

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
City of Gainesville, Florida
Fiscal Year Ended September 30, 2013**

**Prepared By
The Budget & Finance Department**

LISTING OF CITY OFFICIALS

ELECTED OFFICIALS

| | |
|----------------------------|-----------------------------------|
| <i>Ed Braddy</i> | <i>Mayor</i> |
| <i>Randy Wells</i> | <i>Mayor-Commissioner Pro-Tem</i> |
| <i>Susan Bottcher</i> | <i>Commissioner</i> |
| <i>Todd Chase</i> | <i>Commissioner</i> |
| <i>Thomas Hawkins</i> | <i>Commissioner</i> |
| <i>Yvonne Hinson-Rawls</i> | <i>Commissioner</i> |
| <i>Lauren Poe</i> | <i>Commissioner</i> |

APPOINTED OFFICIALS

| | |
|------------------------|--|
| <i>Russ Blackburn</i> | <i>City Manager</i> |
| <i>Kathy Viehe</i> | <i>Interim General Manager for Utilities</i> |
| <i>Nicolle Shalley</i> | <i>City Attorney</i> |
| <i>Kurt M. Lannon</i> | <i>Clerk of the Commission</i> |
| <i>Brent Godshalk</i> | <i>City Auditor</i> |
| <i>Cecil Howard</i> | <i>Equal Opportunity Director</i> |

BUDGET & FINANCE PROGRAM STAFF

| | |
|-----------------------------|------------------------------------|
| <i>Mark S. Benton</i> | <i>Finance Director</i> |
| <i>April Shuping</i> | <i>Assistant Finance Director</i> |
| <i>Daniel Smierciak</i> | <i>Accounting Supervisor</i> |
| <i>Alisa Tolbert</i> | <i>Grants Fiscal Coordinator</i> |
| <i>Lynn Thigpen</i> | <i>Property Control Specialist</i> |
| <i>Sandra Frankenberger</i> | <i>Accountant II</i> |
| <i>Karen Ward</i> | <i>Accountant II</i> |
| <i>Belinda Morris</i> | <i>Account Clerk, Sr.</i> |

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March 21, 2014

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

Dear Mayor, Commissioners, and Citizens:

Formal Transmittal of the Comprehensive Annual Financial Report

It is our pleasure to submit this *Comprehensive Annual Financial Report* for the City of Gainesville, Florida for the fiscal year ended September 30, 2013. The report fulfills the requirements set forth in the *City Code of Ordinances*, Section 2-433; *Florida Statutes*, Chapter 166.241; and the *Rules of the Florida Auditor General*, Chapter 10.550. The organization, form and contents of this report plus the accompanying financial statements and statistical tables are formulated in accordance with the principles prescribed by the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, the State of Florida, the City Code of Ordinances, and the Government Finance Officers Association.

This report consists of management's representations concerning the finances of the City of Gainesville. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Florida Statutes and the *City Code of Ordinances* require that an annual financial audit be performed by independent certified public accountants. This year the audit was performed jointly by Carr, Riggs & Ingram and Ernst & Young. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2013 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally and state mandated “Single Audit” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards.

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

Profile of the City

The **City of Gainesville** is the most populous city in and serves as the county seat of Alachua County. The City also serves as the cultural, educational and commercial center for the North Central Florida region. Gainesville is located midway between the Gulf of Mexico and the Atlantic Ocean and halfway between Miami and Pensacola. There are approximately 60 square miles of land included within the corporate boundaries of the City. As of April 1, 2013, the official population estimate was 124,391.

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

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

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

Internal support services include the following:

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

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

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

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

Factors Affecting the City's Financial Condition

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

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

The City's unemployment rate is 5.3%, which is significantly lower than the state and national averages and is a decrease from 6.9% at the same time last year. Enrollment at the University of Florida, the engine for the area's economy, has remained steady with a 2013 fall enrollment of 49,042 students.

The General Fund's main revenue sources include Property Tax, Utility Tax, State Revenue Sharing & Half-Cent Sales Tax, Fire Assessment and the transfer from the Utility. The Florida legislature and electorate have passed two initiatives which have resulted in reduced property tax revenues. This has been exacerbated by the recession which has caused the decline or stagnation of the other major revenue sources. The City has responded to this trend by diversifying the revenue base by adding a Fire Assessment Fee and with significant cuts in expenditure budgets during the five year period spanning fiscal years 2007 through 2011.

A significant expenditure facing the City is long-term pension costs. During fiscal years 2012 and 2013, the City successfully negotiated modifications to its General and Consolidated Pension Plans which reduced projected contributions for the City and Utility over the next five years by \$10.3 million for the General Plan and \$2.9 million over the next five years for the Consolidated Plan.

Long-term financial planning. Both General Government and the City-owned Utility develop multi-year financial forecasts, including capital improvement plans. Some of the key projects in these capital improvement plans are:

- Remediation of the Depot Park Downtown Stormwater Basin and construction of a recreational amenity.
- Construction of a centralized fleet garage for use by both General Government and the Utility.
- Renovation and relocation of an existing fire station (#1).
- Construction of a one-stop homeless center.
- Fleet Maintenance Facility for the Regional Transit System (RTS).
- Demolition and reconstruction of the Police Department's headquarters building.
- Implementation of recurring annual funding for three new areas:
 - Equipment replacement internal service fund
 - Facilities maintenance internal service fund
 - Road resurfacing funds
- The Utility currently forecasts the need for a new electric supply by about 2022. Details on this project can be found in the accompanying Management's Discussion and Analysis on page MDA-11

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

- **General Fund Reserve Policy** – The unassigned fund balance of the General Fund will be at least 8.33% of the proposed General Fund revenue budget.
- **General Insurance Fund Reserve Policy** – The General Insurance Fund will maintain fiscal year-end current assets equal to current liabilities.
- **Budget Administration Policy** – Systematic procedures that are used in the development, review, adoption, monitoring, and revision of the budget.
- **Debt Management Policy** – Outlines allowable debt issuance purposes, debt structure, limitations on debt levels, allowable types of debt, promotes sound financial management and enhances the City's credit rating.
- **Capital Improvement Planning Policy** – Requires a fully funded five-year Capital Improvement Plan and Capital Budget.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gainesville for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

Additionally, the City received the Government Finance Officers Association's Award for Distinguished Budget Presentation for its biennial budget for the period started October 1, 2012. The City of Gainesville has received this award consecutively since the fiscal year beginning October 1, 1984. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

The City was one of the first to receive recognition by the Government Finance Officers Association for its 1990 Popular (Citizen's) Report. In addition, the City has received the Award for Outstanding Achievement in Popular Annual Reporting from the Government Finance Officers Association since 1992.

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

Respectfully submitted,



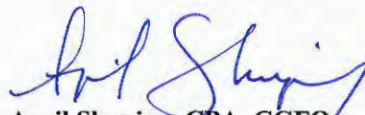
Russ Blackburn
City Manager



Becky Rountree, CPA
Administrative Services Director



Mark S. Benton
Finance Director



April Shnping, CPA, CGFO
Assistant Finance Director



Government Finance Officers Association

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

Presented to

**City of Gainesville
Florida**

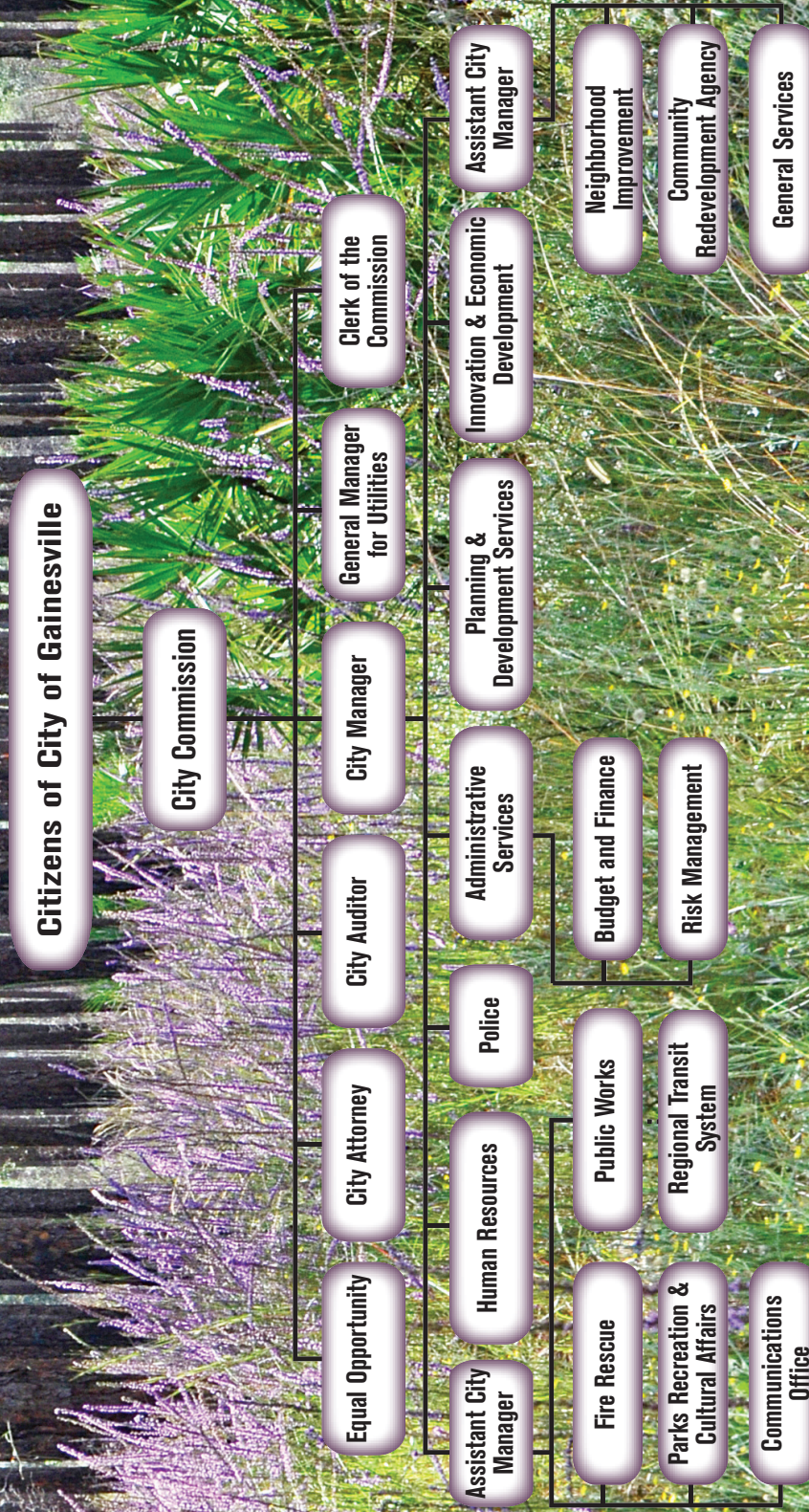
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

City of Gainesville

2013 Organization Chart



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Gainesville, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Utility Fund, which is both a major fund and 95 percent, 85 percent, and 87 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Utility Fund and the business-type activities, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Gainesville, Florida
March 21, 2014

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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, 2013. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$776,438,244 (*net position*). Of this amount, \$124,913,002 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$53,786 as a result of fiscal year 2013 operations.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$84,461,370, a decrease of \$12,405,863 in comparison with the prior year. Of the total ending fund balances, \$25,138,658 is available for spending at the City's discretion (*committed, assigned and unassigned fund balances*).
- At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$13,408,146.
- The City's total bonded debt decreased by \$42 million (3.6%) 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 position* presents information on all of the City's assets & deferred outflows of resources and liabilities & deferred inflows of resources, with the net amount reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

The government-wide financial statements include not only the City itself, but also a legally separate enterprise zone development agency (discretely reported component unit), and a legally separate redevelopment agency (blended component unit) for which the City is financially accountable. Financial information for the *discretely reported component unit* is reported separately from the financial information presented for the primary government itself. The *blended component unit* is reported in five non-major special revenue funds of the primary government and is included in the Governmental Activities section of the government-wide financial statements. The government-wide financial statements can be found on pages 1-2 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 sixty-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 sixty-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: utilities (including electric power generation, transmission and distribution, natural gas distribution, water and wastewater treatment and telecommunications), refuse collection, golf course, stormwater management, building code enforcement, and mass transit. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains three internal service funds to account for fleet management operations, general insurance, and employee health insurance programs. Because these services benefit governmental more than business-type functions, they have been included within *governmental activities* in the government-wide financial statements, however in the government-wide financial statements, a certain portion of the net income of the internal service funds each year is reported in the business-type activities. This amount is allocated based on percentage of service charges.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility fund, which is considered to be a major fund of the City. Data from the other five proprietary funds are combined into a single, aggregated presentation. The three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise funds as well as for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 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 15-60 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 61-67 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 68-129 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, net position was \$776,438,244 at the close of the most recent fiscal year.

| | City of Gainesville's Net Position | | | | | |
|--------------------------|------------------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | FY13 | FY12 | FY13 | FY12 | FY13 | FY12 |
| Current and other assets | \$ 178,667,347 | \$ 203,694,305 | \$ 405,613,436 | \$ 458,490,999 | \$ 584,280,783 | \$ 662,185,304 |
| Capital assets | 189,426,396 | 175,371,800 | 1,272,228,344 | 1,252,650,116 | 1,461,654,740 | 1,428,021,916 |
| Total assets | 368,093,743 | 379,066,105 | 1,677,841,780 | 1,711,141,115 | 2,045,935,523 | 2,090,207,220 |
| Deferred outflows | - | - | 39,943,039 | 76,433,187 | 39,943,039 | 76,433,187 |
| Long-term liabilities | 140,585,173 | 150,380,920 | 958,794,110 | 988,464,451 | 1,099,379,283 | 1,138,845,371 |
| Other liabilities | 15,546,126 | 15,451,831 | 194,486,529 | 234,865,425 | 210,032,655 | 250,317,256 |
| Total liabilities | 156,131,299 | 165,832,751 | 1,153,280,639 | 1,223,329,876 | 1,309,411,938 | 1,389,162,627 |
| Deferred inflows | - | - | 28,380 | 985,750 | 28,380 | 985,750 |
| Net position: | | | | | | |
| Net investment in | | | | | | |
| capital assets | 147,982,728 | 133,198,609 | 362,258,572 | 368,031,597 | 510,241,300 | 501,230,206 |
| Restricted | 52,874,367 | 63,041,610 | 88,409,575 | 85,067,843 | 141,283,942 | 148,109,453 |
| Unrestricted | 11,105,349 | 16,993,135 | 113,807,653 | 110,159,236 | 124,913,002 | 127,152,371 |
| Total net position | \$ 211,962,444 | \$ 213,233,354 | \$ 564,475,800 | \$ 563,258,676 | \$ 776,438,244 | \$ 776,492,030 |

Approximately 66% of the City's net position reflects its investment in capital assets (e.g., land, utility plant and equipment, buildings, improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position -- \$141,283,942 or 18% -- represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* -- \$124,913,002) -- may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position decreased by \$53,786 during the current fiscal year. This decrease is explained further in the following sections.

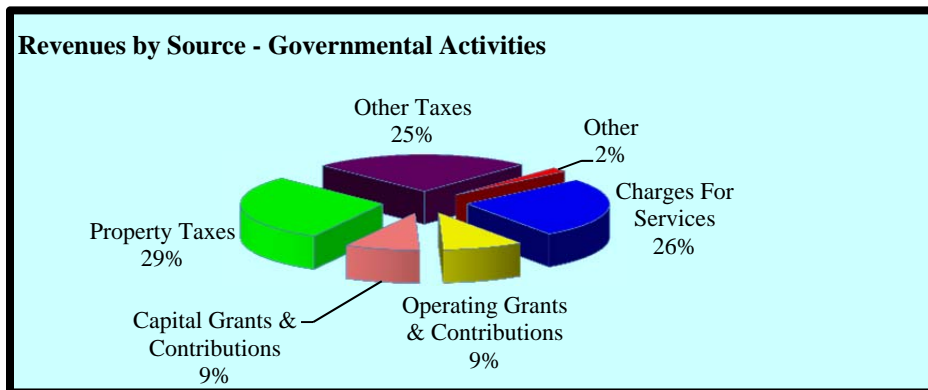
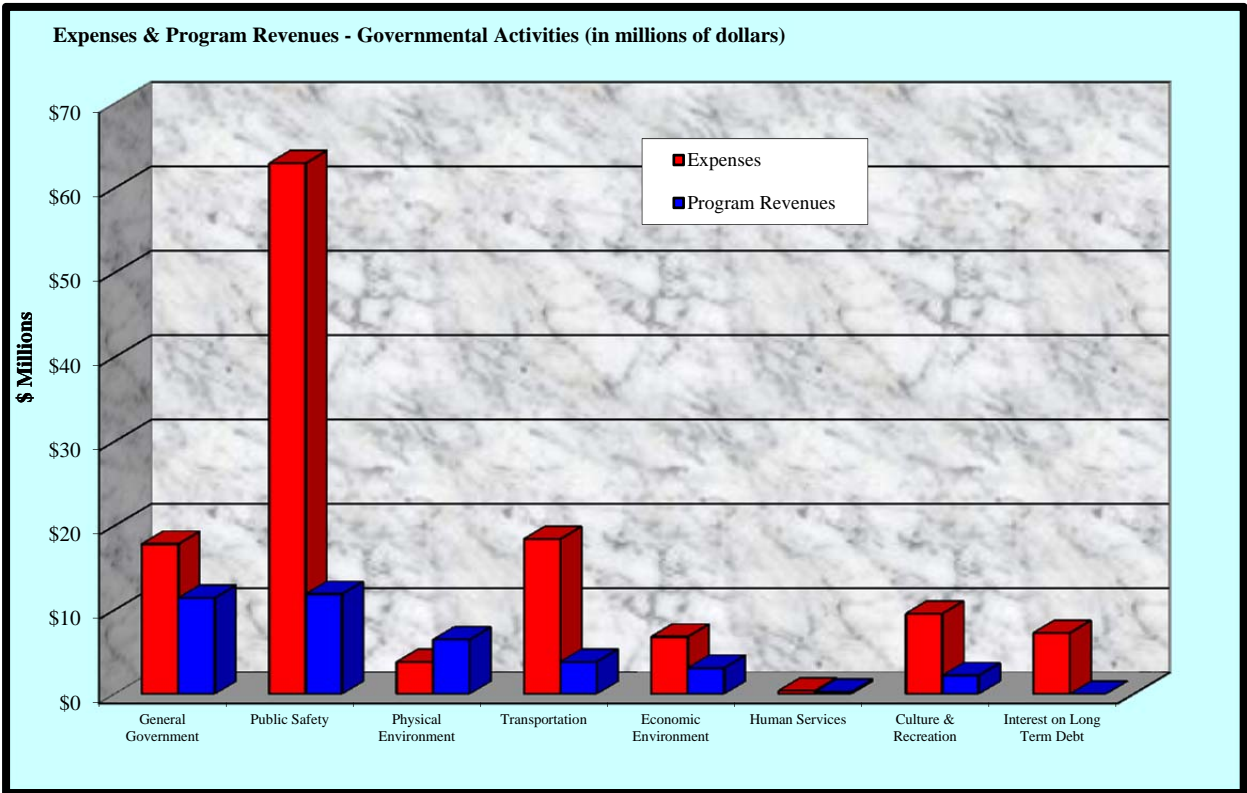
| City of Gainesville Changes in Net Position | | | | | | |
|--|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | Governmental activities | | Business-type activities | | Total | |
| | FY13 | FY12 | FY13 | FY12 | FY13 | FY12 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 23,426,078 | \$ 23,147,640 | \$ 359,237,645 | \$ 359,938,176 | \$ 382,663,723 | \$ 383,085,816 |
| Operating grants and contrib. | 8,170,095 | 8,537,676 | 14,074,581 | 6,384,981 | 22,244,676 | 14,922,657 |
| Capital grants and contrib. | 7,570,791 | 2,862,493 | 3,004,490 | 7,148,130 | 10,575,281 | 10,010,623 |
| General revenues: | | | | | | |
| Property taxes | 26,077,888 | 25,871,976 | - | - | 26,077,888 | 25,871,976 |
| Other taxes | 21,899,384 | 21,952,397 | - | - | 21,899,384 | 21,952,397 |
| State revenue sharing | 3,723,420 | 3,712,905 | - | - | 3,723,420 | 3,712,905 |
| Investment gain (loss) | (4,908,204) | 3,556,870 | 6,653,021 | 9,234,751 | 1,744,817 | 12,791,621 |
| Other revenues | <u>2,826,862</u> | <u>2,993,407</u> | <u>25,066,581</u> | <u>23,308,136</u> | <u>27,893,443</u> | <u>26,301,543</u> |
| Total revenues | 88,786,314 | 92,635,364 | 408,036,318 | 406,014,174 | 496,822,632 | 498,649,538 |
| Expenses: | | | | | | |
| General government | 17,814,078 | 16,546,820 | - | - | 17,814,078 | 16,546,820 |
| Public safety | 62,938,271 | 59,735,600 | - | - | 62,938,271 | 59,735,600 |
| Physical environment | 3,799,039 | 2,218,153 | - | - | 3,799,039 | 2,218,153 |
| Transportation | 18,410,169 | 18,686,598 | - | - | 18,410,169 | 18,686,598 |
| Economic environment | 6,809,885 | 9,164,986 | - | - | 6,809,885 | 9,164,986 |
| Human services | 384,825 | 581,239 | - | - | 384,825 | 581,239 |
| Culture & recreation | 9,551,902 | 9,705,943 | - | - | 9,551,902 | 9,705,943 |
| Interest on long-term debt | 7,248,291 | 7,390,511 | - | - | 7,248,291 | 7,390,511 |
| Electric | - | - | 227,350,282 | 221,494,502 | 227,350,282 | 221,494,502 |
| Gas | - | - | 21,436,501 | 21,898,283 | 21,436,501 | 21,898,283 |
| Water | - | - | 24,988,038 | 24,458,151 | 24,988,038 | 24,458,151 |
| Wastewater | - | - | 27,618,138 | 27,072,938 | 27,618,138 | 27,072,938 |
| GRUCom | - | - | 10,504,492 | 11,160,732 | 10,504,492 | 11,160,732 |
| Regional transit system | - | - | 23,167,649 | 21,458,507 | 23,167,649 | 21,458,507 |
| Stormwater management | - | - | 6,283,365 | 6,376,271 | 6,283,365 | 6,376,271 |
| Ironwood golf course | - | - | 1,401,017 | 1,454,435 | 1,401,017 | 1,454,435 |
| Florida building code enf. | - | - | 2,042,119 | 2,156,163 | 2,042,119 | 2,156,163 |
| Solid waste | - | - | <u>7,237,205</u> | <u>7,377,876</u> | <u>7,237,205</u> | <u>7,377,876</u> |
| Total expenses | 126,956,460 | 124,029,850 | 352,028,806 | 344,907,858 | 478,985,266 | 468,937,708 |
| Change in net position before transfers and extraordinary item | (38,170,146) | (31,394,486) | 56,007,512 | 61,106,316 | 17,837,366 | 29,711,830 |
| Extraordinary item | - | - | (17,891,152) | - | (17,891,152) | - |
| Transfers | <u>36,899,236</u> | <u>36,672,562</u> | <u>(36,899,236)</u> | <u>(36,672,562)</u> | - | - |
| Change in net position | (1,270,910) | 5,278,076 | 1,217,124 | 24,433,754 | (53,786) | 29,711,830 |
| Net position - October 1 | <u>213,233,354</u> | <u>207,955,278</u> | <u>563,258,676</u> | <u>538,824,922</u> | <u>776,492,030</u> | <u>746,780,200</u> |
| Net position - September 30 | <u>\$ 211,962,444</u> | <u>\$ 213,233,354</u> | <u>\$ 564,475,800</u> | <u>\$ 563,258,676</u> | <u>\$ 776,438,244</u> | <u>\$ 776,492,030</u> |

Governmental activities.

- Economic environment expenses declined from the prior year due to the completion of large projects in prior years.
- As in prior years, fiscal year 2013's expenses were dominated by public safety expenses.

Key elements of governmental activities revenues are as follows:

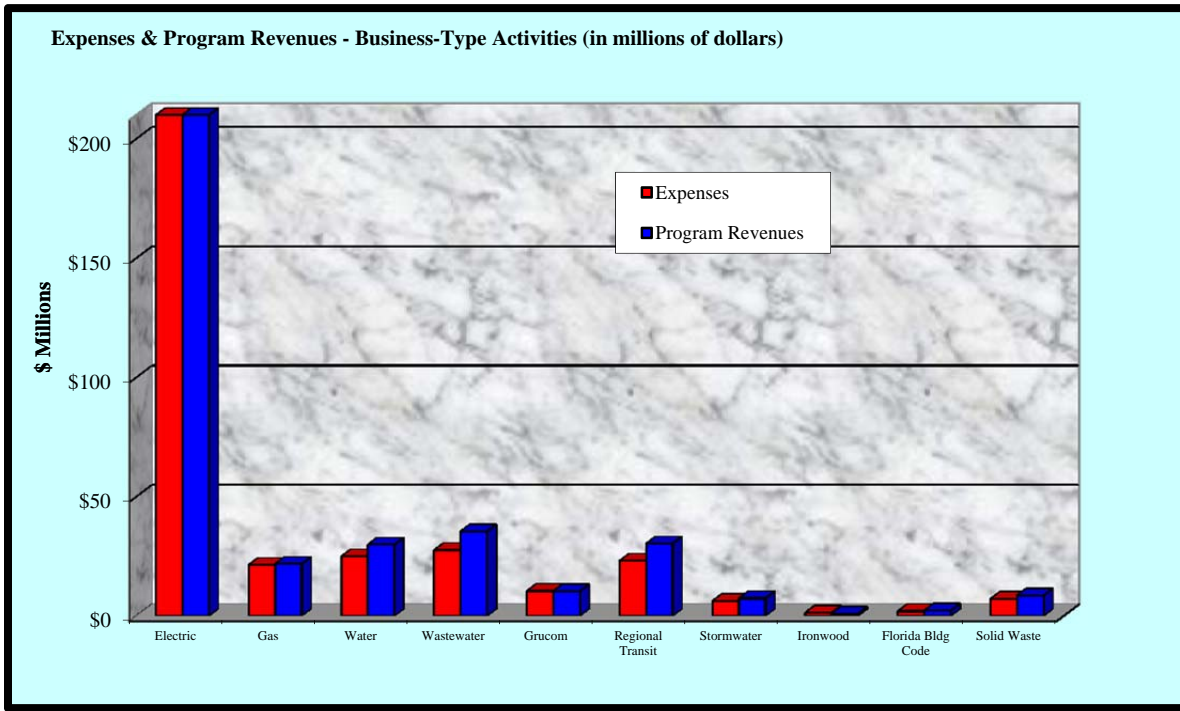
- The primary change in revenues was the \$4.9 million unrealized investment loss in fiscal year 2013 due to temporary market conditions.



Business-type activities. Business-type activities' key elements for fiscal year 2013 are as follows:

- Utilities operating sales and service revenue decreased \$1.8 million, or 0.5%. This decrease is the result of lower consumption offset by rate increases implemented in October 2012, along with a decrease in the Seminole sales contract.
- The number of customers for electric services increased 0.5%, for water and wastewater services increased 0.7%, and for gas services increased 0.6%.
- Gainesville Regional Utilities is in the process of remediation efforts at a former manufactured gas plant site. The costs incurred to date total \$27.3 million and the total costs of the project are estimated at \$28.0 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 of the expense, which is being amortized as costs are incurred and customer revenues are received. The City's Stormwater Fund is also participating in the remediation of this property.



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 \$84,461,370, a decrease of \$12,405,863 in comparison with the prior year balance. Approximately 3.5% (\$2,959,587) of this total amount constitutes *nonspendable fund balance*, which are amounts that are not in spendable form, primarily constituted of long-term receivables. An additional 66.7% (\$56,363,125) is *restricted*, indicating that funds can only be spent for specific purposes stipulated by external entities.

Approximately 16.9% (\$901,448 and \$13,328,170, respectively) are *committed and assigned* for spending at the government's discretion. The remaining 12.9% (\$10,909,040) of fund balance is *unassigned* to indicate that it has no internal or external restrictions or commitments.

The general fund is the chief operating fund of the City. At the end of the current fiscal year there was \$13,408,146 in unassigned fund balance of the general fund, while total fund balance was \$17,140,463. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance is 12.9% of total expenditures and transfers, while total fund balance represents 16.5% of that same amount.

The fund balance of the City's general fund decreased by \$547,262 during the current fiscal year. The original budget anticipated the use of fund balance in fiscal year 2013 of \$273,714. While

communications services taxes and investment earnings came in significantly lower than anticipated, those were partially offset by departmental budgetary savings of \$2.3 million during FY13.

The special revenue funds have a total fund balance of \$24,226,436, which represents an increase of \$493,765 from last year's balance. The debt service funds have a total fund balance of \$760,373. The net increase in fund balance for the current year for these funds was \$103,567. Fund balance in the capital projects funds decreased by \$12,455,933 to end the fiscal year at \$42,334,098. This decrease is primarily due to the planned expenditures of bond funds on capital projects.

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

General Fund Budgetary Highlights

The difference between the original and final revenue budget was a decrease of approximately \$23,000 or 0.03%. The difference between the original and final general fund budget for expenditures was approximately \$556,506, or 0.6%. The only significant budget amendments were found in the transfers out, which increased by approximately \$1.28 million or 8.1%. These additional transfers were related to prior year rollovers for previously approved capital projects.

There most significant variances between the final budget and actual results for general fund revenues were for communications services taxes which were realized at \$423,943 or 8.3% below budgeted amounts and investment income which was budgeted at \$348,741 and actual results were a loss (primarily unrealized) in the amount of \$632,110.

The most significant variances between final budget and actual expenditures are found in general government (\$915,857 below budgeted amounts) and public safety (\$1,554,554 below budgeted amounts). Due to regular budget monitoring, most departments ended the fiscal year with expenditures below budgeted amounts. The largest savings were realized by Public Works (\$834,621), Police (\$350,571) and Fire (\$516,791).

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, 2013 totals \$1,461,654,740 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, utility plant & equipment, infrastructure, roads, bikepaths and sidewalks. Major capital asset events during the fiscal year include:

- Approximately \$1.8 million in road maintenance, repair and construction.
- Acquisition of about \$2.4 million in vehicles for the fleet. \$1 million of that total was spent on new, more fuel efficient police cruisers.
- \$1.8 million for the Power District Catalyst project.
- Parks and recreation projects totaling \$1.5 million, including Cone Park improvements.
- Sensitive land acquisition of \$1.3 million.
- Approximately \$5.2 million was expended on the GPD Headquarters reconstruction project.
- The centralized garage project was completed during fiscal year 2013 with expenditures of \$7.2 million.
- Regional Transit System expended approximately \$2.0 million for new buses and \$11.96 million for land and construction of the new South Campus site.
- Electric transmission and distribution expansion was \$15.1 million, of which \$4.2 million pertained to underground system improvements.
- Gas distribution plant was expanded \$3.6 million. This included \$1.6 million in gas distribution mains, \$1.1 million in residential gas services, and \$0.5 million in meter change outs.
- Telecommunication fiber cable and electronics expansion was \$4.1 million, which included approximately \$3.4 million in fiber and related infrastructure installation and approximately \$0.7 million in electronics upgrades.
- Energy supply capital expenses included approximately \$6.0 million and \$10.3 million for the JR Kelly and Deerhaven plants, respectively. These expenditures included \$1.7 million for the Deerhaven 2 (DH2) High Temperature Reheater project and \$0.7 million on the DH2 Catalyst

replacements. Approximately \$1.2 million was spent to expand the Chilled Water piping in the Innovation Square District.

- In fiscal year 2013, GRU's capital share in the Crystal River Unit 3 (CR3) nuclear power plant was impaired and written off in the amount of \$20.7 million, net of \$2.8 million from insurance proceeds. This was in response to the announcement in February 2013 by Progress Energy Florida, a subsidiary of Duke Energy, that the plant would not be operable and would be permanently closed.

| City of Gainesville's Capital Assets (net of depreciation) | | | | | | |
|---|-------------------------|-----------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| | Governmental activities | | Business-type activities | | Total | |
| | FY13 | FY12 | FY13 | FY12 | FY13 | FY12 |
| Land | \$ 30,338,302 | \$ 28,821,334 | \$ 7,270,472 | \$ 5,899,513 | \$ 37,608,774 | \$ 34,720,847 |
| Utility P&E | - | - | 1,084,260,404 | 1,063,801,800 | 1,084,260,404 | 1,063,801,800 |
| Buildings | 34,962,718 | 34,696,595 | 5,054,041 | 5,324,855 | 40,016,759 | 40,021,450 |
| Improvements | 7,577,013 | 7,807,143 | 1,954,066 | 2,086,605 | 9,531,079 | 9,893,748 |
| Mach & equip | 10,726,015 | 10,374,538 | 19,162,326 | 19,746,852 | 29,888,341 | 30,121,390 |
| Infrastructure | 65,172,974 | 61,833,256 | 10,596,021 | 9,247,763 | 75,768,995 | 71,081,019 |
| Const in prog | 40,649,374 | 31,838,934 | 143,931,014 | 146,542,728 | 184,580,388 | 178,381,662 |
| Total | <u>\$ 189,426,396</u> | <u>\$ 175,371,800</u> | <u>\$ 1,272,228,344</u> | <u>\$ 1,252,650,116</u> | <u>\$ 1,461,654,740</u> | <u>\$ 1,428,021,916</u> |

Additional information on the City's capital assets can be found in Note 6 on pages 52-53 of this report.

Bonded debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,114,046,432. This entire amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds and notes) and excludes issuance premiums and discounts.

| City of Gainesville's Outstanding Bonded Debt | | | |
|---|-------------------------|--------------------------|-------------------------|
| | Governmental activities | Business-type activities | Total |
| Pension and OPEB obligation bonds | \$ 88,220,291 | \$ - | \$ 88,220,291 |
| Revenue bonds & notes | <u>48,056,518</u> | <u>977,769,623</u> | <u>1,025,826,141</u> |
| Total | <u>\$ 136,276,809</u> | <u>\$ 977,769,623</u> | <u>\$ 1,114,046,432</u> |

The City's total bonded debt decreased by approximately \$42 million, or 3.6% during the current fiscal year. This represents the scheduled paydown of existing debt. No new debt was issued during fiscal year 2013.

The City's utility system debt is rated Aa2, AA, and AA- by Moody's Investors Services, Standard & Poor's, and Fitch Ratings, respectively for its revenue bonds. The utility system has ratings of VMG-1, A-1+ and F1+ with Moody's Investors Services, Standard & Poor's (S&P), and Fitch Ratings, respectively for its commercial paper. The Moody's underlying rating on the General Government First Florida Governmental Financing Commission Loans are Aa3.

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 42-51 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 2014 budget were:

- The transfer to the General Fund from the Utility accounts for approximately 35% of General Fund revenues, and is based on formulas approved by the City Commission. The former transfer formula allowed for variability related to the effectiveness of the Utility's demand-side management efforts and the lagging economy, which combined to significantly reduce the projected growth of the transfer. To provide budgetary stability and cash-flow certainty, the transfer was set at fixed amounts for FY 2011 through FY 2014, with an average growth rate of 2.84% over that period. Any difference greater than \$500,000 in either direction between the previous formula amount and the fixed dollar transfer will be shared equally by the Utility and General Government.
- Property tax revenues have flattened due to a combination of legislative action and a soft real estate market, which have reduced taxable property values by approximately 12.7% from their peak in FY10 to the FY14 levels. The taxable values appear to have reached their bottom, as the reduction from FY13 to FY14 was only 0.5%. The City Commission approved keeping the millage rate stable at 4.4946, which was 1.83% below the rolled back rate of 4.5780.
- Utility tax revenues are generated through taxes levied on utility customers within the City's corporate limits. The FY14 forecast of utility tax revenues was reduced from FY13 budgeted amounts by \$688,782 primarily due to reductions in the base rate in the electric system.
- Two significant revenues which are expected to improve are State Revenue Sharing and Half Cent Sales Tax which are projected to generate 2.6% and 4.7% more revenue, respectively, in FY2014.
- The City Commission maintained the fire assessment, which was added in FY 2011, bringing needed diversification to the revenue base during a period of generally flat revenue growth. Gainesville has the highest percentage of property off the tax roll of any municipality in Florida, with 59% of the value of property exempt. The fire assessment broadens the base of those who pay for services delivered by the City. This is expected to generate approximately \$5.1 million in FY 2014.
- Pension liabilities are long-term in nature and the investment plan and asset allocation strategy to fund these liabilities should be long-term as well. To that end, approximately 70% of the plan assets of the City's two defined benefit pension plans are invested in equities. The financial market turbulence experienced in 2008 and 2009 resulted in losses to the plans, which will impact the FY 2014 budget in the form of increased employer contributions to the plan. The City has negotiated and implemented pension reform for the General and Consolidated pension plans to mitigate these increased contributions.
- The FY 13-17 capital improvement plan includes over \$23 million in new funding to address infrastructure and other capital needs.
- Two of every three area jobs are supplied by the government, education and health services sectors. Such an economic structure tends to mitigate the impact of external economic stimuli. Gainesville's economy does not rise as much as the national average during economic expansions, nor fall as much during economic declines.
- This area's primary economic engine, the University of Florida (UF) has a number of ambitious expansion plans in progress which will contribute to long-term growth for the City:
 - The UF Health Science Center and Shands Healthcare have announced a five-year, \$580 million plan with the goal of adding 300 faculty positions. This expansion plan includes renovations and additions to the children's hospital and the addition of a new specialty tower for neuromedicine and cardiovascular specialties. This will result in the infusion of new jobs and the expansion of physical facilities, expanding the local economy.
 - The Florida Innovation Hub (the Hub) is a 48,000 square foot "super incubator" located between UF and downtown that currently is housing 21 startup technology companies and ten resident service providers (attorneys, auditors, capital). In addition to tech startups, the Hub is home to UF's Office of Technology Licensing and UF Tech Connect. Both assist with getting emerging technologies on the market. This project is

driving job creation and economic development and functions as a bridge between downtown Gainesville and the UF campus along 2nd Avenue. It is expected to produce 3,000 jobs in growing industries such as health technologies and green energy. UF ranked fourth nationally in launching startups in 2013.

- UF is expanding Hull Road as part of the Village Point (Urban Village) project which will feature a mix of residential, retail and a large convention center.
- In August 2013, ground was broken on Celebration Pointe for a new four-lane road connecting Archer Road to a the site of a proposed town center which is expected to include 1,000 residential units, a hotel and 300,000 square feet of office and retail space.

Utility highlights for the 2014 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. Other significant issues include declining consumption, the impact of non-dispatch renewable generation such as solar and wind, and the emergence of other forms of distributed generation.
- 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.
- EPA's Cross State Air Pollution Rule has been stayed pending litigation, which has resulted in the reinstatement of the Clean Air Interstate Rule (CAIR). Facilities are currently in place at the Deerhaven and JR Kelly generating stations, which will enable them to comply with these rules at a known cost for operations and reagents. EPA has recently promulgated the Mercury Air Toxics Rule (MATS). Results of the 2009 operational testing of the new air quality control systems at DH2 showed that performance targets were exceeded.
- 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.
- Legislation and regulation at a federal level has been proposed to mandate the use of renewable energy and to constrain the emission of greenhouse gases. GRU's institution of a solar feed-in-tariff and contract to purchase power from a 100 MW biomass fueled power plant will serve to hedge against these uncertainties.
- On October 1, 2013, the Utility implemented a 3.85% increase in the revenue requirement for the water system, a 5.25% increase for the wastewater system, and a 0.85% increase in rates for the gas system. The electric system experienced a 5.6% decrease in the revenue requirement mainly due to electric debt refinancing.
- To meet increased costs of service, the Utility increased residential water connection fees by 2.65% and residential wastewater connection fees by 2.65%.
- The Utility's long term energy supply strategy is to aggressively pursue the maximum cost-effective energy conservation and renewable energy while managing potential regulatory requirements. Based on the most recent forecasts, which include the effects of aggressive conservation programs, the Utility has adequate reserves of generating capacity to meet forecasted loads plus a reserve margin beyond 2022. This forecast incorporates additional peaking capacity, new population forecasts, and changed economic circumstances. Additions to the traditional generation capacity include 22.0 megawatts (MW) of distributed generation (4.0 MW combined heat and power and 18.0 MW renewable). GRU implemented the first Solar Feed-In-Tariff in the United States in 2009, under which solar developers own and install solar systems that feed directly to GRU's grid. The Utility purchases the power under a 20-year contract and GRU retains all of the renewable energy credits accrued by the system. The program added up to 4 MW of new solar per year and has been a resounding success, receiving national attention and growing the renewable resource side of the Utility's supply portfolio. Management bases its forecast of future energy needs upon the population forecast for Gainesville produced annually by the Bureau of Economic and Business Research at the University of Florida. GRU management, with the approval of the City Commission, has entered into a long term contract to secure the output from a 100 megawatt biomass fueled power plant. The facility is located on a portion of land leased from the Utility's Deerhaven power

plant site, but owned by a third party. The plant became commercially operable in December 2013. The project is expected to provide a long term hedge against volatile fossil fuel costs and potential federal and state renewable energy requirements and/or carbon regulations.

- The Utility has a possible environmental liability related to an oil contamination at the Kelly Generating Station. In July of 2006, the Utility 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. The Utility'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

every path starts with passion

FLORIDA

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

| | Primary Government | | | Component Unit |
|---|----------------------------|---------------------------------|-----------------------|-----------------|
| | Governmental Activities | Business- Type Activities | Total | GEZDA |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 88,000 | \$ 3,975 | \$ 91,975 | \$ - |
| Equity in pooled cash and investments | 102,536,933 | 56,845,465 | 159,382,398 | 5,096 |
| Investments | 1,606,015 | - | 1,606,015 | - |
| Receivables | 8,048,018 | 57,431,345 | 65,479,363 | - |
| Internal balances | (10,950,465) | 10,950,465 | - | - |
| Inventories | 126,149 | 23,838,911 | 23,965,060 | - |
| Prepays | 23,204 | - | 23,204 | - |
| Assets held for evidence | 300,257 | - | 300,257 | - |
| Deferred charges and other assets | 1,619,106 | 31,107,529 | 32,726,635 | - |
| Restricted assets: | | | | |
| Temporarily restricted: | | | | |
| Cash and cash equivalents | - | 225,435,746 | 225,435,746 | - |
| Negative net pension obligation asset | 56,293,851 | - | 56,293,851 | - |
| Negative net OPEB obligation asset | 18,976,279 | - | 18,976,279 | - |
| Capital assets (net of accumulated depreciation): | | | | |
| Utility plant and equipment | - | 1,084,260,404 | 1,084,260,404 | - |
| Buildings | 34,962,718 | 5,054,041 | 40,016,759 | - |
| Improvements other than buildings | 7,577,013 | 1,954,066 | 9,531,079 | - |
| Machinery and equipment | 10,726,015 | 19,162,326 | 29,888,341 | - |
| Infrastructure | 65,172,974 | 10,596,021 | 75,768,995 | - |
| Capital Assets (not depreciated): | | | | |
| Land | 30,338,302 | 7,270,472 | 37,608,774 | - |
| Construction in progress | 40,649,374 | 143,931,014 | 184,580,388 | - |
| Total assets | <u>368,093,743</u> | <u>1,677,841,780</u> | <u>2,045,935,523</u> | <u>5,096</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Accumulated decrease in fair value of hedging derivatives | - | 39,943,039 | 39,943,039 | - |
| LIABILITIES | | | | |
| Accounts payable | 14,353,642 | 20,144,561 | 34,498,203 | - |
| Accounts payable - payroll | - | 2,938,734 | 2,938,734 | - |
| Accrued interest payable | 333,230 | - | 333,230 | - |
| Unearned revenue | 859,254 | 19,073,075 | 19,932,329 | - |
| Liabilities payable from restricted assets: | | | | |
| Accrued interest payable | - | 19,314,336 | 19,314,336 | - |
| Other liabilities payable from restricted assets | - | 73,662,863 | 73,662,863 | - |
| Long-term debt due within one year | 12,904,523 | 117,351,418 | 130,255,941 | - |
| Long-term debt due in more than one year | 127,680,650 | 841,442,692 | 969,123,342 | - |
| Other noncurrent liabilities | - | 15,603,072 | 15,603,072 | - |
| Fair value of derivative instruments | - | 43,749,888 | 43,749,888 | - |
| Total liabilities | <u>156,131,299</u> | <u>1,153,280,639</u> | <u>1,309,411,938</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Accumulated increase in fair value of hedging derivative | - | 28,380 | 28,380 | - |
| NET POSITION | | | | |
| Net investment in capital assets | 147,982,728 | 362,258,572 | 510,241,300 | - |
| Restricted for: | | | | |
| Debt service | - | 26,292,694 | 26,292,694 | - |
| Capital projects | 35,284,565 | - | 35,284,565 | - |
| Utility plant improvement | - | 49,243,689 | 49,243,689 | - |
| Nuclear decommissioning reserve | - | 12,266,072 | 12,266,072 | - |
| Tax increment zones | 9,796,554 | - | 9,796,554 | - |
| Federal and state grants | 6,118,289 | - | 6,118,289 | - |
| Cemetery care | 1,674,959 | - | 1,674,959 | - |
| Other purposes | - | 607,120 | 607,120 | - |
| Unrestricted | 11,105,349 | 113,807,653 | 124,913,002 | 5,096 |
| Total net position | <u>\$ 211,962,444</u> | <u>\$ 564,475,800</u> | <u>\$ 776,438,244</u> | <u>\$ 5,096</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, 2013

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | | | NET(EXPENSE)REVENUE AND CHANGES IN NET POSITION | | | Component Unit GEZDA |
|--|------------------|-------------------------|--|--|---|-----------------------------|----------------|-------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-type Activities | Total | |
| PRIMARY GOVERNMENT | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 17,814,078 | \$ 11,418,234 | \$ 7,849 | \$ - | \$ (6,387,995) | \$ - | \$ (6,387,995) | \$ - |
| Public safety | 62,938,271 | 8,238,633 | 3,504,022 | 145,875 | (51,049,741) | - | (51,049,741) | - |
| Physical environment | 3,799,039 | 55,884 | - | 6,397,171 | 2,654,016 | - | 2,654,016 | - |
| Transportation | 18,410,169 | 1,954,707 | 854,108 | 1,027,745 | (14,573,609) | - | (14,573,609) | - |
| Economic environment | 6,809,885 | 406,269 | 2,693,605 | - | (3,710,011) | - | (3,710,011) | - |
| Human services | 384,825 | - | 244,157 | - | (140,668) | - | (140,668) | - |
| Culture & recreation | 9,551,902 | 1,352,351 | 866,354 | - | (7,333,197) | - | (7,333,197) | - |
| Interest on long-term debt | 7,248,291 | - | - | - | (7,248,291) | - | (7,248,291) | - |
| Total governmental activities | 126,956,460 | 23,426,078 | 8,170,095 | 7,570,791 | (87,789,496) | - | (87,789,496) | - |
| Business-type activities: | | | | | | | | |
| Electric | 227,350,282 | 228,822,572 | - | - | - | 1,472,290 | 1,472,290 | - |
| Gas | 21,436,501 | 21,849,892 | - | - | - | 413,391 | 413,391 | - |
| Water | 24,988,038 | 29,516,632 | - | 428,736 | - | 4,957,330 | 4,957,330 | - |
| Wastewater | 27,618,138 | 35,307,820 | - | 210,645 | - | 7,900,327 | 7,900,327 | - |
| GRUCom | 10,504,492 | 10,408,713 | - | - | - | (95,779) | (95,779) | - |
| Regional Transit System | 23,167,649 | 14,914,137 | 14,074,581 | 1,370,956 | - | 7,192,025 | 7,192,025 | - |
| Stormwater Management | 6,283,365 | 6,432,175 | - | 988,153 | - | 1,136,963 | 1,136,963 | - |
| Ironwood Golf Course | 1,401,017 | 1,021,565 | - | - | - | (379,452) | (379,452) | - |
| Florida Building Code Enforcement | 2,042,119 | 2,319,791 | - | 6,000 | - | 283,672 | 283,672 | - |
| Solid Waste | 7,237,205 | 8,644,348 | - | - | - | 1,407,143 | 1,407,143 | - |
| Total business-type activities | 352,028,806 | 359,237,645 | 14,074,581 | 3,004,490 | - | 24,287,910 | 24,287,910 | - |
| Total primary government | \$ 478,985,266 | \$ 382,663,723 | \$ 22,244,676 | \$ 10,575,281 | (87,789,496) | 24,287,910 | (63,501,586) | - |
| COMPONENT UNIT | | | | | | | | |
| Gainesville Enterprise Zone Development Agency | \$ - | \$ - | \$ - | \$ - | - | - | - | - |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 26,077,888 | - | 26,077,888 | - |
| Franchise & utility taxes | | | | | 10,780,430 | - | 10,780,430 | - |
| Communications services tax | | | | | 4,676,956 | - | 4,676,956 | - |
| Half cent sales tax | | | | | 6,441,998 | - | 6,441,998 | - |
| State revenue sharing (unrestricted) | | | | | 3,723,420 | - | 3,723,420 | - |
| Gain on sale of capital assets | | | | | 8,766 | - | 8,766 | - |
| Other unrestricted general revenues | | | | | 2,818,096 | 25,066,581 | 27,884,677 | - |
| Investment gain (loss) | | | | | (4,908,204) | 6,653,021 | 1,744,817 | 94 |
| Extraordinary item - impairment loss on Crystal River Unit 3 | | | | | - | (17,891,152) | (17,891,152) | - |
| Transfers | | | | | 36,899,236 | (36,899,236) | - | - |
| Total general revenues, extraordinary items and transfers | | | | | 86,518,586 | (23,070,786) | 63,447,800 | 94 |
| Change in net position | | | | | (1,270,910) | 1,217,124 | (53,786) | 94 |
| Net position - beginning of year | | | | | 213,233,354 | 563,258,676 | 776,492,030 | 5,002 |
| Net position - end of year | | | | | \$ 211,962,444 | \$ 564,475,800 | \$ 776,438,244 | \$ 5,096 |

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

CITY OF GAINESVILLE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

| | <u>GENERAL</u> | <u>OTHER GOVERNMENTAL FUNDS</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|--|----------------------|---|---|
| ASSETS | | | |
| Equity in pooled cash and investments | \$ 9,630,831 | \$ 70,097,949 | \$ 79,728,780 |
| Investments | - | 1,606,015 | 1,606,015 |
| Receivables | 3,082,670 | 4,965,179 | 8,047,849 |
| Due from other funds | 5,406,136 | 773,813 | 6,179,949 |
| Advances to other funds | 2,804,253 | - | 2,804,253 |
| Inventories | 18,050 | - | 18,050 |
| Assets held for evidence | - | 300,257 | 300,257 |
| Total assets | <u>\$ 20,941,940</u> | <u>\$ 77,743,213</u> | <u>\$ 98,685,153</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Accounts payable and accrued liabilities | \$ 3,254,250 | \$ 2,984,119 | \$ 6,238,369 |
| Due to other funds | - | 4,159,274 | 4,159,274 |
| Advances from other funds | - | 2,804,253 | 2,804,253 |
| Deferred revenue | 547,227 | 474,660 | 1,021,887 |
| Total liabilities | <u>3,801,477</u> | <u>10,422,306</u> | <u>14,223,783</u> |
| Fund balances: | | | |
| Nonspendable Fund Balance | 2,959,587 | - | 2,959,587 |
| Restricted Fund Balance | - | 56,363,125 | 56,363,125 |
| Committed Fund Balance | - | 901,448 | 901,448 |
| Assigned Fund Balance | 772,730 | 12,555,440 | 13,328,170 |
| Unassigned Fund Balance | 13,408,146 | (2,499,106) | 10,909,040 |
| Total fund balances | <u>17,140,463</u> | <u>67,320,907</u> | <u>84,461,370</u> |
| Total liabilities and fund balances | <u>\$ 20,941,940</u> | <u>\$ 77,743,213</u> | <u>\$ 98,685,153</u> |

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

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

| | | |
|--|-------------|-----------------------|
| Total fund balances: governmental funds balance sheet | | \$ 84,461,370 |
| Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. The cost of the assets is \$328,162,758 and the accumulated depreciation is \$153,085,255. This excludes internal service fund capital assets which are included in the internal service fund adjustment below. | | 175,077,503 |
| 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 | 136,276,809 | |
| Capital lease payable | 436,681 | |
| Compensated absences | 3,773,668 | (140,487,158) |
| 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. | | 1,619,106 |
| Governmental funds record losses on debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings must be included as an adjustment to long-term debt in the government-wide financial statements. | | 240,656 |
| 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. | | (333,230) |
| 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 | 43,844 | |
| Premiums | (262,270) | (218,426) |
| Liabilities for earned but unavailable revenues are reported in the funds, but not in the statement of net position. | | 162,634 |
| Negative net pension obligation and OPEB obligation assets created through treatment of Taxable Pension Obligation Bonds and OPEB Bonds as employer contributions to defined benefit pension and OPEB plans are not recognized in the funds. | | |
| Negative net pension obligation asset | 56,293,851 | |
| Negative net OPEB obligation asset | 18,976,279 | 75,270,130 |
| 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 \$14,348,893 and compensated absences liabilities of \$120,245, are included in governmental activities in the statement of net position. | | 16,169,859 |
| Net position of governmental activities | | \$ 211,962,444 |

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, 2013

| | <u>GENERAL</u> | <u>OTHER GOVERNMENTAL FUNDS</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|--|----------------------|---|---|
| REVENUES | | | |
| Taxes | \$ 39,622,592 | \$ 5,476,989 | \$ 45,099,581 |
| Licenses and permits | 899,441 | - | 899,441 |
| Intergovernmental | 11,186,436 | 18,533,184 | 29,719,620 |
| Charges for services | 13,048,662 | 1,340,991 | 14,389,653 |
| Fines and forfeitures | 1,172,915 | 813,041 | 1,985,956 |
| Miscellaneous | 52,928 | (1,652,223) | (1,599,295) |
| Total revenues | <u>65,982,974</u> | <u>24,511,982</u> | <u>90,494,956</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 14,531,919 | 325,683 | 14,857,602 |
| Public safety | 54,099,796 | 3,544,841 | 57,644,637 |
| Physical environment | 189,699 | 3,232,571 | 3,422,270 |
| Transportation | 10,792,136 | 1,325,190 | 12,117,326 |
| Economic environment | 331,851 | 6,992,687 | 7,324,538 |
| Human services | 111,428 | 279,341 | 390,769 |
| Culture and recreation | 6,949,034 | 1,333,496 | 8,282,530 |
| Debt service: | | | |
| Principal | - | 9,886,531 | 9,886,531 |
| Interest and fiscal charges | - | 7,127,610 | 7,127,610 |
| Capital outlay | - | 21,958,840 | 21,958,840 |
| Total expenditures | <u>87,005,863</u> | <u>56,006,790</u> | <u>143,012,653</u> |
| Excess of revenues over(under) expenditures | <u>(21,022,889)</u> | <u>(31,494,808)</u> | <u>(52,517,697)</u> |
| OTHER FINANCING SOURCES(USES) | | | |
| Transfers in | 37,526,155 | 24,428,920 | 61,955,075 |
| Transfers out | (17,050,528) | (4,792,713) | (21,843,241) |
| Total other financing sources(uses) | <u>20,475,627</u> | <u>19,636,207</u> | <u>40,111,834</u> |
| Net change in fund balances | <u>(547,262)</u> | <u>(11,858,601)</u> | <u>(12,405,863)</u> |
| Fund balances - beginning | <u>17,687,725</u> | <u>79,179,508</u> | <u>96,867,233</u> |
| Fund balances - ending | <u>\$ 17,140,463</u> | <u>\$ 67,320,907</u> | <u>\$ 84,461,370</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, 2013

| | | |
|--|------------------|---------------------------|
| Net changes in fund balances - total governmental funds | \$ | (12,405,863) |
| <p>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.</p> <p style="padding-left: 40px;">This is the capital outlay recorded in the current period, excluding internal service fund activity.</p> <p style="padding-left: 40px;">This is the depreciation expense recorded in the current period, excluding internal service fund activity.</p> | | |
| | | 14,272,108 |
| | | (6,650,929) |
| <p>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.</p> | | |
| | | (153,920) |
| <p>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. These transactions resulted in contributions in excess of the required amounts which result in the reporting of an asset on the Statement of Net Position. On the Statement of Activities, the impact is the amortization of the Negative NPO and Negative Net OPEB Obligation during the current fiscal year.</p> <p style="padding-left: 40px;">Amortization of Negative Net Pension Obligation</p> <p style="padding-left: 40px;">Amortization of Negative Net OPEB Obligation</p> | | |
| | (4,284,556) | |
| | <u>(289,952)</u> | (4,574,508) |
| <p>The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions, however, have no effect on net position. This is the amount of repayment of principal of long-term debt recorded in the current period.</p> | | |
| | | 9,886,531 |
| <p>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.</p> <p style="padding-left: 40px;">Amortization of bond premiums</p> <p style="padding-left: 40px;">Amortization of bond discounts</p> | | |
| | 53,988 | |
| | <u>(3,360)</u> | 50,628 |
| <p>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 effect of the difference in this treatment.</p> <p style="padding-left: 40px;">Amortization of debt issuance costs</p> | | |
| | | (165,485) |
| <p>Governmental funds report the loss on long-term debt refundings when the debt is refunded, whereas these losses are amortized over time in the statement of activities. This is the effect of the difference in this treatment.</p> | | |
| | | (27,503) |
| <p>Governmental funds do not recognize expenditures for the long-term accrued liability associated with compensated absences. This is the amount of the change in the liability amount, excluding the amount attributable to internal service funds, which is included in the internal service fund adjustment below.</p> | | |
| | | (112,611) |
| <p>Governmental funds do not recognize expenditures for the liability associated with accrued interest payable on long-term debt. This is the amount of the change in the liability amount.</p> | | |
| | | 21,679 |
| <p>Internal service funds are used by management to charge the costs of fleet maintenance and insurance to individual funds. A portion of the net revenue of certain activities of internal service funds is reported in governmental activities.</p> | | |
| | | <u>(1,411,037)</u> |
| Change in net position of governmental activities | \$ | <u>(1,270,910)</u> |

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | GOVERNMENTAL |
|---|--|---------------------------------------|-----------------------|--|
| | Utility | Other Enterprise Funds | Totals | ACTIVITIES - Internal Service Funds |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ - | \$ 3,975 | \$ 3,975 | \$ 88,000 |
| Equity in pooled cash and investments | 50,725,104 | 6,120,361 | 56,845,465 | 22,808,153 |
| Receivables | 46,421,673 | 11,009,672 | 57,431,345 | 169 |
| Due from other funds | 2,519,697 | 8,446,422 | 10,966,119 | 405,504 |
| Inventories | 22,819,255 | 1,019,656 | 23,838,911 | 108,099 |
| Prepaid expenses | - | - | - | 23,204 |
| Deferred charges | 809,137 | - | 809,137 | - |
| Restricted assets - cash and investments | 209,822,199 | - | 209,822,199 | - |
| Total current assets | <u>333,117,065</u> | <u>26,600,086</u> | <u>359,717,151</u> | <u>23,433,129</u> |
| Noncurrent assets: | | | | |
| Restricted assets - cash and investments | 15,613,547 | - | 15,613,547 | - |
| Other noncurrent assets | 30,298,392 | - | 30,298,392 | - |
| Capital assets (net of accumulated depreciation): | | | | |
| Utility plant & equipment | 1,084,260,404 | - | 1,084,260,404 | - |
| Buildings | - | 5,054,041 | 5,054,041 | - |
| Improvements other than buildings | - | 1,954,066 | 1,954,066 | - |
| Machinery and equipment | - | 19,162,326 | 19,162,326 | 6,715,280 |
| Infrastructure | - | 10,596,021 | 10,596,021 | - |
| Capital assets (not depreciated): | | | | |
| Land | - | 7,270,472 | 7,270,472 | 1,027,479 |
| Construction in progress | 123,382,240 | 20,548,774 | 143,931,014 | 6,606,134 |
| Total capital assets | <u>1,207,642,644</u> | <u>64,585,700</u> | <u>1,272,228,344</u> | <u>14,348,893</u> |
| Total noncurrent assets | <u>1,253,554,583</u> | <u>64,585,700</u> | <u>1,318,140,283</u> | <u>14,348,893</u> |
| Total assets | <u>1,586,671,648</u> | <u>91,185,786</u> | <u>1,677,857,434</u> | <u>37,782,022</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Accumulated decrease in fair value of hedging derivatives | 39,943,039 | - | 39,943,039 | - |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | 13,565,904 | 6,578,657 | 20,144,561 | 8,107,431 |
| Accounts payable - payroll | 2,886,374 | 52,360 | 2,938,734 | 7,843 |
| Due to other funds | 5,706,666 | 7,685,632 | 13,392,298 | - |
| Current portion of long-term debt | 110,929 | 395,489 | 506,418 | 4,625 |
| Deferred credits | 19,073,075 | - | 19,073,075 | - |
| Current liabilities payable from restricted assets: | | | | |
| Rate stabilization deferred credit | 56,400,072 | - | 56,400,072 | - |
| Accrued interest payable | 19,314,336 | - | 19,314,336 | - |
| Current portion of long-term debt | 116,845,000 | - | 116,845,000 | - |
| Other liabilities payable from restricted assets | 17,262,791 | - | 17,262,791 | - |
| Total current liabilities | <u>251,165,147</u> | <u>14,712,138</u> | <u>265,877,285</u> | <u>8,119,899</u> |
| Noncurrent liabilities: | | | | |
| Long-term debt | 838,253,019 | 3,189,673 | 841,442,692 | 115,620 |
| Fair value of derivative instruments | 43,749,888 | - | 43,749,888 | - |
| Other noncurrent liabilities | 15,603,072 | - | 15,603,072 | - |
| Total noncurrent liabilities | <u>897,605,979</u> | <u>3,189,673</u> | <u>900,795,652</u> | <u>115,620</u> |
| Total liabilities | <u>1,148,771,126</u> | <u>17,901,811</u> | <u>1,166,672,937</u> | <u>8,235,519</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Accumulated increase in fair value of hedging derivative | 28,380 | - | 28,380 | - |
| NET POSITION | | | | |
| Net investment in capital assets | 299,973,946 | 62,284,626 | 362,258,572 | 14,348,893 |
| Restricted for: | | | | |
| Debt service | 26,292,694 | - | 26,292,694 | - |
| Utility plant improvement | 49,243,689 | - | 49,243,689 | - |
| Other purposes | 12,266,072 | 607,120 | 12,873,192 | - |
| Unrestricted | 90,038,780 | 10,392,229 | 100,431,009 | 15,197,610 |
| Total net position | <u>\$ 477,815,181</u> | <u>\$ 73,283,975</u> | <u>\$ 551,099,156</u> | <u>\$ 29,546,503</u> |

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

CITY OF GAINESVILLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF NET POSITION OF PROPRIETARY FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

| | |
|--|-----------------------|
| Total net position of Enterprise Funds on the statement of net position of proprietary funds | \$ 551,099,156 |
|--|-----------------------|

Internal service funds are used by management to charge the costs of fleet management, general insurance, and employee health insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

| | |
|--|-------------------|
| Look-back adjustment for the consolidation of internal service fund activity involving enterprise fund participants. | <u>13,376,644</u> |
|--|-------------------|

| | |
|--|-------------------------------------|
| Net position of business-type activities | <u><u>\$ 564,475,800</u></u> |
|--|-------------------------------------|

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | GOVERNMENTAL |
|--|--|---------------------------------------|-----------------------|--|
| | Utility | Other Enterprise Funds | Totals | ACTIVITIES - Internal Service Funds |
| Operating revenues: | | | | |
| Sales and service charges | \$ 325,905,629 | \$ 33,332,016 | \$ 359,237,645 | \$ 22,879,725 |
| Employer contributions | - | - | - | 8,355,156 |
| Employee contributions | - | - | - | 5,672,981 |
| Other operating revenues | 22,870,624 | 405,520 | 23,276,144 | 1,516,295 |
| Total operating revenues | <u>348,776,253</u> | <u>33,737,536</u> | <u>382,513,789</u> | <u>38,424,157</u> |
| Operating expenses: | | | | |
| Operations and maintenance | 168,406,263 | 33,865,174 | 202,271,437 | 10,644,970 |
| Administrative and general | 46,059,743 | 3,187,146 | 49,246,889 | 2,067,008 |
| Depreciation and amortization | 59,135,363 | 3,954,037 | 63,089,400 | 2,026,591 |
| Benefits paid and other expenses | - | - | - | 22,816,103 |
| Total operating expenses | <u>273,601,369</u> | <u>41,006,357</u> | <u>314,607,726</u> | <u>37,554,672</u> |
| Operating income (loss) | <u>75,174,884</u> | <u>(7,268,821)</u> | <u>67,906,063</u> | <u>869,485</u> |
| Nonoperating revenues (expenses): | | | | |
| Investment income (loss) | 7,633,197 | (980,176) | 6,653,021 | (1,554,725) |
| Interest expense | (41,028,880) | (126,462) | (41,155,342) | - |
| Local option gas tax | - | 1,790,437 | 1,790,437 | - |
| Operating grants | - | 14,074,581 | 14,074,581 | - |
| Total nonoperating revenue(expenses) | <u>(33,395,683)</u> | <u>14,758,380</u> | <u>(18,637,303)</u> | <u>(1,554,725)</u> |
| Income (loss) before capital contributions, transfers and extraordinary items | 41,779,201 | 7,489,559 | 49,268,760 | (685,240) |
| Capital contributions | 639,381 | 2,365,109 | 3,004,490 | 6,221,063 |
| Transfers in | - | 1,750,593 | 1,750,593 | - |
| Transfers out | (36,656,458) | (1,993,371) | (38,649,829) | (3,212,598) |
| Change in net position before extraordinary items | <u>5,762,124</u> | <u>9,611,890</u> | <u>15,374,014</u> | <u>2,323,225</u> |
| Extraordinary item: impairment loss on Crystal River Unit 3 | <u>(17,891,152)</u> | <u>-</u> | <u>(17,891,152)</u> | <u>-</u> |
| Change in net position | (12,129,028) | 9,611,890 | (2,517,138) | 2,323,225 |
| Net position - beginning of year | <u>489,944,209</u> | <u>63,672,085</u> | <u>553,616,294</u> | <u>27,223,278</u> |
| Net position - end of year | <u>\$ 477,815,181</u> | <u>\$ 73,283,975</u> | <u>\$ 551,099,156</u> | <u>\$ 29,546,503</u> |

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

CITY OF GAINESVILLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND NET POSITION OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | | |
|---|----|-------------|
| Change in net position - Enterprise Funds | \$ | (2,517,138) |
|---|----|-------------|

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. | | 3,734,262 |
| | | <hr/> |

| | | |
|--|----|-------------------------|
| Change in net position of business-type activities | \$ | <u><u>1,217,124</u></u> |
|--|----|-------------------------|

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | BUSINESS-TYPE ACTIVITIES | | | GOVERNMENTAL |
|---|---------------------------------|----------------------------|-----------------------------|----------------------------|
| | ENTERPRISE FUNDS | | | ACTIVITIES |
| | UTILITY | OTHER | TOTAL | INTERNAL |
| | FUND | ENTERPRISE | ENTERPRISE | SERVICE |
| | | FUNDS | FUNDS | FUNDS |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | | |
| Cash Received from Customers | \$ 326,849,160 | \$ 29,320,746 | \$ 356,169,906 | \$ 37,782,793 |
| Cash Paid to Suppliers | (139,123,670) | (13,474,483) | (152,598,153) | (32,802,346) |
| Cash Paid to Employees | (56,158,951) | (18,400,059) | (74,559,010) | (3,049,723) |
| Cash Paid for Operating Transactions with Other Funds | (8,001,946) | - | (8,001,946) | - |
| Other Operating Receipts | 19,685,794 | - | 19,685,794 | 642,443 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>143,250,387</u> | <u>(2,553,796)</u> | <u>140,696,591</u> | <u>2,573,167</u> |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u> | | | | |
| Local Option Gas Tax | - | 1,790,437 | 1,790,437 | - |
| Operating Grants | - | 11,709,472 | 11,709,472 | - |
| Interest Paid | - | (143,435) | (143,435) | - |
| Transfers from Other Funds | - | 1,750,593 | 1,750,593 | - |
| Transfers to Other Funds | (36,656,458) | (1,993,371) | (38,649,829) | (3,212,598) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES | <u>(36,656,458)</u> | <u>13,113,696</u> | <u>(23,542,762)</u> | <u>(3,212,598)</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u> | | | | |
| Principal Repayments on Long-Term Debt | (26,650,658) | (362,513) | (27,013,171) | - |
| Proceeds from Sale of Capital Assets | 279,060 | - | 279,060 | - |
| Interest Paid on Long-term Debt | (41,796,529) | (126,462) | (41,922,991) | - |
| Capital Contributions | - | 2,365,109 | 2,365,109 | - |
| Proceeds from Interest Rebate-Build America Bonds | 5,515,262 | - | 5,515,262 | - |
| Acquisition and Construction of Capital Assets | (82,847,259) | (15,626,203) | (98,473,462) | (2,238,946) |
| Capitalized Connection Fees | 3,078,803 | - | 3,078,803 | - |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(142,421,321)</u> | <u>(13,750,069)</u> | <u>(156,171,390)</u> | <u>(2,238,946)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | | |
| Interest Received | 1,177,215 | (836,741) | 340,474 | (1,554,725) |
| Purchase of Investments | (502,902,581) | (5,583,606) | (508,486,187) | (20,807,879) |
| Investment in The Energy Authority | (1,756,622) | - | (1,756,622) | - |
| Distributions from The Energy Authority | 2,223,773 | - | 2,223,773 | - |
| Proceeds from Investment Maturities | 525,897,307 | 5,394,290 | 531,291,597 | 14,481,451 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>24,639,092</u> | <u>(1,026,057)</u> | <u>23,613,035</u> | <u>(7,881,153)</u> |
| NET INCREASE (DECREASE) IN CASH | <u>(11,188,300)</u> | <u>(4,216,226)</u> | <u>(15,404,526)</u> | <u>(10,759,530)</u> |
| CASH - OCTOBER 1 | <u>53,631,974</u> | <u>4,756,957</u> | <u>58,388,931</u> | <u>12,847,804</u> |
| CASH - SEPTEMBER 30 | <u>\$ 42,443,674</u> | <u>\$ 540,731</u> | <u>\$ 42,984,405</u> | <u>\$ 2,088,274</u> |

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, 2013

| | BUSINESS-TYPE ACTIVITIES | | | GOVERNMENTAL |
|--|---------------------------------|-----------------------|-----------------------|----------------------|
| | ENTERPRISE FUNDS | | | ACTIVITIES |
| | UTILITY | OTHER | TOTAL | INTERNAL |
| | FUND | ENTERPRISE | ENTERPRISE | SERVICE |
| | | FUNDS | FUNDS | FUNDS |
| OPERATING INCOME (LOSS) | \$ 75,174,884 | \$ (7,268,821) | \$ 67,906,063 | \$ 869,485 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | |
| Depreciation and Amortization | 59,135,363 | 3,954,037 | 63,089,400 | 2,026,591 |
| (Increase)/Decrease in Receivables | 696,891 | (4,416,790) | (3,719,899) | 1,079 |
| (Increase)/Decrease in Due from Other Funds | - | (968,497) | (968,497) | (36,278) |
| (Increase)/Decrease in Inventories | 11,258,207 | (25,565) | 11,232,642 | 6,514 |
| (Increase)/Decrease in Prepaid Expenses | 741,868 | - | 741,868 | (6,198) |
| Increase/(Decrease) in Accounts Payable and Accrued Liabilities | 1,066,843 | 4,661,468 | 5,728,311 | (288,026) |
| Increase/(Decrease) in Due to Other Funds | (1,506,908) | 1,510,372 | 3,464 | - |
| Increase/(Decrease) in Deferred Credits | (4,453,353) | - | (4,453,353) | - |
| (Increase)/Decrease in Deferred Debits | 889,952 | - | 889,952 | - |
| Increase/(Decrease) in Utility Deposits | 246,640 | - | 246,640 | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 143,250,387 | \$ (2,553,796) | \$ 140,696,591 | \$ 2,573,167 |
| RECONCILIATION OF CASH TO STATEMENT OF NET POSITION | | | | |
| Cash | \$ 42,443,674 | \$ 540,731 | \$ 42,984,405 | \$ 2,088,274 |
| Accrued Interest | 419,012 | - | 419,012 | - |
| CR3 Decommissioning Reserve | 10,830,872 | - | 10,830,872 | - |
| Investments | 222,467,292 | 5,583,605 | 228,050,897 | 20,807,879 |
| TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER STATEMENT OF NET POSITION | \$ 276,160,850 | \$ 6,124,336 | \$ 282,285,186 | \$ 22,896,153 |
| NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES | | | | |
| Contribution of Capital Assets | \$ 639,381 | \$ - | \$ 639,381 | \$ 6,221,063 |
| Change in Fair Value of Investments | - | (1,123,574) | (1,123,574) | (2,036,711) |
| Impairment loss on Crystal River Unit 3 | (17,891,152) | - | - | (17,891,152) |

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

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2013

| | <u>PENSION AND OPEB TRUST FUNDS</u> |
|---|--|
| <u>ASSETS</u> | |
| Cash and Cash Equivalents | \$ 12,146,324 |
| Equity in Pooled Cash and Investments | 6,779,925 |
| Investments, at fair value: | |
| Equities | 490,713,254 |
| Real Estate | 44,413,811 |
| Alternative Investments | 18,312,794 |
| Fixed Income: | |
| Government Bonds | 3,454,979 |
| Corporate Bonds | 12,294,637 |
| Mortgage & Asset Backed Securities | <u>2,646,065</u> |
| Total Investments, at fair value | 571,835,540 |
| Investment Adjustments: | |
| Dividends Receivable | 211,035 |
| Interest Receivable | 178,832 |
| Receivable for Investments Sold | 397,388 |
| Payable for Investments Purchased | <u>(574,289)</u> |
| Total Investment Adjustments | <u>212,966</u> |
| TOTAL ASSETS | <u>590,974,755</u> |
| <u>LIABILITIES</u> | |
| Accounts Payable and Accrued Liabilities | <u>48,824</u> |
| TOTAL LIABILITIES | <u>48,824</u> |
| NET POSITION HELD IN TRUST FOR PENSION AND OPEB BENEFITS | <u>\$ 590,925,931</u> |

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | PENSION AND OPEB TRUST FUNDS |
|--|---|
| <u>ADDITIONS:</u> | |
| Contributions: | |
| Employer Contributions: | |
| Required | \$ 17,273,265 |
| State on Behalf Payments, through General Fund | <u>1,170,024</u> |
| Total Employer Contributions | 18,443,289 |
| Employee Contributions | <u>15,999,438</u> |
| Total Contributions | <u>34,442,727</u> |
| Investment Income: | |
| Net Appreciation in Fair Value of Investments | 98,521,756 |
| Dividends & Interest | <u>6,642,465</u> |
| Total Investment Income | 105,164,221 |
| Less Investment Expense | <u>3,174,999</u> |
| Net Investment Income | <u>101,989,222</u> |
| TOTAL ADDITIONS | <u>136,431,949</u> |
| <u>DEDUCTIONS:</u> | |
| Benefit Payments | 48,106,332 |
| Refunds of Contributions | 580,431 |
| Administrative Expenses | <u>1,029,992</u> |
| TOTAL DEDUCTIONS | <u>49,716,755</u> |
| CHANGE IN NET POSITION | 86,715,194 |
| NET POSITION - beginning | <u>504,210,737</u> |
| NET POSITION - ending | <u>\$ 590,925,931</u> |

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

CITY OF GAINESVILLE, FLORIDA

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September 30, 2013

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CITY OF GAINESVILLE, FLORIDA

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| | | |
|-----|--|----|
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CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the City of Gainesville, Florida (City) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB) or, where applicable, the Financial Accounting Standards Board (FASB). Gainesville Regional Utilities (GRU or the Utility) is a combined municipal utility system operating electric, water, wastewater, natural gas and telecommunications utilities. GRU is a utility enterprise of the City is reported as an enterprise fund of the City. GRU has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and substantially all provisions of the National Association of Regulatory Utility Commissioners (NARUC). Rates are approved annually by the City Commission.

(A) Reporting Entity

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

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

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

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

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

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2013

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 2013 was Gainesville Regional Utilities' investment in The Energy Authority, which is described in Note 12.

(B) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary or fiduciary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

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

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

- Enterprise Funds
- Internal Service Funds

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

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

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

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

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

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

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

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

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

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

The City reports one major governmental fund:

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

The City reports one major proprietary fund:

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

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

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

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.

CITY OF GAINESVILLE, FLORIDA
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(D) Deposits with Financial Institutions and Investments

Deposits and Investments

Deposits and investments as of September 30, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:

| | |
|---------------------------------------|-------------|
| Cash and cash equivalents | \$ 91,975 |
| Equity in pooled cash and investments | 159,382,398 |
| Investments | 1,606,015 |
| Restricted cash and cash equivalents | 225,435,746 |

Statement of fiduciary net position:

| | |
|---------------------------------------|-------------|
| Cash and cash equivalents | 12,146,324 |
| Equity in pooled cash and investments | 6,779,925 |
| Investments: | |
| Equities | 490,713,254 |
| Real Estate | 44,413,811 |
| Alternative Investments | 18,312,794 |
| Government Bonds | 3,454,979 |
| Corporate Bonds | 12,294,637 |
| Mortgage & Asset Backed Securities | 2,646,065 |

| | |
|----------------------------|------------------------------|
| Total cash and investments | <u><u>\$ 977,277,923</u></u> |
|----------------------------|------------------------------|

Deposits and investments as of September 30, 2013 consist of the following:

Defined benefit pension:

| | |
|--------------------------------------|---------------|
| Deposits with financial institutions | \$ 15,615,018 |
| Investments | 517,771,956 |

Other post employment benefit (OPEB):

| | |
|--------------------------------------|------------|
| Deposits with financial institutions | 3,311,231 |
| Investments | 54,063,584 |

Other than defined benefit pension and OPEB:

| | |
|---------------------------------------|-------------|
| Deposits with financial institutions | 40,310,049 |
| Investments | 334,956,201 |
| Utilities CR3 decommissioning reserve | 10,830,872 |
| Accrued interest receivable | 419,012 |

| | |
|----------------------------|------------------------------|
| Total cash and investments | <u><u>\$ 977,277,923</u></u> |
|----------------------------|------------------------------|

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 \$517,771,956 of the City's total fair value of investments, and are exclusive of the \$15,615,018 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

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

Equity Funds (domestic)

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

Equity Funds (international)

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

Fixed Income Funds (domestic)

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

Fixed Income Funds (international)

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

Cash Equivalents

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

Real Estate and Alternative Assets

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

Pooled or Commingled Funds

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

Derivatives

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
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- Collateralized mortgage obligations cannot be more sensitive to interest-rate changes than the underlying mortgage-backed security

Restricted Direct Investments – Prohibited

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

Other Post Employment Benefit (OPEB) Investments

These funds represent investments administered by the City's OPEB Fund Investment Managers. They comprise \$54,063,584 of the City's total fair value of investments, and are exclusive of the \$3,311,231 held in cash by the Trustees. These investments are reported at fair value. The fair value of this plan is derived through valuation efforts done by the City's investment managers in conjunction with the plan custodian. The fair values for the vast majority of these assets are readily available. For those assets whose fair value is less verifiable, the best available information is used.

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

Equity Funds (domestic)

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

Equity Funds (international)

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

Fixed Income Funds (domestic)

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

Fixed Income Funds (international)

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

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Cash Equivalents

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

Real Estate and Alternative Assets

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

Pooled or Commingled Funds

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

Derivatives

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

Restricted Direct Investments – Prohibited

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

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

Equity Managers

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

Fixed Income Managers

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2013

Other than Defined Benefit Pension and OPEB Investments

These funds comprise \$334,956,201 of the City's total fair value of investments. This figure excludes \$40,310,049 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. Investments in commercial paper are recorded at cost, which approximates fair value.

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

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

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

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GRU's investment policy and Bond Resolution limit investments in state and local taxable or tax-exempt debt, corporate fixed income securities, and other corporate indebtedness to investments that are rated by a nationally recognized rating agency in its highest category, and at least one other nationally recognized rating agency in either of its two highest rating categories. At September 30, 2013, all of GRU's commercial paper investments were rated P-2 or better by Moody's Investor Services and/or A-2 or better by Standard and Poor's and/or F1 or better by Fitch.

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

Custodial Credit Risk - Deposits

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

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

Custodial Credit Risk - Investments

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

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

Credit Risk

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

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

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

Defined Benefit Pension Investments

| Investment Type | Fair Value | Unrated/ Exempt | AAA | AA | A | BBB |
|-------------------------|-----------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|
| Common Stock | \$ 250,485,305 | \$ 250,485,305 | \$ - | \$ - | \$ - | \$ - |
| Mutual Funds | 248,332,397 | 248,332,397 | - | - | - | - |
| Real Estate Inv Trust | 2,241,290 | 2,241,290 | - | - | - | - |
| US Government Bonds | 2,902,438 | 2,830,937 | 71,501 | - | - | - |
| Corporate Bonds | 12,294,637 | - | 73,973 | 1,344,852 | 8,493,667 | 2,382,145 |
| Mortgage & Asset Backed | <u>1,515,889</u> | <u>551,767</u> | <u>964,122</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Totals | \$ 517,771,956 | \$ 504,441,696 | \$ 1,109,596 | \$ 1,344,852 | \$ 8,493,667 | \$ 2,382,145 |

CITY OF GAINESVILLE, FLORIDA
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OPEB Investments

| Investment Type | Fair Value | Exempt from Disclosure | AAA |
|-------------------------|-----------------------------|-------------------------------|----------------------------|
| Common Stock | \$ 52,380,867 | \$ 52,380,867 | \$ - |
| US Government Bonds | 552,541 | - | 552,541 |
| Mortgage & Asset Backed | 1,130,176 | - | 1,130,176 |
| Totals | <u>\$ 54,063,584</u> | <u>\$ 52,380,867</u> | <u>\$ 1,682,717</u> |

Other than Defined Benefit Pension and OPEB Investments – Governmental Activities

| Investment Type | Fair Value | Exempt from Disclosure | AA |
|------------------------|------------------------------|-------------------------------|------------------------------|
| Mutual Funds | \$ 1,606,015 | \$ 1,606,015 | \$ - |
| US Government Bonds | 104,758,558 | - | 104,758,558 |
| Totals | <u>\$ 106,364,573</u> | <u>\$ 1,606,015</u> | <u>\$ 104,758,558</u> |

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

| Investment Type | Fair Value | AAA | A-1 |
|------------------------|------------------------------|------------------------------|------------------------------|
| Money Market | \$ 3,990,711 | \$ 3,990,711 | \$ - |
| Commercial Paper | 119,041,000 | - | 119,041,000 |
| Government Agencies | 87,784,487 | 87,784,487 | - |
| Government Bonds | 8,620,430 | 8,620,430 | - |
| Corporate Bonds | 9,155,000 | 9,155,000 | - |
| Totals | <u>\$ 228,591,628</u> | <u>\$ 109,550,628</u> | <u>\$ 119,041,000</u> |

Concentration of Credit Risk

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

Defined Benefit Pension Investments

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

OPEB Investments

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

Other than Defined Benefit Pension and OPEB Investments – Governmental Activities

| Issuer | Investment Type | Fair Value | % |
|---------------------------------------|---------------------------|-------------------|----------|
| Federal Farm Credit Bureau | Federal Agency Securities | \$ 23,055,750 | 21.7% |
| Federal Home Loan Bank | Federal Agency Securities | 13,087,608 | 12.3% |
| Federal Home Loan Mortgage Corp. | Federal Agency Securities | 28,006,600 | 26.3% |
| Federal National Mortgage Association | Federal Agency Securities | 40,608,600 | 38.2% |

CITY OF GAINESVILLE, FLORIDA
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Other than Defined Benefit Pension and OPEB Investments – Business-Type Activities

| Issuer | Investment Type | Fair Value | % |
|--|---------------------------|-------------------|----------|
| Federal Home Loan Bank | Federal Agency Securities | \$ 13,762,904 | 6.2% |
| Federal Home Loan Mortgage Corporation | Federal Agency Securities | 22,266,428 | 10.0% |
| Federal National Mortgage Association | Federal Agency Securities | 28,747,709 | 12.9% |
| Federal Farm Credit Bank | Federal Agency Securities | 20,874,194 | 9.4% |

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 * | \$ 250,485,305 | \$ - | \$ - | \$ - | \$ - |
| Mutual Funds * | 248,332,397 | - | - | - | - |
| Real Estate Inv Trust * | 2,241,290 | - | - | - | - |
| US Government Bonds | 2,902,438 | 475,563 | 60,181 | 959,260 | 1,407,434 |
| Corporate Bonds | 12,294,637 | 3,845,942 | 2,963,753 | 3,001,009 | 2,483,933 |
| Mortgage & Asset Backed | 1,515,889 | 418 | 11,762 | 559,193 | 944,516 |
| Totals | \$ 517,771,956 | \$ 4,321,923 | \$ 3,035,696 | \$ 4,519,462 | \$ 4,835,883 |

* Included but not required to be presented by maturity date

OPEB Investments

| Investment Type | Fair Value | n/a | < 5 years | 5-10 years | > 10 years |
|------------------------------------|----------------------|----------------------|---------------------|-------------------|----------------------|
| Common Stock | \$ 52,380,867 | \$ 52,380,867 | \$ - | \$ - | \$ - |
| US Government Bonds | 552,541 | - | 465,879 | 86,662 | - |
| Mortgage & Asset Backed Securities | 1,130,176 | - | 93,477 | 60,901 | 975,798 |
| | <u>\$ 54,063,584</u> | <u>\$ 52,380,867</u> | <u>\$ 559,356</u> | <u>\$ 147,563</u> | <u>\$ 975,798</u> |

Other than Defined Benefit Pension and OPEB Investments – Governmental Activities

| Investment Type | Fair Value | n/a | > 5 years |
|------------------------|-----------------------|---------------------|-----------------------|
| Mutual Funds | \$ 1,606,015 | \$ 1,606,015 | \$ - |
| US Government Bonds | 104,758,558 | - | 104,758,558 |
| Totals | <u>\$ 106,364,573</u> | <u>\$ 1,606,015</u> | <u>\$ 104,758,558</u> |

CITY OF GAINESVILLE, FLORIDA
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Other than Defined Benefit Pension and OPEB Investments – Business-Type Activities

| Investment Type | Fair Value | n/a | < 1 year | 1-5 years |
|---------------------|-----------------------|---------------------|-----------------------|----------------------|
| Money Market | \$ 3,990,711 | \$ 3,990,711 | \$ - | \$ - |
| Commercial Paper | 119,041,162 | - | 119,041,162 | - |
| US Agencies | 87,784,860 | - | 2,527,015 | 85,257,845 |
| US Government Bonds | 8,620,430 | - | 5,078,554 | 3,541,876 |
| Corporate Bonds | 9,154,465 | - | 1,739,913 | 7,414,552 |
| Totals | <u>\$ 228,591,628</u> | <u>\$ 3,990,711</u> | <u>\$ 128,386,644</u> | <u>\$ 96,214,273</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 classified as nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. For the most part, receivables and the related revenues are recognized when determined and billed - either for services rendered, grant entitlements, or reimbursements due, or otherwise measurable and available. Utilities service receivables are recorded at year end for services rendered but unbilled. They are calculated by prorating cycle billings subsequent to September 30, 2013 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, 2013, the allowance was \$638,135 for the General Fund and \$633,949 for Enterprise Funds.

(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 unit cost method except for fuel in Enterprise Funds, which is determined using the last-in, first-out (LIFO) method. Obsolete and unusable items are reduced to estimated salvage values. The cost of fuel used for electric generation is charged to expense as consumed. 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 \$2,500 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.

CITY OF GAINESVILLE, FLORIDA
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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 10 to 80 years. The overall depreciation rate was 3.12% in fiscal 2013.

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.

GRU-owned resources for supplying electric power and energy requirements included its 1.4079% undivided ownership interest in Crystal River Unit 3 (CR3), a nuclear power plant operated by Progress Energy Florida (PEF), a subsidiary of Duke Energy. CR3 operation and maintenance costs, which represent GRU's part of expenses attributable to operation of CR3, are recorded in accordance with the instructions set forth in the FERC uniform system of accounts. 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 head expected to be produced over the life of the nuclear fuel core. These costs are charged to customers through the fuel adjustment clause. Payments are made to PEF in accordance with the CR3 participation agreement. Depreciation expense includes a provision for decommissioning costs related to the jointly-owned nuclear power plant. GRU 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 costs estimates provided by PEF in September 2006 estimated GRU's share of the total projected decommissioning funding requirements to be \$7.7 million, of which \$5.2 million has already been deposited. The market value of the funds on deposit as of September 30, 2013 is \$12.3 million.

Effective February 2013, Duke Energy announced the closing of CR3 as a result of discovering multiple delaminations within the core. As a result, GRU's net investment in CR3 of approximately \$20.7 million net of insurance proceeds of \$2.8 million was impaired and written off as an extraordinary item during fiscal year 2013. See Note 16 for discussion of the Extraordinary Item.

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 depreciable 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. The Utilities fund has a capitalization threshold of \$2,500 for general plant assets.

The costs of capital assets for GRU include material, labor, vehicle and equipment usage, related overhead items, capitalized interest, and certain administrative and general expenses. When units of depreciable property are retired, the original cost and removal cost, less salvage, are charged to accumulated depreciation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. An allowance for interest on borrowed funds used during construction of \$0.2 million is included in construction in progress for the Utility 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 4.08% for fiscal year 2013. For assets constructed with governmental fund resources, interest during construction is not capitalized.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2013

(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 position. 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. Losses resulting from the refunding of bonds are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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

GRU conducts a risk management program with the intent of reducing the impact of fuel price 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 volumens of gas that the utility projects to consume during a given production month. This program is based on feedback and direction from GRU's Risk Oversight Committee, consultation and recommendations from reputable risk management sources, and close monitoring of the market.

GRU records derivative instruments in accordance with GASB No. 53, *Accounting and Reporting for Financial and Derivative Instruments*. For effective hedging transactions, hedge accounting is applied and fair market value changes are recorded on the statement of net position as either a deferred inflow of resources or a deferred outflow of resources until such time that the transaction ends. The related settled gains and losses from these transactions are recognized as fuel expenses on the statement of revenues, expenses, and changes in net position.

In accordance with GASB No. 62, paragraphs 476-500, *Regulated Operations*, GRU defers recognition of fair value change for the ineffective portion of certain derivative instruments. GRU currently has two types of hedging instruments, interest rate swap agreements and commodity futures contracts. Each has been associated with an item that is eligible to be hedged. Of the interest rate swap agreements, three have been determined to be effective, while four have been deemed ineffective. Of the commodity futures contracts, all have been determined to be effective.

At September 30, 2013, deferred outflows of \$39.9 million have been recorded for interest rate swap agreements in accumulated decrease in fair value of hedging derivatives and deferred inflows of \$28,000 have been recorded for gas hedging agreements in accumulated increase in fair value of hedging derivatives.

Deferred charges are presented on the statements of net position. Unamortized bond issuance costs of approximately \$8.2 million at September 30, 2013 are included in deferred charges. These costs are being amortized straight-line over the life of the bonds, which approximates the effective interest method.

Electric distribution plant acquisition costs of \$1.9 million at September 30, 2013 are being amortized over the expected life of the acquired assets. Of that amount \$0.2 million is recorded in deferred charges at September 30, 2013 with the remaining portion included in noncurrent assets.

The fair value of ineffective interest rate swaps of \$3.8 million at September 30, 2013 is recorded as a regulatory asset and is included in noncurrent assets.

Deferred credits are presented on the statement of net position under current liabilities and other noncurrent liabilities.

The current portion of the environmental liability is \$0.7 million as of September 30, 2013, and is recorded as a current liability in the accompanying statements of net position. See Note 11 for details on the manufactured gas plant remediation portion of this item.

CITY OF GAINESVILLE, FLORIDA
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Accrued electric fuel adjustment was a deferred credit of \$17.5 million at September 30, 2013. See Note 1 (N) "Revenue Recognition" for details on GRU's policy regarding fuel adjustment.

(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. For governmental activities, these liabilities are generally liquidated by the General Fund.

(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. The Utility Fund purchases plant and machinery insurance from a commercial carrier. There have been no significant reductions in insurance coverage from that in the prior year and settlements have not exceeded insurance coverage for the past three years. In addition, an actuarially computed liability of \$3,337,000 is recorded in the Utility Fund as a fully amortized deferred credit. The present value calculation assumes a rate of return of 4.5% with a confidence level of 75%. All claims for fiscal year 2013 were paid from current year's revenues.

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

| | BEGINNING OF FISCAL YEAR | | | END OF FISCAL YEAR |
|------------------|-------------------------------------|------------------------|------------------------|-------------------------------|
| | <u>LIABILITY</u> | <u>INCURRED</u> | <u>PAYMENTS</u> | <u>LIABILITY</u> |
| 2012-2013 | \$3,337,000 | \$1,487,246 | \$1,487,246 | \$3,337,000 |
| 2011-2012 | \$3,337,000 | \$1,175,634 | \$1,175,634 | \$3,337,000 |

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

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

| | BEGINNING OF FISCAL YEAR | | | END OF FISCAL YEAR |
|------------------|-------------------------------------|------------------------|------------------------|-------------------------------|
| | <u>LIABILITY</u> | <u>INCURRED</u> | <u>PAYMENTS</u> | <u>LIABILITY</u> |
| 2012-2013 | \$6,854,000 | \$2,758,488 | \$2,758,488 | \$6,854,000 |
| 2011-2012 | \$6,854,000 | \$2,854,514 | \$2,854,514 | \$6,854,000 |

CITY OF GAINESVILLE, FLORIDA
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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 \$225,000 per individual. No claims have exceeded insurance coverage in the last three years.

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

| | BEGINNING OF FISCAL YEAR | | | END OF FISCAL YEAR |
|------------------|-------------------------------------|------------------------|------------------------|-------------------------------|
| | <u>LIABILITY</u> | <u>INCURRED</u> | <u>PAYMENTS</u> | <u>LIABILITY</u> |
| 2012-2013 | \$1,304,271 | \$20,657,770 | \$20,598,683 | \$1,363,358 |
| 2011-2012 | \$1,048,386 | \$19,219,917 | \$18,964,032 | \$1,304,271 |

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 **4.4946 mills**. Taxes are levied and collected according to Florida State Statutes under the following calendar:

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

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

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Notes to Financial Statements
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(N) Revenue Recognition

Revenue is recorded as earned. GRU accrues for services rendered but unbilled, which amounted to approximately \$15.6 million for fiscal year 2013. Fuel adjustment revenue is recognized based on the actual fuel costs. Amounts charged to customers for fuel are based on estimated costs, which are adjusted for any differences between the actual and estimated costs once actual fuel costs are known. If the amount recovered through billings exceeds actual fuel costs, GRU records deferred fuel as a liability. If the amount recovered through billings is less than actual fuel costs, GRU records deferred fuel as an asset, for amounts to be collected through future rates. As of September 30, 2013, deferred costs were a liability of \$17.5 million. The deferred fuel balance is reported as part of current deferred charges on the statement of net position.

(O) 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.

(P) Statement of Cash Flows

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

(Q) Enterprise Activities

For its enterprise activities, the City applies all applicable GASB pronouncements. In accordance with the Utilities System Revenue Bond Resolution as Supplemented and Amended (Bond Resolution), utility rates are designed to cover operating and maintenance expense, debt service, utility plant improvement fund contributions and other revenue requirements, which exclude depreciation expense and other noncash expense items. This method of rate setting results in costs being included in the determination of rates in different periods than when these costs are recognized for financial statement purposes. The effects of these differences are recognized in the determination of operating income in the period that they occur, in accordance with the Utility's accounting policies. The Utility has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and substantially all provisions of the National Association of Regulatory Utility Commissioners (NARUC). Rates for the Utility Fund are approved annually by the City Commission.

(R) Rates and Regulation

GRU's rates are established in accordance with the Utilities System Bond Resolution and the Utilities System Subordinated Bond Resolution as adopted and amended. Under these documents, rates are set to recover Operation and Maintenance Expenses, Debt Service, Utility Plant Improvement Fund contributions, and costs for any other lawful purpose, such as the General Fund Transfer.

Each year during the budgeting process, and at any other times necessary, the City Commission approves rate changes and other changes to GRU's charges. GRU's cost of fuel and purchased power for the electric and natural gas systems is passed directly through to its customers. Each month, GRU staff estimates the cost of fuel and consumption for both the electric and natural gas systems. These estimates are combined with a true-up for actual costs from previous months into a current-month electric fuel adjustment and natural gas purchased gas adjustment. Revenue amounts over- or under-collected are either accrued or deferred at year-end.

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

CITY OF GAINESVILLE, FLORIDA
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GRU prepares its financial statements in accordance with GASB No. 62, paragraphs 476-500, *Regulated Operations*, and records various regulatory assets and liabilities. For a government to report under GASB No. 62, its rates must be designed to recover its costs of providing services, and the Utility must be able to collect those rates from customers. If it were determined, whether due to 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 GASB No. 62, but will continue to evaluate significant changes in the regulatory and competitive environment to assess continuing applicability of the criteria.

(S) Fund Balance Reporting

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. As of September 30, 2013, fund balances for governmental funds are comprised of the following:

- Nonspendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts and long-term note receivables.
- Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource provider.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, an ordinance adopted by the City Commission. Commitments may be changed or lifted only by the City Commission taking the same formal action that imposed the constraint originally.
- Assigned Fund Balance – comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. *Intent* is expressed by a body (for example a budget or finance committee) or official to whom the City’s Commission has delegated the authority to assign amounts to be used for specific purposes. The City Commission has delegated such authority to the City Manager.
- Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Unassigned Fund Balance also includes the negative fund balance of Special Revenue Funds due to expenditures incurred exceeding the amounts restricted, committed and assigned.

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

CITY OF GAINESVILLE, FLORIDA
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Fund balances for major and nonmajor governmental funds as of September 30, 2013 are classified as follows:

| | General Fund | Nonmajor Governmental Funds | Total |
|------------------------|----------------------|--------------------------------|----------------------|
| Nonspendable | | | |
| Inventory | \$ 18,050 | \$ - | \$ 18,050 |
| Long-term receivable | 2,941,537 | - | 2,941,537 |
| | <u>2,959,587</u> | <u>-</u> | <u>2,959,587</u> |
| Restricted for: | | | |
| General Government | - | 1,411,975 | 1,411,975 |
| Public Safety | - | 4,384,513 | 4,384,513 |
| Physical Environment | - | 2,978,281 | 2,978,281 |
| Transportation | - | 2,744,468 | 2,744,468 |
| Economic Environment | - | 14,610,413 | 14,610,413 |
| Human Services | - | 89,324 | 89,324 |
| Culture and Recreation | - | 316,156 | 316,156 |
| Capital Outlay | - | 29,827,995 | 29,827,995 |
| | <u>-</u> | <u>56,363,125</u> | <u>56,363,125</u> |
| Committed for: | | | |
| General Government | - | 71,201 | 71,201 |
| Culture and Recreation | - | 119,211 | 119,211 |
| Capital Outlay | - | 711,036 | 711,036 |
| | <u>-</u> | <u>901,448</u> | <u>901,448</u> |
| Assigned for: | | | |
| General Government | 225,320 | - | 225,320 |
| Public Safety | 477,274 | - | 477,274 |
| Transportation | 57,056 | - | 57,056 |
| Economic Environment | 4,547 | - | 4,547 |
| Culture and Recreation | 8,533 | - | 8,533 |
| Debt Service | - | 760,373 | 760,373 |
| Capital Outlay | - | 11,795,067 | 11,795,067 |
| | <u>772,730</u> | <u>12,555,440</u> | <u>13,328,170</u> |
| Unassigned | 13,408,146 | (2,499,106) | 10,909,040 |
| Total | <u>\$ 17,140,463</u> | <u>\$ 67,320,907</u> | <u>\$ 84,461,370</u> |

Encumbrances for major and nonmajor governmental funds as of September 30, 2013 are classified as follows:

| | General Fund | Nonmajor Governmental Funds | Total |
|------------------------|------------------|--------------------------------|----------------------|
| General Government | \$ 3,800 | \$ - | \$ 3,800 |
| Public Safety | 21,500 | 2,026,906 | 2,048,406 |
| Physical Environment | - | 597,215 | 597,215 |
| Transportation | 57,056 | 1,184,286 | 1,241,342 |
| Economic Environment | 4,547 | 221,339 | 225,886 |
| Human Services | - | 89,324 | 89,324 |
| Culture and Recreation | 8,533 | 34,502 | 43,035 |
| Capital Outlay | - | 10,834,265 | 10,834,265 |
| | <u>\$ 95,436</u> | <u>\$ 14,987,837</u> | <u>\$ 15,083,273</u> |

CITY OF GAINESVILLE, FLORIDA
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Restricted Net Position

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

The composition of net position "restricted for other purposes", based on third party external restrictions, at September 30, 2013 is:

Business-type activities

| | |
|--|--------------------------|
| Capital Surcharge | \$ 138,520 |
| Regional Transit Capital Acquisition Reserve | <u>468,600</u> |
| Total | <u><u>\$ 607,120</u></u> |

The government-wide statement of net position reports \$141,283,942 of restricted net position, of which \$45,273,559 is restricted by enabling legislation.

Reserve Policy

On September 12, 2005 the City Commission adopted the General Fund Reserve Policy to ensure General Government's orderly provision of services to its citizens, availability of adequate working capital, plan for contingencies, and retain the City's good standing with the rating agencies and the credit markets.

For each fiscal year, the unassigned Fund Balance of the General Fund will be at least 8.33% (one month) of the Proposed General Fund Revenue Budget (excluding one-time appropriations from fund balance). This balance is to provide for the following:

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

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

That portion of the General Fund unassigned fund balance that exceeds the minimum required level of 8.33% may be appropriated as needed and expended. No amount of the minimum required level of the General Fund unassigned fund balance may be expended unless it meets the purposes stated above and until appropriated by the City Commission, except as provided below for anticipated emergencies.

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

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

Upon completion of the audited financial statements, the Finance Director will review the final year-end results. If the General Fund unassigned fund balance falls below the required 8.33% minimum, the shortfall, if less than five percent, will be budgeted in its entirety in the succeeding budget year.

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

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

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

During the FY14 budget process, the City Commission directed staff to modify this policy to increase the percentage from 8.33% to 10% with the intent to get to 12.5% within the next three years as financially feasible. This proposed modification to the policy is being drafted for City Commission approval prior to the end of fiscal year 2014.

(T) Future Accounting Pronouncements

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

- Items previously reported as assets and liabilities;
- Accounting and financial reporting for pensions;
- Mergers, acquisitions and transfers of operations; and
- Financial guarantees.

The City is currently evaluating the effects that these statements will have on its financial statements for subsequent fiscal years.

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 32627 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 2013 for retirement and death benefits was 13.39% of covered payroll. This rate influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003A. The proceeds from this issue were utilized to retire the unfunded actuarial accrued liability at that time in the Employees' Plan. Administrative costs are financed through investment earnings.

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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 | \$ 10,523,454 |
| Interest on net pension obligation | (2,576,008) |
| Adjustment to annual required contribution | 2,819,988 |
| Annual Pension Cost | \$ 10,767,434 |
| Contributions Made | 10,206,334 |
| Change in net pension obligation | \$ 561,100 |
| Net Pension Obligation (Asset), beginning of year | (28,921,540) |
| Net Pension Obligation(Asset), end of year | \$ (28,360,440) |

The annual required contribution for the current year was determined as part of the September 30, 2011 actuarial valuation using the Individual Entry Age Actuarial Cost method. The actuarial assumptions included (a) 8.50% 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 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, 2013 was 30 years.

| Fiscal Year Ending | Annual Pension Cost (APC) | Contribution | Percentage of APC Contributed | Net Pension Obligation (Asset) |
|-----------------------------------|--|---------------------|--|---|
| 09/30/11 | \$ 10,133,955 | \$ 8,837,192 | 87.2% | \$ (29,691,035) |
| 09/30/12 | 9,454,422 | 8,684,927 | 91.9% | (28,921,540) |
| 09/30/13 | 10,767,434 | 10,206,334 | 94.8% | (28,360,440) |

Funded Status.

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded Funded Ratio (b) - (a) (a/b) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as % of covered payroll (b-a)/c |
|---|--|--|--|-----------------------------------|------------------------------------|---|
| 9/30/13 | \$ 273,171,000 | \$ 414,357,000 | \$ 141,186,000 | 65.93% | \$ 80,366,000 | 175.68% |

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

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

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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 32627 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 2013 for disability benefits was 0.34% 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 | \$ | 300,487 |
| Interest on net pension obligation | | (8,115) |
| Adjustment to annual required contribution | | 8,885 |
| Annual Pension Cost | \$ | 301,257 |
| Contributions Made | | 278,924 |
| Change in net pension obligation | \$ | 22,333 |
| Net Pension Obligation (Asset), beginning of year | | (95,471) |
| Net Pension Obligation(Asset), end of year | \$ | (73,138) |

Annual Contribution: The annual contribution for the current year was determined as part of the September 30, 2011 actuarial valuation using the individual entry age actuarial cost method. The actuarial assumptions included (a) 8.50% 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, 2013 was 15 years.

| Fiscal Year Ending | Annual Pension Cost (APC) | Contribution | Percentage of APC Contributed | Net Pension Obligation (Asset) |
|-----------------------------------|--|---------------------|--|---|
| 09/30/11 | \$ 515,403 | \$ 482,331 | 93.6% | \$ (109,201) |
| 09/30/12 | 288,426 | 274,696 | 95.2% | (95,471) |
| 09/30/13 | 301,257 | 278,924 | 92.6% | (73,138) |

Funded Status.

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded (UAAL) (b) - (a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as % of covered payroll (b-a)/c |
|---|--|--|--|-----------------------------------|------------------------------------|---|
| 09/30/13 | \$ 7,789,847 | \$ 2,643,839 | \$ (5,146,008) | 294.64% | \$ 80,365,984 | -6.40% |

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

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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 32627 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 2013 was 15.30% of covered payroll. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003B. In addition, State contributions, which totaled \$1,170,024, 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 | \$ 4,970,792 |
| Interest on net pension obligation | (2,870,893) |
| Adjustment to annual required contribution | 6,530,522 |
| Annual Pension Cost | \$ 8,630,421 |
| Contributions Made | 4,929,298 |
| Change in net pension obligation | \$ 3,701,123 |
| Net Pension Obligation (Asset), beginning of year | (31,561,396) |
| Net Pension Obligation(Asset), end of year | \$ (27,860,273) |

The annual required contribution for the current year was determined as part of the September 30, 2011 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 of 4% per year, based on years of service. Both (a) and (b) included an inflation component of 3.75%.

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, 2013 was 30 years.

| Year | Pension | | of APC | Pension |
|----------------------|--------------------------|----------------------------|---------------------------|----------------------------------|
| <u>Ending</u> | <u>Cost (APC)</u> | <u>Contribution</u> | <u>Contributed</u> | <u>Obligation (Asset)</u> |
| 09/30/11 | \$ 6,131,003 | \$ 3,481,586 | 56.8% | \$ (34,531,641) |
| 09/30/12 | 7,109,238 | 4,138,993 | 58.2% | (31,561,396) |
| 09/30/13 | 8,630,421 | 4,929,298 | 57.1% | (27,860,273) |

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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.

Funded Status.

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial | | Unfunded (UAAL) (b) - (a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as % of covered payroll (b-a)/c |
|--------------------------|-------------------------------|---------------------------------------|---------------|---------------------------|--------------------|---------------------|--------------------------------------|
| | | Accrued Liability (AAL) Entry Age (b) | | | | | |
| 10/01/12 | \$ 182,847,715 | \$ 221,822,502 | \$ 38,974,787 | 82.43% | \$ 23,953,977 | 162.71% | |

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

(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% of covered payroll. During fiscal year 2013, plan members contributed \$189,373 and the City contributed \$250,243.

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 32627 or by calling (352) 334-5054.

The RHCP has 1,034 retirees, spouses and dependents receiving benefits and has a total of 1,723 active participants. Of that total, 1,342 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 2013, the City's annual OPEB cost for the RHCP was \$3,318,685. 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, 2013 were as follows:

| | |
|--|------------------------|
| Annual required contribution | \$ 3,176,717 |
| Interest on net OPEB obligation | (1,498,934) |
| Adjustment to annual required contribution | 1,640,902 |
| Annual OPEB cost | \$ 3,318,685 |
| Contributions made | 3,028,733 |
| Change in net OPEB obligation (asset) | \$ 289,952 |
| Net OPEB obligation (asset), beginning of year | (19,266,231) |
| Net OPEB obligation(asset), end of year | \$ (18,976,279) |

| Year Ended | Annual OPEB Cost | Actual Employer Contribution | Percentage Contributed | Net Ending OPEB Obligation (Asset) |
|------------|------------------|------------------------------|------------------------|------------------------------------|
| 09/30/11 | \$ 3,166,700 | \$ 1,979,375 | 62.51% | \$ (19,648,974) |
| 09/30/12 | 3,292,685 | 2,909,942 | 88.38% | (19,266,231) |
| 09/30/13 | 3,318,685 | 3,028,733 | 91.26% | (18,976,279) |

Fiscal year 2005 was the year of implementation of GASB 43 and 45 and the City elected to implement prospectively. The City's contributions include \$2,490,213, \$2,396,511 and \$1,557,264 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 2013, 2012, and 2011, respectively.

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

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

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

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

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

Actuarial Methods and Assumptions. Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2011, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used included a 8.5% investment rate of return, compounded annually, net of investment expenses. The annual healthcare cost trend rate of 6% 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.

Funded Status.

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded (UAAL) (b) - (a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as % of covered payroll (b-a)/c |
|---------------------------------|--------------------------------------|--|----------------------------------|---------------------------|----------------------------|---|
| 9/30/2013 | \$ 57,374,787 | \$ 65,560,356 | \$ 8,185,569 | 87.51% | \$ 124,000,000 | 6.60% |

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

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.

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NOTE 5 – LONG-TERM DEBT AND CAPITAL LEASES

GOVERNMENTAL ACTIVITIES:

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

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

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

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

\$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.

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

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

\$361,856 Construction Promissory Note – Variable interest rate based on 5 Year Treasury Index plus 2.75%. In December 2009, a promissory note was entered into for construction of the CRA office building with Sunstate Federal Credit Union to be repaid from tax increment proceeds. Interest payable monthly beginning February 2010 and principal payable monthly beginning February 2011. Loan payments are amortized over a 360 month period with a balloon payment due February 2025. The interest rate was 5.99% at September 30, 2013.

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

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

\$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. During fiscal year 2007 the proceeds were fully expended and capitalized. These assets are being amortized as part of depreciation expense.

BUSINESS-TYPE ACTIVITIES:

\$186,000,000 Utilities System Revenue Bonds, Series 1983 - 6.0%, dated August 1, 1983, final maturity October 1, 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 as a whole or in part on any interest payment date, at a redemption price of 100% plus accrued interest to the date of redemption.

\$134,920,000 Utilities System Revenue Bonds, Series 1992B - 6.5%, dated March 1, 1992, final maturity October 1, 2013. The 1992B Bonds mature at various dates through October 1, 2013. 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.

\$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 not subject to redemption prior to maturity.

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

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\$196,950,000 2005 Utilities System Revenue Bonds Series 2005A – 4.75%-5.0%, dated November 16, 2005, mature on various dates through October 1, 2036 and were partially refunded as part of the 2012A Utilities System Revenue Bond issuance. The 2005A bonds will be subject to redemption at the option of the City on and after October 1, 2015 as a whole or in part at any time, at a redemption price of 100% of the principal amount, plus accrued interest to the date of redemption. The 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 (Federally Taxable) – 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, 0.07% at September 30, 2013, 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, 0.06% at September 30, 2013, 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.

\$139,505,000 2007 Utilities System Revenue Bonds Series 2007A – Variable interest rates based on market rates, 0.07% at September 30, 2013, 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.

\$105,000,000 Utilities System Revenue Bonds, Series 2008A (Federally Taxable) – 4.19% - 5.27%, dated February 13, 2008, final maturity October 1, 2020. The 2008A bonds will be subject to redemption prior to maturity at the election of the City in whole or in part, at a redemption price of 100% of the principal amount plus accrued interest to the date of redemption. The 2008A Bonds were issued to pay costs of acquisition and construction of the City’s utilities system.

\$90,000,000 Utilities System Revenue Bonds Series 2008B – Variable interest rates based on market rates, 0.07% at September 30, 2013, dated February 13, 2008, final maturity October 1, 2038. The 2008B bonds will be subject to redemption prior to maturity at the election of the City in whole or in part, at a redemption price of 100% of the principal amount plus accrued interest to the date of redemption. The 2008B Bonds were issued to pay costs of acquisition and construction of the City’s utilities system.

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Notes to Financial Statements
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\$24,190,000 Utilities System Revenue Bonds Series 2009A (Federally Taxable) – 3.37% - 3.59%, dated September 16, 2009, final maturity October 1, 2015. The 2009A bonds will be subject to redemption prior to maturity at the election of the City at a redemption price of 100% of the principal amount plus accrued interest to the redemption date. The 2009A bonds were issued to pay costs of acquisition and construction of the City's utilities system.

\$156,900,000 Utilities System Revenue Bonds Series 2009B (Federally Taxable) – 3.59%-5.65%, dated September 16, 2009, final maturity October 1, 2039. The 2009A bonds will be subject to redemption prior to maturity at the election of the City at a redemption price of 100% of the principal amount plus accrued interest to the redemption date. The 2009A bonds were issued to pay costs of acquisition and construction of the City's utilities system.

\$12,930,000 Utilities System Revenue Bonds Series 2010A (Federally Taxable) – 5.87%, dated November 1, 2010, final maturity October 1, 2030. The 2010A bonds will be subject to redemption prior to maturity at the election of the City at a redemption price so specified. The 2010A bonds were issued to (a) pay costs of acquisition and construction of the City's utilities system, (b) to provide for the payment of certain capitalized interest on the Taxable 2010 Series A Bonds, and (c) to pay the costs of issuance of the Taxable 2010 Series A Bonds.

\$132,445,000 Utilities System Revenue Bonds Series 2010B (Federally Taxable) – 6.02%, dated November 1, 2010, final maturity October 1, 2040. The 2010B bonds will be subject to redemption prior to maturity at the election of the City at a redemption price so specified. The 2010B bonds were issued to (a) pay costs of acquisition and construction of the City's utilities system, (b) to provide for the payment of certain capitalized interest on the Taxable 2010 Series B Bonds, and (c) to pay the costs of issuance of the Taxable 2010 Series B Bonds.

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

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

\$100,470,000 Utility System Revenue Bonds Series 2012B - Variable interest rates based on market rates, 0.06% at September 30, 2013, dated August 1, 2012, final maturity October 1, 2042. The 2012B bonds were issued (a) to refund \$31,560,000 in aggregate principal amount of the 2005 Series B Bonds, (b) to provide funds to refund \$17,570,000 in aggregate principal amount of the 2005 Series C Bonds, (c) to provide funds to refund \$25,930,000 in aggregate principal amount of the 2006 Series A Bonds, (d) to provide funds to refund \$14,405,000 in aggregate principal amount of the 2008 Series A Bonds, and (e) to pay costs of issuance of the 2012 Series B Bonds. These bonds mature at various dates through October 1, 2042. The 2012 Series B Bonds are subject to redemption prior to maturity, at a redemption price so specified.

Non-Utility Notes:

\$4,312,000 State Revolving Loan – Depot Park Remediation (FDEP) – In an agreement dated December 9, 2004, FDEP issued the City a loan not to exceed \$16,360,500 (including \$360,500 of capitalized interest) for remediation of the Depot Park area for stormwater improvements. The loan was amended on September 9, 2008 to reduce the available principal from \$16,000,000 to \$4,312,000 as the Utility chose to withdraw from the program before drawing any funds. The loan is made interest-free, but includes a 1.97% annual grant allocation assessment rate and a one-time 2% loan service fee. Repayment began in September 2007 and will continue semi-annually until the balance is repaid. Payable from non-ad valorem revenues, including stormwater fees. The principal balance outstanding at September 30, 2013 was \$465,363.

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

\$1,313,093 Capital Improvement Revenue Bonds, Series 2010 – 2.00% -4.375%, issued July 13, 2010, final maturity October 2030, payable solely from non-ad valorem revenues. Principal payable annually on October 1, beginning 2011. Interest payable semi-annually beginning October 1, 2010. The bonds are not subject to redemption prior to maturity. This note also funded an additional \$3,036,907 of capital projects for governmental activities.

Utility Notes

\$85,000,000 Utilities System Commercial Paper Notes, Series C Notes- 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 Girozentrale. This agreement has been extended to November 30, 2015. The obligation of the bank may be substituted by another bank that meets certain credit standards and which is approved by the Utility and the Agent. Under terms of the agreement, the Utility may borrow up to \$85,000,000 with same day availability ending on the termination date, as defined in the agreement. Interest is at a variable market rate which was 0.18% at September 30, 2013. Series C Notes of \$62,000,000 are outstanding as of September 30, 2013.

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 |
| 2014 | \$ 12,675,247 | \$ 7,002,503 | \$ 117,217,007 | \$ 23,510,969 |
| 2015 | 5,493,597 | 6,816,418 | 21,796,495 | 22,391,659 |
| 2016 | 5,712,976 | 6,995,403 | 22,436,651 | 21,635,719 |
| 2017 | 7,131,600 | 6,027,228 | 23,291,044 | 20,885,936 |
| 2018 | 6,858,976 | 6,788,627 | 24,221,018 | 20,101,254 |
| 2019-2023 | 30,229,427 | 34,462,673 | 128,502,495 | 87,218,865 |
| 2024-2028 | 30,298,833 | 32,390,012 | 114,376,065 | 69,673,654 |
| 2029-2033 | 37,876,153 | 5,393,289 | 176,023,848 | 51,056,882 |
| 2034-2038 | - | - | 183,210,000 | 36,129,061 |
| 2039-2043 | - | - | 166,695,000 | 7,896,410 |
| Total | <u>\$ 136,276,809</u> | <u>\$ 105,876,153</u> | <u>\$ 977,769,623</u> | <u>\$ 360,500,409</u> |

Interest rates used are per GASB No. 38, which requires the rate used in the calculations be that in effect as of September 30, 2013. Interest rates on variable-rate long-term debt belonging to the Utility were valued to be equal to 0.07% for the 2005C Series Bonds, 0.06% for the 2006A Series Bonds, 0.07% for the 2007A Series Bonds, 0.07% for the 2008B Series Bonds, 0.06% for the 2012 Series B Bonds and 0.18% for the 2008 Commercial Paper Notes, Series C.

Interest expense for the 2009B and 2010B Bonds have been shown net of the federal interest subsidy, which is equal to 27.8% of the annual interest expense for the duration of the bonds. The subsidy is recorded as non-operating revenue on the statement of revenue, expense and changes in net position and statement of activities.

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For the Utility's variable rate demand obligations (VRDO) appearing in the above schedule, support is provided in connection with tenders for purchase with various liquidity providers pursuant to standby bond purchase agreements (SBPA) relating to that series of obligation. The purchase price of the obligations tendered or deemed tendered for purchase is payable solely from the proceeds of the remarketing thereof and moneys drawn under the applicable SBPA. The current stated termination dates of the SBPAs range from March 1, 2014 to December 21, 2015. Each of the SBPA termination dates may be extended. At September 30, 2013, there were no outstanding draws under the SBPAs. The 2007A Bonds are supported by a SBPA that expires on March 1, 2014 which was extended to March 1, 2018 (see Note 17, "Subsequent Events" for further information). The 2008B Bonds which are supported by SPBAs that expire on May 9, 2014 have been reclassified to short-term debt in accordance with GASB Interpretation No. 1.

For the commercial paper notes appearing in the above schedule, to provide liquidity support, GRU has entered into revolving credit agreements with commercial banks. If moneys are not available to pay the principal of any maturing commercial paper notes during the term of the credit agreements, GRU is entitled to make a borrowing under the credit agreements. The termination dates of the credit agreements as of September 30, 2013 are September 11, 2014 and November 30, 2015. The credit agreement termination dates may be extended. Taxable Commercial Paper Notes, Series C had outstanding draws of \$62 million as of September 30, 2013 which are supported by a SBPA that expires on November 30, 2015. Taxable Commercial Paper Notes, Series D had no outstanding draws as of September 30, 2013 and are supported by a SBPA that expires on September 11, 2014. As of September 30, 2013, there were no outstanding draws under the credit agreements.

The balance outstanding at September 30, 2013 for defeased bonds was \$216.8 million.

Debt Service Requirements for Capital Lease

| Year ending September 30, | Governmental Activities | | |
|------------------------------|-------------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2014 | \$ 84,176 | \$ 17,216 | \$ 101,392 |
| 2015 | 87,765 | 13,627 | 101,392 |
| 2016 | 91,507 | 9,885 | 101,392 |
| 2017 | 95,409 | 5,983 | 101,392 |
| 2018 | 77,824 | 1,915 | 79,739 |
| Total | <u>\$ 436,681</u> | <u>\$ 48,626</u> | <u>\$ 485,307</u> |

DERIVATIVES:

GRU is a party to certain interest rate swap agreements. GRU applies hedge accounting where applicable (See Note 1(I) Futures and Options Contracts, Derivatives and Deferred Charges/Credits) for effective hedging instruments. For effective hedging instruments, the changes in fair value are recorded as deferred outflows and inflows on the statement of net position. According to GASB No. 53, the changes in fair value of ineffective hedging instruments would be recorded on the statement of activities as an adjustment to investment income. However, GRU has applied GASB No. 62, which permits for the change in fair value of ineffective hedging instruments to also be deferred as a regulatory item. Accordingly, GRU has elected to defer the ineffective portions, which are included on the statement of net position as regulatory assets in noncurrent assets.

Under GRU's interest rate swap programs, GRU either pays a variable rate of interest, which is based on various indices, and receives a fixed rate of interest for a specific period of time (unless earlier terminated), or GRU pays a fixed rate of interest and receives a variable rate of interest, which is based on various indices for a specified period of time (unless earlier terminated). These indices are affected by changes in the market. The net amounts received or paid under the swap agreements are recorded as an adjustment to interest on the debt in the statement of revenues,

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expenses, and changes in net position. No money is initially exchanged when GRU enters into a new interest rate swap transaction. Following is a disclosure of key aspects of the agreements.

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

Terms, fair values and credit risk. The terms, fair values and credit ratings of the outstanding swaps as of September 30, 2013 were as follows. The notional amounts of the swaps match the principal amounts of the associated debt.

| | | | |
|----------------------------|------------------------------|-------------------------|--------------------------|
| Associated Bond Issue | 2008CP* | 2005B* | 2005C* |
| Notional Amounts | \$ 22,000,000 | \$45,000,000 | \$ 55,135,000 |
| Effective Date | 07/03/2002 | 11/16/2005 | 11/1/2006 |
| Fixed Payer Rate | 4.100% | SIFMA | 3.200% |
| Variable Receiver Rate | SIFMA | 77.14% of 1 MO LIBOR | 60.36% of 10 YR LIBOR |
| Fair Value | \$(2,444,807) | \$(67,170) | \$(1,802,537) |
| Termination Date | 10/01/2017 | 10/01/2021 | 10/01/2026 |
| Counterparty Credit Rating | Baa2/A-/A | Aa2/AAA | Aa3/A+/A+- |
| Associated Bond Issue | 2006A* | 2008B* | 2008B* |
| Notional Amounts | \$ 53,305,000 | \$ 58,500,000 | \$ 31,500,000 |
| Effective Date | 07/06/2006 | 02/01/2008 | 02/01/2008 |
| Fixed Payer Rate | 3.224% | 4.229% | 4.229% |
| Variable Receiver Rate | 68% of 10 YR LIBOR-0.365% | SIFMA | SIFMA |
| Fair Value | \$(1,930,087) | \$(11,210,825) | \$(6,036,001) |
| Termination Date | 10/01/2026 | 10/01/2038 | 10/01/2038 |
| Counterparty Credit Rating | Aa2/AAA | Aa3/A+/A+ | Aa3/A+/A+ |
| Associated Bond Issue | 2007A* | | |
| Notional Amounts | \$ 139,505,000 | | |
| Effective Date | 03/01/2007 | | |
| Fixed Payer Rate | 3.944% | | |
| Variable Receiver Rate | SIFMA | | |
| Fair Value | \$(20,258,460) | | |
| Termination Date | 10/01/2036 | | |
| Counterparty Credit Rating | Aa2/AAA | | |

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

Fair Value. All seven of the swap agreements have negative fair values as of September 30, 2013. Due to the low interest rate environment, as compared to the period when the swaps were entered into, the fixed payer rates currently exceed the variable receiver rates. These swaps are based on a different variable receiver rate, which is partially responsible for the difference in performance.

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Swap payments and associated debt. Assuming interest rates remain the same as at September 30, 2013, debt service requirements on the interest rate swap would be as follows:

| Fiscal Year Ending Sept 30, | Variable Rate | | Fixed Rate | | Net Swap | Total |
|--------------------------------|-----------------------|---------------------|----------------------|---------------------|-----------------------|-----------------------|
| | Principal | Interest | Principal | Interest | Interest | |
| 2014 | \$ 90,300,000 | \$ 302,049 | \$ 460,000 | \$ 1,331,261 | \$ 11,296,411 | \$ 103,689,721 |
| 2015 | 5,410,000 | 229,656 | 485,000 | 1,306,974 | 7,248,859 | 14,680,489 |
| 2016 | 6,425,000 | 219,468 | 3,320,000 | 1,209,186 | 6,879,959 | 18,053,613 |
| 2017 | 6,620,000 | 208,673 | 3,495,000 | 1,031,069 | 6,501,173 | 17,855,915 |
| 2018 | 6,915,000 | 197,340 | 3,680,000 | 840,573 | 6,108,078 | 17,740,991 |
| 2019-2023 | 39,180,000 | 927,050 | 13,990,000 | 1,321,128 | 28,079,480 | 83,497,658 |
| 2024-2028 | 27,070,000 | 812,650 | - | - | 24,595,467 | 52,478,117 |
| 2029-2033 | 88,080,000 | 516,588 | - | - | 18,800,522 | 107,397,110 |
| 2034-2038 | 66,850,000 | 93,104 | - | - | 3,857,729 | 70,800,833 |
| Total | \$ 336,850,000 | \$ 3,506,578 | \$ 25,430,000 | \$ 7,040,191 | \$ 113,367,678 | \$ 486,194,447 |

The interest rates used are those in effect as of September 30, 2013.

| | Fair Value of Interest Rate Swaps at September 30, 2013 | Changes in Fair Value | Changes in Deferred (Inflows)/ Outflows | Changes in Regulatory (Asset)/ Liability for Ineffective Instruments |
|--------|---|--------------------------|--|---|
| 2008CP | \$ (2,444,807) | \$ 844,123 | \$ (846,926) | \$ 2,803 |
| 2005B | (67,170) | 146,521 | - | (146,521) |
| 2005C | (1,802,537) | 2,399,577 | - | (2,399,577) |
| 2006A | (1,930,087) | 2,613,665 | - | (2,613,665) |
| 2008B | (11,210,826) | 8,878,664 | (8,878,664) | - |
| 2008B | (6,036,001) | 4,785,201 | (4,785,201) | - |
| 2007A | (20,258,460) | 21,979,358 | (21,979,358) | - |
| | \$ (43,749,888) | \$ 41,647,109 | \$ (36,490,149) | \$ (5,156,960) |

Credit Risk. As of September 30, 2013 the fair value of all the swaps were negative, therefore the City is not subject to credit risk. To mitigate the potential for credit risk, the City 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 2008C Swap (formerly the 2002A Swap) is exposed to the difference between the weekly SIFMA index and CP maturity rate of less than 90 days based on current market conditions. As a result, savings may not be realized. As of September 30, 2013, the SIFMA rate was 0.07%.
- The 2005B Swap is exposed to basis risk through the potential mismatch of 77.14% of one month LIBOR and the SIFMA rate. As a result, savings may not be realized. As of September 30, 2013 the one month LIBOR rate was 0.17885%, which places the SIFMA at approximately 39.13% of one month LIBOR at that date.

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- The 2005C Swap is exposed to basis risk through the potential mismatch of 60.36% of 10-year LIBOR and the variable 31-day rollover rate. As a result, savings may not be realized.
- The 2006A Swap is exposed to basis risk through the potential mismatch of 68% of 10-year LIBOR less 0.365% and the variable 31-day rollover rate. As a result, savings may not be realized. As of September 30, 2013, the 10-year LIBOR rate was 2.788%.
- The 2007A Swap and the 2008B Swaps are exposed to the difference between SIFMA and the variable 31-day rollover rate.

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. It can also be terminated if credit ratings fall below established levels.

Interest Rate Risk. This risk is associated with the changes in interest rates that will adversely affect the fair values of GRU's swaps and derivatives. GRU's exposure to this risk is through its pay-fixed, variable interest rate swap agreements. GRU mitigates this risk by actively reviewing and negotiating its swap agreements.

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

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

PLEDGED REVENUES:

The 1994 and 2004 Guaranteed Entitlement Revenue and Refunding Bonds were issued to refund multiple prior issues and to fund road and building construction and repair projects. Both issues are secured by a lien upon and pledge of the City's Guaranteed Entitlement Funds. The remaining principal and interest payments on these bonds at September 30, 2013 total \$11,843,213, payable semiannually through July 1, 2024. Pledged revenue is \$1,100,340 each year, which is slightly greater than the annual debt requirement (in 2013, the coverage ratio was 0.9997).

Under the terms of the Bond Resolution relating to the sale of the Utilities System Revenue Bonds, payment of the principal and interest is secured by an irrevocable lien on GRU's net revenue (exclusive of any funds that may be established pursuant to the Bond Resolution for decommissioning and certain other specified purposes), including any investments and income thereof. The Bond Resolution contains certain restrictions and commitments, including GRU's covenant to establish and maintain rates and other charges to produce revenue sufficient to pay operation and maintenance expenses, amounts required for deposit in the debt service fund, and amounts required for deposit into the utility plant improvement fund.

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CHANGES IN LONG-TERM LIABILITIES:

Long-term liability activity for the year ended September 30, 2013 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within one year |
|---------------------------------|-----------------------|---------------------|----------------------|-----------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| Revenue bonds and loans | \$ 30,968,741 | \$ - | \$ 2,238,684 | \$ 28,730,057 | \$ 2,332,174 |
| Bond premium | 316,258 | - | 53,988 | 262,270 | - |
| Pension obligation bonds | 82,240,641 | - | 1,450,350 | 80,790,291 | 1,559,358 |
| OPEB obligation bonds | 12,230,000 | - | 4,800,000 | 7,430,000 | 7,430,000 |
| Less deferred amounts: | | | | | |
| For loss on refunding | 268,159 | - | 27,503 | 240,656 | - |
| For issuance discounts | 47,204 | - | 3,360 | 43,844 | - |
| Total bonds payable | 125,440,277 | - | 8,512,159 | 116,928,118 | 11,321,532 |
| Capital lease | 517,414 | - | 80,733 | 436,681 | 84,176 |
| Revenue note | 20,643,225 | - | 1,316,764 | 19,326,461 | 1,353,715 |
| Compensated absences | 3,780,004 | 2,037,980 | 1,924,071 | 3,893,913 | 145,100 |
| Total | <u>\$ 150,380,920</u> | <u>\$ 2,037,980</u> | <u>\$ 11,833,727</u> | <u>\$ 140,585,173</u> | <u>\$ 12,904,523</u> |

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within one year |
|----------------------------------|-----------------------|---------------------|----------------------|-----------------------|------------------------|
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| Utility revenue bonds | \$ 944,695,000 | \$ - | \$ 31,900,000 | \$ 912,795,000 | \$ 116,845,000 |
| Add: Issuance premiums | 12,735,184 | - | 1,803,838 | 10,931,346 | - |
| Less deferred amounts: | | | | | |
| For loss on refundings | 38,625,322 | - | 5,249,340 | 33,375,982 | - |
| For issuance discounts | 73,159 | - | 47,584 | 25,575 | - |
| Total bonds payable | 918,731,703 | - | 28,406,914 | 890,324,789 | 116,845,000 |
| Utility notes payable | 62,000,000 | - | - | 62,000,000 | - |
| Other notes payable | 3,337,135 | - | 362,512 | 2,974,623 | 372,007 |
| Compensated absences | 4,395,613 | 2,640,815 | 3,541,730 | 3,494,698 | 134,411 |
| Total | <u>\$ 988,464,451</u> | <u>\$ 2,640,815</u> | <u>\$ 32,311,156</u> | <u>\$ 958,794,110</u> | <u>\$ 117,351,418</u> |

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September 30, 2013

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|----------------------|---------------------|-----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 28,821,334 | \$ 1,728,322 | \$ 211,354 | \$ 30,338,302 |
| Construction in progress | 31,838,934 | 11,857,790 | 3,047,350 | 40,649,374 |
| Total capital assets, not being depreciated | <u>60,660,268</u> | <u>13,586,112</u> | <u>3,258,704</u> | <u>70,987,676</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 58,617,617 | 4,436,997 | 5,802,024 | 57,252,590 |
| Improvements other than buildings | 14,080,153 | 351,386 | 126,874 | 14,304,665 |
| Machinery and equipment | 42,290,385 | 3,995,105 | 3,740,492 | 42,544,998 |
| Infrastructure | <u>166,599,896</u> | <u>6,051,981</u> | <u>-</u> | <u>172,651,877</u> |
| Total capital assets being depreciated | 281,588,051 | 14,835,469 | 9,669,390 | 286,754,130 |
| Less accumulated depreciation for: | | | | |
| Buildings | (23,921,022) | (1,812,840) | (3,443,990) | (22,289,872) |
| Improvements other than buildings | (6,273,010) | (578,679) | (124,037) | (6,727,652) |
| Machinery and equipment | (31,915,847) | (3,573,738) | (3,670,602) | (31,818,983) |
| Infrastructure | <u>(104,766,640)</u> | <u>(2,712,263)</u> | <u>-</u> | <u>(107,478,903)</u> |
| Total accumulated depreciation | <u>(166,876,519)</u> | <u>(8,677,520)</u> | <u>(7,238,629)</u> | <u>(168,315,410)</u> |
| Total capital assets, being depreciated, net | <u>114,711,532</u> | <u>6,157,949</u> | <u>2,430,761</u> | <u>118,438,720</u> |
| Governmental activities capital assets, net | <u>\$ 175,371,800</u> | <u>\$ 19,744,061</u> | <u>\$ 5,689,465</u> | <u>\$ 189,426,396</u> |

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

| | |
|---|---------------------|
| General Government | \$ 960,124 |
| Public Safety | 1,289,510 |
| Transportation | 3,091,131 |
| Economic Environment | 1,497 |
| Culture & Recreation | 1,308,667 |
| 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>2,026,591</u> |
| Total depreciation expense - governmental activities | <u>\$ 8,677,520</u> |

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2013

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-------------------------|-----------------------|-----------------------|-------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 5,899,513 | \$ 1,452,148 | \$ 81,189 | \$ 7,270,472 |
| Construction in progress | <u>146,542,728</u> | <u>102,250,373</u> | <u>104,862,087</u> | <u>143,931,014</u> |
| Total capital assets, not being depreciated | 152,442,241 | 103,702,521 | 104,943,276 | 151,201,486 |
| Capital assets, being depreciated: | | | | |
| Utility plant and equipment | 1,674,493,431 | 104,862,087 | 91,571,155 | 1,687,784,363 |
| Buildings | 7,945,078 | 8,878 | 11,961 | 7,941,995 |
| Improvements other than buildings | 4,357,264 | 22,002 | - | 4,379,266 |
| Machinery and equipment | 36,978,368 | 2,692,175 | 415,651 | 39,254,892 |
| Infrastructure | <u>27,818,780</u> | <u>1,589,234</u> | <u>-</u> | <u>29,408,014</u> |
| Total capital assets, being depreciated | 1,751,592,921 | 109,174,376 | 91,998,767 | 1,768,768,530 |
| Less accumulated depreciation for: | | | | |
| Utility plant and equipment | (610,691,631) | (52,406,260) | (59,573,932) | (603,523,959) |
| Buildings | (2,620,223) | (279,692) | (11,961) | (2,887,954) |
| Improvements other than buildings | (2,270,659) | (154,541) | - | (2,425,200) |
| Machinery and equipment | (17,231,516) | (3,276,701) | (415,651) | (20,092,566) |
| Infrastructure | <u>(18,571,017)</u> | <u>(240,976)</u> | <u>-</u> | <u>(18,811,993)</u> |
| Total accumulated depreciation | (651,385,046) | (56,358,170) | (60,001,544) | (647,741,672) |
| Total capital assets, being depreciated, net | <u>1,100,207,875</u> | <u>52,816,206</u> | <u>31,997,223</u> | <u>1,121,026,858</u> |
| Business-type activities capital assets, net | <u>\$ 1,252,650,116</u> | <u>\$ 156,518,727</u> | <u>\$ 136,940,499</u> | <u>\$ 1,272,228,344</u> |

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

| | |
|---|----------------------|
| Utility | \$ 52,406,260 |
| Regional Transit System | 3,470,560 |
| Stormwater | 310,169 |
| Ironwood | 142,508 |
| Florida Building Code Enforcement | 2,435 |
| Solid Waste | 26,238 |
| Total depreciation expense - business type activities | <u>\$ 56,358,170</u> |

For the Utility, the average depreciation rate was 3.12% for utility plant and equipment for fiscal year 2013.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2013

NOTE 7 - INDIVIDUAL FUND DEFICITS

The following funds had deficit net position or fund balances at September 30, 2013:

Special Revenue Funds

Community Redevelopment Agency Fund \$(2,499,106)

Enterprise Fund

Ironwood Golf Course \$(466,455)

The Community Redevelopment Agency Fund has a negative fund balance due to long term advances from the General Fund for redevelopment projects. These advances are described in more detail in Note 9.

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

NOTE 8 - COMPOSITION OF RECEIVABLES AND PAYABLES

Governmental activities

Receivables:

General Fund – Net accounts receivable as of September 30, 2013 are comprised of approximately 27% taxes (communications services tax and payment in lieu of taxes), 7% due from other governments, 5% receivables from employees, and 61% other receivables.

Nonmajor governmental funds – Net accounts receivable as of September 30, 2013 consist of approximately 99% intergovernmental receivables, and 1% other receivables.

Payables:

General Fund – As of September 30, 2013, the payables balance in the General Fund consists of 49% wages payable and 51% other payables.

Nonmajor governmental funds – Payables balances as of September 30, 2013 are comprised of 13% construction related obligations and 87% other payables.

Business-type activities

Receivables:

Utility Fund – As of September 30, 2013 the net accounts receivable balance in the Utility Fund consists of 100% customer receivables for billed and unbilled utility services.

Nonmajor Enterprise Funds – Net accounts receivable as of September 30, 2013 are comprised of approximately 64% intergovernmental receivables and 36% other receivables.

Payables:

Utility Fund – As of September 30, 2013 the payables balance in the Utility Fund consists of 15% fuels payable, 45% standard vendor payables, 10% intergovernmental payables, 22% wages payable and 8% other payables.

Nonmajor Enterprise Funds – As of September 30, 2013 payables balances consist of 100% standard vendor payables.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2013

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

Due to/from other funds:

| Due to: | Due from: | | | Total |
|------------------|---------------------|------------------------------|----------------------------|----------------------|
| | Utility | Nonmajor governmental | Nonmajor Enterprise | |
| General | \$ 3,766,559 | \$ 1,639,577 | \$ - | \$ 5,406,136 |
| Utility | - | 2,519,697 | - | 2,519,697 |
| Nonmajor | | | | |
| Governmental | 773,813 | - | - | 773,813 |
| Internal Service | 405,504 | - | - | 405,504 |
| Nonmajor | | | | |
| Enterprise | 760,790 | - | 7,685,632 | 8,446,422 |
| Total | \$ 5,706,666 | \$ 4,159,274 | \$ 7,685,632 | \$ 17,551,572 |

The \$7,685,632 interfund payable between enterprise funds resulted from Ironwood and Regional Transit overdrawing their share of the pooled cash account. The \$1,639,577 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.

Advances to/from other funds:

The Advance to Other Funds balance in the General Fund and the Advance from Other Funds in the Nonmajor Governmental Funds resulted from various notes between the City and the Community for Redevelopment Agency (CRA) blended component unit for various projects within the four CRA districts. A description of each note is listed below:

\$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 was made in 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 2020.

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

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

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2013

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

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

\$355,165 Loan Advance for Construction of Model Homes – 3.0% fixed annual interest rate. In December 2011, the City established a construction line of credit for the construction of model block homes in the 5th Avenue Tax Increment District of the CRA. The CRA draws down on the line of credit to reimburse contractors for the construction cost of the model homes. Principal payment along with accrued interest is paid back to the City from the sale proceeds of the home at closing.

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

| Year ending September 30, | Advances from General Fund to CRA | | |
|------------------------------|-----------------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2014 | \$ 226,979 | \$ 124,120 | \$ 351,099 |
| 2015 | 235,599 | 114,708 | 350,307 |
| 2016 | 246,392 | 104,872 | 351,264 |
| 2017 | 255,096 | 94,267 | 349,363 |
| 2018 | 267,505 | 83,051 | 350,556 |
| 2019-2023 | 1,252,283 | 232,136 | 1,484,419 |
| 2024-2025 | 320,399 | 18,017 | 338,416 |
| Total | \$ 2,804,253 | \$ 771,171 | \$ 3,575,424 |

Interfund transfers:

| | Transfers from: | | | | | Total |
|----------------------|----------------------|----------------------|-----------------------|---------------------|---------------------|----------------------|
| | General | Utility | Nonmajor governmental | Internal Service | Nonmajor Enterprise | |
| Transfers to: | | | | | | |
| General | \$ - | \$ 36,656,458 | \$ 211,095 | \$ 300,000 | \$ 358,602 | \$ 37,526,155 |
| Nonmajor | | | | | | |
| Governmental | 15,774,250 | - | 4,107,303 | 2,912,598 | 1,634,769 | 24,428,920 |
| Nonmajor | | | | | | |
| Enterprise | 1,276,278 | - | 474,315 | - | - | 1,750,593 |
| Total | \$ 17,050,528 | \$ 36,656,458 | \$ 4,792,713 | \$ 3,212,598 | \$ 1,993,371 | \$ 63,705,668 |

The Utility transfer totaling \$36,656,458 to the General Fund is based on a formula adopted by the City Commission. Please refer to Note 10 for more detail. \$10,243,129 was transferred from the General Fund to Debt Service Funds for scheduled debt service payments. Other interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2013

NOTE 10 - ENTERPRISE FUND (UTILITY FUND) TRANSFERS TO GENERAL FUND

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

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

The transfer to the General Fund for the year ended September 30, 2013 was \$36,656,458.

NOTE 11 - 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; however, GRU does not anticipate any more than "de minimus" liability at any of these 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 impacts 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. During fiscal year 2013, expenditures which reduced the liability balance were \$0.6 million. In accordance with GASB 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the reserve was reduced \$1.3 million due to new project estimates and probabilities, bringing the reserve balance at September 30, 2013 to \$0.7 million.

GRU is recovering the costs of this clean-up through customer charges. A regulatory asset was established as a deferred charge in the accompanying statements of net position to represent the balance of customer charges. Fiscal 2013 billings were \$1.0 million. This reduced the deferred asset balance to \$17.3 million as of September 30, 2013.

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 GRU's financial position, results of operations or liquidity.

GRU has a possible environmental liability related to an oil contamination at the Kelly Generating Station. In July 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.

The City is involved in several pending lawsuits in the normal course of operations. There are also certain pending unasserted potential 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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2013

NOTE 12 – 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, 2005 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 6.7% in the venture, and it accounted for this investment using equity accounting. 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 \$24.0 million and sales transactions of \$0.3 million in fiscal year 2013. TEA's profit on these transactions has been reflected as a reduction to GRU's reported revenue or expense. As of September 30, 2013, GRU's investment in TEA was \$2.3 million.

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 banks, GRU's aggregate obligation for electric energy marketing transactions entered into by TEA on behalf of its members was \$9.6 million as of September 30, 2013. GRU's aggregate obligation for TEA's natural gas marketing transactions, under similar agreements and executed guaranties, was \$13.0 million as of September 30, 2013.

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

NOTE 13 – 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. This program is based on feedback and direction from GRU's Risk Oversight Committee, consultation and recommendations from reputable risk management sources, and close monitoring of the market.

The information below provides a summary of results based on GRU's risk management activity during fiscal year 2013 (in thousands, except MMBTU's).

| | Fair Value of Cash Flow Hedges at September 30, 2013 | Changes in Fair Value | Deferred (Inflows)/ Outflows of Resources | Notional Amount (MMBTU's) |
|-------------|---|--------------------------|---|------------------------------|
| Natural Gas | \$ 3,018 | \$ (741) | \$ (28) | 1,230 |

Realized gains or losses related to hedging positions are deferred under the rate-setting policy. During fiscal year 2013, GRU recognized losses of \$0.7 million related to the gas hedging agreements.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2013

NOTE 14 – OTHER NON-CURRENT LIABILITIES

Other non-current liabilities for the year ended September 30, 2013 are as follows (in thousands):

| | Beginning | | | Ending | Amounts Due |
|---------------------------------|------------------|-----------------|-------------------|------------------|-------------|
| | Balance | Additions | Reductions | Balance | Within One |
| | | | | | Year |
| Reserve for Insurance Claims | \$ 3,337 | \$ 1,487 | \$ (1,487) | \$ 3,337 | \$ - |
| Reserve for Decommissioning CR3 | 10,278 | 1,988 | - | 12,266 | - |
| Reserve for Environmental | 1,890 | - | (1,890) | - | - |
| Total | <u>\$ 15,505</u> | <u>\$ 3,475</u> | <u>\$ (3,377)</u> | <u>\$ 15,603</u> | <u>\$ -</u> |

NOTE 15 – 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, 2013, there was one Industrial Revenue bond outstanding, with an aggregate principal amount payable of \$5,000,000.

NOTE 16 – EXTRAORDINARY ITEM

As stated in Note 1 (G), GRU owns a 1.4079% interest in CR3 nuclear power plant operated by PEF. The plant has been offline since late 2009 due to damages to the periphery of the containment wall causing delaminated concrete. These damages occurred while PEF was creating an opening in the structure to remove and replace the steam generators inside. The unit was already shut down for refueling and maintenance at the time of the incident and has remained shut down since that time.

During fiscal year 2013, PEF announced that it retired the CR3 plant. The decision came after a comprehensive analysis of the CR3 containment structure. PEF is working to develop a comprehensive decommissioning plan, which will determine the resources needed as well as other elements of the decommissioning.

The plant is permanently shut down and will not generate any additional power. GRU has written off the full amount of the investment in the plant as an extraordinary item during fiscal year 2013. Potential costs to GRU for the decommissioning of CR3 will be determined by negotiations and settlement with PEF. GRU management currently believes that the existing decommissioning reserve is sufficient to cover the projected costs of decommissioning the plant.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2013

NOTE 17 – SUBSEQUENT EVENTS

Consolidated Pension Plan

On December 5, 2013, effective January 1, 2014, the City Commission approved an ordinance amending the City's Consolidated Pension Plan (Plan) for the International Association of Firefighters. The Plan modifications were bargained through the City's collective bargaining process. The changes modified the components of final average earnings, modified eligibility for normal retirement, reduced the multiplier, increased the required employee contribution and made other changes mandated by Florida Statutes. These changes will apply to members of the Plan to varying degrees depending on whether the member is a new City employee, non-vested, vested or retirement eligible. These modifications to the Plan will reduce the required City contributions to the Plan by \$900,000 over the next five fiscal years.

Refunding

In February 2014, the City issued Refunding Revenue Note, Series 2014 to take advantage of favorable interest rates to refinance the Capital Improvement Revenue Bonds, Series 2005 issued on November 30, 2005. The Note amount was for \$14,715,000 payable with Non-Ad Valorem Revenues commencing on October 1, 2014 with final payment due October 1, 2025. Interest rate is fixed at 2.40% payable semi-annually. Total interest savings from this refinancing is estimated to be \$1,023,664 with a net present value of \$893,913.

Subsequent Liquidity Facility

As of February 11, 2014, GRU obtained an extension for the liquidity facility for the 2007A Bonds. The renewal of the liquidity facility is the first amendment to the SBPA between GRU and State Street Bank Trust Company. The original SBPA that was set to expire on March 1, 2014 was extended to March 1, 2018.

Power Purchase Agreement

On April 29, 2009, GRU and Gainesville Renewable Energy Center, LLC (GREC) entered into a Purchase Power Agreement for the Supply of Dependable Capacity, Energy and Environmental Attributes from a Biomass-Fired Power Production Facility (the PPA). The PPA includes provisions for a period of time prior to the Commercial Operation Date (COD) of the Biomass Plant as well as additional provisions for the thirty-year period beginning on the COD.

The PPA requires GREC to build, operate and maintain a 100 MW (net) biomass-fired power production facility and to sell 100% of the power generated to GRU. Prior to the COD, the only financial responsibility that GRU had in relation to the PPA was to purchase any test power generated at the variable operations and maintenance (O&M) rates plus fuel charges. GRU did not incur any fuel energy (fixed) payments during the period prior to the COD. GRU incurred expense of \$1.5 million in fiscal year 2013 for the purchase of test power.

The COD occurred on December 17, 2013. Beginning on that date, GRU began to purchase the generated power at the full contract rate, which included a non-fuel energy charge (fixed per MWh of available energy), a fixed O&M charge (per MWh of available energy), a variable O&M charge (per MWh of delivered energy), a fuel charge (based on a base fuel charge plus fuel price adjuster, applied to MWh of delivered energy), any shutdown charges incurred and ad valorem taxes incurred and paid by GREC. In the event that the Biomass Plant is unable to generate power, no payment shall be due from GRU to GREC under the PPA.

The payments due from GRU to GREC under the PPA, assuming 102.5 MW with 90% targeted availability and 90% capacity factor, are estimated to be approximately \$102.5 million per year, off which \$63.9 million is fixed, \$31.4 million is variable and \$7.2 million is property tax. The capacity factor has been 73% since COD.

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | BUDGETED AMOUNTS | | ACTUAL | ENCUMBRANCES | BUDGETARY BASIS | VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE) |
|---|---------------------|-----------------------|---------------------|--------------------|---------------------|--|
| | ORIGINAL | FINAL | | | | |
| REVENUES | | | | | | |
| Taxes | \$ 40,474,225 | \$ 40,474,225 | \$ 39,622,592 | \$ - | \$ 39,622,592 | \$ (851,633) |
| Licenses and Permits | 846,430 | 846,430 | 899,441 | - | 899,441 | 53,011 |
| Intergovernmental | 11,026,594 | 10,963,453 | 11,186,436 | - | 11,186,436 | 222,983 |
| Charges for Services | 12,975,174 | 12,988,078 | 13,048,662 | - | 13,048,662 | 60,584 |
| Fines and Forfeitures | 1,445,955 | 1,445,955 | 1,172,915 | - | 1,172,915 | (273,040) |
| Miscellaneous | 1,014,636 | 1,041,685 | 52,928 | - | 52,928 | (988,757) |
| TOTAL REVENUES | 67,783,014 | 67,759,826 | 65,982,974 | - | 65,982,974 | (1,776,852) |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | 15,302,784 | 15,451,576 | 14,531,919 | 3,800 | 14,535,719 | 915,857 |
| Public Safety | 55,326,406 | 55,675,850 | 54,099,796 | 21,500 | 54,121,296 | 1,554,554 |
| Physical Environment | 180,149 | 186,149 | 189,699 | - | 189,699 | (3,550) |
| Transportation | 11,441,831 | 11,403,752 | 10,792,136 | 57,056 | 10,849,192 | 554,560 |
| Economic Environment | 414,918 | 470,057 | 331,851 | 4,547 | 336,398 | 133,659 |
| Human Services | 130,032 | 143,032 | 111,428 | - | 111,428 | 31,604 |
| Culture and Recreation | 6,962,647 | 6,984,857 | 6,949,034 | 8,533 | 6,957,567 | 27,290 |
| TOTAL EXPENDITURES | 89,758,767 | 90,315,273 | 87,005,863 | 95,436 | 87,101,299 | 3,213,974 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (21,975,753) | (22,555,447) | (21,022,889) | (95,436) | (21,118,325) | 1,437,122 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | 37,496,809 | 37,536,244 | 37,526,155 | - | 37,526,155 | (10,089) |
| Transfers Out | (15,794,770) | (17,072,698) | (17,050,528) | - | (17,050,528) | 22,170 |
| TOTAL OTHER FINANCING SOURCES (USES) | 21,702,039 | 20,463,546 | 20,475,627 | - | 20,475,627 | 12,081 |
| NET CHANGE IN FUND BALANCES | \$ (273,714) | \$ (2,091,901) | \$ (547,262) | \$ (95,436) | \$ (642,698) | \$ 1,449,203 |

CITY OF GAINESVILLE, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
SEPTEMBER 30, 2013

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

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

The City Manager can approve budget transfers within and between operating departments and divisions of the same fund. All interfund budget transfers require prior approval of the City Commission, as do transfers from contingency funds exceeding \$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. It is necessary to include the budgetary encumbrances to reflect actual revenues and expenditures on a budgetary basis consistent with the City's legally adopted budget. The following fiscal year's budget is amended to reappropriate the fund balance represented by encumbrances.

As illustrated on the previous page, on the budgetary basis, total expenditures were \$3,213,974 less than the final budget. Revenues were recognized in an amount \$1,776,852 less than the final budget. Including other financing sources and uses, the General Fund fund balance increased by \$1,449,203 more than was budgeted.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF FUNDING PROGRESS
EMPLOYEES' PENSION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded (UAAL) (b) - (a) | Funded ratio (a/b) | Covered Payroll (c) | UAAL as % of covered payroll (b-a)/c |
|---|--|--|--|-------------------------------|------------------------------------|---|
| 09/30/13 | \$ 273,171,000 | \$ 414,357,000 | \$ 141,186,000 | 65.93% | \$ 80,366,000 | 175.68% |
| 09/30/12 | 261,968,000 | 399,599,000 | 137,631,000 | 65.56% | 80,426,000 | 171.13% |
| 09/30/11 | 271,957,000 | 388,365,000 | 116,408,000 | 70.03% | 81,386,000 | 143.03% |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF FUNDING PROGRESS
DISABILITY PENSION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded (UAAL) (b) - (a) | Funded ratio (a/b) | Covered Payroll (c) | UAAL as % of covered payroll (b-a)/c |
|---|--|--|--|-------------------------------|------------------------------------|---|
| 09/30/13 | \$ 7,789,847 | \$ 2,643,839 | \$ (5,146,008) | 294.64% | \$ 80,365,984 | -6.40% |
| 09/30/12 | 6,673,712 | 2,947,760 | (3,725,952) | 226.40% | 82,039,340 | -4.54% |
| 09/30/11 | 5,653,722 | 2,716,699 | (2,937,023) | 208.11% | 81,446,055 | -3.61% |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF FUNDING PROGRESS
POLICE OFFICERS' AND FIREFIGHTERS' CONSOLIDATED PENSION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded (UAAL) (b) - (a) | Funded ratio (a/b) | Covered Payroll (c) | UAAL as % of covered payroll (b-a)/c |
|---|--|--|--|-------------------------------|------------------------------------|---|
| 10/01/12 | \$ 182,847,715 | \$ 221,822,502 | \$ 38,974,787 | 82.43% | \$ 23,953,977 | 162.71% |
| 10/01/11 | 174,567,199 | 211,009,097 | 36,441,898 | 82.73% | 25,133,953 | 144.99% |
| 10/01/10 | 176,925,241 | 199,836,557 | 22,911,316 | 88.53% | 24,342,597 | 94.12% |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) Entry Age (b)</u> | <u>Unfunded (UAAL) (b) - (a)</u> | <u>Funded ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as % of covered payroll (b-a)/c</u> |
|--|---|---|---|--------------------------------------|---|--|
| 09/30/13 | \$ 57,374,787 | \$ 65,560,356 | \$ 8,185,569 | 87.51% | \$ 124,000,000 | 6.60% |
| 09/30/12 | 50,448,282 | 61,493,434 | 11,045,152 | 82.04% | 122,000,000 | 9.05% |
| 09/30/11 | 44,229,562 | 63,676,679 | 19,447,117 | 69.46% | 116,000,000 | 16.76% |

CITY OF GAINESVILLE, FLORIDA
NOTES TO SCHEDULES OF FUNDING PROGRESS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | EMPLOYEES' PLAN | | DISABILITY PLAN | | CONSOLIDATED PLAN | | OPEB PLAN |
|--|----------------------------|-------------|----------------------------|-------------|------------------------------|-------------|----------------------|
| Valuation Date | 09/30/13 | | 09/30/13 | | 10/01/12 | | 09/30/13 |
| 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* | 8.50% per annum | | 8.50% per annum | | 8.50% per annum | | 8.50% 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 - 34 | 6 | |
| | 12 - 16 | 4 | 12 - 16 | 4 | 35 - 39 | 5 | |
| | Over 16 | 3.75 | Over 16 | 3.75 | 40 & older | 4 | |
| Health Care Cost Trend Rate | not applicable | | not applicable | | not applicable | | 6% |

* 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.

CITY OF
GAINESVILLE

every path starts with passion

FLORIDA

NONMAJOR GOVERNMENT FUNDS

SPECIAL REVENUE FUNDS

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

The City maintains the following Special Revenue Funds:

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

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

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

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

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

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

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

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

American Recovery & Reinvestment Act (ARRA) Grants Fund – to account for multiple ARRA grants, which are restricted in purpose and are segregated from other grants to provide for more transparent reporting of stimulus funding.

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

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

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

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

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

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

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

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

Tourist Destination Enhancement Fund – to account for Tourist Development tax dollars passed through from the County and awarded as grants to artistic, eco-tourism and new program projects that will promote tourism in the area.

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

Proportionate Fair Share Program Fund – to account for developer contributions and related projects associated with proportionate fair share agreements in accordance with the City’s Land Development Code’s Proportionate Fair-Share Program, as authorized by FS 163.3180, allowing developments outside of the TCEA to proceed by contributing towards the cost of traffic management system and transit improvements.

Tourist Product Development Fund-FY10 - to account for Tourist Product Development tax dollars passed through from the County and awarded as grants to artistic, eco-tourism and new program projects that will promote tourism in the area during fiscal year 2010. The City’s Parks, Recreation and Cultural Affairs Department administers the program for Alachua County.

Tourist Product Development Fund-FY11 - to account for Tourist Product Development tax dollars passed through from the County and awarded as grants to artistic, eco-tourism and new program projects that will promote tourism in the area during fiscal year 2011. The City’s Parks, Recreation and Cultural Affairs Department administers the program for Alachua County.

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

The City maintains the following Debt Service Funds:

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

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

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

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

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

Other Post-Employment Benefit (OPEB) Obligation Bonds Series 2005 – to account for funds to accumulate the debt service requirements of the other post-employment benefit obligation bonds.

Capital Improvement Revenue Bond (CIRB) Series 2005 – to account for funds to accumulate the debt service requirements of the CIRB of 2005.

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

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

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

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

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

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

The City maintains the following Capital Projects Funds:

General Capital Projects Fund - to account for costs of various projects, which are of relatively small dollar value in nature. Financing is generally provided by operating transfers from other funds of the City and interest earnings.

Public Improvement Construction Fund - to account for the costs of various capital projects funded by the nonrefunding portion of the 1994 Guaranteed Entitlement Revenue & Refunding Bonds & interest earnings.

American Recovery and Reinvestment Act Fund - to account for multiple ARRA capital projects funded by ARRA grants, which are restricted in purpose and are segregated from other capital projects funds to provide for more transparent reporting of stimulus spending.

Greenspace Acquisition Fund - to account for the costs of acquiring undeveloped land. Financing is provided by operating transfers from other funds of the City and interest earnings.

Roadway Construction Fund 96 - to account for the costs of roadway improvements financed through First Florida Governmental Financing Commission borrowings (1996) and interest earnings.

Capital Projects Fund 02 – to account for the costs of various capital projects financed by the First Florida Governmental Financing Commission 2002 and interest earnings.

Fifth Avenue/Pleasant Street Rehabilitation Project Fund 02 – to account for the acquisition and rehabilitation of properties in the Fifth Avenue/Pleasant Street district financed through the First Florida Governmental Financing Commission 2002 and interest earnings.

Downtown Parking Garage Sales Tax Fund – to account for construction costs of the Alachua County Criminal Courthouse parking facilities financed by the local option sales tax.

FFGFC 05 Capital Projects Fund – to account for the costs of various capital projects financed by the First Florida Governmental Financing Commission 2005 and interest earnings.

39th Avenue Fleet Garage Expansion Fund – to account for the costs of the expansion of the 39th Avenue Fleet garage.

Capital Improvement Revenue Bond (CIRB) 2005 CIP Fund – to account for the costs of various capital projects financed by the CIRB 2005 and interest earnings.

Kennedy Homes Acquisition/Demolition Fund – to account for the costs of acquiring the Kennedy Homes property, and for associated demolition and remodeling costs associated with the property's rehabilitation.

Campus Development Agreement (CDA) Capital Projects Fund – to account for the costs of projects specified to be funded by the Campus Development Agreement, provided by the University of Florida.

Energy Conservation Capital Projects Fund – to account for the costs of projects related to energy conservation funded by the CIRN 2009 debt issue.

Additional 5 Cents Local Option Gas Tax (LOGT) Capital Projects Fund – to account for the receipt and expenditure of the additional five cent local option gas tax.

Additional 5 Cents Local Option Gas Tax (LOGT) CIRN 2009 Capital Projects Fund – to account for the expenditure of the CIRN 2009 proceeds to be repaid with additional five cent local option gas tax.

Traffic Management System Building Capital Projects Fund – to account for the costs of the traffic management system building project.

Capital Improvement Revenue Note (CIRN) 2009 Capital Projects Fund – to account for the costs of various capital projects financed by the CIRN 2009 and interest earnings.

Wild Spaces Public Places ½ Cent Sales Tax Capital Projects Fund – to account for the receipt of a portion of the Wild Spaces Public Places two-year ½ cent sales tax and the related capital projects associated with public recreation funded by the tax and interest earnings.

Wild Spaces Public Places Land Acquisition Capital Projects Fund – to account for the receipt of a portion of the Wild Spaces Public Places two-year ½ cent sales tax and the related capital projects associated with land acquisition funded by the tax and interest earnings.

Senior Recreation Center Capital Projects Fund – to account for the costs of the construction of the Senior Recreation Center.

Capital Improvement Revenue Bond (CIRB) 2010 CIP Fund – to account for the costs of various capital projects financed by the CIRB 2010 and interest earnings.

Capital Improvement Revenue Note (CIRN) 2011 CIP Fund – to account for the costs of various capital projects financed by the CIRN 2011 and interest earnings.

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

| | 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 EN- FORCEMENT CONTRABAND FORFEITURE FUND |
| <u>ASSETS</u> | | | | | | |
| Equity in Pooled Cash and Investments | \$ - | \$ 1,267,419 | \$ - | \$ 149,844 | \$ 77,358 | \$ 4,164,993 |
| Investments | - | - | - | - | - | - |
| Receivables | 515,580 | 26,026 | 697,380 | 1,443 | - | - |
| Due from Other Funds | - | - | - | - | - | - |
| Assets Held for Evidence | - | - | - | - | 300,257 | - |
| TOTAL ASSETS | \$ 515,580 | \$ 1,293,445 | \$ 697,380 | \$ 151,287 | \$ 377,615 | \$ 4,164,993 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 13,731 | \$ - | \$ 18,176 | \$ 1,764 | \$ (2,826) | \$ 36,403 |
| Due to Other Funds | 297,445 | - | 481,243 | - | - | - |
| Advances from Other Funds | - | - | - | - | - | - |
| Deferred Revenue | 31,942 | 26,026 | 99,366 | - | 300,257 | - |
| TOTAL LIABILITIES | 343,118 | 26,026 | 598,785 | 1,764 | 297,431 | 36,403 |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted Fund Balance | 172,462 | 1,267,419 | 98,595 | 149,523 | 80,184 | 4,128,590 |
| Committed Fund Balance | - | - | - | - | - | - |
| Assigned Fund Balance | - | - | - | - | - | - |
| Unassigned Fund Balance | - | - | - | - | - | - |
| TOTAL FUND BALANCES | 172,462 | 1,267,419 | 98,595 | 149,523 | 80,184 | 4,128,590 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 515,580 | \$ 1,293,445 | \$ 697,380 | \$ 151,287 | \$ 377,615 | \$ 4,164,993 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

SPECIAL REVENUE FUNDS (continued)

| | POLICE BILLABLE OVERTIME FUND | COMMUNITY REDEVEL- OPMENT AGENCY FUND | AMERICAN RECOVERY & REINVEST- MENT ACT GRANTS FUND | STREET, SIDEWALK AND DITCH IMPROVE- MENT FUND | ECONOMIC DEVELOP- MENT FUND | MISCEL- LANEOUS GIFTS AND GRANTS FUND |
|---|--|--|---|--|--|--|
| <u>ASSETS</u> | | | | | | |
| Equity in Pooled Cash and Investments | \$ - | \$ 317,501 | \$ - | \$ 156,855 | \$ 171,893 | \$ - |
| Investments | - | - | - | - | - | - |
| Receivables | 104,876 | 2,690 | 60,932 | 3,913 | 74,608 | 3,354,994 |
| Due from Other Funds | - | - | - | - | - | - |
| Assets Held for Evidence | - | - | - | - | - | - |
| TOTAL ASSETS | \$ 104,876 | \$ 320,191 | \$ 60,932 | \$ 160,768 | \$ 246,501 | \$ 3,354,994 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 4,062 | \$ 15,044 | \$ 29,806 | \$ - | \$ 4,872 | \$ 94,777 |
| Due to Other Funds | 99,226 | - | 31,126 | 186 | - | 3,131,307 |
| Advances from Other Funds | - | 2,804,253 | - | - | - | - |
| Deferred Revenue | - | - | - | 3,913 | - | 11,766 |
| TOTAL LIABILITIES | 103,288 | 2,819,297 | 60,932 | 4,099 | 4,872 | 3,237,850 |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted Fund Balance | 1,588 | - | - | 156,669 | 241,629 | 117,144 |
| Committed Fund Balance | - | - | - | - | - | - |
| Assigned Fund Balance | - | - | - | - | - | - |
| Unassigned Fund Balance | - | (2,499,106) | - | - | - | - |
| TOTAL FUND BALANCES | 1,588 | (2,499,106) | - | 156,669 | 241,629 | 117,144 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 104,876 | \$ 320,191 | \$ 60,932 | \$ 160,768 | \$ 246,501 | \$ 3,354,994 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

SPECIAL REVENUE FUNDS (continued)

| | TRANSPOR- TATION CONCURRENCY EXCEPTION AREA <u>FUND</u> | WATER AND WASTEWATER SURCHARGE INFRA- STRUCTURE <u>FUND</u> | SHIP <u>FUND</u> | SMALL BUSINESS LOAN <u>FUND</u> | MISC- ELLANEOUS SPECIAL REVENUE <u>FUND</u> |
|---|--|--|-----------------------------|--|--|
| <u>ASSETS</u> | | | | | |
| Equity in Pooled Cash and Investments | \$ 2,686,175 | \$ 1,148,159 | \$ 568,790 | \$ 71,201 | \$ 1,445,230 |
| Investments | - | - | - | - | - |
| Receivables | - | - | - | - | 22,812 |
| Due from Other Funds | - | - | - | - | - |
| Assets Held for Evidence | - | - | - | - | - |
| TOTAL ASSETS | <u>\$ 2,686,175</u> | <u>\$ 1,148,159</u> | <u>\$ 568,790</u> | <u>\$ 71,201</u> | <u>\$ 1,468,042</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable and Accrued Liabilities | \$ - | \$ - | \$ - | \$ - | \$ 885 |
| Due to Other Funds | - | 1,506 | - | - | - |
| Advances from Other Funds | - | - | - | - | - |
| Deferred Revenue | - | - | - | - | - |
| TOTAL LIABILITIES | <u>-</u> | <u>1,506</u> | <u>-</u> | <u>-</u> | <u>885</u> |
| <u>FUND BALANCES</u> | | | | | |
| Restricted Fund Balance | 2,686,175 | 1,146,653 | 568,790 | - | 1,467,157 |
| Committed Fund Balance | - | - | - | 71,201 | - |
| Assigned Fund Balance | - | - | - | - | - |
| Unassigned Fund Balance | - | - | - | - | - |
| TOTAL FUND BALANCES | <u>2,686,175</u> | <u>1,146,653</u> | <u>568,790</u> | <u>71,201</u> | <u>1,467,157</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 2,686,175</u> | <u>\$ 1,148,159</u> | <u>\$ 568,790</u> | <u>\$ 71,201</u> | <u>\$ 1,468,042</u> |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

SPECIAL REVENUE FUNDS (continued)

| | TOURIST DESTINATION ENHANCE- MENT FUND | TOURIST PRODUCT DEVELOP FUND | PROPOR- TIONATE FAIR SHARE PROGRAM FUND | TOURIST PRODUCT DEVELOP FY10 FUND | TOURIST PRODUCT DEVELOP FY11 FUND | TOURIST PRODUCT DEVELOP FY12 FUND |
|---|---|---|--|--|--|--|
| <u>ASSETS</u> | | | | | | |
| Equity in Pooled Cash and Investments | \$ 35,920 | \$ - | \$ 58,293 | \$ - | \$ - | \$ 25,825 |
| Investments | - | - | - | - | - | - |
| Receivables | 14,343 | - | - | - | - | 41,060 |
| Due from Other Funds | - | - | - | - | - | - |
| Assets Held for Evidence | - | - | - | - | - | - |
| TOTAL ASSETS | \$ 50,263 | \$ - | \$ 58,293 | \$ - | \$ - | \$ 66,885 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to Other Funds | - | - | - | - | - | - |
| Advances from Other Funds | - | - | - | - | - | - |
| Deferred Revenue | - | - | - | - | - | - |
| TOTAL LIABILITIES | - | - | - | - | - | - |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted Fund Balance | 50,263 | - | 58,293 | - | - | 66,885 |
| Committed Fund Balance | - | - | - | - | - | - |
| Assigned Fund Balance | - | - | - | - | - | - |
| Unassigned Fund Balance | - | - | - | - | - | - |
| TOTAL FUND BALANCES | 50,263 | - | 58,293 | - | - | 66,885 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 50,263 | \$ - | \$ 58,293 | \$ - | \$ - | \$ 66,885 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

SPECIAL REVENUE FUNDS (continued)

| | TOURIST PRODUCT DEVELOP FY13 FUND | EVERGREEN CEMETERY TRUST FUND | SCHOOL CROSSING GUARD TRUST FUND | ART IN PUBLIC PLACES TRUST FUND | DOWNTOWN REDEVELOP- MENT TAX INCREMENT FUND |
|---|--|--|---|--|--|
| <u>ASSETS</u> | | | | | |
| Equity in Pooled Cash and Investments | \$ 79,464 | \$ 68,944 | \$ 57,007 | \$128,811 | \$ 2,372,762 |
| Investments | - | 1,606,015 | - | - | - |
| Receivables | 14,449 | - | - | - | 8,108 |
| Due from Other Funds | - | - | - | - | - |
| Assets Held for Evidence | - | - | - | - | - |
| TOTAL ASSETS | \$ 93,913 | \$ 1,674,959 | \$ 57,007 | \$128,811 | \$ 2,380,870 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 44,428 | \$ - | \$ - | \$ 9,600 | \$ 3,351 |
| Due to Other Funds | - | - | - | - | - |
| Advances from Other Funds | - | - | - | - | - |
| Deferred Revenue | - | - | - | - | - |
| TOTAL LIABILITIES | 44,428 | - | - | 9,600 | 3,351 |
| <u>FUND BALANCES</u> | | | | | |
| Restricted Fund Balance | 49,485 | 1,674,959 | 57,007 | - | 2,377,519 |
| Committed Fund Balance | - | - | - | 119,211 | - |
| Assigned Fund Balance | - | - | - | - | - |
| Unassigned Fund Balance | - | - | - | - | - |
| TOTAL FUND BALANCES | 49,485 | 1,674,959 | 57,007 | 119,211 | 2,377,519 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 93,913 | \$ 1,674,959 | \$ 57,007 | \$128,811 | \$ 2,380,870 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

| | <u>SPECIAL REVENUE FUNDS (concluded)</u> | | | <u>DEBT SERVICE FUNDS</u> | | |
|---|--|---------------------|---------------------|---------------------------|---------------|--------------------|
| | <u>FIFTH</u> | <u>COLLEGE</u> | <u>EASTSIDE</u> | | | <u>GUARANTEED</u> |
| | <u>AVENUE</u> | <u>PARK TAX</u> | <u>TAX</u> | <u>FFGFC</u> | <u>FFGFC</u> | <u>ENTITLEMENT</u> |
| | <u>TAX</u> | <u>INCREMENT</u> | <u>INCREMENT</u> | <u>SERIES</u> | <u>SERIES</u> | <u>REFUNDING</u> |
| | <u>INCREMENT</u> | <u>FUND</u> | <u>FUND</u> | <u>2005</u> | <u>2007</u> | <u>BONDS 2004</u> |
| | <u>FUND</u> | <u>FUND</u> | <u>FUND</u> | | | |
| <u>ASSETS</u> | | | | | | |
| Equity in Pooled Cash and Investments | \$ 739,619 | \$ 7,731,280 | \$ 1,635,611 | \$ 9,946 | \$ - | \$ 106,198 |
| Investments | - | - | - | - | - | - |
| Receivables | 1,390 | - | 1,075 | - | - | - |
| Due from Other Funds | - | - | - | - | - | - |
| Assets Held for Evidence | - | - | - | - | - | - |
| TOTAL ASSETS | \$ 741,009 | \$ 7,731,280 | \$ 1,636,686 | \$ 9,946 | \$ - | \$ 106,198 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 28,667 | \$ 151,777 | \$ 9,000 | \$ - | \$ - | \$ - |
| Due to Other Funds | - | - | - | - | - | - |
| Advances from Other Funds | - | - | - | - | - | - |
| Deferred Revenue | 1,390 | - | - | - | - | - |
| TOTAL LIABILITIES | 30,057 | 151,777 | 9,000 | - | - | - |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted Fund Balance | 710,952 | 7,579,503 | 1,627,686 | - | - | - |
| Committed Fund Balance | - | - | - | - | - | - |
| Assigned Fund Balance | - | - | - | 9,946 | - | 106,198 |
| Unassigned Fund Balance | - | - | - | - | - | - |
| TOTAL FUND BALANCES | 710,952 | 7,579,503 | 1,627,686 | 9,946 | - | 106,198 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 741,009 | \$ 7,731,280 | \$ 1,636,686 | \$ 9,946 | \$ - | \$ 106,198 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

DEBT SERVICE FUNDS (continued)

| | PENSION OBLIGATION BOND SERIES <u>2003A</u> | PENSION OBLIGATION BOND SERIES <u>2003B</u> | OTHER POST- EMPLOYMENT (OPEB) BONDS 2005 | CAPITAL IMPROVEMENT REVENUE BOND (CIRB) SERIES 2005 | GPD ENERGY CONSERV. MASTER CAPITAL LEASE | CAPITAL IMPROVEMENT REVENUE NOTE (CIRN) 2009 |
|---|--|--|---|--|---|---|
| <u>ASSETS</u> | | | | | | |
| Equity in Pooled Cash and Investments | \$ 80,037 | \$ 94,346 | \$ 209,759 | \$ 73,363 | \$ 46,954 | \$ 75,286 |
| Investments | - | - | - | - | - | - |
| Receivables | - | - | - | - | - | - |
| Due from Other Funds | - | - | - | - | - | - |
| Assets Held for Evidence | - | - | - | - | - | - |
| TOTAL ASSETS | \$ 80,037 | \$ 94,346 | \$ 209,759 | \$ 73,363 | \$ 46,954 | \$ 75,286 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to Other Funds | - | - | - | - | - | - |
| Advances from Other Funds | - | - | - | - | - | - |
| Deferred Revenue | - | - | - | - | - | - |
| TOTAL LIABILITIES | - | - | - | - | - | - |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted Fund Balance | - | - | - | - | - | - |
| Committed Fund Balance | - | - | - | - | - | - |
| Assigned Fund Balance | 80,037 | 94,346 | 209,759 | 73,363 | 46,954 | 75,286 |
| Unassigned Fund Balance | - | - | - | - | - | - |
| TOTAL FUND BALANCES | 80,037 | 94,346 | 209,759 | 73,363 | 46,954 | 75,286 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 80,037 | \$ 94,346 | \$ 209,759 | \$ 73,363 | \$ 46,954 | \$ 75,286 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

| | <u>DEBT SERVICE FUNDS (concluded)</u> | | | <u>CAPITAL PROJECTS FUNDS</u> | |
|---|--|---|--|--|---|
| | <u>CAPITAL IMPROVEMENT REVENUE BOND (CIRB) SERIES 2010</u> | <u>REVENUE REFUNDING NOTE SERIES 2011</u> | <u>CAPITAL IMPROVEMENT REVENUE NOTE SERIES 2011A</u> | <u>GENERAL CAPITAL PROJECTS FUND</u> | <u>PUBLIC IMPROVEMENT CONSTRUCTION FUND</u> |
| <u>ASSETS</u> | | | | | |
| Equity in Pooled Cash and Investments | \$ 32,816 | \$ 7,323 | \$ 24,345 | \$ 9,198,342 | \$ 11,202 |
| Investments | - | - | - | - | - |
| Receivables | - | - | - | 19,500 | - |
| Due from Other Funds | - | - | - | - | - |
| Assets Held for Evidence | - | - | - | - | - |
| TOTAL ASSETS | \$ 32,816 | \$ 7,323 | \$ 24,345 | \$ 9,217,842 | \$ 11,202 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable and Accrued Liabilities | \$ - | \$ - | \$ - | \$ 633,745 | \$ - |
| Due to Other Funds | - | - | - | 14,294 | - |
| Advances from Other Funds | - | - | - | - | - |
| Deferred Revenue | - | - | - | - | - |
| TOTAL LIABILITIES | - | - | - | 648,039 | - |
| <u>FUND BALANCES</u> | | | | | |
| Restricted Fund Balance | - | - | - | - | - |
| Committed Fund Balance | - | - | - | - | - |
| Assigned Fund Balance | 32,816 | 7,323 | 24,345 | 8,569,803 | 11,202 |
| Unassigned Fund Balance | - | - | - | - | - |
| TOTAL FUND BALANCES | 32,816 | 7,323 | 24,345 | 8,569,803 | 11,202 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 32,816 | \$ 7,323 | \$ 24,345 | \$ 9,217,842 | \$ 11,202 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

CAPITAL PROJECTS FUNDS (continued)

| | AMERICAN RECOVERY AND REINVESTMENT ACT FUND | GREENSPACE ACQUISITION FUND | ROADWAY CONSTRUCTION FUND 96 | CAPITAL PROJECTS FUND 02 | FIFTH AVENUE/ PLEASANT ST REHAB PROJ FUND 02 | DOWNTOWN PARKING GARAGE SALES TAX FUND |
|--|--|--|---|---|---|---|
| ASSETS | | | | | | |
| Equity in Pooled Cash and Investments | \$ - | \$ 1,657,371 | \$ 63,049 | \$ 1,416,439 | \$ 69,871 | \$ 37,043 |
| Investments | - | - | - | - | - | - |
| Receivables | - | - | - | - | - | - |
| Due from Other Funds | - | - | - | - | - | - |
| Assets Held for Evidence | - | - | - | - | - | - |
| TOTAL ASSETS | \$ - | \$ 1,657,371 | \$ 63,049 | \$ 1,416,439 | \$ 69,871 | \$ 37,043 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ - | \$ - | \$ - | \$ 14,206 | \$ - | \$ - |
| Due to Other Funds | - | - | - | 83,586 | - | - |
| Advances from Other Funds | - | - | - | - | - | - |
| Deferred Revenue | - | - | - | - | - | - |
| TOTAL LIABILITIES | - | - | - | 97,792 | - | - |
| FUND BALANCES | | | | | | |
| Restricted Fund Balance | - | - | - | 1,318,647 | - | 37,043 |
| Committed Fund Balance | - | - | - | - | - | - |
| Assigned Fund Balance | - | 1,657,371 | 63,049 | - | 69,871 | - |
| Unassigned Fund Balance | - | - | - | - | - | - |
| TOTAL FUND BALANCES | - | 1,657,371 | 63,049 | 1,318,647 | 69,871 | 37,043 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ - | \$ 1,657,371 | \$ 63,049 | \$ 1,416,439 | \$ 69,871 | \$ 37,043 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

CAPITAL PROJECTS FUNDS (continued)

| | FFGFC 05 CAPITAL PROJECTS FUND | 39TH AVENUE FLEET GARAGE EXPANSION FUND | CAPITAL IMPROVEMENT REVENUE BOND (CIRB) 2005 CIP FUND | KENNEDY HOMES ACQUISITION/ DEMOLITION FUND | CAMPUS DEVELOPMENT AGREEMENT CAPITAL PROJECTS FUND |
|---|---|--|--|---|---|
| <u>ASSETS</u> | | | | | |
| Equity in Pooled Cash and Investments | \$ 698,425 | \$ 1,864,915 | \$ 4,385,792 | \$ 711,036 | \$ 9,771,968 |
| Investments | - | - | - | - | - |
| Receivables | - | - | - | - | - |
| Due from Other Funds | - | 773,813 | - | - | - |
| Assets Held for Evidence | - | - | - | - | - |
| TOTAL ASSETS | \$ 698,425 | \$ 2,638,728 | \$ 4,385,792 | \$ 711,036 | \$ 9,771,968 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 115,992 | \$ 1,276,642 | \$ 20,706 | \$ - | \$ 19,985 |
| Due to Other Funds | - | - | - | - | - |
| Advances from Other Funds | - | - | - | - | - |
| Deferred Revenue | - | - | - | - | - |
| TOTAL LIABILITIES | 115,992 | 1,276,642 | 20,706 | - | 19,985 |
| <u>FUND BALANCES</u> | | | | | |
| Restricted Fund Balance | 582,433 | - | 4,365,086 | - | 9,751,983 |
| Committed Fund Balance | - | - | - | 711,036 | - |
| Assigned Fund Balance | - | 1,362,086 | - | - | - |
| Unassigned Fund Balance | - | - | - | - | - |
| TOTAL FUND BALANCES | 582,433 | 1,362,086 | 4,365,086 | 711,036 | 9,751,983 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 698,425 | \$ 2,638,728 | \$ 4,385,792 | \$ 711,036 | \$ 9,771,968 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

CAPITAL PROJECTS FUNDS (continued)

| | ENERGY CONSERVATION CAPITAL PROJECTS FUND | ADD'L 5 CENTS LOCAL OPTION GAS TAX (LOGT) CAPITAL PROJECTS FUND | ADD'L 5 CENTS GAS TAX (LOGT) CIRN 2009 CAPITAL PROJECTS FUND | TRAFFIC MANAGEMENT SYSTEM BLDG CAPITAL PROJECTS FUND |
|---|--|--|---|---|
| <u>ASSETS</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 61,685 | \$ 3,777,934 | \$ 4,503,600 | \$ 144,503 |
| Investments | - | - | - | - |
| Receivables | - | - | - | - |
| Due from Other Funds | - | - | - | - |
| Assets Held for Evidence | - | - | - | - |
| TOTAL ASSETS | \$ 61,685 | \$ 3,777,934 | \$ 4,503,600 | \$ 144,503 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable and Accrued Liabilities | \$ - | \$ 3,750 | \$ 5,976 | \$ - |
| Due to Other Funds | - | - | - | - |
| Advances from Other Funds | - | - | - | - |
| Deferred Revenue | - | - | - | - |
| TOTAL LIABILITIES | - | 3,750 | 5,976 | - |
| <u>FUND BALANCES</u> | | | | |
| Restricted Fund Balance | - | 3,774,184 | 4,497,624 | 144,503 |
| Committed Fund Balance | - | - | - | - |
| Assigned Fund Balance | 61,685 | - | - | - |
| Unassigned Fund Balance | - | - | - | - |
| TOTAL FUND BALANCES | 61,685 | 3,774,184 | 4,497,624 | 144,503 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 61,685 | \$ 3,777,934 | \$ 4,503,600 | \$ 144,503 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

CAPITAL PROJECTS FUNDS (continued)

| | CAPITAL IMP REVENUE NOTE (CIRN) 2009 CAPITAL PROJECTS FUND | WILD SPACES PUBLIC PLACES 1/2 CENT SALES TAX CAPITAL PROJECTS FUND | WILD SPACES PUBLIC PLACES LAND ACQ. CAPITAL PROJECTS FUND | SENIOR RECREATION CENTER CAPITAL PROJECTS FUND |
|---|---|---|--|---|
| <u>ASSETS</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 49,158 | \$ 1,086,020 | \$ 238,066 | \$ 134,889 |
| Investments | - | - | - | - |
| Receivables | - | - | - | - |
| Due from Other Funds | - | - | - | - |
| Assets Held for Evidence | - | - | - | - |
| | - | - | - | - |
| TOTAL ASSETS | \$ 49,158 | \$ 1,086,020 | \$ 238,066 | \$ 134,889 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable and Accrued Liabilities | \$ 24,843 | \$ - | \$ - | \$ - |
| Due to Other Funds | - | - | - | - |
| Advances from Other Funds | - | - | - | - |
| Deferred Revenue | - | - | - | - |
| | - | - | - | - |
| TOTAL LIABILITIES | 24,843 | - | - | - |
| <u>FUND BALANCES</u> | | | | |
| Restricted Fund Balance | 24,315 | 1,086,020 | 238,066 | 134,889 |
| Committed Fund Balance | - | - | - | - |
| Assigned Fund Balance | - | - | - | - |
| Unassigned Fund Balance | - | - | - | - |
| | - | - | - | - |
| TOTAL FUND BALANCES | 24,315 | 1,086,020 | 238,066 | 134,889 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 49,158 | \$ 1,086,020 | \$ 238,066 | \$ 134,889 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

| | <u>CAPITAL PROJECTS FUNDS (concluded)</u> | | |
|---|---|--------------------------------|---------------------------------|
| | <u>CAPITAL IMP</u> | <u>CAPITAL IMP</u> | |
| | <u>REVENUE BOND</u> | <u>REVENUE NOTE</u> | |
| | <u>(CIRB) 2010</u> | <u>(CIRN) 2011</u> | <u>TOTAL</u> |
| | <u>CAPITAL</u> | <u>CAPITAL</u> | <u>NONMAJOR</u> |
| | <u>PROJECTS</u> | <u>PROJECTS</u> | <u>GOVERNMENTAL</u> |
| | <u>FUND</u> | <u>FUND</u> | <u>FUNDS</u> |
| <u>ASSETS</u> | | | |
| Equity in Pooled Cash and Investments | \$ 2,598,346 | \$ 1,698,968 | \$ 70,097,949 |
| Investments | - | - | 1,606,015 |
| Receivables | - | - | 4,965,179 |
| Due from Other Funds | - | - | 773,813 |
| Assets Held for Evidence | - | - | 300,257 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL ASSETS | <u>\$ 2,598,346</u> | <u>\$ 1,698,968</u> | <u>\$ 77,743,213</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>LIABILITIES</u> | | | |
| Accounts Payable and Accrued Liabilities | \$ - | \$ 404,757 | \$ 2,984,119 |
| Due to Other Funds | - | 19,355 | 4,159,274 |
| Advances from Other Funds | - | - | 2,804,253 |
| Deferred Revenue | - | - | 474,660 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES | <u>-</u> | <u>424,112</u> | <u>10,422,306</u> |
| <u>FUND BALANCES</u> | | | |
| Restricted Fund Balance | 2,598,346 | 1,274,856 | 56,363,125 |
| Committed Fund Balance | - | - | 901,448 |
| Assigned Fund Balance | - | - | 12,555,440 |
| Unassigned Fund Balance | - | - | (2,499,106) |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL FUND BALANCES | <u>2,598,346</u> | <u>1,274,856</u> | <u>67,320,907</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 2,598,346</u> | <u>\$ 1,698,968</u> | <u>\$ 77,743,213</u> |

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | SPECIAL REVENUE FUNDS | | | | | |
|---|---|--|-----------------------|---|---|---|
| | COMMUNITY DEVELOP- MENT BLOCK GRANT FUND | URBAN DEVELOP- MENT ACTION GRANT FUND | HOME GRANT FUND | CULTURAL AND NATURE PROJECTS FUND | STATE LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND | FEDERAL LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 2,084,237 | - | 602,180 | - | - | - |
| Charges for Services | 4,005 | - | - | 414,366 | - | - |
| Fines and Forfeitures | - | - | - | - | 33,743 | 701,672 |
| Miscellaneous | 3,161 | 181,709 | 39,082 | 38,241 | 11,785 | 146,210 |
| TOTAL REVENUES | 2,091,403 | 181,709 | 641,262 | 452,607 | 45,528 | 847,882 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | 200,802 | - | - | - | 67,165 | 305,000 |
| Physical Environment | - | - | - | - | - | - |
| Transportation | 4,093 | - | - | - | - | - |
| Economic Environment | 1,668,256 | - | 637,988 | - | - | - |
| Human Services | 180,440 | - | - | - | - | - |
| Culture and Recreation | - | - | - | 458,192 | - | - |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 2,053,591 | - | 637,988 | 458,192 | 67,165 | 305,000 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 37,812 | 181,709 | 3,274 | (5,585) | (21,637) | 542,882 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | 1,911 | - | - | - | - | 28,871 |
| Transfers Out | (39,723) | - | (3,274) | (7,246) | - | (1,324,208) |
| TOTAL OTHER FINANCING SOURCES (USES) | (37,812) | - | (3,274) | (7,246) | - | (1,295,337) |
| NET CHANGE IN FUND BALANCES | - | 181,709 | - | (12,831) | (21,637) | (752,455) |
| FUND BALANCES, October 1 | 172,462 | 1,085,710 | 98,595 | 162,354 | 101,821 | 4,881,045 |
| FUND BALANCES, September 30 | \$ 172,462 | \$ 1,267,419 | \$ 98,595 | \$ 149,523 | \$ 80,184 | \$ 4,128,590 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

SPECIAL REVENUE FUNDS (continued)

| | POLICE BILLABLE OVERTIME FUND | COMMUNITY REDEVELOPMENT AGENCY FUND | AMERICAN RECOVERY & REINVEST- MENT ACT GRANTS FUND | STREET, SIDEWALK AND DITCH IMPROVEMENT FUND | ECONOMIC DEVELOP- MENT FUND | MISCEL- LANEOUS GIFTS AND GRANTS FUND |
|---|--|--|---|--|--|--|
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | 132,334 | - | - | 5,791,572 |
| Charges for Services | 611,343 | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Miscellaneous | - | (21,788) | - | (8,403) | 288,861 | (162,334) |
| TOTAL REVENUES | 611,343 | (21,788) | 132,334 | (8,403) | 288,861 | 5,629,238 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | - | 62,809 | - | - | - | - |
| Public Safety | 663,077 | - | 131,700 | - | - | 2,019,522 |
| Physical Environment | - | - | - | - | - | 3,151,841 |
| Transportation | - | - | - | - | - | 1,030,279 |
| Economic Environment | - | 1,166,874 | - | - | 176,993 | 120,264 |
| Human Services | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - |
| Debt Service: | | | | | | |
| Principal | - | 5,425 | - | - | - | - |
| Interest and Fiscal Charges | - | 24,811 | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 663,077 | 1,259,919 | 131,700 | - | 176,993 | 6,321,906 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (51,734) | (1,281,707) | 634 | (8,403) | 111,868 | (692,668) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | 52,909 | 1,833,530 | - | - | 50,000 | 399,626 |
| Transfers Out | - | (47,046) | (634) | - | - | (67,798) |
| TOTAL OTHER FINANCING SOURCES (USES) | 52,909 | 1,786,484 | (634) | - | 50,000 | 331,828 |
| NET CHANGE IN FUND BALANCES | 1,175 | 504,777 | - | (8,403) | 161,868 | (360,840) |
| FUND BALANCES, October 1 | 413 | (3,003,883) | - | 165,072 | 79,761 | 477,984 |
| FUND BALANCES, September 30 | \$ 1,588 | \$ (2,499,106) | \$ - | \$ 156,669 | \$ 241,629 | \$ 117,144 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

SPECIAL REVENUE FUNDS (continued)

| | TRANSPORTATION CONCURRENCY EXCEPTION AREA FUND | WATER AND WASTEWATER SURCHARGE INFRASTRUCTURE FUND | SHIP FUND | SMALL BUSINESS LOAN FUND | MISC- ELLANEOUS SPECIAL REVENUE FUND | TOURIST DESTINATION ENHANCE- MENT FUND |
|---|--|--|-------------------|-----------------------------------|--|--|
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | 278,009 | - | 90,144 | - |
| Charges for Services | 289,022 | - | - | - | 18,302 | - |
| Fines and Forfeitures | - | - | - | - | 54,595 | - |
| Miscellaneous | 52,674 | (68,250) | 22,407 | - | 555,086 | - |
| TOTAL REVENUES | 341,696 | (68,250) | 300,416 | - | 718,127 | - |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | - | - | - | - | 262,874 | - |
| Public Safety | - | - | - | - | 157,575 | - |
| Physical Environment | - | 37,711 | - | - | - | - |
| Transportation | 224,939 | - | - | - | - | - |
| Economic Environment | - | - | 47,879 | - | 2,043 | - |
| Human Services | - | - | - | - | 98,901 | - |
| Culture and Recreation | - | - | - | - | 53,906 | - |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 224,939 | 37,711 | 47,879 | - | 575,299 | - |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 116,757 | (105,961) | 252,537 | - | 142,828 | - |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | - | 122,652 | - | - | 356,348 | 22,384 |
| Transfers Out | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | 122,652 | - | - | 356,348 | 22,384 |
| NET CHANGE IN FUND BALANCES | 116,757 | 16,691 | 252,537 | - | 499,176 | 22,384 |
| FUND BALANCES, October 1 | 2,569,418 | 1,129,962 | 316,253 | 71,201 | 967,981 | 27,879 |
| FUND BALANCES, September 30 | \$ 2,686,175 | \$ 1,146,653 | \$ 568,790 | \$ 71,201 | \$ 1,467,157 | \$ 50,263 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

SPECIAL REVENUE FUNDS (continued)

| | TOURIST PRODUCT DEVELOP FUND | PROPOR- TIONATE FAIR SHARE PROGRAM FUND | TOURIST PRODUCT DEVELOP FY10 FUND | TOURIST PRODUCT DEVELOP FY11 FUND | TOURIST PRODUCT DEVELOP FY12 FUND | TOURIST PRODUCT DEVELOP FY13 FUND | EVERGREEN CEMETERY TRUST FUND |
|---|---------------------------------------|---|---|---|---|---|--|
| REVENUES | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | (48,614) | - | 78,901 | - | - | 634,416 | - |
| Charges for Services | - | - | - | - | - | - | 3,953 |
| Fines and Forfeitures | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | 294,697 |
| TOTAL REVENUES | (48,614) | - | 78,901 | - | - | 634,416 | 298,650 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | - | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - | - |
| Physical Environment | - | - | - | - | - | - | 43,019 |
| Transportation | - | 65,879 | - | - | - | - | - |
| Economic Environment | - | - | - | - | - | - | - |
| Human Services | - | - | - | - | - | - | - |
| Culture and Recreation | 147,059 | - | 517 | 31,416 | 82,660 | 540,652 | - |
| Debt Service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 147,059 | 65,879 | 517 | 31,416 | 82,660 | 540,652 | 43,019 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (195,673) | (65,879) | 78,384 | (31,416) | (82,660) | 93,764 | 255,631 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers In | - | - | - | - | - | - | - |
| Transfers Out | - | - | (44,884) | - | - | (44,279) | (119,186) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | (44,884) | - | - | (44,279) | (119,186) |
| NET CHANGE IN FUND BALANCES | (195,673) | (65,879) | 33,500 | (31,416) | (82,660) | 49,485 | 136,445 |
| FUND BALANCES, October 1 | 195,673 | 124,172 | (33,500) | 31,416 | 149,545 | - | 1,538,514 |
| FUND BALANCES, September 30 | \$ - | \$ 58,293 | \$ - | \$ - | \$ 66,885 | \$ 49,485 | \$ 1,674,959 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

SPECIAL REVENUE FUNDS (concluded)

| | SCHOOL CROSSING GUARD TRUST FUND | ART IN PUBLIC PLACES TRUST FUND | DOWNTOWN REDEVELOP- MENT TAX INCREMENT FUND | FIFTH AVENUE TAX INCREMENT FUND | COLLEGE PARK TAX INCREMENT FUND | EASTSIDE TAX INCREMENT FUND |
|---|---|--|--|--|--|--|
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ 1,182,169 | \$ 329,541 | \$ 1,766,166 | \$ 356,801 |
| Intergovernmental | - | - | - | - | - | - |
| Charges for Services | - | - | - | - | - | - |
| Fines and Forfeitures | 23,031 | - | - | - | - | - |
| Miscellaneous | (3,330) | (485) | (121,204) | 25,221 | (426,031) | (83,471) |
| TOTAL REVENUES | 19,701 | (485) | 1,060,965 | 354,762 | 1,340,135 | 273,330 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Physical Environment | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - |
| Economic Environment | - | - | 1,033,694 | 373,111 | 1,655,903 | 109,682 |
| Human Services | - | - | - | - | - | - |
| Culture and Recreation | - | 19,094 | - | - | - | - |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - |
| TOTAL EXPENDITURES | - | 19,094 | 1,033,694 | 373,111 | 1,655,903 | 109,682 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 19,701 | (19,579) | 27,271 | (18,349) | (315,768) | 163,648 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | - | 177,576 | 618,151 | 172,315 | 923,520 | 186,571 |
| Transfers Out | (43,472) | (9,000) | (538,647) | (349,768) | (784,917) | (160,198) |
| TOTAL OTHER FINANCING SOURCES (USES) | (43,472) | 168,576 | 79,504 | (177,453) | 138,603 | 26,373 |
| NET CHANGE IN FUND BALANCES | (23,771) | 148,997 | 106,775 | (195,802) | (177,165) | 190,021 |
| FUND BALANCES, October 1 | 80,778 | (29,786) | 2,270,744 | 906,754 | 7,756,668 | 1,437,665 |
| FUND BALANCES, September 30 | \$ 57,007 | \$ 119,211 | \$ 2,377,519 | \$ 710,952 | \$ 7,579,503 | \$ 1,627,686 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

DEBT SERVICE FUNDS

| | 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 | CAPITAL IMPROV. REVENUE BOND (CIRB) SERIES 2005 |
|---|-------------------------|-------------------------|--|--|--|--|---|
| REVENUES | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | 1,040,563 | 1,444,335 | - | 2,492,427 | - |
| Charges for Services | - | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - | - |
| Miscellaneous | 946 | 443 | 3,203 | 15,388 | 13,179 | 31,478 | 6,737 |
| TOTAL REVENUES | 946 | 443 | 1,043,766 | 1,459,723 | 13,179 | 2,523,905 | 6,737 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | - | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - | - |
| Physical Environment | - | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - | - |
| Economic Environment | - | - | - | - | - | - | - |
| Human Services | - | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | |
| Principal | 250,000 | 65,000 | 810,000 | 697,340 | 753,010 | 4,800,000 | 995,000 |
| Interest and Fiscal Charges | 169,346 | 53,814 | 234,113 | 1,583,435 | 2,865,911 | 574,593 | 734,069 |
| Capital Outlay | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 419,346 | 118,814 | 1,044,113 | 2,280,775 | 3,618,921 | 5,374,593 | 1,729,069 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (418,400) | (118,371) | (347) | (821,052) | (3,605,742) | (2,850,688) | (1,722,332) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers In | 426,934 | 117,873 | - | 836,441 | 3,618,921 | 2,882,169 | 1,725,269 |
| Transfers Out | - | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 426,934 | 117,873 | - | 836,441 | 3,618,921 | 2,882,169 | 1,725,269 |
| NET CHANGE IN FUND BALANCES | 8,534 | (498) | (347) | 15,389 | 13,179 | 31,481 | 2,937 |
| FUND BALANCES, October 1 | 1,412 | 498 | 106,545 | 64,648 | 81,167 | 178,278 | 70,426 |
| FUND BALANCES, September 30 | \$ 9,946 | \$ - | \$ 106,198 | \$ 80,037 | \$ 94,346 | \$ 209,759 | \$ 73,363 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

DEBT SERVICE FUNDS (concluded)

| | GPD ENERGY CONSERV. CAPITAL LEASE | CAPITAL IMPROV. REVENUE NOTE (CIRN) 2009 | CAPITAL IMPROV. REV BOND (CIRB) SERIES 2010 | REVENUE REFUNDING NOTE SERIES 2011 | CAPITAL IMPROV. REVENUE NOTE 2011A |
|---|--|---|--|---|---|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - |
| Charges for Services | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - |
| Miscellaneous | (2,742) | (3,381) | (900) | 3,187 | 3,388 |
| TOTAL REVENUES | (2,742) | (3,381) | (900) | 3,187 | 3,388 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Physical Environment | - | - | - | - | - |
| Transportation | - | - | - | - | - |
| Economic Environment | - | - | - | - | - |
| Human Services | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal | 80,733 | 411,339 | 118,684 | 550,000 | 350,000 |
| Interest and Fiscal Charges | 20,659 | 542,469 | 101,432 | 143,724 | 79,234 |
| Capital Outlay | - | - | - | - | - |
| TOTAL EXPENDITURES | 101,392 | 953,808 | 220,116 | 693,724 | 429,234 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (104,134) | (957,189) | (221,016) | (690,537) | (425,846) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | 115,393 | 953,809 | 239,454 | 693,724 | 429,234 |
| Transfers Out | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 115,393 | 953,809 | 239,454 | 693,724 | 429,234 |
| NET CHANGE IN FUND BALANCES | 11,259 | (3,380) | 18,438 | 3,187 | 3,388 |
| FUND BALANCES, October 1 | 35,695 | 78,666 | 14,378 | 4,136 | 20,957 |
| FUND BALANCES, September 30 | \$ 46,954 | \$ 75,286 | \$ 32,816 | \$ 7,323 | \$ 24,345 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

CAPITAL PROJECTS FUNDS

| | GENERAL CAPITAL PROJECTS FUND | PUBLIC IMPROVE- MENT CONSTR FUND | AMERICAN RECOVERY & REINVEST- MENT ACT FUND | GREEN- SPACE ACQUIS- ITION FUND | ROADWAY CONST- RUCTION FUND 96 | CAPITAL PROJECTS FUND 02 |
|---|--|---|--|--|---|---|
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | (2,989) | - | - | 136,719 |
| Charges for Services | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Miscellaneous | (635,388) | (698) | - | (98,227) | (3,348) | (80,425) |
| TOTAL REVENUES | (635,388) | (698) | (2,989) | (98,227) | (3,348) | 56,294 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Physical Environment | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - |
| Economic Environment | - | - | - | - | - | - |
| Human Services | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - |
| Capital Outlay | 5,569,962 | - | - | 187,141 | 600 | 269,769 |
| TOTAL EXPENDITURES | 5,569,962 | - | - | 187,141 | 600 | 269,769 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (6,205,350) | (698) | (2,989) | (285,368) | (3,948) | (213,475) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | 2,959,127 | - | - | 425,000 | - | - |
| Transfers Out | (122,093) | - | (3,954) | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 2,837,034 | - | (3,954) | 425,000 | - | - |
| NET CHANGE IN FUND BALANCES | (3,368,316) | (698) | (6,943) | 139,632 | (3,948) | (213,475) |
| FUND BALANCES, October 1 | 11,938,119 | 11,900 | 6,943 | 1,517,739 | 66,997 | 1,532,122 |
| FUND BALANCES, September 30 | \$ 8,569,803 | \$ 11,202 | \$ - | \$ 1,657,371 | \$ 63,049 | \$ 1,318,647 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

CAPITAL PROJECTS FUNDS (continued)

| | FIFTH AVENUE/ PLEASANT ST. REHAB. PROJ. FUND 02 | DOWNTOWN PARKING GARAGE SALES TAX FUND | FFGFC 05 CAPITAL PROJECTS FUND | 39TH AVE FLEET GARAGE EXPANSION FUND | CAPITAL IMPROVEMENT REVENUE BOND (CIRB) 2005 CIP FUND | KENNEDY HOMES ACQUISITION/ DEMOLITION FUND |
|---|--|--|---|--|---|--|
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | 3,778,950 | - | - |
| Charges for Services | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Miscellaneous | (4,135) | (2,028) | (40,835) | 1,507 | (248,767) | - |
| TOTAL REVENUES | (4,135) | (2,028) | (40,835) | 3,780,457 | (248,767) | - |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Physical Environment | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - |
| Economic Environment | - | - | - | - | - | - |
| Human Services | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - |
| Capital Outlay | - | - | 1,598,213 | 7,163,856 | 1,168,126 | - |
| TOTAL EXPENDITURES | - | - | 1,598,213 | 7,163,856 | 1,168,126 | - |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (4,135) | (2,028) | (1,639,048) | (3,383,399) | (1,416,893) | - |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | - | - | 1,324,208 | 2,735,000 | - | - |
| Transfers Out | - | - | - | (78,576) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | 1,324,208 | 2,656,424 | - | - |
| NET CHANGE IN FUND BALANCES | (4,135) | (2,028) | (314,840) | (726,975) | (1,416,893) | - |
| FUND BALANCES, October 1 | 74,006 | 39,071 | 897,273 | 2,089,061 | 5,781,979 | 711,036 |
| FUND BALANCES, September 30 | \$ 69,871 | \$ 37,043 | \$ 582,433 | \$ 1,362,086 | \$ 4,365,086 | \$ 711,036 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | CAPITAL PROJECTS FUNDS (continued) | | | | | |
|---|---|--|---|---|--|---|
| | CAMPUS DEVELOP AGREEMENT CAPITAL PROJECTS FUND | ENERGY CONSER- VATION CAPITAL PROJECTS FUND | ADD'L 5 CENT LOCAL OPT GAS TAX CAPITAL PROJECTS FUND | ADD'L 5 CENT GAS TAX CIRN 2009 CAPITAL PROJECTS FUND | TRAFFIC MGMT BLDG CAPITAL PROJECTS FUND | CAPITAL IMP REV NOTE (CIRN) 2009 CAPITAL PROJECTS FUND |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ 1,842,312 | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for Services | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Miscellaneous | (562,092) | (2,149) | (222,611) | (259,190) | (8,180) | (65) |
| TOTAL REVENUES | (562,092) | (2,149) | 1,619,701 | (259,190) | (8,180) | (65) |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Physical Environment | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - |
| Economic Environment | - | - | - | - | - | - |
| Human Services | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - |
| Capital Outlay | 345,367 | 214,712 | 1,076,625 | 106,786 | - | 562,679 |
| TOTAL EXPENDITURES | 345,367 | 214,712 | 1,076,625 | 106,786 | - | 562,679 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (907,459) | (216,861) | 543,076 | (365,976) | (8,180) | (562,744) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | - | - | - | - | - | - |
| Transfers Out | - | - | (1,003,810) | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | (1,003,810) | - | - | - |
| NET CHANGE IN FUND BALANCES | (907,459) | (216,861) | (460,734) | (365,976) | (8,180) | (562,744) |
| FUND BALANCES, October 1 | 10,659,442 | 278,546 | 4,234,918 | 4,863,600 | 152,683 | 587,059 |
| FUND BALANCES, September 30 | \$ 9,751,983 | \$ 61,685 | \$ 3,774,184 | \$ 4,497,624 | \$ 144,503 | \$ 24,315 |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | CAPITAL PROJECTS FUNDS (concluded) | | | | | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|---|---|--|---|---|---|--|
| | WILD SPACES PUBLIC PLACES 1/2 CENT SALES TAX CAPITAL PROJECTS FUND | WILD SPACES PUBLIC PLACES LAND ACQ. CAPITAL PROJECTS FUND | SENIOR RECREATION CENTER CAPITAL PROJECTS FUND | CAPITAL IMP REVENUE BOND (CIRB) 2010 CAPITAL PROJECTS FUND | CAPITAL IMP REVENUE NOTE (CIRN) 2011 CAPITAL PROJECTS FUND | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,476,989 |
| Intergovernmental | - | - | - | - | - | 18,533,184 |
| Charges for Services | - | - | - | - | - | 1,340,991 |
| Fines and Forfeitures | - | - | - | - | - | 813,041 |
| Miscellaneous | (57,932) | (13,716) | (7,415) | (149,602) | (91,691) | (1,652,223) |
| TOTAL REVENUES | (57,932) | (13,716) | (7,415) | (149,602) | (91,691) | 24,511,982 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | - | - | - | - | - | 325,683 |
| Public Safety | - | - | - | - | - | 3,544,841 |
| Physical Environment | - | - | - | - | - | 3,232,571 |
| Transportation | - | - | - | - | - | 1,325,190 |
| Economic Environment | - | - | - | - | - | 6,992,687 |
| Human Services | - | - | - | - | - | 279,341 |
| Culture and Recreation | - | - | - | - | - | 1,333,496 |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | 9,886,531 |
| Interest and Fiscal Charges | - | - | - | - | - | 7,127,610 |
| Capital Outlay | 1,074,191 | 1,289,652 | 6,042 | 149,268 | 1,175,851 | 21,958,840 |
| TOTAL EXPENDITURES | 1,074,191 | 1,289,652 | 6,042 | 149,268 | 1,175,851 | 56,006,790 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (1,132,123) | (1,303,368) | (13,457) | (298,870) | (1,267,542) | (31,494,808) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | - | - | - | - | - | 24,428,920 |
| Transfers Out | - | - | - | - | - | (4,792,713) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | - | - | 19,636,207 |
| NET CHANGE IN FUND BALANCES | (1,132,123) | (1,303,368) | (13,457) | (298,870) | (1,267,542) | (11,858,601) |
| FUND BALANCES, October 1 | 2,218,143 | 1,541,434 | 148,346 | 2,897,216 | 2,542,398 | 79,179,508 |
| FUND BALANCES, September 30 | \$ 1,086,020 | \$ 238,066 | \$ 134,889 | \$ 2,598,346 | \$ 1,274,856 | \$ 67,320,907 |

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>ENCUMBRANCES</u> | <u>BUDGETARY BASIS</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|-------------------------|---------------------------|---------------------------|------------------------------|---|
| REVENUES | | | | | |
| Intergovernmental | \$ 2,084,237 | \$ - | \$ 2,084,237 | \$ 1,303,572 | \$ 780,665 |
| Charges for Services | 4,005 | - | 4,005 | 4,005 | - |
| Miscellaneous | 3,161 | - | 3,161 | 3,161 | - |
| TOTAL REVENUES | <u>2,091,403</u> | <u>-</u> | <u>2,091,403</u> | <u>1,310,738</u> | <u>780,665</u> |
| EXPENDITURES | | | | | |
| Public Safety | 200,802 | - | 200,802 | 210,952 | 10,150 |
| Transportation | 4,093 | 17,128 | 21,221 | 164,272 | 143,051 |
| Economic Environment | 1,668,256 | 25,704 | 1,693,960 | 1,992,556 | 298,596 |
| Human Services | 180,440 | 34,143 | 214,583 | 230,672 | 16,089 |
| TOTAL EXPENDITURES | <u>2,053,591</u> | <u>76,975</u> | <u>2,130,566</u> | <u>2,598,452</u> | <u>467,886</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>37,812</u> | <u>(76,975)</u> | <u>(39,163)</u> | <u>(1,287,714)</u> | <u>1,248,551</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | 1,911 | - | 1,911 | 1,911 | - |
| Transfers Out | (39,723) | - | (39,723) | (39,723) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(37,812)</u> | <u>-</u> | <u>(37,812)</u> | <u>(37,812)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ -</u> | <u>\$ (76,975)</u> | <u>\$ (76,975)</u> | <u>\$ (1,325,526)</u> | <u>\$ 1,248,551</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
URBAN DEVELOPMENT ACTION GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>ENCUMBRANCES</u> | <u>BUDGETARY BASIS</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|-------------------|---------------------|----------------------------|----------------------|---|
| <u>REVENUES</u> | | | | | |
| Miscellaneous: | | | | | |
| Principal Payments | \$ 179,491 | \$ - | \$ 179,491 | \$ 136,132 | \$ 43,359 |
| Investment Income | <u>2,218</u> | <u>-</u> | <u>2,218</u> | <u>20,619</u> | <u>(18,401)</u> |
| TOTAL REVENUES | 181,709 | - | 181,709 | 156,751 | 24,958 |
| <u>EXPENDITURES</u> | | | | | |
| Culture and Recreation | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,167,866</u> | <u>1,167,866</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | \$ 181,709 | \$ - | \$ 181,709 | \$(1,011,115) | \$ 1,192,824 |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
HOME GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>ENCUMBRANCES</u> | <u>BUDGETARY BASIS</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|----------------|---------------------|----------------------------|-----------------------|---|
| <u>REVENUES</u> | | | | | |
| Intergovernmental | \$ 602,180 | \$ - | \$ 602,180 | \$ 809,406 | \$ (207,226) |
| Miscellaneous | <u>39,082</u> | <u>-</u> | <u>39,082</u> | <u>23,107</u> | <u>15,975</u> |
| TOTAL REVENUES | 641,262 | - | 641,262 | 832,513 | (191,251) |
| | | | | | |
| <u>EXPENDITURES</u> | | | | | |
| Economic Environment | <u>637,988</u> | <u>188,540</u> | <u>826,528</u> | <u>2,519,656</u> | <u>1,693,128</u> |
| | | | | | |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 3,274 | (188,540) | (185,266) | (1,687,143) | 1,501,877 |
| | | | | | |
| <u>OTHER FINANCING USES</u> | | | | | |
| Transfer Out | <u>(3,274)</u> | <u>-</u> | <u>(3,274)</u> | <u>(3,700)</u> | <u>426</u> |
| | | | | | |
| NET CHANGE IN FUND BALANCES | \$ - | \$ (188,540) | \$ (188,540) | \$ (1,690,843) | \$ 1,502,303 |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CULTURAL AND NATURE PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>ENCUMBRANCES</u> | <u>BUDGETARY BASIS</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|--------------------|---------------------|----------------------------|--------------------|---|
| <u>REVENUES</u> | | | | | |
| Charges for Services: | | | | | |
| Entry Fees and Ticket Sales | \$ 414,366 | \$ - | \$ 414,366 | \$ 412,512 | \$ 1,854 |
| Miscellaneous: | | | | | |
| Donations | 35,843 | - | 35,843 | 20,000 | 15,843 |
| Other Miscellaneous | <u>2,398</u> | <u>-</u> | <u>2,398</u> | <u>31,094</u> | <u>(28,696)</u> |
| Total Miscellaneous | <u>38,241</u> | <u>-</u> | <u>38,241</u> | <u>51,094</u> | <u>(12,853)</u> |
| TOTAL REVENUES | 452,607 | - | 452,607 | 463,606 | (10,999) |
| | | | | | |
| <u>EXPENDITURES</u> | | | | | |
| Culture and Recreation | <u>458,192</u> | <u>-</u> | <u>458,192</u> | <u>501,921</u> | <u>43,729</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (5,585) | - | (5,585) | (38,315) | 32,730 |
| | | | | | |
| <u>OTHER FINANCING USES</u> | | | | | |
| Transfers Out | <u>(7,246)</u> | <u>-</u> | <u>(7,246)</u> | <u>(7,246)</u> | <u>-</u> |
| | | | | | |
| NET CHANGE IN FUND BALANCES | \$ (12,831) | \$ - | \$ (12,831) | \$ (45,561) | \$ 32,730 |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
STATE LAW ENFORCEMENT CONTRABAND FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>ENCUMBRANCES</u> | <u>BUDGETARY BASIS</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|--------------------|---------------------|----------------------------|---------------------|---|
| <u>REVENUES</u> | | | | | |
| Fines and Forfeitures: | | | | | |
| Confiscated Property | \$ 33,743 | \$ - | \$ 33,743 | \$ - | \$ 33,743 |
| Miscellaneous: | | | | | |
| Investment (Loss) | (3,724) | - | (3,724) | - | (3,724) |
| Other Miscellaneous | 15,509 | - | 15,509 | - | 15,509 |
| Total Miscellaneous | 11,785 | - | 11,785 | - | 11,785 |
| TOTAL REVENUES | 45,528 | - | 45,528 | - | 45,528 |
| | | | | | |
| <u>EXPENDITURES</u> | | | | | |
| Public Safety | 67,165 | - | 67,165 | 101,488 | 34,323 |
| | | | | | |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | \$ (21,637) | \$ - | \$ (21,637) | \$ (101,488) | \$ 79,851 |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FEDERAL LAW ENFORCEMENT CONTRABAND FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>ENCUMBRANCES</u> | <u>BUDGETARY</u> <u>BASIS</u> | <u>BUDGET</u> | <u>VARIANCE WITH</u> <u>FINAL BUDGET -</u> <u>POSITIVE</u> <u>(NEGATIVE)</u> |
|---|---------------------|-----------------------|----------------------------------|-----------------------|---|
| <u>REVENUES</u> | | | | | |
| Fines and Forfeitures: | | | | | |
| Confiscated Property | \$ 701,672 | \$ - | \$ 701,672 | \$ - | \$ 701,672 |
| Miscellaneous: | | | | | |
| Interest Earnings | 110,602 | - | 110,602 | - | 110,602 |
| Other Miscellaneous | <u>35,608</u> | <u>-</u> | <u>35,608</u> | <u>-</u> | <u>35,608</u> |
| Total Miscellaneous | <u>146,210</u> | <u>-</u> | <u>146,210</u> | <u>-</u> | <u>146,210</u> |
| TOTAL REVENUES | 847,882 | - | 847,882 | - | 847,882 |
| | | | | | |
| <u>EXPENDITURES</u> | | | | | |
| Public Safety | <u>305,000</u> | <u>1,412,127</u> | <u>1,717,127</u> | <u>2,733,480</u> | <u>1,016,353</u> |
| | | | | | |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>542,882</u> | <u>(1,412,127)</u> | <u>(869,245)</u> | <u>(2,733,480)</u> | <u>1,864,235</u> |
| | | | | | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | |
| Transfers In | 28,871 | - | 28,871 | 28,871 | - |
| Transfers Out | <u>(1,324,208)</u> | <u>-</u> | <u>(1,324,208)</u> | <u>(1,830,334)</u> | <u>506,126</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(1,295,337)</u> | <u>-</u> | <u>(1,295,337)</u> | <u>(1,801,463)</u> | <u>506,126</u> |
| | | | | | |
| NET CHANGE IN FUND BALANCES | <u>\$ (752,455)</u> | <u>\$ (1,412,127)</u> | <u>\$ (2,164,582)</u> | <u>\$ (4,534,943)</u> | <u>\$ 2,370,361</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
POLICE BILLABLE OVERTIME FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>ENCUMBRANCES</u> | <u>BUDGETARY BASIS</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|------------------------|---------------------|----------------------------|--------------------|---|
| <u>REVENUES</u> | | | | | |
| Charges for Services: | | | | | |
| Billable Overtime | \$ 611,343 | \$ - | \$ 611,343 | \$ 610,168 | \$ 1,175 |
| <u>EXPENDITURES</u> | | | | | |
| Public Safety | <u>663,077</u> | <u>-</u> | <u>663,077</u> | <u>663,077</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (51,734) | - | (51,734) | (52,909) | 1,175 |
| <u>OTHER FINANCING SOURCES</u> | | | | | |
| Transfers In | <u>52,909</u> | <u>-</u> | <u>52,909</u> | <u>52,909</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 1,175</u> | <u>\$ -</u> | <u>\$ 1,175</u> | <u>\$ -</u> | <u>\$ 1,175</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>ENCUMBRANCES</u> | <u>BUDGETARY BASIS</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|---------------------------|---------------------|----------------------------|---------------------------|---|
| <u>REVENUES</u> | | | | | |
| Miscellaneous: | | | | | |
| Investment (Loss) | \$ (21,788) | \$ - | \$ (21,788) | \$ - | \$ (21,788) |
| <u>EXPENDITURES</u> | | | | | |
| General Government | 62,809 | - | 62,809 | 85,455 | 22,646 |
| Economic Environment | 1,166,874 | - | 1,166,874 | 1,674,359 | 507,485 |
| Debt Service | | | | | |
| Principal | 5,425 | - | 5,425 | 4,956 | (469) |
| Interest | 24,811 | - | 24,811 | 21,060 | (3,751) |
| TOTAL EXPENDITURES | <u>1,259,919</u> | <u>-</u> | <u>1,259,919</u> | <u>1,785,830</u> | <u>525,911</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,281,707)</u> | <u>-</u> | <u>(1,281,707)</u> | <u>(1,785,830)</u> | <u>504,123</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | |
| Transfers In | 1,833,530 | - | 1,833,530 | 1,833,530 | - |
| Transfers Out | (47,046) | - | (47,046) | (47,046) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>1,786,484</u> | <u>-</u> | <u>1,786,484</u> | <u>1,786,484</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 504,777</u> | <u>\$ -</u> | <u>\$ 504,777</u> | <u>\$ 654</u> | <u>\$ 504,123</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>ENCUMBRANCES</u> | <u>BUDGETARY BASIS</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|-------------------|---------------------|----------------------------|------------------|---|
| <u>REVENUES</u> | | | | | |
| Miscellaneous: | | | | | |
| Rental Income | \$ 300,586 | \$ - | \$ 300,586 | \$ 190,070 | \$ 110,516 |
| Investment Income (Loss) | <u>(11,725)</u> | <u>-</u> | <u>(11,725)</u> | <u>1,800</u> | <u>(13,525)</u> |
| Total Miscellaneous Revenue | <u>288,861</u> | <u>-</u> | <u>288,861</u> | <u>191,870</u> | <u>96,991</u> |
| TOTAL REVENUES | 288,861 | - | 288,861 | 191,870 | 96,991 |
| <u>EXPENDITURES</u> | | | | | |
| Economic Environment | <u>176,993</u> | <u>-</u> | <u>176,993</u> | <u>211,500</u> | <u>34,507</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 111,868 | - | 111,868 | (19,630) | 131,498 |
| <u>OTHER FINANCING SOURCES</u> | | | | | |
| Transfers In | <u>50,000</u> | <u>-</u> | <u>50,000</u> | <u>50,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | \$ 161,868 | \$ - | \$ 161,868 | \$ 30,370 | \$ 131,498 |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
EVERGREEN CEMETERY TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>ENCUMBRANCES</u> | <u>BUDGETARY BASIS</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|------------------------------|------------------------|------------------------------|--------------------------------|---|
| <u>REVENUES</u> | | | | | |
| Charges for Services | \$ 3,953 | \$ - | \$ 3,953 | \$ 8,000 | \$ (4,047) |
| Miscellaneous: | | | | | |
| Investment Income | <u>294,697</u> | <u>-</u> | <u>294,697</u> | <u>25,500</u> | <u>269,197</u> |
| TOTAL REVENUES | 298,650 | - | 298,650 | 33,500 | 265,150 |
| <u>EXPENDITURES</u> | | | | | |
| Physical Environment: | <u>43,019</u> | <u>-</u> | <u>43,019</u> | <u>80,000</u> | <u>36,981</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 255,631 | - | 255,631 | (46,500) | 302,131 |
| <u>OTHER FINANCING USES</u> | | | | | |
| Transfers Out | <u>(119,186)</u> | <u>-</u> | <u>(119,186)</u> | <u>(119,186)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 136,445</u> | <u>\$ -</u> | <u>\$ 136,445</u> | <u>\$ (165,686)</u> | <u>\$ 302,131</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
SCHOOL CROSSING GUARD TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>ENCUMBRANCES</u> | <u>BUDGETARY BASIS</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|--------------------|---------------------|----------------------------|--------------------|---|
| <u>REVENUES</u> | | | | | |
| Fines and Forfeitures | \$ 23,031 | \$ - | \$ 23,031 | \$ 26,500 | \$ (3,469) |
| Miscellaneous: | | | | | |
| Investment (Loss) | (3,330) | - | (3,330) | - | (3,330) |
| TOTAL REVENUES | 19,701 | - | 19,701 | 26,500 | (6,799) |
| <u>EXPENDITURES</u> | - | - | - | - | - |
| EXCESS OF REVENUES OVER EXPENDITURES | 19,701 | - | 19,701 | 26,500 | (6,799) |
| <u>OTHER FINANCING USES</u> | | | | | |
| Transfers Out | (43,472) | - | (43,472) | (43,472) | - |
| NET CHANGE IN FUND BALANCES | \$ (23,771) | \$ - | \$ (23,771) | \$ (16,972) | \$ (6,799) |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
ART IN PUBLIC PLACES TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>ENCUMBRANCES</u> | <u>BUDGETARY BASIS</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|-------------------|---------------------|----------------------------|--------------------|---|
| <u>REVENUES</u> | | | | | |
| Miscellaneous: | | | | | |
| Investment (Loss) | \$ (485) | \$ - | \$ (485) | \$ - | \$ (485) |
| <u>EXPENDITURES</u> | | | | | |
| Culture and Recreation | 19,094 | - | 19,094 | 196,564 | 177,470 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (19,579) | - | (19,579) | (196,564) | 176,985 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | |
| Transfers In | 177,576 | - | 177,576 | 177,576 | - |
| Transfers Out | (9,000) | - | (9,000) | (9,000) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 168,576 | - | 168,576 | 168,576 | - |
| NET CHANGE IN FUND BALANCES | \$ 148,997 | \$ - | \$ 148,997 | \$ (27,988) | \$ 176,985 |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 2005
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|----------------------------|----------------------------|---|
| <u>REVENUES</u> | | | |
| Miscellaneous: | | | |
| Investment Income | <u>\$ 946</u> | <u>\$ 151</u> | <u>\$ 795</u> |
| <u>EXPENDITURES</u> | | | |
| Debt Service: | | | |
| Principal | 250,000 | 250,000 | - |
| Interest and Fiscal Charges | <u>169,346</u> | <u>169,934</u> | <u>588</u> |
| TOTAL EXPENDITURES | <u>419,346</u> | <u>419,934</u> | <u>588</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (418,400) | (419,783) | 1,383 |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Transfers In | <u>426,934</u> | <u>426,934</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 8,534</u> | <u>\$ 7,151</u> | <u>\$ 1,383</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 2007
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|----------------------|-----------------------|---|
| <u>REVENUES</u> | | | |
| Miscellaneous: | | | |
| Investment Income | \$ 443 | \$ - | \$ 443 |
| <u>EXPENDITURES</u> | | | |
| Debt Service: | | | |
| Principal | 65,000 | 65,000 | - |
| Interest and Fiscal Charges | 53,814 | 54,605 | 791 |
| TOTAL EXPENDITURES | 118,814 | 119,605 | 791 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (118,371) | (119,605) | 1,234 |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Transfers In | 117,873 | 117,873 | - |
| NET CHANGE IN FUND BALANCES | \$ (498) | \$ (1,732) | \$ 1,234 |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GUARANTEED ENTITLEMENT REVENUE AND REFUNDING BONDS 2004
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>BUDGET</u> | VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE) |
|---|-------------------------|-------------------------|---|
| <u>REVENUES</u> | | | |
| Intergovernmental: | | | |
| State Revenue Sharing | \$ 1,040,563 | \$ 1,040,563 | \$ - |
| Miscellaneous: | | | |
| Investment Income | 3,203 | 3,488 | (285) |
| TOTAL REVENUES | <u>1,043,766</u> | <u>1,044,051</u> | <u>(285)</u> |
| <u>EXPENDITURES</u> | | | |
| Debt Service: | | | |
| Principal | 810,000 | 810,000 | - |
| Interest and Fiscal Charges | 234,113 | 234,813 | 700 |
| TOTAL EXPENDITURES | <u>1,044,113</u> | <u>1,044,813</u> | <u>700</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ (347)</u> | <u>\$ (762)</u> | <u>\$ 415</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
PENSION OBLIGATION BOND SERIES 2003A
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|-------------------------|-------------------------|---|
| <u>REVENUES</u> | | | |
| Intergovernmental: | | | |
| Local Cost Sharing - GRU | \$ 1,436,381 | \$ 1,436,381 | \$ - |
| Other Local Cost Sharing | <u>7,954</u> | <u>7,954</u> | <u>-</u> |
| Total Intergovernmental | 1,444,335 | 1,444,335 | - |
| Miscellaneous: | | | |
| Investment Income | <u>15,388</u> | <u>1,346</u> | <u>14,042</u> |
| TOTAL REVENUES | <u>1,459,723</u> | <u>1,445,681</u> | <u>14,042</u> |
| <u>EXPENDITURES</u> | | | |
| Debt Service: | | | |
| Principal | 697,340 | 697,340 | - |
| Interest & Fiscal Charges | <u>1,583,435</u> | <u>1,583,435</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>2,280,775</u> | <u>2,280,775</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (821,052) | (835,094) | 14,042 |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Transfers In | <u>836,441</u> | <u>836,441</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 15,389</u> | <u>\$ 1,347</u> | <u>\$ 14,042</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
PENSION OBLIGATION BOND SERIES 2003B
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|---------------------------|---------------------------|---|
| <u>REVENUES</u> | | | |
| Miscellaneous: | | | |
| Investment Income | <u>\$ 13,179</u> | <u>\$ 777</u> | <u>\$ 12,402</u> |
| | | | |
| <u>EXPENDITURES</u> | | | |
| Debt Service: | | | |
| Principal | 753,010 | 753,010 | - |
| Interest & Fiscal Charges | <u>2,865,911</u> | <u>2,865,911</u> | <u>-</u> |
| | | | |
| TOTAL EXPENDITURES | <u>3,618,921</u> | <u>3,618,921</u> | <u>-</u> |
| | | | |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(3,605,742)</u> | <u>(3,618,144)</u> | <u>12,402</u> |
| | | | |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Transfers In | <u>3,618,921</u> | <u>3,618,921</u> | <u>-</u> |
| | | | |
| NET CHANGE IN FUND BALANCES | <u>\$ 13,179</u> | <u>\$ 777</u> | <u>\$ 12,402</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
OTHER POST EMPLOYMENT (OPEB) BONDS 2005
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|-------------------------|-------------------------|---|
| <u>REVENUES</u> | | | |
| Intergovernmental: | | | |
| Local Cost Sharing - GRU | \$ 2,478,698 | \$ 2,478,698 | \$ - |
| Other Local Cost Sharing | <u>13,729</u> | <u>13,729</u> | <u>-</u> |
| Total Intergovernmental | 2,492,427 | 2,492,427 | - |
| Miscellaneous: | | | |
| Investment Income | <u>31,478</u> | <u>4,042</u> | <u>27,436</u> |
| TOTAL REVENUES | <u>2,523,905</u> | <u>2,496,469</u> | <u>27,436</u> |
| <u>EXPENDITURES</u> | | | |
| Debt Service: | | | |
| Principal | 4,800,000 | 4,800,000 | - |
| Interest and Fiscal Charges | <u>574,593</u> | <u>574,593</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>5,374,593</u> | <u>5,374,593</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (2,850,688) | (2,878,124) | 27,436 |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Transfers In | <u>2,882,169</u> | <u>2,882,169</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 31,481</u> | <u>\$ 4,045</u> | <u>\$ 27,436</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE BOND (CIRB) - SERIES 2005
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|----------------------------|------------------------------|---|
| <u>REVENUES</u> | | | |
| Miscellaneous: | | | |
| Investment Income | <u>\$ 6,737</u> | <u>\$ 2,030</u> | <u>\$ 4,707</u> |
| <u>EXPENDITURES</u> | | | |
| Debt Service: | | | |
| Principal | 995,000 | 995,000 | - |
| Interest and Fiscal Charges | <u>734,069</u> | <u>734,069</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>1,729,069</u> | <u>1,729,069</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (1,722,332) | (1,727,039) | 4,707 |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Transfers In | <u>1,725,269</u> | <u>1,725,269</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 2,937</u> | <u>\$ (1,770)</u> | <u>\$ 4,707</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GPD ENERGY CONSERVATION MASTER CAPITAL LEASE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|-----------------------------|-----------------------------|---|
| <u>REVENUES</u> | | | |
| Miscellaneous: | | | |
| Investment (Loss) | <u>\$ (2,742)</u> | <u>\$ 1,217</u> | <u>\$ (3,959)</u> |
| <u>EXPENDITURES</u> | | | |
| Debt Service: | | | |
| Principal | 80,733 | 80,733 | - |
| Interest and Fiscal Charges | <u>20,659</u> | <u>20,659</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>101,392</u> | <u>101,392</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (104,134) | (100,175) | (3,959) |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Transfers In | <u>115,393</u> | <u>115,393</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 11,259</u> | <u>\$ 15,218</u> | <u>\$ (3,959)</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE NOTE (CIRN) - SERIES 2009
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|------------------------------|------------------------------|---|
| <u>REVENUES</u> | | | |
| Miscellaneous: | | | |
| Investment (Loss) | <u>\$ (3,381)</u> | <u>\$ -</u> | <u>\$ (3,381)</u> |
| <u>EXPENDITURES</u> | | | |
| Debt Service: | | | |
| Principal | 411,339 | 411,339 | - |
| Interest and Fiscal Charges | <u>542,469</u> | <u>547,469</u> | <u>5,000</u> |
| TOTAL EXPENDITURES | <u>953,808</u> | <u>958,808</u> | <u>5,000</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (957,189) | (958,808) | 1,619 |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Transfers In | <u>953,809</u> | <u>953,809</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ (3,380)</u> | <u>\$ (4,999)</u> | <u>\$ 1,619</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE BOND (CIRB) - SERIES 2010
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|-------------------------|-------------------------|---|
| <u>REVENUES</u> | | | |
| Miscellaneous: | | | |
| Investment (Loss) | <u>\$ (900)</u> | <u>\$ 418</u> | <u>\$ (1,318)</u> |
| <u>EXPENDITURES</u> | | | |
| Debt Service: | | | |
| Principal | 118,684 | 118,684 | - |
| Interest and Fiscal Charges | <u>101,432</u> | <u>101,432</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>220,116</u> | <u>220,116</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (221,016) | (219,698) | (1,318) |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Transfers In | <u>239,454</u> | <u>239,454</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 18,438</u> | <u>\$ 19,756</u> | <u>\$ (1,318)</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
REVENUE REFUNDING NOTE SERIES 2011
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|----------------------------|------------------------|---|
| <u>REVENUES</u> | | | |
| Miscellaneous: | | | |
| Investment Income | <u>\$ 3,187</u> | <u>\$ -</u> | <u>\$ 3,187</u> |
| <u>EXPENDITURES</u> | | | |
| Debt Service: | | | |
| Principal | 550,000 | 550,000 | - |
| Interest and Fiscal Charges | <u>143,724</u> | <u>143,724</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>693,724</u> | <u>693,724</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (690,537) | (693,724) | 3,187 |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Transfers In | <u>693,724</u> | <u>693,724</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 3,187</u> | <u>\$ -</u> | <u>\$ 3,187</u> |

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE NOTE SERIES 2011A
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u> |
|---|----------------------------|------------------------|---|
| <u>REVENUES</u> | | | |
| Miscellaneous: | | | |
| Investment Income | <u>\$ 3,388</u> | <u>\$ -</u> | <u>\$ 3,388</u> |
| <u>EXPENDITURES</u> | | | |
| Debt Service: | | | |
| Principal | 350,000 | 350,000 | - |
| Interest and Fiscal Charges | <u>79,234</u> | <u>79,234</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>429,234</u> | <u>429,234</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (425,846) | (429,234) | 3,388 |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Transfers In | <u>429,234</u> | <u>429,234</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 3,388</u> | <u>\$ -</u> | <u>\$ 3,388</u> |

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City maintains the following non-major Enterprise Funds:

Regional Transit System Fund - to account for the operations of the City's mass transit system, funded by user fees and state and federal grants.

Stormwater Management Utility Fund - to account for the operations of a program designed to maintain, replace and expand the City's stormwater-related infrastructure, funded by user fees.

Ironwood Golf Course Fund - to account for the operations of the City owned golf course, funded by user fees.

Florida Building Code Enforcement Fund – to account for the operations of the City's code enforcement operations, funded by building permit revenues.

Solid Waste Fund - to account for the City's refuse and recycling collection program. The refuse and recycling collections are performed by private contractors and are funded through user fees.

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2013

| | <u>REGIONAL TRANSIT SYSTEM FUND</u> | <u>STORMWATER MANAGEMENT UTILITY FUND</u> | <u>IRONWOOD GOLF COURSE FUND</u> |
|---|--|--|---|
| <u>ASSETS</u> | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 3,850 | \$ - | \$ 125 |
| Equity in Pooled Cash and Investments | - | 264,669 | - |
| Receivables | 10,286,332 | 360,157 | 1,400 |
| Due from Other Funds | - | 7,787,708 | - |
| Inventories | 955,877 | - | 59,637 |
| Total Current Assets | <u>11,246,059</u> | <u>8,412,534</u> | <u>61,162</u> |
| Noncurrent Assets: | | | |
| Capital Assets (net of accumulated depreciation): | | | |
| Buildings | 3,597,263 | 544,736 | 398,570 |
| Improvements other than buildings | 734,675 | - | 1,219,391 |
| Machinery and equipment | 18,566,211 | 376,286 | 119,406 |
| Infrastructure | - | 10,596,021 | - |
| Capital Assets (not depreciated): | | | |
| Land | 2,682,568 | 3,966,650 | 520,265 |
| Construction in progress | 12,443,028 | 8,105,746 | - |
| Total Noncurrent Assets | <u>38,023,745</u> | <u>23,589,439</u> | <u>2,257,632</u> |
| TOTAL ASSETS | <u>49,269,804</u> | <u>32,001,973</u> | <u>2,318,794</u> |
| <u>LIABILITIES</u> | | | |
| Current Liabilities: | | | |
| Accounts Payable and Accrued Liabilities | 5,178,698 | 676,128 | 11,101 |
| Accounts Payable - Payroll | 35,905 | 8,980 | 514 |
| Due to Other Funds | 6,080,780 | - | 1,604,852 |
| Current Portion of Long-Term Debt | 15,616 | 293,968 | 53,081 |
| Total Current Liabilities | <u>11,310,999</u> | <u>979,076</u> | <u>1,669,548</u> |
| Noncurrent Liabilities: | | | |
| Long-Term Debt | 390,398 | 924,500 | 1,115,701 |
| Total Noncurrent Liabilities | <u>390,398</u> | <u>924,500</u> | <u>1,115,701</u> |
| TOTAL LIABILITIES | <u>11,701,397</u> | <u>1,903,576</u> | <u>2,785,249</u> |
| <u>NET POSITION</u> | | | |
| Net Investment in Capital Assets | 38,023,745 | 22,450,528 | 1,095,469 |
| Restricted for: | | | |
| Capital Improvement Surcharge | - | - | 138,520 |
| RTS Grant | 468,600 | - | - |
| Unrestricted | (923,938) | 7,647,869 | (1,700,444) |
| TOTAL NET POSITION | <u>\$ 37,568,407</u> | <u>\$ 30,098,397</u> | <u>\$ (466,455)</u> |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2013

| | <u>FLORIDA BUILDING CODE ENFORCEMENT FUND</u> | <u>SOLID WASTE FUND</u> | <u>TOTAL NONMAJOR ENTERPRISE FUNDS</u> |
|---|--|--|---|
| <u>ASSETS</u> | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ - | \$ - | \$ 3,975 |
| Equity in Pooled Cash and Investments | 3,212,150 | 2,643,542 | 6,120,361 |
| Receivables | - | 361,783 | 11,009,672 |
| Due from Other Funds | 13,397 | 645,317 | 8,446,422 |
| Inventories | 4,142 | - | 1,019,656 |
| Total Current Assets | <u>3,229,689</u> | <u>3,650,642</u> | <u>26,600,086</u> |
| Noncurrent Assets: | | | |
| Capital Assets (net of accumulated depreciation): | | | |
| Buildings | - | 513,472 | 5,054,041 |
| Improvements other than buildings | - | - | 1,954,066 |
| Machinery and equipment | 5,935 | 94,488 | 19,162,326 |
| Infrastructure | - | - | 10,596,021 |
| Capital Assets (not depreciated): | | | |
| Land | - | 100,989 | 7,270,472 |
| Construction in progress | - | - | 20,548,774 |
| Total Noncurrent Assets | <u>5,935</u> | <u>708,949</u> | <u>64,585,700</u> |
| TOTAL ASSETS | <u>3,235,624</u> | <u>4,359,591</u> | <u>91,185,786</u> |
| <u>LIABILITIES</u> | | | |
| Current Liabilities: | | | |
| Accounts Payable and Accrued Liabilities | 192,995 | 519,735 | 6,578,657 |
| Accounts Payable - Payroll | 4,668 | 2,293 | 52,360 |
| Due to Other Funds | - | - | 7,685,632 |
| Current Portion of Long-Term Debt | 3,047 | 29,777 | 395,489 |
| Total Current Liabilities | <u>200,710</u> | <u>551,805</u> | <u>14,712,138</u> |
| Noncurrent Liabilities: | | | |
| Long-Term Debt | 76,188 | 682,886 | 3,189,673 |
| Total Noncurrent Liabilities | <u>76,188</u> | <u>682,886</u> | <u>3,189,673</u> |
| TOTAL LIABILITIES | <u>276,898</u> | <u>1,234,691</u> | <u>17,901,811</u> |
| <u>NET POSITION</u> | | | |
| Net Investment in Capital Assets | 5,935 | 708,949 | 62,284,626 |
| Restricted for: | | | |
| Capital Improvement Surcharge | - | - | 138,520 |
| RTS Grant | - | - | 468,600 |
| Unrestricted | 2,952,791 | 2,415,951 | 10,392,229 |
| TOTAL NET POSITION | <u>\$ 2,958,726</u> | <u>\$ 3,124,900</u> | <u>\$ 73,283,975</u> |

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>REGIONAL TRANSIT SYSTEM FUND</u> | <u>STORMWATER MANAGEMENT UTILITY FUND</u> | <u>IRONWOOD GOLF COURSE FUND</u> |
|---|--|--|---|
| <u>OPERATING REVENUES</u> | | | |
| Sales and Service Charges | \$ 14,914,137 | \$ 6,432,175 | \$ 1,021,565 |
| Other Operating Revenues | 373,943 | 31,577 | - |
| TOTAL OPERATING REVENUES | <u>15,288,080</u> | <u>6,463,752</u> | <u>1,021,565</u> |
| <u>OPERATING EXPENSES</u> | | | |
| Operations and Maintenance | 18,510,210 | 5,707,845 | 850,620 |
| Administrative and General | 1,343,943 | 864,354 | 428,528 |
| Depreciation and Amortization | 3,470,560 | 310,169 | 144,635 |
| TOTAL OPERATING EXPENSES | <u>23,324,713</u> | <u>6,882,368</u> | <u>1,423,783</u> |
| OPERATING INCOME (LOSS) | <u>(8,036,633)</u> | <u>(418,616)</u> | <u>(402,218)</u> |
| <u>NON OPERATING REVENUES (EXPENSES)</u> | | | |
| Investment Income /(Loss) | (114,450) | (491,712) | (28,985) |
| Interest Expense | - | (47,792) | (43,857) |
| Local Option Gas Tax | 1,790,437 | - | - |
| Operating Grants | 14,550,984 | (476,403) | - |
| TOTAL NON OPERATING REVENUE(EXPENSES) | <u>16,226,971</u> | <u>(1,015,907)</u> | <u>(72,842)</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | <u>8,190,338</u> | <u>(1,434,523)</u> | <u>(475,060)</u> |
| Capital Contributions | 1,370,956 | 988,153 | - |
| Transfers In | 818,512 | 34,027 | 841,366 |
| Transfers Out | (765,434) | (406,881) | (15,116) |
| CHANGE IN NET POSITION | <u>9,614,372</u> | <u>(819,224)</u> | <u>351,190</u> |
| TOTAL NET POSITION | | | |
| October 1 | <u>27,954,035</u> | <u>30,917,621</u> | <u>(817,645)</u> |
| TOTAL NET POSITION | | | |
| September 30 | <u>\$ 37,568,407</u> | <u>\$ 30,098,397</u> | <u>\$ (466,455)</u> |

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>FLORIDA BUILDING CODE ENFORCEMENT FUND</u> | <u>SOLID WASTE FUND</u> | <u>TOTAL NONMAJOR ENTERPRISE FUNDS</u> |
|---|--|--|---|
| <u>OPERATING REVENUES</u> | | | |
| Sales and Service Charges | \$ 2,319,791 | \$ 8,644,348 | \$ 33,332,016 |
| Other Operating Revenues | - | - | 405,520 |
| TOTAL OPERATING REVENUES | <u>2,319,791</u> | <u>8,644,348</u> | <u>33,737,536</u> |
| <u>OPERATING EXPENSES</u> | | | |
| Operations and Maintenance | 1,830,660 | 6,965,839 | 33,865,174 |
| Administrative and General | 261,263 | 289,058 | 3,187,146 |
| Depreciation and Amortization | 2,435 | 26,238 | 3,954,037 |
| TOTAL OPERATING EXPENSES | <u>2,094,358</u> | <u>7,281,135</u> | <u>41,006,357</u> |
| OPERATING INCOME (LOSS) | <u>225,433</u> | <u>1,363,213</u> | <u>(7,268,821)</u> |
| <u>NON OPERATING REVENUES (EXPENSES)</u> | | | |
| Investment Income /(Loss) | (188,459) | (156,570) | (980,176) |
| Interest Expense | - | (34,813) | (126,462) |
| Local Option Gas Tax | - | - | 1,790,437 |
| Operating Grants | - | - | 14,074,581 |
| TOTAL NON OPERATING REVENUE(EXPENSES) | <u>(188,459)</u> | <u>(191,383)</u> | <u>14,758,380</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | 36,974 | 1,171,830 | 7,489,559 |
| Capital Contributions | 6,000 | - | 2,365,109 |
| Transfers In | 50,000 | 6,688 | 1,750,593 |
| Transfers Out | (90,184) | (715,756) | (1,993,371) |
| CHANGE IN NET POSITION | 2,790 | 462,762 | 9,611,890 |
| TOTAL NET POSITION | | | |
| October 1 | <u>2,955,936</u> | <u>2,662,138</u> | <u>63,672,085</u> |
| TOTAL NET POSITION | | | |
| September 30 | <u>\$ 2,958,726</u> | <u>\$ 3,124,900</u> | <u>\$ 73,283,975</u> |

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | REGIONAL TRANSIT SYSTEM FUND | STORMWATER MANAGEMENT UTILITY FUND | IRONWOOD GOLF COURSE FUND |
|---|---|---|--|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Cash Received from Customers | \$ 10,354,779 | \$ 7,034,994 | \$ 1,021,565 |
| Cash Paid to Suppliers | (1,373,904) | (3,819,640) | (1,405,014) |
| Cash Paid to Employees | (12,391,941) | (3,237,751) | (214,235) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(3,411,066)</u> | <u>(22,397)</u> | <u>(597,684)</u> |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u> | | | |
| Local Option Gas Tax | 1,790,437 | - | - |
| Operating Grants | 13,180,028 | (1,464,556) | - |
| Interest Paid | (114,450) | - | (28,985) |
| Transfers from Other Funds | 818,512 | 34,027 | 841,366 |
| Transfers to Other Funds | (765,434) | (406,881) | (15,116) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES | <u>14,909,093</u> | <u>(1,837,410)</u> | <u>797,265</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u> | | | |
| Principal Repayments on Long-Term Debt | - | (284,367) | (51,316) |
| Interest Paid on Long-Term Debt | - | (47,792) | (43,857) |
| Capital Contributions | 1,370,956 | 988,153 | - |
| Acquisition and Construction of Capital Assets | (12,868,983) | (2,549,230) | (104,408) |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(11,498,027)</u> | <u>(1,893,236)</u> | <u>(199,581)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Interest Received | - | (491,712) | - |
| Purchase of Investments | - | (241,458) | - |
| Proceeds from Investment Maturities | - | 2,397,210 | - |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>-</u> | <u>1,664,040</u> | <u>-</u> |
| NET INCREASE (DECREASE) IN CASH | - | (2,089,003) | - |
| CASH - OCTOBER 1 | <u>3,850</u> | <u>2,112,214</u> | <u>125</u> |
| CASH - SEPTEMBER 30 | <u>\$ 3,850</u> | <u>\$ 23,211</u> | <u>\$ 125</u> |

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | FLORIDA BUILDING CODE ENFORCEMENT FUND | SOLID WASTE FUND | TOTAL NONMAJOR ENTERPRISE FUNDS |
|---|---|---------------------------------|--|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Cash Received from Customers | \$ 2,319,791 | \$ 8,589,617 | \$ 29,320,746 |
| Cash Paid to Suppliers | (349,641) | (6,526,284) | (13,474,483) |
| Cash Paid to Employees | (1,753,516) | (802,616) | (18,400,059) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>216,634</u> | <u>1,260,717</u> | <u>(2,553,796)</u> |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u> | | | |
| Local Option Gas Tax | - | - | 1,790,437 |
| Operating Grants | (6,000) | - | 11,709,472 |
| Interest Paid | - | - | (143,435) |
| Transfers from Other Funds | 50,000 | 6,688 | 1,750,593 |
| Transfers to Other Funds | (90,184) | (715,756) | (1,993,371) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES | <u>(46,184)</u> | <u>(709,068)</u> | <u>13,113,696</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u> | | | |
| Principal Repayments on Long-Term Debt | - | (26,830) | (362,513) |
| Interest Paid on Long-Term Debt | - | (34,813) | (126,462) |
| Capital Contributions | 6,000 | - | 2,365,109 |
| Acquisition and Construction of Capital Assets | - | (103,582) | (15,626,203) |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>6,000</u> | <u>(165,225)</u> | <u>(13,750,069)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Interest Received | (188,459) | (156,570) | (836,741) |
| Purchase of Investments | (2,930,445) | (2,411,703) | (5,583,606) |
| Proceeds from Investment Maturities | 1,713,963 | 1,283,117 | 5,394,290 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>(1,404,941)</u> | <u>(1,285,156)</u> | <u>(1,026,057)</u> |
| NET INCREASE (DECREASE) IN CASH | (1,228,491) | (898,732) | (4,216,226) |
| CASH - OCTOBER 1 | <u>1,510,197</u> | <u>1,130,571</u> | <u>4,756,957</u> |
| CASH - SEPTEMBER 30 | <u>\$ 281,706</u> | <u>\$ 231,839</u> | <u>\$ 540,731</u> |

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | REGIONAL TRANSIT SYSTEM FUND | STORMWATER MANAGEMENT UTILITY FUND | IRONWOOD GOLF COURSE FUND |
|--|---|---|--|
| OPERATING INCOME (LOSS) | \$ (8,036,633) | \$ (418,616) | \$ (402,218) |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | |
| Depreciation and Amortization | 3,470,560 | 310,169 | 144,635 |
| (Increase)/Decrease in Receivables | (4,933,301) | 571,242 | - |
| (Increase)/Decrease in Due from Other Funds | - | (876,316) | - |
| (Increase)/Decrease in Inventories | (30,027) | - | 4,462 |
| Increase/(Decrease) in Accounts Payable and Accrued Liabilities | 4,271,292 | 391,124 | (7,892) |
| Increase/(Decrease) in Due to Other Funds | <u>1,847,043</u> | <u>-</u> | <u>(336,671)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ (3,411,066)</u> | <u>\$ (22,397)</u> | <u>\$ (597,684)</u> |

RECONCILIATION OF CASH TO STATEMENT OF NET POSITION

| | | | |
|---|------------------------|--------------------------|----------------------|
| Cash | \$ 3,850 | \$ 23,211 | \$ 125 |
| Investments | <u>-</u> | <u>241,458</u> | <u>-</u> |
| TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER STATEMENT OF NET POSITION | <u>\$ 3,850</u> | <u>\$ 264,669</u> | <u>\$ 125</u> |

NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES

| | | | |
|-------------------------------------|------|--------------|------|
| Change in Fair Value of Investments | \$ - | \$ (657,941) | \$ - |
|-------------------------------------|------|--------------|------|

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | FLORIDA BUILDING CODE ENFORCEMENT FUND | SOLID WASTE FUND | TOTAL NONMAJOR ENTERPRISE FUNDS |
|--|---|---------------------------------|--|
| OPERATING INCOME (LOSS) | \$ 225,433 | \$ 1,363,213 | \$ (7,268,821) |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | |
| Depreciation and Amortization | 2,435 | 26,238 | 3,954,037 |
| (Increase)/Decrease in Receivables | - | (54,731) | (4,416,790) |
| (Increase)/Decrease in Due from Other Funds | (13,397) | (78,784) | (968,497) |
| (Increase)/Decrease in Inventories | - | - | (25,565) |
| Increase/(Decrease) in Accounts Payable and Accrued Liabilities | 2,163 | 4,781 | 4,661,468 |
| Increase/(Decrease) in Due to Other Funds | - | - | 1,510,372 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 216,634 | \$ 1,260,717 | \$ (2,553,796) |
| RECONCILIATION OF CASH TO STATEMENT OF NET POSITION | | | |
| Cash | \$ 281,706 | \$ 231,839 | \$ 540,731 |
| Investments | 2,930,444 | 2,411,703 | 5,583,605 |
| TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER STATEMENT OF NET POSITION | \$ 3,212,150 | \$ 2,643,542 | \$ 6,124,336 |
| NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES | | | |
| Change in Fair Value of Investments | \$ (255,638) | \$ (209,995) | \$ (1,123,574) |

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

The City maintains the following Internal Service Funds:

General Insurance Fund - to account for costs associated with administering a self-insurance plan for worker's compensation, automobile, and general liability benefits. The plan is externally administered.

Employees Health and Accident Benefits Fund - to account for costs associated with administering a self-insurance plan for employees' and retirees' health and accident claims. The plan is externally administered for an annually contracted amount, which is based upon volume of claims.

Fleet Management Fund - to account for the costs of vehicle acquisition and replacements and operating a maintenance facility for vehicles used by various City departments.

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2013

| | GENERAL INSURANCE FUND | EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND | FLEET MANAGEMENT FUND | TOTALS |
|---|---------------------------------------|--|--------------------------------------|----------------------|
| <u>ASSETS</u> | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ - | \$ 88,000 | \$ - | \$ 88,000 |
| Equity in Pooled Cash and Investments | 12,040,210 | 5,442,864 | 5,325,079 | 22,808,153 |
| Receivables | - | 169 | - | 169 |
| Due from Other Funds | 182,084 | - | 223,420 | 405,504 |
| Inventories | - | - | 108,099 | 108,099 |
| Prepaid Expenses | 23,204 | - | - | 23,204 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Current Assets | 12,245,498 | 5,531,033 | 5,656,598 | 23,433,129 |
| Noncurrent Assets: | | | | |
| Capital Assets (net of accumulated depreciation): | | | | |
| Machinery and Equipment | 34,880 | - | 6,680,400 | 6,715,280 |
| Capital Assets (non depreciable): | | | | |
| Land | - | - | 1,027,479 | 1,027,479 |
| Construction in Progress | - | - | 6,606,134 | 6,606,134 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Noncurrent Assets | 34,880 | - | 14,314,013 | 14,348,893 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL ASSETS | 12,280,378 | 5,531,033 | 19,970,611 | 37,782,022 |
| | | | | |
| <u>LIABILITIES</u> | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | 6,631,413 | 1,370,482 | 105,536 | 8,107,431 |
| Accounts Payable - Payroll | 3,364 | 321 | 4,158 | 7,843 |
| Current Portion of Long Term Debt | 1,942 | - | 2,683 | 4,625 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Current Liabilities | 6,636,719 | 1,370,803 | 112,377 | 8,119,899 |
| Noncurrent Liabilities: | | | | |
| Long-Term Debt | 48,542 | - | 67,078 | 115,620 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL LIABILITIES | 6,685,261 | 1,370,803 | 179,455 | 8,235,519 |
| | | | | |
| <u>NET POSITION</u> | | | | |
| Invested in Capital Assets | 34,880 | - | 14,314,013 | 14,348,893 |
| Unrestricted | 5,560,237 | 4,160,230 | 5,477,143 | 15,197,610 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL NET POSITION | \$ 5,595,117 | \$ 4,160,230 | \$ 19,791,156 | \$ 29,546,503 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | GENERAL INSURANCE FUND | EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND | FLEET MANAGEMENT FUND | TOTALS |
|---|---------------------------------------|--|--------------------------------------|----------------------|
| <u>OPERATING REVENUES</u> | | | | |
| Sales and Service Charges | \$ 7,505,542 | \$ 7,372,168 | \$ 8,002,015 | \$ 22,879,725 |
| Employer Contributions | - | 8,355,156 | - | 8,355,156 |
| Employee Contributions | - | 5,672,981 | - | 5,672,981 |
| Other Operating Revenues | 224,826 | 873,852 | 417,617 | 1,516,295 |
| | <u>7,730,368</u> | <u>22,274,157</u> | <u>8,419,632</u> | <u>38,424,157</u> |
| TOTAL OPERATING REVENUES | | | | |
| <u>OPERATING EXPENSES</u> | | | | |
| Operations and Maintenance | 5,811,704 | - | 4,833,266 | 10,644,970 |
| Administrative and General | 1,002,605 | 349,678 | 714,725 | 2,067,008 |
| Depreciation and Amortization | 14,357 | 304 | 2,011,930 | 2,026,591 |
| Benefits Paid and Other Expenses | - | 22,816,103 | - | 22,816,103 |
| | <u>6,828,666</u> | <u>23,166,085</u> | <u>7,559,921</u> | <u>37,554,672</u> |
| TOTAL OPERATING EXPENSES | | | | |
| OPERATING INCOME (LOSS) | <u>901,702</u> | <u>(891,928)</u> | <u>859,711</u> | <u>869,485</u> |
| <u>NON OPERATING REVENUES</u> | | | | |
| Investment Income (Loss) | (716,837) | (321,053) | (516,835) | (1,554,725) |
| | <u>(716,837)</u> | <u>(321,053)</u> | <u>(516,835)</u> | <u>(1,554,725)</u> |
| TOTAL NON OPERATING REVENUES | | | | |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | 184,865 | (1,212,981) | 342,876 | (685,240) |
| Capital Contributions | - | - | 6,221,063 | 6,221,063 |
| Transfers Out | (363,436) | (5,906) | (2,843,256) | (3,212,598) |
| | <u>(363,436)</u> | <u>(5,906)</u> | <u>(2,843,256)</u> | <u>(3,212,598)</u> |
| CHANGE IN NET POSITION | (178,571) | (1,218,887) | 3,720,683 | 2,323,225 |
| NET POSITION, October 1 | <u>5,773,688</u> | <u>5,379,117</u> | <u>16,070,473</u> | <u>27,223,278</u> |
| NET POSITION, September 30 | <u>\$ 5,595,117</u> | <u>\$ 4,160,230</u> | <u>\$ 19,791,156</u> | <u>\$ 29,546,503</u> |

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | GENERAL INSURANCE FUND | EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND | FLEET MANAGEMENT FUND | TOTALS |
|--|---------------------------------------|--|--------------------------------------|---------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | | |
| Cash Received from Customers | \$ 7,505,542 | \$ 22,274,117 | \$ 8,003,134 | \$ 37,782,793 |
| Cash Paid to Suppliers | (5,772,918) | (23,003,719) | (4,025,709) | (32,802,346) |
| Cash Paid to Employees | (1,314,107) | (105,908) | (1,629,708) | (3,049,723) |
| Other Operating Receipts/Payments | 224,826 | - | 417,617 | 642,443 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 643,343 | (835,510) | 2,765,334 | 2,573,167 |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u> | | | | |
| Transfers to Other Funds | (363,436) | (5,906) | (2,843,256) | (3,212,598) |
| NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES | (363,436) | (5,906) | (2,843,256) | (3,212,598) |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u> | | | | |
| Acquisition and Construction of Capital Assets | (15,298) | - | (2,223,648) | (2,238,946) |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | (15,298) | - | (2,223,648) | (2,238,946) |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | | |
| Interest Received | (716,837) | (321,053) | (516,835) | (1,554,725) |
| Purchase of Investments | (10,984,284) | (4,965,525) | (4,858,070) | (20,807,879) |
| Proceeds from Investment Maturities | 6,640,980 | 3,511,395 | 4,329,076 | 14,481,451 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | (5,060,141) | (1,775,183) | (1,045,829) | (7,881,153) |
| NET DECREASE IN CASH | (4,795,532) | (2,616,599) | (3,347,399) | (10,759,530) |
| CASH - OCTOBER 1 | 5,851,458 | 3,181,938 | 3,814,408 | 12,847,804 |
| CASH - SEPTEMBER 30 | \$ 1,055,926 | \$ 565,339 | \$ 467,009 | \$ 2,088,274 |

(continued)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>GENERAL INSURANCE FUND</u> | <u>EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND</u> | <u>FLEET MANAGEMENT FUND</u> | <u>TOTALS</u> |
|--|--|---|---|----------------------|
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u> | | | | |
| OPERATING INCOME (LOSS) | \$ 901,702 | \$ (891,928) | \$ 859,711 | \$ 869,485 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | |
| Depreciation and Amortization | 14,357 | 304 | 2,011,930 | 2,026,591 |
| (Increase)/Decrease in Receivables | - | (40) | 1,119 | 1,079 |
| (Increase)/Decrease in Due from Other Funds | (39,520) | - | 3,242 | (36,278) |
| (Increase)/Decrease in Inventories | - | - | 6,514 | 6,514 |
| (Increase)/Decrease in Prepaid Expenses | (6,198) | - | - | (6,198) |
| Increase/(Decrease) in Accounts Payable and Accrued Liabilities | (226,998) | 56,154 | (117,182) | (288,026) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 643,343 | \$ (835,510) | \$ 2,765,334 | \$ 2,573,167 |

| | | | | |
|--|----------------------|---------------------|---------------------|----------------------|
| <u>RECONCILIATION OF CASH TO STATEMENT OF NET POSITION</u> | | | | |
| Cash | \$ 1,055,926 | \$ 565,339 | \$ 467,009 | \$ 2,088,274 |
| Investments | 10,984,284 | 4,965,525 | 4,858,070 | 20,807,879 |
| TOTAL CASH AND EQUITY IN POOL PER STATEMENT OF NET POSITION | \$ 12,040,210 | \$ 5,530,864 | \$ 5,325,079 | \$ 22,896,153 |

| | | | | |
|---|-----------|-----------|--------------|--------------|
| <u>NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES</u> | | | | |
| Contribution of Capital Assets | \$ - | \$ - | \$ 6,221,063 | \$ 6,221,063 |
| Change in Fair Value of Investments | (959,757) | (434,854) | (642,100) | (2,036,711) |

(concluded)

FIDUCIARY FUNDS

TRUST FUNDS

Trust Funds are used to account for public employee retirement systems and the other post-employment benefit trust fund.

The City maintains the following Trust Funds:

Employees Pension Fund - to account for the accumulation of resources to be used for pension payments to participants of the City's Employees Pension Plan.

Employees Disability Pension Fund - to account for the accumulation of resources to be used for pension payments to participants of the City's Disability Pension Plan.

Police Officers' and Firefighters' Consolidated Retirement Fund - to account for the accumulation of resources to be used for pension payments to participants of the City's Consolidated Police Officers and Firefighters Retirement Plan.

Other Post-Employment Benefits (OPEB) Fund - to account for the accumulation of resources to be used for the City's portion of the premium cost for providing health insurance to the City's retired employees participating in the OPEB plan.

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS
SEPTEMBER 30, 2013

| | EMPLOYEES PENSION FUND | EMPLOYEES DISABILITY PENSION FUND | POLICE OFFICERS' AND FIREFIGHTERS' CONSOLIDATED RETIREMENT FUND | OTHER POST- EMPLOYMENT BENEFITS (OPEB) FUND | TOTALS |
|---|---------------------------------------|--|--|--|-----------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 6,105,670 | \$ 356,245 | \$ 3,193,200 | \$ 2,491,209 | \$ 12,146,324 |
| Equity in Pooled Cash and Investments | 2,754,450 | 62,404 | 3,143,049 | 820,022 | 6,779,925 |
| Investments, at Fair Value: | | | | | |
| Equities | 255,519,719 | 6,649,644 | 180,520,330 | 48,023,561 | 490,713,254 |
| Real Estate | 42,748,829 | - | 1,664,982 | - | 44,413,811 |
| Alternative Investments | 12,586,157 | 502,061 | 867,270 | 4,357,306 | 18,312,794 |
| Fixed Income: | | | | | |
| Government Bonds | 638,931 | 71,501 | 2,192,006 | 552,541 | 3,454,979 |
| Corporate Bonds | 3,451,521 | - | 8,843,116 | - | 12,294,637 |
| Mortgage & Asset Backed Securities | 465,118 | 148,109 | 902,662 | 1,130,176 | 2,646,065 |
| Total Investments, at Fair Value: | 315,410,275 | 7,371,315 | 194,990,366 | 54,063,584 | 571,835,540 |
| Investment Adjustments: | | | | | |
| Dividends Receivable | 147,652 | - | 63,383 | - | 211,035 |
| Interest Receivable | 51,646 | - | 127,186 | - | 178,832 |
| Receivable for Investments Sold | 313,644 | - | 83,744 | - | 397,388 |
| Payable for Investments Purchased | (483,761) | - | (90,528) | - | (574,289) |
| Total Investment Adjustments | 29,181 | - | 183,785 | - | 212,966 |
| TOTAL ASSETS | 324,299,576 | 7,789,964 | 201,510,400 | 57,374,815 | 590,974,755 |
| LIABILITIES | | | | | |
| Accounts Payable and Accrued Liabilities | - | 117 | 48,679 | 28 | 48,824 |
| TOTAL LIABILITIES | - | 117 | 48,679 | 28 | 48,824 |
| NET POSITION HELD IN TRUST FOR PENSION AND OPEB BENEFITS | \$ 324,299,576 | \$ 7,789,847 | \$ 201,461,721 | \$ 57,374,787 | \$ 590,925,931 |

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | EMPLOYEES PENSION FUND | EMPLOYEES DISABILITY PENSION FUND | POLICE OFFICERS' AND FIREFIGHTERS' CONSOLIDATED RETIREMENT FUND | OTHER POST- EMPLOYMENT BENEFITS (OPEB) FUND | TOTALS |
|--|---------------------------------------|--|--|--|------------------------------|
| <u>ADDITIONS:</u> | | | | | |
| Contributions: | | | | | |
| Employer Contributions: | | | | | |
| Required | \$ 10,206,334 | \$ 278,924 | \$ 3,759,274 | \$ 3,028,733 | \$ 17,273,265 |
| State on Behalf Payments, through General Fund | - | - | 1,170,024 | - | 1,170,024 |
| Total Employer Contributions | <u>10,206,334</u> | <u>278,924</u> | <u>4,929,298</u> | <u>3,028,733</u> | <u>18,443,289</u> |
| Employee Contributions | <u>9,172,130</u> | <u>-</u> | <u>4,290,050</u> | <u>2,537,258</u> | <u>15,999,438</u> |
| Total Contributions | <u>19,378,464</u> | <u>278,924</u> | <u>9,219,348</u> | <u>5,565,991</u> | <u>34,442,727</u> |
| Investment Income: | | | | | |
| Net Appreciation in Fair Value of Investments | 59,527,224 | 1,046,893 | 29,714,055 | 8,233,584 | 98,521,756 |
| Dividends & Interest | <u>2,954,551</u> | <u>119,561</u> | <u>2,666,453</u> | <u>901,900</u> | <u>6,642,465</u> |
| Total Investment Income | <u>62,481,775</u> | <u>1,166,454</u> | <u>32,380,508</u> | <u>9,135,484</u> | <u>105,164,221</u> |
| Less Investment Expense | <u>1,652,982</u> | <u>52,300</u> | <u>1,056,946</u> | <u>412,771</u> | <u>3,174,999</u> |
| Net Investment Income | <u>60,828,793</u> | <u>1,114,154</u> | <u>31,323,562</u> | <u>8,722,713</u> | <u>101,989,222</u> |
| TOTAL ADDITIONS | <u>80,207,257</u> | <u>1,393,078</u> | <u>40,542,910</u> | <u>14,288,704</u> | <u>136,431,949</u> |
| <u>DEDUCTIONS:</u> | | | | | |
| Benefit Payments | 27,318,588 | 227,458 | 13,184,119 | 7,376,167 | 48,106,332 |
| Refunds of Contributions | 242,428 | - | 338,003 | - | 580,431 |
| Administrative Expenses | <u>552,549</u> | <u>49,485</u> | <u>416,986</u> | <u>10,972</u> | <u>1,029,992</u> |
| TOTAL DEDUCTIONS | <u>28,113,565</u> | <u>276,943</u> | <u>13,939,108</u> | <u>7,387,139</u> | <u>49,716,755</u> |
| CHANGE IN NET POSITION | 52,093,692 | 1,116,135 | 26,603,802 | 6,901,565 | 86,715,194 |
| NET POSITION - October 1 | <u>272,205,884</u> | <u>6,673,712</u> | <u>174,857,919</u> | <u>50,473,222</u> | <u>504,210,737</u> |
| NET POSITION - September 30 | <u>\$ 324,299,576</u> | <u>\$ 7,789,847</u> | <u>\$ 201,461,721</u> | <u>\$ 57,374,787</u> | <u>\$ 590,925,931</u> |

CITY OF
GAINESVILLE

every path starts with passion

FLORIDA

STATISTICAL SECTION SUMMARY

This part of the City of Gainesville, Florida's comprehensive annual financial report presents additional information to assist users in understanding how the information provided in the financial statements, note disclosures, and required supplementary information impacts the City's overall financial health.

| Schedules | Page |
|--|-------------|
| <u>Financial Trends</u> <i>These schedules provide financial trend information, which shows how the City's financial performance has changed over time.</i> | 131 |
| <u>Revenue Capacity</u> <i>These schedules provide additional information about Property Tax and Utility Revenues, the City's most significant local revenue sources.</i> | 139 |
| <u>Debt Capacity</u> <i>These schedules provide detailed information about the City's current levels of outstanding debt, and can help the financial statement user assess the City's ability to issue additional debt in the future.</i> | 146 |
| <u>Demographic and Economic Information</u> <i>These schedules present demographic and economic indicators to assist the financial statement user in understanding the environment in which the City's financial activities occur.</i> | 149 |
| <u>Operating Information</u> <i>These schedules contain service and infrastructure data to help the financial statement user understand how the information in the City's financial statements relates to the services the City provides.</i> | 151 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF
GAINESVILLE

every path starts with passion

FLORIDA

City of Gainesville
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Governmental activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 79,593,219 | \$ 82,168,018 | \$ 81,644,688 | \$ 92,860,038 | \$ 96,668,703 | \$ 109,776,558 | \$ 116,698,998 | \$ 127,383,906 | \$ 133,198,609 | \$ 147,982,728 |
| Restricted | 12,928,276 | 23,255,620 | 23,804,426 | 24,744,773 | 32,633,862 | 54,338,573 | 63,393,549 | 66,834,959 | 63,041,610 | 52,874,367 |
| Unrestricted | 19,429,443 | (3,020,760) | 4,675,292 | 8,536,785 | 11,236,904 | 8,569,078 | 10,754,370 | 17,050,427 | 16,993,135 | 11,105,349 |
| Total governmental activities net position | \$ 111,950,938 | \$ 102,402,878 | \$ 110,124,406 | \$ 126,141,596 | \$ 140,539,469 | \$ 172,684,209 | \$ 190,846,917 | \$ 211,269,292 | \$ 213,233,354 | \$ 211,962,444 |
| Business-type activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 319,702,835 | \$ 322,442,298 | \$ 331,146,120 | \$ 349,405,887 | \$ 355,005,449 | \$ 355,449,225 | \$ 373,193,617 | \$ 350,932,231 | \$ 368,031,597 | \$ 362,258,572 |
| Restricted | 49,479,733 | 48,655,890 | 41,927,823 | 38,409,591 | 47,479,252 | 59,072,730 | 74,411,130 | 84,940,717 | 85,067,843 | 88,409,575 |
| Unrestricted | 17,365,556 | 15,864,688 | 12,602,059 | 21,512,560 | 30,115,444 | 57,894,750 | 55,460,731 | 102,951,974 | 110,159,236 | 113,807,653 |
| Total business-type activities net position | \$ 386,548,124 | \$ 386,962,876 | \$ 385,676,002 | \$ 409,328,038 | \$ 432,600,145 | \$ 472,416,705 | \$ 503,065,478 | \$ 538,824,922 | \$ 563,258,676 | \$ 564,475,800 |
| Total primary government: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 399,296,054 | \$ 404,610,316 | \$ 412,790,808 | \$ 442,265,925 | \$ 451,674,152 | \$ 465,225,783 | \$ 489,892,615 | \$ 478,316,137 | \$ 501,230,206 | \$ 510,241,300 |
| Restricted | 62,408,009 | 71,911,510 | 65,732,249 | 63,154,364 | 80,113,114 | 113,411,303 | 137,804,679 | 151,775,676 | 148,109,453 | 141,283,942 |
| Unrestricted | 36,794,999 | 12,843,928 | 17,277,351 | 30,049,345 | 41,352,348 | 66,463,828 | 66,215,101 | 120,002,401 | 127,152,371 | 124,913,002 |
| Total primary government net position | \$ 498,499,062 | \$ 489,365,754 | \$ 495,800,408 | \$ 535,469,634 | \$ 573,139,614 | \$ 645,100,914 | \$ 693,912,395 | \$ 750,094,214 | \$ 776,492,030 | \$ 776,438,244 |

**City of Gainesville
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 18,458,043 | \$ 23,677,037 | \$ 24,048,427 | \$ 17,066,712 | \$ 19,676,597 |
| Public safety | 45,714,000 | 54,281,144 | 47,701,143 | 49,394,763 | 51,608,781 |
| Physical environment | 2,827,492 | 3,055,388 | 3,243,727 | 2,790,089 | 1,144,211 |
| Transportation | 9,548,804 | 8,548,157 | 10,506,470 | 12,220,979 | 11,787,373 |
| Economic environment | 3,583,832 | 4,616,810 | 5,787,916 | 8,492,950 | 8,118,429 |
| Human services | 1,713,715 | 1,268,499 | 1,043,843 | 284,999 | 367,706 |
| Culture & recreation | 3,669,838 | 5,641,593 | 5,916,408 | 6,527,215 | 8,784,045 |
| Interest on long-term debt | 5,136,385 | 5,296,200 | 7,539,632 | 7,504,485 | 7,420,509 |
| Total governmental activities expenses | <u>90,652,109</u> | <u>106,384,828</u> | <u>105,787,566</u> | <u>104,282,192</u> | <u>108,907,651</u> |
| Business-type activities: | | | | | |
| Electric | 152,668,644 | 165,714,007 | 200,086,670 | 192,569,894 | 226,444,987 |
| Gas | 22,402,154 | 25,011,786 | 30,563,089 | 27,732,906 | 29,688,866 |
| Water | 15,662,347 | 16,373,985 | 18,267,647 | 18,895,269 | 21,282,566 |
| Wastewater | 17,978,035 | 20,179,076 | 22,266,780 | 22,704,103 | 26,027,811 |
| GRUCom | 6,626,562 | 7,763,554 | 8,481,545 | 8,421,765 | 10,437,988 |
| Regional transit system | 13,946,979 | 15,407,545 | 16,521,738 | 17,282,667 | 19,234,349 |
| Stormwater management | 3,963,762 | 4,563,029 | 5,061,984 | 5,095,939 | 4,774,960 |
| Ironwood golf course | 1,438,628 | 1,243,518 | 1,309,847 | 1,325,727 | 1,317,753 |
| Florida building code enforcement | - | - | - | 1,783,856 | 2,025,997 |
| Solid waste | 5,595,169 | 5,441,243 | 6,635,067 | 10,009,758 | 6,993,233 |
| Total business-type activities expenses | <u>240,282,280</u> | <u>261,697,743</u> | <u>309,194,367</u> | <u>305,821,884</u> | <u>348,228,510</u> |
| Total primary government expenses | <u>\$ 330,934,389</u> | <u>\$ 368,082,571</u> | <u>\$ 414,981,933</u> | <u>\$ 410,104,076</u> | <u>\$ 457,136,161</u> |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 5,394,342 | \$ 6,656,239 | \$ 8,120,988 | \$ 8,923,828 | \$ 9,822,901 |
| Public safety | 4,011,789 | 8,000,564 | 4,704,098 | 3,903,871 | 3,571,167 |
| Other charges for services | 2,396,166 | 3,182,821 | 3,983,052 | 4,958,140 | 4,648,919 |
| Operating grants and contributions | 5,951,582 | 13,058,351 | 8,097,602 | 6,109,549 | 7,606,468 |
| Capital grants and contributions | 1,406,477 | 191,600 | 1,617,534 | 8,093,971 | 6,822,160 |
| Total governmental activities program revenues | <u>19,160,356</u> | <u>31,089,575</u> | <u>26,523,274</u> | <u>31,989,359</u> | <u>32,471,615</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Electric | 159,117,967 | 174,046,207 | 207,023,570 | 206,552,756 | 238,595,628 |
| Other utilities | 65,702,620 | 65,854,837 | 78,332,531 | 85,133,356 | 94,775,804 |
| Other charges for services | 20,313,784 | 21,373,897 | 22,639,670 | 29,289,277 | 28,055,330 |
| Operating grants and contributions | 5,059,409 | 3,400,623 | 3,567,605 | 6,191,062 | 9,103,954 |
| Capital grants and contributions | 7,572,300 | 9,632,321 | 9,492,873 | 15,903,334 | 5,134,693 |
| Total business-type activities program revenues | <u>257,766,080</u> | <u>274,307,885</u> | <u>321,056,249</u> | <u>343,069,785</u> | <u>375,665,409</u> |
| Total primary government program revenues | <u>\$ 276,926,436</u> | <u>\$ 305,397,460</u> | <u>\$ 347,579,523</u> | <u>\$ 375,059,144</u> | <u>\$ 408,137,024</u> |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (71,491,753) | \$ (75,295,253) | \$ (79,264,292) | \$ (72,292,833) | \$ (76,436,036) |
| Business-type activities | 17,483,800 | 12,610,142 | 11,861,882 | 37,247,901 | 27,436,899 |
| Total primary government net revenue | <u>\$ (54,007,953)</u> | <u>\$ (62,685,111)</u> | <u>\$ (67,402,410)</u> | <u>\$ (35,044,932)</u> | <u>\$ (48,999,137)</u> |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 17,983,617 | \$ 19,365,334 | \$ 22,094,936 | \$ 25,974,094 | \$ 26,163,266 |
| Other taxes | 18,961,421 | 18,928,506 | 19,989,122 | 19,906,074 | 22,432,162 |
| State revenue sharing | 3,367,156 | 4,117,607 | 4,258,238 | 4,190,182 | 3,919,560 |
| Investment gain (loss) | 2,641,812 | 1,564,126 | 3,413,776 | 5,862,894 | 2,744,915 |
| Other revenues | 3,564,261 | 1,894,572 | 2,312,756 | 1,318,358 | 3,142,232 |
| Total governmental activities | <u>46,518,267</u> | <u>45,870,145</u> | <u>52,068,828</u> | <u>57,251,602</u> | <u>58,402,135</u> |
| Business-type activities: | | | | | |
| Interest | 7,011,499 | 4,388,999 | 10,217,610 | 11,581,622 | 9,370,421 |
| Other revenues | 16,155,309 | 14,624,051 | 6,944,982 | 5,880,934 | 18,896,561 |
| Total business-type activities | <u>23,166,808</u> | <u>19,013,050</u> | <u>17,162,592</u> | <u>17,462,556</u> | <u>28,266,982</u> |
| Total primary government | <u>\$ 69,685,075</u> | <u>\$ 64,883,195</u> | <u>\$ 69,231,420</u> | <u>\$ 74,714,158</u> | <u>\$ 86,669,117</u> |
| Changes in Net Position (including transfers, special items and extraordinary items) | | | | | |
| Governmental activities | \$ 2,156,906 | \$ (1,189,518) | \$ 3,115,884 | \$ 16,017,190 | \$ 14,397,873 |
| Business-type activities | 13,520,216 | 3,387,602 | (1,286,874) | 23,652,036 | 23,272,107 |
| Total primary government | <u>\$ 15,677,122</u> | <u>\$ 2,198,084</u> | <u>\$ 1,829,010</u> | <u>\$ 39,669,226</u> | <u>\$ 37,669,980</u> |

**City of Gainesville
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

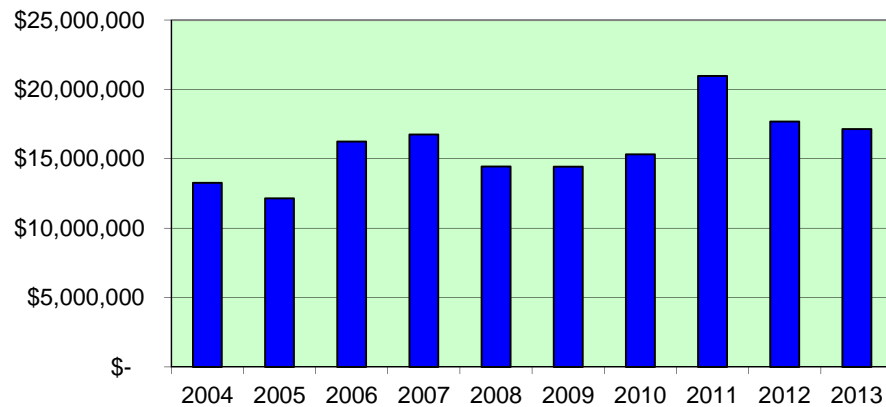
| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 20,156,210 | \$ 18,762,647 | \$ 18,698,649 | \$ 16,546,820 | \$ 17,814,078 |
| Public safety | 52,968,413 | 56,238,741 | 57,166,952 | 59,735,600 | 62,938,271 |
| Physical environment | 1,126,951 | 1,510,055 | 1,116,462 | 2,218,153 | 3,799,039 |
| Transportation | 4,527,795 | 14,089,516 | 13,982,396 | 18,686,598 | 18,410,169 |
| Economic environment | 7,537,152 | 7,239,951 | 6,402,656 | 9,164,986 | 6,809,885 |
| Human services | 293,829 | 593,420 | 1,250,715 | 581,239 | 384,825 |
| Culture & recreation | 9,479,058 | 8,713,366 | 8,433,374 | 9,705,943 | 9,551,902 |
| Interest on long-term debt | 7,367,850 | 7,632,165 | 7,580,944 | 7,390,511 | 7,248,291 |
| Total governmental activities expenses | <u>103,457,258</u> | <u>114,779,861</u> | <u>114,632,148</u> | <u>124,029,850</u> | <u>126,956,460</u> |
| Business-type activities: | | | | | |
| Electric | 230,822,719 | 234,835,876 | 228,544,484 | 221,494,502 | 227,350,282 |
| Gas | 24,405,725 | 24,599,071 | 24,336,197 | 21,898,283 | 21,436,501 |
| Water | 21,323,742 | 22,290,808 | 22,945,996 | 24,458,151 | 24,988,038 |
| Wastewater | 24,722,167 | 24,925,561 | 27,068,964 | 27,072,938 | 27,618,138 |
| GRUCom | 9,993,228 | 10,719,866 | 10,907,359 | 11,160,732 | 10,504,492 |
| Regional transit system | 18,275,948 | 20,299,166 | 20,196,358 | 21,458,507 | 23,167,649 |
| Stormwater management | 4,650,703 | 5,486,082 | 5,030,742 | 6,376,271 | 6,283,365 |
| Ironwood golf course | 1,259,517 | 1,304,741 | 1,419,653 | 1,454,435 | 1,401,017 |
| Florida building code enforcement | 2,577,306 | 2,362,379 | 2,263,325 | 2,156,163 | 2,042,119 |
| Solid waste | 6,285,562 | 7,101,229 | 7,320,642 | 7,377,876 | 7,237,205 |
| Total business-type activities expenses | <u>344,316,617</u> | <u>353,924,779</u> | <u>350,033,720</u> | <u>344,907,858</u> | <u>352,028,806</u> |
| Total primary government expenses | <u>\$ 447,773,875</u> | <u>\$ 468,704,640</u> | <u>\$ 464,665,868</u> | <u>\$ 468,937,708</u> | <u>\$ 478,985,266</u> |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 9,949,536 | \$ 10,078,544 | \$ 10,434,927 | \$ 10,701,617 | \$ 11,418,234 |
| Public safety | 3,824,888 | 2,692,994 | 8,696,812 | 7,945,799 | 8,238,633 |
| Other charges for services | 3,933,103 | 4,474,776 | 3,427,670 | 4,500,224 | 3,769,211 |
| Operating grants and contributions | 7,634,880 | 6,817,388 | 8,405,085 | 8,537,676 | 8,170,095 |
| Capital grants and contributions | 15,249,638 | 8,224,492 | 7,130,480 | 2,862,493 | 7,570,791 |
| Total governmental activities program revenues | <u>40,592,045</u> | <u>32,288,194</u> | <u>38,094,974</u> | <u>34,547,809</u> | <u>39,166,964</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Electric | 249,761,764 | 262,530,880 | 250,057,292 | 230,805,656 | 228,822,572 |
| Other utilities | 96,097,911 | 95,053,793 | 101,100,900 | 96,875,398 | 97,083,057 |
| Other charges for services | 27,672,309 | 28,617,567 | 30,630,504 | 32,257,122 | 33,332,016 |
| Operating grants and contributions | 7,739,337 | 11,661,662 | 5,886,603 | 6,384,981 | 14,074,581 |
| Capital grants and contributions | 4,253,489 | 3,554,922 | 5,146,531 | 7,148,130 | 3,004,490 |
| Total business-type activities program revenues | <u>385,524,810</u> | <u>401,418,824</u> | <u>392,821,830</u> | <u>373,471,287</u> | <u>376,316,716</u> |
| Total primary government program revenues | <u>\$ 426,116,855</u> | <u>\$ 433,707,018</u> | <u>\$ 430,916,804</u> | <u>\$ 408,019,096</u> | <u>\$ 415,483,680</u> |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (62,865,213) | \$ (82,491,667) | \$ (76,537,174) | \$ (89,482,041) | \$ (87,789,496) |
| Business-type activities | 41,208,193 | 47,494,045 | 42,788,110 | 28,563,429 | 24,287,910 |
| Total primary government net revenue | <u>\$ (21,657,020)</u> | <u>\$ (34,997,622)</u> | <u>\$ (33,749,064)</u> | <u>\$ (60,918,612)</u> | <u>\$ (63,501,586)</u> |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 26,499,911 | \$ 29,016,964 | \$ 26,833,852 | \$ 25,871,976 | \$ 26,077,888 |
| Other taxes | 24,326,238 | 27,865,426 | 25,444,169 | 21,952,397 | 21,899,384 |
| State revenue sharing | 3,523,204 | 3,487,190 | 3,653,017 | 3,712,905 | 3,723,420 |
| Investment gain (loss) | 3,240,737 | 2,706,332 | 2,317,663 | 3,556,870 | (4,908,204) |
| Other revenues | 2,817,165 | 3,593,703 | 3,082,853 | 2,993,407 | 2,826,862 |
| Total governmental activities | <u>60,407,255</u> | <u>66,669,615</u> | <u>61,331,554</u> | <u>58,087,555</u> | <u>49,619,350</u> |
| Business-type activities: | | | | | |
| Interest | 6,930,659 | 7,176,761 | 9,242,257 | 9,234,751 | 6,653,021 |
| Other revenues | 26,280,406 | 9,962,727 | 19,357,072 | 23,308,136 | 7,175,429 |
| Total business-type activities | <u>33,211,065</u> | <u>17,139,488</u> | <u>28,599,329</u> | <u>32,542,887</u> | <u>13,828,450</u> |
| Total primary government | <u>\$ 93,618,320</u> | <u>\$ 83,809,103</u> | <u>\$ 89,930,883</u> | <u>\$ 90,630,442</u> | <u>\$ 63,447,800</u> |
| Changes in Net Position (including transfers, sp | | | | | |
| Governmental activities | \$ 32,049,638 | \$ 18,162,708 | \$ 20,422,375 | \$ 5,278,076 | \$ (1,270,910) |
| Business-type activities | 39,911,662 | 30,648,773 | 35,759,444 | 24,433,754 | 1,217,124 |
| Total primary government | <u>\$ 71,961,300</u> | <u>\$ 48,811,481</u> | <u>\$ 56,181,819</u> | <u>\$ 29,711,830</u> | <u>\$ (53,786)</u> |

(concluded)

City of Gainesville
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund: | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,474,278 | \$ 3,363,691 | \$ 2,959,587 |
| Assigned | - | - | - | - | - | - | - | 1,060,672 | 2,236,549 | 772,730 |
| Unassigned | - | - | - | - | - | - | - | 16,433,938 | 12,087,485 | 13,408,146 |
| Reserved * | 6,519,587 | 4,911,387 | 8,397,572 | 4,925,724 | 4,629,909 | 4,768,553 | 4,051,937 | - | - | - |
| Unreserved * | 6,744,693 | 7,235,562 | 7,844,042 | 11,826,843 | 9,818,911 | 9,659,258 | 11,264,725 | - | - | - |
| Total general fund | \$ 13,264,280 | \$ 12,146,949 | \$ 16,241,614 | \$ 16,752,567 | \$ 14,448,820 | \$ 14,427,811 | \$ 15,316,662 | \$ 20,968,888 | \$ 17,687,725 | \$ 17,140,463 |
| All other governmental funds: | | | | | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 70,813,952 | \$ 64,831,266 | \$ 56,363,125 |
| Committed | - | - | - | - | - | - | - | 782,237 | 782,237 | 901,448 |
| Assigned | - | - | - | - | - | - | - | 10,370,993 | 16,633,174 | 12,555,440 |
| Unassigned | - | - | - | - | - | - | - | (29,288) | (3,067,169) | (2,499,106) |
| Reserved * | 6,765,983 | 4,882,686 | 4,744,154 | 5,215,953 | 8,635,651 | 12,958,151 | 12,066,838 | - | - | - |
| Unreserved, reported in: * | | | | | | | | | | |
| Special revenue funds | 4,289,293 | 8,385,893 | 14,016,419 | 17,059,686 | 19,457,506 | 20,652,435 | 17,677,648 | - | - | - |
| Capital projects funds | 6,489,093 | 9,630,545 | 32,065,513 | 30,400,097 | 26,667,704 | 47,356,632 | 54,624,332 | - | - | - |
| Debt service funds | 702,303 | 356,496 | 231,073 | 544,869 | 784,834 | 819,434 | 965,256 | - | - | - |
| Total all other governmental funds | \$ 18,246,672 | \$ 23,255,620 | \$ 51,057,159 | \$ 53,220,605 | \$ 55,545,695 | \$ 81,786,652 | \$ 85,334,074 | \$ 81,937,894 | \$ 79,179,508 | \$ 67,320,907 |

General Fund - Fund Balance



* GASB 54 was implemented in FY11, which changed the presentation of fund balance components.

City of Gainesville
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|-----------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 31,303,901 | \$ 32,679,841 | \$ 35,853,540 | \$ 40,954,740 | \$ 44,919,849 | \$ 48,660,333 | \$ 55,238,898 | \$ 49,781,834 | \$ 45,404,192 | \$ 45,099,581 |
| Licenses and permits | 2,426,963 | 2,896,874 | 3,073,214 | 648,571 | 1,060,465 | 770,664 | 745,274 | 832,814 | 866,236 | 899,441 |
| Intergovernmental | 18,272,298 | 22,974,018 | 26,284,052 | 28,253,027 | 25,763,178 | 35,152,327 | 26,966,627 | 28,665,033 | 24,685,016 | 29,719,620 |
| Charges for services | 7,814,955 | 8,856,453 | 8,755,754 | 9,285,755 | 9,380,880 | 8,918,343 | 9,134,011 | 13,375,534 | 15,054,350 | 14,389,653 |
| Fines and forfeitures | 1,385,684 | 5,262,937 | 1,615,725 | 2,119,270 | 2,274,774 | 2,502,515 | 1,726,229 | 2,629,506 | 1,796,110 | 1,985,956 |
| Miscellaneous | 3,960,453 | 3,291,883 | 5,186,443 | 6,875,578 | 7,227,407 | 4,263,958 | 4,727,669 | 3,936,894 | 4,450,048 | (1,599,295) |
| Total revenues | 65,164,254 | 75,962,006 | 80,768,728 | 88,136,941 | 90,626,553 | 100,268,140 | 98,538,708 | 99,221,615 | 92,255,952 | 90,494,956 |
| Expenditures | | | | | | | | | | |
| General government | 16,256,847 | 51,239,460 | 15,054,459 | 15,920,764 | 16,470,644 | 16,588,882 | 16,110,505 | 14,707,657 | 14,999,927 | 14,857,602 |
| Public safety | 46,561,694 | 52,511,787 | 48,188,830 | 48,197,056 | 49,867,812 | 51,474,948 | 52,936,750 | 54,085,573 | 55,405,967 | 57,644,637 |
| Physical environment | 2,707,341 | 2,454,447 | 2,783,658 | 2,853,920 | 971,472 | 1,220,036 | 949,027 | 746,462 | 1,020,714 | 3,422,270 |
| Transportation | 8,138,503 | 8,771,221 | 10,128,414 | 10,993,376 | 11,590,424 | 12,043,680 | 12,669,257 | 13,165,523 | 12,481,951 | 12,117,326 |
| Economic environment | 3,513,053 | 4,414,062 | 5,530,992 | 6,009,987 | 7,634,661 | 7,938,012 | 9,710,604 | 9,040,688 | 7,961,882 | 7,324,538 |
| Human services | 1,713,667 | 1,188,621 | 1,031,754 | 336,491 | 410,920 | 293,829 | 593,420 | 1,123,442 | 554,740 | 390,769 |
| Culture and recreation | 5,755,697 | 5,483,963 | 6,117,126 | 6,206,272 | 8,165,959 | 8,727,210 | 8,813,164 | 7,683,761 | 7,998,869 | 8,282,530 |
| Debt service: | | | | | | | | | | |
| Principal | 3,608,817 | 4,010,000 | 6,227,053 | 6,920,902 | 7,747,796 | 7,822,049 | 8,511,383 | 9,192,493 | 10,332,810 | 9,886,531 |
| Interest | 5,015,779 | 5,255,490 | 7,422,640 | 7,442,180 | 7,336,659 | 7,125,182 | 7,472,387 | 7,489,706 | 7,283,092 | 7,127,610 |
| Bond issuance costs | 282,612 | 628,399 | 301,727 | 26,566 | - | 36,004 | 84,974 | - | 67,243 | - |
| Capital outlay | 10,207,478 | 5,160,215 | 5,801,349 | 13,609,187 | 12,967,402 | 9,801,087 | 13,410,389 | 15,369,816 | 17,741,445 | 21,958,840 |
| Total expenditures | 103,761,488 | 141,117,665 | 108,588,002 | 118,516,701 | 123,163,749 | 123,070,919 | 131,261,860 | 132,605,121 | 135,848,640 | 143,012,653 |
| Excess of revenues under expenditures | (38,597,234) | (65,155,659) | (27,819,274) | (30,379,760) | (32,537,196) | (22,802,779) | (32,723,152) | (33,383,506) | (43,592,688) | (52,517,697) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Debt issuance | 9,805,000 | 40,850,000 | 25,956,621 | 1,540,000 | - | 11,500,000 | 3,036,907 | - | 9,960,000 | - |
| Bond premium/discount | 728,392 | (38,314) | 39,168 | (13,434) | - | - | (15,320) | - | - | - |
| Deposit to refund escrow | (10,460,858) | - | - | - | - | - | - | - | - | - |
| Transfers in | 40,484,406 | 45,341,847 | 70,441,342 | 46,789,277 | 50,638,004 | 67,675,683 | 54,268,164 | 54,072,623 | 67,533,715 | 61,955,075 |
| Transfers out | (13,308,123) | (17,106,257) | (39,695,572) | (15,261,684) | (18,079,465) | (29,013,693) | (20,130,326) | (18,433,071) | (30,755,032) | (21,843,241) |
| Payments to refunded bond escrow age | - | - | - | - | - | - | - | - | (6,230,000) | - |
| Total other financing sources (uses) | 27,248,817 | 69,047,276 | 56,741,559 | 33,054,159 | 32,558,539 | 50,161,990 | 37,159,425 | 35,639,552 | 40,508,683 | 40,111,834 |
| Net change in fund balances | \$ (11,348,417) | \$ 3,891,617 | \$ 28,922,285 | \$ 2,674,399 | \$ 21,343 | \$ 27,359,211 | \$ 4,436,273 | \$ 2,256,046 | \$ (3,084,005) | \$ (12,405,863) |
| Debt service as a percentage of noncapital expenditures | 9.95% | 7.48% | 14.11% | 13.95% | 13.99% | 14.61% | 14.33% | 14.80% | 14.38% | 13.22% |

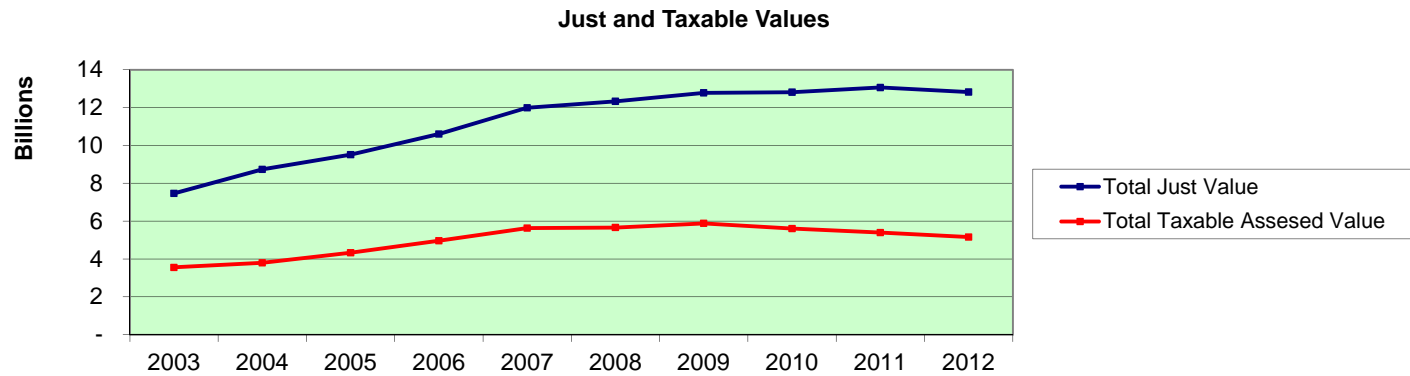
CITY OF
GAINESVILLE

every path starts with passion

FLORIDA

City of Gainesville
Assessed Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year Ended September 30, | Tax Year | Just Value | | | Exemptions | | | | | Total Taxable Assessed Value | Total Direct Tax Rate |
|---------------------------------|----------|----------------|-------------------|-----------------------------|---------------|--------------|---------------|---------------|-------------|------------------------------|-----------------------|
| | | Real Property | Personal Property | Centrally Assessed Property | Governmental | Agricultural | Institutional | Homestead | Other | | |
| 2004 | 2003 | 5,973,598,600 | 1,494,298,767 | 1,442,544 | 2,796,295,760 | 36,614,800 | 341,737,970 | 721,498,130 | 11,528,885 | 3,561,664,366 | 4.9416 |
| 2005 | 2004 | 7,244,067,100 | 1,493,401,961 | 1,737,804 | 3,641,123,420 | 34,963,100 | 369,084,360 | 876,134,257 | 12,690,560 | 3,805,211,168 | 4.9416 |
| 2006 | 2005 | 7,991,469,700 | 1,523,306,918 | 1,033,801 | 3,723,073,730 | 39,875,900 | 388,002,325 | 1,014,315,873 | 13,456,130 | 4,337,086,461 | 4.9355 |
| 2007 | 2006 | 9,127,221,600 | 1,475,928,616 | 1,025,098 | 3,801,414,175 | 34,506,400 | 562,036,537 | 1,221,910,900 | 15,135,250 | 4,969,172,052 | 4.8509 |
| 2008 | 2007 | 10,059,735,400 | 1,931,740,674 | 1,111,824 | 4,354,225,897 | 28,451,900 | 574,033,101 | 1,385,629,369 | 16,885,367 | 5,633,362,264 | 4.2544 |
| 2009 | 2008 | 10,599,500,250 | 1,732,004,529 | 1,149,322 | 4,195,267,980 | 35,549,700 | 647,733,978 | 1,773,423,757 | 14,341,607 | 5,666,337,079 | 4.2544 |
| 2010 | 2009 | 10,534,674,944 | 2,245,414,910 | 1,234,487 | 4,251,801,982 | 39,408,200 | 874,389,881 | 1,594,957,710 | 134,747,020 | 5,886,019,548 | 4.3963 |
| 2011 | 2010 | 10,569,755,018 | 2,241,968,355 | 987,726 | 4,815,548,071 | 37,517,700 | 896,937,822 | 1,313,405,085 | 141,081,893 | 5,608,220,528 | 4.2544 |
| 2012 | 2011 | 10,756,478,800 | 2,308,068,145 | 1,130,083 | 5,343,081,038 | 39,115,900 | 1,029,746,160 | 1,134,254,774 | 117,240,859 | 5,402,238,297 | 4.2544 |
| 2013 | 2012 | 10,437,604,712 | 2,386,565,278 | 1,073,991 | 5,408,327,315 | 37,576,500 | 1,112,522,902 | 993,996,869 | 109,161,684 | 5,163,658,711 | 4.4946 |



Source: Alachua County Property Appraiser

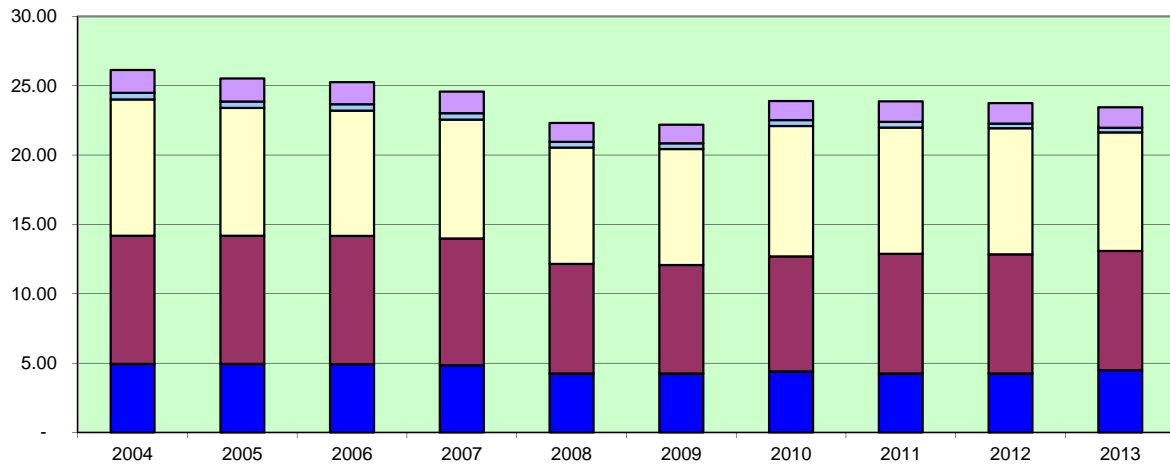
Note: The Property Appraiser assesses the value of property in a manner that does not provide a reasonable basis for estimating the actual value of property.

Exempt property makes up 58% of total assed value. Disclosing the nature of the exemptions provides more relevant information than detailing real property categories.

**City of Gainesville
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(rate per \$1,000 assessed value)**

| Fiscal Year | Tax Year | City of Gainesville Direct Rate | Overlapping Rates | | | | Total Direct & Overlapping Rates |
|-------------|----------|---------------------------------|-------------------|--------------------------------|-------------------------------------|---------------------------------|----------------------------------|
| | | | Alachua County | Alachua County School District | St. Johns Water Management District | Alachua County Library District | |
| 2004 | 2003 | 4.9416 | 9.2387 | 9.8390 | 0.4620 | 1.6566 | 26.1379 |
| 2005 | 2004 | 4.9416 | 9.2387 | 9.2240 | 0.4620 | 1.6566 | 25.5229 |
| 2006 | 2005 | 4.9355 | 9.2387 | 9.0340 | 0.4620 | 1.5920 | 25.2622 |
| 2007 | 2006 | 4.8509 | 9.1387 | 8.5710 | 0.4620 | 1.5615 | 24.5841 |
| 2008 | 2007 | 4.2544 | 7.8968 | 8.3950 | 0.4158 | 1.3560 | 22.3180 |
| 2009 | 2008 | 4.2544 | 7.8208 | 8.3590 | 0.4158 | 1.3406 | 22.1906 |
| 2010 | 2009 | 4.3963 | 8.2995 | 9.4080 | 0.4158 | 1.3771 | 23.8967 |
| 2011 | 2010 | 4.2544 | 8.6263 | 9.1070 | 0.4158 | 1.4736 | 23.8771 |
| 2012 | 2011 | 4.2544 | 8.5956 | 9.0920 | 0.3313 | 1.4790 | 23.7523 |
| 2013 | 2012 | 4.4946 | 8.5956 | 8.5490 | 0.3313 | 1.4768 | 23.4473 |

**Overlapping Millage Rates
(for City Residents)**



■ City of Gainesville ■ Alachua County □ Alachua County School District ■ St. Johns Water Mgmt ■ Alachua Co Library

Source: Alachua County Property Appraiser

Notes: The City's direct property tax rate is limited to a maximum rate of 10.0.

Overlapping rates are those of other local and county governments that apply to property owners within the City.

**City of Gainesville
Principal Property Taxpayers
Current Year and Nine Years Ago**

| | 2013 | | | 2004 | | |
|--|-----------------------|------|--|-----------------------|------|--|
| | Total Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Total Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Oaks Mall Gainesville LTD | \$ 120,000,000 | 1 | 2.32% | \$ 83,309,000 | 1 | 2.34% |
| HCA Health Services of Florida, Inc. | 69,164,200 | 2 | 1.34% | 30,350,900 | 4 | 0.85% |
| Oak Hammock at the Univ of Florida, Inc. | 56,217,910 | 3 | 1.09% | - | | n/a |
| North Florida Regional Hospital | 41,502,300 | 4 | 0.80% | - | | n/a |
| S Clark Butler Properties Land Trust | 39,782,800 | 5 | 0.77% | - | | n/a |
| Cox Comm Inc. | 37,413,768 | 6 | 0.72% | 17,455,030 | 10 | 0.49% |
| Inland American Lodging, Gvl, LLC | 35,643,460 | 7 | 0.69% | - | | n/a |
| ELPH Gainesville LLC LIC | 34,426,590 | 8 | 0.66% | - | | n/a |
| King's Gainesville Apartment's LLC | 25,836,230 | 9 | 0.50% | - | | n/a |
| ACC OP LLC | 24,606,780 | 10 | 0.48% | - | | n/a |
| Bellsouth Telecommunications | - | | n/a | 67,597,590 | 2 | 1.90% |
| Florida Power Corp | - | | n/a | 39,534,720 | 3 | 1.11% |
| Metal Container Corporation | - | | n/a | 23,161,860 | 5 | 0.65% |
| Colonial Realty Ltd partnership | - | | n/a | 22,826,800 | 6 | 0.64% |
| Gainesville Place LLC | - | | n/a | 22,365,700 | 7 | 0.63% |
| Campus Lodge of Gainesville, LTD | - | | n/a | 18,819,200 | 8 | 0.53% |
| Clariant Life Science, Molecules | - | | n/a | 17,881,420 | 9 | 0.50% |
| Total | \$ 484,594,038 | | 9.37% | \$ 343,302,220 | | 9.64% |

Source: Alachua County Property Appraiser

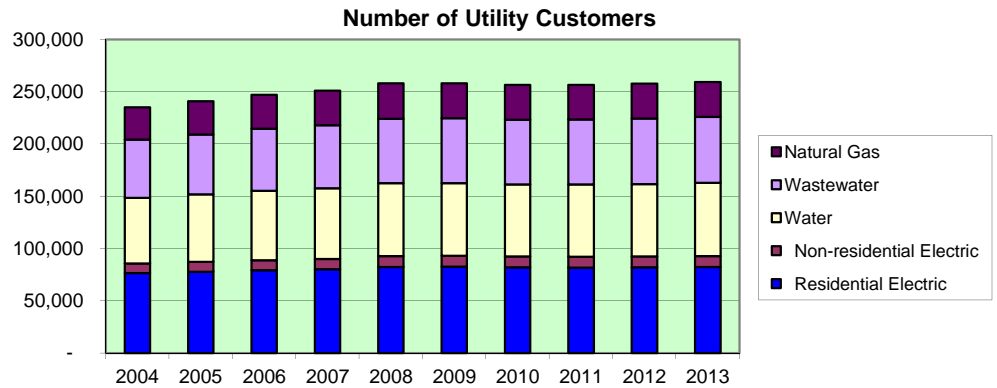
**City of Gainesville
Property Tax Levies and Collections
Last Ten Fiscal Years**

| Fiscal Year Ended September 30, | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|--|---|---|---------------------------|--|----------------------------------|---------------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2004 | \$ 17,494,937 | \$ 16,876,396 | 96.5% | \$ 28,833 | \$ 16,905,229 | 96.6% |
| 2005 | 18,725,816 | 18,055,672 | 96.4% | 38,366 | 18,094,038 | 96.6% |
| 2006 | 21,201,414 | 20,448,202 | 96.4% | 39,470 | 20,487,672 | 96.6% |
| 2007 | 24,010,640 | 23,172,540 | 96.5% | 28,915 | 23,201,455 | 96.6% |
| 2008 | 23,854,419 | 23,035,894 | 96.6% | 29,460 | 23,065,354 | 96.7% |
| 2009 | 24,020,009 | 23,191,605 | 96.6% | 50,404 | 23,242,009 | 96.8% |
| 2010 | 25,782,262 | 24,912,341 | 96.6% | 64,268 | 24,976,609 | 96.9% |
| 2011 | 23,802,971 | 23,007,885 | 96.7% | 15,953 | 23,023,838 | 96.7% |
| 2012 | 22,865,258 | 22,085,295 | 96.6% | 32,170 | 22,117,465 | 96.7% |
| 2013 | 23,183,944 | 22,288,394 | 96.1% | n/a | 22,288,394 | 96.1% |

Source: Alachua County Tax Collector

**City of Gainesville
Utility Base
Number of Customers and Sales Quantities
Last Ten Fiscal Years**

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>Number of Customers</u> | | | | | | | | | | |
| Electric: | | | | | | | | | | |
| Residential Electric | 76,435 | 77,918 | 79,262 | 80,237 | 82,399 | 82,668 | 82,038 | 81,900 | 82,039 | 82,440 |
| Non-residential Electric | 9,203 | 9,342 | 9,555 | 9,675 | 10,450 | 10,461 | 10,383 | 10,372 | 10,422 | 10,467 |
| Water | 62,818 | 64,620 | 66,405 | 67,774 | 69,784 | 69,496 | 68,819 | 68,952 | 69,329 | 69,847 |
| Wastewater | 55,604 | 57,166 | 59,206 | 60,205 | 61,552 | 62,071 | 61,999 | 62,164 | 62,536 | 63,001 |
| Natural Gas | 30,895 | 31,700 | 32,520 | 33,125 | 33,777 | 33,451 | 33,202 | 33,208 | 33,264 | 33,465 |
| <u>Sales</u> | | | | | | | | | | |
| Electric (gigawatt hours): | | | | | | | | | | |
| Residential Electric | 874 | 875 | 901 | 878 | 829 | 807 | 857 | 821 | 754 | 752 |
| Non-residential Electric | 1,147 | 1,164 | 981 | 983 | 992 | 964 | 994 | 967 | 945 | 930 |
| Gallons of Water (million gallons) | 8,401 | 7,697 | 8,315 | 9,053 | 8,435 | 7,892 | 7,371 | 7,775 | 7,369 | 6,964 |
| Gallons of Wastewater (million gallons) | 542,934 | 5,322 | 5,402 | 6,271 | 5,229 | 4,899 | 4,696 | 4,666 | 4,706 | 4,603 |
| Therms of Natural Gas (million therms) | 24 | 22 | 22 | 21 | 21 | 21 | 23 | 22 | 18 | 19 |



Source: GRU Annual Reports

City of Gainesville
Utility Rates
Last Ten Fiscal Years

| | 2004 | 2005 | 2006 | 2007 | 2008 | |
|---|-----------|---------|------------------|------------------|---------|---------|
| Electric: | | | | | | |
| Residential Service - Standard | | | | | | |
| Customer Charge | per month | \$ 4.66 | \$ 4.89 | \$ 5.17 | \$ 5.17 | \$ 5.54 |
| Energy Charge ² | per kWh | | | | | |
| 0-250 kWh | | n/a | n/a | n/a | 0.02400 | 0.02500 |
| 250-750 kWh | | 0.04613 | 0.04613 | 0.04982 | 0.05800 | 0.06500 |
| over 750 kWh | | 0.05576 | 0.05966 | 0.07398 | 0.08300 | 0.09700 |
| Residential Service - Peak Periods | | | | | | |
| Customer Charge | per month | 7.86 | 8.25 | 8.75 | 8.75 | 9.36 |
| Energy Charge ² | per kWh | | | | | |
| On-Peak | | 0.09880 | 0.09880 | 0.12251 | 0.10280 | 0.11000 |
| Off-Peak | | 0.02900 | 0.03100 | 0.03351 | 0.03230 | 0.03500 |
| General Service Non-Demand & Demand < 50 kW | | | | | | |
| Customer Charge | per month | 8.37 | 8.79 | 15.18 | 15.18 | 16.00 |
| Energy Charge ² | per kWh | | | | | |
| 0-1500 kWh | | 0.05090 | 0.05090 | 0.05548 | 0.05548 | 0.06200 |
| over 1500 kWh | | 0.05770 | 0.06087 | 0.07183 | 0.07183 | 0.08000 |
| Business Partner Discount Rate | | 7% | 7% | 7% | 7% | 0% |
| General Service Demand - 50kW > Demand < 1000 kW | | | | | | |
| Customer Charge | per month | 15.82 | 16.61 | 30.92 | 30.92 | 33.00 |
| Demand Charge | per kW | 5.75 | 6.33 | 7.56 | 7.56 | 9.00 |
| Energy Charge ² | per kWh | 0.02400 | 0.02400 | 0.02633 | 0.02633 | 0.02900 |
| Business Partner Discount Rate | | 10% | 10% | 10% | 10% | 0% |
| Large Power Service - Demand > 1000 kW | | | | | | |
| Customer Charge | per month | 60.84 | 63.88 | 245.05 | 245.05 | 265.00 |
| Demand Charge | per kW | 5.25 | 5.85 | 7.08 | 7.08 | 9.00 |
| Energy Charge ² | per kWh | 0.02350 | 0.02350 | 0.02597 | 0.02597 | 0.02700 |
| Business Partner Discount Rate | | 13% | 13% | 13% | 13% | 0% |
| Water: | | | | | | |
| Residential Service | | | | | | |
| Customer Charge | per month | 3.15 | 3.53 | 4.86 | 4.86 | 5.35 |
| Usage Charge ³ | per kGal | | | | | |
| 0 - 7,000 | | 1.01 | 1.27 | 1.42 | 1.42 | 1.56 |
| 7,001 - 20,000 | | 1.33 | 1.69 | 2.35 | 2.35 | 2.82 |
| Over 20,000 | | 2.29 | 2.91 | 4.04 | 4.04 | 4.93 |
| Non-Residential Service | | | | | | |
| Customer Charge | per month | 3.15 | 3.53 | 4.86 | 4.86 | 5.35 |
| Usage Charge | per kGal | 1.23 | 1.69 | 2.35 | 2.35 | 2.82 |
| Irrigation Service | | | | | | |
| Customer Charge | per month | 3.15 | 3.53 | 4.86 | 4.86 | 4.86 |
| Usage Charge | per kGal | | | | | |
| 0 - 15,000 | | 1.33 | 1.69 | 2.35 | 2.35 | 2.82 |
| over 15,000 | | 2.29 | 2.91 | 4.04 | 4.04 | 4.93 |
| Non-residential | | n/a | n/a | n/a | n/a | n/a |
| University of Florida | | | | | | |
| Customer Charge | per month | 3.15 | 3.53 | 4.86 | 4.86 | 5.35 |
| Usage Charge | per kGal | | | | | |
| On-Campus | | 0.82 | 0.91 | 1.04 | 1.04 | 1.13 |
| Off-Campus | | 1.02 | 1.11 | 1.15 | 1.15 | 1.30 |
| City of Alachua | | | | | | |
| Customer Charge | per month | 3.15 | 3.53 | 3.53 | 4.86 | 5.35 |
| Usage Charge | per kGal | 0.98 | 1.08 | 1.35 | 1.21 | 1.33 |
| Fire Hydrant History of Monthly Charges | | | | | | |
| Installed, Maintained, Supported | | 19.45 | rolled into base | rolled into base | | |
| Maintained, Supported | | 14.63 | rolled into base | rolled into base | | |
| Supported only (UF) | | 11.96 | 11.96 | rolled into base | | |

(continued)

City of Gainesville
Utility Rates
Last Ten Fiscal Years

| | 2009 | 2010 | 2011 | 2012 | 2013 | |
|---|-----------|---------|---------|---------|---------|---------|
| Electric: | | | | | | |
| Residential Service - Standard | | | | | | |
| Customer Charge | per month | \$ 7.60 | \$ 8.45 | \$ 8.45 | \$ 8.67 | \$ 8.67 |
| Energy Charge ² | per kWh | | | | | |
| 0-250 kWh | | 0.02600 | 0.02800 | 0.03200 | 0.03400 | 0.03400 |
| 250-750 kWh | | 0.06600 | 0.06700 | 0.06800 | 0.06800 | 0.06800 |
| over 750 kWh | | 0.09800 | 0.10200 | 0.10200 | 0.10200 | 0.10200 |
| Residential Service - Peak Periods | | | | | | |
| Customer Charge | per month | 17.60 | 17.60 | 17.60 | 17.60 | 17.60 |
| Energy Charge ² | per kWh | | | | | |
| On-Peak | | 0.13900 | 0.13900 | 0.13900 | 0.13900 | 0.13900 |
| Off-Peak | | 0.03500 | 0.03500 | 0.03500 | 0.03500 | 0.03500 |
| General Service Non-Demand & Demand < 50 kW | | | | | | |
| Customer Charge | per month | 16.00 | 25.50 | 26.00 | 26.00 | 26.00 |
| Energy Charge ² | per kWh | | | | | |
| 0-1500 kWh | | 0.06800 | 0.07000 | 0.08000 | 0.08000 | 0.08000 |
| over 1500 kWh | | 0.09500 | 0.10300 | 0.10800 | 0.10800 | 0.10800 |
| Business Partner Discount Rate | | 0% | 0% | 0% | 0% | 0% |
| General Service Demand - 50kW > Demand < 1000 kW | | | | | | |
| Customer Charge | per month | 45.00 | 45.00 | 50.00 | 50.00 | 50.00 |
| Demand Charge | per kW | 9.20 | 9.25 | 9.25 | 9.25 | 9.25 |
| Energy Charge ² | per kWh | 0.03200 | 0.04200 | 0.05100 | 0.05100 | 0.05100 |
| Business Partner Discount Rate | | 0% | 0% | 0% | 2% | 2% |
| Large Power Service - Demand > 1000 kW | | | | | | |
| Customer Charge | per month | 300.00 | 300.00 | 300.00 | 300.00 | 300.00 |
| Demand Charge | per kW | 9.20 | 9.25 | 9.25 | 9.25 | 9.25 |
| Energy Charge ² | per kWh | 0.03100 | 0.03900 | 0.04600 | 0.04600 | 0.04600 |
| Business Partner Discount Rate | | 0% | 0% | 0% | 2% | 2% |
| Water: | | | | | | |
| Residential Service | | | | | | |
| Customer Charge | per month | 7.00 | 7.30 | 7.75 | 8.65 | 8.70 |
| Usage Charge ³ | per kGal | | | | | |
| 0 - 7,000 | | 1.59 | 1.65 | 1.99 | 2.05 | 2.20 |
| 7,001 - 20,000 | | 3.11 | 3.30 | 3.65 | 3.65 | 3.75 |
| Over 20,000 | | 5.50 | 6.00 | 6.00 | 6.00 | 6.00 |
| Non-Residential Service | | | | | | |
| Customer Charge | per month | 7.00 | 7.30 | 7.75 | 8.65 | 8.70 |
| Usage Charge | per kGal | 3.11 | 3.30 | 3.40 | 3.65 | 3.75 |
| Irrigation Service | | | | | | |
| Customer Charge | per month | 4.86 | 7.30 | 7.75 | 8.65 | 8.70 |
| Usage Charge | per kGal | | | | | |
| 0 - 15,000 | | 3.11 | 3.30 | 3.65 | 3.65 | 3.75 |
| over 15,000 | | 5.50 | 6.00 | 6.00 | 6.00 | 6.00 |
| Non-residential | | n/a | 4.35 | 4.40 | 4.40 | 4.45 |
| University of Florida | | | | | | |
| Customer Charge | per month | 7.00 | 7.30 | 7.75 | 8.65 | 8.70 |
| Usage Charge | per kGal | | | | | |
| On-Campus | | 1.54 | 1.92 | 1.67 | 2.17 | 2.16 |
| Off-Campus | | 1.80 | 2.67 | 2.57 | 3.21 | 3.13 |
| City of Alachua | | | | | | |
| Customer Charge | per month | 7.00 | 7.30 | 7.75 | 8.65 | 8.70 |
| Usage Charge | per kGal | 1.45 | 1.51 | 1.62 | 1.62 | 1.62 |
| Fire Hydrant History of Monthly Charges | | | | | | |
| Installed, Maintained, Supported | | | | | | |
| Maintained, Supported | | | | | | |
| Supported only (UF) | | | | | | |

(continued)

City of Gainesville
Utility Rates
Last Ten Fiscal Years

| | | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|------------|-------------|-------------|-------------|------------|------------|
| <u>Wastewater:</u> | | | | | | |
| Residential Service | | | | | | |
| Customer Charge | per month | 2.39 | 2.75 | 3.52 | 3.52 | 4.00 |
| Usage Charge | per kGal | 2.75 | 3.16 | 3.94 | 3.94 | 4.63 |
| Residential not connected, but required to be by ordinance | | 22.27 | 18.55 | 23.22 | 23.22 | 23.22 |
| Residential, on wells, flat rate per month | | 22.27 | 18.55 | 23.22 | 23.22 | 23.22 |
| Multi-family | | | | | | |
| Customer Charge | per month | 2.39 | 2.75 | 3.52 | 3.52 | 4.00 |
| Usage Charge - flat rate | per month | 13.65 | 15.70 | 19.70 | 19.70 | 23.15 |
| Non-Residential Service | | | | | | |
| Customer Charge | per month | 2.39 | 2.75 | 3.52 | 3.52 | 4.00 |
| Usage Charge | per kGal | 2.75 | 3.16 | 3.94 | 3.94 | 4.63 |
| Tacachale | | | | | | |
| Customer Charge | per month | 2,931.03 | 3,370.69 | 4,213.36 | 4,213.36 | 4,929.63 |
| Usage Charge | per kGal | 0.93 | 1.07 | 1.34 | 1.34 | 1.36 |
| University of Florida - Maguire Village | | | | | | |
| Customer Charge | per month | 2.11 | 2.11 | 2.70 | n/a | n/a |
| Usage Charge | per kGal | 1.55 | 1.55 | 1.98 | n/a | n/a |
| <u>Natural Gas:</u> | | | | | | |
| Residential Service | | | | | | |
| Customer Charge | per month | 7.04 | 7.04 | 7.04 | 7.04 | 7.15 |
| Energy Charge ¹ | per therm | 0.40537 | 0.40537 | 0.40537 | 0.40537 | 0.42400 |
| MGP | per therm | 0.03210 | 0.03210 | 0.03210 | 0.03210 | 0.03210 |
| General Firm Service | | | | | | |
| Customer Charge | per month | \$ 17.60 | \$ 17.60 | \$ 17.60 | \$ 17.60 | \$ 19.89 |
| Energy Charge ¹ | per therm | \$ 0.23490 | \$ 0.23490 | \$ 0.23490 | \$ 0.23490 | \$ 0.26990 |
| MGP | per therm | \$ 0.03210 | \$ 0.03210 | \$ 0.03210 | \$ 0.03210 | \$ 0.32100 |
| Interruptible Service | | | | | | |
| Customer Charge | per month | \$ 351.90 | \$ 351.90 | \$ 351.90 | \$ 351.90 | \$ 360.00 |
| Energy Charge ² | per therm | \$ 0.17153 | \$ 0.17153 | \$ 0.17153 | \$ 0.17153 | \$ 0.20590 |
| MGP | per therm | \$ 0.03210 | \$ 0.03210 | \$ 0.03210 | \$ 0.03210 | \$ 0.03210 |
| Contract Interruptible Service | | | | | | |
| Customer Charge | per month | \$ 351.90 | \$ 351.90 | \$ 351.90 | \$ 351.90 | \$ 360.00 |
| Energy Charge ³ | per therm | by contract | by contract | by contract | | |
| MGP | per therm | \$ 0.03210 | \$ 0.03210 | \$ 0.03210 | \$ 0.03210 | \$ 0.03210 |
| Large Volume Interruptible Service | | | | | | |
| Customer Charge | per month | \$ 351.90 | \$ 351.90 | \$ 351.90 | \$ 351.90 | \$ 351.90 |
| Energy Charge ² | per therm | \$ 0.10486 | \$ 0.10486 | \$ 0.10486 | \$ 0.10486 | \$ 0.11990 |
| MGP | per therm | \$ 0.03210 | \$ 0.03210 | \$ 0.03210 | \$ 0.03210 | \$ 0.03210 |
| Liquid Propane (LP) Service | | | | | | |
| Customer Charge | per month | \$ 7.04 | \$ 7.04 | \$ 7.04 | \$ 7.04 | \$ 7.15 |
| Energy Charge ⁴ | per gallon | | | | | |
| 3-yr recovery | | \$ 0.64513 | \$ 0.64513 | \$ 0.64513 | \$ 0.64513 | \$ 0.64513 |
| 5-yr recovery | | \$ 0.59513 | \$ 0.59513 | \$ 0.59513 | \$ 0.59513 | \$ 0.59513 |
| 7-yr recovery | | \$ 0.57013 | \$ 0.57013 | \$ 0.57013 | \$ 0.57013 | \$ 0.57013 |
| > 7-yr recovery | | \$ 0.52513 | \$ 0.52513 | \$ 0.52513 | \$ 0.52513 | \$ 0.52513 |
| Basic (no recovery) | | n/a | n/a | n/a | n/a | n/a |
| Average Annual PGA | | \$ 0.68027 | \$ 1.03350 | | | |

Notes:

(continued)

1 Includes \$0.06906 per therm of fuel

2 Includes 6.5 mills/kWh of fuel

3 Effective October 1, 2011; previously 0-9,000, 9,001-25,000.

Source: GRU Annual Reports

City of Gainesville
Utility Rates
Last Ten Fiscal Years

| | | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|------------|------------|------------|------------|------------|------------|
| Wastewater: | | | | | | |
| Residential Service | | | | | | |
| Customer Charge | per month | 6.00 | 6.00 | 6.50 | 7.40 | 7.40 |
| Usage Charge | per kGal | 4.94 | 5.07 | 5.29 | 5.50 | 5.80 |
| Residential not connected, but required to be by ordinance | | 23.22 | 31.35 | 32.95 | 34.90 | 36.40 |
| Residential, on wells, flat rate per month | | 23.22 | 31.35 | 32.95 | 34.90 | 36.40 |
| Multi-family | | | | | | |
| Customer Charge | per month | 6.00 | 6.00 | 6.50 | 7.40 | 7.40 |
| Usage Charge - flat rate | per month | 24.70 | 25.35 | 26.45 | 27.50 | 29.00 |
| Non-Residential Service | | | | | | |
| Customer Charge | per month | 6.00 | 6.00 | 6.50 | 7.40 | 7.40 |
| Usage Charge | per kGal | 4.94 | 5.07 | 5.29 | 5.50 | 5.80 |
| Tacachale | | | | | | |
| Customer Charge | per month | 5,259.69 | n/a | n/a | n/a | n/a |
| Usage Charge | per kGal | 1.44 | n/a | n/a | n/a | n/a |
| University of Florida - Maguire Village | | | | | | |
| Customer Charge | per month | n/a | n/a | n/a | n/a | n/a |
| Usage Charge | per kGal | n/a | n/a | n/a | n/a | n/a |
| Natural Gas: | | | | | | |
| Residential Service | | | | | | |
| Customer Charge | per month | 9.52 | 9.52 | 9.52 | 9.52 | 9.52 |
| Energy Charge ¹ | per therm | 0.48300 | 0.48300 | 0.48300 | 0.48300 | 0.47370 |
| MGP | per therm | 0.03700 | 0.03700 | 0.04340 | 0.05050 | 0.05050 |
| General Firm Service | | | | | | |
| Customer Charge | per month | \$ 30.00 | \$ 30.00 | \$ 35.00 | \$ 35.00 | \$ 35.00 |
| Energy Charge ¹ | per therm | \$ 0.30800 | \$ 0.30800 | \$ 0.34300 | \$ 0.34300 | \$ 0.34300 |
| MGP | per therm | \$ 0.03700 | \$ 0.03700 | \$ 0.04340 | \$ 0.05050 | \$ 0.05050 |
| Interruptible Service | | | | | | |
| Customer Charge | per month | \$ 375.00 | \$ 375.00 | \$ 375.00 | \$ 375.00 | \$ 375.00 |
| Energy Charge ² | per therm | \$ 0.28600 | \$ 0.28600 | \$ 0.31500 | \$ 0.31500 | \$ 0.31500 |
| MGP | per therm | \$ 0.03700 | \$ 0.03700 | \$ 0.04340 | \$ 0.05050 | \$ 0.05050 |
| Contract Interruptible Service | | | | | | |
| Customer Charge | per month | \$ 375.00 | \$ 375.00 | \$ 375.00 | \$ 375.00 | n/a |
| Energy Charge ³ | per therm | | | | | |
| MGP | per therm | \$ 0.03700 | \$ 0.03700 | \$ 0.04340 | \$ 0.05050 | n/a |
| Large Volume Interruptible Service | | | | | | |
| Customer Charge | per month | \$ 375.00 | \$ 375.00 | \$ 375.00 | \$ 375.00 | \$ 375.00 |
| Energy Charge ² | per therm | \$ 0.14268 | \$ 0.14268 | \$ 0.15730 | \$ 0.15730 | \$ 0.20394 |
| MGP | per therm | \$ 0.03700 | \$ 0.03700 | \$ 0.04340 | \$ 0.05050 | \$ 0.05050 |
| Liquid Propane (LP) Service | | | | | | |
| Customer Charge | per month | \$ 9.52 | \$ 9.52 | \$ 9.52 | \$ 9.52 | \$ 9.52 |
| Energy Charge ⁴ | per gallon | | | | | |
| 3-yr recovery | | \$ 0.64513 | \$ 0.64513 | \$ 0.64513 | \$ 0.64513 | n/a |
| 5-yr recovery | | \$ 0.59513 | \$ 0.59513 | \$ 0.59513 | \$ 0.59513 | n/a |
| 7-yr recovery | | \$ 0.57013 | \$ 0.57013 | \$ 0.57013 | \$ 0.57013 | \$ 0.63846 |
| > 7-yr recovery | | \$ 0.52513 | \$ 0.52513 | \$ 0.52513 | \$ 0.52513 | \$ 0.59346 |
| Basic (no recovery) | | n/a | n/a | n/a | n/a | \$ 0.56346 |
| Average Annual PGA | | | | | | |
| | | | | | | |

Notes:

(concluded)

1 Includes \$0.06906 per therm of fuel

2 Includes 6.5 mills/kWh of fuel

3 Effective October 1, 2011; previously 0-9,000, 9,001-25,000

Source: GRU Annual Reports

**City of Gainesville
Principal Utility Revenue Contributors
Current Year and Nine Years Ago**

| | <u>2013</u> | | | <u>2004</u> | | |
|-------------------------------------|-----------------------------|-------------|--|-----------------------------|-------------|--|
| | <u>Total Payments</u> | <u>Rank</u> | <u>Percentage of Total Utility Value</u> | <u>Total Payments</u> | <u>Rank</u> | <u>Percentage of Total Utility Value</u> |
| City of Gainesville | \$ 8,080,627 | 1 | 2.32% | \$ 7,632,886 | 1 | 1.63% |
| Alachua County School Board | 5,211,309 | 2 | 1.49% | 4,642,953 | 3 | 1.90% |
| VA Medical Center | 4,503,252 | 3 | 1.29% | 4,374,504 | 6 | 1.79% |
| Publix Super Markets Inc | 4,455,231 | 4 | 1.28% | 2,167,734 | 9 | 0.89% |
| Shands Healthcare | 4,255,273 | 5 | 1.22% | - | - | n/a |
| North FL Regional Medical Center | 4,040,351 | 6 | 1.16% | 2,345,893 | 8 | 0.96% |
| University of Florida | 2,900,005 | 7 | 0.83% | - | - | n/a |
| Alachua County Board of County Comm | 2,384,314 | 8 | 0.68% | 5,316,980 | 2 | 2.17% |
| Santa Fe College | 1,840,377 | 9 | 0.53% | 4,442,283 | 5 | 1.82% |
| FL Dept of Children and Families | 1,517,822 | 10 | 0.44% | 2,958,518 | 7 | 1.21% |
| Shands @ AGH | - | - | n/a | 4,516,611 | 4 | 1.85% |
| Paradigm Properties Inc. | - | - | n/a | 2,109,104 | 10 | 0.86% |
| Total | <u><u>\$ 39,188,561</u></u> | | <u><u>11.23%</u></u> | <u><u>\$ 40,507,466</u></u> | | <u><u>15.08%</u></u> |

Source: GRU Annual Reports

City of Gainesville
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Presented by Governmental and Business-Type Activities

| Fiscal Year | Governmental Activities | | | Business-Type Activities | | Total Primary Government | Total | |
|-------------|-------------------------|-------------|----------------|--------------------------|---------------|--------------------------|----------------------|------------|
| | Revenue Bonds | Notes | Capital Leases | Revenue Bonds | Revenue Notes | | % of Personal Income | Per Capita |
| | 2004 | 122,036,108 | - | - | 365,874,265 | 69,985,702 | 557,896,075 | 16.31% |
| 2005 | 158,791,270 | - | - | 354,697,051 | 96,822,250 | 610,310,571 | 16.48% | 5,091 |
| 2006 | 174,699,926 | 2,319,485 | 942,136 | 620,165,000 | - | 798,126,547 | 20.30% | 6,601 |
| 2007 | 169,864,822 | 1,836,310 | 879,513 | 616,050,000 | - | 788,630,645 | 19.17% | 6,491 |
| 2008 | 162,789,829 | 1,234,366 | 808,654 | 730,495,000 | 62,000,000 | 957,327,849 | 21.78% | 7,690 |
| 2009 | 155,036,095 | 11,500,000 | 740,339 | 889,600,000 | 78,965,901 | 1,135,842,335 | 27.30% | 9,021 |
| 2010 | 149,632,743 | 11,500,000 | 669,111 | 859,725,000 | 66,036,166 | 1,087,563,020 | 23.18% | 8,226 |
| 2011 | 140,886,047 | 11,128,468 | 594,846 | 963,180,000 | 65,690,256 | 1,181,479,617 | 25.77% | 9,499 |
| 2012 | 125,439,382 | 20,643,225 | 517,414 | 944,695,000 | 65,337,135 | 1,156,632,156 | 24.54% | 9,335 |
| 2013 | 116,950,348 | 19,327,275 | 436,681 | 912,795,000 | 64,974,622 | 1,114,483,926 | 23.32% | 8,960 |

Presented by City Government and Gainesville Regional Utilities (GRU)

| Fiscal Year | City Government | Utility (GRU) | Total Primary Government | City Government | | Utility (GRU) | |
|-------------|-----------------|---------------|--------------------------|----------------------|------------|----------------------|--------------|
| | | | | % of Personal Income | Per Capita | % of Personal Income | Per Customer |
| 2004 | 123,147,060 | 434,749,015 | 557,896,075 | 3.60% | 1,046 | 6.12% | 1,777 |
| 2005 | 158,791,270 | 451,519,301 | 610,310,571 | 4.29% | 1,324 | 5.91% | 1,826 |
| 2006 | 177,961,547 | 620,165,000 | 798,126,547 | 4.53% | 1,472 | 7.54% | 2,453 |
| 2007 | 172,580,645 | 616,050,000 | 788,630,645 | 4.19% | 1,420 | 7.08% | 2,397 |
| 2008 | 164,832,849 | 792,495,000 | 957,327,849 | 3.75% | 1,324 | 8.49% | 2,997 |
| 2009 | 170,242,335 | 965,600,000 | 1,135,842,335 | 4.09% | 1,352 | 11.04% | 3,649 |
| 2010 | 165,838,020 | 921,725,000 | 1,087,563,020 | 3.53% | 1,254 | 9.86% | 3,500 |
| 2011 | 156,299,617 | 1,025,180,000 | 1,181,479,617 | 3.41% | 1,257 | 10.57% | 3,895 |
| 2012 | 149,937,156 | 1,006,695,000 | 1,156,632,156 | 3.18% | 1,210 | 10.01% | 3,810 |
| 2013 | 139,688,926 | 974,795,000 | 1,114,483,926 | 2.92% | 1,123 | 9.53% | 3,661 |

Sources: Personal income information was obtained from the Bureau of Economic Analysis.
Population figures were obtained from the Bureau of Economic and Business Research.
Customer information was obtained from GRU's Annual Report.

Notes: Details regarding the City's outstanding debt may be found in the Notes to the Financial Statements.

The debt ratios for the primary government include both General Government and GRU. These ratios are shown separately as well to provide more meaningful information.

The increase in General Government's debt ratios in fiscal year 2003 is attributable to the issuance of the 2003 Series A & B Taxable Pension Obligation Bonds. These bonds were issued to take advantage of the opportunity to issue taxable debt at rates well below the interest charges on the unfunded accrued actuarial liability of the City's defined benefit pension plans.

The increase in General Government's debt ratios in fiscal year 2005 is attributable to the issuance of the 2005 Taxable Other Post Employment Benefit Obligation Bonds. These bonds were issued to take advantage of the opportunity to issue taxable debt at rates well below the interest charges on the unfunded accrued actuarial liability of the City's retiree health care plan.

City of Gainesville
Direct and Overlapping Governmental Activities Debt
As of September 30, 2013

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Direct and Overlapping Debt |
|---|------------------|---------------------------------|--|
| Alachua County: | | | |
| Sales Tax Revenue Bonds | \$ 67,780,000 | 18.07% | \$ 12,248,092 |
| Alachua County Forever bank loan | 7,630,800 | 18.07% | 1,378,913 |
| Capital Improvement bank loan | 5,737,000 | 18.07% | 1,036,697 |
| Local Option Gas Tax bank loan | 7,603,000 | 18.07% | 1,373,890 |
| Alachua County School Board District | | | |
| General Obligation Bonds | 2,885,000 | 18.07% | 521,330 |
| State Motor Vehicle License Tax Revenue Bonds | 1,072,877 | 18.07% | 193,873 |
| Certificates of Participation | 78,321,770 | 18.07% | <u>14,153,028</u> |
| Subtotal, Overlapping Debt | | | 30,905,822 |
| City of Gainesville Governmental Activities Direct Debt | | | <u>136,714,304</u> |
| Total Direct and Overlapping Governmental Activities Debt | | | <u><u>\$ 167,620,126</u></u> |

Notes:

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

The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by dividing the portion of another government unit's taxable value that is within the City's boundaries and dividing it by each unit's total taxable value.

Sources:

Alachua County Finance Department, Alachua County School Board and Alachua County Property Appraiser

**City of Gainesville
Pledged Revenue Coverage
Last Ten Fiscal Years**

| Fiscal Year | State Guaranteed Entitlement Revenue Bonds | | | | Utilities System Revenue Bonds | | | | | |
|-------------|--|--------------|------------|----------|--------------------------------|------------------------------|------------------------|---------------|---------------|----------|
| | State Guaranteed Entitlement Revenue | Debt Service | | Coverage | Utilities Revenues (1) | Less: Operating Expenses (2) | Net Available Revenues | Debt Service | | |
| | | Principal | Interest | | | | | Principal | Interest | Coverage |
| 2004 | \$ 1,100,340 | \$ 525,000 | \$ 412,574 | 1.1736 | \$ 244,500,436 | \$ 161,501,757 | \$ 82,998,679 | \$ 10,100,000 | \$ 16,573,276 | 3.1117 |
| 2005 | 1,100,340 | 580,000 | 462,613 | 1.0554 | 254,112,058 | 177,618,895 | 76,493,163 | 9,385,000 | 15,491,978 | 3.0749 |
| 2006 | 1,100,340 | 600,000 | 442,613 | 1.0554 | 292,422,154 | 215,149,976 | 77,272,178 | 9,815,000 | 24,292,669 | 2.2655 |
| 2007 | 1,100,340 | 620,000 | 421,313 | 1.0567 | 297,747,273 | 203,665,825 | 94,081,448 | 13,015,000 | 27,530,456 | 2.3204 |
| 2008 | 1,100,340 | 645,000 | 396,513 | 1.0565 | 352,615,563 | 241,084,088 | 111,531,475 | 18,555,000 | 28,572,033 | 2.3666 |
| 2009 | 1,100,340 | 670,000 | 370,713 | 1.0573 | 363,585,373 | 237,644,597 | 125,940,776 | 21,985,000 | 29,077,280 | 2.4664 |
| 2010 | 1,100,340 | 700,000 | 341,163 | 1.0568 | 376,339,759 | 234,351,801 | 141,987,958 | 35,045,000 | 27,123,819 | 2.2839 |
| 2011 | 1,100,340 | 735,000 | 309,362 | 1.0536 | 376,167,181 | 222,620,162 | 153,547,019 | 31,055,000 | 32,952,046 | 2.3989 |
| 2012 | 1,100,340 | 770,000 | 272,683 | 1.0553 | 356,680,648 | 207,130,769 | 149,549,879 | 31,900,000 | 31,855,940 | 2.3457 |
| 2013 | 1,100,340 | 810,000 | 234,813 | 1.0531 | 356,409,450 | 214,466,006 | 141,943,444 | 31,900,000 | 21,964,939 | 2.6352 |

Notes:

- (1) Utilities revenues include electric, gas, water, wastewater and telecommunications charges to customers, other utilities revenues (including fees for connection, installation and backflow prevention), rate stabilization transfers, and interest income (excluding interest income earned on construction funds). Source: GRU Annual Reports
- (2) Operating expenses exclude depreciation and debt service charges.

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

CITY OF
GAINESVILLE

every path starts with passion

FLORIDA

City of Gainesville
Demographic and Economic Statistics
Last Ten Fiscal Years

| Fiscal Year | (1) Population | (2) Personal Income | (2) Per Capita Personal Income | (1) Median Age (Alachua County) | (3) Public School Enrollment (Alachua County) | (4) Unemployment Rate |
|--------------------|---------------------------|--------------------------------|---|--|--|--------------------------------------|
| 2004 | 117,754 | \$ 7,121,241,000 | \$ 29,050 | 29.3 | 28,086 | 3.30% |
| 2005 | 119,889 | 7,708,777,000 | 30,890 | 29.4 | 28,043 | 3.00% |
| 2006 | 120,919 | 8,313,660,000 | 32,510 | 29.2 | 28,118 | 2.80% |
| 2007 | 121,497 | 8,781,243,000 | 33,866 | 29.3 | 27,535 | 3.00% |
| 2008 | 124,491 | 9,240,924,000 | 35,313 | 29.6 | 28,198 | 4.70% |
| 2009 | 125,904 | 8,706,501,000 | 33,044 | 29.7 | 27,100 | 7.40% |
| 2010 | 132,217 | 9,386,000,000 | 35,488 | 30.1 | 28,581 | 8.30% |
| 2011 | 124,379 | 9,819,000,000 | 36,858 | 30.5 | 28,085 | 8.10% |
| 2012 | 123,903 | 10,205,000,000 | 38,045 | 30.8 | 27,491 | 6.90% |
| 2013 | 124,391 | 10,307,050,000 | 38,425 | N/A | 27,506 | 5.30% |

Note:

- (a) At the 2012 Year-end, the BEA published revised Personal Income and Per Capita Personal Income Statistics for years prior. The revised statistics are reflected in this publication.
- (b) 2012 Personal Income and Per Capital Personal Income are estimates based on a 1% growth rate from the 2011 BEA data published November 26, 2012.

Sources:

- (1) The Population and Median Age of Gainesville were obtained from the University of Florida Bureau of Economic and Business Research
- (2) Total Personal Income and Per Capita Personal Income amounts obtained from Bureau of Economic Analysis (BEA)
- (3) Public School Enrollment information obtained from Alachua County School Board
- (4) Unemployment Rates obtained from the United States Department of Labor

**City of Gainesville
Principal Employers
Current Year and Nine Years Ago**

| <u>Employer</u> | <u>2013</u> | | | <u>2004</u> | | |
|-------------------------------------|------------------|-------------|--|------------------|-------------|--|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage Of Total City Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
| University of Florida | 14,723 | 1 | 12.50% | 12,212 | 1 | 10.72% |
| Shands Hospital | 12,588 | 2 | 10.69% | 7,508 | 2 | 6.59% |
| VA Hospital | 4,317 | 3 | 3.66% | 2,700 | 4 | 2.37% |
| Alachua County School Board | 4,299 | 4 | 3.65% | 4,195 | 3 | 3.68% |
| City of Gainesville | 2,200 | 5 | 1.87% | 2,357 | 5 | 2.07% |
| Publix Supermarkets | 2,056 | 6 | 1.75% | 1,865 | 7 | 1.64% |
| North Florida Regional Medical Ctr. | 1,700 | 7 | 1.44% | 1,646 | 8 | 1.45% |
| Nationwide Insurance | 1,300 | 8 | 1.10% | 1,099 | 9 | 0.97% |
| Alachua County | 1,120 | 9 | 0.95% | - | - | n/a |
| Santa Fe Community College | 796 | 10 | 0.68% | 831 | 10 | 0.73% |
| Florida Dept. Of Children & Family | - | - | n/a | 2,119 | 6 | 1.86% |
| Total | 45,099 | | 38.28% | 36,532 | | 32.08% |

Source: Gainesville Area Chamber of Commerce/FloridaWorks

Note:

(1) Alachua County employment includes employees of constitutional officers, such as the Sheriff's Office

City of Gainesville
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Charter Offices: | | | | | | | | | | |
| City Commission | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Clerk of the Commission | 9.50 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 6.50 | 6.50 | 5.50 | 5.50 |
| Assistant City Manager | 1.00 | 1.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| City Manager's Office | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 5.00 | 4.00 | 4.00 | 5.00 | 5.00 |
| City Auditor's Office | 4.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| City Attorney's Office | 13.00 | 14.50 | 16.00 | 16.00 | 16.00 | 16.00 | 15.00 | 15.00 | 17.00 | 17.00 |
| Equal Opportunity Office | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| General Government: | | | | | | | | | | |
| Administrative Services | 2.00 | 2.00 | 5.00 | 4.50 | 4.50 | 4.50 | 4.00 | 4.00 | 4.00 | 4.00 |
| Computer Services | 16.00 | 16.00 | 18.00 | 18.00 | 18.00 | 17.00 | 19.00 | 17.00 | - | - |
| Budget & Finance | - | - | 49.00 | 45.50 | 45.50 | 47.00 | 36.00 | 37.00 | 37.00 | 37.00 |
| Finance | 45.50 | 45.50 | - | - | - | - | - | - | - | - |
| Office of Management and Budget | 7.50 | 7.50 | - | - | - | - | - | - | - | - |
| Human Resources | 21.50 | 21.50 | 19.00 | 19.00 | 19.00 | 19.00 | 15.00 | 15.00 | 16.00 | 16.00 |
| Risk Management | 11.00 | 13.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 16.00 | 16.00 |
| Communications and Marketing | - | - | 7.00 | 7.00 | 7.00 | 5.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Public Safety: | | | | | | | | | | |
| Police | | | | | | | | | | |
| Officers | 278.00 | 278.00 | 284.00 | 284.00 | 284.00 | 299.00 | 295.00 | 301.00 | 301.00 | 301.00 |
| Civilians | 80.00 | 73.00 | 90.00 | 88.00 | 94.00 | 87.00 | 80.00 | 80.00 | 80.00 | 80.00 |
| Fire Rescue | | | | | | | | | | |
| Officers | 141.00 | 143.00 | 144.00 | 144.00 | 144.00 | 144.00 | 155.00 | 158.00 | 158.00 | 158.00 |
| Civilians | 10.00 | 8.00 | 10.00 | 10.00 | 10.00 | 9.00 | 10.00 | 7.00 | 7.00 | 7.00 |
| Physical Environment: | | | | | | | | | | |
| Codes Enforcement | - | - | - | 19.00 | 19.00 | 19.00 | 16.00 | 16.00 | 16.08 | 16.08 |
| Planning & Development Services | - | - | - | 45.50 | 46.50 | 48.00 | 38.00 | 38.50 | 39.50 | 39.50 |
| Community Development | 57.50 | 59.00 | 82.50 | - | - | - | - | - | - | - |
| Building Inspection | 20.00 | 20.00 | - | - | - | - | - | - | - | - |
| Public Works | 147.25 | 158.75 | 161.75 | 163.75 | 163.75 | 164.75 | 160.38 | 161.87 | 163.38 | 163.38 |
| Facilities Management | 28.00 | 28.00 | - | - | - | - | - | - | - | - |
| Transportation: | | | | | | | | | | |
| Regional Transit System | 212.00 | 219.50 | 232.00 | 232.00 | 235.00 | 236.00 | 238.00 | 262.50 | 272.50 | 269.50 |
| General Services | - | - | 53.00 | 52.00 | 52.00 | 51.00 | 48.38 | 48.38 | 48.38 | 48.38 |
| Fleet Management | 30.00 | 30.00 | - | - | - | - | - | - | - | - |
| Economic Environment: | | | | | | | | | | |
| Housing | - | - | - | 8.00 | 8.00 | 5.00 | 1.00 | 1.70 | 1.57 | 1.60 |
| Community Development Block Grant | - | - | - | 4.00 | 4.00 | 4.00 | 9.00 | 8.30 | 8.30 | 8.30 |
| Community Redevelopment Agency | - | - | - | - | 8.00 | 10.00 | 11.00 | 11.00 | 11.00 | 11.00 |
| Economic Development | 3.00 | 3.00 | 3.00 | 3.00 | - | - | - | - | 1.00 | 1.00 |
| Culture & Recreation: | | | | | | | | | | |
| Parks, Recreation and Cultural Affairs | - | - | 108.13 | 103.13 | 103.00 | 102.00 | 80.50 | 80.50 | 78.50 | 78.50 |
| Cultural Affairs | 16.50 | 14.88 | - | - | - | - | - | - | - | - |
| Recreation & Parks | 94.00 | 87.25 | - | - | - | - | - | - | - | - |
| General Manager for Utilities | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

Source: City of Gainesville Budget Division, FTE Report

Notes: In 2011 the General Government Computer Services department merged with that of Gainesville Regional Utility (GRU). These positions were absorbed by GRU and now provide support to the General Government as contract services.

In 2007, a reorganization was put in place to streamline planning & permitting processes.

In 2006, a major reorganization was implemented which combined various departments. Finance and the Office of Management and Budget were combined into Budget and Finance, Building Inspections was combined with Public Works, Facilities Management and Fleet were combined into General Services, and Cultural Affairs and Recreation & Parks were combined into Parks, Recreation and Cultural Affairs.

City of Gainesville
 Operating Indicators by Functional Department
 Last Ten Fiscal Years

| | Fiscal Year | | | | |
|---|-------------|--------------|--------------|--------------|--------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| Fire & EMS ³ | | | | | |
| Total EMS incidents per 1,000 population served | 2.52 | 1.70 | 1.15 | 33.78 | 29.90 |
| Total Non-EMS incidents per 1,000 population served | 83.16 | 96.93 | 84.65 | 81.10 | 90.12 |
| Total arson incidents per 10,000 population served | 1.42 | 0.92 | 0.66 | 0.41 | 1.46 |
| 90 th percentile Turnout Time for Fire Apparatus to EMS Incidents | - | - | - | - | - |
| 90 th percentile Turnout Time for Fire Apparatus to Building Fires | - | - | - | - | - |
| 90 th percentile Travel Time for Fire Apparatus to EMS Incidents | - | - | - | - | - |
| 90 th percentile Travel Time for First Arriving Unit at Building Fires | - | - | - | - | - |
| % of fire calls with a response time of 8 min or less | 81.0% | 77.1% | 72.4% | 91.0% | 85.0% |
| % of fire calls with a response time of 4 min or less | n/a | 38.0% | 41.0% | 41.0% | 42.0% |
| % of EMS calls with a response time of 4 min or less | n/a | 45.0% | 46.0% | 48.0% | 48.0% |
| Fleet | | | | | |
| Average age of police vehicles (months) | 37 | 43 | 40 | 52 | 56 |
| Average age of fire apparatus (months) | 45 | 57 | 91 | 88 | 81 |
| Hours billed as a percentage of hours available | 62.7% | n/a | 82.9% | 82.4% | 79.1% |
| No. of work orders completed - police vehicles | 1,644 | n/a | n/a | 1,106 | 1,697 |
| No. of work orders completed - fire apparatus | 303 | n/a | n/a | 164 | 170 |
| Total vehicle and heavy equipment work orders | 8,279 | n/a | 8,025 | 8,814 | 8,025 |
| Highway and Road Maintenance | | | | | |
| Number of potholes repaired | 18,076 | 22,445 | 17,848 | 23,062 | 14,335 |
| % lane miles assessed as satisfactory or better | 94.0% | 69.9% | 88.0% | 70.0% | 66.0% |
| Number of linear miles swept | 16,049 | 17,136 | 16,073 | 20,319 | 19,293 |
| Number of traffic signals repaired or replaced | 1,649 | 1,595 | 1,533 | | |
| Housing | | | | | |
| # of homes purchased or constructed | 19 | 25 | 6 | 31 | 30 |
| Number of properties rehabilitated | n/a | 50 | 66 | 58 | 68 |
| Number of families served through housing programs | n/a | 658 | 697 | 978 | 784 |
| Police | | | | | |
| Police 911 calls received | 143,464 | 144,279 | 119,090 | 124,138 | 124,955 |
| UCR Part I violent crimes reported per 1,000 pop | 7.52 | 8.29 | 8.62 | 9.43 | 8.46 |
| % of UCR Part I violent crimes cleared | 46.73% | 39.96% | 54.03% | 43.72% | 56.41% |
| UCR Part I property crimes reported per 1,000 pop | 42.40 | 41.39 | 57.77 | 49.78 | 47.11 |
| % of UCR Part I property crimes cleared | 18.65% | 16.83% | 20.53% | 19.00% | 23.56% |
| Injury-producing traffic accidents per 1,000 pop | 18.62 | 7.47 | 27.33 | 5.89 | 5.35 |
| Traffic fatalities per 1,000 population | 0.03 | 0.07 | 0.03 | 0.15 | 0.05 |
| Moving violation citations issued per 1,000 pop | 206.21 | 199.29 | 168.82 | 219.08 | 233.25 |
| DUI arrests per 1,000 population | 1.98 | 2.64 | 1.58 | 2.06 | 2.96 |
| Purchasing | | | | | |
| Dollar amount of purchasing card expenditures | n/a | \$ 2,612,506 | \$ 2,824,290 | \$ 2,731,400 | \$ 4,049,230 |
| Number of purchasing card transactions | n/a | 16,500 | 17,442 | 15,575 | 17,008 |
| Average number of days for a formal bid process | 44 | 44 | 45 | 45 | 45 |
| Refuse & Recycling | | | | | |
| Avg # accounts served per on-route hour | 130 | 99 | 150 | 139 | 133 |
| Tons of refuse collected & disposed | 55,536 | 20,266 | 18,000 | 20,423 | 19,720 |
| Tons yard waste collected & composted ² | 7,984 | 9,000 | 11,280 | 4,604 | 8,494 |
| Tons recycling materials collected | 5,311 | n/a | 6,000 | 4,783 | 4,693 |
| Complaints per 1,000 accounts | 77 | 84 | 137 | 135 | 93 |
| Utility | | | | | |
| Residential customers - Electric | 76,435 | 77,918 | 79,125 | 80,237 | 82,399 |
| Commercial & industrial - Electric | 9,203 | 9,342 | 9,538 | 9,675 | 10,450 |
| Customers - Natural Gas | 30,901 | 31,704 | 32,522 | 33,125 | 33,777 |
| Customers - Water | 62,890 | 64,692 | 66,475 | 67,774 | 69,784 |
| Customers - Wastewater | 55,821 | 57,553 | 59,206 | 60,205 | 61,552 |

Sources:
 Gainesville Regional Utilities Annual Report; ICMA Center for Performance Measurement

Note:
¹ GASB Statement 44 was implemented in fiscal year 2005, in future years, additional years will be reported.
¹ As of 2008 the yard trash situation has changed; it all still gets reused, but much of it becomes boiler fuel instead of being composted now. It depends on the markets for composted materials vs. boiler fuel.
² In 2011 the Fire department adapted new reporting software for tracking operational indicators using the 90th percentile
 The 90th percentile is the performance baseline that indicates that 90% of the performance occurs below the time stated in mm:ss format

City of Gainesville
Operating Indicators by Functional Department
Last Ten Fiscal Years

| | Fiscal Year | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Fire & EMS ³ | | | | | |
| Total EMS incidents per 1,000 population served | 33.70 | 27.80 | 99.60 | 114.30 | 118.01 |
| Total Non-EMS incidents per 1,000 population served | 96.20 | 92.70 | 27.90 | 23.15 | 24.74 |
| Total arson incidents per 10,000 population served | 0.64 | 0.54 | - | 1.13 | 1.29 |
| 90 th percentile Turnout Time for Fire Apparatus to EMS Incidents | - | - | 1:08 | 1:18 | 1:27 |
| 90 th percentile Turnout Time for Fire Apparatus to Building Fires | - | - | 1:26 | 1:27 | 1:28 |
| 90 th percentile Travel Time for Fire Apparatus to EMS Incidents | - | - | 7:27 | 7:04 | 7:47 |
| 90 th percentile Travel Time for First Arriving Unit at Building Fires | - | - | 6:21 | 6:20 | 6:33 |
| % of fire calls with a response time of 8 min or less | 87.0% | 83.0% | - | - | - |
| % of fire calls with a response time of 4 min or less | 40.0% | 47.0% | - | - | - |
| % of EMS calls with a response time of 4 min or less | 47.0% | 44.0% | - | - | - |
| Fleet | | | | | |
| Average age of police vehicles (months) | 44 | 50 | 46 | 49 | 53 |
| Average age of fire apparatus (months) | 92 | 106 | 107 | 79 | 120 |
| Hours billed as a percentage of hours available | 78.3% | 79.9% | 95.2% | 82.7% | 80.3% |
| No. of work orders completed - police vehicles | 1,736 | 1,822 | 1,063 | 1,362 | 1,220 |
| No. of work orders completed - fire apparatus | 152 | 279 | 235 | 160 | 174 |
| Total vehicle and heavy equipment work orders | 7,711 | 7,327 | 7,466 | 8,243 | 8,175 |
| Highway and Road Maintenance | | | | | |
| Number of potholes repaired | 16,943 | 16,375 | 10,940 | 2,630 | 2,360 |
| % lane miles assessed as satisfactory or better | 64.0% | 60.0% | 71.5% | 73.7% | 72.0% |
| Number of linear miles swept | 18,337 | 14,016 | 11,998 | 13,668 | 14,337 |
| Number of traffic signals repaired or replaced | - | - | - | - | - |
| Housing | | | | | |
| # of homes purchased or constructed | 2 | 10 | 7 | 26 | 12 |
| Number of properties rehabilitated | 66 | 49 | 50 | 48 | 40 |
| Number of families served through housing programs | 798 | 558 | 314 | 367 | 344 |
| Police | | | | | |
| Police 911 calls received | 133,768 | 142,486 | 136,085 | 137,943 | 132,229 |
| UCR Part I violent crimes reported per 1,000 pop | 9.18 | 7.11 | 7.26 | 7.33 | 6.37 |
| % of UCR Part I violent crimes cleared | 65.14% | 66.60% | 62.56% | 62.22% | 64.65% |
| UCR Part I property crimes reported per 1,000 pop | 50.71 | 43.05 | 42.17 | 42.08 | 40.88 |
| % of UCR Part I property crimes cleared | 29.95% | 29.85% | 29.93% | 30.42% | 31.19% |
| Injury-producing traffic accidents per 1,000 pop | 6.03 | 5.67 | 6.42 | 6.80 | 11.21 |
| Traffic fatalities per 1,000 population | 0.06 | 0.05 | 0.05 | 0.07 | 0.02 |
| Moving violation citations issued per 1,000 pop | 176.48 | 216.00 | 215.89 | 214.18 | 208.44 |
| DUI arrests per 1,000 population | 2.75 | 3.06 | 3.88 | 2.50 | 2.93 |
| Purchasing | | | | | |
| Dollar amount of purchasing card expenditures | \$ 4,370,367 | \$ 4,001,232 | \$ 3,898,638 | \$ 4,167,550 | \$ 4,450,648 |
| Number of purchasing card transactions | 14,919 | 13,815 | 14,971 | 14,917 | 15,191 |
| Average number of days for a formal bid process | 53 | 53 | 53 | 53 | 53 |
| Refuse & Recycling | | | | | |
| Avg # accounts served per on-route hour | 133 | 138 | 138 | 133 | 133 |
| Tons of refuse collected & disposed | 19,501 | 19,189 | 18,274 | 19,856 | 20,081 |
| Tons yard waste collected & composted ² | 8,481 | 8,099 | 7,814 | 8,325 | 8,576 |
| Tons recycling materials collected | 4,692 | 5,017 | 4,890 | 4,795 | 4,912 |
| Complaints per 1,000 accounts | 67 | 51 | 48 | 50 | 54 |
| Utility | | | | | |
| Residential customers - Electric | 82,668 | 82,038 | 81,900 | 82,039 | 82,440 |
| Commercial & industrial - Electric | 10,461 | 10,383 | 10,372 | 10,422 | 10,467 |
| Customers - Natural Gas | 33,451 | 33,202 | 33,208 | 33,264 | 33,465 |
| Customers - Water | 69,496 | 68,819 | 68,952 | 69,329 | 69,847 |
| Customers - Wastewater | 62,071 | 61,999 | 62,164 | 62,536 | 63,001 |

Sources:

Gainesville Regional Utilities Annual Report; ICMA Center for Performance

Note:

¹ GASB Statement 44 was implemented in fiscal year 2005, in future years

¹ As of 2008 the yard trash situation has changed; it all still gets reused, but it depends on the markets for composted materials vs. boiler fuel.

² In 2011 the Fire department adapted new reporting software for tracking. The 90th percentile is the performance baseline that indicates that 90% of

(concluded)

City of Gainesville
Capital Asset Statistics by Functional Department
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--|-------------|--------|--------|--------|-------|-------|--------|--------|--------|--------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Fire & EMS | | | | | | | | | | |
| Total number of fire apparatus | 12 | 12 | 13 | 13 | 13 | 13 | 13 | 14 | 14 | 14 |
| Average age of fire apparatus (in months) | 45 | 61 | 91 | 89 | 81 | 92 | 106 | 107 | 79 | 120 |
| Average annual mileage per fire apparatus | n/a | 9,794 | 7,673 | 8,337 | 8,839 | 8,998 | 13,912 | 8,345 | 8,561 | 8,244 |
| Number of fire stations | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 8 | 8 |
| Fleet | | | | | | | | | | |
| Light vehicles: | | | | | | | | | | |
| Number | 1,218 | 1,279 | 591 | 543 | 549 | 347 | 339 | 616 | 574 | 670 |
| Number using alternative fuel | 3 | 5 | 6 | 4 | 4 | 4 | 4 | 40 | 52 | 136 |
| Average age (in months) | n/a | 81 | 92 | 44 | 52 | 67 | 78 | 73 | 73 | 79 |
| Medium-duty vehicles: | | | | | | | | | | |
| Number | 63 | 65 | 48 | 36 | 36 | 79 | 82 | 68 | 120 | 122 |
| Average age (in months) | 62 | 81 | 87 | 112 | 87 | 91 | 68 | 72 | 91 | 98 |
| Heavy-duty vehicles: | | | | | | | | | | |
| Number | 174 | 164 | 126 | 48 | 36 | 128 | 107 | 90 | 96 | 46 |
| Average age (in months) | 38 | 53 | 93 | 108 | 101 | 103 | 89 | 103 | 78 | 72 |
| Heavy equipment: | | | | | | | | | | |
| Number | 14 | 14 | 12 | 11 | 11 | 22 | 13 | 14 | 18 | 75 |
| Average age (in months) | 56 | 68 | 132 | 142 | 67 | 132 | 67 | 126 | 121 | 172 |
| Highway and Road Maintenance | | | | | | | | | | |
| Total paved lane miles maintained | 1,473 | 1,473 | 1,473 | 779 | 779 | 764 | 773 | 773 | 777 | 857 |
| Number of traffic signals | 3,970 | 4,004 | 4,049 | 4,275 | 4,495 | 7,994 | 8,042 | 8,279 | 8,279 | 8,279 |
| Parks and Recreation | | | | | | | | | | |
| Park acres per 1,000 population | 21.36 | 20.94 | 20.77 | 19.10 | 19.24 | 18.90 | 20.28 | 21.56 | 21.64 | 21.55 |
| Total park acres | 2,515 | 2,511 | 2,512 | 2,321 | 2,395 | 2,379 | 2,681 | 2,681 | 2,681 | 2,681 |
| Recreation/community centers | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Athletic fields | 32 | 37 | 37 | 37 | 35 | 35 | 35 | 35 | 36 | 36 |
| Play structures | 80 | 78 | 89 | 93 | 112 | 112 | 98 | 98 | 98 | 98 |
| Tennis courts | 22 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |
| Basketball courts | 24 | 24 | 24 | 24 | 23 | 23 | 23 | 23 | 23 | 23 |
| Swimming pools | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Miles of bike, walking, and hiking trails | 23.7 | 24.7 | 24.7 | 24.7 | 30.6 | 31.4 | 37.4 | 49.8 | 50.9 | 50.9 |
| Police | | | | | | | | | | |
| Number of police vehicles - marked | 285 | 244 | 244 | 223 | 201 | 268 | 210 | 227 | 232 | 222 |
| Average age of police vehicles (in months) | 37 | 44 | 40 | 52 | 56 | 44 | 50 | 46 | 49 | 53 |
| Average annual mileage per police vehicle | n/a | 11,297 | 11,000 | 10,554 | 6,856 | 5,311 | 8,472 | 9,087 | 10,783 | 9,180 |
| Regional Transit System | | | | | | | | | | |
| Number of buses | 105 | 104 | 113 | 107 | 110 | 105 | 105 | 106 | 116 | 123 |
| Average age of buses (in months) | 137 | 125 | 126 | 125 | 118 | 108 | 82 | 88 | 77 | 89 |
| Electricity | | | | | | | | | | |
| Combined system net capability (megawatts) | 612 | 611 | 611 | 611 | 611 | 611 | 611 | 616 | 610 | 532 |
| Distribution - overhead (circuit miles) | 597 | 594 | 595 | 589 | 583 | 580 | 575 | 575 | 568 | 567 |
| Distribution - underground (circuit miles) | 743 | 753 | 772 | 798 | 814 | 832 | 838 | 849 | 846 | 850 |
| Distribution substations | 9 | 9 | 9 | 10 | 10 | 10 | 11 | 11 | 11 | 11 |
| Natural Gas | | | | | | | | | | |
| Distribution mains (miles) | 641 | 692 | 713 | 723 | 731 | 739 | 742 | 747 | 752 | 758 |
| Delivery points | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 5 | 5 | 6 |
| Water | | | | | | | | | | |
| FDEP permitted treatment capacity (mgd) | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 |
| Storage capacity (million gallons) | 19.5 | 19.5 | 19.5 | 19.5 | 19.5 | 19.5 | 19.5 | 19.5 | 18.5 | 18.5 |
| Consumptive Use Permit (mgd) | 28.5 | 28.5 | 29.0 | 29.0 | 29.0 | 29.4 | 29.9 | 30.0 | 30.0 | 30.0 |
| Distribution mains (miles) | 1,029 | 1,034 | 1,051 | 1,069 | 1,095 | 1,102 | 1,106 | 1,115 | 1,128 | 1,130 |
| Supply wells | 15 | 15 | 15 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Wastewater | | | | | | | | | | |
| Gravity mains (miles) | 567 | 568 | 568 | 568 | 607 | 608 | 612 | 618 | 629 | 630 |
| Force mains (miles) | 127 | 127 | 127 | 127 | 133 | 137 | 137 | 139 | 139 | 139 |
| Lift stations | 152 | 154 | 154 | 154 | 165 | 164 | 164 | 164 | 165 | 165 |
| Treatment capacity (million gallons per day) | 22.4 | 22.4 | 22.4 | 22.4 | 22.4 | 22.4 | 22.4 | 22.4 | 22.4 | 22.4 |
| GRUCom | | | | | | | | | | |
| Fiber optic cable (miles) | 259 | 268 | 275 | 301 | 318 | 341 | 351 | 389 | 420 | 449 |
| Maximum bandwidth (2.5 gigabits/second) | OC-48 | OC-48 | OC-48 | OC-48 | OC-48 | OC-48 | OC-192 | OC-192 | OC-192 | OC-192 |
| On-net locations | 266 | 302 | 343 | 363 | 436 | 463 | 454 | 524 | 503 | 523 |

Sources:

Gainesville Regional Utilities Annual Report
ICMA Center for Performance Measurement

**MANAGEMENT LETTER
REQUIRED BY SECTION 10.557, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and City Commissioners
City of Gainesville, Florida

We have audited the basic financial statements of the City of Gainesville, Florida (the "City"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 21, 2014. Our report on the basic financial statements included a reference to the report of other auditors who issued separate communications relative to Gainesville Regional Utilities. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Pursuant to the Rules of the Auditor General, which govern the conduct of governmental audits performed in the State of Florida, we make the following representations:

- As required by the Rules of the Auditor General, we determined that the annual financial report for the City, for the fiscal year ended September 30, 2013, was filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, and is in substantial agreement with the audit report.
- The scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, *Determination of Financial Emergency*. We determined that the City has not met one or more of the conditions described in that section that are indicative of a state of financial emergency.
- As required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(7). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.
- As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal noncompliance with the provisions of Section 218.415, Florida Statutes.

- The Rules of the Auditor General stipulate that auditors should review the status of prior-audit findings. If the audit findings in the preceding audit report are uncorrected, auditors are required to identify those findings that were also included in the second preceding audit report. In that regard, there are no uncorrected prior audit findings.

Accompanying this letter are our reports on internal control and compliance relative to financial reporting and financial assistance programs. Also, other auditors have issued separate communications relative to Gainesville Regional Utilities. The comments in those documents should be considered in conjunction with this management letter.

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

Thank you for the cooperation and courtesies extended to us during the course of our audit. We have sincerely enjoyed our association with the City and look forward to a continuing relationship. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Carri Riggs & Ingram, L.L.C.

Gainesville, Florida
March 21, 2014

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Commissioners
City of Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of City of Gainesville, Florida (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 21, 2014. Other auditors audited the financial statements of the Utility Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
March 21, 2014

**Schedule of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2013
City of Gainesville, FL**

| Federal Grantor/ Program Title | Federal CFDA NUMBER | Contract/Grant No. | Expenditures | Program Total | Cluster Total | Federal Amount Provided to Subrecipients |
|---|---------------------------|------------------------------|--------------|---------------|------------------|---|
| <u>DEPARTMENT OF HOMELAND SECURITY</u> | | | | | | |
| FEMA | | | | | | |
| FY 2011 Assistance to Firefighters Grant Program | 97.044 | EMW-2011-FP-00667 | 66,380 | | | |
| FY 2010 Staffing for Adequate Fire and Emergency Response (SAFER) Passed Through DEM via Florida Department of Financial Services | 97.083 | EMW-2010-FH-00337 | 526,244 | | | |
| 2010 State Homeland Security Grant Program | 97.067 | 11-DS-9Z-13-00-16-436 | 52,618 | | | |
| 2011 State Homeland Security Grant Program Passed Through The City of Jacksonville | 97.067 | 12-DS-20-13-00-16-501 | 36,342 | | | |
| FY 2009 Urban Area Security Initiative | 97.067 | 10-DS-41-04-26-02-343 | 11,829 | 100,789 | | |
| <u>EXECUTIVE OFFICE OF THE PRESIDENT-OFFICE OF NATIONAL DRUG POLICY</u> | | | | | | |
| Passed Through NFHIDTA via Alachua County Sherriff Department | | | | | | |
| North Florida HIDTA-Highway Interdiction | 95.001 | G12NF0001A | 12,498 | | | |
| North Florida HIDTA-Cadet Initiative | 95.001 | G12NF0001A/G13NF0001A | 7,673 | 20,171 | | |
| <u>ENVIRONMENTAL PROTECTION AGENCY</u> | | | | | | |
| Passed Through Florida Department of Environmental Protection | | | | | | |
| Depot Park Stormwater Treatment Pond - Phase II | 66.202 | XP-95479012 | 87,488 | | | |
| Paynes Prairie Sheetflow Restoration Phase I | 66.460 | G0312/C9-99451510-0 | 1,217,270 | | | |
| Capitalization Grant for State Revolving Funds | 66.458 | NP497175 | 923,250 | | | |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | | | |
| Passed Through FL Dept. of Edu. Via School Board of Alachua County | | | | | | |
| 21st Century Community Learning Center Year 4 | 84.287 | 010-2443A-3CCC2 | 65,912 | | | |
| <u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u> | | | | | | |
| Community Development Block Grant-Entitlement Program | 14.218 | B-09/10 MC-12-0007 | 2,092,814 | | | |
| Supportive Housing Program-MHS | 14.235 | FL10110B4H081003/(B4H081104) | 43,773 | | | 42,761 |
| Supportive Housing Program-VETSPACE | 14.235 | FL10112B4H081003/(B4H081104) | 76,491 | 120,264 | | 74,520 |
| EDI-Downtown Revitalization Project Depot Avenue Passed Through Florida Department of Community Affairs via Alachua County-Dept. of Growth and Management | 14.251 | B-06-SP-FL-0240 | 158,317 | | | |
| HOME Investment Partnership Grant | 14.239 | M-07/08/09/10-MC-12-0206 | 641,262 | | | |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | | | | |
| Federal Equitable Sharing Proceeds | | | | | | |
| ARRA-OJJDP FY 09 Recovery Act Internet Crimes Against Children | 16.922 | N/A | 1,629,208 | | | |
| 2009 Internet Crimes Against Children | 16.800 | 2009-SN-B9-K015 | 131,700 | | | 70,000 |
| 2012 Internet Crimes Against Children | 16.543 | 2009-MC-CX-K059 | 61,096 | | | 15,447 |
| A Coordinated Community Response to Preventing Violence Against Women | 16.543 | 2012-MC-FX-K014 | 283,499 | 344,595 | | 109,293 |
| 2010 COPS Hiring Program | 16.590 | 2007-WE-AX-0054 | 173,254 | | | 98,409 |
| BPV | 16.710 | 2010-UM-WX-0066 | 479,360 | | | |
| ARRA-Edward Byrne Memorial Justice Assistance | 16.607 | 2012 Regular Solicitation | 4,574 | | | |
| Law Enforcement & Technological Enhancement Program | 16.804 | 2009-SB-B9-2449 | 634 | | | |
| Edward Byrne Memorial Justice Assistance -FY12 | 16.738 | 2011-DJ-BX-2842 | 16,304 | | | |
| Passed Through Florida Department of Law Enforcement: | 16.738 | 2012-DJ-BX-0810 | 66,837 | | | |
| 2013 You And The Law | 16.738 | 2013-JAGC-ALAC-3-D7-222 | 14,339 | | | |
| Sexual Predator & Offender Tracking Passed Through Alachua County Sheriff Department | 16.738 | 2013-JAGC-ALAC-4-D7-212 | 9,584 | | | |
| 2012 Problem Oriented Policing | 16.738 | 2012-JAGC-ALAC-5-C4-075 | 1,291 | | | |
| 2013 Problem Oriented Policing Passed Through The City of Tampa | 16.738 | 2013-JAGC-ALAC-7-D7-088 | 19,234 | 127,589 | 128,223 | |
| Security Support for the FY12 Presidential Nomination Convention | 16.580 | 2012-NC-BX-3070 | 8,667 | | | |
| Passed Through The Center for Childrens Law of Policy | | | | | | |
| Racial and Ethic Disparities Project | 16.541 | 2011-JF-FX-0014 | 2,158 | | | |

**Schedule of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2013
City of Gainesville, FL**

| Federal Grantor/ Program Title | Federal CFDA NUMBER | Contract/Grant No. | Expenditures | Program Total | Cluster Total | Federal Amount Provided to Subrecipients |
|---|---------------------------|--------------------------------|-------------------|---------------|------------------|---|
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | | | | |
| FY06 Bus Rapid Transit Study | 20.500 | FL-04-0003 | 117,044 | | | |
| FY07 Section 5309 Grant-Facility Expansion | 20.500 | FL-04-0089 | 2,156,842 | | | |
| FY11 SGR Facility Expansion | 20.500 | FL-04-0126 | 8,985,082 | | | |
| FY11 Livability Grant | 20.500 | FL-04-0150 | 2,030,125 | | | |
| FY12 SGR Facility Expansion | 20.500 | FL-04-0175 | 270,913 | 13,560,006 | | |
| FY08 Urbanized Area Formula Grant | 20.507 | FL-90-X655 | 166,018 | | | |
| FY09 Urbanized Area Formula Grant | 20.507 | FL-90-X694 | 119,540 | | | |
| FY10 Urbanized Area Formula Grant | 20.507 | FL-90-X737 | 105,308 | | | |
| FY11 Urbanized Area Formula Grant | 20.507 | FL-90-X763 | 178,174 | | | |
| FY12 Urbanized Area Formula Grant | 20.507 | FL-90-X798 | 1,003,761 | | | |
| FY12 Urbanized Area Formula Grant | 20.507 | FL-90-X824 | 1,815,549 | 3,388,350 | 16,948,356 | |
| Bus Rapid Transit Analysis | 20.522 | FL-39-0009 | 7,826 | | | |
| Passed Through Florida Department of Transportation | | | | | | |
| FY11/12 Non-Urbanized Alachua County, Route 23 | 20.509 | AQH21: #423312-1-84-12 | 79,944 | | | |
| FY12/13 Section 5311 Non-Urban Alachua County | 20.509 | AQS96: #423312-1-84-13 | 224,519 | 304,463 | | |
| FY11 Clean Fuels Grant Rehab/Buy Replacement 40ft Bus | 20.519 | FL-58-0002 | 1,961,100 | | | |
| FY09/10 Sec 5317 New Freedom (NU) Transportation | 20.521 | APS99: #425290-1-84-01 | 2 | | | |
| FY10/11 Sec 5317 New Freedom (NU) Transportation | 20.521 | APW75: #427289-1-84-10 | 16,545 | 16,547 | | |
| State Infrastructure Bank Loan | 20.205 | SIB Loan | 1,350,000 | | | |
| LAPA/ NE 25th St. & NE 19th Drive | 20.205 | 420541-2-38-01& 420541-2-58-01 | 28,549 | | | |
| LAPA/ Bike Path/Trail W. 6th Street | 20.205 | 211363-2-58-01 / AQ849 | 86 | 1,378,635 | | |
| 2013 GPD-Speed & Aggressive Driving Project | 20.600 | SC-13-13-03/AQT42 | 35,774 | | | |
| City of Gainesville Pedestrian High Visibility | 20.600 | PS-13-08-04/AQT59 | 26,899 | 62,673 | | |
| Passed Through Florida Department of Highway Safety and Motor Vehicle | | | | | | |
| E-Crash | 20.234 | HSMV-055813 | 24,961 | | | |
| Passed Through NHTSA via Western Michigan University | | | | | | |
| GPD Aggressive Driving Project | 20.614 | DTNH22-06-00036 | 1,360 | | | |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | 29,627,821 | | | 410,429 |

**Schedule of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2013
City of Gainesville, FL**

| <u>State Grantor/ Program Title</u> | <u>State CSFA NUMBER</u> | <u>Contract/Grant No.</u> | <u>Expenditures</u> | <u>Program Total</u> |
|---|--------------------------|---------------------------------|---------------------|----------------------|
| <u>FLORIDA HOUSING FINANCE CORPORATION</u> | | | | |
| SHIP 2010/2011 | 52.901 | N/A | 7,621 | |
| SHIP 2011/2012 | 52.901 | N/A | 40,118 | |
| SHIP 2012/2013 | 52.901 | N/A | 140 | 47,879 |
| <u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u> | | | | |
| Paynes Prairie Sheetflow Restoration Phase I | 37.039 | G0312/C9-99451510-0 | 789,000 | |
| Gainesville Depot Park Stormwater Treatment | 37.039 | LP6027 | 592,002 | 1,381,002 |
| <u>DEPARTMENT OF HEALTH</u> | | | | |
| Pass through Alachua County EMS 2008-2009 EMS- Pass through from County | 64.005 | C8001 | 11,604 | |
| <u>DEPARTMENT OF STATE</u> | | | | |
| Division of Cultural Affairs General Program Support | 45.061 | 14.6.500.296 | 599 | |
| <u>DEPARTMENT OF TRANSPORTATION</u> | | | | |
| FY 12/13 Block Grant | 55.010 | AQR91: #411757-1-84-13 | 1,632,480 | |
| FY11/12 Service Development Funds- Route 28 | 55.012 | AQC92: #430328-1-84-12 | 5,734 | |
| FY11/12 Service Development Funds- Route 27 | 55.012 | AQD40: #430962-1-84-12 | 23,317 | |
| FY11/12 Service Development Funds- Route 46 | 55.012 | AQC93: #430328-1-84-12 | 72,169 | |
| FY11/12 Service Development Funds- Route 62 | 55.012 | AQD46: #430330-1-84-12 | 29,301 | |
| FY12/13 Service Development Funds - Route 76 | 55.012 | AQT70: #432615-1-84-13 | 31,124 | |
| FY12/13 Service Development Funds - Route 28, Yr 2 | 55.012 | AQC92: #430329-1-84-13 | 74,752 | |
| FY12/13 Service Development Funds - Route 62, Yr 2 | 55.012 | AQD46: #430330-1-84-13 | 10,910 | |
| FY12/13 Service Development Funds - For Bus Pass | 55.012 | AQT98: #432768-1-84-13 | 7,104 | |
| FY10/11 Bus Stop Amenities | 55.012, 55.007 | AQ757: #427681-1-84-11 | 8,343 | 1,895,234 |
| FY11/12 Transit Corridor Program Funds - BRT Study | 55.013 | AQD62: #428591-2-84-12 | 125,000 | |
| FY10/11 Planning Funds - Gainesville RTS Comprehensive Operational Analysis | 55.030 | AQA46: #428591-3-18-01 | 35,434 | |
| FY09/10 Gainesville BRT Alternatives Analysis Study | 55.030 | APX06: #428591-1-18-01 | 125,000 | 160,434 |
| Transportation Regional Incentive Program | 55.026 | 423306-1-58-01 & 423306-3-58-01 | 843,326 | |
| TOTAL EXPENDITURES OF STATE AWARDS | | | 4,465,077 | |

**Notes to the Schedule of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2013
City of Gainesville, Florida**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Gainesville, Florida and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization* and the Florida Single Audit Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Sub recipients

The City provided federal awards to sub recipients as follows:

| <u>Program Title</u> | <u>Amount</u> |
|--|---------------|
| Supportive Housing Programs-(CFDA 14.235) | \$ 117,281 |
| Sub recipients: | |
| Meridian Health Services | |
| VETSPACE | |
| A Coordinated Community Response to Preventing Violence Against Women- (CFDA 16.590) | \$ 98,409 |
| Sub recipients: | |
| Alachua County Board of Commissioners | |
| Black on Black Crime Task Force | |
| ARRA-OJJDP FY09 Recovery Act Internet Crimes Against Children-(CFDA 16.800) | 70,000 |
| Sub recipients: | |
| City of Daytona Beach | |
| 2009/2012 Internet Crimes Against Children- (CFDA 16.543) | 124,740 |
| Sub recipients: | |
| Brevard County Sheriff's Office | |
| Clay County Sheriff's Office | |
| Daytona Beach Police Department | |
| Florida Department of Law Enforcement | |
| Jacksonville Sheriff's Office | |
| Marion County Sheriff's Office | |
| Pensacola Police Department | |
| Perry Police Department | |
| St Johns County Sherriff's Office | |
| Tallahassee Police Department | |
| TF Affiliates | |
| US Virgin Islands Police Department | |
| Volusia County Sheriff's Office | |
| Walton County Sheriff's Office | |

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor and City Commissioners
City of Gainesville, Florida

Report on Compliance for Each Major Federal Program and Each State Project

We have audited the City of Gainesville, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the Department of Financial Services' *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2013. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 21, 2014, which contained unmodified opinions on those financial statements. Our report on the basic financial statements included a reference to the report of other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB

Circular A-133 and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
March 21, 2014

**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2013
City of Gainesville, Florida**

Part I – Summary of Auditor’s Results

1. The auditor's report on the basic financial statements was unmodified.
2. The audit did not report significant deficiencies or disclose material weaknesses in internal control over financial reporting.
3. No instances of noncompliance considered material to the financial statements were disclosed by the audit.
4. The audit did not report significant deficiencies or disclose material weaknesses in internal control over the major federal programs and major state projects.
5. The auditor’s report on compliance for the major federal programs and major state projects was unmodified.
6. The audit did not disclose findings relative to the major federal programs and major state projects.
7. The City's major programs/projects were:

| <u>Federal Programs</u> | <u>CFDA No.</u> |
|---|-----------------|
| Federal Equitable Sharing Proceeds | 16.992 |
| Highway Planning and Construction | 20.205 |
| Clean Fuels – Rehab/Buy Replacement 40 ft. Bus | 20.519 |
| Capitalization Grant for State Revolving Funds | 66.458 |
| Nonpoint Source Implementation Grants – Paynes Prairie Sheetflow Restoration Phase I | 66.460 |
| Staffing for Adequate Fire and Emergency Response (SAFER) | 97.083 |
| | |
| <u>State Projects</u> | <u>CSFA No.</u> |
| Public Transit Block Grant Program | 55.010 |
| Transportation Regional Incentive Program (TRIP) | 55.026 |

8. A threshold of \$888,835 was used to distinguish between Type A and Type B programs for federal programs and \$300,000 was used for state projects.
9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

Part II – Financial Statement Findings

No matters are reportable.

Part III – Findings and Questioned Costs – Federal Programs

No matters are reportable.

Part IV – Findings and Questioned Costs – State Programs

No matters are reportable.

Schedule of and Response to Prior Year Audit Findings

We are pleased to report that in connection with our September 30, 2012 financial statement audit and single audit, our external auditors listed no findings. Therefore, there was no plan required for corrective action and no discussion of current status is necessary.

Response to Current Year Audit Findings and Corrective Action Plan

We are pleased to report that in connection with our September 30, 2013 financial statement audit and single audit, our external auditors listed no findings. Therefore, there is currently no plan required for corrective action.

We would like to take this opportunity to thank Carr, Riggs & Ingram for their professional and thorough audit. It is a pleasure to work with their partners and staff.



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**Report of Independent Certified Public Accountants on
Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Honorable Mayor and
Members of the City Commission
City of Gainesville, FL

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Gainesville Regional Utilities (a department of the City of Gainesville, Florida), which comprise the statement of net position as of September 30, 2013, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 20, 2014.

Internal Control Over Financial Reporting

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

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



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist, that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Ernst + Young LLP

February 20, 2014



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Honorable Mayor, Members of the City
Commission, City of Gainesville, Florida and
Gainesville Regional Utilities

In planning and performing our audit of the financial statements of Gainesville Regional Utilities (GRU), a department of the City of Gainesville, Florida, as of and for the year ended September 30, 2013, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the GRU's internal control. Accordingly, we do not express an opinion on the effectiveness of the GRU's internal control.

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

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

We conducted our audit in accordance with United States generally accepted auditing standards, and Government Auditing Standards issued by the Comptroller General of the United States. We have also issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with Government Auditing Standards dated February 20, 2014. Disclosures in that report should be considered in conjunction with this management letter.

This communication is intended solely for the information and use of management, the Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

February 20, 2014