b>	<b>CAPITAL ACQUISITIONS FROM DEBT REFUNDING 98</b>	<b>COURTHOUSE PARKING GARAGE</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	490,298	27,987	33,053	19,039
Investments	-	-	-	-
Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Assets Held for Evidence	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 490,298</b>	<b>\$ 27,987</b>	<b>\$ 33,053</b>	<b>\$ 19,039</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	2,863	-	-	-
Deferred Revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>2,863</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Reserved for Encumbrances	1,955	1,611	-	15,500
Reserved for Legal Restrictions	-	-	-	-
Reserved for Debt Service	-	-	-	-
Unreserved:				
Designated for Future Use	485,480	26,376	33,053	3,539
Undesignated	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>487,435</b>	<b>27,987</b>	<b>33,053</b>	<b>19,039</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 490,298</b>	<b>\$ 27,987</b>	<b>\$ 33,053</b>	<b>\$ 19,039</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

**CAPITAL PROJECTS FUNDS (continued)**

	<b>FLEET ACQUISITION FUND 01</b>	<b>CAPITAL PROJECTS FUND 02</b>	<b>DOWNTOWN PARKING GARAGE FUND 02</b>	<b>FIFTH AVENUE/ PLEASANT ST REHAB PROJ FUND 02</b>	<b>DOWNTOWN PARKING GARAGE SALES TAX FUND</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	3,641	3,306,288	14,916	323,480	36,032
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,641</b>	<b>\$ 3,306,288</b>	<b>\$ 14,916</b>	<b>\$ 323,480</b>	<b>\$ 36,032</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ -	\$ 32,928	\$ -	\$ -	\$ -
Due to Other Funds	-	250,000	-	30,611	-
Deferred Revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>282,928</b>	<b>-</b>	<b>30,611</b>	<b>-</b>
<b>FUND BALANCES</b>					
Reserved for Encumbrances	-	30,945	-	59,353	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	3,641	2,992,415	14,916	233,516	36,032
Undesignated	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>3,641</b>	<b>3,023,360</b>	<b>14,916</b>	<b>292,869</b>	<b>36,032</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,641</b>	<b>\$ 3,306,288</b>	<b>\$ 14,916</b>	<b>\$ 323,480</b>	<b>\$ 36,032</b>

(CONTINUED)



**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

**CAPITAL PROJECTS FUNDS (continued)**

	FFGFC 05 CAPITAL PROJECTS FUND	DEPOT STORM- WATER PARK STATE REVOLVING LOAN FUND	39TH AVENUE FLEET GARAGE EXPANSION FUND	CAPITAL IMPROVEMENT REVENUE BOND (CIRB) 2005 CIP FUND	KENNEDY HOMES ACQUISITION/ DEMOLITION FUND
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	1,792,832	980,634	61,565	19,821,735	394,831
Investments	-	-	-	-	-
Receivables	-	87,605	-	-	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,792,832</b>	<b>\$ 1,068,239</b>	<b>\$ 61,565</b>	<b>\$ 19,821,735</b>	<b>\$ 394,831</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ 232,655	\$ 1,041	\$ -	\$ 234,228	\$ 162,599
Due to Other Funds	-	-	-	169,033	-
Deferred Revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>232,655</b>	<b>1,041</b>	<b>-</b>	<b>403,261</b>	<b>162,599</b>
<b>FUND BALANCES</b>					
Reserved for Encumbrances	388,250	21,362	26,263	846,397	202,000
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	1,171,927	1,045,836	35,302	18,572,077	30,232
Undesignated	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>1,560,177</b>	<b>1,067,198</b>	<b>61,565</b>	<b>19,418,474</b>	<b>232,232</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,792,832</b>	<b>\$ 1,068,239</b>	<b>\$ 61,565</b>	<b>\$ 19,821,735</b>	<b>\$ 394,831</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

**CAPITAL PROJECTS FUNDS (concluded)**

	<b>GPD ENERGY CONSERVATION CAPITAL PROJECT FUND</b>	<b>FFGFC 07 CAPITAL PROJECTS FUND</b>	<b>CAMPUS DEVELOPMENT AGMT CAPITAL PROJECTS FUND</b>	<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 575,676
Equity in Pooled Cash and Investments	-	329,070	5,561,265	52,561,268
Investments	78,922	-	-	1,769,514
Receivables	-	-	-	3,635,830
Due from Other Funds	-	-	-	109,833
Assets Held for Evidence	-	-	-	82,908
<b>TOTAL ASSETS</b>	<b>\$ 78,922</b>	<b>\$ 329,070</b>	<b>\$ 5,561,265</b>	<b>\$ 58,735,029</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ -	\$ 193,299	\$ 56,865	\$ 1,376,610
Due to Other Funds	18,000	-	-	2,888,660
Deferred Revenue	-	-	-	1,249,154
<b>TOTAL LIABILITIES</b>	<b>18,000</b>	<b>193,299</b>	<b>56,865</b>	<b>5,514,424</b>
<b>FUND BALANCES</b>				
Reserved for Encumbrances	-	16,081	12,146	4,200,772
Reserved for Legal Restrictions	-	-	-	516,181
Reserved for Debt Service	-	-	-	499,000
Unreserved:				
Designated for Future Use	60,922	119,690	5,492,254	48,174,347
Undesignated	-	-	-	(169,695)
<b>TOTAL FUND BALANCES</b>	<b>60,922</b>	<b>135,771</b>	<b>5,504,400</b>	<b>53,220,605</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 78,922</b>	<b>\$ 329,070</b>	<b>\$ 5,561,265</b>	<b>\$ 58,735,029</b>

(CONCLUDED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	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
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,402,218	-	487,462	-	-	-
Charges for Services	35,399	-	331,903	442,290	-	-
Fines and Forfeitures	-	-	-	-	46,515	446,980
Miscellaneous	46,464	156,751	79,274	39,488	17,835	474,745
<b>TOTAL REVENUES</b>	<b>1,484,081</b>	<b>156,751</b>	<b>898,639</b>	<b>481,778</b>	<b>64,350</b>	<b>921,725</b>
<b>EXPENDITURES</b>						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	40,771	785,593
Physical Environment	242,506	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic Environment	963,170	-	681,515	-	-	-
Human Services	245,373	-	-	-	-	-
Culture and Recreation	-	-	-	495,558	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,451,049</b>	<b>-</b>	<b>681,515</b>	<b>495,558</b>	<b>40,771</b>	<b>785,593</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>33,032</b>	<b>156,751</b>	<b>217,124</b>	<b>(13,780)</b>	<b>23,579</b>	<b>136,132</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt Issuance	-	-	-	-	-	-
Bond Discount	-	-	-	-	-	-
Transfers In	-	-	-	32,875	-	-
Transfers Out	(33,032)	-	(217,124)	(10,761)	-	(3,318)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(33,032)</b>	<b>-</b>	<b>(217,124)</b>	<b>22,114</b>	<b>-</b>	<b>(3,318)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>156,751</b>	<b>-</b>	<b>8,334</b>	<b>23,579</b>	<b>132,814</b>
<b>FUND BALANCES, October 1</b>	<b>172,462</b>	<b>244,407</b>	<b>98,595</b>	<b>56,436</b>	<b>49,825</b>	<b>4,893,878</b>
<b>FUND BALANCES, September 30</b>	<b>\$ 172,462</b>	<b>\$ 401,158</b>	<b>\$ 98,595</b>	<b>\$ 64,770</b>	<b>\$ 73,404</b>	<b>\$ 5,026,692</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**SPECIAL REVENUE FUNDS (continued)**

	STREET, SIDEWALK AND DITCH IMPROVEMENT FUND	ECONOMIC DEVELOP- MENT FUND	MISCEL- LANEOUS GIFTS AND GRANTS FUND	TRANSPORTATION CONCURRENCY EXCEPTION AREA FUND	WATER AND WASTEWATER SURCHARGE INFRASTRUCTURE FUND
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	2,718,138	-	-
Charges for Services	-	220	-	583,953	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	11,727	289,108	152	37,857	52,183
<b>TOTAL REVENUES</b>	<b>11,727</b>	<b>289,328</b>	<b>2,718,290</b>	<b>621,810</b>	<b>52,183</b>
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	1,024,657	-	-
Physical Environment	-	-	203,779	-	11,778
Transportation	-	-	1,185,004	161,014	-
Economic Environment	-	265,694	187,099	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	251,249	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>265,694</b>	<b>2,851,788</b>	<b>161,014</b>	<b>11,778</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>11,727</b>	<b>23,634</b>	<b>(133,498)</b>	<b>460,796</b>	<b>40,405</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Issuance	-	-	-	-	-
Bond Discount	-	-	-	-	-
Transfers In	-	25,000	105,196	-	255,000
Transfers Out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>25,000</b>	<b>105,196</b>	<b>-</b>	<b>255,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>11,727</b>	<b>48,634</b>	<b>(28,302)</b>	<b>460,796</b>	<b>295,405</b>
<b>FUND BALANCES, October 1</b>	<b>125,455</b>	<b>238,826</b>	<b>60,340</b>	<b>527,722</b>	<b>708,253</b>
<b>FUND BALANCES, September 30</b>	<b>\$ 137,182</b>	<b>\$ 287,460</b>	<b>\$ 32,038</b>	<b>\$ 988,518</b>	<b>\$ 1,003,658</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**SPECIAL REVENUE FUNDS (continued)**

	<b>SHIP FUND</b>	<b>FEDERAL EMERGENCY MANAGEMENT AGENCY GRANT FUND</b>	<b>SMALL BUSINESS LOAN FUND</b>	<b>MISCELLANEOUS SPECIAL REVENUE FUND</b>	<b>TOURIST DESTINATION ENHANCEMENT FUND</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	249,024	-	-	200,454	542,716
Charges for Services	-	-	-	24,693	-
Fines and Forfeitures	-	-	-	34,720	-
Miscellaneous	324,723	-	90	505,439	-
<b>TOTAL REVENUES</b>	<b>573,747</b>	<b>-</b>	<b>90</b>	<b>765,306</b>	<b>542,716</b>
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	274,907	-
Public Safety	-	-	-	276,136	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	1,310,810	-	-	-	-
Human Services	-	-	-	91,118	-
Culture and Recreation	-	-	-	215,617	378,153
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,310,810</b>	<b>-</b>	<b>-</b>	<b>857,778</b>	<b>378,153</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(737,063)</b>	<b>-</b>	<b>90</b>	<b>(92,472)</b>	<b>164,563</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Issuance	-	-	-	-	-
Bond Discount	-	-	-	-	-
Transfers In	-	-	-	221,205	-
Transfers Out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>221,205</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(737,063)</b>	<b>-</b>	<b>90</b>	<b>128,733</b>	<b>164,563</b>
<b>FUND BALANCES, October 1</b>	<b>2,921,456</b>	<b>163,035</b>	<b>70,148</b>	<b>392,787</b>	<b>203,945</b>
<b>FUND BALANCES, September 30</b>	<b>\$ 2,184,393</b>	<b>\$ 163,035</b>	<b>\$ 70,238</b>	<b>\$ 521,520</b>	<b>\$ 368,508</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>SPECIAL REVENUE FUNDS (continued)</b>				
	<b>EVERGREEN CEMETERY TRUST FUND</b>	<b>SCHOOL CROSSING GUARD TRUST FUND</b>	<b>ART IN PUBLIC PLACES TRUST FUND</b>	<b>DOWNTOWN REDEVELOP- MENT TAX INCREMENT FUND</b>	<b>FIFTH AVENUE TAX INCREMENT FUND</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 676,567	\$ 235,254
Intergovernmental	-	-	-	-	129,402
Charges for Services	10,614	-	-	-	-
Fines and Forfeitures	-	32,239	-	-	-
Miscellaneous	259,944	(375)	1,102	66,927	226,801
<b>TOTAL REVENUES</b>	<b>270,558</b>	<b>31,864</b>	<b>1,102</b>	<b>743,494</b>	<b>591,457</b>
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	745,526	455,629
Human Services	-	-	-	-	-
Culture and Recreation	-	-	2,962	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>2,962</b>	<b>745,526</b>	<b>455,629</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>270,558</b>	<b>31,864</b>	<b>(1,860)</b>	<b>(2,032)</b>	<b>135,828</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Issuance	-	-	-	-	-
Bond Discount	-	-	-	-	-
Transfers In	-	-	-	369,286	128,132
Transfers Out	(34,509)	(17,500)	-	(83,444)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(34,509)</b>	<b>(17,500)</b>	<b>-</b>	<b>285,842</b>	<b>128,132</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>236,049</b>	<b>14,364</b>	<b>(1,860)</b>	<b>283,810</b>	<b>263,960</b>
<b>FUND BALANCES, October 1</b>	<b>1,478,166</b>	<b>(13,924)</b>	<b>23,978</b>	<b>645,266</b>	<b>677,227</b>
<b>FUND BALANCES, September 30</b>	<b>\$ 1,714,215</b>	<b>\$ 440</b>	<b>\$ 22,118</b>	<b>\$ 929,076</b>	<b>\$ 941,187</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>SPECIAL REV FUNDS (concl)</u>		<u>DEBT SERVICE FUNDS</u>			
	<u>COLLEGE PARK TAX INCREMENT FUND</u>	<u>EASTSIDE TAX INCREMENT FUND</u>	<u>FFGFC SERIES 1996</u>	<u>FFGFC SERIES 1998</u>	<u>FFGFC SERIES 2001</u>	<u>FFGFC SERIES 2002</u>
<b><u>REVENUES</u></b>						
Taxes	\$ 1,508,304	\$ 264,659	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for Services	15,000	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Miscellaneous	214,512	36,846	54,273	20,510	56	11,138
<b>TOTAL REVENUES</b>	<b>1,737,816</b>	<b>301,505</b>	<b>54,273</b>	<b>20,510</b>	<b>56</b>	<b>11,138</b>
<b><u>EXPENDITURES</u></b>						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Physical Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic Environment	978,855	137,450	-	-	-	-
Human Services	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal	-	-	410,000	925,000	-	375,000
Interest and Fiscal Charges	-	-	104,533	296,659	-	409,362
Bond Issuance Costs	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>978,855</b>	<b>137,450</b>	<b>514,533</b>	<b>1,221,659</b>	<b>-</b>	<b>784,362</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>758,961</b>	<b>164,055</b>	<b>(460,260)</b>	<b>(1,201,149)</b>	<b>56</b>	<b>(773,224)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Debt Issuance	-	-	-	-	-	-
Bond Discount	-	-	-	-	-	-
Transfers In	823,139	144,435	491,980	1,219,400	-	774,185
Transfers Out	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>823,139</b>	<b>144,435</b>	<b>491,980</b>	<b>1,219,400</b>	<b>-</b>	<b>774,185</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,582,100</b>	<b>308,490</b>	<b>31,720</b>	<b>18,251</b>	<b>56</b>	<b>961</b>
<b>FUND BALANCES, October 1</b>	<b>1,893,084</b>	<b>345,036</b>	<b>504,196</b>	<b>2,465</b>	<b>3,672</b>	<b>-</b>
<b>FUND BALANCES, September 30</b>	<b>\$ 3,475,184</b>	<b>\$ 653,526</b>	<b>\$ 535,916</b>	<b>\$ 20,716</b>	<b>\$ 3,728</b>	<b>\$ 961</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**DEBT SERVICE FUNDS (continued)**

	FFGFC SERIES 2005	FFGFC SERIES 2007	GUARANTEED ENTITLEMENT REFUNDING BONDS 2004	PENSION OBLIGATION BOND SERIES 2003A	PENSION OBLIGATION BOND SERIES 2003B	OTHER POST- EMPLOYMENT (OPEB) BONDS 2005
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,041,313	771,130	-	1,809,362
Charges for Services	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Miscellaneous	6,784	601	23,092	40,098	42,850	80,337
<b>TOTAL REVENUES</b>	<b>6,784</b>	<b>601</b>	<b>1,064,405</b>	<b>811,228</b>	<b>42,850</b>	<b>1,889,699</b>
<b>EXPENDITURES</b>						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Physical Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal	210,000	-	620,000	185,534	254,570	2,605,000
Interest and Fiscal Charges	207,038	12,910	421,313	1,120,241	2,374,350	1,492,592
Bond Issuance Costs	-	26,566	-	-	-	-
Capital Outlay	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>417,038</b>	<b>39,476</b>	<b>1,041,313</b>	<b>1,305,775</b>	<b>2,628,920</b>	<b>4,097,592</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(410,254)</b>	<b>(38,875)</b>	<b>23,092</b>	<b>(494,547)</b>	<b>(2,586,070)</b>	<b>(2,207,893)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt Issuance	-	1,540,000	-	-	-	-
Bond Discount	-	(13,434)	-	-	-	-
Transfers In	409,317	12,910	-	531,402	2,628,921	2,288,386
Transfers Out	-	(1,500,000)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>409,317</b>	<b>39,476</b>	<b>-</b>	<b>531,402</b>	<b>2,628,921</b>	<b>2,288,386</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(937)</b>	<b>601</b>	<b>23,092</b>	<b>36,855</b>	<b>42,851</b>	<b>80,493</b>
<b>FUND BALANCES, October 1</b>	<b>19,712</b>	<b>-</b>	<b>18,785</b>	<b>60,197</b>	<b>26,136</b>	<b>40,677</b>
<b>FUND BALANCES, September 30</b>	<b>\$ 18,775</b>	<b>\$ 601</b>	<b>\$ 41,877</b>	<b>\$ 97,052</b>	<b>\$ 68,987</b>	<b>\$ 121,170</b>

(CONTINUED)



**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>DEBT SERVICE FUNDS (concluded)</u>			<u>CAPITAL PROJECTS FUNDS</u>	
	<u>DEPOT AVE STORM- WATER PARK DEBT SERVICE</u>	<u>CAPITAL IMPROVEMENT REVENUE BOND (CIRB) SERIES 2005</u>	<u>GPD ENERGY CONSERV. MASTER CAPITAL LEASE</u>	<u>GENERAL CAPITAL PROJECTS FUND</u>	<u>PUBLIC IMPROVEMENT CONSTRUCTION FUND</u>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	361,032	-	-	-	-
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	25,837	38,362	(598)	102,123	8,155
<b>TOTAL REVENUES</b>	<b>386,869</b>	<b>38,362</b>	<b>(598)</b>	<b>102,123</b>	<b>8,155</b>
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal	483,175	790,000	62,623	-	-
Interest and Fiscal Charges	23,394	939,269	40,519	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay	-	-	-	1,246,887	146,334
<b>TOTAL EXPENDITURES</b>	<b>506,569</b>	<b>1,729,269</b>	<b>103,142</b>	<b>1,246,887</b>	<b>146,334</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(119,700)</b>	<b>(1,690,907)</b>	<b>(103,740)</b>	<b>(1,144,764)</b>	<b>(138,179)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Issuance	-	-	-	-	-
Bond Discount	-	-	-	-	-
Transfers In	145,538	1,729,269	119,393	1,157,293	-
Transfers Out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>145,538</b>	<b>1,729,269</b>	<b>119,393</b>	<b>1,157,293</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>25,838</b>	<b>38,362</b>	<b>15,653</b>	<b>12,529</b>	<b>(138,179)</b>
<b>FUND BALANCES, October 1</b>	<b>26,430</b>	<b>27,803</b>	<b>-</b>	<b>668,154</b>	<b>189,281</b>
<b>FUND BALANCES, September 30</b>	<b>\$ 52,268</b>	<b>\$ 66,165</b>	<b>\$ 15,653</b>	<b>\$ 680,683</b>	<b>\$ 51,102</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**CAPITAL PROJECTS FUNDS (continued)**

	GREENSPACE ACQUISITION FUND	INFORMATION SYSTEMS CAPITAL PROJECTS FUND	ROADWAY CONSTRUCTION FUND 96	COMMUNICATION EQUIPMENT PROJECT FUND 98	CAPITAL ACQUISITIONS FROM DEBT REFUNDING 98
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	4,877	193	33,891	1,810	2,067
<b>TOTAL REVENUES</b>	<b>4,877</b>	<b>193</b>	<b>33,891</b>	<b>1,810</b>	<b>2,067</b>
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay	-	-	87,871	1,393	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>87,871</b>	<b>1,393</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,877</b>	<b>193</b>	<b>(53,980)</b>	<b>417</b>	<b>2,067</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Issuance	-	-	-	-	-
Bond Discount	-	-	-	-	-
Transfers In	100,000	-	-	-	-
Transfers Out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>104,877</b>	<b>193</b>	<b>(53,980)</b>	<b>417</b>	<b>2,067</b>
<b>FUND BALANCES, October 1</b>	<b>28,542</b>	<b>2,891</b>	<b>541,415</b>	<b>27,570</b>	<b>30,986</b>
<b>FUND BALANCES, September 30</b>	<b>\$ 133,419</b>	<b>\$ 3,084</b>	<b>\$ 487,435</b>	<b>\$ 27,987</b>	<b>\$ 33,053</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**CAPITAL PROJECTS FUNDS (continued)**

	COURTHOUSE PARKING GARAGE	FLEET ACQUISITION FUND 01	CAPITAL PROJECTS FUND 02	DOWNTOWN PARKING GARAGE FUND 02	FIFTH AVENUE/ PLEASANT ST. REHAB. PROJ. FUND 02
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	122,321	-	-
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	1,190	228	201,508	932	20,849
<b>TOTAL REVENUES</b>	<b>1,190</b>	<b>228</b>	<b>323,829</b>	<b>932</b>	<b>20,849</b>
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay	-	-	772,537	-	37,167
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>772,537</b>	<b>-</b>	<b>37,167</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,190</b>	<b>228</b>	<b>(448,708)</b>	<b>932</b>	<b>(16,318)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Issuance	-	-	-	-	-
Bond Discount	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,190</b>	<b>228</b>	<b>(448,708)</b>	<b>932</b>	<b>(16,318)</b>
<b>FUND BALANCES, October 1</b>	<b>17,849</b>	<b>3,413</b>	<b>3,472,068</b>	<b>13,984</b>	<b>309,187</b>
<b>FUND BALANCES, September 30</b>	<b>\$ 19,039</b>	<b>\$ 3,641</b>	<b>\$ 3,023,360</b>	<b>\$ 14,916</b>	<b>\$ 292,869</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**CAPITAL PROJECTS FUNDS (continued)**

	<b>DOWNTOWN PARKING GARAGE SALES TAX FUND</b>	<b>FFGFC 05 CAPITAL PROJECTS FUND</b>	<b>DEPOT STORM- WATER PARK STATE REVOLVING LOAN FUND</b>	<b>39TH AVENUE FLEET GARAGE EXPANSION FUND</b>	<b>CAPITAL IMPROVEMENT REVENUE BOND (CIRB) 2005 CIP FUND</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	2,254	220,013	40,622	2,119	1,379,963
<b>TOTAL REVENUES</b>	<b>2,254</b>	<b>220,013</b>	<b>40,622</b>	<b>2,119</b>	<b>1,379,963</b>
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay	-	2,860,947	28,462	84,075	3,433,888
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>2,860,947</b>	<b>28,462</b>	<b>84,075</b>	<b>3,433,888</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,254</b>	<b>(2,640,934)</b>	<b>12,160</b>	<b>(81,956)</b>	<b>(2,053,925)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Issuance	-	-	-	-	-
Bond Discount	-	-	-	-	-
Transfers In	-	-	-	30,000	-
Transfers Out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,254</b>	<b>(2,640,934)</b>	<b>12,160</b>	<b>(51,956)</b>	<b>(2,053,925)</b>
<b>FUND BALANCES, October 1</b>	<b>33,778</b>	<b>4,201,111</b>	<b>1,055,038</b>	<b>113,521</b>	<b>21,472,399</b>
<b>FUND BALANCES, September 30</b>	<b>\$ 36,032</b>	<b>\$ 1,560,177</b>	<b>\$ 1,067,198</b>	<b>\$ 61,565</b>	<b>\$ 19,418,474</b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**CAPITAL PROJECTS FUNDS (concluded)**

	KENNEDY HOMES ACQUISITION/ DEMOLITION FUND	GPD ENERGY CONSERVATION CAPITAL PROJECT FUND	FFGFC 07 CAPITAL PROJECTS FUND	CAMPUS DEVELOPMENT AGMT CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,684,784
Intergovernmental	-	-	-	6,215,230	16,049,802
Charges for Services	-	-	-	-	1,444,072
Fines and Forfeitures	-	-	-	-	560,454
Miscellaneous	34,488	6,818	19,013	193,242	5,461,288
<b>TOTAL REVENUES</b>	<b>34,488</b>	<b>6,818</b>	<b>19,013</b>	<b>6,408,472</b>	<b>26,200,400</b>
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	274,907
Public Safety	-	-	-	-	2,127,157
Physical Environment	-	-	-	-	458,063
Transportation	-	-	-	-	1,346,018
Economic Environment	-	-	-	-	5,725,748
Human Services	-	-	-	-	336,491
Culture and Recreation	-	-	-	-	1,343,539
Debt Service:					
Principal	-	-	-	-	6,920,902
Interest and Fiscal Charges	-	-	-	-	7,442,180
Bond Issuance Costs	-	-	-	-	26,566
Capital Outlay	2,471,571	150,741	1,383,242	904,072	13,609,187
<b>TOTAL EXPENDITURES</b>	<b>2,471,571</b>	<b>150,741</b>	<b>1,383,242</b>	<b>904,072</b>	<b>39,610,758</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,437,083)</b>	<b>(143,923)</b>	<b>(1,364,229)</b>	<b>5,504,400</b>	<b>(13,410,358)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Issuance	-	-	-	-	1,540,000
Bond Discount	-	-	-	-	(13,434)
Transfers In	722,664	-	1,500,000	-	15,964,926
Transfers Out	-	(18,000)	-	-	(1,917,688)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>722,664</b>	<b>(18,000)</b>	<b>1,500,000</b>	<b>-</b>	<b>15,573,804</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,714,419)</b>	<b>(161,923)</b>	<b>135,771</b>	<b>5,504,400</b>	<b>2,163,446</b>
<b>FUND BALANCES, October 1</b>	<b>1,946,651</b>	<b>222,845</b>	<b>-</b>	<b>-</b>	<b>51,057,159</b>
<b>FUND BALANCES, September 30</b>	<b>\$ 232,232</b>	<b>\$ 60,922</b>	<b>\$ 135,771</b>	<b>\$ 5,504,400</b>	<b>\$ 53,220,605</b>

(CONCLUDED)

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>					
Intergovernmental	\$ 1,402,218	\$ -	\$ 1,402,218	\$ 2,538,479	\$ (1,136,261)
Charges for Services	35,399	-	35,399	25,648	9,751
Miscellaneous	46,464	-	46,464	38,324	8,140
<b>TOTAL REVENUES</b>	<b><u>1,484,081</u></b>	<b><u>-</u></b>	<b><u>1,484,081</u></b>	<b><u>2,602,451</u></b>	<b><u>(1,118,370)</u></b>
<b><u>EXPENDITURES</u></b>					
Physical Environment	242,506	28,175	270,681	883,943	613,262
Economic Environment	963,170	-	963,170	1,436,725	473,555
Human Services	245,373	-	245,373	248,751	3,378
<b>Total Expenditures</b>	<b><u>1,451,049</u></b>	<b><u>28,175</u></b>	<b><u>1,479,224</u></b>	<b><u>2,569,419</u></b>	<b><u>1,090,195</u></b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>33,032</b>	<b>(28,175)</b>	<b>4,857</b>	<b>33,032</b>	<b>(28,175)</b>
<b><u>OTHER FINANCING USES</u></b>					
Transfers Out	<u>(33,032)</u>	<u>-</u>	<u>(33,032)</u>	<u>(33,032)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b><u>\$ -</u></b>	<b><u>\$ (28,175)</u></b>	<b><u>\$ (28,175)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (28,175)</u></b>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**URBAN DEVELOPMENT ACTION GRANT FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>					
Miscellaneous:					
Principal Payments	\$ 128,214	\$ -	\$ 128,214	\$ 128,214	\$ -
Investment Income	28,537	-	28,537	28,537	-
<b>TOTAL REVENUES</b>	<b>156,751</b>	<b>-</b>	<b>156,751</b>	<b>156,751</b>	<b>-</b>
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156,751</b>	<b>156,751</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 156,751</b>	<b>\$ -</b>	<b>\$ 156,751</b>	<b>\$ -</b>	<b>\$ 156,751</b>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**HOME GRANT FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>					
Intergovernmental	\$ 487,462	\$ -	\$ 487,462	\$ 915,856	\$ (428,394)
Charges for Services	331,903	-	331,903	208,100	123,803
Miscellaneous	<u>79,274</u>	<u>-</u>	<u>79,274</u>	<u>63,547</u>	<u>15,727</u>
<b>TOTAL REVENUES</b>	<b>898,639</b>	<b>-</b>	<b>898,639</b>	<b>1,187,503</b>	<b>(288,864)</b>
<b><u>EXPENDITURES</u></b>					
Economic Environment	<u>681,515</u>	<u>-</u>	<u>681,515</u>	<u>1,996,607</u>	<u>1,315,092</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>217,124</b>	<b>-</b>	<b>217,124</b>	<b>(809,104)</b>	<b>1,026,228</b>
<b><u>OTHER FINANCING USES</u></b>					
Transfer Out	<u>(217,124)</u>	<u>-</u>	<u>(217,124)</u>	<u>(217,124)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,026,228)</b>	<b>\$ 1,026,228</b>



**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**CULTURAL AND NATURE PROJECTS FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>					
Charges for Services:					
Rents and Fees	\$ 442,290	\$ -	\$ 442,290	\$ 438,829	\$ 3,461
Miscellaneous:					
Investment Income	2,942	-	2,942	-	2,942
Donations	36,546	-	36,546	43,000	(6,454)
Total Miscellaneous	39,488	-	39,488	43,000	(3,512)
<b>TOTAL REVENUES</b>	<b>481,778</b>	<b>-</b>	<b>481,778</b>	<b>481,829</b>	<b>(51)</b>
<b><u>EXPENDITURES</u></b>					
Culture and Recreation	495,558	-	495,558	522,582	27,024
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(13,780)</b>	<b>-</b>	<b>(13,780)</b>	<b>(40,753)</b>	<b>26,973</b>
<b><u>OTHER FINANCING SOURCES/(USES)</u></b>					
Transfers In	32,875	-	32,875	32,875	-
Transfers Out	(10,761)	-	(10,761)	(10,761)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>22,114</b>	<b>-</b>	<b>22,114</b>	<b>22,114</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 8,334</b>	<b>\$ -</b>	<b>\$ 8,334</b>	<b>\$ (18,639)</b>	<b>\$ 26,973</b>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**STATE LAW ENFORCEMENT CONTRABAND FORFEITURE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>					
Fines and Forfeitures:					
Confiscated Property	\$ 46,515	\$ -	\$ 46,515	\$ 30,947	\$ 15,568
Miscellaneous:					
Investment Income	3,780	-	3,780	1,883	1,897
Other Miscellaneous	14,055	-	14,055	14,054	1
Total Miscellaneous	17,835	-	17,835	15,937	1,898
<b>TOTAL REVENUES</b>	<b>64,350</b>	<b>-</b>	<b>64,350</b>	<b>46,884</b>	<b>17,466</b>
<b><u>EXPENDITURES</u></b>					
Public Safety	40,771	-	40,771	146,243	105,472
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 23,579</b>	<b>\$ -</b>	<b>\$ 23,579</b>	<b>\$ (99,359)</b>	<b>\$ 122,938</b>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FEDERAL LAW ENFORCEMENT CONTRABAND FORFEITURE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>					
Fines and Forfeitures:					
Confiscated Property	\$ 446,980	\$ -	\$ 446,980	\$ 429,551	\$ 17,429
Miscellaneous:					
Investment Income	328,218	-	328,218	183,078	145,140
Other Miscellaneous	146,527	-	146,527	146,526	1
Total Miscellaneous	474,745	-	474,745	329,604	145,141
<b>TOTAL REVENUES</b>	<b>921,725</b>	<b>-</b>	<b>921,725</b>	<b>759,155</b>	<b>162,570</b>
<b><u>EXPENDITURES</u></b>					
Public Safety	785,593	45,474	831,067	4,572,948	3,741,881
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>136,132</b>	<b>(45,474)</b>	<b>90,658</b>	<b>(3,813,793)</b>	<b>3,904,451</b>
<b><u>OTHER FINANCING USES</u></b>					
Transfers Out	(3,318)	-	(3,318)	(3,318)	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 132,814</b>	<b>\$ (45,474)</b>	<b>\$ 87,340</b>	<b>\$ (3,817,111)</b>	<b>\$ 3,904,451</b>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**ECONOMIC DEVELOPMENT FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>					
Charges For Services	\$ 220	\$ -	\$ 220	\$ -	\$ 220
Miscellaneous:					
Rental Income	279,397	-	279,397	183,000	96,397
Investment Income	9,711	-	9,711	4,500	5,211
Total Miscellaneous Revenue	<u>289,108</u>	<u>-</u>	<u>289,108</u>	<u>187,500</u>	<u>101,608</u>
<b>TOTAL REVENUES</b>	<b>289,328</b>	<b>-</b>	<b>289,328</b>	<b>187,500</b>	<b>101,828</b>
<b><u>EXPENDITURES</u></b>					
Economic Environment	<u>265,694</u>	<u>-</u>	<u>265,694</u>	<u>319,006</u>	<u>53,312</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>23,634</b>	<b>-</b>	<b>23,634</b>	<b>(131,506)</b>	<b>155,140</b>
<b><u>OTHER FINANCING SOURCES</u></b>					
Transfers In	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 48,634</b>	<b>\$ -</b>	<b>\$ 48,634</b>	<b>\$ (106,506)</b>	<b>\$ 155,140</b>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**EVERGREEN CEMETERY TRUST FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>					
Charges for Services	\$ 10,614	\$ -	\$ 10,614	\$ 15,000	\$ (4,386)
Miscellaneous:					
Investment Income	259,944	-	259,944	45,000	214,944
<b>TOTAL REVENUES</b>	<b>270,558</b>	<b>-</b>	<b>270,558</b>	<b>60,000</b>	<b>210,558</b>
<b><u>EXPENDITURES</u></b>					
	-	-	-	-	-
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>270,558</b>	<b>-</b>	<b>270,558</b>	<b>60,000</b>	<b>210,558</b>
<b><u>OTHER FINANCING USES</u></b>					
Transfers Out	(34,509)	-	(34,509)	(46,012)	11,503
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 236,049</b>	<b>\$ -</b>	<b>\$ 236,049</b>	<b>\$ 13,988</b>	<b>\$ 222,061</b>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**SCHOOL CROSSING GUARD TRUST FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>					
Fines and Forfeitures	\$ 32,239	\$ -	\$ 32,239	\$ 35,000	\$ (2,761)
Miscellaneous:					
Investment Income	(375)	-	(375)	-	(375)
<b>TOTAL REVENUES</b>	<b>31,864</b>	<b>-</b>	<b>31,864</b>	<b>35,000</b>	<b>(3,136)</b>
<b>EXPENDITURES</b>					
	-	-	-	-	-
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>31,864</b>	<b>-</b>	<b>31,864</b>	<b>35,000</b>	<b>(3,136)</b>
<b>OTHER FINANCING USES</b>					
Transfers Out	(17,500)	-	(17,500)	(35,000)	17,500
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 14,364</b>	<b>\$ -</b>	<b>\$ 14,364</b>	<b>\$ -</b>	<b>\$ 14,364</b>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**ART IN PUBLIC PLACES TRUST FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>					
Miscellaneous:					
Investment Income	\$ 1,102	\$ -	\$ 1,102	\$ -	\$ 1,102
<b>EXPENDITURES</b>					
Culture and Recreation	<u>2,962</u>	<u>-</u>	<u>2,962</u>	<u>2,962</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (1,860)</u>	<u>\$ -</u>	<u>\$ (1,860)</u>	<u>\$ (2,962)</u>	<u>\$ 1,102</u>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FFGFC FUND - SERIES 1996**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>			
Miscellaneous:			
Investment Income	\$ 54,273	\$ 54,249	\$ 24
<b><u>EXPENDITURES</u></b>			
Debt Service:			
Principal	410,000	410,000	-
Interest and Fiscal Charges	104,533	105,480	947
<b>TOTAL EXPENDITURES</b>	<u>514,533</u>	<u>515,480</u>	<u>947</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(460,260)	(461,231)	971
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers In	491,980	491,980	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 31,720</u>	<u>\$ 30,749</u>	<u>\$ 971</u>



**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FFGFC FUND - SERIES 1998**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>			
Miscellaneous:			
Investment Income	\$ 20,510	\$ 20,105	\$ 405
<b><u>EXPENDITURES</u></b>			
Debt Service:			
Principal	925,000	925,000	-
Interest and Fiscal Charges	296,659	313,505	16,846
<b>TOTAL EXPENDITURES</b>	<u>1,221,659</u>	<u>1,238,505</u>	<u>16,846</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,201,149)</b>	<b>(1,218,400)</b>	<b>17,251</b>
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers In	1,219,400	1,219,400	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 18,251</u>	<u>\$ 1,000</u>	<u>\$ 17,251</u>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FFGFC FUND - SERIES 2001**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>			
Miscellaneous:			
Investment Income	\$       56	\$       -	\$       56
<b><u>EXPENDITURES</u></b>	-	-	-
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	56	-	56
<b><u>OTHER FINANCING USES</u></b>			
Transfers Out	-	(3,728)	3,728
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$       56</u>	<u>\$     (3,728)</u>	<u>\$     3,784</u>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FFGFC FUND - SERIES 2002**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>			
Miscellaneous:			
Investment Income	\$ 11,138	\$ 11,070	\$ 68
<b><u>EXPENDITURES</u></b>			
Debt Service:			
Principal	375,000	375,000	-
Interest and Fiscal Charges	409,362	410,255	893
<b>TOTAL EXPENDITURES</b>	<u>784,362</u>	<u>785,255</u>	<u>893</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(773,224)	(774,185)	961
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers In	<u>774,185</u>	<u>774,185</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 961</u>	<u>\$ -</u>	<u>\$ 961</u>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FFGFC FUND - SERIES 2005**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>			
Miscellaneous:			
Investment Income	\$ 6,784	\$ 6,305	\$ 479
<b><u>EXPENDITURES</u></b>			
Debt Service:			
Principal	210,000	210,000	-
Interest and Fiscal Charges	207,038	207,739	701
<b>TOTAL EXPENDITURES</b>	<u>417,038</u>	<u>417,739</u>	<u>701</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(410,254)</b>	<b>(411,434)</b>	<b>1,180</b>
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers In	<u>409,317</u>	<u>409,317</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (937)</u>	<u>\$ (2,117)</u>	<u>\$ 1,180</u>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FFGFC FUND - SERIES 2007**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
<b><u>REVENUES</u></b>			
Miscellaneous:			
Investment Income	\$ 601	\$ -	\$ 601
<b><u>EXPENDITURES</u></b>			
Debt Service:			
Interest and Fiscal Charges	12,910	12,910	-
Bond Issuance Costs	26,566	26,566	-
<b>TOTAL EXPENDITURES</b>	<b>39,476</b>	<b>39,476</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(38,875)</b>	<b>(39,476)</b>	<b>601</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Debt Issuance	1,540,000	1,540,000	-
Bond Discount	(13,434)	(13,434)	-
Transfers In	12,910	12,910	-
Transfers Out	(1,500,000)	(1,500,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>39,476</b>	<b>39,476</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 601</b>	<b>\$ -</b>	<b>\$ 601</b>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**GUARANTEED ENTITLEMENT REVENUE AND REFUNDING BONDS 2004**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b><u>REVENUES</u></b>			
Intergovernmental:			
State Revenue Sharing	\$ 1,041,313	\$ 1,041,313	\$ -
Miscellaneous:			
Investment Income	<u>23,092</u>	<u>26,000</u>	<u>(2,908)</u>
<b>TOTAL REVENUES</b>	<u><b>1,064,405</b></u>	<u><b>1,067,313</b></u>	<u><b>(2,908)</b></u>
<b><u>EXPENDITURES</u></b>			
Debt Service:			
Principal	620,000	620,000	-
Interest and Fiscal Charges	<u>421,313</u>	<u>422,313</u>	<u>1,000</u>
<b>TOTAL EXPENDITURES</b>	<u><b>1,041,313</b></u>	<u><b>1,042,313</b></u>	<u><b>1,000</b></u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u><b>\$ 23,092</b></u>	<u><b>\$ 25,000</b></u>	<u><b>\$ (1,908)</b></u>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**PENSION OBLIGATION BOND SERIES 2003A**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
<b><u>REVENUES</u></b>			
Charges for Services:			
Charges to GACRAA	\$ -	\$ 4,244	\$ (4,244)
Charges to GRU	765,184	765,184	-
Other Charges	<u>5,946</u>	<u>2,162</u>	<u>3,784</u>
Total Charges for Services	771,130	771,590	(460)
Miscellaneous:			
Investment Income	<u>40,098</u>	<u>-</u>	<u>40,098</u>
<b>TOTAL REVENUES</b>	<u><b>811,228</b></u>	<u><b>771,590</b></u>	<u><b>39,638</b></u>
<b><u>EXPENDITURES</u></b>			
Debt Service:			
Principal	185,534	185,534	-
Interest & Fiscal Charges	<u>1,120,241</u>	<u>1,120,242</u>	<u>1</u>
<b>TOTAL EXPENDITURES</b>	<u><b>1,305,775</b></u>	<u><b>1,305,776</b></u>	<u><b>1</b></u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(494,547)</b>	<b>(534,186)</b>	<b>39,639</b>
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers In	<u>531,402</u>	<u>534,186</u>	<u>(2,784)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u><b>\$ 36,855</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 36,855</b></u>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**PENSION OBLIGATION BOND SERIES 2003B**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>			
Miscellaneous:			
Investment Income	\$ 42,850	\$ 1,000	\$ 41,850
<b><u>EXPENDITURES</u></b>			
Debt Service:			
Principal	254,570	254,571	1
Interest & Fiscal Charges	2,374,350	2,375,350	1,000
<b>TOTAL EXPENDITURES</b>	<u>2,628,920</u>	<u>2,629,921</u>	<u>1,001</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,586,070)	(2,628,921)	42,851
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers In	<u>2,628,921</u>	<u>2,628,921</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 42,851</u>	<u>\$ -</u>	<u>\$ 42,851</u>



**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**OTHER POST EMPLOYMENT (OPEB) BONDS 2005**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b><u>REVENUES</u></b>			
Intergovernmental:			
Local Cost Sharing	\$ 1,809,362	\$ 1,809,251	\$ 111
Miscellaneous:			
Investment Income	<u>80,337</u>	<u>2,000</u>	<u>78,337</u>
<b>TOTAL REVENUES</b>	<u><b>1,889,699</b></u>	<u><b>1,811,251</b></u>	<u><b>78,448</b></u>
<b><u>EXPENDITURES</u></b>			
Debt Service:			
Principal	2,605,000	2,605,000	-
Interest and Fiscal Charges	<u>1,492,592</u>	<u>1,494,592</u>	<u>2,000</u>
<b>TOTAL EXPENDITURES</b>	<u><b>4,097,592</b></u>	<u><b>4,099,592</b></u>	<u><b>2,000</b></u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,207,893)</b>	<b>(2,288,341)</b>	<b>80,448</b>
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers In	<u>2,288,386</u>	<u>2,288,386</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u><b>\$ 80,493</b></u>	<u><b>\$ 45</b></u>	<u><b>\$ 80,448</b></u>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**DEPOT AVENUE STORMWATER PARK DEBT SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<b><u>ACTUAL</u></b>	<b><u>BUDGET</u></b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
<b><u>REVENUES</u></b>			
Intergovernmental:			
Local Cost Sharing	\$ 361,032	\$ 361,032	\$ -
Miscellaneous:			
Investment Income	<u>25,837</u>	<u>-</u>	<u>25,837</u>
<b>TOTAL REVENUES</b>	<b><u>386,869</u></b>	<b><u>361,032</u></b>	<b><u>25,837</u></b>
 <b><u>EXPENDITURES</u></b>			
Debt Service:			
Principal	483,175	483,175	-
Interest and Fiscal Charges	<u>23,394</u>	<u>23,395</u>	<u>1</u>
<b>TOTAL EXPENDITURES</b>	<b><u>506,569</u></b>	<b><u>506,570</u></b>	<b><u>1</u></b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(119,700)</b>	<b>(145,538)</b>	<b>25,838</b>
 <b><u>OTHER FINANCING SOURCES</u></b>			
Transfers In	<u>145,538</u>	<u>145,538</u>	<u>-</u>
 <b>NET CHANGE IN FUND BALANCES</b>	 <b><u>\$ 25,838</u></b>	 <b><u>\$ -</u></b>	 <b><u>\$ 25,838</u></b>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**CAPITAL IMPROVEMENT REVENUE BOND (CIRB) - SERIES 2005**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>			
Miscellaneous:			
Investment Income	\$ 38,362	\$ 1,000	\$ 37,362
<b><u>EXPENDITURES</u></b>			
Debt Service:			
Principal	790,000	790,000	-
Interest and Fiscal Charges	939,269	940,269	1,000
<b>TOTAL EXPENDITURES</b>	<b>1,729,269</b>	<b>1,730,269</b>	<b>1,000</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,690,907)</b>	<b>(1,729,269)</b>	<b>38,362</b>
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers In	1,729,269	1,729,269	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 38,362</b>	<b>\$ -</b>	<b>\$ 38,362</b>

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**GPD ENERGY CONSERVATION MASTER LEASE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<b><u>REVENUES</u></b>			
Miscellaneous:			
Investment Income	\$ (598)	\$ -	\$ (598)
<b><u>EXPENDITURES</u></b>			
Debt Service:			
Principal	62,623	62,624	1
Interest and Fiscal Charges	40,519	40,769	250
<b>TOTAL EXPENDITURES</b>	<b>103,142</b>	<b>103,393</b>	<b>251</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(103,740)</b>	<b>(103,393)</b>	<b>(347)</b>
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers In	119,393	119,393	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 15,653</b>	<b>\$ 16,000</b>	<b>\$ (347)</b>

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2007**

	<b>REGIONAL TRANSIT SYSTEM FUND</b>	<b>STORMWATER MANAGEMENT UTILITY FUND</b>	<b>IRONWOOD GOLF COURSE FUND</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,550	\$ -	\$ 3,400
Equity in Pooled Cash and Investments	-	2,834,413	-
Receivables	3,628,683	-	1,400
Due from Other Funds	5,204	4,018,036	-
Inventories	693,603	-	41,054
Total Current Assets	<u>4,329,040</u>	<u>6,852,449</u>	<u>45,854</u>
Noncurrent Assets:			
Capital Assets (net of accumulated depreciation):			
Buildings	3,371,316	27,395	547,592
Improvements other than buildings	1,151,115	-	304,874
Machinery and equipment	8,881,357	43,053	18,766
Infrastructure	-	7,434,891	-
Capital Assets (not depreciated):			
Land	434,765	2,676,771	520,265
Construction in progress	118,047	3,935,092	-
Total Noncurrent Assets	<u>13,956,600</u>	<u>14,117,202</u>	<u>1,391,497</u>
<b>TOTAL ASSETS</b>	<b><u>18,285,640</u></b>	<b><u>20,969,651</u></b>	<b><u>1,437,351</u></b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	504,894	377,695	43,707
Accounts Payable - Payroll	189,910	43,954	4,668
Due to Other Funds	1,666,980	-	2,377,246
Current Portion of Long-term Debt	11,508	2,415	326
Total Current Liabilities	<u>2,373,292</u>	<u>424,064</u>	<u>2,425,947</u>
Noncurrent Liabilities:			
Long-Term Debt	<u>287,687</u>	<u>60,366</u>	<u>8,138</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,660,979</u></b>	<b><u>484,430</u></b>	<b><u>2,434,085</u></b>
<b>NET ASSETS</b>			
Invested in capital assets	13,956,600	14,117,202	1,391,497
Restricted for:			
Capital Improvement Surcharge	-	-	79,443
RTS Grant	468,600	-	-
Unrestricted	1,199,461	6,368,019	(2,467,674)
<b>TOTAL NET ASSETS</b>	<b><u>\$ 15,624,661</u></b>	<b><u>\$ 20,485,221</u></b>	<b><u>\$ (996,734)</u></b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2007**

	<b>FLORIDA BUILDING CODE ENFORCEMENT FUND</b>	<b>SOLID WASTE FUND</b>	<b>TOTAL NONMAJOR ENTERPRISE FUNDS</b>
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ -	\$ 4,950
Equity in Pooled Cash and Investments	3,616,769	240,938	6,692,120
Receivables	-	61,181	3,691,264
Due from Other Funds	-	285,321	4,308,561
Inventories	-	-	734,657
Total Current Assets	3,616,769	587,440	15,431,552
Noncurrent Assets:			
Capital Assets (net of accumulated depreciation):			
Buildings	-	-	3,946,303
Improvements other than buildings	-	11,595	1,467,584
Machinery and equipment	23,094	47,441	9,013,711
Infrastructure	-	-	7,434,891
Capital Assets (not depreciated):			
Land	-	100,989	3,732,790
Construction in progress	-	-	4,053,139
Total Noncurrent Assets	23,094	160,025	29,648,418
<b>TOTAL ASSETS</b>	<b>3,639,863</b>	<b>747,465</b>	<b>45,079,970</b>
 <b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	34,135	939,560	1,899,991
Accounts Payable - Payroll	25,908	10,587	275,027
Due to Other Funds	202	-	4,044,428
Current Portion of Long-term Debt	2,912	850	18,011
Total Current Liabilities	63,157	950,997	6,237,457
Noncurrent Liabilities:			
Long-Term Debt	72,810	21,256	450,257
<b>TOTAL LIABILITIES</b>	<b>135,967</b>	<b>972,253</b>	<b>6,687,714</b>
 <b><u>NET ASSETS</u></b>			
Invested in capital assets	23,094	160,025	29,648,418
Restricted for:			
Capital Improvement Surcharge	-	-	79,443
RTS Grant	-	-	468,600
Unrestricted	3,480,802	(384,813)	8,195,795
<b>TOTAL NET ASSETS</b>	<b>\$ 3,503,896</b>	<b>\$ (224,788)</b>	<b>\$ 38,392,256</b>

(CONCLUDED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<b>REGIONAL TRANSIT SYSTEM FUND</b>	<b>STORMWATER MANAGEMENT UTILITY FUND</b>	<b>IRONWOOD GOLF COURSE FUND</b>
<b><u>OPERATING REVENUES</u></b>			
Sales and Service Charges	\$ 10,405,917	\$ 5,579,222	\$ 940,513
Other Operating Revenues	203,105	-	-
<b>TOTAL OPERATING REVENUES</b>	<b><u>10,609,022</u></b>	<b><u>5,579,222</u></b>	<b><u>940,513</u></b>
<b><u>OPERATING EXPENSES</u></b>			
Operations and Maintenance	15,142,518	4,287,724	785,267
Administrative and General	858,427	794,260	439,068
Depreciation and Amortization	1,670,576	200,881	128,010
<b>TOTAL OPERATING EXPENSES</b>	<b><u>17,671,521</u></b>	<b><u>5,282,865</u></b>	<b><u>1,352,345</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>(7,062,499)</u></b>	<b><u>296,357</u></b>	<b><u>(411,832)</u></b>
<b><u>NON OPERATING REVENUES (EXPENSES)</u></b>			
Investment Income / (Loss)	(142,049)	391,810	(106,642)
Gain on Disposal of Capital Assets	6,681	7,206	-
Local Option Gas Tax	1,990,000	-	-
Other Revenue	93,535	426,652	-
Operating Grants	6,191,062	-	-
<b>TOTAL NON OPERATING REVENUE(EXPENSES)</b>	<b><u>8,139,229</u></b>	<b><u>825,668</u></b>	<b><u>(106,642)</u></b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>1,076,730</b>	<b>1,122,025</b>	<b>(518,474)</b>
Capital Contributions	1,599,946	135,852	-
Transfers In	448,037	-	360,000
Transfers Out	(382,713)	(485,059)	(230,144)
<b>CHANGE IN NET ASSETS</b>	<b>2,742,000</b>	<b>772,818</b>	<b>(388,618)</b>
<b>TOTAL NET ASSETS October 1</b>	<b><u>12,882,661</u></b>	<b><u>19,712,403</u></b>	<b><u>(608,116)</u></b>
<b>TOTAL NET ASSETS September 30</b>	<b><u>\$ 15,624,661</u></b>	<b><u>\$ 20,485,221</u></b>	<b><u>\$ (996,734)</u></b>

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	FLORIDA BUILDING CODE ENFORCEMENT FUND	SOLID WASTE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
<b><u>OPERATING REVENUES</u></b>			
Sales and Service Charges	\$ 4,926,736	\$ 7,436,889	\$ 29,289,277
Other Operating Revenues	-	-	203,105
<b>TOTAL OPERATING REVENUES</b>	<b><u>4,926,736</u></b>	<b><u>7,436,889</u></b>	<b><u>29,492,382</u></b>
<b><u>OPERATING EXPENSES</u></b>			
Operations and Maintenance	1,586,500	6,213,057	28,015,066
Administrative and General	216,800	708,251	3,016,806
Depreciation and Amortization	5,156	3,103,763	5,108,386
<b>TOTAL OPERATING EXPENSES</b>	<b><u>1,808,456</u></b>	<b><u>10,025,071</u></b>	<b><u>36,140,258</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>3,118,280</u></b>	<b><u>(2,588,182)</u></b>	<b><u>(6,647,876)</u></b>
<b><u>NON OPERATING REVENUES (EXPENSES)</u></b>			
Investment Income / (Loss)	108,928	12,076	264,123
Gain on Disposal of Capital Assets	-	-	13,887
Local Option Gas Tax	-	-	1,990,000
Other Revenue	-	-	520,187
Operating Grants	-	-	6,191,062
<b>TOTAL NON OPERATING REVENUE(EXPENSES)</b>	<b><u>108,928</u></b>	<b><u>12,076</u></b>	<b><u>8,979,259</u></b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b><u>3,227,208</u></b>	<b><u>(2,576,106)</u></b>	<b><u>2,331,383</u></b>
Capital Contributions	28,250	-	1,764,048
Transfers In	293,919	6,400	1,108,356
Transfers Out	(45,481)	(625,853)	(1,769,250)
<b>CHANGE IN NET ASSETS</b>	<b><u>3,503,896</u></b>	<b><u>(3,195,559)</u></b>	<b><u>3,434,537</u></b>
<b>TOTAL NET ASSETS</b>			
October 1	<u>-</u>	<u>2,970,771</u>	<u>34,957,719</u>
<b>TOTAL NET ASSETS</b>			
September 30	<b><u>\$ 3,503,896</u></b>	<b><u>\$ (224,788)</u></b>	<b><u>\$ 38,392,256</u></b>

(CONCLUDED)



**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<b>REGIONAL TRANSIT SYSTEM FUND</b>	<b>STORMWATER MANAGEMENT UTILITY FUND</b>	<b>IRONWOOD GOLF COURSE FUND</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Cash Received from Customers	\$ 9,475,020	\$ 5,886,943	\$ 940,513
Cash Paid to Suppliers	(6,996,093)	(2,432,125)	(970,109)
Cash Paid to Employees	(9,205,748)	(2,654,236)	(231,997)
Other Operating Receipts	203,105	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>(6,523,716)</u></b>	<b><u>800,582</u></b>	<b><u>(261,593)</u></b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>			
Local Option Gas Tax	1,990,000	-	-
Operating Grants	6,143,916	-	-
Interest Paid	(142,049)	-	(106,642)
Interfund Borrowing	-	-	279,491
Transfers from Other Funds	448,037	-	360,000
Transfers to Other Funds	(382,713)	(485,059)	(230,144)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES</b>	<b><u>8,057,191</u></b>	<b><u>(485,059)</u></b>	<b><u>302,705</u></b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Proceeds from Sale of Capital Assets	6,681	7,206	-
Capital Contributions	-	155,500	-
Acquisition and Construction of Capital Assets	(1,541,706)	(46,623)	(41,112)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>(1,535,025)</u></b>	<b><u>116,083</u></b>	<b><u>(41,112)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest Received	-	391,810	-
Purchase of Investments	1,550	(1,847,850)	-
Proceeds from Investment Maturities	-	1,243,056	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b><u>1,550</u></b>	<b><u>(212,984)</u></b>	<b><u>-</u></b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>-</b>	<b>218,622</b>	<b>-</b>
<b>CASH - OCTOBER 1</b>	<b><u>1,550</u></b>	<b><u>767,941</u></b>	<b><u>3,400</u></b>
<b>CASH - SEPTEMBER 30</b>	<b><u>\$ 1,550</u></b>	<b><u>\$ 986,563</u></b>	<b><u>\$ 3,400</u></b>

(continued)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<b><u>FLORIDA BUILDING CODE ENFORCEMENT FUND</u></b>	<b><u>SOLID WASTE FUND</u></b>	<b><u>TOTAL NONMAJOR ENTERPRISE FUNDS</u></b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Cash Received from Customers	\$ 4,926,736	\$ 7,810,703	\$ 29,039,915
Cash Paid to Suppliers	(381,084)	(6,430,040)	(17,209,451)
Cash Paid to Employees	(1,286,249)	(599,353)	(13,977,583)
Other Operating Receipts	-	-	203,105
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>3,259,403</u></b>	<b><u>781,310</u></b>	<b><u>(1,944,014)</u></b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>			
Local Option Gas Tax	-	-	1,990,000
Operating Grants	-	-	6,143,916
Interest Paid	-	-	(248,691)
Interfund Borrowing	-	-	279,491
Transfers from Other Funds	293,919	6,400	1,108,356
Transfers to Other Funds	(45,481)	(625,853)	(1,769,250)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES</b>	<b><u>248,438</u></b>	<b><u>(619,453)</u></b>	<b><u>7,503,822</u></b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Proceeds from Sale of Capital Assets	-	-	13,887
Capital Contributions	28,250	-	183,750
Acquisition and Construction of Capital Assets	(28,250)	(6,065)	(1,663,756)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>-</u></b>	<b><u>(6,065)</u></b>	<b><u>(1,466,119)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest Received	108,928	12,077	512,815
Purchase of Investments	(2,357,894)	(157,076)	(4,361,270)
Proceeds from Investment Maturities	-	47,636	1,290,692
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b><u>(2,248,966)</u></b>	<b><u>(97,363)</u></b>	<b><u>(2,557,763)</u></b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>1,258,875</b>	<b>58,429</b>	<b>1,535,926</b>
<b>CASH - OCTOBER 1</b>	<b><u>-</u></b>	<b><u>25,433</u></b>	<b><u>798,324</u></b>
<b>CASH - SEPTEMBER 30</b>	<b><u>\$ 1,258,875</u></b>	<b><u>\$ 83,862</u></b>	<b><u>\$ 2,334,250</u></b>

(continued)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<b>REGIONAL TRANSIT SYSTEM FUND</b>	<b>STORMWATER MANAGEMENT UTILITY FUND</b>	<b>IRONWOOD GOLF COURSE FUND</b>
<b>OPERATING INCOME (LOSS)</b>	\$ (7,062,499)	\$ 296,357	\$ (411,832)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Depreciation and Amortization	1,670,576	200,881	128,010
(Increase)/Decrease in Receivables	(706,593)	307,721	-
(Increase)/Decrease in Due from Other Funds	-	-	-
(Increase)/Decrease in Inventories	(164,215)	-	(6,698)
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	(254,683)	(4,377)	28,858
Increase/(Decrease) in Due to Other Funds	(6,302)	-	69
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (6,523,716)</b>	<b>\$ 800,582</b>	<b>\$ (261,593)</b>

**RECONCILIATION OF CASH TO  
BALANCE SHEET**

Cash	\$ 1,550	\$ 986,563	\$ 3,400
Investments	-	1,847,850	-
<b>TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER BALANCE SHEET</b>	<b>\$ 1,550</b>	<b>\$ 2,834,413</b>	<b>\$ 3,400</b>

**NONCASH CAPITAL, INVESTING AND  
FINANCING ACTIVITIES**

Contribution of Capital Assets	\$ 1,580,298	\$ -	\$ -
Change in Fair Value of Investments	8,266	89,971	-

(continued)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<b>FLORIDA BUILDING CODE ENFORCEMENT FUND</b>	<b>SOLID WASTE FUND</b>	<b>TOTAL NONMAJOR ENTERPRISE FUNDS</b>
<b>OPERATING INCOME (LOSS)</b>	\$ 3,118,280	\$ (2,588,182)	\$ (6,647,876)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Depreciation and Amortization	5,156	3,103,763	5,108,386
(Increase)/Decrease in Receivables	-	354,695	(44,177)
(Increase)/Decrease in Due from Other Funds	202	19,119	19,321
(Increase)/Decrease in Inventories	-	-	(170,913)
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	135,765	(108,085)	(202,522)
Increase/(Decrease) in Due to Other Funds	-	-	(6,233)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 3,259,403</b>	<b>\$ 781,310</b>	<b>\$ (1,944,014)</b>

**RECONCILIATION OF CASH TO  
BALANCE SHEET**

Cash	\$ 1,258,875	\$ 83,862	\$ 2,334,250
Investments	2,357,894	157,076	4,362,820
<b>TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER BALANCE SHEET</b>	<b>\$ 3,616,769</b>	<b>\$ 240,938</b>	<b>\$ 6,697,070</b>

**NONCASH CAPITAL, INVESTING AND  
FINANCING ACTIVITIES**

Contribution of Capital Assets	\$ -	\$ -	\$ 1,580,298
Change in Fair Value of Investments	17,965	5,037	121,239

(concluded)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2007**

	<b>GENERAL INSURANCE FUND</b>	<b>EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND</b>	<b>FLEET MANAGEMENT FUND</b>	<b>TOTALS</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 84,000	\$ 50	\$ 84,050
Equity in Pooled Cash and Investments	7,921,865	4,272,575	8,453,995	20,648,435
Receivables	-	-	8,271	8,271
Due from Other Funds	554,472	-	214,917	769,389
Inventories	-	-	109,323	109,323
Prepaid Expenses	29,638	-	-	29,638
<b>Total Current Assets</b>	<b>8,505,975</b>	<b>4,356,575</b>	<b>8,786,556</b>	<b>21,649,106</b>
Noncurrent Assets:				
Capital Assets (net of accumulated depreciation):				
Buildings	-	-	65,123	65,123
Improvements other than Buildings	-	-	20,385	20,385
Machinery and Equipment	8,564	9,639	7,528,288	7,546,491
Capital Assets (non depreciable):				
Land	-	-	146,033	146,033
Construction in Progress	-	-	226,803	226,803
<b>Total Noncurrent Assets</b>	<b>8,564</b>	<b>9,639</b>	<b>7,986,632</b>	<b>8,004,835</b>
<b>TOTAL ASSETS</b>	<b>8,514,539</b>	<b>4,366,214</b>	<b>16,773,188</b>	<b>29,653,941</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	7,566,971	1,424,320	104,986	9,096,277
Accounts Payable - Payroll	15,379	4,984	26,199	46,562
Current Portion of Long Term Debt	1,381	169	1,264	2,814
<b>Total Current Liabilities</b>	<b>7,583,731</b>	<b>1,429,473</b>	<b>132,449</b>	<b>9,145,653</b>
Noncurrent Liabilities:				
Long-Term Debt	34,519	4,222	31,598	70,339
<b>TOTAL LIABILITIES</b>	<b>7,618,250</b>	<b>1,433,695</b>	<b>164,047</b>	<b>9,215,992</b>
<b>NET ASSETS</b>				
Invested in Capital Assets	8,564	9,639	7,986,632	8,004,835
Unrestricted	887,725	2,922,880	8,622,509	12,433,114
<b>TOTAL NET ASSETS</b>	<b>\$ 896,289</b>	<b>\$ 2,932,519</b>	<b>\$ 16,609,141</b>	<b>\$ 20,437,949</b>

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<b>GENERAL INSURANCE FUND</b>	<b>EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND</b>	<b>FLEET MANAGEMENT FUND</b>	<b>TOTALS</b>
<b><u>OPERATING REVENUES</u></b>				
Sales and Service Charges	\$ 7,376,501	\$ 6,061,348	\$ 7,120,724	\$ 20,558,573
Employer Contributions	-	5,796,672	-	5,796,672
Employee Contributions	-	4,130,596	-	4,130,596
Other Operating Revenues	-	146,466	-	146,466
	<u>7,376,501</u>	<u>16,135,082</u>	<u>7,120,724</u>	<u>30,632,307</u>
<b>TOTAL OPERATING REVENUES</b>				
<b><u>OPERATING EXPENSES</u></b>				
Operations and Maintenance	4,819,731	2,332,922	3,765,856	10,918,509
Administrative and General	855,430	444,582	553,237	1,853,249
Depreciation and Amortization	1,159	3,467	2,004,866	2,009,492
Benefits Paid and Other Expenses	-	13,396,236	-	13,396,236
	<u>5,676,320</u>	<u>16,177,207</u>	<u>6,323,959</u>	<u>28,177,486</u>
<b>TOTAL OPERATING EXPENSES</b>				
<b>OPERATING INCOME (LOSS)</b>	<u>1,700,181</u>	<u>(42,125)</u>	<u>796,765</u>	<u>2,454,821</u>
<b><u>NON OPERATING REVENUES</u></b>				
Interest Income	441,947	226,032	461,065	1,129,044
Gain (Loss) on Disposal of Capital Assets	-	(1,705)	82,632	80,927
	<u>441,947</u>	<u>224,327</u>	<u>543,697</u>	<u>1,209,971</u>
<b>TOTAL NON OPERATING REVENUES</b>				
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>2,142,128</u>	<u>182,202</u>	<u>1,340,462</u>	<u>3,664,792</u>
Capital Contributions	-	-	208,795	208,795
Transfers Out	(355,700)	(8,868)	(104,604)	(469,172)
	<u>1,786,428</u>	<u>173,334</u>	<u>1,444,653</u>	<u>3,404,415</u>
<b>CHANGE IN NET ASSETS</b>				
<b>TOTAL NET ASSETS, October 1</b>	<u>(890,139)</u>	<u>2,759,185</u>	<u>15,164,488</u>	<u>17,033,534</u>
<b>TOTAL NET ASSETS, September 30</b>	<u>\$ 896,289</u>	<u>\$ 2,932,519</u>	<u>\$ 16,609,141</u>	<u>\$ 20,437,949</u>

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<b>GENERAL INSURANCE FUND</b>	<b>EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND</b>	<b>FLEET MANAGEMENT FUND</b>	<b>TOTALS</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Cash Received from Customers	\$ 7,060,315	\$ 15,988,616	\$ 7,125,005	\$ 30,173,936
Cash Paid to Suppliers	(4,909,131)	(15,766,720)	(2,872,554)	(23,548,405)
Cash Paid to Employees	(789,566)	(243,127)	(1,388,618)	(2,421,311)
Other Operating Receipts/Payments	-	146,466	-	146,466
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,361,618</b>	<b>125,235</b>	<b>2,863,833</b>	<b>4,350,686</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>				
Transfers to Other Funds	(355,702)	(8,868)	(74,603)	(439,173)
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>				
Proceeds from Sale of Capital Assets	-	-	82,632	82,632
Capital Contributions	-	-	84,075	84,075
Acquisition and Construction of Capital Assets	(5,500)	-	(1,680,795)	(1,686,295)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(5,500)</b>	<b>-</b>	<b>(1,514,088)</b>	<b>(1,519,588)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Interest Received	441,257	226,032	461,065	1,128,354
Purchase of Investments	(5,164,531)	(2,840,198)	(5,511,478)	(13,516,207)
Proceeds from Investment Maturities	4,224,656	2,616,977	4,421,894	11,263,527
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(498,618)</b>	<b>2,811</b>	<b>(628,519)</b>	<b>(1,124,326)</b>
<b>NET INCREASE IN CASH</b>	<b>501,798</b>	<b>119,178</b>	<b>646,623</b>	<b>1,267,599</b>
<b>CASH - OCTOBER 1</b>	<b>2,255,536</b>	<b>1,397,199</b>	<b>2,295,944</b>	<b>5,948,679</b>
<b>CASH - SEPTEMBER 30</b>	<b>\$ 2,757,334</b>	<b>\$ 1,516,377</b>	<b>\$ 2,942,567</b>	<b>\$ 7,216,278</b>

(continued)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<b><u>GENERAL INSURANCE FUND</u></b>	<b><u>EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND</u></b>	<b><u>FLEET MANAGEMENT FUND</u></b>	<b><u>TOTALS</u></b>
<b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>				
OPERATING INCOME (LOSS)	\$ 1,700,181	\$ (42,125)	\$ 796,765	\$ 2,454,821
<b><u>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>				
Depreciation and Amortization	1,159	3,467	2,004,866	2,009,492
(Increase)/Decrease in Receivables	-	-	(3,123)	(3,123)
(Increase)/Decrease in Due from Other Funds	(316,186)	-	7,404	(308,782)
(Increase)/Decrease in Inventories	-	-	3,712	3,712
(Increase)/Decrease in Prepaid Expenses	18,521	-	-	18,521
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	<u>(42,057)</u>	<u>163,893</u>	<u>54,209</u>	<u>176,045</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 1,361,618</u></b>	<b><u>\$ 125,235</u></b>	<b><u>\$ 2,863,833</u></b>	<b><u>\$ 4,350,686</u></b>
 <b><u>RECONCILIATION OF CASH TO BALANCE SHEET</u></b>				
Cash	\$ 2,757,334	\$ 1,516,377	\$ 2,942,567	\$ 7,216,278
Investments	<u>5,164,531</u>	<u>2,840,198</u>	<u>5,511,478</u>	<u>13,516,207</u>
<b>TOTAL CASH AND EQUITY IN POOL PER BALANCE SHEET</b>	<b><u>\$ 7,921,865</u></b>	<b><u>\$ 4,356,575</u></b>	<b><u>\$ 8,454,045</u></b>	<b><u>\$ 20,732,485</u></b>
 <b><u>NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES</u></b>				
Contribution of Capital Assets	\$ -	\$ -	\$ 124,720	\$ 124,720
Change in Fair Value of Investments	106,999	53,203	109,460	269,662

(concluded)



**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**PENSION AND OPEB TRUST FUNDS**  
**SEPTEMBER 30, 2007**

	EMPLOYEES PENSION FUND	EMPLOYEES DISABILITY PENSION FUND	POLICE OFFICERS AND FIREFIGHTERS CONSOLIDATED RETIREMENT FUND	OTHER POST- EMPLOYMENT BENEFITS (OPEB) FUND	TOTALS
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,441,187	\$ 120,457	\$ 2,380,869	\$ 2,457,726	\$ 8,400,239
Equity in Pooled Cash and Investments	572,036	1,259,471	1,779,848	-	3,611,355
Investments, at fair value:					
Equities	217,255,139	2,549,353	137,852,773	42,621,932	400,279,197
Real Estate	35,585,860	-	16,868,332	-	52,454,192
Alternative Investments	16,596,157	-	14,264,208	-	30,860,365
Fixed Income:					
Government Bonds	1,786,536	493,180	3,241,782	5,235,383	10,756,881
Corporate Bonds	25,255,704	-	15,291,872	203,186	40,750,762
Mortgage & Asset Backed Securities	7,186,563	460,449	3,693,331	9,030,575	20,370,918
Total investments, at fair value:	<u>303,665,959</u>	<u>3,502,982</u>	<u>191,212,298</u>	<u>57,091,076</u>	<u>555,472,315</u>
Investment Adjustments:					
Dividends Receivable	51,157	-	85,569	86,077	222,803
Interest Receivable	458,619	-	291,420	2,262	752,301
Receivable for Investments Sold	522,226	-	68,760	68,424	659,410
Payable for Investments Purchased	(386,091)	-	(280,100)	(314,304)	(980,495)
Total investment adjustments	<u>645,911</u>	<u>-</u>	<u>165,649</u>	<u>(157,541)</u>	<u>654,019</u>
Receivables	-	-	1,253,399	-	1,253,399
Due from Other Funds	1,101,644	-	-	-	1,101,644
<b>TOTAL ASSETS</b>	<b><u>309,426,737</u></b>	<b><u>4,882,910</u></b>	<b><u>196,792,063</u></b>	<b><u>59,391,261</u></b>	<b><u>570,492,971</u></b>
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	3,805	371	2,171	912	7,259
Due to Other Funds	-	-	-	1,101,644	1,101,644
<b>TOTAL LIABILITIES</b>	<b><u>3,805</u></b>	<b><u>371</u></b>	<b><u>2,171</u></b>	<b><u>1,102,556</u></b>	<b><u>1,108,903</u></b>
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OPEB BENEFITS</b>	<b><u>\$ 309,422,932</u></b>	<b><u>\$ 4,882,539</u></b>	<b><u>\$ 196,789,892</u></b>	<b><u>\$ 58,288,705</u></b>	<b><u>\$ 569,384,068</u></b>

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PENSION AND OPEB TRUST FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	EMPLOYEES PENSION FUND	EMPLOYEES DISABILITY PENSION FUND	POLICE OFFICERS AND FIREFIGHTERS CONSOLIDATED RETIREMENT FUND	OTHER POST- EMPLOYMENT BENEFITS (OPEB) FUND	TOTALS
<b>ADDITIONS:</b>					
<b>Contributions:</b>					
Employer Contributions:					
Required	\$ 2,648,008	\$ 461,753	\$ 1,401,953	\$ 2,685,591	\$ 7,197,305
State on Behalf Payments, through General Fund	-	-	1,253,399	-	1,253,399
Total Employer Contributions	2,648,008	461,753	2,655,352	2,685,591	8,450,704
Employee Contributions	7,278,875	-	2,764,924	1,819,839	11,863,638
<b>Total Contributions</b>	<b>9,926,883</b>	<b>461,753</b>	<b>5,420,276</b>	<b>4,505,430</b>	<b>20,314,342</b>
<b>Investment Income:</b>					
Net Appreciation in Fair Value of Investments	30,880,800	465,877	21,477,563	6,415,522	59,239,762
Dividends & Interest	10,366,013	106,087	4,072,477	2,094,584	16,639,161
<b>Total Investment Income</b>	<b>41,246,813</b>	<b>571,964</b>	<b>25,550,040</b>	<b>8,510,106</b>	<b>75,878,923</b>
Less Investment Expense	1,536,492	27,503	1,286,658	452,168	3,302,821
<b>Net Investment Income</b>	<b>39,710,321</b>	<b>544,461</b>	<b>24,263,382</b>	<b>8,057,938</b>	<b>72,576,102</b>
<b>TOTAL ADDITIONS</b>	<b>49,637,204</b>	<b>1,006,214</b>	<b>29,683,658</b>	<b>12,563,368</b>	<b>92,890,444</b>
<b>DEDUCTIONS:</b>					
Benefit Payments	18,435,194	328,431	14,644,055	6,061,348	39,469,028
Refunds of Contributions	344,160	-	246,689	-	590,849
Administrative Expenses	431,608	26,006	264,478	22,771	744,863
<b>TOTAL DEDUCTIONS</b>	<b>19,210,962</b>	<b>354,437</b>	<b>15,155,222</b>	<b>6,084,119</b>	<b>40,804,740</b>
<b>CHANGE IN NET ASSETS</b>	<b>30,426,242</b>	<b>651,777</b>	<b>14,528,436</b>	<b>6,479,249</b>	<b>52,085,704</b>
<b>NET ASSETS - beginning</b>	<b>278,996,690</b>	<b>4,230,762</b>	<b>182,261,456</b>	<b>51,809,456</b>	<b>517,298,364</b>
<b>NET ASSETS - ending</b>	<b>\$ 309,422,932</b>	<b>\$ 4,882,539</b>	<b>\$ 196,789,892</b>	<b>\$ 58,288,705</b>	<b>\$ 569,384,068</b>