

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
City of Gainesville, Florida  
Fiscal Year Ended September 30, 2015**

**Prepared By  
The Budget & Finance Department**

## **LISTING OF CITY OFFICIALS**

### **ELECTED OFFICIALS**

|                       |  |
|-----------------------|--|
| <i>Ed Braddy</i>      | <i>Mayor (At Large)</i>                        |
| <i>Craig Carter</i>   | <i>Mayor-Commissioner Pro-Tem (District 3)</i> |
| <i>Charles Goston</i> | <i>Commissioner (District 1)</i>               |
| <i>Todd Chase</i>     | <i>Commissioner (District 2)</i>               |
| <i>Randy Wells</i>    | <i>Commissioner (District 4)</i>               |
| <i>Harvey Budd</i>    | <i>Commissioner (At Large)</i>                 |
| <i>Helen Warren</i>   | <i>Commissioner (At Large)</i>                 |

### **APPOINTED OFFICIALS**

|                         |                                      |
|-------------------------|--------------------------------------|
| <i>Anthony Lyons</i>    | <i>Interim City Manager</i>          |
| <i>Edward Bielarski</i> | <i>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>Carlos Holt</i>      | <i>City Auditor</i>                  |
| <i>Torey Alston</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 Manager</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>Casey Johnson</i>        | <i>Accountant II</i>               |
| <i>Belinda Morris</i>       | <i>Account Clerk, Sr.</i>          |

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**March 29, 2016**

**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, 2015. 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 Purvis Gray & Company. 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, 2015, 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, 2015 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, 2015, the official population estimate was 127,955.

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, Utilities Executive Management Team and Leadership Team, and numerous department heads.

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

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

Internal support services include the following:

- **accounting and reporting**
- **accounts payable and payroll**
- **billing & collections**
- **budgeting and budget monitoring**
- **cash management**
- **City-wide management**
- **computer systems support**
- **debt management**
- **equal opportunity**
- **fleet maintenance**
- **facilities maintenance**
- **human resources**
- **information systems**
- **investment management**
- **labor relations**
- **mail services**
- **pension administration**
- **property control**
- **purchasing**
- **risk management**
- **strategic 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 4.5%, which is significantly lower than the state and national averages and is a decrease from 4.9% at the same time last year. Enrollment at the University of Florida, the engine for the area's economy, has remained steady with a 2015 fall enrollment of 52,519 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 initiatives which have resulted in reduced property tax revenue growth. This was exacerbated by the recession which 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. While revenues are beginning to trend upwards, the transfer from the Utility to the General Fund has been renegotiated with a notable decrease in amount starting in fiscal year 2015.

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

**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 signature park and recreation facility.
- Relocation and rebuilding of an existing fire station (#1).
- 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-10.

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

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

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gainesville for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2014. 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, 2014. 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,



**Anthony Lyons**  
Interim City Manager



**Betty Baker**  
Interim Administrative Services Director



**Mark S. Benton**  
Finance Director



**April Shuping, 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, 2014**

Executive Director/CEO



# CITY OF GAINESVILLE

## 2015 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, 2015, 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 96 percent, 85 percent, and 90 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Utility Fund and the business-type activities, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City, as of September 30, 2015, 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.

### **Change in Accounting Principle**

As discussed in Note 16 to the financial statements, the City implemented the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

### **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 29, 2016, 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.

*Car, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
March 29, 2016



## 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, 2015. 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 \$708,826,821 (*net position*). This is a decrease of 12.05% from fiscal year 2014. The primary reason for the decrease is attributable to the implementation of new accounting standards related to the reporting of pensions. The City provides a defined benefit pension plan for its employees. The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers providing a defined benefit pension plan to report the net pension liability. As a result of implementing this new standard the restatement reduced the City's beginning net position by \$102,240,328 for Governmental Activities and \$13,819,272 for Business-type Activities for a total restatement of beginning net position of \$116,059,600.
- The City's total net position increased by \$18,978,687 as a result of fiscal year 2015 operations.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$96,204,419, an increase of \$22,582,569 in comparison with the prior year. Of the total ending fund balances, \$51,924,300 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 \$17,476,507.
- The City's total bonded debt increased by \$31.0 million (2.9%) 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 1-3 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seventy 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-nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 4-7 of this report.

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

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

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

like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 15-16 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-84 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 85-94 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 95-169 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 \$708,826,821 at the close of the most recent fiscal year.

| City of Gainesville's Net Position |                         |                |                          |                |                |                |
|------------------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
|                                    | Governmental Activities |                | Business-type Activities |                | Total          |                |
|                                    | FY15                    | FY14           | FY15                     | FY14           | FY15           | FY14           |
| Current and other assets           | \$ 134,282,448          | \$ 162,009,141 | \$ 502,976,032           | \$ 392,914,911 | \$ 637,258,480 | \$ 554,924,052 |
| Capital assets                     | 209,026,946             | 203,888,299    | 2,261,934,725            | 2,289,626,580  | 2,470,961,671  | 2,493,514,879  |
| Total assets                       | 343,309,394             | 365,897,440    | 2,764,910,757            | 2,682,541,491  | 3,108,220,151  | 3,048,438,931  |
| Deferred outflows                  | 17,817,826              | 1,307,321      | 130,639,225              | 79,514,805     | 148,457,051    | 80,822,126     |
| Long-term liabilities              | 203,378,281             | 128,850,603    | 2,076,246,819            | 1,961,353,439  | 2,279,625,100  | 2,090,204,042  |
| Other liabilities                  | 17,972,901              | 14,882,623     | 173,661,331              | 153,592,453    | 191,634,232    | 168,475,076    |
| Total liabilities                  | 221,351,182             | 143,733,226    | 2,249,908,150            | 2,114,945,892  | 2,471,259,332  | 2,258,679,118  |
| Deferred inflows                   | 4,876,508               | 556,946        | 71,714,541               | 64,117,259     | 76,591,049     | 64,674,205     |
| Net position:                      |                         |                |                          |                |                |                |
| Net investment in                  |                         |                |                          |                |                |                |
| capital assets                     | 167,469,862             | 163,117,931    | 379,583,536              | 387,916,136    | 547,053,398    | 551,034,067    |
| Restricted                         | 53,090,288              | 42,462,127     | 78,925,696               | 60,971,377     | 132,015,984    | 103,433,504    |
| Unrestricted (Deficit)             | (85,660,620)            | 17,334,531     | 115,418,059              | 134,105,632    | 29,757,439     | 151,440,163    |
| Total net position                 | \$ 134,899,530          | \$ 222,914,589 | \$ 573,927,291           | \$ 582,993,145 | \$ 708,826,821 | \$ 805,907,734 |

Approximately 77% 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 -- \$132,015,984 or 19% -- represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* -- \$29,757,439 -- may be used to meet the government's ongoing obligations to citizens and creditors.

City of Gainesville Changes in Net Position

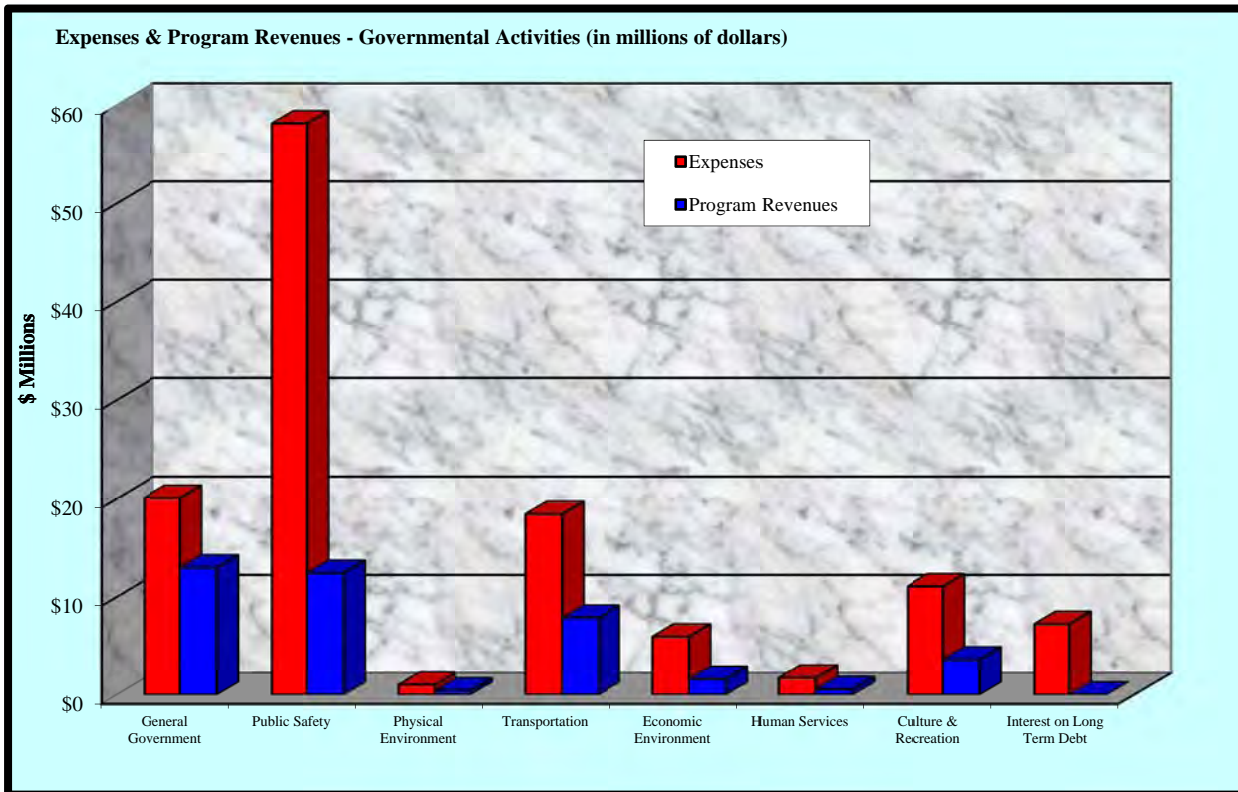
|   | Governmental activities |                       | Business-type activities |                       | Total                 |                       |
|---|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|   | FY15                    | FY14                  | FY15                     | FY14                  | FY15                  | FY14                  |
| <b>Revenues:</b>                        |                         |                       |                          |                       |                       |                       |
| <b>Program revenues:</b>                |                         |                       |                          |                       |                       |                       |
| Charges for services                    | \$ 28,239,068           | \$ 25,486,842         | \$ 415,200,020           | \$ 403,232,349        | \$ 443,439,088        | \$ 428,719,191        |
| Operating grants and contrib.           | 7,169,569               | 7,036,634             | 9,435,118                | 25,213,077            | 16,604,687            | 32,249,711            |
| Capital grants and contrib.             | 3,999,209               | 5,061,574             | 1,962,901                | 5,658,720             | 5,962,110             | 10,720,294            |
| <b>General revenues:</b>                |                         |                       |                          |                       |                       |                       |
| Property taxes                          | 28,558,490              | 26,476,044            | -                        | -                     | 28,558,490            | 26,476,044            |
| Other taxes                             | 21,359,992              | 21,516,536            | -                        | -                     | 21,359,992            | 21,516,536            |
| State revenue sharing                   | 4,214,442               | 3,945,358             | -                        | -                     | 4,214,442             | 3,945,358             |
| Investment gain (loss)                  | 4,712,920               | 6,061,874             | 12,109,749               | 6,871,499             | 16,822,669            | 12,933,373            |
| Other revenues                          | 3,849,507               | 3,495,904             | 49,594,465               | 39,459,939            | 53,443,972            | 42,955,843            |
| <b>Total revenues</b>                   | <b>102,103,197</b>      | <b>99,080,766</b>     | <b>488,302,253</b>       | <b>480,435,584</b>    | <b>590,405,450</b>    | <b>579,516,350</b>    |
| <b>Expenses:</b>                        |                         |                       |                          |                       |                       |                       |
| General government                      | 20,042,296              | 16,176,189            | -                        | -                     | 20,042,296            | 16,176,189            |
| Public safety                           | 58,122,081              | 64,021,054            | -                        | -                     | 58,122,081            | 64,021,054            |
| Physical environment                    | 1,007,994               | 2,871,836             | -                        | -                     | 1,007,994             | 2,871,836             |
| Transportation                          | 18,412,980              | 15,142,893            | -                        | -                     | 18,412,980            | 15,142,893            |
| Economic environment                    | 5,930,125               | 8,602,592             | -                        | -                     | 5,930,125             | 8,602,592             |
| Human services                          | 1,726,374               | 2,216,579             | -                        | -                     | 1,726,374             | 2,216,579             |
| Culture & recreation                    | 11,042,060              | 9,332,876             | -                        | -                     | 11,042,060            | 9,332,876             |
| Interest on long-term debt              | 7,216,312               | 6,711,350             | -                        | -                     | 7,216,312             | 6,711,350             |
| Electric                                | -                       | -                     | 313,776,108              | 291,110,843           | 313,776,108           | 291,110,843           |
| Gas                                     | -                       | -                     | 23,086,959               | 22,764,377            | 23,086,959            | 22,764,377            |
| Water                                   | -                       | -                     | 25,990,135               | 25,516,070            | 25,990,135            | 25,516,070            |
| Wastewater                              | -                       | -                     | 27,852,572               | 27,740,855            | 27,852,572            | 27,740,855            |
| GRUCom                                  | -                       | -                     | 13,733,955               | 11,761,638            | 13,733,955            | 11,761,638            |
| Regional transit system                 | -                       | -                     | 26,170,257               | 24,279,240            | 26,170,257            | 24,279,240            |
| Stormwater management                   | -                       | -                     | 4,795,151                | 6,351,290             | 4,795,151             | 6,351,290             |
| Ironwood golf course                    | -                       | -                     | 1,573,460                | 1,456,632             | 1,573,460             | 1,456,632             |
| Florida building code enf.              | -                       | -                     | 2,324,819                | 2,306,430             | 2,324,819             | 2,306,430             |
| Solid waste                             | -                       | -                     | 8,623,125                | 7,594,037             | 8,623,125             | 7,594,037             |
| <b>Total expenses</b>                   | <b>123,500,222</b>      | <b>125,075,369</b>    | <b>447,926,541</b>       | <b>420,881,412</b>    | <b>571,426,763</b>    | <b>545,956,781</b>    |
| Change in net position before transfers | (21,397,025)            | (25,994,603)          | 40,375,712               | 59,554,172            | 18,978,687            | 33,559,569            |
| Transfers                               | 35,622,294              | 38,565,854            | (35,622,294)             | (38,565,854)          | -                     | -                     |
| <b>Change in net position</b>           | <b>14,225,269</b>       | <b>12,571,251</b>     | <b>4,753,418</b>         | <b>20,988,318</b>     | <b>18,978,687</b>     | <b>33,559,569</b>     |
| Net position - October 1                | 222,914,589             | 211,962,444           | 582,993,145              | 564,475,800           | 805,907,734           | 776,438,244           |
| Restatement                             | (102,240,328)           | (1,619,106)           | (13,819,272)             | (2,470,973)           | (116,059,600)         | (4,090,079)           |
| Net assets - October 1, as restated     | 120,674,261             | 210,343,338           | 569,173,873              | 562,004,827           | 689,848,134           | 772,348,165           |
| <b>Net position - September 30</b>      | <b>\$ 134,899,530</b>   | <b>\$ 222,914,589</b> | <b>\$ 573,927,291</b>    | <b>\$ 582,993,145</b> | <b>\$ 708,826,821</b> | <b>\$ 805,907,734</b> |

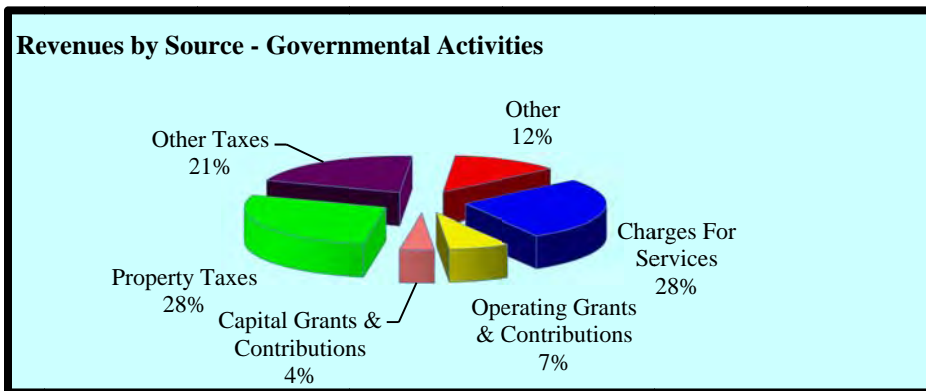
**Governmental activities.**

- General government expenses increased from prior year due to the implementation of GASB 68 which requires reporting a net pension liability. The majority of the increase is from recording the additional pension expense for fiscal year 2015.
- Public safety expenses declined from the prior year due to the completion of new police headquarters last fiscal year.
- Physical environment expenses declined from the prior year due to substantial completion of a sheetflow project last fiscal year.
- Transportation expenses increased from the prior year due to several large road repair projects beginning in fiscal year 2015 and the recording of additional pension expense due to the implementation of GASB 68.
- Economic environment expenses declined from the prior year due to the completion of a high tech incubator project in fiscal year 2014.
- As in prior years, fiscal year 2015's expenses were dominated by public safety expenses.

Key elements of governmental activities revenues are as follows:

- The primary increase in revenues was charges for services which increased \$2.7 million. There was \$1.4 million received for tree mitigation fees and an additional \$0.8 million received for transportation concurrency projects started in fiscal year 2015.

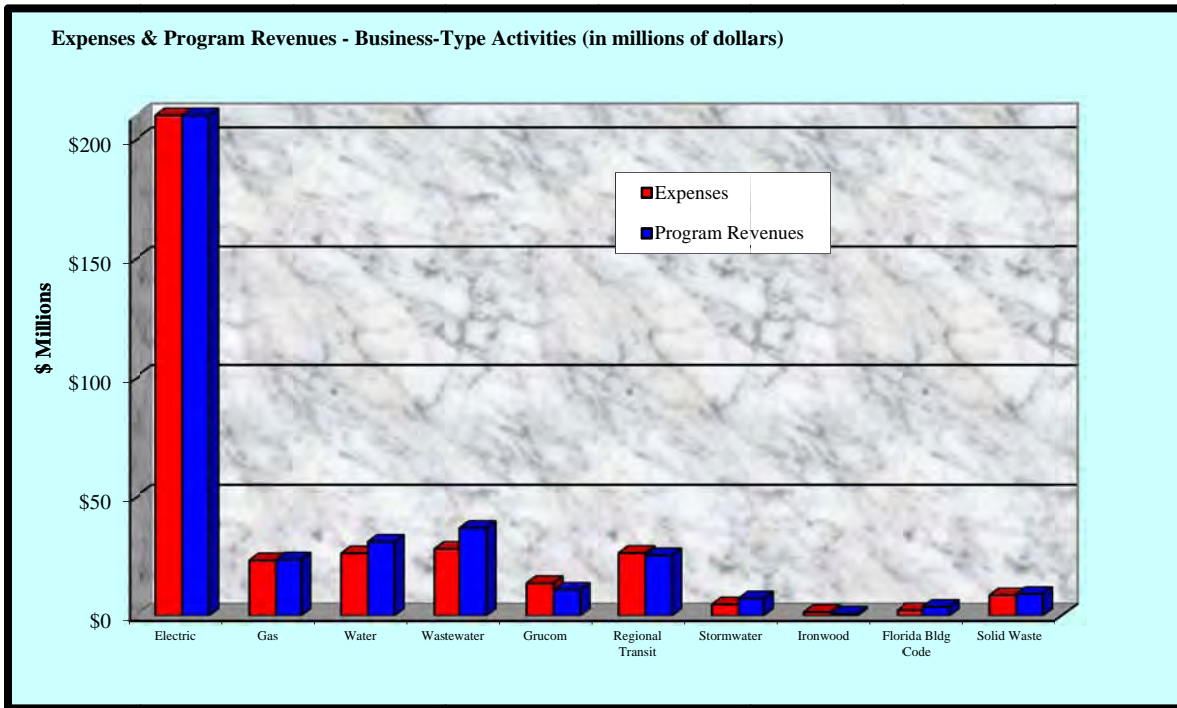




**Business-type activities.** Business-type activities' key elements for fiscal year 2015 are as follows:

- Gross utility plant in service increased \$59 million, or 2.2%, in fiscal year 2015. The increase was due primarily to the completion of the Paynes Prairie Sheetflow Restoration project, increases in generation facilities, water supply facilities, and transmission and distribution facilities.
- Long-term debt increased \$22.8 million, or 2.4%, in fiscal year 2015, primarily due to the issuance of utility system revenue bonds and commercial paper notes in December 2014.
- GRU is completing remediation efforts at a former manufactured gas plant site. The costs incurred to date total \$28.4 million and GRU estimates that total project costs will be approximately \$29 million. GRU accrued a regulatory asset and liability to account for the cost and cost recovery of the expense, which is being amortized as costs are incurred and customer revenues are received.
- Sales and service charges increased \$10.2 million or 2.8%, in fiscal years 2015. The increase in sales and service charges in fiscal year 2015 is the result of base rate and fuel adjustment increases implemented in October 2014.
- Operating expenses increased \$26.2 million or \$7.7 in fiscal year 2015. The increase in operating expenses is due primarily to power purchased from a biomass facility.
- Transfers to rate stabilization were \$7.7 million in fiscal year 2015 as a result of revenue increases.
- The number of customers for electric services increased 0.8%, water services increased 0.9%, wastewater services increased 1%, and gas services increased 1.1% in fiscal year 2015.
- On October 1, 2015, GRU implemented a 3.75% increase in the revenue requirement for the water system, a 4.85% increase for the wastewater system, and a 4.75% increase for the gas system. The electric system experienced no increase or decrease in the revenue requirement, primarily due to reductions in operating expenses through increased efficiency and management of assets. To meet increased costs of service, GRU increased residential water connection fees by approximately 3% and residential wastewater connection fees by approximately 3%.





### 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 \$96,204,419, an increase of \$22,582,569 in comparison with the prior year balance. Approximately 3.6% or \$3,461,069 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 42.4% or \$40,819,050 is *restricted*, indicating that funds can only be spent for specific purposes stipulated by external entities.

Approximately 37.6% (\$2,714,703 and \$33,467,700, respectively) are *committed and assigned* for spending at the government's discretion. The remaining 16.4% or \$15,741,897 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 \$17,476,507 in unassigned fund balance of the general fund, while total fund balance was \$21,949,989. 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 16.7% of total expenditures and transfers, while total fund balance represents 21.03% of that same amount.

The fund balance of the City's general fund increased \$3,181,998 during the current fiscal year. The original budget anticipated the use of fund balance in fiscal year 2015 of \$884,024. The general fund experienced a positive revenue variance of a little over \$1 million and departmental budgetary savings of nearly \$3.3 million. The majority of the increase of revenue can be found in intergovernmental revenue, specifically state revenue sharing.

The special revenue funds have a total fund balance of \$28,569,435, which represents an increase of \$5,284,217 from last year's balance. The debt service funds have a total fund balance of \$736,165. The net increase in fund balance for the current year for these funds was \$128,989. Fund balance in the capital projects funds increased by

\$13,987,365 to end the fiscal year at \$44,948,830. This increase is primarily due to the issuance of the Capital Improvement Revenue Bond 2014 for 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 slight increase of a little more than \$12,000 or 0.016%. The difference between the original and final general fund budget for expenditures was approximately \$736,351, or 0.8%. There were no significant budget amendments.

The most significant variances between the final budget and actual results for general fund revenues were for intergovernmental revenues which were realized at \$715,068 or 6.1% above budgeted amounts, due to higher state revenue sharing of sales tax due to a slightly better economic environment in the area; and miscellaneous revenue which came in at \$468,915 or 37.4% over budgeted amounts, primarily due to higher unrealized gains than anticipated.

The most significant variances between final budget and actual expenditures are found in general government (\$984,405 below budgeted amounts), public safety (\$1,488,039 below budgeted amounts) and transportation (\$922,076 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 (\$848,793) and Police (\$1,667,404).

### **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, 2015 totals \$2,470,961,671 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, utility plant & equipment (including a capital lease for a biomass electric generation plant), infrastructure, roads, bike paths and sidewalks. Major capital asset events during the fiscal year include:

- Approximately \$5.4 million in road maintenance, repair and construction.
- Acquisition of about \$3.0 million in vehicles for the fleet. \$1.3 million of that total was spent on 2 new fire trucks and another \$1 million on new street sweepers.
- Parks and recreation projects totaling \$1.6 million.
- GRU recorded a capital lease asset during fiscal year 2014 when GREC began commercial operations in December 2013. The capital lease asset was recorded at \$1 billion at September 30, 2015.
- Electric transmission and distribution expansion was \$11.4 million in fiscal year 2015. For 2015, \$3.6 million was spent on underground system improvements.
- Electric generation capital expenditures were \$14.3 million for fiscal year 2015. These expenditures included \$2.6 million for the John R Kelly (JRK) generating station and \$8 million for the Deerhaven (DH) generating station.
- Water capital expenditures were \$8.3 million in fiscal year 2015 with \$6.6 million for supply, pumping and treatment and \$1.5 million for transmission and distribution.
- Wastewater capital expenditures were \$29.1 million primarily due to the completion of the Paynes Prairie Sheetflow Restoration project. This project created the Sweetwater Wetlands Park now open to the public.
- Gas distribution expansion expenditures were \$3.8 million in 2015. This expansion included expenditures of \$1.3 million in gas distribution mains, \$1 million in residential gas services, and \$0.5 million in meter change outs.

City of Gainesville's Capital Assets  
(net of depreciation)

|                 | Governmental activities |                       | Business-type activities |                         | Total                   |                         |
|-----------------|-------------------------|-----------------------|--------------------------|-------------------------|-------------------------|-------------------------|
|                 | FY15                    | FY14                  | FY15                     | FY14                    | FY15                    | FY14                    |
| Land            | \$ 32,972,164           | \$ 32,906,987         | \$ 7,314,253             | \$ 7,279,222            | \$ 40,286,417           | \$ 40,186,209           |
| Utility P&E     | -                       | -                     | 1,087,676,600            | 1,073,866,245           | 1,087,676,600           | 1,073,866,245           |
| Utility Capital | -                       | -                     | 946,815,462              | 980,375,754             | 946,815,462             | 980,375,754             |
| Buildings       | 49,724,025              | 51,649,358            | 40,491,247               | 5,953,582               | 90,215,272              | 57,602,940              |
| Improvements    | 9,300,730               | 9,454,894             | 1,908,238                | 2,001,637               | 11,208,968              | 11,456,531              |
| Mach & equip    | 13,724,691              | 10,961,496            | 18,635,355               | 18,090,329              | 32,360,046              | 29,051,825              |
| Infrastructure  | 77,104,400              | 78,021,990            | 22,117,520               | 11,891,637              | 99,221,920              | 89,913,627              |
| Const in prog   | 26,200,936              | 20,893,574            | 136,976,050              | 190,168,174             | 163,176,986             | 211,061,748             |
| <b>Total</b>    | <b>\$ 209,026,946</b>   | <b>\$ 203,888,299</b> | <b>\$ 2,261,934,725</b>  | <b>\$ 2,289,626,580</b> | <b>\$ 2,470,961,671</b> | <b>\$ 2,493,514,879</b> |

Additional information on the City's capital assets can be found in Note 7 on pages 67-68 of this report.

**Bonded debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,107,611,923. This entire amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds and notes) and excludes issuance premiums and discounts.

City of Gainesville's Outstanding Bonded Debt

|                          | Governmental activities      | Business-type activities     | Total                          |
|--------------------------|------------------------------|------------------------------|--------------------------------|
| Pension obligation bonds | \$ 77,579,156                | \$ -                         | \$ 77,579,156                  |
| Revenue bonds & notes    | <u>53,340,887</u>            | <u>976,691,880</u>           | <u>1,030,032,767</u>           |
| <b>Total</b>             | <b><u>\$ 130,920,043</u></b> | <b><u>\$ 976,691,880</u></b> | <b><u>\$ 1,107,611,923</u></b> |

The City's total bonded debt increased by approximately \$31.0 million, or 2.9% during the current fiscal year. The utility issued \$38 million of new debt used for payment of the cost and acquisition and construction of certain improvements to the utility system. The City issued \$14.2 million of new debt of which \$2.1 million was used for business-type activities and the remainder for government activities which includes construction of a new fire station, Depot Park improvements and several other smaller capital projects.

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 VMIG 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 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 6 on pages 55-66 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 2016 budget were:

- The transfer to the General Fund from the Utility accounts for approximately 33% of General Fund revenues, and is based on formulas approved by the City Commission. During the FY 2015 budget process, an amended transfer formula was adopted by the City Commission. The formula uses its base equal to the FY 2014 transfer, a growth rate at 1.5% and reduced by the property tax received for the biomass plant. The same formula was used for FY 2016.
- Property tax revenues have flattened due to a combination of legislative action and a soft real estate market. The taxable values have begun a slow rebound, which combined with robust new construction results in the FY 2016 plan anticipates 2.4% growth. The City Commission approved of keeping the millage rate at 4.5079.
- Utility tax revenues are generated through taxes levied on utility customers within the City's corporate limits. The FY 2016 forecast of utility tax revenues has not been significantly changed from FY 2015 levels.
- Charges for services include a wide variety of sources. To keep with the increases in costs in these services, the City's practice has historically been to increase most user fees by 5% every other year. The FY 2016 plan includes this 5% increase except for business tax, landlord licenses and building permits.
- Two significant revenues which are expected to improve are State Revenue Sharing and Half Cent Sales Tax which are projected to generate approximately 3% more revenue in FY 2016.
- 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 \$5.4 million in FY 2016.
- Pension liabilities are long-term in nature and the investment plan and asset allocation strategy to fund these liabilities should be long-term as well. To that end, approximately 70% of the plan assets of the City's two defined benefit pension plans are invested in equities. The City has negotiated and implemented pension reform for the General and Consolidated Police & Fire pension plans to mitigate the increases in contributions due to poor market performance during the recession and changing employee and retiree demographics.
- The FY 15-19 capital improvement plan includes over \$18 million in new funding to address infrastructure and other capital needs. One key feature of this plan is the establishment of recurring funding earmarked for equipment replacement, facilities maintenance and road resurfacing. In FY 2015, three new capital projects funds were established to facilitate the recurring maintenance of the City's facilities, equipment replacement and road maintenance.
- 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 UF Health Eye & Ear and Orthopaedics Center will be a 4-story, approximately 106,000 gross square foot state of the art multidisciplinary facility engaged in the teaching, research, surgery, rehabilitation and clinical care of all patients with conditions affecting their eyes, ears, nose, throat, and musculoskeletal system. The UF Health Eye & Ear and Orthopaedics Center will attach to the existing UF Health Orthopaedic and Sports Medicine Institute building which already provides complete orthopaedic evaluation and care across subspecialties, a spine center with both operative and non-operative approaches, sports and hand therapy services, orthotic and prosthetic care, complete imaging services, and rehabilitation services. The Florida Innovation
  - 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.

- A major redevelopment and redesign of a major retail center, Butler Plaza, in Southwest Gainesville is nearing completion and has most storefronts opening during 2016.
- A new development plan has been submitted and approved by the City Commission for a significant piece of real estate that has stood undeveloped at the corner of University Avenue and 13<sup>th</sup> Street. This project is titled The Standard, includes both residential housing and retail and began construction in early 2016.

Utility highlights for the 2016 fiscal year budget are as follows:

- The primary factors currently affecting the utility industry include environmental regulations, restructuring of the wholesale energy markets, the formation of independent bulk power transmission systems, the formation of an Electric Reliability Organization (ERO) under Federal Energy Regulatory Commission jurisdiction, and the increasing strategic and price differences among various types of fuels. No state or federal legislation is pending or proposed at this time for retail competition in Florida.
- Utilities, and particularly electric utilities, are subject to increasing federal, state, and local statutory and regulatory requirements with respect to the siting and licensing of facilities, safety and security, air and water quality, land use, and other environmental factors.
- As of January 1, 2015, the Environmental Protection Agency's (EPA) Cross State Air Pollution Rule (CSAPR) is in effect but only for the ozone season (May to September) in Florida. The EPA promulgated the Mercury and Air Toxics Standards (MATS) to reduce emissions of toxic air pollutants from power plants. Facilities are currently in place at DH, which enables this station to comply with these standards at a known cost for operations and reagents. Results of the 2014 operational testing of the new air quality control systems at DH Unit 2 showed that performance targets were achieved and compliance is assumed. See Note 13 Commitments and Contingencies for additional information.
- Legislation and regulation at the federal level has been proposed to mandate the use of renewable energy and to constrain the emission of greenhouse gases. GRU's institution of a solar feed-in-tariff and contract to purchase power from a 100 megawatt biomass fueled power plant will hedge against these uncertainties.
- GRU's long-term energy supply strategy is to encourage maximum cost effective energy conservation, renewable energy in combination with GRU owned generation, and purchased power while managing potential regulatory requirements. Based on the most recent forecasts, GRU has adequate reserves of generating capacity to meet forecasted loads plus a reserve margin through 2022. This forecast incorporates new population forecasts and changed economic circumstances.
- GRU management, with the approval of the City Commission, entered into a long-term contract to obtain dependable capacity, energy, and environmental attributes from GREC's 100 megawatt biomass fueled power plant. The facility is located on a portion of land leased from GRU's Deerhaven power plant site and is owned by a third party. The plant became commercially operable in December 2013. By diversifying GRU's fuel mix, the plant is expected to provide a long term hedge against volatile fossil fuel costs.

- **Requests for Information**

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



**CITY OF GAINESVILLE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2015**

|   | Primary Government      |                          |                      | Component Unit |
|---|-------------------------|--------------------------|----------------------|----------------|
|   | Governmental Activities | Business-Type Activities | Total                | GEZDA          |
| <b>ASSETS</b>   |                         |                          |                      |                |
| Cash and cash equivalents                                 | \$ 522,000              | \$ 6,950                 | \$ 528,950           | \$ -           |
| Equity in pooled cash and investments                     | 100,868,918             | 66,257,661               | 167,126,579          | 5,310          |
| Investments   | 1,526,389               | -                        | 1,526,389            | -              |
| Receivables   | 9,272,306               | 54,980,250               | 64,252,556           | -              |
| Internal balances   | (964,648)               | 964,648                  | -                    | -              |
| Inventories   | 188,465                 | 24,107,142               | 24,295,607           | -              |
| Prepays   | 23,204                  | -                        | 23,204               | -              |
| Other assets and regulatory assets                        | -                       | 2,252,039                | 2,252,039            | -              |
| Assets held for evidence                                  | 315,251                 | -                        | 315,251              | -              |
| Other noncurrent assets                                   | -                       | 113,579,737              | 113,579,737          | -              |
| Restricted assets:  |                         |                          |                      |                |
| Temporarily restricted:                                   |                         |                          |                      |                |
| Cash and cash equivalents                                 | 4,861,349               | 240,827,605              | 245,688,954          | -              |
| Negative net OPEB obligation asset                        | 17,669,214              | -                        | 17,669,214           | -              |
| Capital assets (net of accumulated depreciation):         |                         |                          |                      |                |
| Utility plant and equipment                               | -                       | 1,087,676,600            | 1,087,676,600        | -              |
| Utility plant and equipment - under capital lease         | -                       | 946,815,462              | 946,815,462          | -              |
| Buildings   | 49,724,024              | 40,491,247               | 90,215,271           | -              |
| Improvements other than buildings                         | 9,300,729               | 1,908,238                | 11,208,967           | -              |
| Machinery and equipment                                   | 13,724,691              | 18,635,355               | 32,360,046           | -              |
| Infrastructure  | 77,104,402              | 22,117,520               | 99,221,922           | -              |
| Capital assets (not depreciated):                         |                         |                          |                      |                |
| Land  | 32,972,164              | 7,314,253                | 40,286,417           | -              |
| Construction in progress                                  | 26,200,936              | 136,976,050              | 163,176,986          | -              |
| Total assets  | <u>343,309,394</u>      | <u>2,764,910,757</u>     | <u>3,108,220,151</u> | <u>5,310</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                     |                         |                          |                      |                |
| Unamortized loss on refunding of bonds                    | 1,170,401               | 28,160,367               | 29,330,768           | -              |
| Accumulated decrease in fair value of hedging derivatives | -                       | 73,650,013               | 73,650,013           | -              |
| Deferred amounts related to pensions                      | 16,647,425              | 28,828,845               | 45,476,270           | -              |
| Total deferred outflows of resources                      | <u>17,817,826</u>       | <u>130,639,225</u>       | <u>148,457,051</u>   | <u>-</u>       |

(CONTINUED)

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

**CITY OF GAINESVILLE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2015**

|  | Primary Government      |                          |                | Component Unit |
|--|-------------------------|--------------------------|----------------|----------------|
|  | Governmental Activities | Business-Type Activities | Total          | GEZDA          |
| <b>LIABILITIES</b>                               |                         |                          |                |                |
| Accounts payable                                 | 12,759,811              | 29,353,862               | 42,113,673     | -              |
| Accounts payable - payroll                       | -                       | 167,981                  | 167,981        | -              |
| Accrued interest payable                         | 286,911                 | -                        | 286,911        | -              |
| Unearned revenue                                 | 64,830                  | -                        | 64,830         | -              |
| Fuel adjustment                                  | -                       | 18,799,724               | 18,799,724     | -              |
| Liabilities payable from restricted assets:      |                         |                          |                |                |
| Accrued interest payable                         | -                       | 18,806,345               | 18,806,345     | -              |
| Other liabilities payable from restricted assets | 4,861,349               | 14,265,714               | 19,127,063     | -              |
| Long-term debt due within one year               | 6,549,188               | 40,336,951               | 46,886,139     | -              |
| Long-term debt due in more than one year         | 129,383,803             | 1,938,144,138            | 2,067,527,941  | -              |
| Net pension liability                            | 67,445,290              | 97,765,730               | 165,211,020    | -              |
| Other noncurrent liabilities                     | -                       | 15,224,938               | 15,224,938     | -              |
| Fair value of derivative instruments             | -                       | 77,042,767               | 77,042,767     | -              |
| Total liabilities                                | 221,351,182             | 2,249,908,150            | 2,471,259,332  | -              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |                         |                          |                |                |
| Rate stabilization                               | -                       | 71,714,541               | 71,714,541     | -              |
| Business taxes not yet earned                    | 472,505                 | -                        | 472,505        | -              |
| Deferred amounts related to pensions             | 4,404,003               | -                        | 4,404,003      | -              |
| Total deferred inflows of resources              | 4,876,508               | 71,714,541               | 76,591,049     | -              |
| <b>NET POSITION</b>                              |                         |                          |                |                |
| Net investment in capital assets                 | 167,469,862             | 379,583,536              | 547,053,398    | -              |
| Restricted for:                                  |                         |                          |                |                |
| Debt service                                     | -                       | 78,324,024               | 78,324,024     | -              |
| Capital projects                                 | 33,069,536              | -                        | 33,069,536     | -              |
| Utility plant improvement                        | -                       | -                        | -              | -              |
| Tax increment zones                              | 14,014,386              | -                        | 14,014,386     | -              |
| Federal and state grants                         | 4,452,004               | -                        | 4,452,004      | -              |
| Cemetery care                                    | 1,554,362               | -                        | 1,554,362      | -              |
| Other purposes                                   | -                       | 601,672                  | 601,672        | -              |
| Unrestricted                                     | (85,660,620)            | 115,418,059              | 29,757,439     | 5,310          |
| Total net position                               | \$ 134,899,530          | \$ 573,927,291           | \$ 708,826,821 | \$ 5,310       |

(CONCLUDED)

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



**CITY OF GAINESVILLE, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

| FUNCTIONS/PROGRAMS                                       | PROGRAM REVENUES      |                       |                                    |                                  | NET(EXPENSE)REVENUE AND CHANGES IN NET POSITION |                          |                       | Component Unit  |
|--|-----------------------|-----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|-----------------|
|  | Expenses              | Charges for Services  | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                              |                          |                       |                 |
|  |                       |                       |                                    |                                  | Governmental Activities                         | Business-type Activities | Total                 | GEZDA           |
| <b>PRIMARY GOVERNMENT</b>                                |                       |                       |                                    |                                  |   |                          |                       |                 |
| Governmental activities:                                 |                       |                       |                                    |                                  |   |                          |                       |                 |
| General government                                       | \$ 20,042,296         | \$ 12,900,012         | \$ 58,264                          | \$ -                             | \$ (7,084,020)                                  | \$ -                     | \$ (7,084,020)        | \$ -            |
| Public safety  | 58,122,081            | 9,105,760             | 3,169,481                          | 148,344                          | (45,698,496)                                    | -                        | (45,698,496)          | -               |
| Physical environment                                     | 1,007,994             | 49,930                | 367,457                            | -                                | (590,607)                                       | -                        | (590,607)             | -               |
| Transportation   | 18,412,980            | 3,099,013             | 908,282                            | 3,836,321                        | (10,569,364)                                    | -                        | (10,569,364)          | -               |
| Economic environment                                     | 5,930,125             | 331,606               | 1,274,048                          | -                                | (4,324,471)                                     | -                        | (4,324,471)           | -               |
| Human services   | 1,726,374             | -                     | 567,061                            | -                                | (1,159,313)                                     | -                        | (1,159,313)           | -               |
| Culture & recreation                                     | 11,042,060            | 2,752,747             | 824,976                            | 14,544                           | (7,449,793)                                     | -                        | (7,449,793)           | -               |
| Interest on long-term debt                               | 7,216,312             | -                     | -                                  | -                                | (7,216,312)                                     | -                        | (7,216,312)           | -               |
| Total governmental activities                            | <u>123,500,222</u>    | <u>28,239,068</u>     | <u>7,169,569</u>                   | <u>3,999,209</u>                 | <u>(84,092,376)</u>                             | <u>-</u>                 | <u>(84,092,376)</u>   | <u>-</u>        |
| Business-type activities:                                |                       |                       |                                    |                                  |   |                          |                       |                 |
| Electric   | 313,776,108           | 277,077,555           | -                                  | -                                | -   | (36,698,553)             | (36,698,553)          | -               |
| Gas  | 23,086,959            | 23,381,234            | -                                  | -                                | -   | 294,275                  | 294,275               | -               |
| Water  | 25,990,135            | 30,856,995            | -                                  | 734,601                          | -   | 5,601,461                | 5,601,461             | -               |
| Wastewater   | 27,852,572            | 36,645,179            | -                                  | 669,659                          | -   | 9,462,266                | 9,462,266             | -               |
| GRUCom   | 13,733,955            | 10,940,150            | -                                  | -                                | -   | (2,793,805)              | (2,793,805)           | -               |
| Regional Transit System                                  | 26,170,257            | 15,184,158            | 9,435,118                          | 558,641                          | -   | (992,340)                | (992,340)             | -               |
| Stormwater Management                                    | 6,574,131             | 7,331,355             | -                                  | -                                | -   | 757,224                  | 757,224               | -               |
| Ironwood Golf Course                                     | 1,573,460             | 892,998               | -                                  | -                                | -   | (680,462)                | (680,462)             | -               |
| Florida Building Code Enforcement                        | 2,324,819             | 3,755,980             | -                                  | -                                | -   | 1,431,161                | 1,431,161             | -               |
| Solid Waste  | 8,623,125             | 9,134,416             | -                                  | -                                | -   | 511,291                  | 511,291               | -               |
| Total business-type activities                           | <u>449,705,521</u>    | <u>415,200,020</u>    | <u>9,435,118</u>                   | <u>1,962,901</u>                 | <u>-</u>  | <u>(23,107,482)</u>      | <u>(23,107,482)</u>   | <u>-</u>        |
| Total primary government                                 | <u>\$ 573,205,743</u> | <u>\$ 443,439,088</u> | <u>\$ 16,604,687</u>               | <u>\$ 5,962,110</u>              | <u>(84,092,376)</u>                             | <u>(23,107,482)</u>      | <u>(107,199,858)</u>  | <u>-</u>        |
| <b>COMPONENT UNIT</b>                                    |                       |                       |                                    |                                  |   |                          |                       |                 |
| Gainesville Enterprise Zone Development Agency           | \$ -                  | \$ -                  | \$ -                               | \$ -                             | -   | -                        | -                     | -               |
| General revenues:  |                       |                       |                                    |                                  |   |                          |                       |                 |
| Property taxes   |                       |                       |                                    |                                  | 28,558,490                                      | -                        | 28,558,490            | -               |
| Franchise & utility taxes                                |                       |                       |                                    |                                  | 10,172,216                                      | -                        | 10,172,216            | -               |
| Communications services tax                              |                       |                       |                                    |                                  | 4,199,316                                       | -                        | 4,199,316             | -               |
| Half cent sales tax                                      |                       |                       |                                    |                                  | 6,988,460                                       | -                        | 6,988,460             | -               |
| State revenue sharing (unrestricted)                     |                       |                       |                                    |                                  | 4,214,442                                       | -                        | 4,214,442             | -               |
| Gain on sale of capital assets                           |                       |                       |                                    |                                  | 12,837  | -                        | 12,837                | -               |
| Other unrestricted general revenues                      |                       |                       |                                    |                                  | 3,836,670                                       | 51,373,445               | 55,210,115            | -               |
| Investment gain  |                       |                       |                                    |                                  | 4,712,920                                       | 12,109,749               | 16,822,669            | 93              |
| Transfers  |                       |                       |                                    |                                  | 35,622,294                                      | (35,622,294)             | -                     | -               |
| Total general revenues and transfers                     |                       |                       |                                    |                                  | <u>98,317,645</u>                               | <u>27,860,900</u>        | <u>126,178,545</u>    | <u>93</u>       |
| Change in net position                                   |                       |                       |                                    |                                  | 14,225,269                                      | 4,753,418                | 18,978,687            | 93              |
| Net position - beginning of year, as previously reported |                       |                       |                                    |                                  | 222,914,589                                     | 582,993,145              | 805,907,734           | 5,217           |
| Restatement  |                       |                       |                                    |                                  | (102,240,328)                                   | (13,819,272)             | (116,059,600)         | -               |
| Net position - beginning of year, as restated            |                       |                       |                                    |                                  | <u>120,674,261</u>                              | <u>569,173,873</u>       | <u>689,848,134</u>    | <u>5,217</u>    |
| Net position - end of year                               |                       |                       |                                    |                                  | <u>\$ 134,899,530</u>                           | <u>\$ 573,927,291</u>    | <u>\$ 708,826,821</u> | <u>\$ 5,310</u> |

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

**CITY OF GAINESVILLE, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

|   | <u>GENERAL</u>       | <u>OTHER<br/>GOVERNMENTAL<br/>FUNDS</u> | <u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u> |
|---|----------------------|---|---|
| <b>ASSETS</b>   |                      |   |   |
| Equity in pooled cash and investments                                 | \$ 3,752,967         | \$ 75,892,401                           | \$ 79,645,368                           |
| Restricted cash   | 4,861,349            | -                                       | 4,861,349                               |
| Investments   | -                    | 1,526,389                               | 1,526,389                               |
| Receivables   | 3,155,614            | 6,116,068                               | 9,271,682                               |
| Due from other funds  | 14,953,906           | 169,249                                 | 15,123,155                              |
| Advances to other funds   | 2,341,675            | -                                       | 2,341,675                               |
| Inventories   | 47,637               | -                                       | 47,637                                  |
| Assets held for evidence  | -                    | 315,251                                 | 315,251                                 |
| Total assets  | <u>\$ 29,113,148</u> | <u>\$ 84,019,358</u>                    | <u>\$ 113,132,506</u>                   |
| <b>LIABILITIES</b>  |                      |   |   |
| Accounts payable and accrued liabilities                              | \$ 1,829,305         | \$ 2,489,971                            | \$ 4,319,276                            |
| Deposits  | 4,861,349            | -                                       | 4,861,349                               |
| Due to other funds  | -                    | 4,803,766                               | 4,803,766                               |
| Unearned revenues   | -                    | 64,830                                  | 64,830                                  |
| Advances from other funds   | -                    | 2,341,675                               | 2,341,675                               |
| Total liabilities   | <u>6,690,654</u>     | <u>9,700,242</u>                        | <u>16,390,896</u>                       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                      |   |   |
| Business taxes not yet earned   | 472,505              | -                                       | 472,505                                 |
| Deferred revenue-notes receivable                                     | -                    | 59,838                                  | 59,838                                  |
| Deferred revenue-assessments net yet available                        | -                    | 4,848                                   | 4,848                                   |
| Total deferred inflows of resources                                   | <u>472,505</u>       | <u>64,686</u>                           | <u>537,191</u>                          |
| <b>FUND BALANCES</b>  |                      |   |   |
| Nonspendable  | 2,487,568            | 973,501                                 | 3,461,069                               |
| Restricted  | -                    | 40,819,050                              | 40,819,050                              |
| Committed   | -                    | 2,714,703                               | 2,714,703                               |
| Assigned  | 1,985,914            | 31,481,786                              | 33,467,700                              |
| Unassigned  | 17,476,507           | (1,734,610)                             | 15,741,897                              |
| Total fund balances   | <u>21,949,989</u>    | <u>74,254,430</u>                       | <u>96,204,419</u>                       |
| Total liabilities, deferred inflows of resources and<br>fund balances | <u>\$ 29,113,148</u> | <u>\$ 84,019,358</u>                    | <u>\$ 113,132,506</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, 2015**

|  |             |                       |
|--|-------------|-----------------------|
| Total fund balances: governmental funds balance sheet  |             | <b>\$ 96,204,419</b>  |
| Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. The cost of the assets is \$360,963,741 and the accumulated depreciation is \$166,049,302. This excludes internal service fund capital assets which are included in the internal service fund adjustment below.   |             | 194,914,439           |
| 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   | 130,920,043 |                       |
| Capital lease payable  | 264,740     |                       |
| Compensated absences   | 3,600,109   |                       |
| Net pension liability  | 63,942,638  | (198,727,530)         |
| Deferred outflows and inflows of resources are not available in the current period and , therefore, are not reported in the government funds. Deferred outflows and inflows of resources at year-end consist of:   |             |                       |
| Deferred outflow amount on debt refunding  | 1,170,401   |                       |
| Deferred outflow amount on pension liabilities   | 15,573,502  |                       |
| Deferred inflow amount on pension liabilities  | (4,404,003) | 12,339,900            |
| 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.   |             | (286,911)             |
| 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  | 37,124      |                       |
| Premiums   | (1,066,049) | (1,028,925)           |
| Unavailable revenue is deferred in governmental funds but not in the government-wide financial statements  |             | 64,686                |
| Negative net OPEB obligation assets created through treatment of Taxable OPEB Bonds as employer contributions to OPEB plans are not recognized in the funds.   |             |                       |
| Negative net OPEB obligation asset   |             | 17,669,214            |
| 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 \$14,112,509, compensated absences liabilities of \$119,175, deferred outflows related to pension of \$1,073,923 and net pension liability of \$3,502,652 are included in governmental activities in the statement of net position. |             | 13,750,238            |
| Net position of governmental activities  |             | <b>\$ 134,899,530</b> |

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, 2015**

|  | <u>GENERAL</u>       | <u>OTHER<br/>GOVERNMENTAL<br/>FUNDS</u> | <u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u> |
|--|----------------------|---|---|
| <b>REVENUES</b>                                |                      |   |   |
| Taxes  | \$ 40,683,940        | \$ 6,045,023                            | \$ 46,728,963                           |
| Licenses and permits                           | 965,536              | -                                       | 965,536                                 |
| Intergovernmental                              | 12,460,007           | 14,465,012                              | 26,925,019                              |
| Charges for services                           | 14,460,437           | 2,582,840                               | 17,043,277                              |
| Fines and forfeitures                          | 1,602,357            | 542,826                                 | 2,145,183                               |
| Miscellaneous                                  | 1,718,406            | 5,505,755                               | 7,224,161                               |
| Total revenues                                 | <u>71,890,683</u>    | <u>29,141,456</u>                       | <u>101,032,139</u>                      |
| <b>EXPENDITURES</b>                            |                      |   |   |
| Current:                                       |                      |   |   |
| General government                             | 15,040,492           | 391,936                                 | 15,432,428                              |
| Public safety                                  | 54,028,475           | 3,182,816                               | 57,211,291                              |
| Physical environment                           | 190,834              | 537,880                                 | 728,714                                 |
| Transportation                                 | 10,713,872           | 4,085,846                               | 14,799,718                              |
| Economic environment                           | 432,146              | 5,247,521                               | 5,679,667                               |
| Human services                                 | 137,404              | 1,241,610                               | 1,379,014                               |
| Culture and recreation                         | 7,086,048            | 1,671,960                               | 8,758,008                               |
| Debt service:                                  |                      |   |   |
| Principal                                      | -                    | 6,084,283                               | 6,084,283                               |
| Interest and fiscal charges                    | -                    | 6,946,531                               | 6,946,531                               |
| Bond issuance costs                            | -                    | 242,746                                 | 242,746                                 |
| Capital outlay                                 | -                    | 10,242,908                              | 10,242,908                              |
| Total expenditures                             | <u>87,629,271</u>    | <u>39,876,037</u>                       | <u>127,505,308</u>                      |
| Excess of revenues<br>over(under) expenditures | <u>(15,738,588)</u>  | <u>(10,734,581)</u>                     | <u>(26,473,169)</u>                     |
| <b>OTHER FINANCING SOURCES(USES)</b>           |                      |   |   |
| Debt issuance                                  | -                    | 12,435,000                              | 12,435,000                              |
| Bond premium                                   | -                    | 947,278                                 | 947,278                                 |
| Transfers in                                   | 35,664,595           | 35,778,033                              | 71,442,628                              |
| Transfers out                                  | (16,744,009)         | (19,025,159)                            | (35,769,168)                            |
| Total other financing sources(uses)            | <u>18,920,586</u>    | <u>30,135,152</u>                       | <u>49,055,738</u>                       |
| Net change in fund balances                    | <u>3,181,998</u>     | <u>19,400,571</u>                       | <u>22,582,569</u>                       |
| Fund balances - beginning                      | <u>18,767,991</u>    | <u>54,853,859</u>                       | <u>73,621,850</u>                       |
| Fund balances - ending                         | <u>\$ 21,949,989</u> | <u>\$ 74,254,430</u>                    | <u>\$ 96,204,419</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, 2015**

|  |              |                   |
|--|--------------|-------------------|
| Net changes in fund balances - total governmental funds  | \$           | <b>22,582,569</b> |
| <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: 20px;">This is the capital outlay recorded in the current period, excluding internal service fund activity.</p> <p style="padding-left: 20px;">This is the depreciation expense recorded in the current period, excluding internal service fund activity.</p>                            |              |                   |
|  |              | 11,379,821        |
|  |              | (7,881,646)       |
| <p>Issuance of long-term debt provides current financial resources to governmental funds. These transactions have no effect on net position. This is the amount of long-term debt issued in the current period.</p>  |              |                   |
|  |              | (12,435,000)      |
| <p>Proceeds of other post-employment benefit obligation bonds issued during FY2005 were contributed to the OPEB plan to retire the unfunded obligation. This transaction resulted in contributions in excess of the required amounts which results in the reporting of an asset on the Statement of Net Position. On the Statement of Activities, the impact is the amortization of the Negative Net OPEB Obligation during the current fiscal year.</p> <p style="padding-left: 20px;">Amortization of Negative Net OPEB Obligation</p> |              |                   |
|  |              | (613,339)         |
| <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.</p>   |              |                   |
|  |              | 6,084,283         |
| <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>   |              |                   |
| Bond premium for debt issued in FY15   | (947,278)    |                   |
| Amortization of bond premiums  | 89,511       |                   |
| Amortization of bond discounts   | (3,360)      |                   |
|  | (861,127)    | (861,127)         |
| <p>Losses on refundings of debt are reported in governmental activities but not in governmental funds.</p> <p style="padding-left: 20px;">Amortization of loss on refunding</p>  |              |                   |
|  |              | (136,920)         |
| <p>The net change in net pension liability and deferred outflows and inflows are reported in the statement of activities, but not in the governmental funds.</p>   |              |                   |
| Change in net pension liability  | (11,641,136) |                   |
| Change in deferred outflows related to pensions  | 11,718,482   |                   |
| Change in deferred inflows related to pensions   | (4,404,003)  |                   |
|  | (4,326,657)  | (4,326,657)       |
| <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>  |              |                   |
|  |              | 127,124           |
| <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>  |              |                   |
|  |              | 23,734            |
| <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>  |              |                   |
|  |              | 282,427           |
| Change in net position of governmental activities  | <b>\$</b>    | <b>14,225,269</b> |

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, 2015**

|  | <b><u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u></b> |  |                      | <b>GOVERNMENTAL</b>                                       |
|--|---|--|----------------------|---|
|  | <b><u>Utility</u></b>                                     | <b>Other<br/>Enterprise<br/><u>Funds</u></b> | <b><u>Totals</u></b> | <b>ACTIVITIES -<br/>Internal<br/><u>Service Funds</u></b> |
| <b>ASSETS</b>  |   |  |                      |   |
| Current assets:  |   |  |                      |   |
| Cash and cash equivalents                                    | \$ -  | \$ 6,950                                     | \$ 6,950             | \$ 522,000  |
| Equity in pooled cash and investments                        | 53,539,963  | 12,717,698                                   | 66,257,661           | 21,223,550  |
| Receivables  | 47,394,281  | 7,585,969                                    | 54,980,250           | 624   |
| Due from other funds   | 733,000   | 865,254                                      | 1,598,254            | 554,666   |
| Inventories  | 22,820,183  | 1,286,959                                    | 24,107,142           | 140,828   |
| Prepaid expenses   | -   | -  | -                    | 23,204  |
| Other assets and regulatory assets                           | 2,252,039   | -  | 2,252,039            | -   |
| Restricted assets - cash and investments                     | 46,024,432  | -  | 46,024,432           | -   |
| Total current assets   | <u>172,763,898</u>  | <u>22,462,830</u>                            | <u>195,226,728</u>   | <u>22,464,872</u>   |
| Noncurrent assets:   |   |  |                      |   |
| Restricted assets - cash and investments                     | 194,803,173   | -  | 194,803,173          | -   |
| Other noncurrent assets                                      | 113,579,737   | -  | 113,579,737          | -   |
| Capital assets (net of accumulated depreciation):            |   |  |                      |   |
| Utility plant & equipment                                    | 1,087,676,600   | -  | 1,087,676,600        | -   |
| Utility plant & equipment - under capital lease              | 946,815,462   | -  | 946,815,462          | -   |
| Buildings  | -   | 40,491,247                                   | 40,491,247           | 3,331,633   |
| Improvements other than buildings                            | -   | 1,908,238                                    | 1,908,238            | 1,223,294   |
| Machinery and equipment                                      | -   | 18,635,355                                   | 18,635,355           | 8,673,023   |
| Infrastructure   | -   | 22,117,520                                   | 22,117,520           | 252,996   |
| Capital assets (not depreciated):                            |   |  |                      |   |
| Land   | -   | 7,314,253                                    | 7,314,253            | 631,563   |
| Construction in progress                                     | 131,596,255   | 5,379,795                                    | 136,976,050          | -   |
| Total capital assets   | <u>2,166,088,317</u>                                      | <u>95,846,408</u>                            | <u>2,261,934,725</u> | <u>14,112,509</u>   |
| Total noncurrent assets                                      | <u>2,474,471,227</u>                                      | <u>95,846,408</u>                            | <u>2,570,317,635</u> | <u>14,112,509</u>   |
| Total assets   | <u>2,647,235,125</u>                                      | <u>118,309,238</u>                           | <u>2,765,544,363</u> | <u>36,577,381</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                        |   |  |                      |   |
| Unamortized loss on refundings of bonds                      | 28,160,367  | -  | 28,160,367           | -   |
| Accumulated decrease in fair value<br>of hedging derivatives | 73,650,013  | -  | 73,650,013           | -   |
| Deferred amounts related to pensions                         | 22,174,505  | 6,654,340                                    | 28,828,845           | 1,073,923   |
| Total deferred outflows of resources                         | <u>123,984,885</u>  | <u>6,654,340</u>                             | <u>130,639,225</u>   | <u>1,073,923</u>  |

(CONTINUED)

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

**CITY OF GAINESVILLE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2015**

|   | <b><u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u></b> |  |                       | <b><u>GOVERNMENTAL</u></b>                                |
|---|---|--|-----------------------|---|
|   | <b><u>Utility</u></b>                                     | <b><u>Other<br/>Enterprise<br/>Funds</u></b> | <b><u>Totals</u></b>  | <b><u>ACTIVITIES -<br/>Internal<br/>Service Funds</u></b> |
| <b>LIABILITIES</b>                                  |   |  |                       |   |
| Current liabilities:                                |   |  |                       |   |
| Accounts payable and accrued liabilities            | 27,255,006  | 2,098,856                                    | 29,353,862            | 8,414,088   |
| Accounts payable - payroll                          | -   | 167,981                                      | 167,981               | 26,448  |
| Due to other funds                                  | 4,973,984   | 7,498,325                                    | 12,472,309            | -   |
| Current portion of long-term debt                   | 17,601,233  | 344,899                                      | 17,946,132            | 4,583   |
| Fuel adjustment                                     | 18,799,724  | -  | 18,799,724            | -   |
| Current liabilities payable from restricted assets: |   |  |                       |   |
| Utility deposits                                    | 9,252,627   | -  | 9,252,627             | -   |
| Accrued interest payable                            | 18,806,345  | -  | 18,806,345            | -   |
| Current portion of long-term debt                   | 22,205,000  | -  | 22,205,000            | -   |
| Other liabilities payable from restricted assets    | 5,013,087   | -  | 5,013,087             | -   |
| Total current liabilities                           | <u>123,907,006</u>  | <u>10,110,061</u>                            | <u>134,017,067</u>    | <u>8,445,119</u>  |
| Noncurrent liabilities:                             |   |  |                       |   |
| Long-term debt                                      | 1,932,162,881   | 6,167,076                                    | 1,938,329,957         | 114,592   |
| Fair value of derivative instruments                | 77,042,767  | -  | 77,042,767            | -   |
| Net pension liability                               | 76,062,261  | 21,703,469                                   | 97,765,730            | 3,502,652   |
| Other noncurrent liabilities                        | 15,224,938  | -  | 15,224,938            | -   |
| Total noncurrent liabilities                        | <u>2,100,492,847</u>                                      | <u>27,870,545</u>                            | <u>2,128,363,392</u>  | <u>3,617,244</u>  |
| Total liabilities                                   | <u>2,224,399,853</u>                                      | <u>37,980,606</u>                            | <u>2,262,380,459</u>  | <u>12,062,363</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |   |  |                       |   |
| Rate stabilization                                  | 71,714,541  | -  | 71,714,541            | -   |
| <b>NET POSITION</b>                                 |   |  |                       |   |
| Net investment in capital assets                    | 287,044,860   | 92,538,676                                   | 379,583,536           | 14,112,509  |
| Restricted for:                                     |   |  |                       |   |
| Debt service  | 78,324,024  | -  | 78,324,024            | -   |
| Utility plant improvement                           | -   | -  | -                     | -   |
| Capital improvement surcharge                       | -   | 133,072                                      | 133,072               | -   |
| RTS grant   | -   | 468,600                                      | 468,600               | -   |
| Unrestricted  | 109,736,732   | (6,157,376)                                  | 103,579,356           | 11,476,432  |
| Total net position                                  | <u>\$ 475,105,616</u>                                     | <u>\$ 86,982,972</u>                         | <u>\$ 562,088,588</u> | <u>\$ 25,588,941</u>                                      |

(CONCLUDED)

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

**CITY OF GAINESVILLE, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF NET POSITION OF PROPRIETARY FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2015**

|   |                              |
|---|------------------------------|
| Total net position of Enterprise Funds on the statement of net position of proprietary funds  | <b>\$ 562,088,588</b>        |
| <br>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>11,838,703</u>            |
| Net position of business-type activities  | <b><u>\$ 573,927,291</u></b> |

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, 2015**

|  | <b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b> |                                       |                       | <b>GOVERNMENTAL</b>                                |
|--|--|---------------------------------------|-----------------------|--|
|  | <b>Utility</b>                                     | <b>Other<br/>Enterprise<br/>Funds</b> | <b>Totals</b>         | <b>ACTIVITIES -<br/>Internal<br/>Service Funds</b> |
| Operating revenues:                                      |  |                                       |                       |  |
| Sales and service charges                                | \$ 378,901,113                                     | \$ 36,298,907                         | \$ 415,200,020        | \$ 18,635,493                                      |
| Employer contributions                                   | -  | -                                     | -                     | 11,612,048   |
| Employee contributions                                   | -  | -                                     | -                     | 6,336,011  |
| Other operating revenues                                 | 47,040,088   | 282,059                               | 47,322,147            | 1,462,598  |
| Total operating revenues                                 | <u>425,941,201</u>                                 | <u>36,580,966</u>                     | <u>462,522,167</u>    | <u>38,046,150</u>                                  |
| Operating expenses:                                      |  |                                       |                       |  |
| Operations and maintenance                               | 227,535,288  | 34,542,640                            | 262,077,928           | 10,688,609   |
| Administrative and general                               | 43,447,535   | 3,547,687                             | 46,995,222            | 2,151,032  |
| Depreciation and amortization                            | 95,454,204   | 4,900,015                             | 100,354,219           | 2,135,033  |
| Benefits paid and other expenses                         | -  | -                                     | -                     | 24,537,067   |
| Total operating expenses                                 | <u>366,437,027</u>                                 | <u>42,990,342</u>                     | <u>409,427,369</u>    | <u>39,511,741</u>                                  |
| Operating income (loss)                                  | <u>59,504,174</u>                                  | <u>(6,409,376)</u>                    | <u>53,094,798</u>     | <u>(1,465,591)</u>                                 |
| Nonoperating revenues (expenses):                        |  |                                       |                       |  |
| Investment income  | 13,635,708   | 601,958                               | 14,237,666            | 1,071,057  |
| Interest expense   | (38,205,243)                                       | (186,758)                             | (38,392,001)          | -  |
| Loss on disposal of capital assets                       | -  | (1,778,980)                           | (1,778,980)           | -  |
| Local option gas tax                                     | -  | 1,923,381                             | 1,923,381             | -  |
| Operating grants   | -  | 9,435,118                             | 9,435,118             | -  |
| Total nonoperating revenue (expenses)                    | <u>(24,569,535)</u>                                | <u>9,994,719</u>                      | <u>(14,574,816)</u>   | <u>1,071,057</u>                                   |
| Income (loss) before capital contributions and transfers | 34,934,639   | 3,585,343                             | 38,519,982            | (394,534)  |
| Capital contributions                                    | 1,404,260  | 558,641                               | 1,962,901             | 620,952  |
| Transfers in   | -  | 1,862,581                             | 1,862,581             | 21,289   |
| Transfers out  | <u>(34,892,425)</u>                                | <u>(2,592,450)</u>                    | <u>(37,484,875)</u>   | <u>(72,455)</u>                                    |
| Change in net position                                   | 1,446,474  | 3,414,115                             | 4,860,589             | 175,252  |
| Net position - beginning of year, as previously reported | 473,659,142  | 97,388,129                            | 571,047,271           | 27,643,936   |
| Restatement  | -  | (13,819,272)                          | (13,819,272)          | (2,230,247)  |
| Net position - beginning of year, as restated            | <u>473,659,142</u>                                 | <u>83,568,857</u>                     | <u>557,227,999</u>    | <u>25,413,689</u>                                  |
| Net position - end of year                               | <u>\$ 475,105,616</u>                              | <u>\$ 86,982,972</u>                  | <u>\$ 562,088,588</u> | <u>\$ 25,588,941</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, 2015**

|   |                              |
|---|------------------------------|
| Total net position of Enterprise Funds on the statement of net position of proprietary funds  | <b>\$ 562,088,588</b>        |
| <br>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>11,838,703</u>            |
| Net position of business-type activities  | <b><u>\$ 573,927,291</u></b> |

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, 2015**

|   | <b>BUSINESS-TYPE ACTIVITIES</b> |                            |                             | <b>GOVERNMENTAL</b>        |
|---|---------------------------------|----------------------------|-----------------------------|----------------------------|
|   | <b>ENTERPRISE FUNDS</b>         |                            |                             | <b>ACTIVITIES</b>          |
|   | <b>UTILITY</b>                  | <b>OTHER</b>               | <b>TOTAL</b>                | <b>INTERNAL</b>            |
|   | <b>FUND</b>                     | <b>ENTERPRISE</b>          | <b>ENTERPRISE</b>           | <b>SERVICE</b>             |
|   |                                 | <b>FUNDS</b>               | <b>FUNDS</b>                | <b>FUNDS</b>               |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                          |                                 |                            |                             |                            |
| Cash received from customers  | \$ 378,309,615                  | \$ 36,643,593              | \$ 414,953,208              | \$ 37,290,697              |
| Cash paid to suppliers  | (192,523,783)                   | (25,183,606)               | (217,707,389)               | (34,750,593)               |
| Cash paid to employees  | (54,469,560)                    | (16,107,441)               | (70,577,001)                | (2,853,465)                |
| Cash paid for operating transactions with other funds                       | (6,767,533)                     | -                          | (6,767,533)                 | -                          |
| Other operating receipts  | 13,479,796                      | -                          | 13,479,796                  | 755,676                    |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                     | <b><u>138,028,535</u></b>       | <b><u>(4,647,454)</u></b>  | <b><u>133,381,081</u></b>   | <b><u>442,315</u></b>      |
| <b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>               |                                 |                            |                             |                            |
| Local option gas tax  | -                               | 1,923,381                  | 1,923,381                   | -                          |
| Operating grants  | -                               | 8,876,477                  | 8,876,477                   | -                          |
| Interest paid   | -                               | (96,077)                   | (96,077)                    | -                          |
| Interfund borrowing   | -                               | 5,381,619                  | 5,381,619                   | -                          |
| Transfers from other funds  | -                               | 1,862,581                  | 1,862,581                   | 21,289                     |
| Transfers to other funds  | (34,892,425)                    | (2,592,450)                | (37,484,875)                | (72,455)                   |
| <b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES</b>          | <b><u>(34,892,425)</u></b>      | <b><u>15,355,531</u></b>   | <b><u>(19,536,894)</u></b>  | <b><u>(51,166)</u></b>     |
| <b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>      |                                 |                            |                             |                            |
| Principal repayments and refundings on long-term debt                       | (21,480,000)                    | (531,793)                  | (22,011,793)                | -                          |
| Proceeds from sale of capital assets  | 7,683,990                       | -                          | 7,683,990                   | -                          |
| Interest paid on long-term debt   | (37,939,699)                    | (186,758)                  | (38,126,457)                | -                          |
| Capital contributions   | -                               | 558,641                    | 558,641                     | -                          |
| Proceeds from interest rebate-Build America Bonds                           | 5,345,162                       | -                          | 5,345,162                   | -                          |
| Acquisition and construction of capital assets                              | (64,402,846)                    | (7,661,843)                | (72,064,689)                | (3,154,554)                |
| <b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b> | <b><u>(59,487,098)</u></b>      | <b><u>(5,721,753)</u></b>  | <b><u>(65,208,851)</u></b>  | <b><u>(3,154,554)</u></b>  |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                          |                                 |                            |                             |                            |
| Interest received   | 589,783                         | 698,035                    | 1,287,818                   | 1,071,057                  |
| Purchase of investments   | (387,266,056)                   | (9,397,107)                | (396,663,163)               | (15,682,081)               |
| Investment in The Energy Authority  | 4,696,789                       | -                          | 4,696,789                   | -                          |
| Distributions from The Energy Authority                                     | (4,557,068)                     | -                          | (4,557,068)                 | -                          |
| Proceeds from investment maturities   | 348,923,707                     | 5,523,029                  | 354,446,736                 | 18,577,943                 |
| <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>                     | <b><u>(37,612,845)</u></b>      | <b><u>(3,176,043)</u></b>  | <b><u>(40,788,888)</u></b>  | <b><u>3,966,919</u></b>    |
| <b>NET INCREASE IN CASH</b>   | <b>6,036,167</b>                | <b>1,810,281</b>           | <b>7,846,448</b>            | <b>1,203,514</b>           |
| <b>CASH - OCTOBER 1</b>   | <b><u>75,559,374</u></b>        | <b><u>1,517,260</u></b>    | <b><u>77,076,634</u></b>    | <b><u>4,859,955</u></b>    |
| <b>CASH - SEPTEMBER 30</b>  | <b><u>\$ 81,595,541</u></b>     | <b><u>\$ 3,327,541</u></b> | <b><u>\$ 84,923,082</u></b> | <b><u>\$ 6,063,469</u></b> |

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

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|  | <b>BUSINESS-TYPE ACTIVITIES</b> |                       |                        | <b>GOVERNMENTAL</b>   |
|--|---------------------------------|-----------------------|------------------------|-----------------------|
|  | <b>ENTERPRISE FUNDS</b>         |                       |                        | <b>ACTIVITIES</b>     |
|  | <b>UTILITY</b>                  | <b>OTHER</b>          | <b>TOTAL</b>           | <b>INTERNAL</b>       |
|  | <b>FUND</b>                     | <b>ENTERPRISE</b>     | <b>ENTERPRISE</b>      | <b>SERVICE</b>        |
|  |                                 | <b>FUNDS</b>          | <b>FUNDS</b>           | <b>FUNDS</b>          |
| <b>OPERATING INCOME (LOSS)</b>   | <b>\$ 59,504,174</b>            | <b>\$ (6,409,376)</b> | <b>\$ 53,094,798</b>   | <b>\$ (1,465,591)</b> |
| <b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |                                 |                       |                        |                       |
| Depreciation and amortization  | 95,454,204                      | 4,900,015             | 100,354,219            | 2,135,033             |
| Net costs to be recovered in future rates  | (16,732,099)                    | -                     | (16,732,099)           | -                     |
| (Increase)/decrease in receivables   | (1,456,953)                     | 62,627                | (1,394,326)            | 223                   |
| (Increase)/decrease in due from other funds  | -                               | -                     | -                      | 96,268                |
| (Increase)/decrease in inventories   | (4,677,172)                     | (147,173)             | (4,824,345)            | 4,931                 |
| (Increase)/decrease in other assets and regulatory assets  | 74,176                          | -                     | 74,176                 | -                     |
| (Increase)/decrease in restricted and internally designated assets   | (6,108,254)                     | -                     | (6,108,254)            | -                     |
| (Increase)/decrease in noncurrent assets   | 1,969,281                       | -                     | 1,969,281              | -                     |
| Increase/(decrease) in accounts payable and accrued liabilities  | (6,819,953)                     | (4,283,404)           | (11,103,357)           | (527,031)             |
| Increase/(decrease) in due to other funds  | 977,567                         | -                     | 977,567                | -                     |
| Increase/(decrease) in fuel adjustment   | 2,835,836                       | -                     | 2,835,836              | -                     |
| Increase/(decrease) in other liabilities and regulatory liabilities  | 4,544,991                       | -                     | 4,544,991              | -                     |
| (Increase)/decrease in rate stabilization  | 7,597,282                       | -                     | 7,597,282              | -                     |
| Increase/(decrease) in utility deposits  | 865,455                         | -                     | 865,455                | -                     |
| Pension expense adjustment   | -                               | 1,229,857             | 1,229,857              | 198,482               |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  | <b>\$ 138,028,535</b>           | <b>\$ (4,647,454)</b> | <b>\$ 133,381,081</b>  | <b>\$ 442,315</b>     |
| <b>RECONCILIATION OF CASH TO STATEMENT OF NET POSITION</b>   |                                 |                       |                        |                       |
| Cash   | \$ 81,595,541                   | \$ 3,327,541          | \$ 84,923,082          | \$ 6,063,469          |
| Accrued interest   | 312,773                         | -                     | 312,773                | -                     |
| CR3 decommissioning reserve  | 11,621,938                      | -                     | 11,621,938             | -                     |
| Investments  | 200,837,316                     | 9,397,107             | 210,234,423            | 15,682,081            |
| <b>TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER STATEMENT OF NET POSITION</b>                              | <b>\$ 294,367,568</b>           | <b>\$ 12,724,648</b>  | <b>\$ 307,092,216</b>  | <b>\$ 21,745,550</b>  |
| <b>NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES</b>   |                                 |                       |                        |                       |
| Contribution of capital assets   | \$ -                            | \$ 558,641            | \$ 558,641             | \$ 620,952            |
| Change in fair value of investments  | 832,532                         | (1,123,574)           | (291,042)              | (2,036,711)           |
| Net costs recoverable in future years  | (16,732,099)                    | -                     | (16,732,099)           | -                     |
| Acquisition of utility plant in service under long term capital lease obligation                             | (16,828,193)                    | -                     | (16,828,193)           | -                     |
| Acquisition of utility construction in progress with construction fund payable                               | 1,326,553                       | -                     | 1,326,553              | -                     |
| Change in ineffective portion of hedging derivatives   | (660,507)                       | -                     | (660,507)              | -                     |
| Change in hedging derivatives - interest rate swaps  | (21,278,744)                    | -                     | (21,278,744)           | -                     |
| Change in hedging derivatives - fuel options and futures   | (1,622,410)                     | -                     | (1,622,410)            | -                     |
| Change in fair value of derivatives  | 21,939,252                      | -                     | 21,939,252             | -                     |
| Other noncash capital, investing and financing activities  | (1,453,466)                     | -                     | (1,453,466)            | -                     |
| <b>NET NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES</b>   | <b>\$ (34,477,082)</b>          | <b>\$ (564,933)</b>   | <b>\$ (35,042,015)</b> | <b>\$ (1,415,759)</b> |

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, 2015**

|  | <b><u>PENSION<br/>AND OPEB<br/>TRUST<br/>FUNDS</u></b> |
|--|--|
| <b><u>ASSETS</u></b>   |  |
| Cash and cash equivalents  | \$ 9,038,092   |
| Equity in pooled cash and investments                                | 8,859,805  |
| Receivables  | 1,271,599  |
| Investments, at fair value:  |  |
| Equities   | 533,719,378  |
| Real estate  | 19,750,219   |
| Alternative investments  | 5,432,678  |
| Fixed income:  |  |
| Government bonds   | 3,010,876  |
| Corporate bonds  | 14,785,675   |
| Mortgage & asset backed securities                                   | <u>1,965,528</u>                                       |
| Total investments, at fair value                                     | 578,664,354  |
| Investment adjustments:  |  |
| Dividends receivable   | 147,914  |
| Interest receivable  | 288,385  |
| Receivable for investments sold                                      | 101,694  |
| Payable for investments purchased                                    | <u>(652,206)</u>                                       |
| Total investment adjustments   | <u>(114,213)</u>                                       |
| <br><b>TOTAL ASSETS</b>  | <br><b><u>597,719,637</u></b>                          |
| <br><b><u>LIABILITIES</u></b>  |  |
| Accounts payable and accrued liabilities                             | <u>1,025,595</u>                                       |
| <br><b>TOTAL LIABILITIES</b>   | <br><b><u>1,025,595</u></b>                            |
| <br><b>NET POSITION RESTRICTED FOR PENSION AND<br/>OPEB BENEFITS</b> | <br><b><u>\$ 596,694,042</u></b>                       |

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

**CITY OF GAINESVILLE, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|  | <b><u>PENSION<br/>AND OPEB<br/>TRUST<br/>FUNDS</u></b> |
|--|--|
| <b><u>ADDITIONS:</u></b>                       |  |
| <b>Contributions:</b>                          |  |
| Employer contributions:                        |  |
| Required                                       | \$ 18,575,581  |
| State on behalf payments, through general fund | <u>1,269,827</u>                                       |
| Total employer contributions                   | 19,845,408   |
| <br>Employee contributions                     | <br><u>9,500,105</u>                                   |
| <br><b>Total contributions</b>                 | <br><b><u>29,345,513</u></b>                           |
| <b>Investment income:</b>                      |  |
| Net depreciation in fair value of investments  | (7,668,818)  |
| Dividends & interest                           | <u>7,621,121</u>                                       |
| Total investment income                        | (47,697)   |
| <br>Less investment expense                    | <br><u>3,474,571</u>                                   |
| <br><b>Net investment income</b>               | <br><b><u>(3,522,268)</u></b>                          |
| <br><b>TOTAL ADDITIONS</b>                     | <br><b><u>25,823,245</u></b>                           |
| <b><u>DEDUCTIONS:</u></b>                      |  |
| Benefit payments                               | 53,749,555   |
| Refunds of contributions                       | 480,673  |
| Administrative expenses                        | <u>7,736,169</u>                                       |
| <br><b>TOTAL DEDUCTIONS</b>                    | <br><b><u>61,966,397</u></b>                           |
| <br><b>CHANGE IN NET POSITION</b>              | <br><b>(36,143,152)</b>                                |
| <br><b>NET POSITION - beginning</b>            | <br><b><u>632,837,194</u></b>                          |
| <br><b>NET POSITION - ending</b>               | <br><b><u>\$ 596,694,042</u></b>                       |

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

**CITY OF GAINESVILLE, FLORIDA**

***Index to Notes to Financial Statements***

September 30, 2015

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**CITY OF GAINESVILLE, FLORIDA**  
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September 30, 2015

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**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The accounting policies of the City of Gainesville, Florida (City) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB) or, where applicable, the Financial Accounting Standards Board (FASB). Gainesville Regional Utilities (GRU or the Utility) is a combined municipal utility system operating electric, water, wastewater, natural gas and telecommunications utilities. GRU is a utility enterprise of the City and is reported as an enterprise fund of the City. GRU has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting, including the application of regulatory accounting as described in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. 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.

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

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

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

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

The only joint venture in which the City participated in fiscal year 2015 was Gainesville Regional Utilities' investment in The Energy Authority, which is described in Note 14.

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

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

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

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

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

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

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

- Enterprise Funds
- Internal Service Funds

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

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

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

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

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

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

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

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

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

The following governmental 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

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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.

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

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

**(D) Receivables**

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

Advances between funds, as reported in the fund financial statements, are classified as nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. For the most part, receivables and the related revenues are recognized when determined and billed - either for services rendered, grant entitlements, or reimbursements due, or otherwise measurable and available. Utilities service receivables are recorded at year end for services rendered but unbilled. They are calculated by prorating cycle billings subsequent to September 30, 2015 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, 2015, the allowance was \$631,028 for the General Fund and \$1,018,651 for Enterprise Funds.

**(E) 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 expensed. 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.

**(F) Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, bike paths, 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.

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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 – Bike paths-----               | 25 years       |
| Equipment -----                                | 5 to 20 years  |
| Stormwater system -----                        | 50 years       |
| Streetscape -----                              | 25 years       |

Depreciation of utility plant is computed using the straight-line method over estimated service lives ranging from 6 to 50 years. The overall depreciation rate was 3.62% in fiscal 2015.

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

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

The Nuclear Regulatory Commission (NRC) requires utilities owning nuclear powered electric generating plants to provide financial assurance that funds would be sufficient and available when needed to pay the future decommissioning costs. In accordance with the NRC requirements, GRU established a decommissioning trust. GRU’s carrying balance in this decommissioning trust fund at September 30, 2015, including interest earnings, was approximately \$11.6 million.

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

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

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

GRU, along with other CR3 minority owners, has designated FMPA as its agent in negotiations with Duke Energy on various matters related to the retirement of CR3. FMPA has negotiated a settlement with Duke Energy on behalf

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

The 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 non-operating income or expense. The associated cost of removal, net of salvage, is charged to accumulated depreciation as incurred. 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 \$1.2 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 4.01% for fiscal year 2015. For assets constructed with governmental fund resources, interest during construction is not capitalized.

**(G) Long-term Obligations**

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Losses resulting from the refunding of bonds are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Historically, in the government-wide and proprietary fund statements, the City accounted for debt issuance costs as assets. Pursuant to GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City was required to expense these costs in the year in which the costs were incurred and to restate beginning balances in 2014 to reflect the retroactive application of this statement. GRU elected to follow GASB Statement No. 62, paragraphs 476-500, Regulated Operations, and recorded debt issuance costs as regulatory assets as of September 30, 2014.

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.

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

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

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**(I) Deferred Outflows of Resources**

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

**(J) Deferred Inflows of Resources**

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

**(K) Costs Recoverable in Future Years**

GRU has recorded the Power Purchase Agreement (PPA) with the Gainesville Renewable Energy Center (GREC) as a capital lease. Activity related to this lease generates a non-cash flow related to depreciation expense which is recorded as costs recoverable in future years. These net deferred costs recoverable in future years represent the amount by which depreciation exceeds principal repayment on the capital lease obligation of \$30.5 million for the period ended September 30, 2015.

**(L) Contributions in Aid of Construction**

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

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

**(M) Hedging Derivative Instruments**

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

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

**(N) Compensated Absences**

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

**(O) Risk Management**

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City maintains a General Insurance Fund (an Internal Service Fund) to account for some of its uninsured risk of loss. Under the current program, the City is self-insured for workers' compensation, auto, and general liability. Third-party coverage is currently maintained for workers'

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compensation claims in excess of \$350,000. Settlements have not exceeded insurance coverage for each of the last three years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs), and are shown at current dollar value.

All funds other than the Utility Fund participate in the general insurance program. Risk management/ insurance related activities of the Utility fund are accounted for within the Utility Fund. The Utility Fund purchases plant and machinery insurance from a commercial carrier. There have been no significant reductions in insurance coverage from that in the prior year and settlements have not exceeded insurance coverage for the past three fiscal years. In addition, an actuarially computed liability of \$3,337,000 is recorded in the Utility Fund as a fully amortized deferred credit. The present value calculation assumes a rate of return of 4.5% with a confidence level of 75%. All claims for fiscal year 2015 were paid from current year's revenues.

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

|                  | <b>BEGINNING OF<br/>FISCAL YEAR<br/><u>LIABILITY</u></b> | <b><u>INCURRED</u></b> | <b><u>PAYMENTS</u></b> | <b>END OF<br/>FISCAL YEAR<br/><u>LIABILITY</u></b> |
|------------------|--|------------------------|------------------------|--|
| <b>2014-2015</b> | \$3,337,000  | \$1,957,000            | \$1,957,000            | \$3,337,000  |
| <b>2013-2014</b> | 3,337,000  | 1,724,682              | 1,724,682              | 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:

|                  | <b>BEGINNING OF<br/>FISCAL YEAR<br/><u>LIABILITY</u></b> | <b><u>INCURRED</u></b> | <b><u>PAYMENTS</u></b> | <b>END OF<br/>FISCAL YEAR<br/><u>LIABILITY</u></b> |
|------------------|--|------------------------|------------------------|--|
| <b>2014-2015</b> | \$6,854,000  | \$2,852,652            | \$2,852,652            | \$6,854,000  |
| <b>2013-2014</b> | 6,854,000  | 2,364,187              | 2,364,187              | 6,854,000  |

The City is also self-insured for its Employee Health and Accident Benefit Plan (the Plan). The Plan is accounted for in an Internal Service Fund and is externally administered, for an annually contracted amount that is based upon the volume of claims processed. Contributions for City employees and their dependents are shared by the City and the employee. Administrative fees are paid primarily out of this fund. Stop-loss insurance is maintained for this program at \$250,000 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:

|                  | <b>BEGINNING OF<br/>FISCAL YEAR<br/><u>LIABILITY</u></b> | <b><u>INCURRED</u></b> | <b><u>PAYMENTS</u></b> | <b>END OF<br/>FISCAL YEAR<br/><u>LIABILITY</u></b> |
|------------------|--|------------------------|------------------------|--|
| <b>2014-2015</b> | \$1,310,671  | \$22,027,528           | \$22,027,528           | \$1,310,671  |
| <b>2013-2014</b> | 1,363,358  | 22,466,739             | 22,519,426             | 1,310,671  |

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

**(P) Interfund Activity**

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

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



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

**(Q) Property Taxes**

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

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

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

**(R) Revenue Recognition**

Revenue is recorded as earned. GRU accrues for services rendered but unbilled, which amounted to approximately \$14.9 million for fiscal year 2015. Fuel and purchased gas adjustment levelization revenue is recognized as expenses are incurred. Amounts charged to customers for fuel are based on estimated costs. The amount charged in the fuel adjustment is adjusted and approved by the City Commission as deemed necessary. If the amount recovered through billings exceeds actual fuel expenses, GRU records the excess billings as a liability. If the amount recovered through billings is less than actual fuel expenses, GRU records the excess fuel expense as a reduction of the liability or as an asset.

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

The following table represents total revenues and expenses associated with the fuel and purchased gas adjustment and the subsequent impact on the fuel and purchased gas levelization balance as of September 30, 2015:

|                                     | Fuel<br>Adjustment | Purchased Gas<br>Adjustment | Total          |
|-------------------------------------|--------------------|-----------------------------|----------------|
| Revenues                            | \$ 158,822,423     | \$ 10,607,386               | \$ 169,429,809 |
| Expenses                            | (157,197,363)      | (9,396,610)                 | (166,593,973)  |
| To (From) Levelization Account      | \$ 1,625,060       | \$ 1,210,776                | \$ 2,835,836   |
| Levelization Acct Beginning Balance | \$ 15,298,395      | \$ 665,494                  | \$ 15,963,889  |
| To (From) Levelization Account      | 1,625,060          | 1,210,776                   | 2,835,836      |
| Levelization Acct Ending Balance    | \$ 16,923,455      | \$ 1,876,270                | \$ 18,799,725  |

**(S) Budgetary Information**

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

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**(T) Statement of Cash Flows**

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

**(U) 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 (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.

**(V) Rates and Regulation**

GRU is regulated by the City Commission of the City of Gainesville, Florida. GRU's rates are established in accordance with the Resolution. The Resolution requires that 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 to the City.

Each year during the budget process, and at any other time deemed necessary, the City Commission approves rate changes and other changes to GRU's system charges. GRU's cost of fuel and purchased power for the electric and natural gas systems is passed directly through to its customers through the Fuel and Purchased Gas Adjustments.

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

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.

**(W) Fund Balance Reporting**

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. As of September 30, 2015, 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.

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

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

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Fund balances for major and nonmajor governmental funds as of September 30, 2015 are classified as follows:

|                                   | General Fund     | Nonmajor<br>Governmental Funds | Total             |
|-----------------------------------|------------------|--------------------------------|-------------------|
| <b>Nonspendable</b>               |                  |                                |                   |
| Inventory                         | \$ 47,637        | \$ -                           | \$ 47,637         |
| Long-term receivable              | 2,439,931        | -                              | 2,439,931         |
| Cemetery Trust                    | -                | 973,501                        | 973,501           |
|                                   | <u>2,487,568</u> | <u>973,501</u>                 | <u>3,461,069</u>  |
| <b>Restricted for:</b>            |                  |                                |                   |
| Cemetery Trust                    | -                | 580,861                        | 580,861           |
| City Building Improvements        | -                | 209,965                        | 209,965           |
| Community Redevelopment           | -                | 15,745,286                     | 15,745,286        |
| Cultural Events                   | -                | 659                            | 659               |
| Depot Avenue Project              | -                | 2,351,800                      | 2,351,800         |
| Fire Programs                     | -                | 78,793                         | 78,793            |
| Homeless Assistance               | -                | 50,718                         | 50,718            |
| Housing & Community Development   | -                | 946,736                        | 946,736           |
| Land Acquisitions                 | -                | 365,100                        | 365,100           |
| Neighborhood Improvements         | -                | 84,816                         | 84,816            |
| Other Purposes                    | -                | 517,173                        | 517,173           |
| Parking Improvements              | -                | 934                            | 934               |
| Police Equipment                  | -                | 104,322                        | 104,322           |
| Police Mentoring Programs         | -                | 123,815                        | 123,815           |
| Police Programs                   | -                | 427,942                        | 427,942           |
| Police Services-Other             | -                | 1,369,164                      | 1,369,164         |
| Recreation Facilities             | -                | 1,421,252                      | 1,421,252         |
| Recreation Programs               | -                | 269,046                        | 269,046           |
| Road Improvements                 | -                | 9,771,791                      | 9,771,791         |
| Sidewalks/Pedestrian & Bike Paths | -                | 677,425                        | 677,425           |
| Streetscapes                      | -                | 39,310                         | 39,310            |
| Tourist Development               | -                | 263,677                        | 263,677           |
| Traffic Signals                   | -                | 1,241,864                      | 1,241,864         |
| Transportation Improvements       | -                | 4,176,601                      | 4,176,601         |
|                                   | <u>-</u>         | <u>40,819,050</u>              | <u>40,819,050</u> |
| <b>Committed for:</b>             |                  |                                |                   |
| Cultural Events                   | -                | 101,460                        | 101,460           |
| Economic Development              | -                | 340,046                        | 340,046           |
| Homeless Assistance               | -                | 332,202                        | 332,202           |
| Housing & Community Development   | -                | 71,201                         | 71,201            |
| Neighborhood Improvements         | -                | 25,694                         | 25,694            |
| Other Purposes                    | -                | 63,045                         | 63,045            |
| Police Services-Other             | -                | 2,244                          | 2,244             |
| Tree Mitigation                   | -                | 1,778,811                      | 1,778,811         |
|                                   | <u>-</u>         | <u>2,714,703</u>               | <u>2,714,703</u>  |

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

Fund balances for major and nonmajor governmental funds as of September 30, 2015 are classified as follows (Continued)

|                                   | General Fund         | Nonmajor<br>Governmental Funds | Total                |
|-----------------------------------|----------------------|--------------------------------|----------------------|
| Assigned for:                     |                      |                                |                      |
| City Building Improvements        | -                    | 2,183,101                      | 2,183,101            |
| Community Redevelopment           | -                    | 702,451                        | 702,451              |
| Contract Issues                   | 536,688              | -                              | 536,688              |
| Cultural Events                   | -                    | 25,955                         | 25,955               |
| Debt Service Principal & Interest | -                    | 739,875                        | 739,875              |
| Depot Avenue Project              | 80,380               | 4,707,873                      | 4,788,253            |
| Economic Development              | -                    | 545,558                        | 545,558              |
| Equipment Replacement             | -                    | 1,875,598                      | 1,875,598            |
| Fire Equipment                    | 22,739               | 489,741                        | 512,480              |
| Fire Station                      | -                    | 6,233,545                      | 6,233,545            |
| FY16 Budget                       | 989,863              | -                              | 989,863              |
| Homeless Assistance               | -                    | 1,171,135                      | 1,171,135            |
| Information Technologies          | -                    | 451,211                        | 451,211              |
| Land Acquisitions                 | -                    | 1,550,636                      | 1,550,636            |
| Neighborhood Improvements         | -                    | 1,552,324                      | 1,552,324            |
| Other Purposes                    | 276,766              | 1,187,038                      | 1,463,804            |
| Parking Improvements              | -                    | 29,615                         | 29,615               |
| Police Equipment                  | 14,300               | 198,446                        | 212,746              |
| Police Programs                   | 25,579               | 7,412                          | 32,991               |
| Recreation Facilities             | 7,125                | 719,833                        | 726,958              |
| Recreation Programs               | -                    | 25,522                         | 25,522               |
| Road Improvements                 | -                    | 5,849,648                      | 5,849,648            |
| Sidewalks/Pedestrian & Bike Paths | -                    | 51,184                         | 51,184               |
| Streetscapes                      | -                    | 185,338                        | 185,338              |
| Traffic Signals                   | -                    | 900,498                        | 900,498              |
| Transportation Improvements       | 32,474               | 98,249                         | 130,723              |
|                                   | <u>1,985,914</u>     | <u>31,481,786</u>              | <u>33,467,700</u>    |
| Unassigned                        | <u>17,476,507</u>    | <u>(1,734,610)</u>             | <u>15,741,897</u>    |
| Total                             | <u>\$ 21,949,989</u> | <u>\$ 74,254,430</u>           | <u>\$ 96,204,419</u> |

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

Encumbrances for major and nonmajor governmental funds as of September 30, 2015 are classified as follows:

|                                   | General Fund      | Nonmajor<br>Governmental<br>Funds | Total                |
|-----------------------------------|-------------------|-----------------------------------|----------------------|
| Appraisal Services                | \$ 12,000         | \$ -                              | \$ 12,000            |
| City Buildings                    | -                 | 60,127                            | 60,127               |
| Community Redevelopment           | -                 | 84,585                            | 84,585               |
| Depot Avenue Project              | 80,380            | 4,297,070                         | 4,377,450            |
| Economic Development              | -                 | 7,213                             | 7,213                |
| Engineering Services              | 10,500            | -                                 | 10,500               |
| Equipment Replacement             | -                 | 1,240,056                         | 1,240,056            |
| Fire Equipment                    | 22,739            | -                                 | 22,739               |
| Fire Station                      | -                 | 523,576                           | 523,576              |
| Homeless Assistance               | -                 | 300,898                           | 300,898              |
| Information Technologies          | -                 | 65,964                            | 65,964               |
| Neighborhood Improvements         | -                 | 101,320                           | 101,320              |
| Parking Improvements              | -                 | 15,915                            | 15,915               |
| Police Equipment                  | 14,300            | 7,700                             | 22,000               |
| Police Programs                   | 25,579            | -                                 | 25,579               |
| Recreation Facilities             | 7,125             | 123,515                           | 130,640              |
| Roadway Improvements              | -                 | 2,426,004                         | 2,426,004            |
| Sidewalks/Pedestrian & Bike Paths | -                 | 264,765                           | 264,765              |
| Streetscapes                      | -                 | 26,487                            | 26,487               |
| Traffic Signals                   | -                 | 805,087                           | 805,087              |
| Transportation Improvements       | 32,474            | 30,089                            | 62,563               |
|                                   | <u>\$ 205,097</u> | <u>\$ 10,380,371</u>              | <u>\$ 10,585,468</u> |

*Restricted Net Position*

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

The composition of net position "restricted for other purposes", based on third party external restrictions, at September 30, 2015 is:

**Business-type activities**

|  |                   |
|--|-------------------|
| Capital Surcharge                            | \$ 133,072        |
| Regional Transit Capital Acquisition Reserve | <u>468,600</u>    |
| Total  | <u>\$ 601,672</u> |

The government-wide statement of net position reports \$132,015,984 of restricted net position, of which \$48,638,284 is restricted by enabling legislation.

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

*Reserve Policy*

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

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

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

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

That portion of the General Fund unassigned fund balance that exceeds the minimum required level may be appropriated as needed and expended. No amount of the minimum required level of the General Fund unassigned fund balance may be expended unless it meets the purposes stated above and until appropriated by the City Commission, except as provided below for 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 and Finance Department based on the Proposed General Fund Revenue Budget. The additional amount required each year shall be included as a line item appropriation in the General Fund Uses Budget.

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

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

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

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

**(X) Future Accounting Pronouncements**

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

- Accounting and financial reporting for OPEB's;
- GAAP hierarchy; and
- Fair value measurement and application.

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

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

**NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**Deposits and Investments**

Deposits and investments as of September 30, 2015 are classified in the accompanying financial statements as follows:

Statement of net position:

|                                       |             |
|---------------------------------------|-------------|
| Cash and cash equivalents             | \$ 528,950  |
| Equity in pooled cash and investments | 167,126,579 |
| Investments                           | 1,526,389   |
| Restricted cash and cash equivalents  | 245,688,954 |

Statement of fiduciary net position:

|                                       |             |
|---------------------------------------|-------------|
| Cash and cash equivalents             | 9,038,092   |
| Equity in pooled cash and investments | 8,859,805   |
| Investments:                          |             |
| Equities                              | 533,719,378 |
| Real Estate                           | 19,750,219  |
| Alternative Investments               | 5,432,678   |
| Government Bonds                      | 3,010,876   |
| Corporate Bonds                       | 14,785,675  |
| Mortgage & Asset Backed Securities    | 1,965,528   |

|                            |                                |
|----------------------------|--------------------------------|
| Total cash and investments | <u><u>\$ 1,011,433,123</u></u> |
|----------------------------|--------------------------------|

Deposits and investments as of September 30, 2015 consist of the following:

Defined benefit pension:

|                                      |               |
|--------------------------------------|---------------|
| Deposits with financial institutions | \$ 14,952,054 |
| Investments                          | 525,168,517   |

Other post employment benefit (OPEB):

|                                      |            |
|--------------------------------------|------------|
| Deposits with financial institutions | 2,945,843  |
| Investments                          | 53,495,837 |

Other than defined benefit pension and OPEB:

|                                       |             |
|---------------------------------------|-------------|
| Deposits with financial institutions  | 81,595,541  |
| Investments                           | 321,340,620 |
| Utilities CR3 decommissioning reserve | 11,621,938  |
| Accrued interest receivable           | 312,773     |

|                            |                                |
|----------------------------|--------------------------------|
| Total cash and investments | <u><u>\$ 1,011,433,123</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 \$525,168,517 of the City's total fair value of investments, and are exclusive of the \$14,952,054 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.



**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

The City maintains separate investment managers for its equity and fixed income portfolios. The managers are required to comply with Florida statutes, City ordinances, other applicable laws and with the fiduciary standards set forth in the Employees Retirement Income Security Act of 1974 at 29 U.S.C. Section 1140(a)(1)(A)(C). The managers of these funds are permitted to invest in the following instruments:

*Equity Funds (domestic)*

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

*Equity Funds (international)*

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

*Fixed Income Funds (domestic)*

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

*Fixed Income Funds (international)*

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

*Cash Equivalents*

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

*Real Estate and Alternative Assets*

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

*Pooled or Commingled Funds*

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

*Derivatives*

- No use of leverage
- No use of "linked" securities that have the principal value or interest rate tied to anything not specifically allowed as permissible investments in these guidelines

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

- Any structured note must maintain a constant spread relationship with its underlying acceptable index
- Collateralized mortgage obligations cannot be more sensitive to interest-rate changes than the underlying mortgage-backed security

*Restricted Direct Investments – Prohibited*

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

***Other Post Employment Benefit (OPEB) Investments***

These funds represent investments administered by the City's OPEB Fund Investment Managers. They comprise \$53,495,837 of the City's total fair value of investments, and are exclusive of the \$2,945,843 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

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

- Investment Grade Corporate Bonds and Commercial Paper

*Cash Equivalents*

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

*Real Estate and Alternative Assets*

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

*Pooled or Commingled Funds*

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

*Derivatives*

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

*Restricted Direct Investments – Prohibited*

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

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

*Equity Managers*

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

*Fixed Income Managers*

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

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

***Other than Defined Benefit Pension and OPEB Investments***

These funds comprise \$321,340,620 of the City's total fair value of investments. This figure excludes \$81,595,541 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 Utility Plant Improvement and Rate Stabilization accounts to five years.

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

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, 2015, all of GRU's corporate holdings were rated Aa1 or better by Moody's Investor Services and/or AA+ or better by Standard and Poor's and/or AA+ or better by Fitch. As of September 30, 2015, 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.

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

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

***Defined Benefit Pension Investments***

| <b>Investment Type</b>  | <b>Fair Value</b>     | <b>Unrated/<br/>Exempt</b> | <b>AAA</b>        | <b>AA</b>           | <b>A</b>            | <b>BBB</b>          |
|-------------------------|-----------------------|----------------------------|-------------------|---------------------|---------------------|---------------------|
| Common Stock            | \$ 246,152,483        | \$ 246,152,483             | \$ -              | \$ -                | \$ -                | \$ -                |
| Mutual Funds            | 258,730,791           | 258,730,791                | -                 | -                   | -                   | -                   |
| Real Estate Inv Trust   | 2,276,376             | 2,276,376                  | -                 | -                   | -                   | -                   |
| US Government Bonds     | 2,371,921             | 2,371,921                  | -                 | -                   | -                   | -                   |
| Corporate Bonds         | 14,785,675            | 362,598                    | 69,245            | 2,123,486           | 8,896,887           | 3,333,459           |
| Mortgage & Asset Backed | 851,271               | 764,470                    | 86,801            | -                   | -                   | -                   |
| <b>Totals</b>           | <b>\$ 525,168,517</b> | <b>\$ 510,658,639</b>      | <b>\$ 156,046</b> | <b>\$ 2,123,486</b> | <b>\$ 8,896,887</b> | <b>\$ 3,333,459</b> |

***OPEB Investments***

| <b>Investment Type</b>  | <b>Fair Value</b>    | <b>Exempt from<br/>Disclosure</b> | <b>AAA</b>          |
|-------------------------|----------------------|-----------------------------------|---------------------|
| Common Stock            | \$ 51,742,625        | \$ 51,742,625                     | \$ -                |
| US Government Bonds     | 638,955              | -                                 | 638,955             |
| Mortgage & Asset Backed | 1,114,257            | -                                 | 1,114,257           |
| <b>Totals</b>           | <b>\$ 53,495,837</b> | <b>\$ 51,742,625</b>              | <b>\$ 1,753,212</b> |

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

| <b>Investment Type</b> | <b>Fair Value</b>     | <b>Exempt from<br/>Disclosure</b> | <b>AA</b>            |
|------------------------|-----------------------|-----------------------------------|----------------------|
| Mutual Funds           | \$ 14,864,506         | \$ 14,864,506                     | \$ -                 |
| US Government Bonds    | 92,914,150            | -                                 | 92,914,150           |
| <b>Totals</b>          | <b>\$ 107,778,656</b> | <b>\$ 14,864,506</b>              | <b>\$ 92,914,150</b> |

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

| <b>Investment Type</b> | <b>Fair Value</b>     | <b>AAA</b>            | <b>A-1</b>            |
|------------------------|-----------------------|-----------------------|-----------------------|
| Money Market           | \$ 12,724,648         | \$ 12,724,648         | \$ -                  |
| Commercial Paper       | 113,244,633           | -                     | 113,244,633           |
| Government Agencies    | 67,168,584            | 67,168,584            | -                     |
| Government Bonds       | 4,531,583             | 4,531,583             | -                     |
| Corporate Bonds        | 15,892,516            | 15,892,516            | -                     |
| <b>Totals</b>          | <b>\$ 213,561,964</b> | <b>\$ 100,317,331</b> | <b>\$ 113,244,633</b> |

**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.

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***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 | \$ 29,715,405 | 27.6% |
| Federal Home Loan Mortgage Corp.      | Federal Agency Securities | 29,774,000    | 27.6% |
| Federal National Mortgage Association | Federal Agency Securities | 29,365,170    | 27.2% |

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

| Issuer                                | Investment Type           | Fair Value    | %     |
|---------------------------------------|---------------------------|---------------|-------|
| Federal Home Loan Bank                | Federal Agency Securities | \$ 11,500,000 | 5.7%  |
| Federal National Mortgage Association | Federal Agency Securities | 19,000,000    | 9.5%  |
| Federal Farm Credit Bank              | Federal Agency Securities | 23,690,000    | 11.8% |

**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 *          | \$ 246,152,483        | \$ -                | \$ -                | \$ -                | \$ -                |
| Mutual Funds *          | 258,730,791           | -                   | -                   | -                   | -                   |
| Real Estate Inv Trust * | 2,276,376             | -                   | -                   | -                   | -                   |
| US Government Bonds     | 2,371,921             | 166,375             | -                   | 633,793             | 1,571,753           |
| Corporate Bonds         | 14,785,675            | 3,401,808           | 5,084,415           | 3,265,404           | 3,034,048           |
| Mortgage & Asset Backed | 851,271               | -                   | 318,603             | 247,752             | 284,916             |
| Totals                  | <u>\$ 525,168,517</u> | <u>\$ 3,568,183</u> | <u>\$ 5,403,018</u> | <u>\$ 4,146,949</u> | <u>\$ 4,890,717</u> |

\* 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                       | \$ 51,742,625        | \$ 51,742,625        | \$ -              | \$ -              | \$ -              |
| US Government Bonds                | 638,955              | -                    | 468,384           | 170,571           | -                 |
| Mortgage & Asset Backed Securities | 1,114,257            | -                    | 58,719            | 82,909            | 972,629           |
|                                    | <u>\$ 53,495,837</u> | <u>\$ 51,742,625</u> | <u>\$ 527,103</u> | <u>\$ 253,480</u> | <u>\$ 972,629</u> |

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

| Investment Type     | Fair Value            | n/a                  | > 5 years            |
|---------------------|-----------------------|----------------------|----------------------|
| Mutual Funds        | \$ 14,864,506         | \$ 14,864,506        | \$ -                 |
| US Government Bonds | 92,914,150            | -                    | 92,914,150           |
| Totals              | <u>\$ 107,778,656</u> | <u>\$ 14,864,506</u> | <u>\$ 92,914,150</u> |

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

| Investment Type     | Fair Value            | n/a                  | < 1 year              | 1-5 years            |
|---------------------|-----------------------|----------------------|-----------------------|----------------------|
| Money Market        | \$ 12,724,648         | \$ 12,724,648        | \$ -                  | \$ -                 |
| Commercial Paper    | 113,244,633           | -                    | 113,244,633           | -                    |
| US Agencies         | 67,168,584            | -                    | -                     | 67,168,584           |
| US Government Bonds | 4,531,583             | -                    | -                     | 4,531,583            |
| Corporate Bonds     | 15,892,516            | -                    | -                     | 15,892,516           |
| Totals              | <u>\$ 213,561,964</u> | <u>\$ 12,724,648</u> | <u>\$ 113,244,633</u> | <u>\$ 87,592,683</u> |

**NOTE 3 - RETIREMENT PLANS**

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

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

The Employees’ Disability Plan (Disability Plan), a single-employer disability plan, was terminated during Fiscal Year 2015.

**(A) Defined Benefit Plans**

**Employees’ Plan:**

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

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

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

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

:

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



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

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

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

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

- If the retiree had at least 20 years of credited service prior to 10/01/2012 and had at least 20 years but less than 25 years of credited service upon retirement, COLA begins after reaching age 62.
- If the retiree had at least 20 years of credited service prior to 10/01/2012 and had at least 25 years of credited service upon retirement, COLA begins after reaching age 60.
- If the retiree was hired on or before 10/01/2012 and had less than 20 years of credited service on or before 10/01/2012 and 25 years or more of credited service upon retirement, COLA begins after reaching age 65.
- If the retiree was hired after 10/01/2012 and had 30 years or more of credited service upon retirement, COLA begins after age 65.

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

Death benefits are paid as follows:

- If an active member retires after reaching normal retirement eligibility and had selected a tentative benefit option, benefit payments will be made to the beneficiary in accordance with the option selected.

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

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

*Employees covered by benefit terms.* At September 30, 2015, the following employees were covered by the benefit terms:

|   |              |
|---|--------------|
| Active employees  | 1,450        |
| Inactive employees:                                     |              |
| Retirees and beneficiaries currently receiving benefits | 1,056        |
| DROP retirees currently receiving benefits              | 92           |
| Disabled currently receiving benefits                   | 42           |
| Vested terminated members entitled to future benefits   | 301          |
| Limited members entitled to future benefits             | 96           |
| Pending refunds   | 8            |
| <b>Total</b>  | <b>3,045</b> |

*Contribution Requirements.* The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission. The City is required to contribute at an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City contributes the difference between the actuarially determined rate and the contribution rate of employees. Plan members are required to contribute 5% of their annual covered salary. The rate for fiscal year 2015 was 14.92% of covered payroll. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003A. The proceeds from this issue were utilized to retire the unfunded actuarial accrued liability at that time in the Employees' Plan. Differences between the required contribution and actual contribution are due to actual payroll experiences varying from the estimated total payroll used in the generation of the actuarially required contribution rate. Administrative costs are financed through investment earnings.

*Net Pension Liability.* The net pension liability related to the Employee's Plan was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The components of the net pension liability at September 30, 2015 were as follows:

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Components of Net Pension Liability

|                              |                      |
|------------------------------|----------------------|
| Total pension liability      | \$ 470,947,246       |
| Plan fiduciary net position  | <u>(334,603,947)</u> |
| City's net pension liability | \$ 136,343,299       |

Plan fiduciary net position as a percentage of the total pension liability 71.05%

*Significant Actuarial Assumptions.* The total pension liability as of September 30, 2015 was determined based on a roll-forward of entry age normal liabilities from the October 1, 2014 actuarial valuation to the pension plan's fiscal year end of September 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Assumptions

|                           |   |
|---------------------------|---|
| Inflation                 | 3.75%                                     |
| Salary Increases          | 7.00% to 3.75%                            |
| Investment Rate of Return | 8.30%, net of pension investment expenses |

Mortality Rate:

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table-Dynamic with projection to valuation year.

Long-term Expected Rate of Return:

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

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

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

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

Discount Rate:

The discount rate used to measure the total pension liability was 8.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan

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members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**

|  | <b>Increase (Decrease)</b>     |                                    |                              |
|--|--------------------------------|------------------------------------|------------------------------|
|  | <b>Total Pension Liability</b> | <b>Plan Fiduciary Net Position</b> | <b>Net Pension Liability</b> |
| <b>Balances at 10/01/2014</b>                        | <b>\$ 436,067,871</b>          | <b>\$ 347,480,565</b>              | <b>\$ 88,587,306</b>         |
| <b>Changes for the year:</b>                         |                                |                                    |                              |
| Service cost   | 7,153,541                      | -                                  | 7,153,541                    |
| Interest   | 35,741,289                     | -                                  | 35,741,289                   |
| Differences between expected and actual experience   | 1,954,558                      | -                                  | 1,954,558                    |
| Transfer from terminated Disability Plan             | 2,455,848                      | 2,320,442                          | 135,406                      |
| Changes to assumptions                               | 15,880,346                     | -                                  | 15,880,346                   |
| Contributions - employer                             | -                              | 11,746,935                         | (11,746,935)                 |
| Contributions - employee                             | -                              | 4,429,289                          | (4,429,289)                  |
| Net investment income                                | -                              | (2,486,089)                        | 2,486,089                    |
| Benefit payments, including refunds and DROP payouts | (28,306,207)                   | (28,306,207)                       | -                            |
| Administrative expense                               | -                              | (580,988)                          | 580,988                      |
| <b>Net changes</b>                                   | <b>34,879,375</b>              | <b>(12,876,618)</b>                | <b>47,755,993</b>            |
| <b>Balances at 09/30/2015</b>                        | <b>\$ 470,947,246</b>          | <b>\$ 334,603,947</b>              | <b>\$ 136,343,299</b>        |

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

The following presents the net pension liability, calculated using the discount rate of 8.3%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7.3%) or 1 percentage-point higher (9.3%) than the current rate:

|                       | 1% Decrease<br>(7.3%) | Current<br>Discount<br>Rate (8.3%) | 1% Increase<br>(9.3%) |
|-----------------------|-----------------------|------------------------------------|-----------------------|
| Net pension liability | \$ 186,587,053        | \$ 136,343,299                     | \$ 93,315,897         |

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

*Pension expense and deferred outflows of resources and deferred inflows of resources.* For the year ended September 30, 2015, the City recognized pension expense for the Employees' Plan of \$19,592,625. At September 30, 2015, the City reported deferred outflows of resources related to the Employees' Plan from the following sources:

|   | <b>Deferred Outflows<br/>of Resources</b> |
|---|---|
| Differences between expected and actual experience                                  | \$ 1,628,799                              |
| Net difference between projected and actual earnings<br>on pension plan investments | 24,912,477                                |
| Changes to assumptions  | 13,233,622                                |
| <b>Total</b>  | <b>\$ 39,774,898</b>                      |

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

| <b>Fiscal Year</b> |    |           |
|--------------------|----|-----------|
| 2016               | \$ | 9,200,603 |
| 2017               |    | 9,200,603 |
| 2018               |    | 9,200,603 |
| 2019               |    | 9,200,604 |
| 2020               |    | 2,972,485 |

**Disability Plan (terminated during the fiscal year):**

*Plan Description.* The Disability Plan was a contributory defined benefit single-employer plan that covered all permanent employees of the City, except police officers and firefighters whose disability plan is incorporated in the Consolidated Plan. The Disability Plan was terminated during the fiscal year. The net pension liability and related pension assets in an amount which covered the liability were transferred into the Employees' Plan. Assets representing the overfunded portion were disbursed to the Utility Fund and General Capital Projects Fund.

**Consolidated Plan:**

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

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

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

*Benefits Provided for Police Officers.* The Consolidated Plan provides retirement, disability and death benefits. Retirement benefits for employees are calculated as a fixed percent (often referred to as "the multiplier") of the employee's final average earnings (FAE) times the employee's years of service. For Police Officers, the final average monthly earnings (FAME) is the average of pensionable earnings during the 36 to 48 month period (depending on date of hire) that produces the highest earnings. For Police Officers,, the benefit multiplier is 2.5% for credited service before 10/01/2005, 2.625% for credited service from 10/01/2005 to 07/01/2013 and 2.5% for credited service on and after 07/01/2013.

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

- Employees are eligible for normal retirement:
  - If the date of hire occurred prior to 07/01/2013, after accruing 20 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy (Rule of Seventy).
  - If the date of hire was on or after 07/01/2013, after accruing 25 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy.
- Employees are eligible for early retirement:
  - After accruing 10 years of pension service credit and reaching age 50 while still employed.

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- Under the early retirement option, the benefit is reduced 3% for each year by which the retirement date is less than the date the employee would reach age 55.
- Employees may choose to receive a refund on contributions to the plan or to receive a deferred vested benefit if they are terminated after accruing 10 years of pension service credit but prior to eligibility for regular retirement. Those employees will be eligible to receive a benefit starting at age 55 with no reduction or at age 50 with the early retirement penalty above.

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

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

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

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

Retirement eligibility for Firefighters is as follows:

- Employees are eligible for normal retirement:
  - If the date of hire occurred prior to 01/01/2014, after accruing 20 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy (Rule of Seventy).
  - If the date of hire was on or after 01/01/2014, after accruing 25 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy.
- Employees are eligible for early retirement:
  - After accruing 10 years of pension service credit and reaching age 50 while still employed.
  - Under the early retirement option, the benefit is reduced 3% for each year by which the retirement date is less than the date the employee would reach age 55.
- Employees may choose to receive a refund on contributions to the plan or to receive a deferred vested benefit if they are terminated after accruing 10 years of pension service credit but prior to eligibility for regular retirement. Those employees will be eligible to receive a benefit starting at age 55 with no reduction or at age 50 with the early retirement penalty above.

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

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

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*Benefits Provided to Both Police Officers and Firefighters.*

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

Death benefits are paid as follows:

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

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

*Employees covered by benefit terms.* At September 30, 2014, the following employees were covered by the benefit terms:

|   |     |
|---|-----|
| Active employees  | 389 |
| Inactive employees:                                     |     |
| Retirees and beneficiaries currently receiving benefits | 402 |
| Vested terminated members entitled to future benefits   | 17  |
| Total   | 808 |

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

The City is required to contribute at an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Firefighters contribute 9.0% of gross pay and Police Officers contribute 7.5% of gross pay. The City’s contribution rate for fiscal year 2015 was 14.36% of covered payroll for police personnel and 17.27% for fire personnel. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003B. In addition, State contributions, which totaled \$1,269,828, are also made to the plan on behalf of the City under Chapters 175/185, Florida Statutes. These State contributions are recorded as revenue and personnel expenditures in the City’s General Fund before they are recorded as contributions in the Consolidated Pension Fund. Differences between the required

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contribution and actual contribution are due to actual payroll experiences varying from the estimated total payroll used in the generation of the actuarially required contribution rate. Administrative costs are financed through investment earnings.

*Net Pension Liability.* The net pension liability related to the Consolidated Plan was measured as of September 20, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The components of the net pension liability at September 30, 2015 were as follows:

| <u>Components of Net Pension Liability</u>                                     |                      |
|--|----------------------|
| Total pension liability  | \$ 245,915,632       |
| Plan fiduciary net position  | <u>(217,047,910)</u> |
| City's net pension liability   | <u>\$ 28,867,722</u> |
| <br>Plan fiduciary net position as a percentage of the total pension liability | <br>88.26%           |

*Significant Actuarial Assumptions.* The total pension liability as of September 30, 2015 was determined based on a roll-forward of entry age normal liabilities from the October 1, 2013 actuarial valuation, using the following actuarial assumptions, applied to all periods included in the measurement.

| <u>Actuarial Assumptions</u>                    |   |
|---|---|
| Inflation                                       | 3.00%                                     |
| Salary Increases for employees age less than 30 | 7.00%                                     |
| Salary Increases for employees age 30 to 34     | 6.00%                                     |
| Salary Increases for employees age 35 to 39     | 5.00%                                     |
| Salary Increases for employees age 40 and older | 4.00%                                     |
| Investment Rate of Return                       | 8.30%, net of pension investment expenses |

Mortality Rate:

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

Other Assumptions:

The actuarial assumptions used as of September 30, 2014 were based on the assumptions approved by the Board in conjunction with an experience study covering the 5 year period ending on September 30, 2010. Due to plan changes first valued in the October 1, 2012 actuarial valuation, changes to the assumed retirement rates and the valuation methodology for the assumed increase in benefit service for accumulated sick leave and accumulated vacation paid upon termination were made. Payroll growth assumptions were updated in 2012 and investments was reviewed by the Board in February of 2015 based on an asset liability study reflecting the current investment policy.

Long-Term Expected Rate of Return:

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



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

Development of Long Term Discount Rate - Arithmetic

|                     | Inflation | Total<br>Expected<br>Return | Policy<br>Allocation | 30-Year<br>Policy<br>Return |
|---------------------|-----------|-----------------------------|----------------------|-----------------------------|
| US Large Cap        | 3.00%     | 11.23%                      | 35.00%               | 3.93%                       |
| US Small Cap        | 3.00%     | 13.99%                      | 15.00%               | 2.10%                       |
| Global Equity ex US | 3.00%     | 11.58%                      | 10.00%               | 1.16%                       |
| Private Equity      | 3.00%     | 16.03%                      | 10.00%               | 1.60%                       |
| US Govt Credit      | 3.00%     | 5.34%                       | 7.50%                | 0.40%                       |
| NCREIF              | 3.00%     | 8.81%                       | 7.50%                | 0.66%                       |
| Hedge Funds         | 3.00%     | 7.93%                       | 15.00%               | 1.19%                       |
| <b>Total</b>        |           |                             | <b>100.00%</b>       | <b>11.04%</b>               |

Discount Rate:

The discount rate used to measure the total pension liability was 8.3%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member and State contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**

|  | <u>Increase (Decrease)</u>         |  |                                  |
|--|------------------------------------|--|----------------------------------|
|  | <u>Total Pension<br/>Liability</u> | <u>Plan Fiduciary<br/>Net Position</u> | <u>Net Pension<br/>Liability</u> |
| <b>Balances at 10/01/2013</b>                        | <b>\$ 233,261,469</b>              | <b>\$ 201,461,721</b>                  | <b>\$ 31,799,748</b>             |
| <b>Changes for the year:</b>                         |                                    |  |                                  |
| Service cost   | 3,730,365                          | -                                      | 3,730,365                        |
| Interest   | 19,299,422                         | -                                      | 19,299,422                       |
| Differences between expected and actual experience   | -                                  | -                                      | -                                |
| Changes to assumptions                               | 2,523,158                          | -                                      | 2,523,158                        |
| Contributions - employer                             | -                                  | 3,855,020                              | (3,855,020)                      |
| Contributions - employee                             | -                                  | 2,067,685                              | (2,067,685)                      |
| Contributions - state                                | -                                  | 1,259,995                              | (1,259,995)                      |
| Net investment income                                | -                                  | 21,911,535                             | (21,911,535)                     |
| Benefit payments, including refunds and DROP payouts | (12,898,782)                       | (12,898,782)                           | -                                |
| Administrative expense                               | -                                  | (609,264)                              | 609,264                          |
| <b>Net changes</b>                                   | <b>12,654,163</b>                  | <b>15,586,189</b>                      | <b>(2,932,026)</b>               |
| <b>Balances at 09/30/2014</b>                        | <b>\$ 245,915,632</b>              | <b>\$ 217,047,910</b>                  | <b>\$ 28,867,722</b>             |

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

The following presents the net pension liability, calculated using the discount rate of 8.3%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7.3%) or 1 percentage-point higher (9.3%) than the current rate:

|                       | 1% Decrease<br>(7.3%) | Current<br>Discount<br>Rate (8.3%) | 1% Increase<br>(9.3%) |
|-----------------------|-----------------------|------------------------------------|-----------------------|
| Net pension liability | \$ 56,835,618         | \$ 28,867,722                      | \$ 5,548,250          |

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

*Pension expense and deferred outflows of resources and deferred inflows of resources.* For the year ended September 30, 2015, the City recognized pension expense for the Consolidated Plan of \$3,308,471. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the Consolidated Plan from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| City contributions after measurement date   | \$ 3,682,847                              | \$ -                                     |
| Net difference between projected and actual earnings<br>on pension plan investments | -   | 4,404,003                                |
| Changes to assumptions  | 2,018,526                                 | -  |
| Total   | <u>\$ 5,701,373</u>                       | <u>\$ 4,404,003</u>                      |

The \$3,682,847 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Consolidated Plan will be recognized in pension expense as follows:

| <b>Fiscal Year</b> |              |
|--------------------|--------------|
| 2016               | \$ (596,369) |
| 2017               | (596,369)    |
| 2018               | (596,369)    |
| 2019               | (596,370)    |

**(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 2015, plan members contributed \$127,230 and the City contributed \$198,569.

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**NOTE 4 – 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 1,024 retirees, spouses and dependents receiving benefits and has a total of 1,717 active participants. Of that total, 1,335 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.

*Annual OPEB Cost and Net OPEB Obligation.* For fiscal year 2015, the City’s annual OPEB cost for the RHCP was \$3,585,790. 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, 2015 were as follows:

|  |           |                     |
|--|-----------|---------------------|
| Annual required contribution                   | \$        | 3,449,239           |
| Interest on net OPEB obligation                |           | (1,398,675)         |
| Adjustment to annual required contribution     |           | 1,535,226           |
| <b>Annual OPEB cost</b>                        | <b>\$</b> | <b>3,585,790</b>    |
| Contributions made                             |           | 2,972,451           |
| Change in net OPEB obligation (asset)          | \$        | 613,339             |
| Net OPEB obligation (asset), beginning of year |           | (18,282,553)        |
| <b>Net OPEB obligation(asset), end of year</b> | <b>\$</b> | <b>(17,669,214)</b> |

**Trend Information**

| Year Ended | Annual OPEB Cost | Actual Employer Contribution | Percentage Contributed | Net Ending OPEB Obligation (Asset) |
|------------|------------------|------------------------------|------------------------|------------------------------------|
| 09/30/13   | \$ 3,318,685     | \$ 3,028,733                 | 91.26%                 | \$ (18,976,279)                    |
| 09/30/14   | 3,440,342        | 2,746,676                    | 79.84%                 | (18,282,553)                       |
| 09/30/15   | 3,585,790        | 2,972,451                    | 82.90%                 | (17,669,214)                       |

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 \$2,441,107, \$2,228,139 and \$2,490,213 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 2015, 2014, and 2013, 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

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

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

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

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

In the September 30, 2013, 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.*

| <b>Actuarial Valuation Date</b> | <b>Actuarial Value of Assets (a)</b> | <b>Actuarial Accrued Liability (AAL) Entry Age (b)</b> | <b>Unfunded (UAAL) (b) - (a)</b> | <b>Funded Ratio (a/b)</b> | <b>Covered Payroll (c)</b> | <b>UAAL as % of covered payroll (b-a)/c</b> |
|---------------------------------|--------------------------------------|--|----------------------------------|---------------------------|----------------------------|---|
| 9/30/2015                       | \$ 56,422,165                        | \$ 63,325,773  | \$ 6,903,608                     | 89.10%                    | \$ 131,000,000             | 5.27%                                       |

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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 5 - DEFERRED COMPENSATION PLAN**

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

**NOTE 6 – 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.

**\$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

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an additional \$1.5 million of capital projects for which the debt and assets are reported in the Solid Waste and Stormwater enterprise funds.

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

**\$361,856 Construction Promissory Note** – Variable interest rate based on 5 Year Treasury Index plus 2.75%. In December 2009, a promissory note was entered into for construction of the CRA office building with Sunstate Federal Credit Union to be repaid from tax increment proceeds. Interest payable monthly beginning February 2010 and principal payable monthly beginning February 2011. Loan payments are amortized over a 360 month period with a balloon payment due February 2025. The interest rate was 5.99% at September 30, 2015.

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

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

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

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

**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.

**\$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.

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**\$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 originally issued in June 2000.

**\$55,135,000 2005 Utilities System Revenue Bonds Series 2005C** – Variable interest rates based on market rates, 0.01% at September 30, 2015, 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. A liquidity facility is provided by Union Bank at 4.0% and expires December 21, 2015. See Note 17 Subsequent Events for additional information.

**\$53,305,000 2006 Utilities System Revenue Bonds Series 2006A** – Variable interest rates based on market rates, 0.01% at September 30, 2015, 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. A liquidity facility is provided by Union Bank at 4.0% and expires December 21, 2015. See Note 17 Subsequent Events for additional information.

**\$139,505,000 2007 Utilities System Revenue Bonds Series 2007A** – Variable interest rates based on market rates, 0.02% at September 30, 2015, 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 \$100,000 to \$500,000. A liquidity facility is provided by State Street Bank and Trust at 0.39% and expires March 1, 2018.

**\$105,000,000 Utilities System Revenue Bonds, Series 2008A (Federally Taxable)** – 4.82% - 5.27%, dated February 13, 2008, final maturity October 1, 2020. The 2008A bonds are subject to redemption prior to maturity at the election of the City in whole or in part, at a redemption price equal to the greater of: 100% of the principal amount plus accrued interest 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 2008A Bonds were issued to pay costs of acquisition and construction of the City's utilities system. In December 2014, the 2014 Series B Bonds (\$30,970,000) were issued to redeem \$19,915,000 for portions of bonds maturing from October 1, 2015 thru October 1, 2020.

**\$90,000,000 Utilities System Revenue Bonds Series 2008B** – Variable interest rates based on market rates, 0.01% at September 30, 2015, dated February 13, 2008, final maturity October 1, 2038. The 2008B bonds are subject to redemption prior to maturity at the election of the City in whole or in part, at a redemption price of 100% of the principal amount plus accrued interest to the date of redemption. The 2008B Bonds were issued to pay costs of acquisition and construction of the City's utilities system. A liquidity facility is provided by Bank of Montreal at 0.275% and expires July 7, 2017.

**\$24,190,000 Utilities System Revenue Bonds Series 2009A (Federally Taxable)** – 3.44% - 3.59%, dated September 16, 2009, final maturity October 1, 2015. The 2009A bonds are subject to redemption prior to maturity at the election of the City at a redemption price equal to the greater of: 100% of the principal amount plus accrued

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interest to the redemption date; 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 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 – Issuer Subsidy – Build America Bonds (Federally Taxable)** – 3.59%-5.65%, dated September 16, 2009, final maturity October 1, 2039. The 2009B bonds will be subject to redemption prior to maturity at the election of the City at a redemption price equal to the greater of: 100% of the principal amount plus accrued interest to the redemption date; 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 2009B 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 are subject to redemption prior to maturity at the election of the City at a redemption price equal to the greater of: 100% of the principal amount plus accrued interest to the redemption date; 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 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 – Issuer Subsidy – Build America Bonds (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 equal to the greater of: 100% of the principal amount plus accrued interest to the redemption date; 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 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 are 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, 0.02% at September 30, 2015, 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. A liquidity facility is provided by SMBC at 0.33% and expires on January 12, 2018.

**\$37,980,000 Utility System Revenue Bonds 2014 Series A** -2.00%-5.00% dated December 19, 2014 with final maturity October 1, 2044. The 2014 Series A bonds were issued (a) to provide funds for payment of the cost and



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acquisition and construction of certain improvements to the System, and (b) pay costs of issuance of the 2014 Series A Bonds. These bonds mature at various dates beginning October 1, 2015 and from October 1, 2021 to October 1, 2034, October 1, 2039, and October 1, 2044. The bonds maturing prior to October 1, 2024 are not subject to redemption prior to maturity. The bonds maturing on and after October 1, 2025 are subject to redemption prior to maturity at the option of GRU on and after October 1, 2024, as whole or in part at any time, at a redemption price plus interest so specified.

**\$30,970,000 Utility System Revenue Bonds 2014 Series B** -2.00%-5.00% dated December 19, 2014 with final maturity October 1, 2036. The 2014 Series B bonds were issued (a) to provide funds to refund \$12,725,000 in aggregate principal amount of a portion of the 2005 Series A Bonds; (b) provide funds to refund \$19,915,000 in aggregate principal amount of a portion of the 2008 Series A Bonds; and (c) pay costs of issuance of the 2014 Series B Bonds. These bonds mature at various dates beginning October 1, 2015 through October 1, 2020, from October 1, 2029 to October 1, 2030, and October 1, 2036. The bonds maturing prior to October 1, 2024 are not subject to redemption prior to maturity. The bonds maturing on and after October 1, 2025 are subject to redemption prior to maturity at the option of GRU on and after October 1, 2024, as whole or in part at any time, at a redemption price plus interest so specified.

**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, 2015 was \$1,596,467.

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

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

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

**Utility Notes**

**\$85,000,000 Utilities System Commercial Paper Notes, Series C Notes**- These tax-exempt notes 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 0.09% at September 30, 2015. Series C Notes of \$56,900,000 are outstanding as of September 30, 2015.

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**\$25,000,000 Utilities System Commercial Paper Notes, Series D Notes** - In June 2000, a Utilities System Commercial Paper Note Program, Series D (taxable) was established in a principal amount not to exceed \$25,000,000. These taxable notes are subordinated debt. Liquidity support for the Series D Notes is provided under a letter of credit agreement effective August 28, 2014, with State Street Bank and Trust Company. The termination date of the credit agreement is August 28, 2017. On December 16, 2014, GRU issued \$8,000,000 of Series D Notes to provide funds for the cost of acquisition and construction of certain improvements to the telecommunications system. Interest is at a variable market rate of 0.21% at September 30, 2015. Series D Notes of \$8,000,000 are outstanding as of September 30, 2015.

**DEBT SERVICE REQUIREMENTS FOR LONG-TERM DEBT:**

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

| Year ending<br>September 30, | Governmental Activities |                      | Business-type Activities |                       |
|------------------------------|-------------------------|----------------------|--------------------------|-----------------------|
|                              | Principal               | Interest             | Principal                | Interest              |
| 2016                         | \$ 6,319,281            | \$ 7,227,485         | \$ 22,526,818            | \$ 22,438,236         |
| 2017                         | 7,730,738               | 6,222,953            | 23,467,952               | 21,743,960            |
| 2018                         | 7,460,223               | 6,984,432            | 24,363,507               | 21,002,216            |
| 2019                         | 6,192,890               | 6,968,409            | 25,241,346               | 20,180,201            |
| 2020                         | 6,534,449               | 7,034,092            | 26,302,586               | 19,238,506            |
| 2021-2025                    | 35,203,200              | 35,165,382           | 140,014,704              | 84,419,427            |
| 2026-2030                    | 37,655,944              | 23,575,741           | 180,288,284              | 65,866,404            |
| 2031-2035                    | 23,823,318              | 2,060,528            | 214,591,683              | 47,932,137            |
| 2036-2040                    | -                       | -                    | 227,355,000              | 28,810,298            |
| 2041-2045                    | -                       | -                    | 92,540,000               | 2,370,011             |
| Total                        | <u>\$ 130,920,043</u>   | <u>\$ 95,239,022</u> | <u>\$ 976,691,880</u>    | <u>\$ 334,001,396</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, 2015. Interest rates on variable-rate long-term debt belonging to the Utility were valued to be equal to 0.01% for the 2005C Series Bonds, 0.01% for the 2006A Series Bonds, 0.02% for the 2007A Series Bonds, 0.01% for the 2008B Series Bonds, 0.02% for the 2012 Series B Bonds, 0.09% for the 2008 Commercial Paper Notes, Series C and 0.21% for the 2014 Commercial Paper Notes, Series D.

Interest expense for the 2009B and 2010B Bonds have been shown net of the federal interest subsidy, which is equal to 32.4% of the annual interest expense and is assumed to remain at said rate 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.

For the Utility's variable rate demand obligations (VRDO), support is provided in connection with tenders for purchase with various liquidity providers pursuant to standby bond purchase agreements (SBPA) or credit agreements relating to that series of obligation. The purchase price of the obligations tendered or deemed tendered for purchase is payable solely from the proceeds of the remarketing thereof and moneys drawn under the applicable SBPA or credit agreement. The current stated termination dates of the SBPA and credit agreements range from November 30, 2015 to March 1, 2018. Each of the SBPA and credit agreement termination dates may be extended. At September 30, 2015, there were no outstanding draws under the SBPA or credit agreements.

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, 2015 are November 30, 2015 and August 28, 2017. The credit agreement termination dates may be extended. The credit agreement supporting the tax-exempt Commercial Paper Notes, Series C (which expires November 30, 2015) had no

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outstanding draws as of September 30, 2015. The credit agreement supporting the taxable Commercial Paper Notes, Series D (which expires on August 28, 2017) had no outstanding draws as of September 30, 2015.

The balance outstanding at September 30, 2015 for defeased utility bonds was \$201.3 million.

**CAPITAL LEASES**

**General Government Capital Lease:**

**Siemens Buildings Technologies, GPD Energy Project Capital Lease**

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

**Debt Service Requirements for General Government Siemens Capital Lease**

| Year ending<br>September 30, | Governmental Activities |                  |                   |
|------------------------------|-------------------------|------------------|-------------------|
|                              | Principal               | Interest         | Total             |
| 2016                         | \$ 91,507               | \$ 9,885         | \$ 101,392        |
| 2017                         | 95,409                  | 5,983            | 101,392           |
| 2018                         | <u>77,824</u>           | <u>1,915</u>     | <u>79,739</u>     |
| Total                        | <u>\$ 264,740</u>       | <u>\$ 17,783</u> | <u>\$ 282,523</u> |

**Utility Capital Lease:**

**Gainesville Renewable Energy Center Capital Lease**

GRU executed a PPA with the Gainesville Renewable Energy Center (GREC). The plant, a 100 megawatt biomass-fired power production facility located in Alachua County, Florida, utilizes woody biomass comprised of urban wood waste, forest wood waste and mill residue. The nature of these are further limited by Forest Sustainability Standards that are included as part of the PPA.

The PPA requires that GREC provide available energy, delivered energy and environmental attributes exclusively to GRU and began commercial operations on December 17, 2013. GRU is required to pay for all available energy from the plant at fixed prices, adjusted for liquidated damages and other penalties. GRU is also required to pay a variable operations and maintenance charge for all delivered energy, a fuel charge for all delivered energy, a shutdown charge as applicable and ad valorem taxes paid by GREC.

The PPA has been accounted for as a long-term capital lease for a term of 30 years with a capital lease asset and liability recorded. The capital lease asset was recorded at \$1,006,808,754 at September 30, 2015. The total payments applicable to the lease were \$61,216,224 for the fiscal year ended September 30, 2015. The payments for fiscal year 2015 included \$44,388,031 for interest expense included in fuel costs. The capital lease asset will be amortized over the life of the PPA. Amortization of \$33,560,292 was recorded for the fiscal year ended September 30, 2015.

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The following lists the minimum payments due under the PPA as of September 30, 2015.

| Year                                | Payments       |
|-------------------------------------|----------------|
| 2016                                | \$ 61,216,244  |
| 2017                                | 61,216,244     |
| 2018                                | 61,216,244     |
| 2019                                | 61,216,244     |
| 2020                                | 61,216,244     |
| 2021-2025                           | 306,081,220    |
| 2026-2030                           | 306,081,220    |
| 2031-2035                           | 306,081,220    |
| 2036-2039                           | 306,081,220    |
| 2040-2044                           | 196,648,913    |
| Total minimum lease payments        | 1,727,055,013  |
| Less: Amounts representing interest | (749,774,928)  |
| Net minimum lease payments          | \$ 977,280,085 |

If at any time GRU's senior unsecured debt rating is rated below a Standard & Poor's rating of A- or a Moody's rating of A3 (such rating levels to be equitably adjusted if either rating agency were in the future to change its rating standards), GRU is required to pay or provide to GREC a security deposit equal to \$40 million as security for GRU's performance of its obligations under the PPA. If required, such security shall be in the form of cash deposited in either an interest bearing escrow account mutually acceptable to GREC and GRU, an unconditional and irrevocable direct pay letter of credit in form and substance reasonably satisfactory to GREC, or a performance bond in form and substance reasonably satisfactory to GREC. As of September 30, 2015, GRU's credit ratings were in compliance with the performance security requirements.

A land lease was executed on September 28, 2009 between GRU and GREC for the land on which the biomass plant is located. The payment per year is \$100 for a term of 47 years on the condition that GREC provides dependable energy to GRU. If a condition occurs in which GREC does not provide dependable energy to GRU, the payment will be adjusted to the fair market value of the land at that time. Rental income of \$100 was received for the fiscal year ended September 30, 2015.

**HEDGING ACTIVITIES**

**Interest Rate Hedges**

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

The net amounts received or paid under the swap agreements are recorded as an adjustment to interest on debt in the statements of revenues, expenses, and changes in net position. No money is initially exchanged when GRU enters into a new interest rate swap transaction. 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, 2015 were as follows. The notional amounts of the swaps match the principal amounts of the associated debt.

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|                            |                              |                         |                          |
|----------------------------|------------------------------|-------------------------|--------------------------|
| Associated Bond Issue      | 2008CP*                      | 2005B*                  | 2005C*                   |
| Notional Amounts           | \$ 16,900,000                | \$45,000,000            | \$ 39,765,000            |
| Effective Date             | 07/03/2002                   | 11/16/2005              | 06/01/2008               |
| Fixed Payer Rate           | 4.100%                       | SIFMA                   | 3.200%                   |
| Variable Receiver Rate     | SIFMA                        | 77.14% of 1 MO<br>LIBOR | 60.36% of<br>10 YR LIBOR |
| Fair Value                 | \$(1,010,854)                | \$193,992               | \$(2,644,619)            |
| Termination Date           | 10/01/2017                   | 10/01/2021              | 10/01/2026               |
| Counterparty Credit Rating | Baa1/A-/A                    | Aa2/AAA                 | Aa3/A+/AA-               |
| Associated Bond Issue      | 2006A*                       | 2008B*                  | 2008B*                   |
| Notional Amounts           | \$ 38,485,000                | \$ 58,500,000           | \$ 31,500,000            |
| Effective Date             | 07/06/2006                   | 02/13/2008              | 02/1/2005                |
| Fixed Payer Rate           | 3.224%                       | 4.229%                  | 4.229%                   |
| Variable Receiver Rate     | 68% of 10 YR<br>LIBOR-0.365% | SIFMA                   | SIFMA                    |
| Fair Value                 | \$(2,855,168)                | \$(19,011,786)          | \$(10,243,486)           |
| Termination Date           | 10/01/2026                   | 10/01/2038              | 10/01/2038               |
| Counterparty Credit Rating | Aa2/AAA                      | Aa3/A+/AA-              | Aa3/A+/AA-               |
| Associated Bond Issue      | 2007A*                       |                         |                          |
| Notional Amounts           | \$ 137,875,000               |                         |                          |
| Effective Date             | 03/01/2007                   |                         |                          |
| Fixed Payer Rate           | 3.944%                       |                         |                          |
| Variable Receiver Rate     | SIFMA                        |                         |                          |
| Fair Value                 | \$(41,470,846)               |                         |                          |
| 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. Excluding the basis swap, six of the swap agreements had a negative fair value as of September 30, 2015. 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.

Swap payments and associated debt. Assuming interest rates remain the same as at September 30, 2015, debt service requirements on the interest rate swap would be as follows:

| Fiscal Year<br>Ending Sept 30, | Swap<br>Interest      |
|--------------------------------|-----------------------|
| 2016                           | \$ 10,917,672         |
| 2017                           | 10,508,890            |
| 2018                           | 10,085,428            |
| 2019                           | 9,899,275             |
| 2020                           | 9,747,241             |
| 2021-2025                      | 44,875,316            |
| 2026-2030                      | 35,566,982            |
| 2031-2035                      | 19,365,941            |
| 2036-2040                      | 1,938,399             |
| Total                          | <u>\$ 152,905,144</u> |

The interest rates used are those in effect as of September 30, 2015.

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|        | Fair Value of<br>Interest Rate<br>Swaps at<br>September 30,<br>2015 | Changes in Fair<br>Value | Changes in<br>Deferred<br>(Inflows)/<br>Outflows | Changes in<br>Regulatory<br>(Asset)/<br>Liability for<br>Ineffective<br>Instruments |
|--------|---|--------------------------|--|---|
| 2008CP | \$ (1,010,854)  | \$ 638,585               | \$ (638,512)                                     | \$ (73)   |
| 2005B  | 193,992   | 117,675                  | -  | (117,675)   |
| 2005C  | (2,644,619)   | (371,364)                | -  | 371,364   |
| 2006A  | (2,855,168)   | (406,890)                | -  | 406,890   |
| 2008B  | (19,011,785)  | (5,242,121)              | 5,242,121  | -   |
| 2008B  | (10,243,486)  | (2,826,588)              | 2,826,588  | -   |
| 2007A  | (41,470,846)  | (13,848,547)             | 13,848,547                                       | -   |
|        | <u>\$ (77,042,766)</u>  | <u>\$ (21,939,250)</u>   | <u>\$ 21,278,744</u>                             | <u>\$ 660,506</u>   |

**Credit Risk.** As of September 30, 2015 the fair value of six of 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 Swaps and Derivative Agreements (ISDA) master agreement for each counterparty would constitute an event of default with respect to that counterparty.

**Basis Risk.** The swaps expose the City to basis risk.

- The 2005 Series B Swap is exposed to basis risk through the potential mismatch of 77.14% of one-month LIBOR and the SIFMA rate. As a result, savings may not be realized. As of September 30, 2015, the one month LIBOR rate was 0.193, and the SIFMA rate was at 0.02%, which places the SIFMA at approximately 10.36% of one month LIBOR at that date.
- The 2005 Series C Swap is exposed to basis risk through the potential mismatch of 60.36% of 10-year LIBOR and the variable 31-day rollover rate. As a result, savings may not be realized. As of September 30, 2015, the 10-year LIBOR rate was at 2.01%.
- The 2006 Series A Swap is exposed to basis risk through the potential mismatch of 68% of 10-year LIBOR less .365% and the variable 31-day rollover rate. As a result, savings may not be realized.
- The 2007 Series A and the 2008 Series B Swaps are exposed to the difference between SIFMA and the variable 31-day rollover rate.
- The 2008 Commercial Paper Series C Notes Swap (formerly the 2002 Series A Swap) is exposed to the difference between the weekly SIFMA index and CP maturity rate of less than 90 days based on current market conditions. As a result, savings may not be realized.

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

**Interest Rate Risk.** This risk is associated with the changes in interest rates that will adversely affect the fair values of GRU's swaps and derivatives. GRU'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

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“Aa2” from Moody’s, “AA-” from Standard and Poor’s, and “AA-” from Fitch Ratings. Currently GRU has not encountered any credit market barriers.

Effectiveness. Of the interest rate swap agreements, three have been determined to be effective, while three have been deemed ineffective as of September 30, 2015. The ineffective portion related to interest rate swap agreements is recorded as a regulatory asset for \$5,305,796 as of September 30, 2015.

Fair value changes of \$71,736,971 have been recorded for interest rate swap agreements in accumulated decrease in fair value of hedging derivatives at September 30, 2015. There were no realized gains or losses related to interest rate swaps as of September 30, 2015.

Fuel Hedges. GRU utilizes commodity price swap contracts to hedge the effects of fluctuations in the prices for natural gas. These transactions meet the requirements of GASB Statement No. 53. Realized gains and losses related to gas hedging positions were recorded as a reduction of fuel costs of \$2,340,597 for September 30, 2015. Unrealized gains and losses related to gas hedging agreements are deferred in a regulatory account and recognized in earnings as fuel costs are incurred. All fuel hedges have been determined to be effective.

The information below provides a summary of results based on GRU’s risk management activity for fiscal year 2015.

|             | Fair Value of Cash<br>Flow Hedges at<br>September 30, |                       | Deferred (Inflows)/<br>Outflows of Resources | Notional Amount |
|-------------|---|-----------------------|--|-----------------|
|             | 2015  | Changes in Fair Value |  | (MMBTU's)       |
| Natural Gas | \$ (2,318,006)  | \$ (2,691,621)        | \$ (2,063,190)                               | 2,550,000       |

**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, 2015 total \$9,759,088, payable semiannually through July 1, 2024. Pledged revenue was \$1,040,813 for fiscal year 2015, which is equal to the annual debt requirement.

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 Utilities System Revenue Bonds have a first lien and the Commercial Paper Series C and D Notes have a second lien.

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, 2015 was as follows:

|                                 | Beginning<br>Balance  | Additions            | Reductions          | Ending<br>Balance     | Due Within<br>one year |
|---------------------------------|-----------------------|----------------------|---------------------|-----------------------|------------------------|
| <b>Governmental activities:</b> |                       |                      |                     |                       |                        |
| Bonds payable:                  |                       |                      |                     |                       |                        |
| Revenue bonds and loans         | \$ 12,687,883         | \$ 12,435,000        | \$ 2,773,588        | \$ 22,349,295         | \$ 1,846,970           |
| Bond premium                    | 208,282               | 947,278              | 89,511              | 1,066,049             | -                      |
| Pension obligation bonds        | 79,230,933            | -                    | 1,651,777           | 77,579,156            | 1,733,755              |
| Less deferred amounts:          |                       |                      |                     |                       |                        |
| For issuance discounts          | <u>40,484</u>         | <u>-</u>             | <u>3,360</u>        | <u>37,124</u>         | <u>-</u>               |
| Total bonds payable             | 92,086,614            | 13,382,278           | 4,511,516           | 100,957,376           | 3,580,725              |
| Capital lease                   | 352,505               | -                    | 87,765              | 264,740               | 91,507                 |
| Revenue note                    | 32,562,746            | -                    | 1,571,154           | 30,991,592            | 2,738,556              |
| Compensated absences            | <u>3,848,738</u>      | <u>2,076,056</u>     | <u>2,205,511</u>    | <u>3,719,283</u>      | <u>138,400</u>         |
| Total                           | <u>\$ 128,850,603</u> | <u>\$ 15,458,334</u> | <u>\$ 8,375,946</u> | <u>\$ 135,932,991</u> | <u>\$ 6,549,188</u>    |

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

|                                  | Beginning<br>Balance    | Additions             | Reductions           | Ending<br>Balance       | Due Within<br>one year |
|----------------------------------|-------------------------|-----------------------|----------------------|-------------------------|------------------------|
| <b>Business-type activities:</b> |                         |                       |                      |                         |                        |
| Bonds payable:                   |                         |                       |                      |                         |                        |
| Utility revenue bonds            | \$ 885,950,000          | \$ 68,950,000         | \$ 49,020,000        | \$ 905,880,000          | \$ 16,805,000          |
| Add: Issuance premiums           | <u>10,229,836</u>       | <u>20,031,864</u>     | <u>11,183,671</u>    | <u>19,078,029</u>       | <u>-</u>               |
| Total bonds payable              | 896,179,836             | 88,981,864            | 60,203,671           | 924,958,029             | 16,805,000             |
| Utility notes payable            | 62,000,000              | 8,000,000             | 5,100,000            | 64,900,000              | 5,400,000              |
| Capital lease                    | 994,108,278             | -                     | 16,828,193           | 977,280,085             | 17,601,233             |
| Other notes payable              | 4,181,064               | 2,100,000             | 369,184              | 5,911,880               | 321,818                |
| Compensated absences             | <u>4,884,261</u>        | <u>2,641,000</u>      | <u>2,094,166</u>     | <u>5,431,095</u>        | <u>208,900</u>         |
| Total                            | <u>\$ 1,961,353,439</u> | <u>\$ 101,722,864</u> | <u>\$ 84,595,214</u> | <u>\$ 1,978,481,089</u> | <u>\$ 40,336,951</u>   |



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**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2015 was as follows:

|  | Beginning Balance     | Increases           | Decreases          | Ending Balance        |
|--|-----------------------|---------------------|--------------------|-----------------------|
| <b>Governmental activities:</b>              |                       |                     |                    |                       |
| Capital assets, not being depreciated:       |                       |                     |                    |                       |
| Land   | \$ 32,906,987         | \$ 263,326          | \$ 198,149         | \$ 32,972,164         |
| Construction in progress                     | 20,893,574            | 5,307,362           | -                  | 26,200,936            |
| Total capital assets, not being depreciated  | <u>53,800,561</u>     | <u>5,570,688</u>    | <u>198,149</u>     | <u>59,173,100</u>     |
| Capital assets, being depreciated:           |                       |                     |                    |                       |
| Buildings                                    | 75,649,819            | 681,324             | 303,222            | 76,027,921            |
| Improvements other than buildings            | 16,596,076            | 613,536             | 18,347             | 17,191,265            |
| Machinery and equipment                      | 44,291,269            | 6,110,334           | 2,892,426          | 47,509,177            |
| Infrastructure                               | <u>188,405,758</u>    | <u>2,599,983</u>    | <u>-</u>           | <u>191,005,741</u>    |
| Total capital assets being depreciated       | 324,942,922           | 10,005,177          | 3,213,995          | 331,734,104           |
| Less accumulated depreciation for:           |                       |                     |                    |                       |
| Buildings                                    | (24,000,461)          | (2,429,265)         | (125,830)          | (26,303,896)          |
| Improvements other than buildings            | (7,141,182)           | (758,970)           | (9,617)            | (7,890,535)           |
| Machinery and equipment                      | (33,329,773)          | (3,310,871)         | (2,856,158)        | (33,784,486)          |
| Infrastructure                               | <u>(110,383,768)</u>  | <u>(3,517,573)</u>  | <u>-</u>           | <u>(113,901,341)</u>  |
| Total accumulated depreciation               | <u>(174,855,184)</u>  | <u>(10,016,679)</u> | <u>(2,991,605)</u> | <u>(181,880,258)</u>  |
| Total capital assets, being depreciated, net | <u>150,087,738</u>    | <u>(11,502)</u>     | <u>222,390</u>     | <u>149,853,846</u>    |
| Governmental activities capital assets, net  | <u>\$ 203,888,299</u> | <u>\$ 5,559,186</u> | <u>\$ 420,539</u>  | <u>\$ 209,026,946</u> |

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

|   |                      |
|---|----------------------|
| General Government  | \$ 1,142,925         |
| Public Safety   | 1,601,935            |
| Transportation  | 3,917,927            |
| Culture & Recreation  | 1,218,859            |
| 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>2,135,033</u>     |
| Total depreciation expense - governmental activities  | <u>\$ 10,016,679</u> |

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|  | Beginning<br>Balance    | Increases            | Decreases             | Ending<br>Balance       |
|--|-------------------------|----------------------|-----------------------|-------------------------|
| <b>Business-type activities:</b>             |                         |                      |                       |                         |
| Capital assets, not being depreciated:       |                         |                      |                       |                         |
| Land   | \$ 7,279,222            | \$ 35,031            | \$ -                  | \$ 7,314,253            |
| Construction in progress                     | <u>190,168,174</u>      | <u>61,350,027</u>    | <u>114,542,151</u>    | <u>136,976,050</u>      |
| Total capital assets, not being depreciated  | 197,447,396             | 61,385,058           | 114,542,151           | 144,290,303             |
| Capital assets, being depreciated:           |                         |                      |                       |                         |
| Utility plant and equipment                  | 1,724,649,554           | 69,351,551           | 10,331,146            | 1,783,669,959           |
| Utility plant and equipment - capital lease  | 1,006,808,995           | -                    | -                     | 1,006,808,995           |
| Buildings                                    | 9,135,004               | 35,400,532           | 3,600                 | 44,531,936              |
| Improvements other than buildings            | 4,579,585               | 67,382               | -                     | 4,646,967               |
| Machinery and equipment                      | 40,682,855              | 4,089,590            | 163,823               | 44,608,622              |
| Infrastructure                               | <u>31,007,554</u>       | <u>10,557,686</u>    | <u>-</u>              | <u>41,565,240</u>       |
| Total capital assets, being depreciated      | 2,816,863,547           | 119,466,741          | 10,498,569            | 2,925,831,719           |
| Less accumulated depreciation for:           |                         |                      |                       |                         |
| Utility plant and equipment                  | (650,783,309)           | (55,036,554)         | (9,826,504)           | (695,993,359)           |
| Utility plant and equipment - capital lease  | (26,433,241)            | (33,560,292)         | -                     | (59,993,533)            |
| Buildings                                    | (3,181,422)             | (862,867)            | (3,600)               | (4,040,689)             |
| Improvements other than buildings            | (2,577,948)             | (160,781)            | -                     | (2,738,729)             |
| Machinery and equipment                      | (22,592,526)            | (3,544,564)          | (163,823)             | (25,973,267)            |
| Infrastructure                               | <u>(19,115,917)</u>     | <u>(331,803)</u>     | <u>-</u>              | <u>(19,447,720)</u>     |
| Total accumulated depreciation               | <u>(724,684,363)</u>    | <u>(93,496,861)</u>  | <u>(9,993,927)</u>    | <u>(808,187,297)</u>    |
| Total capital assets, being depreciated, net | <u>2,092,179,184</u>    | <u>25,969,880</u>    | <u>504,642</u>        | <u>2,117,644,422</u>    |
| Business-type activities capital assets, net | <u>\$ 2,289,626,580</u> | <u>\$ 87,354,938</u> | <u>\$ 115,046,793</u> | <u>\$ 2,261,934,725</u> |

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

|   |                      |
|---|----------------------|
| Utility   | \$ 88,596,846        |
| Regional Transit System                               | 4,146,039            |
| Stormwater  | 536,774              |
| Ironwood  | 164,163              |
| Florida Building Code Enforcement                     | 2,934                |
| Solid Waste   | 50,105               |
| Total depreciation expense - business type activities | <u>\$ 93,496,861</u> |

For the Utility, the average depreciation rate was 3.92% for utility plant and equipment for fiscal year 2015.

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**NOTE 8 - INDIVIDUAL FUND DEFICITS**

The following funds had deficit net position or fund balances at September 30, 2015:

**Special Revenue Funds**

|  |               |
|--|---------------|
| <i>Community Redevelopment Agency Fund</i> | \$(1,730,900) |
| <i>FFGFC 2007 Series Debt Service Fund</i> | \$(3,710)     |

**Enterprise Fund**

|                             |             |
|-----------------------------|-------------|
| <i>Ironwood Golf Course</i> | \$(131,302) |
|-----------------------------|-------------|

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 10.

The FFGFC 2007 Series Debt Service Fund’s negative fund balance resulted from fiscal charges in excess of budgeted amounts. In fiscal year 2016, this deficit will be eliminated through a transfer from the General Fund.

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 9 – COMPOSITION OF RECEIVABLES AND PAYABLES**

Governmental activities

Receivables:

**General Fund** – Net accounts receivable as of September 30, 2015 are comprised of approximately 24% taxes (communications services tax and local option gas tax), 6% due from other governments, 3% receivables from employees, and 67% other receivables.

**Nonmajor governmental funds** – Net accounts receivable as of September 30, 2015 consist of approximately 92% intergovernmental receivables, and 8% other receivables.

Payables:

**General Fund** – As of September 30, 2015, the payables balance in the General Fund consists of 8% wages payable and 92% other payables.

**Nonmajor governmental funds** – Payables balances as of September 30, 2015 are comprised of 12% construction related obligations, 87% other payables and 1% wages payable.

Business-type activities

Receivables:

**Utility Fund** – As of September 30, 2015 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, 2015 are comprised of approximately 47% intergovernmental receivables and 53% other receivables.

Payables:

**Utility Fund** – As of September 30, 2015 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, 2015 payables balances consist of 100% standard vendor payables.

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**NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS**

**Due to/from other funds:**

| <b>Due to:</b>   | <b>Due from:</b>           |                              |                            | <b>Total</b>                |
|------------------|----------------------------|------------------------------|----------------------------|-----------------------------|
|                  | <b>Utility</b>             | <b>Nonmajor governmental</b> | <b>Nonmajor Enterprise</b> |                             |
| General          | \$ 3,384,815               | \$ 4,070,766                 | \$ 7,498,325               | \$ 14,953,906               |
| Utility          | -                          | 733,000                      | -                          | 733,000                     |
| Nonmajor         |                            |                              |                            |                             |
| Governmental     | 169,249                    | -                            | -                          | 169,249                     |
| Internal Service | 554,666                    | -                            | -                          | 554,666                     |
| Nonmajor         |                            |                              |                            |                             |
| Enterprise       | 865,254                    | -                            | -                          | 865,254                     |
| <b>Total</b>     | <b><u>\$ 4,973,984</u></b> | <b><u>\$ 4,803,766</u></b>   | <b><u>\$ 7,498,325</u></b> | <b><u>\$ 17,276,075</u></b> |

The \$7,498,325 interfund payable from enterprise funds to the General Fund resulted from Ironwood and Regional Transit overdrawn their share of the pooled cash account. The \$4,070,766 due to the General Fund from nonmajor governmental funds is entirely composed of an interfund payable resulting from certain funds overdrawn their share of the pooled cash account. All remaining balances resulted from the time lag between the dates that (1) interfund good and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Advances to/from other funds:**

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

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

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

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

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

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

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

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

| Year ending<br>September 30, | Advances from General Fund to CRA |                   |                     |
|------------------------------|-----------------------------------|-------------------|---------------------|
|                              | Principal                         | Interest          | Total               |
| 2016                         | \$ 246,392                        | \$ 104,872        | \$ 351,264          |
| 2017                         | 255,096                           | 94,267            | 349,363             |
| 2018                         | 267,505                           | 83,051            | 350,556             |
| 2019                         | 282,257                           | 70,511            | 352,768             |
| 2020                         | 292,271                           | 57,601            | 349,872             |
| 2021-2025                    | 998,154                           | 122,041           | 1,120,195           |
| <b>Total</b>                 | <b>\$ 2,341,675</b>               | <b>\$ 532,343</b> | <b>\$ 2,874,018</b> |

**Interfund transfers:**

|                      | Transfers from:      |                      |                       |                  |                     |                      |
|----------------------|----------------------|----------------------|-----------------------|------------------|---------------------|----------------------|
|                      | General              | Utility              | Nonmajor governmental | Internal Service | Nonmajor Enterprise | Total                |
| <b>Transfers to:</b> |                      |                      |                       |                  |                     |                      |
| General              | \$ -                 | \$ 34,892,425        | \$ 409,557            | \$ -             | \$ 362,613          | \$ 35,664,595        |
| Nonmajor             |                      |                      |                       |                  |                     |                      |
| Governmental         | 15,321,428           | -                    | 18,175,602            | 72,455           | 2,208,548           | 35,778,033           |
| Internal Service     | -                    | -                    | -                     | -                | 21,289              | 21,289               |
| Nonmajor             |                      |                      |                       |                  |                     |                      |
| Enterprise           | 1,422,581            | -                    | 440,000               | -                | -                   | 1,862,581            |
| <b>Total</b>         | <b>\$ 16,744,009</b> | <b>\$ 34,892,425</b> | <b>\$ 19,025,159</b>  | <b>\$ 72,455</b> | <b>\$ 2,592,450</b> | <b>\$ 73,326,498</b> |

The Utility transfer totaling \$34,892,425 to the General Fund is based on a formula adopted by the City Commission. Please refer to Note 11 for more detail. \$9,138,492 was transferred from the General Fund to Debt Service Funds for scheduled debt service payments. Other interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

**NOTE 11 - ENTERPRISE FUND TRANSFERS TO GENERAL FUND**

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

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

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fiscal year. If the difference was greater than \$500,000 over or under, then the General Fund and GRU equally shared in the gain or loss for amounts greater than \$500,000 for that fiscal year.

The transfer to the General Fund for the year ended September 30, 2015 was \$34,892,425.

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

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

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

Legal cases arise in the normal course of operations but there were none that were significant for individual disclosure.

**General**

The primary factors currently affecting the utility industry include environmental regulations, restructuring of the wholesale energy markets, the formation of independent bulk power transmission systems, the formation of an Electric Reliability Organization (ERO) under FERC jurisdiction, and the increasing strategic and price differences among various types of fuels. No state or federal legislation is pending or proposed at this time for retail competition in Florida.

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

**Environmental and Other Natural Resource Regulations**

GRU and its operations are subject to federal, state and local environmental regulations which include, among other things, control of emissions of particulates, SO<sub>2</sub> and NO<sub>x</sub> into the air; discharges of pollutants, including heat, into surface or ground water; the disposal of wastes and reuse of products generated by wastewater treatment and combustion processes; management of hazardous material; and the nature of waste materials discharged into the wastewater system's collection facilities. Environmental regulations generally are becoming more numerous and more stringent and, as a result, may substantially increase costs of the Utility's services by requiring changes in the operation of existing facilities as well as changes in the location, design, construction and operation of new facilities (including both facilities that are owned and operated by GRU as well as facilities that are owned and operated by others (including, particularly, GREC), from which the Utility purchases output, services, commodities and other materials). There is no assurance that the facilities in operation, under construction or contemplated will always remain subject to the regulations currently in effect or will always be in compliance with future regulations. Compliance with applicable regulations could result in increases in costs of construction and/or operation of affected facilities, including associated costs such as transmission and transportation, as well as limitations on the operation of such facilities. Failure to comply with regulatory requirements could result in reduced operating levels or the complete shutdown of those facilities not in compliance as well as the imposition of civil and criminal penalties.

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Increasing concerns about climate change and the effects of greenhouse gases (GHG) on the environment have resulted in the EPA proposing on August 3, 2015 carbon regulations for existing power plants. Because of how recently the proposed rules for existing units were issued by the EPA, they could change significantly before becoming final. Therefore, management is unable to predict what impact such regulations will have on GRU.

**Air Emissions**

**The Clean Air Act**

The Clean Air Act regulates emissions of air pollutants, establishes national air quality standards for major pollutants, and requires permitting of both new and existing sources of air pollution. Among the provisions of the Clean Air Act that affect GRU's operations are (1) the acid rain program, which requires nationwide reductions of SO<sub>2</sub> and NO<sub>x</sub> from existing and new fossil-fueled generating plants, (2) provisions related to toxic or hazardous pollutants, (3) requirements to address regional haze, and (4) requirements to address effects on ambient air quality standards from transport of fine particulate matter and ozone (Cross State Air Pollution Rule).

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

**The Clean Air Interstate Rule (CAIR)**

In March 2005, the EPA issued CAIR, which requires reductions of overall SO<sub>2</sub> and NO<sub>x</sub> emissions. CAIR is a two-phase cap and trade program under which utilities have several options for complying with the emissions cap, including installation of emission controls, purchasing allowances or switching fuels. GRU's DH and JRK Stations are subject to CAIR. Significant capital and operating and maintenance expenditures have been incurred to meet the 2009 and 2010 CAIR compliance dates for Phase I of the SO<sub>2</sub> and NO<sub>x</sub> emission caps respectively. GRU installed an SCR, a dry circulating scrubber system, and a fabric filter system at DH 2, all of which went on-line May 1, 2009.

On July 11, 2008, a three judge panel of the United States Court of Appeals for the District of Columbia (D.C. Circuit Court) in *North Carolina v. Environmental Protection Agency*, 531 F.3d 896 (*North Carolina v. EPA*), unanimously vacated CAIR. On December 23, 2008, the D.C Circuit Court remanded the CAIR case to the EPA to revise CAIR consistent with its July 11, 2008 decision in *North Carolina v. EPA*. In a subsequent decision in response to petitions for rehearing, however, the court in December 2008 decided to remand CAIR to the EPA without vacating it. This had the effect of reinstating CAIR, including the trading programs until the EPA issued a new rule consistent with the court's decision.

**The Clean Air Transport Rule**

On August 2, 2010, the EPA published in the Federal Register a proposed Clean Air Transport Rule (Transport Rule) to reduce the interstate transport of fine particulate matter and ozone. Under Section 110(a)(2)(D)(i)(I) of the Clean Air Act, states are required to prohibit emissions that contribute significantly to nonattainment in, or interfere with maintenance by, any other state with respect to any primary or secondary National Ambient Air Quality Standards (NAAQS). In the proposed Transport Rule, the EPA asserts that emissions of SO<sub>2</sub> and NO<sub>x</sub> in 32 eastern states contribute significantly to nonattainment or interfere with maintenance of NAAQS in one or more downwind states, more specifically with respect to the annual PM<sub>2.5</sub> NAAQS, the 24 hour average PM<sub>2.5</sub> NAAQS, and the ozone NAAQS. The proposed Transport Rule contained on preferred remedy option and two alternate schemes. The EPA's preferred option proposed to establish a cap-and-trade program with certain variance provisions and limited interstate trading. The proposed transport Rule has been superseded by the Cross-State Air Pollution Rule (CSAPR).

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**The Cross-State Air Pollution Rule (CSAPR)**

On July 6, 2011, the EPA released its final Cross-State Air Pollution Rule. This rule is the final version of the transport Rule and replaces CAIR. In Florida, only ozone season NO<sub>x</sub> emissions are regulated by CSAPR through use of allowances. Using historical generation figures to project future emission, Management believes that GRU will have sufficient ozone season NO<sub>x</sub> allowances to operate into the foreseeable future.

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

On October 5, 2012, the EPA filed a petition for rehearing *en banc* with the D.C. Circuit Court requesting that the full court reconsider the August 21, 2012 decision. That request was denied. On March 29, 2013, the Department of Justice and several environmental groups filed Petitions for *certiorari*, asking the Supreme Court to accept the case and overturn CSAPR. The Supreme Court granted *certiorari* on June 24, 2013. On April 29, 2014, the Supreme Court reversed part of the D.C. Circuit Court's decision, upholding parts of the CSAPR program, and remanded other issues back to the D.C. Circuit Court for further proceedings. The D.C. Circuit Court set a deadline of July 3, 2014, for parties to brief on how they would like to proceed with the remaining issues and lawsuits. On June 26, 2014, the EPA filed a motion with the D.C. Circuit Court to lift the stay of the CSAPR. EPA has indicated that, at this time, CAIR remains in place and that no immediate action by the states or affected sources is expected. EPA is reviewing the Supreme Court's decision and is evaluating next steps, including how to address compliance deadlines that passed during the ongoing litigation and stay. On October 23, 2014, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) granted EPA's request that the court lift the stay of the Cross State Air Pollution Rule. While the court did not specifically address EPA's request that the court extend CSAPR's compliance deadlines by three years, GRU believes that, by granting EPA's motion, the court granted the EPA's request.

On July 28, 2015, the D.C. Circuit ruled that Florida's allowance budget is invalid and remanded CSAPR to EPA. While the Court ruled that Florida's CSAPR budget is invalid, it remains in place on remand to EPA. It is currently unclear what EPA's timeline for the future action is (the Court did not mandate a schedule) and whether EPA will propose to remove Florida from CSAPR, or seek to maintain some CSAPR-related obligations for Florida. It seems unlikely that EPA would be able to justify a continuing budget for Florida given: 1) the D.C. Circuit's ruling, which found it a "simple" conclusion that Florida's budget was invalid based on the record evidence that "the downwind locations to which ... [Florida was] linked would comply with their NAAQS in 2014 even with no good neighbor obligation"; and 2) that EPA's Notice of Data Availability (NODA) proposes that Florida would have no good neighbor obligations under the 2008 Ozone NAAQS, which has the same form of standard as the 1997 Ozone NAAQS addressed by CSAPR, but is more stringent, 0.075 ppm versus 0.08 ppm. Finally, Petitions for Review of EPA's two "Errors Rule" cases seeking additional allowances for Florida remain outstanding. Motions to govern future proceedings, in those cases, were due August 27 (30 days from the D.C. Circuit's ruling on the underlying CSAPR challenges).

Since CSAPR is still in effect, Florida only has to comply for Ozone Season NO<sub>x</sub>, therefore only the following deadlines apply to GRU's operations:

- May 1, 2015: Phase 1 begins for ozone season NO<sub>x</sub> trading program. Existing units must begin monitoring and reporting NO<sub>x</sub> emissions.
- December 1, 2015 (and each December 1 thereafter) date by which sources must demonstrate compliance with ozone season NO<sub>x</sub> trading program (i.e. allowance transfer deadline).

**Mercury and Air Toxics Standards (MATS)**

On December 16, 2011, the EPA promulgated a rule to reduce emissions of toxic air pollutants from power plants. Specifically, these mercury and air toxics standards of MATS for power plants will reduce emissions from new and existing coal and oil-fired electric utility steam generating units (EGUs). The EPA also signed revisions to the new source performance standards for fossil fuel-fired EGUs. Such revisions revised the standards that new coal and oil-fired power plants must meet for particulate matter, SO<sub>2</sub> and NO<sub>x</sub>. On November 25, 2014, the United States Supreme Court accepted *certiorari* to hear challenges to the mercury admission rules.



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

A review of existing emissions data confirms GRU's compliance with all of the new standards without the installation of additional pollution control equipment.

**Effluent Limitation Guidelines**

In November 2010, the EPA agreed to propose the power plant Effluent Limitation Guidelines (ELGs) for coal-fired steam electric plants by July 23, 2012, and finalize the guidelines in May 2014. The ELGs were last revised in 1982. The EPA is considering more stringent limits for new metals and parameters for individual wastewater streams generated by steam electric power plants, with emphasis on coal-fired power plants. The EPA will evaluate the technologies and cost to remove those metals and identify the Best Available Technology (BAT) to affect their control in coal-fired power plant effluent. After a number of delays in issuing the proposed ELG rule, the EPA issued a draft rule on June 7, 2013 and accepted comments on the rule until September 20, 2013. On April 7, 2014, EPA signed a settlement agreement with environmental groups that commits the Agency to take final action by September 30, 2015 on EPA's proposed rule addressing effluent limitation guidelines for power plants under the Clean Water Act. GRU will evaluate the potential impact of the rule when it becomes final.

**Regional Haze**

On June 15, 2005, the EPA issued the Clean Air Visibility Rule, amending its 1999 regional haze rule, which had established timelines for states to improve visibility in national parks and wilderness areas throughout the United States. Under the amended rule, certain types of older sources may be required to install best available retrofit technology (BART). Some of the effects of the amended rule could be requirements for newer and cleaner technologies and additional controls for particulate matter, SO<sub>2</sub> and NO<sub>x</sub> emissions from utility sources. The states were to develop their regional haze implementation plans by December 2007, identifying the facilities that will have to reduce emissions and then set emissions limits for those facilities. However, state have not met that schedule and on January 15, 2009, the EPA published a notice finding that 37 states, the District of Columbia and the Virgin Islands failed to submit all or a portion of their regional haze implementation plans. The EPA's notice initiates a two-year period during which each jurisdiction must submit a haze implementation plan or become subject to a Federal Implementation Plan issued by the EPA that would set the basic program requirements. GRU has installed additional emission control equipment at DH 2 to reduce SO<sub>2</sub> and NO<sub>x</sub> emissions that potentially contribute to regional haze.

Recently, emissions modeling was completed for DH 1 to determine its impact on visibility in the Class I areas within 300 km of DH. Results of this modeling confirmed that DH 1 had impacts on the applicable Class I areas below the .05 deciview threshold and therefore is exempt from the BART program associated with the regional haze program.

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

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**Internal Combustion Engine MACT**

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

**Climate Change**

Control of GHGs such as CO<sub>2</sub> is receiving a great deal of attention within the United States. On April 2, 2007, the United Supreme Court issued a decision in *Massachusetts v. Environmental Protection Agency*, 549 U.S. 497, holding that GHG emissions are air pollutants under the Clean Air Act requiring the EPA to determine whether GHGs pose a threat to health and welfare. On December 15, 2009, the EPA published the final rule for the endangerment finding under the Clean Air Act. In the finding, the EPA declared that the six identified GHGs, CO<sub>2</sub>, methane, nitrous oxide, hydro-fluorocarbons, perfluorocarbons, and sulfur hexafluoride cause or contribute to global warming, and that the effects of climate change endanger public health and welfare by increasing the likelihood of severe weather events and the other related consequences of climate change (the Endangerment Finding). The issuance of the Endangerment Finding triggered the statutory requirement that the EPA regulate emissions of GHGs as air pollutants from motor vehicles. Such regulations were finalized on April 1, 2010 when the EPA and the United States Department of Transportation issued a joint final rule imposing GHG emission standards on light-duty vehicles (cars and light trucks) (Tailpipe Rule). That regulation took effect on January 2, 2011.

On March 29, 2010, the EPA affirmed its position that air pollutant emissions that are actually controlled by regulation under the Clean Air Act under any program must be taken into account when considering permits issued under other programs, such as the PSD permit program (Timing Rule). A PSD permit is required before commencement of construction of new major stationary sources or major modifications of such sources. As a result of this determination, the effect of the new motor vehicle rule is to require the analysis of emissions and control options with respect to GHG emissions from new and modified major stationary sources as of January 2, 2011, which is the date the new major vehicle rule took effect. Permitting requirements for GHGs include, but are not limited to, the application of BACT for GHG emissions, and monitoring, reporting and recordkeeping for GHGs.

On May 13, 2010, the EPA issued a final rule for determining the applicability of the PSD program to GHG emissions from major sources. The rule, known as the Tailoring Rule, established criteria for identifying facilities required to obtain PSD permits and the emissions thresholds at which permitting and other regulatory requirements apply. The applicability threshold levels established by this includes both a mass-based calculation and a metric known as the carbon dioxide equivalent, or CO<sub>2</sub>e, which incorporates the global warming potential for each of the six individual gases that comprise the collective GHG defined in the endangerment finding.

The Tailoring Rule required, as of January 2, 2011, sources that are subject to PSD and/or Title V permits due to their non-GHG emissions (such as fossil fuel based electric generating facilities for their NO<sub>x</sub>, SO<sub>2</sub> and other emissions) will have to address GHG emissions in new permit applications or renewals. Construction or modification of major sources will become subject to PSD requirements for their GHG emissions of the construction or modification results in a net increase in the overall mass of GHF emissions exceeding 75,000 tons per year on a CO<sub>2</sub>e basis. New and modified major sources required to obtain a PSD permit would be required to conduct a BACT review for their GHG emissions. With respect to Title V requirements, as of January 2, 2011, sources that are required to have Title V permits for non-GHG pollutants will be required to address GHGs as part of their Title V permitting. The 75,000 tons per year CO<sub>2</sub>e applicability threshold does not apply, so when any source applies for, renews, or revises a Title V permit, the Clean Air Act requirements for monitoring, record keeping and reporting will be included. On June 26, 2012, the United State Court of Appeals for the D.C. Circuit Court upheld the Endangerment Finding and the Tailpipe Rule and found that the petitions did not have standing to challenge the Timing and Tailoring Rules. The court dismissed all petitions for review of the Timing and Tailoring Rules for lack of jurisdiction and denied the petitions for review of the Endangerment Finding and the Tailpipe Rule.

On October 15, 2013, following a December 2012 denial of rehearing *en banc*, the United States Supreme Court granted six of nine petitions for *certiorari*, agreeing to review the single issue of whether the EPA acted within its authority under the Clean Air Act when it determined that its regulation of GHG emissions from motor vehicles

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triggered permitting requirements for stationary sources that emit GHGs (*Utility Air Regulatory Group v. Environmental Protection Agency*, Case No. 12-1146). Petitioners filed briefs in support of their petitions in December 2013. They argued that the EPA's automatic trigger interpretation was impermissible because the EPA could have avoided the results by interpreting the PSD provisions as applying only to certain pollutants that do not include GHGs, or by reading section 166 of the Clean Air Act as the only mechanism for adding pollutants to the PSD program. In Addition, petitioners argued that the EPA's tailored regulation of GHGs under the PSD program would be an unconstitutional delegation of authority because the Clean Air Act provides no intelligible principle for such an exercise of discretionary power. They also requested that the Supreme Court revisit *Massachusetts v. EPA* and possibly overrule it if it requires coverage of GHGs under the PSD program.

Respondents, EPA and several other states filed response briefs on January 21, 2014. Respondents argued that the EPA's position of GHG emissions are automatically covered by the PSD program as a result of their regulation under other parts of the Clean Air Act is consistent with the statute and EPA's long standing interpretation of the statute. Respondents asserted, moreover, that the EPA's interpretation is consistent with the Supreme Court's decision in *Massachusetts v. EPA* that GHGs are air pollutants under the Clean Air Act and its decision in *EPA v. Connecticut*, that the Clean Air Act displaces federal common law with respect to GHG emissions from stationary sources.

The Supreme Court heard oral arguments on February 24, 2014. On June 23, 2014, the Supreme Court issued its opinion in the case, holding that the EPA's automatic trigger interpretation in the Tailoring Rule that triggered certain permitting requirements for stationary sources based solely in GHG emissions was invalid. The Court also held, however, that regulation of GHG emissions under PSD permits and Title V for facilities constituting major sources for other pollutants under the Clean Air Act, including most electric generating facilities, is permissible. GRU does not expect that the results of this case will provide relief from the Tailoring Rule for any of its planned or existing facilities. However, this decision is not likely to forestall all further legal challenges to EPA regulation of GHG emissions from stationary sources. For example, as discussed further below, the EPA proposed new source performance standards limiting GHG emissions from fossil fuel-fired electric utility generating units that will likely see challenges of its own.

On June 25, 2013, President Obama issued a Presidential Memorandum directing the EPA to work expeditiously to complete GHG standards for the power sector. The agency is using its authority under section 111(d) of the Clean Air Act to issue emission guidelines, to address GHG emissions from existing power plants. The Presidential Memorandum specifically directed the EPA to build on state leadership, provide flexibility and take advantage of a wide range of energy sources and technologies towards building a cleaner power sector. The Presidential Memorandum directed the EPA to issue proposed GHG standards, regulations or guidelines, as appropriate, for existing power plants by no later than June 1, 2014, and issue final standards, regulations or guidelines, as appropriate, by no later than June 1, 2015. In addition, the Presidential Memorandum directed the EPA to include in the guidelines addressing existing power plants a requirement that states submit to the EPA the implementation plans required under section 111(d) of the Clean Air Act and its implementing regulations by no later than June 30, 2016, subject to states being able to request more time to submit complete implementation plans and the EPA being able to allow states until June 30, 2017 or June 30, 2018, as appropriate, to submit additional information completing the submittal plan no later than June 30, 2016.

Accordingly, on June 2, 2014, the EPA released a proposed rule, the Clean Power Plan Rule, that would limit and reduce carbon dioxide emissions from certain fossil fuel power plants, including existing plants. Finally, on August 3, 2015, EPA released the final version of the Clean Power Plan. Initially, it appears that the reductions for Florida have been relaxed somewhat. Due to the size and complexity of the rule, GRU has not determined the impact on operations at this time but is working closely with the trade associations it is a member of (FCG, Class of '85, APPA, and FEMA) to determine the impact.

**Coal Ash**

On May 4, 2010, the EPA released the text of a proposed rule describing two possible regulatory options it is considering under the Resource Conservation and Recovery Act (RCRA) for the disposal of coal ash generated from the combustion of coal by electric utilities and independent power producers. Under either option, the EPA would regulate the construction of impoundments and landfills, and seek to ensure both the physical and environmental integrity of disposal facilities.

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Under the first proposed regulatory option, the EPA would list coal ash destined for disposal in landfills or surface impoundments as special wastes subject to regulation under Subtitle C of RCRA. Subtitle C regulations set forth the EPA's hazardous waste regulatory program, which regulate the generation, handling, transport and disposal of wastes. The proposed rule would create a new category of waste under Subtitle C, so that coal ash would not be classified as a hazardous waste, but would be subject to many regulatory requirements applicable to such wastes. Under this option, coal ash would be subject to technical and permitting requirements from the point of generation to final disposal. Generators, transporters and treatment, storage and disposal facilities would be subject to federal requirements and permits. The EPA is considering imposing disposal facility requirements such as liners, groundwater monitoring, fugitive dust controls, financial assurance, corrective action, closure of units and post closure care. This first option also proposed requirements for dam safety and stability for surface impoundments, land disposal restrictions, treatment standards for coal ash, and a prohibition on the disposal of treated coal ash below the natural water table. The first option would not apply to certain beneficial reuses of coal ash.

Under the second proposed regulatory option, the EPA would regulate the disposal of coal ash under Subtitle D of RCRA, the regulatory program for non-hazardous solid wastes. Under this option, the EPA is considering issuing national minimum criteria to ensure the safe disposal of coal ash, which would subject disposal units to location standards, composite liner requirements, groundwater monitoring and corrective action standards for release, closure and post-closure care requirements, and requirements to address the stability of surface impoundments. Existing surface impoundments would not have to close or install composite liners and could continue to operate for their useful life. The second option would not regulate the generation, storage or treatment of coal ash prior to disposal, and no federal permits would be required.

The proposed rule also states that the EPA is considering listing coal ash as a hazardous substance under the Comprehensive Environmental Response, Comprehensive and Liability Act of 1980, as amended (CERCLA, which is commonly known as Superfund), and includes proposals for alternative methods to adjust the statutory reportable quantity for coal ash. The extension of CERCLA to coal ash could significantly increase the Utility's liability for cleanup of past and future coal ash disposal.

On December 19, 2014, EPA released a final rule pertaining to coal combustion residuals ("CCR"), commonly known as coal ash. The final rule treats CCR as nonhazardous material under Subtitle D of the Resource Conservation and Recovery Act ("RCRA"), and not as hazardous waste under Subtitle C. GRU is currently performing a "gap" analysis to determine what different or additional facilities and/or monitoring will be required to comply with this new rule.

In August of 2012, the Process Water Ponds at DH, which receive some fly and bottom ash, were inspected by a contractor at the request of the EPA. This effort was part of a federal initiative to inspect coal combustion residual (CCR) impoundments following a dike failure at a Tennessee Valley Authority facility in 2008. A final report was issued on June 2, 2014. The report includes a specific condition rating for the CCR management units and recommendations and actions that the contractor for the EPA recommended be undertaken to ensure the stability of the CCR impoundments located at DH. GRU submitted to the EPA a work scope response to the recommendations which was accepted by the Agency on October 29, 2014

Additionally, numerous monitoring wells, in place since initial construction, provide assurance of the containment, or structural stability of the ponds. The results of routine groundwater sampling are submitted to the FDEP. Fly ash from the coal combustion process is typically transported from the site for beneficial commercial uses. Currently, beneficial use of flue gas scrubber by-product is limited; the majority is deposited in the onsite landfill. GRU adheres to a best management practices plan for ash and by-product handling deposited in the onsite landfill.

**Storage Tanks**

GRU is required to demonstrate financial responsibility for the costs of corrective actions and compensation of third-parties for bodily injury and property damage arising from releases of petroleum products and hazardous substances from certain underground and above ground storage tanks system. GRU has eleven fuel oil storage tanks. The South Energy Center has two underground distillate No. 2 oil tanks, the JRK Station has four above ground distillate oil tanks and two above ground No. 6 oil tanks, and DH has one above ground distillate and two above

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ground No. 6 oil tanks. All of GRU's fuel storage tanks have secondary containment and/or interstitial monitoring and the Utility is insured for the requisite amounts.

**Superfund and Remediation Sites**

CERCLA, as well as parallel state statutes, require cleanup of sites from which there has been a release or threatened release of hazardous substances and authorizes the EPA to take any necessary response action at Superfund sites, including ordering a potentially responsible party (PRP) liable for the release to take or pay for such actions. PRPs are broadly defined under CERCLA to include past and present owners and operators of, as well as generators of wastes sent to a site. GRU is a PRP at the Bill Johns Waste Oil Site in Jacksonville, Florida under these statutes. GRU's liability at this site was incurred through the improper management of waste oils by operators providing services under contract to the Utility. GRU is no more than a de minimis party at this site and has already resolved its liability with the EPA and is currently working with the State to resolve State liability issues.

GRU also was a PRP at the following sites: Rose Chemical in Holden, Missouri; Peak Oil in Tampa, Florida; PCB Treatment, Inc. in Kansas City, Missouri; Osage Metals in Kansas City, Missouri; and Mowbray Engineering in Greenville, Alabama. GRU's liability for these sites has been resolved through settlements reached with the EPA and, in the case of Rose Chemical, the Rose Chemical Steering Committee.

Management is not aware of any actions by private third-parties which have been brought or are imminent against the parties that contributed wastes to any of the sites described above. The extent of any potential third-party liability cannot be predicted at this time.

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

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

In August 2013, the Utility submitted a no further action proposal to the FDEP requesting that the site be granted a no further action status based on an evaluation of the soil and groundwater data with respect to site conditions and operations. GRU is currently responding to comments raised by the FDEP.

**Water Use Restrictions**

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

In addition, in April 2010, the County adopted, and the City subsequently opted into, an Irrigation Ordinance that codified the above-referenced water restrictions which promote and encourage water conservation. County

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

personnel enforce this ordinance, which further assists in reducing water use and thereby extending the Utility's water supply.

The SJRWMD and the Suwannee River Water Management District (SRWMD) each have promulgated regulations referred to as Year-Round Water Conservation Measures, for the purpose of increasing long-term water use efficiency through regulatory means. In addition, the SJRWMD and the SRWMD each have promulgated regulations referred to as a Water Shortage Plan, for the purpose of allocating and conserving the water resource during periods of water shortage and maintaining a uniform approach towards water use restrictions. Each Water Shortage Plan sets forth the framework for imposing restrictions on water use for non-essential purposes when deemed necessary by the applicable water management district. On August 7, 2012, in order to assist the SJRWMD and the SRWMD in the implementation and enforcement of such Water Conservation Measures and such Water Shortage Plans, the Board of County Commissioners of Alachua County enacted an ordinance creating year-round water conservation measures and water shortage regulations (County Water Use Ordinance), thereby making such Water Conservation Measures and such Water Shortage Plans applicable to the unincorporated areas of the County. On December 20, 2012, the City Commission adopted a resolution to opt into the County's year round water conservation measures and water shortage regulations ordinances in order to give the Alachua County Environmental Protection Department the authority to enforce water shortage orders and water shortage emergencies within the City.

GRU cannot predict what effects these factors will have on the business, operations, and financial condition of the Utility, but the effects could be significant.

**Manufactured Gas Plant**

Gainesville's natural gas system originally distributed blue water gas, which was produced in town by gasification of coal using distillate oil. Although manufactured gas was replaced by pipeline gas in the mid-1950's, coal residuals and spilt fuel contaminated soils at and adjacent to the manufactured gas plant (MGP) site. When the natural gas system was purchased, GRU assumed responsibility for the investigation and remediation of environmental impacts related to the operation of the former MGP.

GRU has pursued recovery for the MGP from past insurance policies and, to date, has recovered \$2.2 million from such policies. Site investigations on properties affected by MGP residuals have been completed and the Utility has completed limited removal actions. GRU has received final approval of its proposed overall Remedial Action Plan which will entail the excavation and landfilling of impacted soils at a specially designed facility.

This plan was implemented pursuant to a Brownfield Site Rehabilitation Agreement with the State. Following remediation, the property will be redeveloped by the City as a park that will have stormwater ponds, nature trails, and recreational space, all of which were considered in the remediation plan's design. The duration of the groundwater monitoring program will be for the duration of the permit, and that timeframe is open to the results of what the sampling data shows.

Based upon GRU's analysis of the cost to clean up this site, GRU has accrued a liability to reflect the costs associated with the cleanup effort. During fiscal years 2015 and 2014, expenditures which reduced the liability balance were approximately \$1.1 million and \$900,000, respectively. In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the reserve was decreased \$121,000 due to new project estimates and probabilities, bringing the reserve balance at September 30, 2015, to approximately \$629,000.

GRU is recovering the costs of this cleanup through customer charges. A regulatory asset was established as a deferred charge in the accompanying statements of net position to represent the recovery of remediation costs from customers. Fiscal 2015 billings were \$1.2 million. The regulatory asset balance was \$15 million as of September 30, 2015.

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

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
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**Operating Leases**

GRU leases various equipment, facilities and property under operating leases that are cancelable only under certain circumstances. Rental costs under operating leases for the year ended September 30, 2015 were \$122,000.

Future minimum rental payments for various operating leases are:

| <u>Years Ending<br/>September 30:</u> | <u>Future Minimum<br/>Rental Payments</u> |
|---------------------------------------|---|
| 2016                                  | \$ 121,979                                |
| 2017                                  | 104,040                                   |
| 2018                                  | 101,950                                   |
| 2019                                  | 25,683                                    |
| 2020                                  | 6,050                                     |
| 2021-2025                             | 30,250                                    |
| 2026-2030                             | 30,250                                    |
| 2031-2035                             | 30,250                                    |
| 2036-2040                             | 30,250                                    |
| 2041-2045                             | 30,250                                    |
| 2046-2050                             | 12,100                                    |
|                                       | <u>\$ 523,052</u>                         |

**NOTE 13 - LEASE REVENUE**

GRU leases generators, land and communication tower antenna space among other items.

Future minimum rental revenue for various operating leases are:

| <u>Year ending<br/>September 30:</u> | <u>Future<br/>Minimum<br/>Rental<br/>Revenue</u> |
|--------------------------------------|--|
| 2016                                 | \$ 1,692,000                                     |
| 2017                                 | 1,219,000  |
| 2018                                 | 1,214,000  |
| 2019                                 | 114,000  |
| 2020                                 | 1,045,000  |
| 2021-2025                            | 4,040,000  |
| 2026-2030                            | 2,517,000  |
| 2031-2035                            | 1,056,000  |
|                                      | <u>\$ 12,897,000</u>                             |

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

GRU has an equity investment in The Energy Authority (TEA), a power marketing corporation comprised of eight municipal utilities as of December 31, 2014: MEAG Power, JEA (Florida), South Carolina Public Service Authority, Nebraska Public Power District, GRU, City Utilities of Springfield (Missouri), Public Utility District No. 1 of Cowlitz County (Washington), and American Municipal Power, Inc. (Ohio). TEA provides energy products and resource management services to equity members and non-members and allocates transaction savings and operating expenses to equity members pursuant to Settlement Procedures under the Operating Agreement.

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

In the Statement of Revenues, Expenses, and Changes in Net Position, GRU's sales to and purchases from TEA are recorded in sales and service charges and operations and maintenance, respectively. For the year ended September 30, 2015, sales to TEA totaled \$2.2 million and purchases from TEA totaled \$8.2 million. GRU's equity interest was 5.6% for fiscal year 2015, and GRU accounted for this investment using equity accounting. As of September 30, 2015, GRU's investment in TEA was \$2.6 million.

Through a combination of agreements, GRU guarantees credit received by TEA up to \$17 million as of September 30, 2015. TEA evaluates its credit needs periodically and requests equity members to adjust their guarantees accordingly. The guarantee agreements are intended to provide credit support for TEA when entering into transactions on behalf of equity members. Such guarantees are within the scope of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, and would require the equity members to make payments to TEA's counterparties if TEA failed to deliver energy, capacity or natural gas as required by contract, or if TEA failed to make payment for the purchases of such commodities. If guarantee payments are required, GRU has rights with other equity members that such payments be apportioned based on certain criteria.

The guarantees generally have indefinite terms, however, GRU can terminate its guarantee obligations by providing notice to counterparties and others, as required by the agreements. Such terminations would not pertain to any transactions TEA entered into prior to notice being given. As of September 30, 2015, GRU had not recorded a liability related to these guarantees. TEA's accounting records are maintained in conformity with the pronouncements of the GASB. The table below contains unaudited condensed financial information for TEA for the period ended September 30, 2015.

|   |                       |
|---|-----------------------|
| <b>Condensed Statement of Operations:</b> | <b>(in thousands)</b> |
| Total Revenue                             | \$ 1,249,164          |
| Total Cost of Sales and Expense           | <u>(1,207,623)</u>    |
| Operating Income                          | 41,541                |
| Nonoperating (Expense)                    | <u>13</u>             |
| Change in Net Position                    | <u>\$ 41,554</u>      |
| <b>Condensed Balance Sheet:</b>           |                       |
| Assets:                                   |                       |
| Current Assets                            | \$ 142,339            |
| Other Assets                              | <u>12,997</u>         |
| Total Assets                              | <u>\$ 155,336</u>     |
| Liabilities:                              |                       |
| Current Liabilities                       | \$ 109,098            |
| Noncurrent Liabilities                    | <u>184</u>            |
| Total Liabilities                         | \$ 109,282            |
| Total Net Position                        | <u>46,054</u>         |
| Total Liabilities and Net Position        | <u>\$ 155,336</u>     |

As of September 30, 2015, GRU's accounts receivable due from TEA totaled \$149,644. 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 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.



**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

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, 2015, there was one Industrial Revenue bond outstanding, with an aggregate principal amount payable of \$5,000,000.

**NOTE 16 – RESTATEMENTS**

The restatements for the Governmental Activities, Business Type Activities and certain Enterprise Funds and Internal Service Funds resulted from the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which required employers providing a defined benefit pension plan to report the net pension liabilities of the plans. Beginning net positions were restated as shown below for fiscal year 2015:

|   | <u>Governmental<br/>activities</u> | <u>Business-type<br/>activities</u> |
|---|------------------------------------|-------------------------------------|
| Net position, beginning of year, as previously reported                                     | \$ 222,914,589                     | \$ 582,993,145                      |
| Restatements:   |                                    |                                     |
| Net pension liability-General Plan  | (22,732,001)                       | (13,819,272)                        |
| Net pension liability-Consolidated Plan   | (31,799,748)                       | -                                   |
| Deferred outflow for contributions made subsequent<br>to measurement date-Consolidated Plan | 3,855,020                          | -                                   |
| Delete negative net pension obligation-General Plan   | (27,753,596)                       | -                                   |
| Delete negative net pension obligation-Consolidated Plan                                    | (23,810,003)                       | -                                   |
| Net position, beginning of year, as restated  | <u>\$ 120,674,261</u>              | <u>\$ 569,173,873</u>               |

|  | Regional<br>Transit<br>System Fund | Stormwater<br>Management<br>Utility Fund | Ironwood<br>Golf Course<br>Fund | Florida Bldg<br>Code<br>Enforce-<br>ment Fund | Solid Waste<br>Fund | Total<br>NonMajor<br>Enterprise<br>Funds |
|--|------------------------------------|--|---------------------------------|---|---------------------|--|
| Net position, beginning of year,<br>as previously reported | \$57,130,202                       | \$ 33,742,877                            | \$ (167,730)                    | \$ 3,065,634                                  | \$ 3,617,146        | \$ 97,388,129                            |
| Restatements:  |                                    |  |                                 |   |                     |  |
| Net pension liability-General Plan                         | (9,936,990)                        | (2,139,385)                              | (90,862)                        | (1,073,823)                                   | (578,212)           | (13,819,272)                             |
| Net position, beginning of year,<br>as restated            | <u>\$47,193,212</u>                | <u>\$ 31,603,492</u>                     | <u>\$ (258,592)</u>             | <u>\$ 1,991,811</u>                           | <u>\$ 3,038,934</u> | <u>\$ 83,568,857</u>                     |

|  | General<br>Insurance Fund | Employees<br>Health &<br>Accident<br>Benefits Fund | Fleet<br>Management<br>Fund | Total Internal<br>Service Funds |
|--|---------------------------|--|-----------------------------|---------------------------------|
| Net position, beginning of year,<br>as previously reported | \$ 5,412,335              | \$ 3,002,941                                       | \$ 19,228,660               | \$ 27,643,936                   |
| Restatements:  |                           |  |                             |                                 |
| Net pension liability-General Plan                         | (1,007,741)               | (99,122)   | (1,123,384)                 | (2,230,247)                     |
| Net position, beginning of year,<br>as restated            | <u>\$ 4,404,594</u>       | <u>\$ 2,903,819</u>                                | <u>\$ 18,105,276</u>        | <u>\$ 25,413,689</u>            |

GRU used regulatory accounting, as permitted under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and recorded a regulatory asset as of September 30, 2014, in the amount of \$46,050,475 to account for the net effect of required prior period restatements. GRU implemented GASB Statement No. 68 during fiscal year 2015 and, accordingly, has restated amounts of the affected balances within the financial statements for the period ended September 30, 2014 to add a pension regulatory asset and net pension liability, both in the amount of \$46,050,475.

**CITY OF GAINESVILLE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2015**

**NOTE 17 – SUBSEQUENT EVENTS**

**Crystal River Unit No. 3 Settlement Agreement**

GRU entered into the CR3 Settlement, Release and Acquisition agreement (settlement agreement), and effective September 26, 2014. As a joint minority owner in CR3, this agreement releases GRU from future operating, maintenance, capital and decommissioning liabilities and expenses. After regulatory approval of the amended agreement to the nuclear license, the joint owners executed and transferred their ownership interests through additional settlement related documents which are listed as separate exhibits in the settlement agreement. See Note 1(F) Capital Assets for further information.

**Liquidity Facilities**

The credit facility with Bayerische Landesbank Girozentrale for the Utilities System Commercial Paper Notes, Series C expired on November 30, 2015 and was replaced with a Bank of America, NA credit facility. The substitution occurred on November 30, 2015 and the Bank of America, NA credit facility has a termination date of November 30, 2018.

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <b>BUDGETED AMOUNTS</b> |                       | <b>ACTUAL</b>       | <b>ENCUMBRANCES</b> | <b>BUDGETARY BASIS</b> | <b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b> |
|---|-------------------------|-----------------------|---------------------|---------------------|------------------------|---|
|   | <b>ORIGINAL</b>         | <b>FINAL</b>          |                     |                     |                        |   |
| <b>REVENUES</b>                                     |                         |                       |                     |                     |                        |   |
| Taxes   | \$ 40,828,611           | \$ 40,828,611         | \$ 40,683,940       | \$ -                | \$ 40,683,940          | \$ (144,671)  |
| Licenses and permits                                | 922,199                 | 922,199               | 965,536             | -                   | 965,536                | 43,337  |
| Intergovernmental                                   | 11,744,939              | 11,744,939            | 12,460,007          | -                   | 12,460,007             | 715,068   |
| Charges for services                                | 14,710,428              | 14,726,846            | 14,460,437          | -                   | 14,460,437             | (266,409)   |
| Fines and forfeitures                               | 1,365,898               | 1,365,898             | 1,602,357           | -                   | 1,602,357              | 236,459   |
| Miscellaneous                                       | 1,253,733               | 1,249,491             | 1,718,406           | -                   | 1,718,406              | 468,915   |
| <b>TOTAL REVENUES</b>                               | <b>70,825,808</b>       | <b>70,837,984</b>     | <b>71,890,683</b>   | <b>-</b>            | <b>71,890,683</b>      | <b>1,052,699</b>  |
| <b>EXPENDITURES</b>                                 |                         |                       |                     |                     |                        |   |
| Current:  |                         |                       |                     |                     |                        |   |
| General government                                  | 15,467,423              | 16,024,897            | 15,040,492          | -                   | 15,040,492             | 984,405   |
| Public safety                                       | 55,737,424              | 55,579,132            | 54,028,475          | 62,618              | 54,091,093             | 1,488,039   |
| Physical environment                                | 182,053                 | 188,568               | 190,834             | -                   | 190,834                | (2,266)   |
| Transportation                                      | 11,467,773              | 11,771,302            | 10,713,872          | 135,354             | 10,849,226             | 922,076   |
| Economic environment                                | 441,564                 | 474,258               | 432,146             | -                   | 432,146                | 42,112  |
| Human services                                      | 160,377                 | 175,377               | 137,404             | -                   | 137,404                | 37,973  |
| Culture and recreation                              | 6,922,035               | 6,901,466             | 7,086,048           | 7,125               | 7,093,173              | (191,707)   |
| <b>TOTAL EXPENDITURES</b>                           | <b>90,378,649</b>       | <b>91,115,000</b>     | <b>87,629,271</b>   | <b>205,097</b>      | <b>87,834,368</b>      | <b>3,280,632</b>  |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b> | <b>(19,552,841)</b>     | <b>(20,277,016)</b>   | <b>(15,738,588)</b> | <b>(205,097)</b>    | <b>(15,943,685)</b>    | <b>4,333,331</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>               |                         |                       |                     |                     |                        |   |
| Transfers in  | 35,658,283              | 35,664,595            | 35,664,595          | -                   | 35,664,595             | -   |
| Transfers out                                       | (16,989,466)            | (16,914,500)          | (16,744,009)        | -                   | (16,744,009)           | 170,491   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>         | <b>18,668,817</b>       | <b>18,750,095</b>     | <b>18,920,586</b>   | <b>-</b>            | <b>18,920,586</b>      | <b>170,491</b>  |
| <b>NET CHANGE IN FUND BALANCES</b>                  | <b>\$ (884,024)</b>     | <b>\$ (1,526,921)</b> | <b>\$ 3,181,998</b> | <b>\$ (205,097)</b> | <b>\$ 2,976,901</b>    | <b>\$ 4,503,822</b>                                     |

**CITY OF GAINESVILLE, FLORIDA**  
**NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**SEPTEMBER 30, 2015**

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 \$3,280,632 less than the final budget. Revenues were recognized in an amount \$1,052,699 greater than the final budget. Including other financing sources and uses, the General Fund fund balance increased by \$4,503,822 more than was budgeted.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

|   | <u>2015</u>           | <u>2014</u>           |
|---|-----------------------|-----------------------|
| <b>Total pension liability</b>  |                       |                       |
| Service costs   | \$ 7,153,541          | \$ 6,612,646          |
| Interest  | 35,741,289            | 36,171,225            |
| Differences between expected and actual experience                            | 1,954,558             | 1,105,967             |
| Transfer from Disability Plan   | 2,455,848             | -                     |
| Changes of assumptions  | 15,880,346            | -                     |
| Benefit payments, including refunds of<br>employee contributions              | (28,306,207)          | (31,819,142)          |
| Net change in total pension liability   | <u>34,879,375</u>     | <u>12,070,696</u>     |
| Total pension liability-beginning   | 436,067,871           | 423,997,175           |
| Total pension liability-ending (a)  | <u>\$ 470,947,246</u> | <u>\$ 436,067,871</u> |
| <b>Plan fiduciary net position</b>  |                       |                       |
| Employer contributions  | 11,746,935            | 11,519,431            |
| Employee contributions  | 4,429,289             | 4,260,476             |
| Net investment income   | (2,486,089)           | 34,176,892            |
| Transfer from Disability Plan   | 2,320,442             | -                     |
| Benefit payments, including refunds of<br>employee contributions              | (28,306,207)          | (26,161,924)          |
| Administrative expense  | (580,988)             | (613,886)             |
| Net change in plan fiduciary net position                                     | <u>(12,876,618)</u>   | <u>23,180,989</u>     |
| Plan fiduciary net position-beginning   | 347,480,565           | 324,299,576           |
| Plan fiduciary net position-ending (b)  | <u>\$ 334,603,947</u> | <u>\$ 347,480,565</u> |
| City's net pension liability-ending (a)-(b)                                   | <u>\$ 136,343,299</u> | <u>\$ 88,587,306</u>  |
| Plan fiduciary net position as a percentage of the total<br>pension liability | 71.05%                | 79.68%                |
| Annual covered payroll  | \$ 79,930,261         | \$ 81,654,532         |
| Net pension liability as a percentage of covered<br>employee payroll          | 170.58%               | 108.49%               |

Notes to Schedule:

Benefit Payments in Total Pension Liability include an interest calculation. This amount does not represent actual Benefit Payments as shown in the changes in Plan fiduciary net position. Changes to assumptions resulted from reducing the investment return rate from 8.4% to 8.3%. The schedule will present ten years comparative data in the future.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GAINESVILLE, FLORIDA  
SCHEDULE OF CITY CONTRIBUTIONS  
EMPLOYEES' PENSION FUND  
LAST THREE FISCAL YEARS**

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

Notes to Schedule:

Methods and assumptions used to determine contribution rates

|  |   |
|--|---|
| Actuarial cost method                      | Individual entry age, level percent of pay  |
| Amortization method                        | Level percentage, closed  |
| Remaining amortization period              | 21 to 30 years based on year established; gains/losses, assumption plan changes over 30 years from inceptions |
| Asset valuation method                     | Actuarial value, based on 5-year recognition of returns greater or less than the assumed investment return    |
| Inflation rate                             | 3.75%   |
| Future rate of growth in valuation payroll | 4.50%   |
| Investment return rate                     | 8.30%   |
| Salary increase rate                       | 3.75% to 7.00%  |
| Retirement rates                           | Schedule of probabilities based on age and service, increasing as age and service increase                    |
| Mortality rates                            | RP-2000 Combined Healthy Mortality Table-Dynamic with projection to valuation year                            |

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

|  | <u>2015</u>   | <u>2014</u>           |
|--|---------------|-----------------------|
| <b>Total pension liability</b>   |               |                       |
| Service costs  | \$ 189,646    | \$ 251,104            |
| Interest   | (184,053)     | 209,093               |
| Differences between expected and actual experience                         | -             | (24,466)              |
| Transfer to General Employees' Pension Plan                                | (2,320,442)   | -                     |
| Benefit payments, including refunds of employee contributions              | (140,999)     | (217,981)             |
| Net change in total pension liability                                      | (2,455,848)   | 217,750               |
| Total pension liability-beginning  | 2,455,848     | 2,238,098             |
| Total pension liability-ending (a)   | <u>\$ -</u>   | <u>\$ 2,455,848</u>   |
| <b>Plan fiduciary net position</b>   |               |                       |
| Employer contributions   | \$ 173,348    | \$ 269,682            |
| Net investment income  | 380,640       | 659,652               |
| Transfer to General Employees' Pension Plan                                | (2,320,442)   | -                     |
| Transfer of excess to other funds  | (6,480,045)   |                       |
| Benefit payments, including refunds of employee contributions              | (140,999)     | (209,268)             |
| Administrative expense   | (53,907)      | (68,508)              |
| Net change in plan fiduciary net position                                  | (8,441,405)   | 651,558               |
| Plan fiduciary net position-beginning                                      | 8,441,405     | 7,789,847             |
| Plan fiduciary net position-ending (b)                                     | <u>\$ -</u>   | <u>\$ 8,441,405</u>   |
| City's net pension liability (asset) -ending (a)-(b)                       | <u>\$ -</u>   | <u>\$ (5,985,557)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | n/a           | 343.73%               |
| Annual covered payroll   | \$ 79,930,261 | \$ 81,654,532         |
| Net pension liability as a percentage of covered employee payroll          | 0.00%         | -7.33%                |

Notes to Schedule:

Benefit Payments in Total Pension Liability include an interest calculation. This amount does not represent actual Benefit Payments as shown in the changes in Plan fiduciary net position. The Disability Plan was terminated in FY 2015.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GAINESVILLE, FLORIDA  
SCHEDULE OF DISABILITY PLAN CITY CONTRIBUTIONS  
LAST THREE FISCAL YEARS**

|  | <b>2015</b>         | <b>2014</b>         | <b>2013</b>      |
|--|---------------------|---------------------|------------------|
| Actuarially determined contribution                                  | \$ -                | \$ -                | \$ 312,021       |
| Contributions in relation to the actuarially determined contribution | <u>173,348</u>      | <u>269,682</u>      | <u>278,924</u>   |
| Contribution deficiency (excess)                                     | <u>\$ (173,348)</u> | <u>\$ (269,682)</u> | <u>\$ 33,097</u> |
| Covered payroll  | \$ 79,930,261       | \$ 81,654,532       | \$ 80,365,984    |
| Contributions as percentage of covered payroll                       | 0.22%               | 0.33%               | 0.35%            |

Notes to Schedule:

Methods and assumptions used to determine contribution rates

|  |  |
|--|--|
| Actuarial cost method                      | Aggregate  |
| Amortization method                        | Level percentage, closed   |
| Remaining amortization period              | N/A  |
| Asset valuation method                     | Market Value   |
| Inflation rate                             | 3.75%  |
| Future rate of growth in valuation payroll | 4.50%  |
| Investment return rate                     | 8.40%  |
| Salary increase rate                       | 3.75% to 7.00%   |
| Retirement rates                           | Schedule of probabilities based on age and service, increasing as age and service increase |
| Mortality rates                            | RP-2000 mortality table  |

The Disability Plan was terminated during FY 2015.



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GAINESVILLE, FLORIDA  
SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
POLICE OFFICERS' AND FIREFIGHTERS' CONSOLIDATED RETIREMENT FUND  
LAST FISCAL YEAR**

|   | <u>2014</u>                  |
|---|------------------------------|
| <b>Total pension liability</b>  |                              |
| Service costs   | \$ 3,730,365                 |
| Interest  | 19,299,422                   |
| Changes of assumptions  | 2,523,158                    |
| Benefit payments, including refunds of<br>employee contributions                  | <u>(12,898,782)</u>          |
| Net change in total pension liability   | 12,654,163                   |
| Total pension liability-beginning   | <u>233,261,469</u>           |
| Total pension liability-ending (a)  | <u><u>\$ 245,915,632</u></u> |
| <br><b>Plan fiduciary net position</b>  |                              |
| Employer contributions  | \$ 3,855,020                 |
| Employee contributions  | 2,067,685                    |
| State contributions   | 1,259,995                    |
| Net investment income   | 21,911,535                   |
| Benefit payments, including refunds of<br>employee contributions                  | <u>(12,898,782)</u>          |
| Administrative expense  | <u>(609,264)</u>             |
| Net change in plan fiduciary net position   | 15,586,189                   |
| Plan fiduciary net position-beginning   | <u>201,461,721</u>           |
| Plan fiduciary net position-ending (b)  | <u><u>\$ 217,047,910</u></u> |
| <br>City's net pension liability-ending (a)-(b)                                   | <u><u>\$ 28,867,722</u></u>  |
| <br>Plan fiduciary net position as a percentage of the total<br>pension liability | 88.26%                       |
| <br>Annual covered payroll  | \$ 24,364,333                |
| <br>Net pension liability as a percentage of covered<br>employee payroll          | 118.48%                      |

Notes to Schedule:

Changes of Assumptions: The investment rate of return was changed from 8.4% to 8.3% for 2014. The schedule will present ten years comparative data in the future. September 30, 2014 was the latest available measurement date.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GAINESVILLE, FLORIDA  
SCHEDULE OF POLICE OFFICERS' AND FIREFIGHTERS' CONSOLIDATED  
PENSION FUND EMPLOYER CONTRIBUTIONS  
LAST TWO FISCAL YEARS**

|  | <u>2015</u>      | <u>2014</u>      |
|--|------------------|------------------|
| Actuarially determined contribution                                  | \$ 3,682,847     | \$ 3,855,020     |
| Contributions in relation to the actuarially determined contribution | <u>3,682,847</u> | <u>3,855,020</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      |
| Covered payroll  | \$ 25,539,198    | \$ 24,364,333    |
| Contributions as percentage of covered payroll                       | 14.42%           | 15.82%           |

Notes to Schedule:

Methods and assumptions used to determine contribution rates

|  |  |
|--|--|
| Actuarial cost method                      | Entry age normal   |
| Amortization method                        | Level percentage, closed   |
| Remaining amortization period              | 30 years   |
| Asset valuation method                     | Actuarial value  |
| Inflation rate                             | 3.00%  |
| Future rate of growth in valuation payroll | 3.22%  |
| Investment return rate                     | 8.50%, net of investment expenses  |
| Salary increase rate                       | 4.00% to 7.00%   |
| Retirement rates                           | Schedule of probabilities based on age and service, increasing as age and service increase |
| Mortality rates                            | RP-2000 combined fully generational mortality table with blue collar adjustment            |

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA  
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN  
LAST TWO FISCAL YEARS

| FY   | Annual Money-Weighted Rate of Return on Pension Plan Investments |                 |                   |
|------|--|-----------------|-------------------|
|      | General Pension Plan   | Disability Plan | Consolidated Plan |
| 2015 | -0.74%   | n/a             | 0.00%             |
| 2014 | 10.61%   | 10.61%          | 11.01%            |

Note to Schedule:

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

The Disability Plan was terminated during FY 2015.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

| <u>Actuarial<br/>Valuation<br/>Date</u> | <u>Actuarial<br/>Value of<br/>Assets<br/>(a)</u> | <u>Actuarial<br/>Liability (AAL)<br/>Entry Age<br/>(b)</u> | <u>Unfunded<br/>(UAAL)<br/>(b) - (a)</u> | <u>Funded ratio<br/>(a/b)</u> | <u>Covered<br/>Payroll<br/>(c)</u> | <u>UAAL as %<br/>of covered<br/>payroll<br/>(b-a)/c</u> |
|---|--|--|--|-------------------------------|------------------------------------|---|
| 09/30/15                                | \$ 56,422,165                                    | \$ 63,325,773  | \$ 6,903,608                             | 89.10%                        | \$ 131,000,000                     | 5.27%   |
| 09/30/14                                | 59,867,314                                       | 66,343,732   | 6,476,418                                | 90.24%                        | 126,000,000                        | 5.14%   |
| 09/30/13                                | 57,374,787                                       | 65,560,356   | 8,185,569                                | 87.51%                        | 124,000,000                        | 6.60%   |

**Notes to Schedule:**

|                             |                  |
|-----------------------------|------------------|
| Valuation Date              | 09/30/15         |
| Actuarial Cost Method       | Entry Age Normal |
| Amortization Method         | Level percent    |
| Asset Valuation Method      | Market value     |
| Actuarial Assumptions:      |                  |
| Investment Rate of Return*  | 8.40% per annum  |
| Health Care Cost Trend Rate | 6%               |

\* Includes inflation of 3.75%.

## **NONMAJOR GOVERNMENT FUNDS**

### **SPECIAL REVENUE FUNDS**

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

The City maintains the following Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## DEBT SERVICE FUNDS

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

The City maintains the following Debt Service Funds:

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

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

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

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

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

**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.

**Revenue Refunding Note Series 2014** – to account for funds to accumulate the debt service requirements of the Revenue Refunding Note of 2014.

**Capital Improvement Revenue Bond (CIRB) Series 2014** – to account for funds to accumulate the debt service requirements of the CIRB of 2014.



## CAPITAL PROJECTS FUNDS

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

The City maintains the following Capital Projects Funds:

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

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

**Greenspace and Community Improvement Fund** - to account for the costs of acquiring greenspace land and quality of life improvements in the community.

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

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

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

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

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

**39<sup>th</sup> Avenue Fleet Garage Expansion Fund** – to account for the costs of the expansion of the 39<sup>th</sup> Avenue Fleet garage.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Facilities Maintenance Recurring Capital Projects Fund** – to account for the costs for ongoing facilities capital maintenance.

**Equipment Replacement Capital Projects Fund** – to account for the costs for replacing City equipment (radios, computers, laptops, etc.).

**Roadway Resurfacing Program Capital Projects Fund** – to account for the costs for resurfacing roads.

**Capital Improvement Revenue Bond (CIRB) 2014 CIP Fund** – to account for the costs of various capital projects financed by the CIRB 2014 and interest earnings.

**Capital Improvement Beazer Settlement Capital Projects Fund** – to account for the costs of remediation work associated with the clean-up at the Cabot Carbon/Koppers Superfund Site.

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

**SPECIAL REVENUE FUNDS**

|   | <b>COMMUNITY<br/>DEVELOP-<br/>MENT<br/>BLOCK<br/>GRANT<br/>FUND</b> | <b>URBAN<br/>DEVELOP-<br/>MENT<br/>ACTION<br/>GRANT<br/>FUND</b> | <b>HOME<br/>GRANT<br/>FUND</b> | <b>CULTURAL<br/>AND<br/>NATURE<br/>PROJECTS<br/>FUND</b> | <b>STATE LAW<br/>ENFORCE-<br/>MENT<br/>CONTRABAND<br/>FORFEITURE<br/>FUND</b> |
|---|---|--|--------------------------------|--|---|
| <b>ASSETS</b>   |   |  |                                |  |   |
| Equity in pooled cash and investments   | \$ -  | \$ 1,218,857   | \$ -                           | \$ 109,314   | \$ 123,815  |
| Investments   | -   | -  | -                              | -  | -   |
| Receivables   | 495,551   | -  | 733,243                        | 663  | -   |
| Due from other funds  | -   | -  | -                              | -  | -   |
| Assets held for evidence  | -   | -  | -                              | -  | 315,251   |
| <b>TOTAL ASSETS</b>   | <b>\$ 495,551</b>   | <b>\$ 1,218,857</b>  | <b>\$ 733,243</b>              | <b>\$ 109,977</b>  | <b>\$ 439,066</b>   |
| <b>LIABILITIES</b>  |   |  |                                |  |   |
| Accounts payable and accrued liabilities                                      | \$ 51,147   | \$ 131,570   | \$ 43,837                      | \$ 9,217   | \$ 315,251  |
| Due to other funds  | 238,777   | -  | 564,138                        | -  | -   |
| Unearned revenues   | -   | -  | -                              | -  | -   |
| Advances from other funds   | -   | -  | -                              | -  | -   |
| Total Liabilities   | 289,924   | 131,570  | 607,975                        | 9,217  | 315,251   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |   |  |                                |  |   |
| Deferred revenue-notes receivable   | 33,165  | -  | 26,673                         | -  | -   |
| Deferred revenue-assessments net yet available                                | -   | -  | -                              | -  | -   |
| Total Deferred Inflows of Resources   | 33,165  | -  | 26,673                         | -  | -   |
| <b>FUND BALANCES</b>  |   |  |                                |  |   |
| Nonspendable  | -   | -  | -                              | -  | -   |
| Restricted  | 172,462   | 1,087,287  | 98,595                         | -  | 123,815   |
| Committed   | -   | -  | -                              | 100,760  | -   |
| Assigned  | -   | -  | -                              | -  | -   |
| Unassigned  | -   | -  | -                              | -  | -   |
| Total Fund Balances   | 172,462   | 1,087,287  | 98,595                         | 100,760  | 123,815   |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 495,551</b>   | <b>\$ 1,218,857</b>  | <b>\$ 733,243</b>              | <b>\$ 109,977</b>  | <b>\$ 439,066</b>   |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

**SPECIAL REVENUE FUNDS (continued)**

|   | <b>FEDERAL<br/>LAW EN-<br/>FORCEMENT<br/>CONTRABAND<br/>FORFEITURE<br/>FUND</b> | <b>POLICE<br/>BILLABLE<br/>OVERTIME<br/>FUND</b> | <b>COMMUNITY<br/>REDEVEL-<br/>OPMENT<br/>AGENCY<br/>FUND</b> | <b>STREET,<br/>SIDEWALK<br/>AND DITCH<br/>IMPROVE-<br/>MENT FUND</b> | <b>ECONOMIC<br/>DEVELOP-<br/>MENT<br/>FUND</b> |
|---|---|--|--|--|--|
| <b>ASSETS</b>   |   |  |  |  |  |
| Equity in pooled cash and investments   | \$ 1,481,620  | \$ -   | \$ 623,928   | \$ 174,078   | \$ 301,055                                     |
| Investments   | -   | -  | -  | -  | -  |
| Receivables   | -   | 226,011  | 3,722  | 3,130  | 39,459   |
| Due from other funds  | -   | -  | -  | -  | -  |
| Assets held for evidence  | -   | -  | -  | -  | -  |
| <b>TOTAL ASSETS</b>   | <b>\$ 1,481,620</b>   | <b>\$ 226,011</b>                                | <b>\$ 627,650</b>  | <b>\$ 177,208</b>  | <b>\$ 340,514</b>                              |
| <b>LIABILITIES</b>  |   |  |  |  |  |
| Accounts payable and accrued liabilities                                      | \$ 5,335  | \$ 10,938  | \$ 16,875  | \$ -   | \$ 468   |
| Due to other funds  | -   | 212,829  | -  | -  | -  |
| Unearned revenues   | -   | -  | -  | -  | -  |
| Advances from other funds   | -   | -  | 2,341,675  | -  | -  |
| Total Liabilities   | 5,335   | 223,767  | 2,358,550  | -  | 468  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |   |  |  |  |  |
| Deferred revenue-notes receivable   | -   | -  | -  | -  | -  |
| Deferred revenue-assessments net yet available                                | -   | -  | -  | 3,458  | -  |
| Total Deferred Inflows of Resources   | -   | -  | -  | 3,458  | -  |
| <b>FUND BALANCES</b>  |   |  |  |  |  |
| Nonspendable  | -   | -  | -  | -  | -  |
| Restricted  | 1,476,285   | -  | -  | 173,750  | -  |
| Committed   | -   | 2,244  | -  | -  | 340,046  |
| Assigned  | -   | -  | -  | -  | -  |
| Unassigned  | -   | -  | (1,730,900)  | -  | -  |
| Total Fund Balances   | <b>1,476,285</b>  | <b>2,244</b>                                     | <b>(1,730,900)</b>   | <b>173,750</b>   | <b>340,046</b>                                 |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 1,481,620</b>   | <b>\$ 226,011</b>                                | <b>\$ 627,650</b>  | <b>\$ 177,208</b>  | <b>\$ 340,514</b>                              |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

**SPECIAL REVENUE FUNDS (continued)**

|   | <b>MISCEL-<br/>LANEOUS<br/>GIFTS AND<br/>GRANTS<br/>FUND</b> | <b>TRANSPOR-<br/>TATION<br/>CONCURRENCY<br/>EXCEPTION<br/>AREA<br/>FUND</b> | <b>WATER AND<br/>WASTEWATER<br/>SURCHARGE<br/>INFRA-<br/>STRUCTURE<br/>FUND</b> | <b>SHIP<br/>FUND</b> | <b>SMALL<br/>BUSINESS<br/>LOAN<br/>FUND</b> |
|---|--|---|---|----------------------|---|
| <b>ASSETS</b>   |  |   |   |                      |   |
| Equity in pooled cash and investments   | \$ -   | \$ 4,176,700  | \$ 895,941  | \$ 675,789           | \$ 71,201                                   |
| Investments   | -  | -   | -   | -                    | -   |
| Receivables   | 4,486,778  | -   | -   | -                    | -   |
| Due from other funds  | -  | -   | -   | -                    | -   |
| Assets held for evidence  | -  | -   | -   | -                    | -   |
| <b>TOTAL ASSETS</b>   | <b>\$ 4,486,778</b>  | <b>\$ 4,176,700</b>   | <b>\$ 895,941</b>   | <b>\$ 675,789</b>    | <b>\$ 71,201</b>                            |
| <b>LIABILITIES</b>  |  |   |   |                      |   |
| Accounts payable and accrued liabilities                                      | \$ 593,815   | \$ 99   | \$ -  | \$ 110               | \$ -  |
| Due to other funds  | 3,010,252  | -   | 475,000   | -                    | -   |
| Unearned revenues   | 64,830   | -   | -   | -                    | -   |
| Advances from other funds   | -  | -   | -   | -                    | -   |
| Total Liabilities   | 3,668,897  | 99  | 475,000   | 110                  | -   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |  |   |   |                      |   |
| Deferred revenue-notes receivable   | -  | -   | -   | -                    | -   |
| Deferred revenue-assessments net yet available                                | -  | -   | -   | -                    | -   |
| Total Deferred Inflows of Resources   | -  | -   | -   | -                    | -   |
| <b>FUND BALANCES</b>  |  |   |   |                      |   |
| Nonspendable  | -  | -   | -   | -                    | -   |
| Restricted  | 817,881  | 4,176,601   | -   | 675,679              | -   |
| Committed   | -  | -   | 420,941   | -                    | 71,201                                      |
| Assigned  | -  | -   | -   | -                    | -   |
| Unassigned  | -  | -   | -   | -                    | -   |
| Total Fund Balances   | <b>817,881</b>   | <b>4,176,601</b>  | <b>420,941</b>  | <b>675,679</b>       | <b>71,201</b>                               |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 4,486,778</b>  | <b>\$ 4,176,700</b>   | <b>\$ 895,941</b>   | <b>\$ 675,789</b>    | <b>\$ 71,201</b>                            |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

**SPECIAL REVENUE FUNDS (continued)**

|   | <b>MISC-<br/>ELLANEOUS<br/>SPECIAL<br/>REVENUE<br/>FUND</b> | <b>TOURIST<br/>DESTINATION<br/>ENHANCE-<br/>MENT<br/>FUND</b> | <b>TOURIST<br/>PRODUCT<br/>DEVELOP<br/>FY12<br/>FUND</b> | <b>TOURIST<br/>PRODUCT<br/>DEVELOP<br/>FY13<br/>FUND</b> | <b>TOURIST<br/>PRODUCT<br/>DEVELOP<br/>FY14<br/>FUND</b> |
|---|---|---|--|--|--|
| <b>ASSETS</b>   |   |   |  |  |  |
| Equity in pooled cash and investments   | \$ 1,129,562  | \$ 32,245   | \$ -   | \$ 11,840  | \$ 39,598  |
| Investments   | -   | -   | -  | -  | -  |
| Receivables   | 35,820  | -   | 41,060   | 14,449   | -  |
| Due from other funds  | -   | -   | -  | -  | -  |
| Assets held for evidence  | -   | -   | -  | -  | -  |
| <b>TOTAL ASSETS</b>   | <b>\$ 1,165,382</b>   | <b>\$ 32,245</b>  | <b>\$ 41,060</b>   | <b>\$ 26,289</b>   | <b>\$ 39,598</b>   |
| <b>LIABILITIES</b>  |   |   |  |  |  |
| Accounts payable and accrued liabilities                                      | \$ 11,786   | \$ -  | \$ -   | \$ -   | \$ 1,236   |
| Due to other funds  | -   | -   | 41,060   | -  | -  |
| Unearned revenues   | -   | -   | -  | -  | -  |
| Advances from other funds   | -   | -   | -  | -  | -  |
| Total Liabilities   | 11,786  | -   | 41,060   | -  | 1,236  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |   |   |  |  |  |
| Deferred revenue-notes receivable   | -   | -   | -  | -  | -  |
| Deferred revenue-assessments net yet available                                | -   | -   | -  | -  | -  |
| Total Deferred Inflows of Resources   | -   | -   | -  | -  | -  |
| <b>FUND BALANCES</b>  |   |   |  |  |  |
| Nonspendable  | -   | -   | -  | -  | -  |
| Restricted  | 668,598   | 32,245  | -  | 26,289   | 38,362   |
| Committed   | -   | -   | -  | -  | -  |
| Assigned  | 484,998   | -   | -  | -  | -  |
| Unassigned  | -   | -   | -  | -  | -  |
| Total Fund Balances   | <b>1,153,596</b>  | <b>32,245</b>   | <b>-</b>   | <b>26,289</b>  | <b>38,362</b>  |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 1,165,382</b>   | <b>\$ 32,245</b>  | <b>\$ 41,060</b>   | <b>\$ 26,289</b>   | <b>\$ 39,598</b>   |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

**SPECIAL REVENUE FUNDS (continued)**

|   | <b>TOURIST<br/>PRODUCT<br/>DEVELOP<br/>FY15<br/>FUND</b> | <b>TREE<br/>MITIGATION<br/>FUND</b> | <b>EVERGREEN<br/>CEMETERY<br/>TRUST<br/>FUND</b> | <b>SCHOOL<br/>CROSSING<br/>GUARD<br/>TRUST<br/>FUND</b> | <b>ART IN<br/>PUBLIC<br/>PLACES<br/>TRUST<br/>FUND</b> | <b>DOWNTOWN<br/>REDEVELOP-<br/>MENT TAX<br/>INCREMENT<br/>FUND</b> |
|---|--|-------------------------------------|--|---|--|--|
| <b>ASSETS</b>   |  |                                     |  |   |  |  |
| Equity in pooled cash and investments   | \$ 219,893   | \$ 1,779,029                        | \$ 27,973  | \$ 66,356   | \$ 700   | \$ 3,168,763   |
| Investments   | -  | -                                   | 1,526,389  | -   | -  | -  |
| Receivables   | -  | -                                   | -  | -   | -  | 13,792   |
| Due from other funds  | -  | -                                   | -  | -   | -  | -  |
| Assets held for evidence  | -  | -                                   | -  | -   | -  | -  |
| <b>TOTAL ASSETS</b>   | <b>\$ 219,893</b>  | <b>\$ 1,779,029</b>                 | <b>\$ 1,554,362</b>                              | <b>\$ 66,356</b>  | <b>\$ 700</b>  | <b>\$ 3,182,555</b>  |
| <b>LIABILITIES</b>  |  |                                     |  |   |  |  |
| Accounts payable and accrued liabilities                                      | \$ 53,112  | \$ 218                              | \$ -   | \$ -  | \$ -   | \$ 196,965   |
| Due to other funds  | -  | -                                   | -  | -   | -  | -  |
| Unearned revenues   | -  | -                                   | -  | -   | -  | -  |
| Advances from other funds   | -  | -                                   | -  | -   | -  | -  |
| Total Liabilities   | 53,112   | 218                                 | -  | -   | -  | 196,965  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |  |                                     |  |   |  |  |
| Deferred revenue-notes receivable   | -  | -                                   | -  | -   | -  | -  |
| Deferred revenue-assessments net yet available                                | -  | -                                   | -  | -   | -  | -  |
| Total Deferred Inflows of Resources   | -  | -                                   | -  | -   | -  | -  |
| <b>FUND BALANCES</b>  |  |                                     |  |   |  |  |
| Nonspendable  | -  | -                                   | 973,501  | -   | -  | -  |
| Restricted  | 166,781  | -                                   | 580,861  | 66,356  | -  | 2,985,590  |
| Committed   | -  | 1,778,811                           | -  | -   | 700  | -  |
| Assigned  | -  | -                                   | -  | -   | -  | -  |
| Unassigned  | -  | -                                   | -  | -   | -  | -  |
| Total Fund Balances   | <b>166,781</b>   | <b>1,778,811</b>                    | <b>1,554,362</b>                                 | <b>66,356</b>   | <b>700</b>   | <b>2,985,590</b>   |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 219,893</b>  | <b>\$ 1,779,029</b>                 | <b>\$ 1,554,362</b>                              | <b>\$ 66,356</b>  | <b>\$ 700</b>  | <b>\$ 3,182,555</b>  |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

|   | <u>SPECIAL REVENUE FUNDS (concluded)</u>                                       |  |  | <u>DEBT SERVICE FUNDS</u>                    |  |
|---|--|--|--|--|--|
|   | <u>FIFTH</u><br><u>AVENUE</u><br><u>TAX</u><br><u>INCREMENT</u><br><u>FUND</u> | <u>COLLEGE</u><br><u>PARK TAX</u><br><u>INCREMENT</u><br><u>FUND</u> | <u>EASTSIDE</u><br><u>TAX</u><br><u>INCREMENT</u><br><u>FUND</u> | <u>FFGFC</u><br><u>SERIES</u><br><u>2005</u> | <u>FFGFC</u><br><u>SERIES</u><br><u>2007</u> |
| <b><u>ASSETS</u></b>  |  |  |  |  |  |
| Equity in pooled cash and investments                                     | \$ 920,717   | \$ 9,565,870   | \$ 2,304,766   | \$ 29,150                                    | \$ -   |
| Investments   | -  | -  | -  | -  | -  |
| Receivables   | 1,390  | -  | 1,500  | -  | -  |
| Due from other funds  | -  | -  | -  | -  | -  |
| Assets held for evidence  | -  | -  | -  | -  | -  |
| <b>TOTAL ASSETS</b>   | <b>\$ 922,107</b>  | <b>\$ 9,565,870</b>  | <b>\$ 2,306,266</b>  | <b>\$ 29,150</b>                             | <b>\$ -</b>                                  |
| <b><u>LIABILITIES</u></b>   |  |  |  |  |  |
| Accounts payable and accrued liabilities                                  | \$ 17,298  | \$ 6,551   | \$ 1,308   | \$ -   | \$ -   |
| Due to other funds  | -  | 8,000  | -  | -  | 3,710  |
| Unearned revenues   | -  | -  | -  | -  | -  |
| Advances from other funds   | -  | -  | -  | -  | -  |
| Total Liabilities   | 17,298   | 14,551   | 1,308  | -  | 3,710  |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                               |  |  |  |  |  |
| Deferred revenue-notes receivable   | -  | -  | -  | -  | -  |
| Deferred revenue-assessments net yet available                            | 1,390  | -  | -  | -  | -  |
| Total Deferred Inflows of Resources                                       | 1,390  | -  | -  | -  | -  |
| <b><u>FUND BALANCES</u></b>   |  |  |  |  |  |
| Nonspendable  | -  | -  | -  | -  | -  |
| Restricted  | 903,419  | 9,551,319  | 2,304,958  | -  | -  |
| Committed   | -  | -  | -  | -  | -  |
| Assigned  | -  | -  | -  | 29,150                                       | -  |
| Unassigned  | -  | -  | -  | -  | (3,710)                                      |
| Total Fund Balances   | <b>903,419</b>   | <b>9,551,319</b>   | <b>2,304,958</b>   | <b>29,150</b>                                | <b>(3,710)</b>                               |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <b>\$ 922,107</b>  | <b>\$ 9,565,870</b>  | <b>\$ 2,306,266</b>  | <b>\$ 29,150</b>                             | <b>\$ -</b>                                  |

(CONTINUED)



**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

**DEBT SERVICE FUNDS (continued)**

|   | <b>GUARANTEED<br/>ENTITLEMENT<br/>REFUNDING<br/>BONDS 2004</b> | <b>PENSION<br/>OBLIGATION<br/>BOND<br/>SERIES<br/>2003A</b> | <b>PENSION<br/>OBLIGATION<br/>BOND<br/>SERIES<br/>2003B</b> | <b>CAPITAL<br/>IMPROVEMENT<br/>REVENUE BOND<br/>(CIRB)<br/>SERIES 2005</b> | <b>GPD ENERGY<br/>CONSERV.<br/>MASTER<br/>CAPITAL<br/>LEASE</b> |
|---|--|---|---|--|---|
| <b>ASSETS</b>   |  |   |   |  |   |
| Equity in pooled cash and investments   | \$ 129,757   | \$ 107,736  | \$ 141,616  | \$ 3,647   | \$ 88,390   |
| Investments   | -  | -   | -   | -  | -   |
| Receivables   | -  | -   | -   | -  | -   |
| Due from other funds  | -  | -   | -   | -  | -   |
| Assets held for evidence  | -  | -   | -   | -  | -   |
| <b>TOTAL ASSETS</b>   | <b>\$ 129,757</b>  | <b>\$ 107,736</b>   | <b>\$ 141,616</b>   | <b>\$ 3,647</b>  | <b>\$ 88,390</b>  |
| <b>LIABILITIES</b>  |  |   |   |  |   |
| Accounts payable and accrued liabilities                                      | \$ -   | \$ -  | \$ -  | \$ -   | \$ 8,449  |
| Due to other funds  | -  | -   | -   | -  | -   |
| Unearned revenues   | -  | -   | -   | -  | -   |
| Advances from other funds   | -  | -   | -   | -  | -   |
| Total Liabilities   | -  | -   | -   | -  | 8,449   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |  |   |   |  |   |
| Deferred revenue-notes receivable   | -  | -   | -   | -  | -   |
| Deferred revenue-assessments net yet available                                | -  | -   | -   | -  | -   |
| Total Deferred Inflows of Resources   | -  | -   | -   | -  | -   |
| <b>FUND BALANCES</b>  |  |   |   |  |   |
| Nonspendable  | -  | -   | -   | -  | -   |
| Restricted  | -  | -   | -   | -  | -   |
| Committed   | -  | -   | -   | -  | -   |
| Assigned  | 129,757  | 107,736   | 141,616   | 3,647  | 79,941  |
| Unassigned  | -  | -   | -   | -  | -   |
| Total Fund Balances   | <b>129,757</b>   | <b>107,736</b>  | <b>141,616</b>  | <b>3,647</b>   | <b>79,941</b>   |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 129,757</b>  | <b>\$ 107,736</b>   | <b>\$ 141,616</b>   | <b>\$ 3,647</b>  | <b>\$ 88,390</b>  |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

**DEBT SERVICE FUNDS (continued)**

|   | <b>CAPITAL<br/>IMPROVEMENT<br/>REVENUE<br/>NOTE<br/>(CIRN) 2009</b> | <b>CAPITAL<br/>IMPROVEMENT<br/>REVENUE BOND<br/>(CIRB)<br/>SERIES 2010</b> | <b>REVENUE<br/>REFUNDING<br/>NOTE<br/>SERIES 2011</b> | <b>CAPITAL<br/>IMPROVEMENT<br/>REVENUE<br/>NOTE<br/>SERIES 2011A</b> |
|---|---|--|---|--|
| <b>ASSETS</b>   |   |  |   |  |
| Equity in pooled cash and investments   | \$ 86,978   | \$ 79,512  | \$ 13,213   | \$ 32,508  |
| Investments   | -   | -  | -   | -  |
| Receivables   | -   | -  | -   | -  |
| Due from other funds  | -   | -  | -   | -  |
| Assets held for evidence  | -   | -  | -   | -  |
| <b>TOTAL ASSETS</b>   | <b>\$ 86,978</b>  | <b>\$ 79,512</b>   | <b>\$ 13,213</b>                                      | <b>\$ 32,508</b>   |
| <b>LIABILITIES</b>  |   |  |   |  |
| Accounts payable and accrued liabilities                                      | \$ -  | \$ -   | \$ -  | \$ -   |
| Due to other funds  | -   | -  | -   | -  |
| Unearned revenues   | -   | -  | -   | -  |
| Advances from other funds   | -   | -  | -   | -  |
| Total Liabilities   | -   | -  | -   | -  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |   |  |   |  |
| Deferred revenue-notes receivable   | -   | -  | -   | -  |
| Deferred revenue-assessments net yet available                                | -   | -  | -   | -  |
| Total Deferred Inflows of Resources   | -   | -  | -   | -  |
| <b>FUND BALANCES</b>  |   |  |   |  |
| Nonspendable  | -   | -  | -   | -  |
| Restricted  | -   | -  | -   | -  |
| Committed   | -   | -  | -   | -  |
| Assigned  | 86,978  | 79,512   | 13,213  | 32,508   |
| Unassigned  | -   | -  | -   | -  |
| Total Fund Balances   | <b>86,978</b>   | <b>79,512</b>  | <b>13,213</b>   | <b>32,508</b>  |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 86,978</b>  | <b>\$ 79,512</b>   | <b>\$ 13,213</b>                                      | <b>\$ 32,508</b>   |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

|   | <u>DEBT SERVICE FUNDS (concluded)</u>                 |  | <u>CAPITAL PROJECTS FUNDS</u>                    |   |  |
|---|---|--|--|---|--|
|   | <u>REVENUE<br/>REFUNDING<br/>NOTE<br/>SERIES 2014</u> | <u>CAPITAL<br/>IMPROVEMENT<br/>REVENUE BOND<br/>(CIRB)<br/>SERIES 2014</u> | <u>GENERAL<br/>CAPITAL<br/>PROJECTS<br/>FUND</u> | <u>PUBLIC<br/>IMPROVEMENT<br/>CONSTRUCTION<br/>FUND</u> | <u>GREENSPACE<br/>AND<br/>COMMUNITY<br/>IMPROVEMENT<br/>FUND</u> |
| <b><u>ASSETS</u></b>  |   |  |  |   |  |
| Equity in pooled cash and investments   | \$ 22,006   | \$ 13,811  | \$ 6,488,987                                     | \$ 12,419   | \$ 1,550,636   |
| Investments   | -   | -  | -  | -   | -  |
| Receivables   | -   | -  | 19,500   | -   | -  |
| Due from other funds  | -   | -  | 169,249  | -   | -  |
| Assets held for evidence  | -   | -  | -  | -   | -  |
| <b>TOTAL ASSETS</b>   | <b>\$ 22,006</b>                                      | <b>\$ 13,811</b>   | <b>\$ 6,677,736</b>                              | <b>\$ 12,419</b>  | <b>\$ 1,550,636</b>  |
| <b><u>LIABILITIES</u></b>   |   |  |  |   |  |
| Accounts payable and accrued liabilities                                      | \$ -  | \$ -   | \$ 176,230                                       | \$ -  | \$ -   |
| Due to other funds  | -   | -  | -  | -   | -  |
| Unearned revenues   | -   | -  | -  | -   | -  |
| Advances from other funds   | -   | -  | -  | -   | -  |
| Total Liabilities   | -   | -  | 176,230  | -   | -  |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                                   |   |  |  |   |  |
| Deferred revenue-notes receivable   | -   | -  | -  | -   | -  |
| Deferred revenue-assessments net yet available                                | -   | -  | -  | -   | -  |
| Total Deferred Inflows of Resources   | -   | -  | -  | -   | -  |
| <b><u>FUND BALANCES</u></b>   |   |  |  |   |  |
| Nonspendable  | -   | -  | -  | -   | -  |
| Restricted  | -   | -  | 1,217,448  | -   | -  |
| Committed   | -   | -  | -  | -   | -  |
| Assigned  | 22,006  | 13,811   | 5,284,058  | 12,419  | 1,550,636  |
| Unassigned  | -   | -  | -  | -   | -  |
| Total Fund Balances   | <b>22,006</b>   | <b>13,811</b>  | <b>6,501,506</b>                                 | <b>12,419</b>   | <b>1,550,636</b>   |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 22,006</b>                                      | <b>\$ 13,811</b>   | <b>\$ 6,677,736</b>                              | <b>\$ 12,419</b>  | <b>\$ 1,550,636</b>  |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

**CAPITAL PROJECTS FUNDS (continued)**

|   | <b>ROADWAY<br/>CONSTRUCTION<br/>FUND 96</b> | <b>CAPITAL<br/>PROJECTS<br/>FUND 02</b> | <b>FIFTH<br/>AVENUE/<br/>PLEASANT ST<br/>REHAB PROJ<br/>FUND 02</b> | <b>DOWNTOWN<br/>PARKING<br/>GARAGE<br/>SALES<br/>TAX FUND</b> | <b>FFGFC 05<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> |
|---|---|---|---|---|---|
| <b>ASSETS</b>   |   |   |   |   |   |
| Equity in pooled cash and investments   | \$ 63,644                                   | \$ 689,796                              | \$ 77,156   | \$ 934  | \$ 203,781  |
| Investments   | -   | -                                       | -   | -   | -   |
| Receivables   | -   | -                                       | -   | -   | -   |
| Due from other funds  | -   | -                                       | -   | -   | -   |
| Assets held for evidence  | -   | -                                       | -   | -   | -   |
| <b>TOTAL ASSETS</b>   | <b>\$ 63,644</b>                            | <b>\$ 689,796</b>                       | <b>\$ 77,156</b>  | <b>\$ 934</b>   | <b>\$ 203,781</b>                                 |
| <b>LIABILITIES</b>  |   |   |   |   |   |
| Accounts payable and accrued liabilities                                      | \$ 42                                       | \$ 64,511                               | \$ -  | \$ -  | \$ 5,680  |
| Due to other funds  | -   | -                                       | -   | -   | -   |
| Unearned revenues   | -   | -                                       | -   | -   | -   |
| Advances from other funds   | -   | -                                       | -   | -   | -   |
| Total Liabilities   | 42  | 64,511                                  | -   | -   | 5,680   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |   |   |   |   |   |
| Deferred revenue-notes receivable   | -   | -                                       | -   | -   | -   |
| Deferred revenue-assessments net yet available                                | -   | -                                       | -   | -   | -   |
| Total Deferred Inflows of Resources   | -   | -                                       | -   | -   | -   |
| <b>FUND BALANCES</b>  |   |   |   |   |   |
| Nonspendable  | -   | -                                       | -   | -   | -   |
| Restricted  | -   | -                                       | -   | 934   | -   |
| Committed   | -   | -                                       | -   | -   | -   |
| Assigned  | 63,602                                      | 625,285                                 | 77,156  | -   | 198,101   |
| Unassigned  | -   | -                                       | -   | -   | -   |
| Total Fund Balances   | <b>63,602</b>                               | <b>625,285</b>                          | <b>77,156</b>   | <b>934</b>  | <b>198,101</b>                                    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 63,644</b>                            | <b>\$ 689,796</b>                       | <b>\$ 77,156</b>  | <b>\$ 934</b>   | <b>\$ 203,781</b>                                 |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

**CAPITAL PROJECTS FUNDS (continued)**

|   | <b>CAPITAL PROJECTS FUNDS (continued)</b> |                     |                     |                     |                     |  |
|---|---|---------------------|---------------------|---------------------|---------------------|--|
|   | <b>CAPITAL</b>                            |                     | <b>KENNEDY</b>      |                     | <b>CAMPUS</b>       |  |
|   | <b>39TH AVENUE</b>                        | <b>IMPROVEMENT</b>  | <b>HOMES</b>        | <b>DEVELOPMENT</b>  | <b>ENERGY</b>       |  |
|   | <b>FLEET GARAGE</b>                       | <b>REVENUE BOND</b> | <b>ACQUISITION/</b> | <b>AGREEMENT</b>    | <b>CONSERVATION</b> |  |
|   | <b>EXPANSION</b>                          | <b>(CIRB) 2005</b>  | <b>DEMOLITION</b>   | <b>CAPITAL</b>      | <b>CAPITAL</b>      |  |
|   | <b>FUND</b>                               | <b>CIP FUND</b>     | <b>FUND</b>         | <b>PROJECTS</b>     | <b>PROJECTS</b>     |  |
|   |   |                     |                     | <b>FUND</b>         | <b>FUND</b>         |  |
| <b>ASSETS</b>   |   |                     |                     |                     |                     |  |
| Equity in pooled cash and investments                                     | \$ 440                                    | \$ 2,987,851        | \$ 674,066          | \$ 7,698,247        | \$ 67,815           |  |
| Investments   | -   | -                   | -                   | -                   | -                   |  |
| Receivables   | -   | -                   | -                   | -                   | -                   |  |
| Due from other funds  | -   | -                   | -                   | -                   | -                   |  |
| Assets held for evidence  | -   | -                   | -                   | -                   | -                   |  |
| <b>TOTAL ASSETS</b>   | <b>\$ 440</b>                             | <b>\$ 2,987,851</b> | <b>\$ 674,066</b>   | <b>\$ 7,698,247</b> | <b>\$ 67,815</b>    |  |
| <b>LIABILITIES</b>  |   |                     |                     |                     |                     |  |
| Accounts payable and accrued liabilities                                  | \$ -                                      | \$ 70,186           | \$ 2,936            | \$ 80,861           | \$ -                |  |
| Due to other funds  | -   | -                   | -                   | -                   | -                   |  |
| Unearned revenues   | -   | -                   | -                   | -                   | -                   |  |
| Advances from other funds   | -   | -                   | -                   | -                   | -                   |  |
| Total Liabilities   | -   | 70,186              | 2,936               | 80,861              | -                   |  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |   |                     |                     |                     |                     |  |
| Deferred revenue-notes receivable   | -   | -                   | -                   | -                   | -                   |  |
| Deferred revenue-assessments net yet available                            | -   | -                   | -                   | -                   | -                   |  |
| Total Deferred Inflows of Resources                                       | -   | -                   | -                   | -                   | -                   |  |
| <b>FUND BALANCES</b>  |   |                     |                     |                     |                     |  |
| Nonspendable  | -   | -                   | -                   | -                   | -                   |  |
| Restricted  | -   | -                   | -                   | 5,974,406           | -                   |  |
| Committed   | -   | -                   | -                   | -                   | -                   |  |
| Assigned  | 440                                       | 2,917,665           | 671,130             | 1,642,980           | 67,815              |  |
| Unassigned  | -   | -                   | -                   | -                   | -                   |  |
| Total Fund Balances   | <b>440</b>                                | <b>2,917,665</b>    | <b>671,130</b>      | <b>7,617,386</b>    | <b>67,815</b>       |  |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <b>\$ 440</b>                             | <b>\$ 2,987,851</b> | <b>\$ 674,066</b>   | <b>\$ 7,698,247</b> | <b>\$ 67,815</b>    |  |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

**CAPITAL PROJECTS FUNDS (continued)**

|   | <b>ADD'L 5 CENTS<br/>LOCAL OPTION<br/>GAS TAX (LOGT)<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>ADD'L 5 CENTS<br/>GAS TAX (LOGT)<br/>CIRN 2009<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>TRAFFIC<br/>MANAGEMENT<br/>SYSTEM BLDG<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>CAPITAL IMP<br/>REVENUE NOTE<br/>(CIRN) 2009<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>WILD SPACES<br/>PUBLIC PLACES<br/>1/2 CENT SALES<br/>TAX CAPITAL<br/>PROJECTS<br/>FUND</b> |
|---|--|---|---|---|---|
| <b>ASSETS</b>   |  |   |   |   |   |
| Equity in pooled cash and investments   | \$ 4,741,035   | \$ 2,183,336  | \$ 158,404  | \$ 24,762   | \$ 345,151  |
| Investments   | -  | -   | -   | -   | -   |
| Receivables   | -  | -   | -   | -   | -   |
| Due from other funds  | -  | -   | -   | -   | -   |
| Assets held for evidence  | -  | -   | -   | -   | -   |
| <b>TOTAL ASSETS</b>   | <b>\$ 4,741,035</b>  | <b>\$ 2,183,336</b>   | <b>\$ 158,404</b>   | <b>\$ 24,762</b>  | <b>\$ 345,151</b>   |
| <b>LIABILITIES</b>  |  |   |   |   |   |
| Accounts payable and accrued liabilities                                      | \$ 73,263  | \$ 50,366   | \$ 40,000   | \$ 1,851  | \$ 5,928  |
| Due to other funds  | -  | -   | -   | -   | -   |
| Unearned revenues   | -  | -   | -   | -   | -   |
| Advances from other funds   | -  | -   | -   | -   | -   |
| Total Liabilities   | 73,263   | 50,366  | 40,000  | 1,851   | 5,928   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |  |   |   |   |   |
| Deferred revenue-notes receivable   | -  | -   | -   | -   | -   |
| Deferred revenue-assessments net yet available                                | -  | -   | -   | -   | -   |
| Total Deferred Inflows of Resources   | -  | -   | -   | -   | -   |
| <b>FUND BALANCES</b>  |  |   |   |   |   |
| Nonspendable  | -  | -   | -   | -   | -   |
| Restricted  | 4,667,772  | 2,132,970   | -   | -   | 339,223   |
| Committed   | -  | -   | -   | -   | -   |
| Assigned  | -  | -   | 118,404   | 22,911  | -   |
| Unassigned  | -  | -   | -   | -   | -   |
| Total Fund Balances   | <b>4,667,772</b>   | <b>2,132,970</b>  | <b>118,404</b>  | <b>22,911</b>   | <b>339,223</b>  |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 4,741,035</b>  | <b>\$ 2,183,336</b>   | <b>\$ 158,404</b>   | <b>\$ 24,762</b>  | <b>\$ 345,151</b>   |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

|   | <b>CAPITAL PROJECTS FUNDS (continued)</b>  |   |   |   |   |
|---|--|---|---|---|---|
|   | <b>WILD SPACES<br/>PUBLIC PLACES<br/>LAND ACQ.<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>SENIOR<br/>RECREATION<br/>CENTER<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>CAPITAL IMP<br/>REVENUE BOND<br/>(CIRB) 2010<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>CAPITAL IMP<br/>REVENUE NOTE<br/>(CIRN) 2011<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>FACILITIES<br/>MAINTENANCE<br/>RECURRING<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> |
| <b>ASSETS</b>   |  |   |   |   |   |
| Equity in pooled cash and investments   | \$ 249,633   | \$ 118,008  | \$ 1,196,545  | \$ 94,317   | \$ 505,977  |
| Investments   | -  | -   | -   | -   | -   |
| Receivables   | -  | -   | -   | -   | -   |
| Due from other funds  | -  | -   | -   | -   | -   |
| Assets held for evidence  | -  | -   | -   | -   | -   |
| <b>TOTAL ASSETS</b>   | <b>\$ 249,633</b>  | <b>\$ 118,008</b>   | <b>\$ 1,196,545</b>   | <b>\$ 94,317</b>  | <b>\$ 505,977</b>   |
| <b>LIABILITIES</b>  |  |   |   |   |   |
| Accounts payable and accrued liabilities                                      | \$ 7,899   | \$ 578  | \$ 300,336  | \$ 38   | \$ 53,808   |
| Due to other funds  | -  | -   | -   | -   | -   |
| Unearned revenues   | -  | -   | -   | -   | -   |
| Advances from other funds   | -  | -   | -   | -   | -   |
| Total Liabilities   | 7,899  | 578   | 300,336   | 38  | 53,808  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |  |   |   |   |   |
| Deferred revenue-notes receivable   | -  | -   | -   | -   | -   |
| Deferred revenue-assessments net yet available                                | -  | -   | -   | -   | -   |
| Total Deferred Inflows of Resources   | -  | -   | -   | -   | -   |
| <b>FUND BALANCES</b>  |  |   |   |   |   |
| Nonspendable  | -  | -   | -   | -   | -   |
| Restricted  | 241,734  | 117,430   | -   | -   | -   |
| Committed   | -  | -   | -   | -   | -   |
| Assigned  | -  | -   | 896,209   | 94,279  | 452,169   |
| Unassigned  | -  | -   | -   | -   | -   |
| Total Fund Balances   | <b>241,734</b>   | <b>117,430</b>  | <b>896,209</b>  | <b>94,279</b>   | <b>452,169</b>  |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 249,633</b>  | <b>\$ 118,008</b>   | <b>\$ 1,196,545</b>   | <b>\$ 94,317</b>  | <b>\$ 505,977</b>   |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

**CAPITAL PROJECTS FUNDS (concluded)**

|   | <b>EQUIPMENT<br/>REPLACEMENT<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>ROADWAY<br/>RESURFACING<br/>PROGRAM<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>CAPITAL IMP<br/>REVENUE BOND<br/>(CIRB) 2014<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>CAPITAL IMP<br/>BEAZER<br/>SETTLEMENT<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>TOTAL<br/>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> |
|---|--|--|---|--|--|
| <b>ASSETS</b>   |  |  |   |  |  |
| Equity in pooled cash and investments   | \$ 684,054   | \$ 2,225,053   | \$ 12,304,648   | \$ 677,772   | \$ 75,892,401  |
| Investments   | -  | -  | -   | -  | 1,526,389  |
| Receivables   | -  | -  | -   | -  | 6,116,068  |
| Due from other funds  | -  | -  | -   | -  | 169,249  |
| Assets held for evidence  | -  | -  | -   | -  | 315,251  |
| <b>TOTAL ASSETS</b>   | <b>\$ 684,054</b>  | <b>\$ 2,225,053</b>  | <b>\$ 12,304,648</b>  | <b>\$ 677,772</b>  | <b>\$ 84,019,358</b>                                 |
| <b>LIABILITIES</b>  |  |  |   |  |  |
| Accounts payable and accrued liabilities                                      | \$ 8,456   | \$ 41,283  | \$ 30,118   | \$ 16  | \$ 2,489,971   |
| Due to other funds  | -  | -  | -   | 250,000  | 4,803,766  |
| Unearned revenues   | -  | -  | -   | -  | 64,830   |
| Advances from other funds   | -  | -  | -   | -  | 2,341,675  |
| Total Liabilities   | 8,456  | 41,283   | 30,118  | 250,016  | 9,700,242  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |  |  |   |  |  |
| Deferred revenue-notes receivable   | -  | -  | -   | -  | 59,838   |
| Deferred revenue-assessments net yet available                                | -  | -  | -   | -  | 4,848  |
| Total Deferred Inflows of Resources   | -  | -  | -   | -  | 64,686   |
| <b>FUND BALANCES</b>  |  |  |   |  |  |
| Nonspendable  | -  | -  | -   | -  | 973,501  |
| Restricted  | -  | -  | -   | -  | 40,819,050   |
| Committed   | -  | -  | -   | -  | 2,714,703  |
| Assigned  | 675,598  | 2,183,770  | 12,274,530  | 427,756  | 31,481,786   |
| Unassigned  | -  | -  | -   | -  | (1,734,610)  |
| Total Fund Balances   | 675,598  | 2,183,770  | 12,274,530  | 427,756  | 74,254,430   |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 684,054</b>  | <b>\$ 2,225,053</b>  | <b>\$ 12,304,648</b>  | <b>\$ 677,772</b>  | <b>\$ 84,019,358</b>                                 |

(CONCLUDED)





**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <b>SPECIAL REVENUE FUNDS</b>  |  |                                |  |   |   |
|---|---|--|--------------------------------|--|---|---|
|   | <b>COMMUNITY<br/>DEVELOP-<br/>MENT<br/>BLOCK<br/>GRANT<br/>FUND</b> | <b>URBAN<br/>DEVELOP-<br/>MENT<br/>ACTION<br/>GRANT<br/>FUND</b> | <b>HOME<br/>GRANT<br/>FUND</b> | <b>CULTURAL<br/>AND<br/>NATURE<br/>PROJECTS<br/>FUND</b> | <b>STATE LAW<br/>ENFORCE-<br/>MENT<br/>CONTRABAND<br/>FORFEITURE<br/>FUND</b> | <b>FEDERAL LAW<br/>ENFORCE-<br/>MENT<br/>CONTRABAND<br/>FORFEITURE<br/>FUND</b> |
| <b>REVENUES</b>   |   |  |                                |  |   |   |
| Taxes   | \$ -  | \$ -   | \$ -                           | \$ -   | \$ -  | \$ -  |
| Intergovernmental                                       | 994,079   | -  | 657,745                        | -  | -   | -   |
| Charges for services                                    | 3,900   | -  | -                              | 477,215  | -   | -   |
| Fines and forfeitures                                   | -   | -  | -                              | -  | 86,255  | 350,709   |
| Miscellaneous   | 13,885  | -  | 102,021                        | 66,338   | 10,415  | -   |
| <b>TOTAL REVENUES</b>                                   | <b>1,011,864</b>  | <b>-</b>   | <b>759,766</b>                 | <b>543,553</b>   | <b>96,670</b>   | <b>350,709</b>  |
| <b>EXPENDITURES</b>                                     |   |  |                                |  |   |   |
| Current:  |   |  |                                |  |   |   |
| General government                                      | -   | -  | -                              | -  | -   | -   |
| Public safety   | 146,290   | -  | -                              | -  | 42,038  | 368,707   |
| Physical environment                                    | -   | -  | -                              | -  | -   | -   |
| Transportation  | 58,629  | -  | -                              | -  | -   | -   |
| Economic environment                                    | 618,162   | -  | 757,445                        | -  | -   | -   |
| Human services  | 173,997   | -  | -                              | -  | -   | -   |
| Culture and recreation                                  | -   | 180,132  | -                              | 470,441  | -   | -   |
| Debt service:   |   |  |                                |  |   |   |
| Principal   | -   | -  | -                              | -  | -   | -   |
| Interest and fiscal charges                             | -   | -  | -                              | -  | -   | -   |
| Bond issuance costs                                     | -   | -  | -                              | -  | -   | -   |
| Capital outlay  | -   | -  | -                              | -  | -   | -   |
| <b>TOTAL EXPENDITURES</b>                               | <b>997,078</b>  | <b>180,132</b>   | <b>757,445</b>                 | <b>470,441</b>   | <b>42,038</b>   | <b>368,707</b>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>14,786</b>   | <b>(180,132)</b>   | <b>2,321</b>                   | <b>73,112</b>  | <b>54,632</b>   | <b>(17,998)</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |   |  |                                |  |   |   |
| Debt issuance   | -   | -  | -                              | -  | -   | -   |
| Bond premium  | -   | -  | -                              | -  | -   | -   |
| Transfers in  | -   | -  | -                              | 1,575  | -   | -   |
| Transfers out   | (14,786)  | -  | (2,321)                        | (68,042)   | (9,123)   | (13,715)  |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>(14,786)</b>   | <b>-</b>   | <b>(2,321)</b>                 | <b>(66,467)</b>  | <b>(9,123)</b>  | <b>(13,715)</b>   |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>-</b>  | <b>(180,132)</b>   | <b>-</b>                       | <b>6,645</b>   | <b>45,509</b>   | <b>(31,713)</b>   |
| <b>FUND BALANCES, October 1</b>                         | <b>172,462</b>  | <b>1,267,419</b>   | <b>98,595</b>                  | <b>94,115</b>  | <b>78,306</b>   | <b>1,507,998</b>  |
| <b>FUND BALANCES, September 30</b>                      | <b>\$ 172,462</b>   | <b>\$ 1,087,287</b>  | <b>\$ 98,595</b>               | <b>\$ 100,760</b>  | <b>\$ 123,815</b>   | <b>\$ 1,476,285</b>   |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**SPECIAL REVENUE FUNDS (continued)**

|   | <b>POLICE<br/>BILLABLE<br/>OVERTIME<br/>FUND</b> | <b>COMMUNITY<br/>REDEVELOP-<br/>MENT<br/>AGENCY<br/>FUND</b> | <b>STREET,<br/>SIDEWALK<br/>AND DITCH<br/>IMPROVEMENT<br/>FUND</b> | <b>ECONOMIC<br/>DEVELOP-<br/>MENT<br/>FUND</b> | <b>MISCEL-<br/>LANEOUS<br/>GIFTS AND<br/>GRANTS<br/>FUND</b> | <b>TRANSPORTATION<br/>CONCURRENCY<br/>EXCEPTION<br/>AREA<br/>FUND</b> |
|---|--|--|--|--|--|---|
| <b>REVENUES</b>   |  |  |  |  |  |   |
| Taxes   | \$ -   | \$ -   | \$ -   | \$ -   | \$ -   | \$ -  |
| Intergovernmental                                       | -  | -  | -  | -  | 5,810,281  | -   |
| Charges for services                                    | 610,307  | -  | -  | -  | -  | 1,468,359   |
| Fines and forfeitures                                   | -  | -  | -  | -  | -  | -   |
| Miscellaneous   | -  | 22,812   | 9,258  | 12,845   | -  | 55,364  |
| <b>TOTAL REVENUES</b>                                   | <b>610,307</b>                                   | <b>22,812</b>  | <b>9,258</b>   | <b>12,845</b>                                  | <b>5,810,281</b>   | <b>1,523,723</b>  |
| <b>EXPENDITURES</b>                                     |  |  |  |  |  |   |
| Current:  |  |  |  |  |  |   |
| General government                                      | -  | 63,386   | -  | 10,656   | 57,677   | -   |
| Public safety   | 641,662  | -  | -  | -  | 1,762,206  | -   |
| Physical environment                                    | -  | -  | -  | -  | 1,900  | -   |
| Transportation  | -  | -  | -  | -  | 3,722,898  | 247,560   |
| Economic environment                                    | -  | 1,243,671  | -  | -  | -  | -   |
| Human services  | -  | -  | -  | -  | -  | -   |
| Culture and recreation                                  | -  | -  | -  | -  | 286,924  | -   |
| Debt service:   |  |  |  |  |  |   |
| Principal   | -  | 5,585  | -  | -  | -  | -   |
| Interest and fiscal charges                             | -  | 15,904   | -  | -  | -  | -   |
| Bond issuance costs                                     | -  | -  | -  | -  | -  | -   |
| Capital outlay  | -  | -  | -  | -  | -  | -   |
| <b>TOTAL EXPENDITURES</b>                               | <b>641,662</b>                                   | <b>1,328,546</b>   | <b>-</b>   | <b>10,656</b>                                  | <b>5,831,605</b>   | <b>247,560</b>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(31,355)</b>                                  | <b>(1,305,734)</b>   | <b>9,258</b>   | <b>2,189</b>                                   | <b>(21,324)</b>  | <b>1,276,163</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |  |  |  |  |  |   |
| Debt issuance   | -  | -  | -  | -  | -  | -   |
| Bond premium  | -  | -  | -  | -  | -  | -   |
| Transfers in  | 31,356   | 1,713,681  | -  | 50,000   | 902,997  | -   |
| Transfers out   | -  | (19,157)   | -  | -  | (144,351)  | -   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>31,356</b>                                    | <b>1,694,524</b>   | <b>-</b>   | <b>50,000</b>                                  | <b>758,646</b>   | <b>-</b>  |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>1</b>   | <b>388,790</b>   | <b>9,258</b>   | <b>52,189</b>                                  | <b>737,322</b>   | <b>1,276,163</b>  |
| <b>FUND BALANCES, October 1</b>                         | <b>2,243</b>                                     | <b>(2,119,690)</b>   | <b>164,492</b>   | <b>287,857</b>                                 | <b>80,559</b>  | <b>2,900,438</b>  |
| <b>FUND BALANCES, September 30</b>                      | <b>\$ 2,244</b>                                  | <b>\$ (1,730,900)</b>  | <b>\$ 173,750</b>  | <b>\$ 340,046</b>                              | <b>\$ 817,881</b>  | <b>\$ 4,176,601</b>   |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**SPECIAL REVENUE FUNDS (continued)**

|   | WATER AND<br>WASTEWATER<br>SURCHARGE<br>INFRASTRUCTURE<br><u>FUND</u> | SHIP<br><u>FUND</u> | SMALL<br>BUSINESS<br>LOAN<br><u>FUND</u> | MISC-<br>ELLANEOUS<br>SPECIAL<br>REVENUE<br><u>FUND</u> | TOURIST<br>DESTINATION<br>ENHANCE-<br>MENT<br><u>FUND</u> | TOURIST<br>PRODUCT<br>DEVELOP<br>FY12<br><u>FUND</u> | TOURIST<br>PRODUCT<br>DEVELOP<br>FY13<br><u>FUND</u> |
|---|---|---------------------|--|---|---|--|--|
| <b>REVENUES</b>   |   |                     |  |   |   |  |  |
| Taxes   | \$ -  | \$ -                | \$ -                                     | \$ -  | \$ -  | \$ -   | \$ -   |
| Intergovernmental                                       | -   | 367,457             | -  | 330,963   | -   | -  | -  |
| Charges for services                                    | -   | -                   | -  | 16,587  | -   | -  | -  |
| Fines and forfeitures                                   | -   | -                   | -  | 50,792  | -   | -  | -  |
| Miscellaneous   | 59,071  | 33,929              | -  | 506,426   | -   | -  | -  |
| <b>TOTAL REVENUES</b>                                   | <b>59,071</b>   | <b>401,386</b>      | <b>-</b>                                 | <b>904,768</b>  | <b>-</b>  | <b>-</b>   | <b>-</b>   |
| <b>EXPENDITURES</b>                                     |   |                     |  |   |   |  |  |
| Current:  |   |                     |  |   |   |  |  |
| General government                                      | -   | -                   | -  | 260,217   | -   | -  | -  |
| Public safety   | -   | -                   | -  | 221,913   | -   | -  | -  |
| Physical environment                                    | 495,306   | -                   | -  | 2,048   | -   | -  | -  |
| Transportation  | -   | -                   | -  | -   | -   | -  | -  |
| Economic environment                                    | -   | 321,427             | -  | 8,880   | -   | -  | -  |
| Human services  | 240,650   | -                   | -  | 826,963   | -   | -  | -  |
| Culture and recreation                                  | -   | -                   | -  | 74,976  | -   | -  | -  |
| Debt service:   |   |                     |  |   |   |  |  |
| Principal   | -   | -                   | -  | -   | -   | -  | -  |
| Interest and fiscal charges                             | -   | -                   | -  | -   | -   | -  | -  |
| Bond issuance costs                                     | -   | -                   | -  | -   | -   | -  | -  |
| Capital outlay  | -   | -                   | -  | -   | -   | -  | -  |
| <b>TOTAL EXPENDITURES</b>                               | <b>735,956</b>  | <b>321,427</b>      | <b>-</b>                                 | <b>1,394,997</b>  | <b>-</b>  | <b>-</b>   | <b>-</b>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(676,885)</b>  | <b>79,959</b>       | <b>-</b>                                 | <b>(490,229)</b>  | <b>-</b>  | <b>-</b>   | <b>-</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |   |                     |  |   |   |  |  |
| Debt issuance   | -   | -                   | -  | -   | -   | -  | -  |
| Bond premium  | -   | -                   | -  | -   | -   | -  | -  |
| Transfers in  | -   | -                   | -  | 413,883   | -   | -  | -  |
| Transfers out   | (125,000)   | -                   | -  | (616,239)   | -   | -  | -  |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>(125,000)</b>  | <b>-</b>            | <b>-</b>                                 | <b>(202,356)</b>  | <b>-</b>  | <b>-</b>   | <b>-</b>   |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>(801,885)</b>  | <b>79,959</b>       | <b>-</b>                                 | <b>(692,585)</b>  | <b>-</b>  | <b>-</b>   | <b>-</b>   |
| <b>FUND BALANCES, October 1</b>                         | <b>1,222,826</b>  | <b>595,720</b>      | <b>71,201</b>                            | <b>1,846,181</b>  | <b>32,245</b>   | <b>-</b>   | <b>26,289</b>  |
| <b>FUND BALANCES, September 30</b>                      | <b>\$ 420,941</b>   | <b>\$ 675,679</b>   | <b>\$ 71,201</b>                         | <b>\$ 1,153,596</b>                                     | <b>\$ 32,245</b>  | <b>\$ -</b>  | <b>\$ 26,289</b>                                     |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**SPECIAL REVENUE FUNDS (continued)**

|   | TOURIST<br>PRODUCT<br>DEVELOP<br>FY14<br>FUND | TOURIST<br>PRODUCT<br>DEVELOP<br>FY15<br>FUND | TREE<br>MITIGATION<br>FUND | EVERGREEN<br>CEMETERY<br>TRUST<br>FUND | SCHOOL<br>CROSSING<br>GUARD<br>TRUST<br>FUND | ART IN<br>PUBLIC<br>PLACES<br>TRUST<br>FUND | DOWNTOWN<br>REDEVELOP-<br>MENT TAX<br>INCREMENT<br>FUND |
|---|---|---|----------------------------|--|--|---|---|
| <b>REVENUES</b>   |   |   |                            |  |  |   |   |
| Taxes   | \$ -  | \$ -  | \$ -                       | \$ -                                   | \$ -   | \$ -  | \$ 1,281,537  |
| Intergovernmental                                       | -   | 607,782                                       | -                          | -                                      | -  | -   | -   |
| Charges for services                                    | -   | -   | -                          | 6,472                                  | -  | -   | -   |
| Fines and forfeitures                                   | -   | -   | -                          | -                                      | 55,070                                       | -   | -   |
| Miscellaneous   | -   | -   | 1,451,008                  | (33,998)                               | 2,624  | 241   | 193,011   |
| <b>TOTAL REVENUES</b>                                   | <b>-</b>                                      | <b>607,782</b>                                | <b>1,451,008</b>           | <b>(27,526)</b>                        | <b>57,694</b>                                | <b>241</b>                                  | <b>1,474,548</b>  |
| <b>EXPENDITURES</b>                                     |   |   |                            |  |  |   |   |
| Current:  |   |   |                            |  |  |   |   |
| General government                                      | -   | -   | -                          | -                                      | -  | -   | -   |
| Public safety   | -   | -   | -                          | -                                      | -  | -   | -   |
| Physical environment                                    | -   | -   | -                          | 38,626                                 | -  | -   | -   |
| Transportation  | -   | -   | 56,759                     | -                                      | -  | -   | -   |
| Economic environment                                    | -   | -   | -                          | -                                      | -  | -   | 1,732,993   |
| Human services  | -   | -   | -                          | -                                      | -  | -   | -   |
| Culture and recreation                                  | 106,963                                       | 371,746                                       | 116,175                    | -                                      | -  | 64,603                                      | -   |
| Debt service:   |   |   |                            |  |  |   |   |
| Principal   | -   | -   | -                          | -                                      | -  | -   | -   |
| Interest and fiscal charges                             | -   | -   | -                          | -                                      | -  | -   | -   |
| Bond issuance costs                                     | -   | -   | -                          | -                                      | -  | -   | -   |
| Capital outlay  | -   | -   | -                          | -                                      | -  | -   | -   |
| <b>TOTAL EXPENDITURES</b>                               | <b>106,963</b>                                | <b>371,746</b>                                | <b>172,934</b>             | <b>38,626</b>                          | <b>-</b>                                     | <b>64,603</b>                               | <b>1,732,993</b>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(106,963)</b>                              | <b>236,036</b>                                | <b>1,278,074</b>           | <b>(66,152)</b>                        | <b>57,694</b>                                | <b>(64,362)</b>                             | <b>(258,445)</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |   |   |                            |  |  |   |   |
| Debt issuance   | -   | -   | -                          | -                                      | -  | -   | -   |
| Bond premium  | -   | -   | -                          | -                                      | -  | -   | -   |
| Transfers in  | 12,581  | -   | 500,737                    | -                                      | -  | -   | 656,556   |
| Transfers out   | (53,963)                                      | (69,255)                                      | -                          | (161,846)                              | (43,472)                                     | -   | (617,430)   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>(41,382)</b>                               | <b>(69,255)</b>                               | <b>500,737</b>             | <b>(161,846)</b>                       | <b>(43,472)</b>                              | <b>-</b>                                    | <b>39,126</b>   |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>(148,345)</b>                              | <b>166,781</b>                                | <b>1,778,811</b>           | <b>(227,998)</b>                       | <b>14,222</b>                                | <b>(64,362)</b>                             | <b>(219,319)</b>  |
| <b>FUND BALANCES, October 1</b>                         | <b>186,707</b>                                | <b>-</b>                                      | <b>-</b>                   | <b>1,782,360</b>                       | <b>52,134</b>                                | <b>65,062</b>                               | <b>3,204,909</b>  |
| <b>FUND BALANCES, September 30</b>                      | <b>\$ 38,362</b>                              | <b>\$ 166,781</b>                             | <b>\$ 1,778,811</b>        | <b>\$ 1,554,362</b>                    | <b>\$ 66,356</b>                             | <b>\$ 700</b>                               | <b>\$ 2,985,590</b>                                     |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>SPECIAL REVENUE FUNDS (concluded)</u>           |  |  | <u>DEBT SERVICE FUNDS</u>        |                                  |  |
|---|--|--|--|----------------------------------|----------------------------------|--|
|   | <u>FIFTH<br/>AVENUE TAX<br/>INCREMENT<br/>FUND</u> | <u>COLLEGE<br/>PARK TAX<br/>INCREMENT<br/>FUND</u> | <u>EASTSIDE<br/>TAX<br/>INCREMENT<br/>FUND</u> | <u>FFGFC<br/>SERIES<br/>2005</u> | <u>FFGFC<br/>SERIES<br/>2007</u> | <u>GUARANTEED<br/>ENTITLEMENT<br/>REFUNDING<br/>BONDS 2004</u> |
| <b><u>REVENUES</u></b>                                  |  |  |  |                                  |                                  |  |
| Taxes   | \$ 303,777   | \$ 2,120,496                                       | \$ 347,749                                     | \$ -                             | \$ -                             | \$ -   |
| Intergovernmental                                       | -  | -  | -  | -                                | -                                | 1,040,813  |
| Charges for services                                    | -  | -  | -  | -                                | -                                | -  |
| Fines and forfeitures                                   | -  | -  | -  | -                                | -                                | -  |
| Miscellaneous   | 63,585   | 385,112  | 124,306  | 2,410                            | 322                              | 14,556   |
| <b>TOTAL REVENUES</b>                                   | <b><u>367,362</u></b>                              | <b><u>2,505,608</u></b>                            | <b><u>472,055</u></b>                          | <b><u>2,410</u></b>              | <b><u>322</u></b>                | <b><u>1,055,369</u></b>  |
| <b><u>EXPENDITURES</u></b>                              |  |  |  |                                  |                                  |  |
| Current:  |  |  |  |                                  |                                  |  |
| General government                                      | -  | -  | -  | -                                | -                                | -  |
| Public safety   | -  | -  | -  | -                                | -                                | -  |
| Physical environment                                    | -  | -  | -  | -                                | -                                | -  |
| Transportation  | -  | -  | -  | -                                | -                                | -  |
| Economic environment                                    | 169,173  | 325,556  | 70,214   | -                                | -                                | -  |
| Human services  | -  | -  | -  | -                                | -                                | -  |
| Culture and recreation                                  | -  | -  | -  | -                                | -                                | -  |
| Debt service:   |  |  |  |                                  |                                  |  |
| Principal   | -  | -  | -  | 270,000                          | 70,000                           | 890,000  |
| Interest and fiscal charges                             | -  | -  | -  | 149,459                          | 48,886                           | 151,158  |
| Bond issuance costs                                     | -  | -  | -  | -                                | -                                | -  |
| Capital outlay  | -  | -  | -  | -                                | -                                | -  |
| <b>TOTAL EXPENDITURES</b>                               | <b><u>169,173</u></b>                              | <b><u>325,556</u></b>                              | <b><u>70,214</u></b>                           | <b><u>419,459</u></b>            | <b><u>118,886</u></b>            | <b><u>1,041,158</u></b>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b><u>198,189</u></b>                              | <b><u>2,180,052</u></b>                            | <b><u>401,841</u></b>                          | <b><u>(417,049)</u></b>          | <b><u>(118,564)</u></b>          | <b><u>14,211</u></b>   |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>            |  |  |  |                                  |                                  |  |
| Debt issuance   | -  | -  | -  | -                                | -                                | -  |
| Bond premium  | -  | -  | -  | -                                | -                                | -  |
| Transfers in  | 155,631  | 1,086,371  | 169,073  | 426,534                          | 116,600                          | -  |
| Transfers out   | (266,127)  | (643,450)  | (186,674)                                      | -                                | -                                | -  |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b><u>(110,496)</u></b>                            | <b><u>442,921</u></b>                              | <b><u>(17,601)</u></b>                         | <b><u>426,534</u></b>            | <b><u>116,600</u></b>            | <b><u>-</u></b>  |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>87,693</b>                                      | <b>2,622,973</b>                                   | <b>384,240</b>                                 | <b>9,485</b>                     | <b>(1,964)</b>                   | <b>14,211</b>  |
| <b>FUND BALANCES, October 1</b>                         | <b><u>815,726</u></b>                              | <b><u>6,928,346</u></b>                            | <b><u>1,920,718</u></b>                        | <b><u>19,665</u></b>             | <b><u>(1,746)</u></b>            | <b><u>115,546</u></b>  |
| <b>FUND BALANCES, September 30</b>                      | <b><u>\$ 903,419</u></b>                           | <b><u>\$ 9,551,319</u></b>                         | <b><u>\$ 2,304,958</u></b>                     | <b><u>\$ 29,150</u></b>          | <b><u>\$ (3,710)</u></b>         | <b><u>\$ 129,757</u></b>                                       |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**DEBT SERVICE FUNDS (continued)**

|   | PENSION<br>OBLIGATION<br>BOND<br>SERIES<br><u>2003A</u> | PENSION<br>OBLIGATION<br>BOND<br>SERIES<br><u>2003B</u> | CAPITAL<br>IMPROV.<br>REVENUE<br>BOND (CIRB)<br>SERIES 2005 | GPD<br>ENERGY<br>CONSERV.<br>CAPITAL<br>LEASE | CAPITAL<br>IMPROV.<br>REVENUE<br>NOTE<br>(CIRN) 2009 | CAPITAL<br>IMPROV.<br>REV BOND<br>(CIRB)<br>SERIES 2010 | REVENUE<br>REFUNDING<br>NOTE<br>SERIES<br>2011 |
|---|---|---|---|---|--|---|--|
| <b>REVENUES</b>   |   |   |   |   |  |   |  |
| Taxes   | \$ -  | \$ -  | \$ -  | \$ -  | \$ -   | \$ -  | \$ -   |
| Intergovernmental                                       | 1,745,585   | -   | -   | -   | -  | -   | -  |
| Charges for services                                    | -   | -   | -   | -   | -  | -   | -  |
| Fines and forfeitures                                   | -   | -   | -   | -   | -  | -   | -  |
| Miscellaneous   | 21,139  | 25,580  | -   | 3,489   | 4,661  | 4,428   | 4,185  |
| <b>TOTAL REVENUES</b>                                   | <b>1,766,724</b>  | <b>25,580</b>   | <b>-</b>  | <b>3,489</b>                                  | <b>4,661</b>   | <b>4,428</b>  | <b>4,185</b>                                   |
| <b>EXPENDITURES</b>                                     |   |   |   |   |  |   |  |
| Current:  |   |   |   |   |  |   |  |
| General government                                      | -   | -   | -   | -   | -  | -   | -  |
| Public safety   | -   | -   | -   | -   | -  | -   | -  |
| Physical environment                                    | -   | -   | -   | -   | -  | -   | -  |
| Transportation  | -   | -   | -   | -   | -  | -   | -  |
| Economic environment                                    | -   | -   | -   | -   | -  | -   | -  |
| Human services  | -   | -   | -   | -   | -  | -   | -  |
| Culture and recreation                                  | -   | -   | -   | -   | -  | -   | -  |
| Debt service:   |   |   |   |   |  |   |  |
| Principal   | 803,088   | 848,689   | 1,080,000   | 87,765  | 455,569  | 125,665   | 575,000  |
| Interest and fiscal charges                             | 1,872,687   | 3,160,231   | 47,800  | 13,737  | 498,193  | 96,615  | 117,528  |
| Bond issuance costs                                     | -   | -   | -   | -   | -  | -   | -  |
| Capital outlay  | -   | -   | -   | -   | -  | -   | -  |
| <b>TOTAL EXPENDITURES</b>                               | <b>2,675,775</b>  | <b>4,008,920</b>  | <b>1,127,800</b>  | <b>101,502</b>                                | <b>953,762</b>                                       | <b>222,280</b>  | <b>692,528</b>                                 |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(909,051)</b>  | <b>(3,983,340)</b>                                      | <b>(1,127,800)</b>  | <b>(98,013)</b>                               | <b>(949,101)</b>                                     | <b>(217,852)</b>  | <b>(688,343)</b>                               |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |   |   |   |   |  |   |  |
| Debt issuance   | -   | -   | -   | -   | -  | -   | -  |
| Bond premium  | -   | -   | -   | -   | -  | -   | -  |
| Transfers in  | 914,047   | 4,008,921   | 1,125,900   | 115,393                                       | 953,392  | 242,805   | 692,528  |
| Transfers out   | -   | -   | -   | -   | -  | -   | -  |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>914,047</b>  | <b>4,008,921</b>  | <b>1,125,900</b>  | <b>115,393</b>                                | <b>953,392</b>                                       | <b>242,805</b>  | <b>692,528</b>                                 |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>4,996</b>  | <b>25,581</b>   | <b>(1,900)</b>  | <b>17,380</b>                                 | <b>4,291</b>   | <b>24,953</b>   | <b>4,185</b>                                   |
| <b>FUND BALANCES, October 1</b>                         | <b>102,740</b>  | <b>116,035</b>  | <b>5,547</b>  | <b>62,561</b>                                 | <b>82,687</b>  | <b>54,559</b>   | <b>9,028</b>                                   |
| <b>FUND BALANCES, September 30</b>                      | <b>\$ 107,736</b>                                       | <b>\$ 141,616</b>                                       | <b>\$ 3,647</b>   | <b>\$ 79,941</b>                              | <b>\$ 86,978</b>                                     | <b>\$ 79,512</b>  | <b>\$ 13,213</b>                               |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>DEBT SERVICE FUNDS (concluded)</u>     |   |  | <u>CAPITAL PROJECTS FUNDS</u>        |   |  |
|---|---|---|--|--------------------------------------|---|--|
|   | <u>CAPITAL IMPROV. REVENUE NOTE 2011A</u> | <u>REVENUE REFUNDING NOTE SERIES 2014</u> | <u>CAPITAL IMPROVEMENT REVENUE BOND (CIRB) SERIES 2014</u> | <u>GENERAL CAPITAL PROJECTS FUND</u> | <u>PUBLIC IMPROVEMENT CONSTRUCTION FUND</u> | <u>GREENSPACE AND COMMUNITY IMPROVEMENT FUND</u> |
| <b>REVENUES</b>                                     |   |   |  |                                      |   |  |
| Taxes   | \$ -                                      | \$ -                                      | \$ -   | \$ -                                 | \$ -  | \$ -   |
| Intergovernmental                                   | -   | -   | -  | 2,910,307                            | -   | -  |
| Charges for services                                | -   | -   | -  | -                                    | -   | -  |
| Fines and forfeitures                               | -   | -   | -  | -                                    | -   | -  |
| Miscellaneous                                       | 4,467                                     | 10,993                                    | 321  | 214,600                              | 543   | 77,903   |
| <b>TOTAL REVENUES</b>                               | <b>4,467</b>                              | <b>10,993</b>                             | <b>321</b>   | <b>3,124,907</b>                     | <b>543</b>                                  | <b>77,903</b>                                    |
| <b>EXPENDITURES</b>                                 |   |   |  |                                      |   |  |
| Current:  |   |   |  |                                      |   |  |
| General government                                  | -   | -   | -  | -                                    | -   | -  |
| Public safety                                       | -   | -   | -  | -                                    | -   | -  |
| Physical environment                                | -   | -   | -  | -                                    | -   | -  |
| Transportation                                      | -   | -   | -  | -                                    | -   | -  |
| Economic environment                                | -   | -   | -  | -                                    | -   | -  |
| Human services                                      | -   | -   | -  | -                                    | -   | -  |
| Culture and recreation                              | -   | -   | -  | -                                    | -   | -  |
| Debt service:                                       |   |   |  |                                      |   |  |
| Principal   | 370,000                                   | 165,000                                   | 337,922  | -                                    | -   | -  |
| Interest and fiscal charges                         | 63,090                                    | 351,660                                   | 359,583  | -                                    | -   | -  |
| Bond issuance costs                                 | -   | -   | 242,746  | -                                    | -   | -  |
| Capital outlay                                      | -   | -   | -  | 1,811,432                            | -   | 1,750  |
| <b>TOTAL EXPENDITURES</b>                           | <b>433,090</b>                            | <b>516,660</b>                            | <b>940,251</b>   | <b>1,811,432</b>                     | <b>-</b>                                    | <b>1,750</b>                                     |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b> | <b>(428,623)</b>                          | <b>(505,667)</b>                          | <b>(939,930)</b>   | <b>1,313,475</b>                     | <b>543</b>                                  | <b>76,153</b>                                    |
| <b>OTHER FINANCING SOURCES (USES)</b>               |   |   |  |                                      |   |  |
| Debt issuance                                       | -   | -   | 12,435,000   | -                                    | -   | -  |
| Bond premium  | -   | -   | 947,278  | -                                    | -   | -  |
| Transfers in  | 433,090                                   | 515,160                                   | 697,505  | 1,636,298                            | -   | -  |
| Transfers out                                       | -   | -   | (13,126,042)   | (1,738,602)                          | -   | -  |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>         | <b>433,090</b>                            | <b>515,160</b>                            | <b>953,741</b>   | <b>(102,304)</b>                     | <b>-</b>                                    | <b>-</b>   |
| <b>NET CHANGE IN FUND BALANCES</b>                  | <b>4,467</b>                              | <b>9,493</b>                              | <b>13,811</b>  | <b>1,211,171</b>                     | <b>543</b>                                  | <b>76,153</b>                                    |
| <b>FUND BALANCES, October 1</b>                     | <b>28,041</b>                             | <b>12,513</b>                             | <b>-</b>   | <b>5,290,335</b>                     | <b>11,876</b>                               | <b>1,474,483</b>                                 |
| <b>FUND BALANCES, September 30</b>                  | <b>\$ 32,508</b>                          | <b>\$ 22,006</b>                          | <b>\$ 13,811</b>   | <b>\$ 6,501,506</b>                  | <b>\$ 12,419</b>                            | <b>\$ 1,550,636</b>                              |

(CONTINUED)



**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**CAPITAL PROJECTS FUNDS (continued)**

|   | <b>ROADWAY<br/>CONSTRUCTION<br/>FUND 96</b> | <b>CAPITAL<br/>PROJECTS<br/>FUND 02</b> | <b>FIFTH AVENUE/<br/>PLEASANT ST.<br/>REHAB. PROJ.<br/>FUND 02</b> | <b>DOWNTOWN<br/>PARKING<br/>GARAGE<br/>SALES<br/>TAX FUND</b> | <b>FFGFC 05<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>39TH AVE<br/>FLEET<br/>GARAGE<br/>EXPANSION<br/>FUND</b> |
|---|---|---|--|---|---|---|
| <b>REVENUES</b>   |   |   |  |   |   |   |
| Taxes   | \$ -  | \$ -                                    | \$ -   | \$ -  | \$ -  | \$ -  |
| Intergovernmental                                       | -   | -                                       | -  | -   | -   | -   |
| Charges for services                                    | -   | -                                       | -  | -   | -   | -   |
| Fines and forfeitures                                   | -   | -                                       | -  | -   | -   | -   |
| Miscellaneous   | 3,184                                       | 58,748                                  | 3,630  | 1,083   | 12,938  | -   |
| <b>TOTAL REVENUES</b>                                   | <b>3,184</b>                                | <b>58,748</b>                           | <b>3,630</b>   | <b>1,083</b>  | <b>12,938</b>                                     | <b>-</b>  |
| <b>EXPENDITURES</b>                                     |   |   |  |   |   |   |
| Current:  |   |   |  |   |   |   |
| General government                                      | -   | -                                       | -  | -   | -   | -   |
| Public safety   | -   | -                                       | -  | -   | -   | -   |
| Physical environment                                    | -   | -                                       | -  | -   | -   | -   |
| Transportation  | -   | -                                       | -  | -   | -   | -   |
| Economic environment                                    | -   | -                                       | -  | -   | -   | -   |
| Human services  | -   | -                                       | -  | -   | -   | -   |
| Culture and recreation                                  | -   | -                                       | -  | -   | -   | -   |
| Debt service:   |   |   |  |   |   |   |
| Principal   | -   | -                                       | -  | -   | -   | -   |
| Interest and fiscal charges                             | -   | -                                       | -  | -   | -   | -   |
| Bond issuance costs                                     | -   | -                                       | -  | -   | -   | -   |
| Capital outlay  | 843   | 505,536                                 | -  | 18,338  | 49,690  | -   |
| <b>TOTAL EXPENDITURES</b>                               | <b>843</b>                                  | <b>505,536</b>                          | <b>-</b>   | <b>18,338</b>   | <b>49,690</b>                                     | <b>-</b>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>2,341</b>                                | <b>(446,788)</b>                        | <b>3,630</b>   | <b>(17,255)</b>   | <b>(36,752)</b>                                   | <b>-</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |   |   |  |   |   |   |
| Debt issuance   | -   | -                                       | -  | -   | -   | -   |
| Bond premium  | -   | -                                       | -  | -   | -   | -   |
| Transfers in  | -   | -                                       | -  | -   | -   | 440   |
| Transfers out   | -   | -                                       | -  | -   | -   | -   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>-</b>                                    | <b>-</b>                                | <b>-</b>   | <b>-</b>  | <b>-</b>  | <b>440</b>  |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>2,341</b>                                | <b>(446,788)</b>                        | <b>3,630</b>   | <b>(17,255)</b>   | <b>(36,752)</b>                                   | <b>440</b>  |
| <b>FUND BALANCES, October 1</b>                         | <b>61,261</b>                               | <b>1,072,073</b>                        | <b>73,526</b>  | <b>18,189</b>   | <b>234,853</b>                                    | <b>-</b>  |
| <b>FUND BALANCES, September 30</b>                      | <b>\$ 63,602</b>                            | <b>\$ 625,285</b>                       | <b>\$ 77,156</b>   | <b>\$ 934</b>   | <b>\$ 198,101</b>                                 | <b>\$ 440</b>   |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <b>CAPITAL PROJECTS FUNDS (continued)</b>                                    |   |   |  |   |   |
|---|--|---|---|--|---|---|
|   | <b>CAPITAL<br/>IMPROVEMENT<br/>REVENUE BOND<br/>(CIRB) 2005<br/>CIP FUND</b> | <b>KENNEDY<br/>HOMES<br/>ACQUISITION/<br/>DEMOLITION<br/>FUND</b> | <b>CAMPUS<br/>DEVELOP<br/>AGREEMENT<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>ENERGY<br/>CONSER-<br/>VATION<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>ADD'L 5 CENT<br/>LOCAL OPT<br/>GAS TAX<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>ADD'L 5 CENT<br/>GAS TAX<br/>CIRN 2009<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> |
| <b>REVENUES</b>   |  |   |   |  |   |   |
| Taxes   | \$ -   | \$ -  | \$ -  | \$ -   | \$ 1,991,464  | \$ -  |
| Intergovernmental                                       | -  | -   | -   | -  | -   | -   |
| Charges for services                                    | -  | -   | -   | -  | -   | -   |
| Fines and forfeitures                                   | -  | -   | -   | -  | -   | -   |
| Miscellaneous   | 216,495  | -   | 467,435   | 3,572  | 229,639   | 149,638   |
| <b>TOTAL REVENUES</b>                                   | <b>216,495</b>   | <b>-</b>  | <b>467,435</b>  | <b>3,572</b>   | <b>2,221,103</b>  | <b>149,638</b>  |
| <b>EXPENDITURES</b>                                     |  |   |   |  |   |   |
| Current:  |  |   |   |  |   |   |
| General government                                      | -  | -   | -   | -  | -   | -   |
| Public safety   | -  | -   | -   | -  | -   | -   |
| Physical environment                                    | -  | -   | -   | -  | -   | -   |
| Transportation  | -  | -   | -   | -  | -   | -   |
| Economic environment                                    | -  | -   | -   | -  | -   | -   |
| Human services  | -  | -   | -   | -  | -   | -   |
| Culture and recreation                                  | -  | -   | -   | -  | -   | -   |
| Debt service:   |  |   |   |  |   |   |
| Principal   | -  | -   | -   | -  | -   | -   |
| Interest and fiscal charges                             | -  | -   | -   | -  | -   | -   |
| Bond issuance costs                                     | -  | -   | -   | -  | -   | -   |
| Capital outlay  | 1,110,923  | 28,578  | 1,573,129   | -  | 687,126   | 700,339   |
| <b>TOTAL EXPENDITURES</b>                               | <b>1,110,923</b>   | <b>28,578</b>   | <b>1,573,129</b>  | <b>-</b>   | <b>687,126</b>  | <b>700,339</b>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(894,428)</b>   | <b>(28,578)</b>   | <b>(1,105,694)</b>  | <b>3,572</b>   | <b>1,533,977</b>  | <b>(550,701)</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |  |   |   |  |   |   |
| Debt issuance   | -  | -   | -   | -  | -   | -   |
| Bond premium  | -  | -   | -   | -  | -   | -   |
| Transfers in  | -  | -   | -   | -  | -   | -   |
| Transfers out   | -  | -   | -   | -  | (1,003,564)   | -   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>-</b>   | <b>-</b>  | <b>-</b>  | <b>-</b>   | <b>(1,003,564)</b>  | <b>-</b>  |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>(894,428)</b>   | <b>(28,578)</b>   | <b>(1,105,694)</b>  | <b>3,572</b>   | <b>530,413</b>  | <b>(550,701)</b>  |
| <b>FUND BALANCES, October 1</b>                         | <b>3,812,093</b>   | <b>699,708</b>  | <b>8,723,080</b>  | <b>64,243</b>  | <b>4,137,359</b>  | <b>2,683,671</b>  |
| <b>FUND BALANCES, September 30</b>                      | <b>\$ 2,917,665</b>  | <b>\$ 671,130</b>   | <b>\$ 7,617,386</b>   | <b>\$ 67,815</b>   | <b>\$ 4,667,772</b>   | <b>\$ 2,132,970</b>   |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**CAPITAL PROJECTS FUNDS (continued)**

|   | <b>TRAFFIC<br/>MGMT<br/>BLDG<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>CAPITAL IMP<br/>REV NOTE<br/>(CIRN) 2009<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>WILD SPACES<br/>PUBLIC PLACES<br/>1/2 CENT SALES<br/>TAX CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>WILD SPACES<br/>PUBLIC PLACES<br/>LAND ACQ.<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>SENIOR<br/>RECREATION<br/>CENTER<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> |
|---|--|---|---|--|---|
| <b>REVENUES</b>   |  |   |   |  |   |
| Taxes   | \$ -   | \$ -  | \$ -  | \$ -   | \$ -  |
| Intergovernmental                                       | -  | -   | -   | -  | -   |
| Charges for services                                    | -  | -   | -   | -  | -   |
| Fines and forfeitures                                   | -  | -   | -   | -  | -   |
| Miscellaneous   | 6,580  | 904   | 35,042  | 13,521   | 7,347   |
| <b>TOTAL REVENUES</b>                                   | <b>6,580</b>   | <b>904</b>  | <b>35,042</b>   | <b>13,521</b>  | <b>7,347</b>  |
| <b>EXPENDITURES</b>                                     |  |   |   |  |   |
| Current:  |  |   |   |  |   |
| General government                                      | -  | -   | -   | -  | -   |
| Public safety   | -  | -   | -   | -  | -   |
| Physical environment                                    | -  | -   | -   | -  | -   |
| Transportation  | -  | -   | -   | -  | -   |
| Economic environment                                    | -  | -   | -   | -  | -   |
| Human services  | -  | -   | -   | -  | -   |
| Culture and recreation                                  | -  | -   | -   | -  | -   |
| Debt service:   |  |   |   |  |   |
| Principal   | -  | -   | -   | -  | -   |
| Interest and fiscal charges                             | -  | -   | -   | -  | -   |
| Bond issuance costs                                     | -  | -   | -   | -  | -   |
| Capital outlay  | 40,000   | 108,200   | 359,957   | 23,135   | 24,413  |
| <b>TOTAL EXPENDITURES</b>                               | <b>40,000</b>  | <b>108,200</b>  | <b>359,957</b>  | <b>23,135</b>  | <b>24,413</b>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(33,420)</b>  | <b>(107,296)</b>  | <b>(324,915)</b>  | <b>(9,614)</b>   | <b>(17,066)</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |  |   |   |  |   |
| Debt issuance   | -  | -   | -   | -  | -   |
| Bond premium  | -  | -   | -   | -  | -   |
| Transfers in  | 111,083  | -   | -   | -  | -   |
| Transfers out   | -  | -   | -   | -  | -   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>111,083</b>   | <b>-</b>  | <b>-</b>  | <b>-</b>   | <b>-</b>  |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>77,663</b>  | <b>(107,296)</b>  | <b>(324,915)</b>  | <b>(9,614)</b>   | <b>(17,066)</b>   |
| <b>FUND BALANCES, October 1</b>                         | <b>40,741</b>  | <b>130,207</b>  | <b>664,138</b>  | <b>251,348</b>   | <b>134,496</b>  |
| <b>FUND BALANCES, September 30</b>                      | <b>\$ 118,404</b>  | <b>\$ 22,911</b>  | <b>\$ 339,223</b>   | <b>\$ 241,734</b>  | <b>\$ 117,430</b>   |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <b>CAPITAL PROJECTS FUNDS (continued)</b>   |   |   |  |  |
|---|---|---|---|--|--|
|   | <b>CAPITAL IMP<br/>REVENUE BOND<br/>(CIRB) 2010<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>CAPITAL IMP<br/>REVENUE NOTE<br/>(CIRN) 2011<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>FACILITIES<br/>MAINTENANCE<br/>RECURRING<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>EQUIPMENT<br/>REPLACEMENT<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>ROADWAY<br/>RESURFACING<br/>PROGRAM<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> |
| <b>REVENUES</b>   |   |   |   |  |  |
| Taxes   | \$ -  | \$ -  | \$ -  | \$ -   | \$ -   |
| Intergovernmental                                       | -   | -   | -   | -  | -  |
| Charges for services                                    | -   | -   | -   | -  | -  |
| Fines and forfeitures                                   | -   | -   | -   | -  | -  |
| Miscellaneous   | 68,472  | 5,714   | 3,157   | 4,981  | (6,185)  |
| <b>TOTAL REVENUES</b>                                   | <b>68,472</b>   | <b>5,714</b>  | <b>3,157</b>  | <b>4,981</b>   | <b>(6,185)</b>   |
| <b>EXPENDITURES</b>                                     |   |   |   |  |  |
| Current:  |   |   |   |  |  |
| General government                                      | -   | -   | -   | -  | -  |
| Public safety   | -   | -   | -   | -  | -  |
| Physical environment                                    | -   | -   | -   | -  | -  |
| Transportation  | -   | -   | -   | -  | -  |
| Economic environment                                    | -   | -   | -   | -  | -  |
| Human services  | -   | -   | -   | -  | -  |
| Culture and recreation                                  | -   | -   | -   | -  | -  |
| Debt service:   |   |   |   |  |  |
| Principal   | -   | -   | -   | -  | -  |
| Interest and fiscal charges                             | -   | -   | -   | -  | -  |
| Bond issuance costs                                     | -   | -   | -   | -  | -  |
| Capital outlay  | 465,545   | 1,938   | 113,488   | 454,883  | 987,899  |
| <b>TOTAL EXPENDITURES</b>                               | <b>465,545</b>  | <b>1,938</b>  | <b>113,488</b>  | <b>454,883</b>   | <b>987,899</b>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(397,073)</b>  | <b>3,776</b>  | <b>(110,331)</b>  | <b>(449,902)</b>   | <b>(994,084)</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |   |   |   |  |  |
| Debt issuance   | -   | -   | -   | -  | -  |
| Bond premium  | -   | -   | -   | -  | -  |
| Transfers in  | -   | -   | 562,500   | 1,227,500  | 3,177,854  |
| Transfers out   | -   | -   | -   | (102,000)  | -  |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>-</b>  | <b>-</b>  | <b>562,500</b>  | <b>1,125,500</b>   | <b>3,177,854</b>   |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>(397,073)</b>  | <b>3,776</b>  | <b>452,169</b>  | <b>675,598</b>   | <b>2,183,770</b>   |
| <b>FUND BALANCES, October 1</b>                         | <b>1,293,282</b>  | <b>90,503</b>   | <b>-</b>  | <b>-</b>   | <b>-</b>   |
| <b>FUND BALANCES, September 30</b>                      | <b>\$ 896,209</b>   | <b>\$ 94,279</b>  | <b>\$ 452,169</b>   | <b>\$ 675,598</b>  | <b>\$ 2,183,770</b>  |

(CONTINUED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <b>CAPITAL PROJECTS<br/>FUNDS (concluded)</b>   |  |  |
|---|---|--|--|
|   | <b>CAPITAL IMP<br/>REVENUE BOND<br/>(CIRB) 2014<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>CAPITAL IMP<br/>BEAZER<br/>SETTLEMENT<br/>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>TOTAL<br/>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> |
| <b>REVENUES</b>   |   |  |  |
| Taxes   | \$ -  | \$ -   | \$ 6,045,023   |
| Intergovernmental                                       | -   | -  | 14,465,012   |
| Charges for services                                    | -   | -  | 2,582,840  |
| Fines and forfeitures                                   | -   | -  | 542,826  |
| Miscellaneous   | 73,804  | 678,206  | 5,505,755  |
| <b>TOTAL REVENUES</b>                                   | <b>73,804</b>   | <b>678,206</b>   | <b>29,141,456</b>                                    |
| <b>EXPENDITURES</b>                                     |   |  |  |
| Current:  |   |  |  |
| General government                                      | -   | -  | 391,936  |
| Public safety   | -   | -  | 3,182,816  |
| Physical environment                                    | -   | -  | 537,880  |
| Transportation  | -   | -  | 4,085,846  |
| Economic environment                                    | -   | -  | 5,247,521  |
| Human services  | -   | -  | 1,241,610  |
| Culture and recreation                                  | -   | -  | 1,671,960  |
| Debt service:   |   |  |  |
| Principal   | -   | -  | 6,084,283  |
| Interest and fiscal charges                             | -   | -  | 6,946,531  |
| Bond issuance costs                                     | -   | -  | 242,746  |
| Capital outlay  | 925,316   | 250,450  | 10,242,908   |
| <b>TOTAL EXPENDITURES</b>                               | <b>925,316</b>  | <b>250,450</b>   | <b>39,876,037</b>                                    |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(851,512)</b>  | <b>427,756</b>   | <b>(10,734,581)</b>                                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |   |  |  |
| Debt issuance   | -   | -  | 12,435,000   |
| Bond premium  | -   | -  | 947,278  |
| Transfers in  | 13,126,042  | -  | 35,778,033   |
| Transfers out   | -   | -  | (19,025,159)   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>13,126,042</b>   | <b>-</b>   | <b>30,135,152</b>                                    |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>12,274,530</b>   | <b>427,756</b>   | <b>19,400,571</b>                                    |
| <b>FUND BALANCES, October 1</b>                         | <b>-</b>  | <b>-</b>   | <b>54,853,859</b>                                    |
| <b>FUND BALANCES, September 30</b>                      | <b>\$ 12,274,530</b>  | <b>\$ 427,756</b>  | <b>\$ 74,254,430</b>                                 |

(CONCLUDED)

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>           | <u>ENCUMBRANCES</u>       | <u>BUDGETARY<br/>BASIS</u> | <u>BUDGET</u>              | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|-------------------------|---------------------------|----------------------------|----------------------------|---|
| <b><u>REVENUES</u></b>                                  |                         |                           |                            |                            |   |
| Intergovernmental                                       | \$ 994,079              | \$ -                      | \$ 994,079                 | \$ 1,304,889               | \$ (310,810)  |
| Charges for services                                    | 3,900                   | -                         | 3,900                      | 3,250                      | 650   |
| Miscellaneous   | 13,885                  | -                         | 13,885                     | 12,425                     | 1,460   |
| <b>TOTAL REVENUES</b>                                   | <b><u>1,011,864</u></b> | <b><u>-</u></b>           | <b><u>1,011,864</u></b>    | <b><u>1,320,564</u></b>    | <b><u>(308,700)</u></b>   |
| <b><u>EXPENDITURES</u></b>                              |                         |                           |                            |                            |   |
| Public safety   | 146,290                 | -                         | 146,290                    | 228,791                    | 82,501  |
| Transportation  | 58,629                  | 58,235                    | 116,864                    | 160,177                    | 43,313  |
| Economic environment                                    | 618,162                 | 3,400                     | 621,562                    | 1,391,063                  | 769,501   |
| Human services  | 173,997                 | -                         | 173,997                    | 222,987                    | 48,990  |
| <b>TOTAL EXPENDITURES</b>                               | <b><u>997,078</u></b>   | <b><u>61,635</u></b>      | <b><u>1,058,713</u></b>    | <b><u>2,003,018</u></b>    | <b><u>944,305</u></b>   |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>14,786</b>           | <b>(61,635)</b>           | <b>(46,849)</b>            | <b>(682,454)</b>           | <b>635,605</b>  |
| <b><u>OTHER FINANCING USES</u></b>                      |                         |                           |                            |                            |   |
| Transfers out   | <b><u>(14,786)</u></b>  | <b><u>-</u></b>           | <b><u>(14,786)</u></b>     | <b><u>(14,786)</u></b>     | <b><u>-</u></b>   |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b><u>\$ -</u></b>      | <b><u>\$ (61,635)</u></b> | <b><u>\$ (61,635)</u></b>  | <b><u>\$ (697,240)</u></b> | <b><u>\$ 635,605</u></b>  |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**URBAN DEVELOPMENT ACTION GRANT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>       | <u>ENCUMBRANCES</u> | <u>BUDGETARY<br/>BASIS</u> | <u>BUDGET</u>         | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|---------------------|---------------------|----------------------------|-----------------------|---|
| <b><u>REVENUES</u></b>                                  |                     |                     |                            |                       |   |
| TOTAL REVENUES  | \$ -                | \$ -                | \$ -                       | \$ -                  | \$ -  |
| <b><u>EXPENDITURES</u></b>                              |                     |                     |                            |                       |   |
| Culture and recreation                                  | <u>180,132</u>      | <u>762,350</u>      | <u>942,482</u>             | <u>1,324,617</u>      | <u>382,135</u>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>\$ (180,132)</u> | <u>\$ (762,350)</u> | <u>\$ (942,482)</u>        | <u>\$ (1,324,617)</u> | <u>\$ 382,135</u>   |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**HOME GRANT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>   | <u>ENCUMBRANCES</u>     | <u>BUDGETARY<br/>BASIS</u> | <u>BUDGET</u>             | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|-----------------|-------------------------|----------------------------|---------------------------|---|
| <b><u>REVENUES</u></b>                                  |                 |                         |                            |                           |   |
| Intergovernmental                                       | \$ 657,745      | \$ -                    | \$ 657,745                 | \$ 545,175                | \$ 112,570  |
| Miscellaneous   | <u>102,021</u>  | <u>-</u>                | <u>102,021</u>             | <u>92,702</u>             | <u>9,319</u>  |
| <b>TOTAL REVENUES</b>                                   | <b>759,766</b>  | <b>-</b>                | <b>759,766</b>             | <b>637,877</b>            | <b>121,889</b>  |
| <br>  |                 |                         |                            |                           |   |
| <b><u>EXPENDITURES</u></b>                              |                 |                         |                            |                           |   |
| Economic environment                                    | <u>757,445</u>  | <u>377,803</u>          | <u>1,135,248</u>           | <u>2,102,654</u>          | <u>967,406</u>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>2,321</b>    | <b>(377,803)</b>        | <b>(375,482)</b>           | <b>(1,464,777)</b>        | <b>1,089,295</b>  |
| <br>  |                 |                         |                            |                           |   |
| <b><u>OTHER FINANCING USES</u></b>                      |                 |                         |                            |                           |   |
| Transfers out   | <u>(2,321)</u>  | <u>-</u>                | <u>(2,321)</u>             | <u>(2,321)</u>            | <u>-</u>  |
| <br><b>NET CHANGE IN FUND BALANCES</b>                  | <br><b>\$ -</b> | <br><b>\$ (377,803)</b> | <br><b>\$ (377,803)</b>    | <br><b>\$ (1,467,098)</b> | <br><b>\$ 1,089,295</b>   |



**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**CULTURAL AND NATURE PROJECTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>   | <u>ENCUMBRANCES</u> | <u>BUDGETARY<br/>BASIS</u> | <u>BUDGET</u>   | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|-----------------|---------------------|----------------------------|-----------------|---|
| <b><u>REVENUES</u></b>                                  |                 |                     |                            |                 |   |
| Charges for services:                                   |                 |                     |                            |                 |   |
| Entry fees and ticket sales                             | \$ 477,215      | \$ -                | \$ 477,215                 | \$ 479,831      | \$ (2,616)  |
| Miscellaneous:  |                 |                     |                            |                 |   |
| Donations   | 47,700          | -                   | 47,700                     | 50,638          | (2,938)   |
| Other miscellaneous                                     | 18,638          | -                   | 18,638                     | 18,094          | 544   |
| Total miscellaneous                                     | 66,338          | -                   | 66,338                     | 68,732          | (2,394)   |
| <b>TOTAL REVENUES</b>                                   | <b>543,553</b>  | <b>-</b>            | <b>543,553</b>             | <b>548,563</b>  | <b>(5,010)</b>  |
| <br>  |                 |                     |                            |                 |   |
| <b><u>EXPENDITURES</u></b>                              |                 |                     |                            |                 |   |
| Culture and recreation                                  | 470,441         | -                   | 470,441                    | 471,108         | 667   |
| <br>  |                 |                     |                            |                 |   |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>73,112</b>   | <b>-</b>            | <b>73,112</b>              | <b>77,455</b>   | <b>(4,343)</b>  |
| <br>  |                 |                     |                            |                 |   |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>            |                 |                     |                            |                 |   |
| Transfers In  | 1,575           | -                   | 1,575                      | 1,575           | -   |
| Transfers out   | (68,042)        | -                   | (68,042)                   | (71,146)        | 3,104   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>             | <b>(66,467)</b> | <b>-</b>            | <b>(66,467)</b>            | <b>(69,571)</b> | <b>3,104</b>  |
| <br>  |                 |                     |                            |                 |   |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>\$ 6,645</b> | <b>\$ -</b>         | <b>\$ 6,645</b>            | <b>\$ 7,884</b> | <b>\$ (1,239)</b>   |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**STATE LAW ENFORCEMENT CONTRABAND FORFEITURE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>    | <u>ENCUMBRANCES</u> | <u>BUDGETARY<br/>BASIS</u> | <u>BUDGET</u>      | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|------------------|---------------------|----------------------------|--------------------|---|
| <b><u>REVENUES</u></b>                                  |                  |                     |                            |                    |   |
| Fines and forfeitures:                                  |                  |                     |                            |                    |   |
| Confiscated property                                    | \$ 86,255        | \$ -                | \$ 86,255                  | \$ -               | \$ 86,255   |
| Miscellaneous:  |                  |                     |                            |                    |   |
| Investment income                                       | 4,634            | -                   | 4,634                      | -                  | 4,634   |
| Other miscellaneous                                     | 5,781            | -                   | 5,781                      | -                  | 5,781   |
| Total miscellaneous                                     | 10,415           | -                   | 10,415                     | -                  | 10,415  |
| <b>TOTAL REVENUES</b>                                   | <b>96,670</b>    | <b>-</b>            | <b>96,670</b>              | <b>-</b>           | <b>96,670</b>   |
| <br>  |                  |                     |                            |                    |   |
| <b><u>EXPENDITURES</u></b>                              |                  |                     |                            |                    |   |
| Public safety   | 42,038           | -                   | 42,038                     | 59,514             | 17,476  |
| <br>  |                  |                     |                            |                    |   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>54,632</b>    | <b>-</b>            | <b>54,632</b>              | <b>(59,514)</b>    | <b>114,146</b>  |
| <br>  |                  |                     |                            |                    |   |
| <b><u>OTHER FINANCING USES</u></b>                      |                  |                     |                            |                    |   |
| Transfers Out   | (9,123)          | -                   | (9,123)                    | (9,123)            | -   |
| <br>  |                  |                     |                            |                    |   |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>\$ 45,509</b> | <b>\$ -</b>         | <b>\$ 45,509</b>           | <b>\$ (68,637)</b> | <b>\$ 114,146</b>   |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FEDERAL LAW ENFORCEMENT CONTRABAND FORFEITURE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>             | <u>ENCUMBRANCES</u>      | <u>BUDGETARY<br/>BASIS</u> | <u>BUDGET</u>              | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|---------------------------|--------------------------|----------------------------|----------------------------|---|
| <b><u>REVENUES</u></b>                                  |                           |                          |                            |                            |   |
| Fines and forfeitures:                                  |                           |                          |                            |                            |   |
| Confiscated property                                    | \$ 350,709                | \$ -                     | \$ 350,709                 | \$ -                       | \$ 350,709  |
| <b><u>EXPENDITURES</u></b>                              |                           |                          |                            |                            |   |
| Public safety   | <u>368,707</u>            | <u>7,700</u>             | <u>376,407</u>             | <u>499,589</u>             | <u>123,182</u>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(17,998)</b>           | <b>(7,700)</b>           | <b>(25,698)</b>            | <b>(499,589)</b>           | <b>473,891</b>  |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>            |                           |                          |                            |                            |   |
| Transfers out   | <u>(13,715)</u>           | <u>-</u>                 | <u>(13,715)</u>            | <u>(56,309)</u>            | <u>42,594</u>   |
| <b>NET CHANGE IN FUND BALANCE</b>                       | <b><u>\$ (31,713)</u></b> | <b><u>\$ (7,700)</u></b> | <b><u>\$ (39,413)</u></b>  | <b><u>\$ (555,898)</u></b> | <b><u>\$ 516,485</u></b>  |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**POLICE BILLABLE OVERTIME FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>      | <u>ENCUMBRANCES</u> | <u>BUDGETARY<br/>BASIS</u> | <u>BUDGET</u>      | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|--------------------|---------------------|----------------------------|--------------------|---|
| <b><u>REVENUES</u></b>                                  |                    |                     |                            |                    |   |
| Charges for services:                                   |                    |                     |                            |                    |   |
| Billable overtime                                       | \$ 610,307         | \$ -                | \$ 610,307                 | \$ 610,308         | \$ (1)  |
| <b><u>EXPENDITURES</u></b>                              |                    |                     |                            |                    |   |
| Public safety   | <u>641,662</u>     | <u>-</u>            | <u>641,662</u>             | <u>641,664</u>     | <u>2</u>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(31,355)</b>    | <b>-</b>            | <b>(31,355)</b>            | <b>(31,356)</b>    | <b>1</b>  |
| <b><u>OTHER FINANCING SOURCES</u></b>                   |                    |                     |                            |                    |   |
| Transfers in  | <u>31,356</u>      | <u>-</u>            | <u>31,356</u>              | <u>31,356</u>      | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b><u>\$ 1</u></b> | <b><u>\$ -</u></b>  | <b><u>\$ 1</u></b>         | <b><u>\$ -</u></b> | <b><u>1</u></b>   |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**COMMUNITY REDEVELOPMENT AGENCY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>             | <u>ENCUMBRANCES</u>    | <u>BUDGETARY<br/>BASIS</u> | <u>BUDGET</u>             | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|---------------------------|------------------------|----------------------------|---------------------------|---|
| <b><u>REVENUES</u></b>                                  |                           |                        |                            |                           |   |
| Miscellaneous:  |                           |                        |                            |                           |   |
| Investment income                                       | \$ 22,812                 | \$ -                   | \$ 22,812                  | \$ -                      | \$ 22,812   |
| <b><u>EXPENDITURES</u></b>                              |                           |                        |                            |                           |   |
| General government                                      | 63,386                    | -                      | 63,386                     | 61,863                    | (1,523)   |
| Economic environment                                    | 1,243,671                 | 551                    | 1,244,222                  | 1,608,895                 | 364,673   |
| Debt service  |                           |                        |                            |                           |   |
| Principal   | 5,585                     | -                      | 5,585                      | 5,585                     | -   |
| Interest  | 15,904                    | -                      | 15,904                     | 20,431                    | 4,527   |
| <b>TOTAL EXPENDITURES</b>                               | <b><u>1,328,546</u></b>   | <b><u>551</u></b>      | <b><u>1,329,097</u></b>    | <b><u>1,696,774</u></b>   | <b><u>367,677</u></b>   |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b><u>(1,305,734)</u></b> | <b><u>(551)</u></b>    | <b><u>(1,306,285)</u></b>  | <b><u>(1,696,774)</u></b> | <b><u>390,489</u></b>   |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>            |                           |                        |                            |                           |   |
| Transfers in  | 1,713,681                 | -                      | 1,713,681                  | 1,713,681                 | -   |
| Transfers out   | (19,157)                  | -                      | (19,157)                   | (19,157)                  | -   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b><u>1,694,524</u></b>   | <b><u>-</u></b>        | <b><u>1,694,524</u></b>    | <b><u>1,694,524</u></b>   | <b><u>-</u></b>   |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b><u>\$ 388,790</u></b>  | <b><u>\$ (551)</u></b> | <b><u>\$ 388,239</u></b>   | <b><u>\$ (2,250)</u></b>  | <b><u>\$ 390,489</u></b>  |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**ECONOMIC DEVELOPMENT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>           | <u>ENCUMBRANCES</u> | <u>BUDGETARY<br/>BASIS</u> | <u>BUDGET</u>              | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|-------------------------|---------------------|----------------------------|----------------------------|---|
| <b><u>REVENUES</u></b>                                  |                         |                     |                            |                            |   |
| Miscellaneous:  |                         |                     |                            |                            |   |
| Investment income                                       | \$ 12,845               | \$ -                | \$ 12,845                  | \$ -                       | \$ 12,845   |
| <b><u>EXPENDITURES</u></b>                              |                         |                     |                            |                            |   |
| General Government                                      | <u>10,656</u>           | <u>-</u>            | <u>10,656</u>              | <u>150,000</u>             | <u>139,344</u>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>2,189</b>            | <b>-</b>            | <b>2,189</b>               | <b>(150,000)</b>           | <b>152,189</b>  |
| <b><u>OTHER FINANCING SOURCES</u></b>                   |                         |                     |                            |                            |   |
| Transfers in  | <u>50,000</u>           | <u>-</u>            | <u>50,000</u>              | <u>50,000</u>              | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b><u>\$ 52,189</u></b> | <b><u>\$ -</u></b>  | <b><u>\$ 52,189</u></b>    | <b><u>\$ (100,000)</u></b> | <b><u>\$ 152,189</u></b>  |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**EVERGREEN CEMETERY TRUST FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>           | <u>ENCUMBRANCES</u> | <u>BUDGETARY<br/>BASIS</u> | <u>BUDGET</u>           | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|-------------------------|---------------------|----------------------------|-------------------------|---|
| <b><u>REVENUES</u></b>                                      |                         |                     |                            |                         |   |
| Charges for services  | \$ 6,472                | \$ -                | \$ 6,472                   | \$ 4,072                | \$ 2,400  |
| Miscellaneous:  |                         |                     |                            |                         |   |
| Investment income   | (33,998)                | -                   | (33,998)                   | 2,026                   | (36,024)  |
| <b>TOTAL REVENUES</b>                                       | <b>(27,526)</b>         | <b>-</b>            | <b>(27,526)</b>            | <b>6,098</b>            | <b>(33,624)</b>   |
| <br><b><u>EXPENDITURES</u></b>                              |                         |                     |                            |                         |   |
| Physical environment:                                       | 38,626                  | -                   | 38,626                     | 79,687                  | 41,061  |
| <br><b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <br><b>(66,152)</b>     | <br><b>-</b>        | <br><b>(66,152)</b>        | <br><b>(73,589)</b>     | <br><b>7,437</b>  |
| <br><b><u>OTHER FINANCING USES</u></b>                      |                         |                     |                            |                         |   |
| Transfers out   | (161,846)               | -                   | (161,846)                  | (161,846)               | -   |
| <br><b>NET CHANGE IN FUND BALANCES</b>                      | <br><b>\$ (227,998)</b> | <br><b>\$ -</b>     | <br><b>\$ (227,998)</b>    | <br><b>\$ (235,435)</b> | <br><b>\$ 7,437</b>   |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**SCHOOL CROSSING GUARD TRUST FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>    | <u>ENCUMBRANCES</u> | <u>BUDGETARY<br/>BASIS</u> | <u>BUDGET</u>      | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|------------------|---------------------|----------------------------|--------------------|---|
| <b><u>REVENUES</u></b>                      |                  |                     |                            |                    |   |
| Fines and forfeitures                       | \$ 55,070        | \$ -                | \$ 55,070                  | \$ 24,000          | \$ 31,070   |
| Miscellaneous:                              |                  |                     |                            |                    |   |
| Investment income                           | <u>2,624</u>     | <u>-</u>            | <u>2,624</u>               | <u>-</u>           | <u>2,624</u>  |
| <b>TOTAL REVENUES</b>                       | <b>57,694</b>    | <b>-</b>            | <b>57,694</b>              | <b>24,000</b>      | <b>33,694</b>   |
| <b><u>EXPENDITURES</u></b>                  |                  |                     |                            |                    |   |
|   | <u>-</u>         | <u>-</u>            | <u>-</u>                   | <u>-</u>           | <u>-</u>  |
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b> | <b>57,694</b>    | <b>-</b>            | <b>57,694</b>              | <b>24,000</b>      | <b>33,694</b>   |
| <b><u>OTHER FINANCING USES</u></b>          |                  |                     |                            |                    |   |
| Transfers out                               | <u>(43,472)</u>  | <u>-</u>            | <u>(43,472)</u>            | <u>(43,472)</u>    | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>          | <b>\$ 14,222</b> | <b>\$ -</b>         | <b>\$ 14,222</b>           | <b>\$ (19,472)</b> | <b>\$ 33,694</b>  |



**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**ART IN PUBLIC PLACES TRUST FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>             | <u>ENCUMBRANCES</u> | <u>BUDGETARY<br/>BASIS</u> | <u>BUDGET</u>              | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|---------------------------|---------------------|----------------------------|----------------------------|---|
| <b><u>REVENUES</u></b>                                  |                           |                     |                            |                            |   |
| Miscellaneous:  |                           |                     |                            |                            |   |
| Investment income                                       | \$ 241                    | \$ -                | \$ 241                     | \$ -                       | \$ 241  |
| <b><u>EXPENDITURES</u></b>                              |                           |                     |                            |                            |   |
| Culture and recreation                                  | <u>64,603</u>             | <u>-</u>            | <u>64,603</u>              | <u>121,133</u>             | <u>56,530</u>   |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b><u>\$ (64,362)</u></b> | <b><u>\$ -</u></b>  | <b><u>\$ (64,362)</u></b>  | <b><u>\$ (121,133)</u></b> | <b><u>\$ 56,771</u></b>   |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FFGFC FUND - SERIES 2005**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>              | <u>BUDGET</u>              | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|----------------------------|----------------------------|---|
| <b><u>REVENUES</u></b>                                      |                            |                            |   |
| Miscellaneous:  |                            |                            |   |
| Investment income   | <u>\$ 2,410</u>            | <u>\$ 500</u>              | <u>\$ 1,910</u>   |
| <b><u>EXPENDITURES</u></b>                                  |                            |                            |   |
| Debt service:   |                            |                            |   |
| Principal   | 270,000                    | 270,000                    | -   |
| Interest and fiscal charges                                 | <u>149,459</u>             | <u>149,534</u>             | <u>75</u>   |
| <b>TOTAL EXPENDITURES</b>                                   | <u><b>419,459</b></u>      | <u><b>419,534</b></u>      | <u><b>75</b></u>  |
| <br><b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <br><b>(417,049)</b>       | <br><b>(419,034)</b>       | <br><b>1,985</b>  |
| <b><u>OTHER FINANCING SOURCES</u></b>                       |                            |                            |   |
| Transfers in  | <u>426,534</u>             | <u>426,534</u>             | <u>-</u>  |
| <br><b>NET CHANGE IN FUND BALANCES</b>                      | <br><u><b>\$ 9,485</b></u> | <br><u><b>\$ 7,500</b></u> | <br><u><b>\$ 1,985</b></u>  |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FFGFC FUND - SERIES 2007**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>                        | <u>BUDGET</u>                        | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|--------------------------------------|--------------------------------------|---|
| <b><u>REVENUES</u></b>                                      |                                      |                                      |   |
| Miscellaneous:  |                                      |                                      |   |
| Investment income   | <u>\$          322</u>               | <u>\$          -</u>                 | <u>\$          322</u>  |
| <b><u>EXPENDITURES</u></b>                                  |                                      |                                      |   |
| Debt service:   |                                      |                                      |   |
| Principal   | 70,000                               | 70,000                               | -   |
| Interest and fiscal charges                                 | <u>48,886</u>                        | <u>49,600</u>                        | <u>714</u>  |
| <b>TOTAL EXPENDITURES</b>                                   | <u><b>118,886</b></u>                | <u><b>119,600</b></u>                | <u><b>714</b></u>   |
| <br><b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <br><b>(118,564)</b>                 | <br><b>(119,600)</b>                 | <br><b>1,036</b>  |
| <b><u>OTHER FINANCING SOURCES</u></b>                       |                                      |                                      |   |
| Transfers in  | <u>116,600</u>                       | <u>116,600</u>                       | <u>-</u>  |
| <br><b>NET CHANGE IN FUND BALANCES</b>                      | <br><u><b>\$         (1,964)</b></u> | <br><u><b>\$         (3,000)</b></u> | <br><u><b>\$          1,036</b></u>                                 |

**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, 2015**

|   | <u>ACTUAL</u>           | <u>BUDGET</u>           | <b>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</b> |
|---|-------------------------|-------------------------|---|
| <b><u>REVENUES</u></b>                                  |                         |                         |   |
| Intergovernmental:                                      |                         |                         |   |
| State revenue sharing                                   | \$ 1,040,813            | \$ 1,040,813            | \$ -  |
| Miscellaneous:  |                         |                         |   |
| Investment income                                       | <u>14,556</u>           | <u>3,000</u>            | <u>11,556</u>   |
| <b>TOTAL REVENUES</b>                                   | <b><u>1,055,369</u></b> | <b><u>1,043,813</u></b> | <b><u>11,556</u></b>  |
| <b><u>EXPENDITURES</u></b>                              |                         |                         |   |
| Debt service:   |                         |                         |   |
| Principal   | 890,000                 | 890,000                 | -   |
| Interest and fiscal charges                             | <u>151,158</u>          | <u>151,813</u>          | <u>655</u>  |
| <b>TOTAL EXPENDITURES</b>                               | <b><u>1,041,158</u></b> | <b><u>1,041,813</u></b> | <b><u>655</u></b>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b><u>\$ 14,211</u></b> | <b><u>\$ 2,000</u></b>  | <b><u>\$ 12,211</u></b>   |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**PENSION OBLIGATION BOND SERIES 2003A**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <b><u>ACTUAL</u></b>    | <b><u>BUDGET</u></b>     | <b>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</b> |
|---|-------------------------|--------------------------|---|
| <b><u>REVENUES</u></b>                                  |                         |                          |   |
| Intergovernmental:                                      |                         |                          |   |
| Local cost sharing - GRU                                | \$ 1,736,747            | \$ 1,752,890             | \$ (16,143)   |
| Other local cost sharing                                | <u>8,838</u>            | <u>8,838</u>             | <u>-</u>  |
| Total intergovernmental                                 | 1,745,585               | 1,761,728                | (16,143)  |
| Miscellaneous:  |                         |                          |   |
| Investment income                                       | <u>21,139</u>           | <u>5,000</u>             | <u>16,139</u>   |
| <b>TOTAL REVENUES</b>                                   | <b><u>1,766,724</u></b> | <b><u>1,766,728</u></b>  | <b><u>(4)</u></b>   |
| <b><u>EXPENDITURES</u></b>                              |                         |                          |   |
| Debt service:   |                         |                          |   |
| Principal   | 803,088                 | 803,088                  | -   |
| Interest & fiscal charges                               | <u>1,872,687</u>        | <u>1,872,687</u>         | <u>-</u>  |
| <b>TOTAL EXPENDITURES</b>                               | <b><u>2,675,775</u></b> | <b><u>2,675,775</u></b>  | <b><u>-</u></b>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(909,051)</b>        | <b>(909,047)</b>         | <b>(4)</b>  |
| <b><u>OTHER FINANCING SOURCES</u></b>                   |                         |                          |   |
| Transfers in  | <u>914,047</u>          | <u>907,951</u>           | <u>6,096</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b><u>\$ 4,996</u></b>  | <b><u>\$ (1,096)</u></b> | <b><u>\$ 6,092</u></b>  |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**PENSION OBLIGATION BOND SERIES 2003B**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <b><u>ACTUAL</u></b>    | <b><u>BUDGET</u></b>    | <b>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</b> |
|---|-------------------------|-------------------------|---|
| <b><u>REVENUES</u></b>                                  |                         |                         |   |
| Miscellaneous:  |                         |                         |   |
| Investment income                                       | <u>\$ 25,580</u>        | <u>\$ 10,000</u>        | <u>\$ 15,580</u>  |
| <br>  |                         |                         |   |
| <b><u>EXPENDITURES</u></b>                              |                         |                         |   |
| Debt service:   |                         |                         |   |
| Principal   | 848,689                 | 848,689                 | -   |
| Interest & fiscal charges                               | <u>3,160,231</u>        | <u>3,160,231</u>        | <u>-</u>  |
| <br>  |                         |                         |   |
| <b>TOTAL EXPENDITURES</b>                               | <u><b>4,008,920</b></u> | <u><b>4,008,920</b></u> | <u><b>-</b></u>   |
| <br>  |                         |                         |   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(3,983,340)</b>      | <b>(3,998,920)</b>      | <b>15,580</b>   |
| <br>  |                         |                         |   |
| <b><u>OTHER FINANCING SOURCES</u></b>                   |                         |                         |   |
| Transfers in  | <u>4,008,921</u>        | <u>4,008,921</u>        | <u>-</u>  |
| <br>  |                         |                         |   |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <u><b>\$ 25,581</b></u> | <u><b>\$ 10,001</b></u> | <u><b>\$ 15,580</b></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, 2015**

|   | <u>ACTUAL</u>            | <u>BUDGET</u>            | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|--------------------------|--------------------------|---|
| <b><u>REVENUES</u></b>                                  |                          |                          |   |
| Miscellaneous:  |                          |                          |   |
| Investment income                                       | \$ -                     | \$ -                     | \$ -  |
| <b><u>EXPENDITURES</u></b>                              |                          |                          |   |
| Debt service:   |                          |                          |   |
| Principal   | 1,080,000                | 1,080,000                | -   |
| Interest and fiscal charges                             | <u>47,800</u>            | <u>50,900</u>            | <u>3,100</u>  |
| <b>TOTAL EXPENDITURES</b>                               | <b><u>1,127,800</u></b>  | <b><u>1,130,900</u></b>  | <b><u>3,100</u></b>   |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>(1,127,800)</b>       | <b>(1,130,900)</b>       | <b>3,100</b>  |
| <b><u>OTHER FINANCING SOURCES</u></b>                   |                          |                          |   |
| Transfers in  | <u>1,125,900</u>         | <u>1,125,900</u>         | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b><u>\$ (1,900)</u></b> | <b><u>\$ (5,000)</u></b> | <b><u>\$ 3,100</u></b>  |

**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, 2015**

|   | <u>ACTUAL</u>    | <u>BUDGET</u>    | <b>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</b> |
|---|------------------|------------------|---|
| <b><u>REVENUES</u></b>                                  |                  |                  |   |
| Miscellaneous:  |                  |                  |   |
| Investment income                                       | \$ 3,489         | \$ -             | \$ 3,489  |
| <b><u>EXPENDITURES</u></b>                              |                  |                  |   |
| Debt service:   |                  |                  |   |
| Principal   | 87,765           | 87,461           | (304)   |
| Interest and fiscal charges                             | 13,737           | 14,042           | 305   |
| <b>TOTAL EXPENDITURES</b>                               | <b>101,502</b>   | <b>101,503</b>   | <b>1</b>  |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>(98,013)</b>  | <b>(101,503)</b> | <b>3,490</b>  |
| <b><u>OTHER FINANCING SOURCES</u></b>                   |                  |                  |   |
| Transfers in  | 115,393          | 115,393          | -   |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>\$ 17,380</b> | <b>\$ 13,890</b> | <b>\$ 3,490</b>   |



**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, 2015**

|   | <u>ACTUAL</u>    | <u>BUDGET</u>       | <b>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</b> |
|---|------------------|---------------------|---|
| <b><u>REVENUES</u></b>                                  |                  |                     |   |
| Miscellaneous:  |                  |                     |   |
| Investment income                                       | \$ 4,661         | \$ -                | \$ 4,661  |
| <b><u>EXPENDITURES</u></b>                              |                  |                     |   |
| Debt service:   |                  |                     |   |
| Principal   | 455,569          | 515,000             | 59,431  |
| Interest and fiscal charges                             | 498,193          | 562,766             | 64,573  |
| <b>TOTAL EXPENDITURES</b>                               | <b>953,762</b>   | <b>1,077,766</b>    | <b>124,004</b>  |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>(949,101)</b> | <b>(1,077,766)</b>  | <b>128,665</b>  |
| <b><u>OTHER FINANCING SOURCES</u></b>                   |                  |                     |   |
| Transfers in  | 953,392          | 953,392             | -   |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>\$ 4,291</b>  | <b>\$ (124,374)</b> | <b>\$ 128,665</b>   |

**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, 2015**

|   | <u>ACTUAL</u>        | <u>BUDGET</u>          | <b>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</b> |
|---|----------------------|------------------------|---|
| <b><u>REVENUES</u></b>                                      |                      |                        |   |
| Miscellaneous:  |                      |                        |   |
| Investment income   | \$ 4,428             | \$ -                   | \$ 4,428  |
| <b><u>EXPENDITURES</u></b>                                  |                      |                        |   |
| Debt service:   |                      |                        |   |
| Principal   | 125,665              | 180,000                | 54,335  |
| Interest and fiscal charges                                 | 96,615               | 138,389                | 41,774  |
| <b>TOTAL EXPENDITURES</b>                                   | <b>222,280</b>       | <b>318,389</b>         | <b>96,109</b>   |
| <br><b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <br><b>(217,852)</b> | <br><b>(318,389)</b>   | <br><b>100,537</b>  |
| <b><u>OTHER FINANCING SOURCES</u></b>                       |                      |                        |   |
| Transfers in  | 242,805              | 242,805                | -   |
| <br><b>NET CHANGE IN FUND BALANCES</b>                      | <br><b>\$ 24,953</b> | <br><b>\$ (75,584)</b> | <br><b>\$ 100,537</b>   |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**REVENUE REFUNDING NOTE SERIES 2011**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>    | <u>BUDGET</u>    | <b>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</b> |
|---|------------------|------------------|---|
| <b><u>REVENUES</u></b>                                  |                  |                  |   |
| Miscellaneous:  |                  |                  |   |
| Investment income                                       | \$ 4,185         | \$ -             | \$ 4,185  |
| <b><u>EXPENDITURES</u></b>                              |                  |                  |   |
| Debt service:   |                  |                  |   |
| Principal   | 575,000          | 575,000          | -   |
| Interest and fiscal charges                             | 117,528          | 117,528          | -   |
| <b>TOTAL EXPENDITURES</b>                               | <b>692,528</b>   | <b>692,528</b>   | <b>-</b>  |
| <br>  |                  |                  |   |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>(688,343)</b> | <b>(692,528)</b> | <b>4,185</b>  |
| <b><u>OTHER FINANCING SOURCES</u></b>                   |                  |                  |   |
| Transfers in  | 692,528          | 692,528          | -   |
| <br>  |                  |                  |   |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>\$ 4,185</b>  | <b>\$ -</b>      | <b>\$ 4,185</b>   |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**CAPITAL IMPROVEMENT REVENUE NOTE SERIES 2011A**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>    | <u>BUDGET</u>    | <b>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</b> |
|---|------------------|------------------|---|
| <b><u>REVENUES</u></b>                                  |                  |                  |   |
| Miscellaneous:  |                  |                  |   |
| Investment income                                       | \$ 4,467         | \$ -             | \$ 4,467  |
| <b><u>EXPENDITURES</u></b>                              |                  |                  |   |
| Debt service:   |                  |                  |   |
| Principal   | 370,000          | 370,000          | -   |
| Interest and fiscal charges                             | 63,090           | 63,090           | -   |
| <b>TOTAL EXPENDITURES</b>                               | <b>433,090</b>   | <b>433,090</b>   | <b>-</b>  |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>(428,623)</b> | <b>(433,090)</b> | <b>4,467</b>  |
| <b><u>OTHER FINANCING SOURCES</u></b>                   |                  |                  |   |
| Transfers in  | 433,090          | 433,090          | -   |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>\$ 4,467</b>  | <b>\$ -</b>      | <b>\$ 4,467</b>   |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**REVENUE REFUNDING NOTE SERIES 2014**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>    | <u>BUDGET</u>     | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|------------------|-------------------|---|
| <b><u>REVENUES</u></b>                                  |                  |                   |   |
| Miscellaneous:  |                  |                   |   |
| Investment income                                       | \$ 10,993        | \$ -              | \$ 10,993   |
| <b><u>EXPENDITURES</u></b>                              |                  |                   |   |
| Debt service:   |                  |                   |   |
| Principal   | 165,000          | 165,000           | -   |
| Interest and fiscal charges                             | 351,660          | 351,660           | -   |
| <b>TOTAL EXPENDITURES</b>                               | <b>516,660</b>   | <b>516,660</b>    | <b>-</b>  |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>(505,667)</b> | <b>(516,660)</b>  | <b>10,993</b>   |
| <b><u>OTHER FINANCING SOURCES</u></b>                   |                  |                   |   |
| Transfers in  | 515,160          | 515,160           | -   |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>\$ 9,493</b>  | <b>\$ (1,500)</b> | <b>\$ 10,993</b>  |

**CITY OF GAINESVILLE, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**CAPITAL IMPROVEMENT REVENUE BOND SERIES 2014**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>ACTUAL</u>    | <u>BUDGET</u>       | <u>VARIANCE WITH<br/>FINAL BUDGET -<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|------------------|---------------------|---|
| <b><u>REVENUES</u></b>                                  |                  |                     |   |
| Miscellaneous:  |                  |                     |   |
| Investment income                                       | \$ 321           | \$ -                | \$ 321  |
| <b><u>EXPENDITURES</u></b>                              |                  |                     |   |
| Debt service:   |                  |                     |   |
| Principal   | 337,922          | 337,922             | -   |
| Interest and fiscal charges                             | 359,583          | 359,583             | -   |
| Bond issuance costs                                     | 242,746          | 433,184             | 190,438   |
| <b>TOTAL EXPENDITURES</b>                               | <b>940,251</b>   | <b>1,130,689</b>    | <b>190,438</b>  |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>(939,930)</b> | <b>(1,130,689)</b>  | <b>190,759</b>  |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>            |                  |                     |   |
| Debt issuance   | 12,435,000       | 12,435,000          | -   |
| Bond premium  | 947,278          | 947,278             | -   |
| Transfers in  | 697,505          | 697,505             | -   |
| Transfers out   | (13,126,042)     | (13,126,042)        | -   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>             | <b>953,741</b>   | <b>953,741</b>      | <b>-</b>  |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>\$ 13,811</b> | <b>\$ (176,948)</b> | <b>\$ 190,759</b>   |

## **ENTERPRISE FUNDS**

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

The City maintains the following non-major Enterprise Funds:

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

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

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

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

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

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2015**

|   | <b><u>REGIONAL<br/>TRANSIT<br/>SYSTEM<br/>FUND</u></b> | <b><u>STORMWATER<br/>MANAGEMENT<br/>UTILITY<br/>FUND</u></b> | <b><u>IRONWOOD<br/>GOLF<br/>COURSE<br/>FUND</u></b> |
|---|--|--|---|
| <b><u>ASSETS</u></b>                              |  |  |   |
| Current assets:                                   |  |  |   |
| Cash and cash equivalents                         | \$ 3,550   | \$ -   | \$ 3,400  |
| Equity in pooled cash and investments             | -  | 2,925,430  | -   |
| Receivables                                       | 6,862,501  | 360,156  | 1,400   |
| Due from other funds                              | 1,946  | 260,970  | -   |
| Inventories                                       | <u>1,217,414</u>                                       | <u>-</u>   | <u>65,402</u>                                       |
| Total current assets                              | <u>8,085,411</u>                                       | <u>3,546,556</u>   | <u>70,202</u>                                       |
| Noncurrent assets:                                |  |  |   |
| Capital assets (net of accumulated depreciation): |  |  |   |
| Buildings   | 38,050,246   | 1,605,140  | 355,213   |
| Improvements other than buildings                 | 857,490  | -  | 1,050,748   |
| Machinery and equipment                           | 18,319,503   | 161,098  | 127,725   |
| Infrastructure                                    | -  | 22,117,520   | -   |
| Capital assets (not depreciated):                 |  |  |   |
| Land  | 2,690,877  | 4,002,122  | 520,265   |
| Construction in progress                          | <u>71,168</u>  | <u>5,308,627</u>   | <u>-</u>  |
| <b>TOTAL ASSETS</b>                               | <u>68,074,695</u>                                      | <u>36,741,063</u>  | <u>2,124,153</u>                                    |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>      |  |  |   |
| Deferred amounts related to pensions              | <u>4,784,920</u>                                       | <u>1,030,170</u>   | <u>43,752</u>                                       |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>       | <u>4,784,920</u>                                       | <u>1,030,170</u>   | <u>43,752</u>                                       |
| <b><u>LIABILITIES</u></b>                         |  |  |   |
| Current liabilities:                              |  |  |   |
| Accounts payable and accrued liabilities          | 908,761  | 180,821  | 81,161  |
| Accounts payable - payroll                        | 119,454  | 25,121   | 1,523   |
| Due to other funds                                | 6,486,159  | -  | 1,012,166   |
| Current portion of long-term debt                 | <u>15,375</u>  | <u>165,893</u>   | <u>54,591</u>                                       |
| Total current liabilities                         | 7,529,749  | 371,835  | 1,149,441   |
| Noncurrent liabilities:                           |  |  |   |
| Long-term debt                                    | 384,374  | 2,117,335  | 1,007,065   |
| Net pension liability                             | <u>15,606,260</u>                                      | <u>3,359,951</u>   | <u>142,701</u>                                      |
| Total noncurrent liabilities                      | <u>15,990,634</u>                                      | <u>5,477,286</u>   | <u>1,149,766</u>                                    |
| <b>TOTAL LIABILITIES</b>                          | <u>23,520,383</u>                                      | <u>5,849,121</u>   | <u>2,299,207</u>                                    |
| <b><u>NET POSITION</u></b>                        |  |  |   |
| Net investment in capital assets                  | 59,989,284   | 30,996,112   | 944,614   |
| Restricted for:                                   |  |  |   |
| Capital improvement surcharge                     | -  | -  | 133,072   |
| RTS grant   | 468,600  | -  | -   |
| Unrestricted                                      | <u>(11,118,652)</u>                                    | <u>926,000</u>   | <u>(1,208,988)</u>                                  |
| <b>TOTAL NET POSITION</b>                         | <u>\$ 49,339,232</u>                                   | <u>\$ 31,922,112</u>   | <u>\$ (131,302)</u>                                 |

(CONTINUED)



**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2015**

|   | <b><u>FLORIDA<br/>BUILDING CODE<br/>ENFORCEMENT<br/>FUND</u></b> | <b><u>SOLID<br/>WASTE<br/>FUND</u></b> | <b><u>TOTAL<br/>NONMAJOR<br/>ENTERPRISE<br/>FUNDS</u></b> |
|---|--|--|---|
| <b><u>ASSETS</u></b>                              |  |  |   |
| Current assets:                                   |  |  |   |
| Cash and cash equivalents                         | \$ -   | \$ -                                   | \$ 6,950  |
| Equity in pooled cash and investments             | 5,197,949  | 4,594,319                              | 12,717,698  |
| Receivables                                       | -  | 361,912                                | 7,585,969   |
| Due from other funds                              | -  | 602,338                                | 865,254   |
| Inventories                                       | 4,143  | -                                      | 1,286,959   |
| Total current assets                              | <u>5,202,092</u>   | <u>5,558,569</u>                       | <u>22,462,830</u>   |
| Noncurrent assets:                                |  |  |   |
| Capital assets (net of accumulated depreciation): |  |  |   |
| Buildings   | -  | 480,648                                | 40,491,247  |
| Improvements other than buildings                 | -  | -                                      | 1,908,238   |
| Machinery and equipment                           | -  | 27,029                                 | 18,635,355  |
| Infrastructure                                    | -  | -                                      | 22,117,520  |
| Capital assets (not depreciated):                 |  |  |   |
| Land  | -  | 100,989                                | 7,314,253   |
| Construction in progress                          | -  | -                                      | 5,379,795   |
| <b>TOTAL ASSETS</b>                               | <u>5,202,092</u>   | <u>6,167,235</u>                       | <u>118,309,238</u>  |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>      |  |  |   |
| Deferred amounts related to pensions              | <u>517,074</u>   | <u>278,424</u>                         | <u>6,654,340</u>  |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>       | <u>517,074</u>   | <u>278,424</u>                         | <u>6,654,340</u>  |
| <b><u>LIABILITIES</u></b>                         |  |  |   |
| Current liabilities:                              |  |  |   |
| Accounts payable and accrued liabilities          | 358,245  | 569,868                                | 2,098,856   |
| Accounts payable - payroll                        | 14,686   | 7,197                                  | 167,981   |
| Due to other funds                                | -  | -                                      | 7,498,325   |
| Current portion of long-term debt                 | 3,097  | 105,943                                | 344,899   |
| Total current liabilities                         | <u>376,028</u>   | <u>683,008</u>                         | <u>10,110,061</u>   |
| Noncurrent liabilities:                           |  |  |   |
| Long-term debt                                    | 77,413   | 2,580,889                              | 6,167,076   |
| Net pension liability                             | 1,686,462  | 908,095                                | 21,703,469  |
| Total noncurrent liabilities                      | <u>1,763,875</u>   | <u>3,488,984</u>                       | <u>27,870,545</u>   |
| <b>TOTAL LIABILITIES</b>                          | <u>2,139,903</u>   | <u>4,171,992</u>                       | <u>37,980,606</u>   |
| <b><u>NET POSITION</u></b>                        |  |  |   |
| Net investment in capital assets                  | -  | 608,666                                | 92,538,676  |
| Restricted for:                                   |  |  |   |
| Capital improvement surcharge                     | -  | -                                      | 133,072   |
| RTS grant   | -  | -                                      | 468,600   |
| Unrestricted                                      | <u>3,579,263</u>   | <u>1,665,001</u>                       | <u>(6,157,376)</u>  |
| <b>TOTAL NET POSITION</b>                         | <u>\$ 3,579,263</u>  | <u>\$ 2,273,667</u>                    | <u>\$ 86,982,972</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, 2015**

|   | <b>REGIONAL<br/>TRANSIT<br/>SYSTEM<br/>FUND</b> | <b>STORMWATER<br/>MANAGEMENT<br/>UTILITY<br/>FUND</b> | <b>IRONWOOD<br/>GOLF<br/>COURSE<br/>FUND</b> |
|---|---|---|--|
| <b><u>OPERATING REVENUES</u></b>                                    |   |   |  |
| Sales and service charges   | \$ 15,184,158                                   | \$ 7,331,355  | \$ 892,998                                   |
| Other operating revenues  | 276,141   | 5,918   | -  |
| <b>TOTAL OPERATING REVENUES</b>                                     | <b><u>15,460,299</u></b>                        | <b><u>7,337,273</u></b>                               | <b><u>892,998</u></b>                        |
| <b><u>OPERATING EXPENSES</u></b>                                    |   |   |  |
| Operations and maintenance  | 20,115,076                                      | 3,310,825   | 919,595                                      |
| Administrative and general  | 1,573,331                                       | 936,332   | 448,468                                      |
| Depreciation and amortization                                       | 4,146,039                                       | 536,774   | 164,163                                      |
| <b>TOTAL OPERATING EXPENSES</b>                                     | <b><u>25,834,446</u></b>                        | <b><u>4,783,931</u></b>                               | <b><u>1,532,226</u></b>                      |
| <b>OPERATING INCOME (LOSS)</b>                                      | <b><u>(10,374,147)</u></b>                      | <b><u>2,553,342</u></b>                               | <b><u>(639,228)</u></b>                      |
| <b><u>NON OPERATING REVENUES (EXPENSES)</u></b>                     |   |   |  |
| Investment income /(loss)   | (76,896)  | 336,524   | (19,181)                                     |
| Interest expense  | -   | (51,643)  | (41,774)                                     |
| Gain/(Loss) on disposal of capital assets                           | -   | (1,778,980)   | -  |
| Local option gas tax  | 1,923,381                                       | -   | -  |
| Operating grants  | 9,374,004                                       | 61,114  | -  |
| <b>TOTAL NON OPERATING REVENUE(EXPENSES)</b>                        | <b><u>11,220,489</u></b>                        | <b><u>(1,432,985)</u></b>                             | <b><u>(60,955)</u></b>                       |
| <b>INCOME (LOSS) BEFORE CAPITAL<br/>CONTRIBUTIONS AND TRANSFERS</b> | <b>846,342</b>                                  | <b>1,120,357</b>                                      | <b>(700,183)</b>                             |
| Capital contributions   | 558,641   | -   | -  |
| Transfers in  | 1,023,731                                       | -   | 832,450                                      |
| Transfers out   | (282,694)                                       | (801,737)   | (4,977)                                      |
| <b>CHANGE IN NET POSITION</b>                                       | <b>2,146,020</b>                                | <b>318,620</b>  | <b>127,290</b>                               |
| <b>TOTAL NET POSITION</b>   |   |   |  |
| October 1, As Previously Reported                                   | 57,130,202                                      | 33,742,877  | (167,730)                                    |
| Restatement   | (9,936,990)                                     | (2,139,385)   | (90,862)                                     |
| October 1, As Restated  | <b><u>47,193,212</u></b>                        | <b><u>31,603,492</u></b>                              | <b><u>(258,592)</u></b>                      |
| <b>TOTAL NET POSITION</b>   |   |   |  |
| September 30  | <b><u>\$ 49,339,232</u></b>                     | <b><u>\$ 31,922,112</u></b>                           | <b><u>\$ (131,302)</u></b>                   |

(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, 2015**

|   | <b>FLORIDA<br/>BUILDING CODE<br/>ENFORCEMENT<br/>FUND</b> | <b>SOLID<br/>WASTE<br/>FUND</b> | <b>TOTAL<br/>NONMAJOR<br/>ENTERPRISE<br/>FUNDS</b> |
|---|---|---------------------------------|--|
| <b><u>OPERATING REVENUES</u></b>                                    |   |                                 |  |
| Sales and service charges   | \$ 3,755,980  | \$ 9,134,416                    | \$ 36,298,907                                      |
| Other operating revenues  | -   | -                               | 282,059  |
| <b>TOTAL OPERATING REVENUES</b>                                     | <b><u>3,755,980</u></b>                                   | <b><u>9,134,416</u></b>         | <b><u>36,580,966</u></b>                           |
| <b><u>OPERATING EXPENSES</u></b>                                    |   |                                 |  |
| Operations and maintenance  | 2,035,198   | 8,161,946                       | 34,542,640   |
| Administrative and general  | 271,625   | 317,931                         | 3,547,687  |
| Depreciation and amortization                                       | 2,934   | 50,105                          | 4,900,015  |
| <b>TOTAL OPERATING EXPENSES</b>                                     | <b><u>2,309,757</u></b>                                   | <b><u>8,529,982</u></b>         | <b><u>42,990,342</u></b>                           |
| <b>OPERATING INCOME (LOSS)</b>                                      | <b><u>1,446,223</u></b>                                   | <b><u>604,434</u></b>           | <b><u>(6,409,376)</u></b>                          |
| <b><u>NON OPERATING REVENUES (EXPENSES)</u></b>                     |   |                                 |  |
| Investment income /(loss)   | 178,423   | 183,088                         | 601,958  |
| Interest expense  | -   | (93,341)                        | (186,758)  |
| Gain/(Loss) on disposal of capital assets                           | -   | -                               | (1,778,980)  |
| Local option gas tax  | -   | -                               | 1,923,381  |
| Operating grants  | -   | -                               | 9,435,118  |
| <b>TOTAL NON OPERATING REVENUE(EXPENSES)</b>                        | <b><u>178,423</u></b>                                     | <b><u>89,747</u></b>            | <b><u>9,994,719</u></b>                            |
| <b>INCOME (LOSS) BEFORE CAPITAL<br/>CONTRIBUTIONS AND TRANSFERS</b> | <b>1,624,646</b>  | <b>694,181</b>                  | <b>3,585,343</b>                                   |
| Capital contributions   | -   | -                               | 558,641  |
| Transfers in  | -   | 6,400                           | 1,862,581  |
| Transfers out   | (37,194)  | (1,465,848)                     | (2,592,450)  |
| <b>CHANGE IN NET POSITION</b>                                       | <b>1,587,452</b>  | <b>(765,267)</b>                | <b>3,414,115</b>                                   |
| <b>TOTAL NET POSITION</b>   |   |                                 |  |
| October 1, As Previously Reported                                   | 3,065,634   | 3,617,146                       | 97,388,129   |
| Restatement   | <u>(1,073,823)</u>  | <u>(578,212)</u>                | <u>(13,819,272)</u>                                |
| October 1, As Restated  | <b><u>1,991,811</u></b>                                   | <b><u>3,038,934</u></b>         | <b><u>83,568,857</u></b>                           |
| <b>TOTAL NET POSITION</b>   |   |                                 |  |
| September 30  | <b><u>\$ 3,579,263</u></b>                                | <b><u>\$ 2,273,667</u></b>      | <b><u>\$ 86,982,972</u></b>                        |

(CONCLUDED)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <b>REGIONAL<br/>TRANSIT<br/>SYSTEM<br/>FUND</b> | <b>STORMWATER<br/>MANAGEMENT<br/>UTILITY<br/>FUND</b> | <b>IRONWOOD<br/>GOLF<br/>COURSE<br/>FUND</b> |
|---|---|---|--|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                              |   |   |  |
| Cash received from customers  | \$ 13,944,546                                   | \$ 8,915,722  | \$ 892,998                                   |
| Cash paid to suppliers  | (14,485,063)                                    | (1,436,473)   | (1,184,469)                                  |
| Cash paid to employees  | (10,853,117)                                    | (2,701,553)   | (176,492)                                    |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                         | <b><u>(11,393,634)</u></b>                      | <b><u>4,777,696</u></b>                               | <b><u>(467,963)</u></b>                      |
| <b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>                   |   |   |  |
| Local option gas tax  | 1,923,381                                       | -   | -  |
| Operating grants  | 8,815,363                                       | 61,114  | -  |
| Interest paid   | (76,896)  | -   | (19,181)                                     |
| Interfund borrowing   | 4,733,864                                       | 803,407   | (207,752)                                    |
| Transfers from other funds  | 1,023,731                                       | -   | 832,450                                      |
| Transfers to other funds  | (282,694)                                       | (801,737)   | (4,977)                                      |
| <b>NET CASH PROVIDED (USED) BY<br/>NONCAPITAL FINANCING ACITIVITES</b>          | <b><u>16,136,749</u></b>                        | <b><u>62,784</u></b>                                  | <b><u>600,540</u></b>                        |
| <b><u>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</u></b>      |   |   |  |
| Principal repayments on long-term debt  | -   | (390,686)   | (54,315)                                     |
| Interest paid on long-term debt   | -   | (51,643)  | (41,774)                                     |
| Capital contributions   | 558,641   | -   | -  |
| Acquisition and construction of capital assets                                  | (5,298,356)                                     | (2,321,499)   | (36,488)                                     |
| <b>NET CASH PROVIDED (USED) BY CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b> | <b><u>(4,739,715)</u></b>                       | <b><u>(2,763,828)</u></b>                             | <b><u>(132,577)</u></b>                      |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                              |   |   |  |
| Interest received   | -   | 336,524   | -  |
| Purchase of investments   | -   | (2,161,600)   | -  |
| Proceeds from investment maturities   | -   | 241,458   | -  |
| <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>                         | <b><u>-</u></b>                                 | <b><u>(1,583,618)</u></b>                             | <b><u>-</u></b>                              |
| <b>NET INCREASE (DECREASE) IN CASH</b>  | <b>3,400</b>                                    | <b>493,034</b>  | <b>-</b>                                     |
| <b>CASH - OCTOBER 1</b>   | <b><u>150</u></b>                               | <b><u>270,796</u></b>                                 | <b><u>3,400</u></b>                          |
| <b>CASH - SEPTEMBER 30</b>  | <b><u>\$ 3,550</u></b>                          | <b><u>\$ 763,830</u></b>                              | <b><u>\$ 3,400</u></b>                       |

(continued)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <b>FLORIDA<br/>BUILDING CODE<br/>ENFORCEMENT<br/>FUND</b> | <b>SOLID<br/>WASTE<br/>FUND</b> | <b>TOTAL<br/>NONMAJOR<br/>ENTERPRISE<br/>FUNDS</b> |
|---|---|---------------------------------|--|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                              |   |                                 |  |
| Cash received from customers  | \$ 3,755,980  | \$ 9,134,347                    | \$ 36,643,593                                      |
| Cash paid to suppliers  | (535,681)   | (7,541,920)                     | (25,183,606)                                       |
| Cash paid to employees  | (1,599,244)   | (777,035)                       | (16,107,441)                                       |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                         | <b><u>1,621,055</u></b>                                   | <b><u>815,392</u></b>           | <b><u>(4,647,454)</u></b>                          |
| <b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>                   |   |                                 |  |
| Local option gas tax  | -   | -                               | 1,923,381  |
| Operating grants  | -   | -                               | 8,876,477  |
| Interest paid   | -   | -                               | (96,077)   |
| Interfund borrowing   | -   | 52,100                          | 5,381,619  |
| Transfers from other funds  | -   | 6,400                           | 1,862,581  |
| Transfers to other funds  | (37,194)  | (1,465,848)                     | (2,592,450)  |
| <b>NET CASH PROVIDED (USED) BY<br/>NONCAPITAL FINANCING ACITIVITES</b>          | <b><u>(37,194)</u></b>                                    | <b><u>(1,407,348)</u></b>       | <b><u>15,355,531</u></b>                           |
| <b><u>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</u></b>      |   |                                 |  |
| Principal repayments on long-term debt  | -   | (86,792)                        | (531,793)  |
| Interest paid on long-term debt   | -   | (93,341)                        | (186,758)  |
| Capital contributions   | -   | -                               | 558,641  |
| Acquisition and construction of capital assets                                  | -   | (5,500)                         | (7,661,843)  |
| <b>NET CASH PROVIDED (USED) BY CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b> | <b><u>-</u></b>   | <b><u>1,914,367</u></b>         | <b><u>(5,721,753)</u></b>                          |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                              |   |                                 |  |
| Interest received   | 178,423   | 183,088                         | 698,035  |
| Purchase of investments   | (3,840,765)   | (3,394,742)                     | (9,397,107)  |
| Proceeds from investment maturities   | 2,781,171   | 2,500,400                       | 5,523,029  |
| <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>                         | <b><u>(881,171)</u></b>                                   | <b><u>(711,254)</u></b>         | <b><u>(3,176,043)</u></b>                          |
| <b>NET INCREASE (DECREASE) IN CASH</b>  | <b>702,690</b>  | <b>611,157</b>                  | <b>1,810,281</b>                                   |
| <b>CASH - OCTOBER 1</b>   | <b><u>654,494</u></b>                                     | <b><u>588,420</u></b>           | <b><u>1,517,260</u></b>                            |
| <b>CASH - SEPTEMBER 30</b>  | <b><u>\$ 1,357,184</u></b>                                | <b><u>\$ 1,199,577</u></b>      | <b><u>\$ 3,327,541</u></b>                         |

(continued)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|  | <b>REGIONAL<br/>TRANSIT<br/>SYSTEM<br/>FUND</b> | <b>STORMWATER<br/>MANAGEMENT<br/>UTILITY<br/>FUND</b> | <b>IRONWOOD<br/>GOLF<br/>COURSE<br/>FUND</b> |
|--|---|---|--|
| <b>OPERATING INCOME (LOSS)</b>   | \$ (10,374,147)                                 | \$ 2,553,342  | \$ (639,228)                                 |
| <b>ADJUSTMENTS TO RECONCILE OPERATING INCOME<br/>(LOSS) TO NET CASH PROVIDED (USED) BY<br/>OPERATING ACTIVITIES:</b> |   |   |  |
| Depreciation and amortization  | 4,146,039                                       | 536,774   | 164,163                                      |
| (Increase)/decrease in receivables   | (1,515,753)                                     | 1,578,449   | -  |
| (Increase)/decrease in inventories   | (147,173)                                       | -   | 1  |
| Increase/(decrease) in accounts payable and<br>accrued liabilities   | (4,386,950)                                     | (81,265)  | (986)  |
| Pension expense adjustment   | 884,350   | 190,396   | 8,087  |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  | <b>\$ (11,393,634)</b>                          | <b>\$ 4,777,696</b>                                   | <b>\$ (467,963)</b>                          |

**RECONCILIATION OF CASH TO  
STATEMENT OF NET POSITION**

|   |                 |                     |                 |
|---|-----------------|---------------------|-----------------|
| Cash  | \$ 3,550        | \$ 763,830          | \$ 3,400        |
| Investments   | -               | 2,161,600           | -               |
| <b>TOTAL CASH, EQUITY IN POOL AND INVESTMENTS<br/>PER STATEMENT OF NET POSITION</b> | <b>\$ 3,550</b> | <b>\$ 2,925,430</b> | <b>\$ 3,400</b> |

**NONCASH CAPITAL, INVESTING AND  
FINANCING ACTIVITIES**

|                                     |            |           |      |
|-------------------------------------|------------|-----------|------|
| Contribution of Capital Assets      | \$ 558,641 | \$ -      | \$ - |
| Change in fair value of investments | -          | (657,941) | -    |

(continued)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|  | <b>FLORIDA<br/>BUILDING CODE<br/>ENFORCEMENT<br/>FUND</b> | <b>SOLID<br/>WASTE<br/>FUND</b> | <b>TOTAL<br/>NONMAJOR<br/>ENTERPRISE<br/>FUNDS</b> |
|--|---|---------------------------------|--|
| <b>OPERATING INCOME (LOSS)</b>   | \$ 1,446,223  | \$ 604,434                      | \$ (6,409,376)                                     |
| <b>ADJUSTMENTS TO RECONCILE OPERATING INCOME<br/>(LOSS) TO NET CASH PROVIDED (USED) BY<br/>OPERATING ACTIVITIES:</b> |   |                                 |  |
| Depreciation and amortization  | 2,934   | 50,105                          | 4,900,015  |
| (Increase)/decrease in receivables   | -   | (69)                            | 62,627   |
| (Increase)/decrease in inventories   | (1)   | -                               | (147,173)  |
| Increase/(decrease) in accounts payable and<br>accrued liabilities   | 76,334  | 109,463                         | (4,283,404)  |
| Pension expense adjustment   | 95,565  | 51,459                          | 1,229,857  |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  | <b>\$ 1,621,055</b>                                       | <b>\$ 815,392</b>               | <b>\$ (4,647,454)</b>                              |
| <br><b>RECONCILIATION OF CASH TO<br/>STATEMENT OF NET POSITION</b>   |   |                                 |  |
| Cash   | \$ 1,357,184  | \$ 1,199,577                    | \$ 3,327,541                                       |
| Investments  | 3,840,765   | 3,394,742                       | 9,397,107  |
| <b>TOTAL CASH, EQUITY IN POOL AND INVESTMENTS<br/>PER STATEMENT OF NET POSITION</b>                                  | <b>\$ 5,197,949</b>                                       | <b>\$ 4,594,319</b>             | <b>\$ 12,724,648</b>                               |
| <br><b>NONCASH CAPITAL, INVESTING AND<br/>FINANCING ACTIVITIES</b>   |   |                                 |  |
| Contribution of Capital Assets   | \$ -  | \$ -                            | \$ 558,641   |
| Change in fair value of investments  | (255,638)   | (209,995)                       | (1,123,574)  |

(concluded)

## INTERNAL SERVICE FUNDS

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

The City maintains the following Internal Service Funds:

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

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

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



**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2015**

|   | <b><u>GENERAL<br/>INSURANCE<br/>FUND</u></b> | <b><u>EMPLOYEES<br/>HEALTH AND<br/>ACCIDENT<br/>BENEFITS<br/>FUND</u></b> | <b><u>FLEET<br/>MANAGEMENT<br/>FUND</u></b> | <b><u>TOTALS</u></b> |
|---|--|---|---|----------------------|
| <b><u>ASSETS</u></b>                              |  |   |   |                      |
| Current assets:                                   |  |   |   |                      |
| Cash and cash equivalents                         | \$ 400,000                                   | \$ 122,000  | \$ -  | \$ 522,000           |
| Equity in pooled cash and investments             | 11,142,820                                   | 3,694,483   | 6,386,247                                   | 21,223,550           |
| Receivables                                       | 455  | 169   | -   | 624                  |
| Due from other funds                              | 345,953                                      | -   | 208,713                                     | 554,666              |
| Inventories                                       | -  | -   | 140,828                                     | 140,828              |
| Prepaid expenses                                  | 23,204                                       | -   | -   | 23,204               |
| Total current assets                              | <u>11,912,432</u>                            | <u>3,816,652</u>  | <u>6,735,788</u>                            | <u>22,464,872</u>    |
| Noncurrent assets:                                |  |   |   |                      |
| Capital assets (net of accumulated depreciation): |  |   |   |                      |
| Buildings   | -  | -   | 3,331,633                                   | 3,331,633            |
| Improvements other than buildings                 | -  | -   | 1,223,294                                   | 1,223,294            |
| Machinery and equipment                           | 14,047                                       | -   | 8,658,976                                   | 8,673,023            |
| Infrastructure                                    | -  | -   | 252,996                                     | 252,996              |
| Capital assets (non depreciable):                 |  |   |   |                      |
| Land  | -  | -   | 631,563                                     | 631,563              |
| <b>TOTAL ASSETS</b>                               | <u>14,047</u>                                | <u>-</u>  | <u>14,098,462</u>                           | <u>14,112,509</u>    |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>      |  |   |   |                      |
| Deferred amounts related to pensions              | 485,254                                      | 47,730  | 540,939                                     | 1,073,923            |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>       | <u>485,254</u>                               | <u>47,730</u>   | <u>540,939</u>                              | <u>1,073,923</u>     |
| <b><u>LIABILITIES</u></b>                         |  |   |   |                      |
| Current liabilities:                              |  |   |   |                      |
| Accounts payable and accrued liabilities          | 6,988,104                                    | 1,310,984   | 115,000                                     | 8,414,088            |
| Accounts payable - payroll                        | 11,661                                       | 919   | 13,868                                      | 26,448               |
| Current portion of long-term debt                 | 1,853  | 57  | 2,673                                       | 4,583                |
| Total current liabilities                         | <u>7,001,618</u>                             | <u>1,311,960</u>  | <u>131,541</u>                              | <u>8,445,119</u>     |
| Noncurrent liabilities:                           |  |   |   |                      |
| Long-term debt                                    | 46,333                                       | 1,432   | 66,827                                      | 114,592              |
| Pension liability                                 | 1,582,680                                    | 155,673   | 1,764,299                                   | 3,502,652            |
|   | <u>1,629,013</u>                             | <u>157,105</u>  | <u>1,831,126</u>                            | <u>3,617,244</u>     |
| <b>TOTAL LIABILITIES</b>                          | <u>8,630,631</u>                             | <u>1,469,065</u>  | <u>1,962,667</u>                            | <u>12,062,363</u>    |
| <b><u>NET POSITION</u></b>                        |  |   |   |                      |
| Invested in capital assets                        | 14,047                                       | -   | 14,098,462                                  | 14,112,509           |
| Unrestricted                                      | 3,767,055                                    | 2,395,317   | 5,314,060                                   | 11,476,432           |
| <b>TOTAL NET POSITION</b>                         | <u>\$ 3,781,102</u>                          | <u>\$ 2,395,317</u>   | <u>\$ 19,412,522</u>                        | <u>\$ 25,588,941</u> |

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | GENERAL<br>INSURANCE<br>FUND | EMPLOYEES<br>HEALTH AND<br>ACCIDENT<br>BENEFITS<br>FUND | FLEET<br>MANAGEMENT<br>FUND | TOTALS               |
|---|------------------------------|---|-----------------------------|----------------------|
| <b><u>OPERATING REVENUES</u></b>                                    |                              |   |                             |                      |
| Sales and service charges   | \$ 5,845,919                 | \$ 5,547,873  | \$ 7,241,701                | \$ 18,635,493        |
| Employer contributions  | -                            | 11,612,048  | -                           | 11,612,048           |
| Employee contributions  | -                            | 6,336,011   | -                           | 6,336,011            |
| Other operating revenues  | 489,971                      | 706,922   | 265,705                     | 1,462,598            |
| <b>TOTAL OPERATING REVENUES</b>                                     | <b>6,335,890</b>             | <b>24,202,854</b>                                       | <b>7,507,406</b>            | <b>38,046,150</b>    |
| <b><u>OPERATING EXPENSES</u></b>                                    |                              |   |                             |                      |
| Operations and maintenance  | 6,391,055                    | -   | 4,297,554                   | 10,688,609           |
| Administrative and general  | 1,114,374                    | 306,336   | 730,322                     | 2,151,032            |
| Depreciation and amortization                                       | 8,337                        | -   | 2,126,696                   | 2,135,033            |
| Benefits paid and other expenses                                    | -                            | 24,537,067  | -                           | 24,537,067           |
| <b>TOTAL OPERATING EXPENSES</b>                                     | <b>7,513,766</b>             | <b>24,843,403</b>                                       | <b>7,154,572</b>            | <b>39,511,741</b>    |
| <b>OPERATING INCOME (LOSS)</b>                                      | <b>(1,177,876)</b>           | <b>(640,549)</b>  | <b>352,834</b>              | <b>(1,465,591)</b>   |
| <b><u>NON OPERATING REVENUES</u></b>                                |                              |   |                             |                      |
| Investment income   | 583,162                      | 134,210   | 353,685                     | 1,071,057            |
| <b>TOTAL NON OPERATING REVENUES</b>                                 | <b>583,162</b>               | <b>134,210</b>  | <b>353,685</b>              | <b>1,071,057</b>     |
| <b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS<br/>AND TRANSFERS</b> | <b>(594,714)</b>             | <b>(506,339)</b>  | <b>706,519</b>              | <b>(394,534)</b>     |
| Capital contributions   | -                            | -   | 620,952                     | 620,952              |
| Transfers in  | -                            | -   | 21,289                      | 21,289               |
| Transfers out   | (28,778)                     | (2,163)   | (41,514)                    | (72,455)             |
| <b>CHANGE IN NET POSITION</b>                                       | <b>(623,492)</b>             | <b>(508,502)</b>  | <b>1,307,246</b>            | <b>175,252</b>       |
| <b>TOTAL NET POSITION</b>   |                              |   |                             |                      |
| October 1, As Previously Reported                                   | 5,412,335                    | 3,002,941   | 19,228,660                  | 27,643,936           |
| Restatement   | (1,007,741)                  | (99,122)  | (1,123,384)                 | (2,230,247)          |
| October 1, As Restated  | 4,404,594                    | 2,903,819   | 18,105,276                  | 25,413,689           |
| <b>NET POSITION, September 30</b>                                   | <b>\$ 3,781,102</b>          | <b>\$ 2,395,317</b>                                     | <b>\$ 19,412,522</b>        | <b>\$ 25,588,941</b> |

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|  | <b>GENERAL<br/>INSURANCE<br/>FUND</b> | <b>EMPLOYEES<br/>HEALTH AND<br/>ACCIDENT<br/>BENEFITS<br/>FUND</b> | <b>FLEET<br/>MANAGEMENT<br/>FUND</b> | <b>TOTALS</b>             |
|--|---------------------------------------|--|--------------------------------------|---------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                         |                                       |  |                                      |                           |
| Cash received from customers   | \$ 5,845,464                          | \$ 24,202,854  | \$ 7,242,379                         | \$ 37,290,697             |
| Cash paid to suppliers   | (6,057,893)                           | (24,738,500)   | (3,954,200)                          | (34,750,593)              |
| Cash paid to employees   | (1,287,260)                           | (100,629)  | (1,465,576)                          | (2,853,465)               |
| Other operating receipts   | 489,971                               | -  | 265,705                              | 755,676                   |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                    | <b><u>(1,009,718)</u></b>             | <b><u>(636,275)</u></b>  | <b><u>2,088,308</u></b>              | <b><u>442,315</u></b>     |
| <b><u>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</u></b>          |                                       |  |                                      |                           |
| Transfers from other funds   | -                                     | -  | 21,289                               | 21,289                    |
| Transfers to other funds   | (28,778)                              | (2,163)  | (41,514)                             | (72,455)                  |
| <b>NET CASH PROVIDED (USED) BY NONCAPITAL<br/>FINANCING ACTIVITIES</b>     | <b><u>(28,778)</u></b>                | <b><u>(2,163)</u></b>  | <b><u>(20,225)</u></b>               | <b><u>(51,166)</u></b>    |
| <b><u>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</u></b> |                                       |  |                                      |                           |
| Acquisition and construction of capital assets                             | -                                     | -  | (3,154,554)                          | (3,154,554)               |
| <b>NET CASH USED BY CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b>       | <b><u>-</u></b>                       | <b><u>-</u></b>  | <b><u>(3,154,554)</u></b>            | <b><u>(3,154,554)</u></b> |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                         |                                       |  |                                      |                           |
| Interest received  | 583,162                               | 134,210  | 353,685                              | 1,071,057                 |
| Purchase of investments  | (8,233,430)                           | (2,729,853)  | (4,718,798)                          | (15,682,081)              |
| Proceeds from investment maturities  | 9,388,706                             | 3,426,380  | 5,762,857                            | 18,577,943                |
| <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>                    | <b><u>1,738,438</u></b>               | <b><u>830,737</u></b>  | <b><u>1,397,744</u></b>              | <b><u>3,966,919</u></b>   |
| <b>NET INCREASE IN CASH</b>  | <b>699,942</b>                        | <b>192,299</b>   | <b>311,273</b>                       | <b>1,203,514</b>          |
| <b>CASH - OCTOBER 1</b>  | <b><u>2,609,448</u></b>               | <b><u>894,331</u></b>  | <b><u>1,356,176</u></b>              | <b><u>4,859,955</u></b>   |
| <b>CASH - SEPTEMBER 30</b>   | <b>\$ 3,309,390</b>                   | <b>\$ 1,086,630</b>  | <b>\$ 1,667,449</b>                  | <b>\$ 6,063,469</b>       |

(continued)

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|  | <b>GENERAL<br/>INSURANCE<br/>FUND</b> | <b>EMPLOYEES<br/>HEALTH AND<br/>ACCIDENT<br/>BENEFITS<br/>FUND</b> | <b>FLEET<br/>MANAGEMENT<br/>FUND</b> | <b>TOTALS</b>         |
|--|---------------------------------------|--|--------------------------------------|-----------------------|
| <b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO<br/>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>  |                                       |  |                                      |                       |
| <b>OPERATING INCOME (LOSS)</b>   | <b>\$ (1,177,876)</b>                 | <b>\$ (640,549)</b>  | <b>\$ 352,834</b>                    | <b>\$ (1,465,591)</b> |
| <b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |                                       |  |                                      |                       |
| Depreciation and amortization  | 8,337                                 | -  | 2,126,696                            | 2,135,033             |
| (Increase)/decrease in receivables   | (455)                                 | -  | 678                                  | 223                   |
| (Increase)/decrease in due from other funds  | 79,225                                | -  | 17,043                               | 96,268                |
| (Increase)/decrease in inventories   | -                                     | -  | 4,931                                | 4,931                 |
| Increase/(decrease) in accounts payable and<br>accrued liabilities   | (8,634)                               | (4,547)  | (513,850)                            | (527,031)             |
| Pension expense adjustment   | 89,685                                | 8,821  | 99,976                               | 198,482               |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  | <b>\$ (1,009,718)</b>                 | <b>\$ (636,275)</b>  | <b>\$ 2,088,308</b>                  | <b>\$ 442,315</b>     |

|  |                      |                     |                     |                      |
|--|----------------------|---------------------|---------------------|----------------------|
| <b><u>RECONCILIATION OF CASH TO<br/>STATEMENT OF NET POSITION</u></b>  |                      |                     |                     |                      |
| Cash   | \$ 3,309,390         | \$ 1,086,630        | \$ 1,667,449        | \$ 6,063,469         |
| Investments  | 8,233,430            | 2,729,853           | 4,718,798           | 15,682,081           |
| <b>TOTAL CASH AND EQUITY IN POOL<br/>PER STATEMENT OF NET POSITION</b> | <b>\$ 11,542,820</b> | <b>\$ 3,816,483</b> | <b>\$ 6,386,247</b> | <b>\$ 21,745,550</b> |

|   |                     |                     |                    |                       |
|---|---------------------|---------------------|--------------------|-----------------------|
| <b><u>NONCASH CAPITAL, INVESTING AND<br/>FINANCING ACTIVITIES</u></b> |                     |                     |                    |                       |
| Contribution of capital assets  | \$ -                | \$ -                | \$ 620,952         | \$ 620,952            |
| Change in fair value of investments                                   | (959,757)           | (434,854)           | (642,100)          | (2,036,711)           |
| <b>NET NONCASH CAPITAL, INVESTING<br/>AND FINANCING ACTIVITIES</b>    | <b>\$ (959,757)</b> | <b>\$ (434,854)</b> | <b>\$ (21,148)</b> | <b>\$ (1,415,759)</b> |

(concluded)

## **FIDUCIARY FUNDS**

### **TRUST FUNDS**

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

The City maintains the following Trust Funds:

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

**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. The Disability Plan was terminated in FY 2015.

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

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

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION AND OPEB TRUST FUNDS**  
**SEPTEMBER 30, 2015**

|  | <b>EMPLOYEES'<br/>PENSION<br/>FUND</b> | <b>EMPLOYEES'<br/>DISABILITY<br/>PENSION<br/>FUND</b> | <b>POLICE OFFICERS'<br/>AND<br/>FIREFIGHTERS'<br/>CONSOLIDATED<br/>RETIREMENT<br/>FUND</b> | <b>OTHER<br/>POST-<br/>EMPLOYMENT<br/>BENEFITS<br/>(OPEB)<br/>FUND</b> | <b>TOTALS</b>                |
|--|--|---|--|--|------------------------------|
| <b>ASSETS</b>  |  |   |  |  |                              |
| Cash and cash equivalents  | \$ 5,268,066                           | \$ -  | \$ 2,062,822   | \$ 1,707,204   | \$ 9,038,092                 |
| Equity in pooled cash and investments                            | 3,383,650                              | -   | 4,237,516  | 1,238,639  | 8,859,805                    |
| Receivables  | -                                      | -   | 1,271,599  | -  | 1,271,599                    |
| Investments, at fair value:                                      |  |   |  |  |                              |
| Equities   | 320,105,830                            | -   | 166,117,867  | 47,495,681   | 533,719,378                  |
| Real estate  | 287,156                                | -   | 19,463,063   | -  | 19,750,219                   |
| Alternative investments  | 775,151                                | -   | 410,583  | 4,246,944  | 5,432,678                    |
| Fixed income:  |  |   |  |  |                              |
| Government bonds   | 756,466                                | -   | 1,615,455  | 638,955  | 3,010,876                    |
| Corporate bonds  | 4,028,610                              | -   | 10,757,065   | -  | 14,785,675                   |
| Mortgage & asset backed securities                               | 279,549                                | -   | 571,722  | 1,114,257  | 1,965,528                    |
| Total investments, at fair value:                                | <u>326,232,762</u>                     | <u>-</u>  | <u>198,935,755</u>   | <u>53,495,837</u>  | <u>578,664,354</u>           |
| Investment adjustments:  |  |   |  |  |                              |
| Dividends receivable   | 80,547                                 | -   | 67,367   | -  | 147,914                      |
| Interest receivable  | 143,877                                | -   | 144,508  | -  | 288,385                      |
| Receivable for investments sold                                  | 69,552                                 | -   | 32,142   | -  | 101,694                      |
| Payable for investments purchased                                | (456,341)                              | -   | (195,865)  | -  | (652,206)                    |
| Total investment adjustments                                     | <u>(162,365)</u>                       | <u>-</u>  | <u>48,152</u>  | <u>-</u>   | <u>(114,213)</u>             |
| <b>TOTAL ASSETS</b>  | <b><u>334,722,113</u></b>              | <b><u>-</u></b>                                       | <b><u>206,555,844</u></b>  | <b><u>56,441,680</u></b>   | <b><u>597,719,637</u></b>    |
| <b>LIABILITIES</b>   |  |   |  |  |                              |
| Accounts payable and accrued liabilities                         | 118,166                                | -   | 887,914  | 19,515   | 1,025,595                    |
| <b>TOTAL LIABILITIES</b>   | <b><u>118,166</u></b>                  | <b><u>-</u></b>                                       | <b><u>887,914</u></b>  | <b><u>19,515</u></b>   | <b><u>1,025,595</u></b>      |
| <b>NET POSITION RESTRICTED FOR PENSION<br/>AND OPEB BENEFITS</b> | <b><u>\$ 334,603,947</u></b>           | <b><u>\$ -</u></b>                                    | <b><u>\$ 205,667,930</u></b>   | <b><u>\$ 56,422,165</u></b>  | <b><u>\$ 596,694,042</u></b> |

**CITY OF GAINESVILLE, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION AND OPEB TRUST FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|   | <u>EMPLOYEES'</u><br><u>PENSION</u><br><u>FUND</u> | <u>EMPLOYEES'</u><br><u>DISABILITY</u><br><u>PENSION</u><br><u>FUND</u> | <u>POLICE OFFICERS'</u><br><u>AND</u><br><u>FIREFIGHTERS'</u><br><u>CONSOLIDATED</u><br><u>RETIREMENT</u><br><u>FUND</u> | <u>OTHER</u><br><u>POST-</u><br><u>EMPLOYMENT</u><br><u>BENEFITS</u><br><u>(OPEB)</u><br><u>FUND</u> | <u>TOTALS</u>                |
|---|--|---|--|--|------------------------------|
| <b><u>ADDITIONS:</u></b>  |  |   |  |  |                              |
| <b>Contributions:</b>   |  |   |  |  |                              |
| Employer Contributions:   |  |   |  |  |                              |
| Required  | \$ 11,746,935                                      | \$ 173,348  | \$ 3,682,847   | \$ 2,972,451   | \$ 18,575,581                |
| State on behalf payments, through general fund                  | -  | -   | 1,269,827  | -  | 1,269,827                    |
| Total employer contributions                                    | <u>11,746,935</u>                                  | <u>173,348</u>  | <u>4,952,674</u>   | <u>2,972,451</u>   | <u>19,845,408</u>            |
| Employee contributions  | <u>4,429,289</u>                                   | <u>-</u>  | <u>1,972,417</u>   | <u>3,098,399</u>   | <u>9,500,105</u>             |
| <b>Total contributions</b>                                      | <b><u>16,176,224</u></b>                           | <b><u>173,348</u></b>   | <b><u>6,925,091</u></b>  | <b><u>6,070,850</u></b>  | <b><u>29,345,513</u></b>     |
| <b>Investment income:</b>                                       |  |   |  |  |                              |
| Net appreciation/(depreciation) in fair value<br>of investments | (4,455,836)  | 273,568   | (1,710,128)  | (1,776,422)  | (7,668,818)                  |
| Dividends & interest  | <u>3,890,338</u>                                   | <u>124,621</u>  | <u>2,699,920</u>   | <u>906,242</u>   | <u>7,621,121</u>             |
| <b>Total investment income</b>                                  | <b><u>(565,498)</u></b>                            | <b><u>398,189</u></b>   | <b><u>989,792</u></b>  | <b><u>(870,180)</u></b>  | <b><u>(47,697)</u></b>       |
| Less investment expense   | <u>1,920,591</u>                                   | <u>17,397</u>   | <u>1,083,051</u>   | <u>453,532</u>   | <u>3,474,571</u>             |
| <b>Net investment income</b>                                    | <b><u>(2,486,089)</u></b>                          | <b><u>380,792</u></b>   | <b><u>(93,259)</u></b>   | <b><u>(1,323,712)</u></b>  | <b><u>(3,522,268)</u></b>    |
| Transfers in/(out)  | <u>2,320,442</u>                                   | <u>(2,320,442)</u>  | <u>-</u>   | <u>-</u>   | <u>-</u>                     |
| <b>TOTAL ADDITIONS</b>  | <b><u>16,010,577</u></b>                           | <b><u>(1,766,302)</u></b>   | <b><u>6,831,832</u></b>  | <b><u>4,747,138</u></b>  | <b><u>25,823,245</u></b>     |
| <b><u>DEDUCTIONS:</u></b>                                       |  |   |  |  |                              |
| Benefit payments  | 28,111,426   | 140,999   | 17,316,691   | 8,180,439  | 53,749,555                   |
| Refunds of contributions  | 194,781  | -   | 285,892  | -  | 480,673                      |
| Administrative expenses   | <u>580,988</u>                                     | <u>6,534,104</u>  | <u>609,229</u>   | <u>11,848</u>  | <u>7,736,169</u>             |
| <b>TOTAL DEDUCTIONS</b>   | <b><u>28,887,195</u></b>                           | <b><u>6,675,103</u></b>   | <b><u>18,211,812</u></b>   | <b><u>8,192,287</u></b>  | <b><u>61,966,397</u></b>     |
| <b>CHANGE IN NET POSITION</b>                                   | <b>(12,876,618)</b>                                | <b>(8,441,405)</b>  | <b>(11,379,980)</b>  | <b>(3,445,149)</b>   | <b>(36,143,152)</b>          |
| <b>NET POSITION - October 1</b>                                 | <b><u>347,480,565</u></b>                          | <b><u>8,441,405</u></b>   | <b><u>217,047,910</u></b>  | <b><u>59,867,314</u></b>   | <b><u>632,837,194</u></b>    |
| <b>NET POSITION - September 30</b>                              | <b><u>\$ 334,603,947</u></b>                       | <b><u>\$ -</u></b>  | <b><u>\$ 205,667,930</u></b>   | <b><u>\$ 56,422,165</u></b>  | <b><u>\$ 596,694,042</u></b> |





## STATISTICAL SECTION SUMMARY

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

| <u>Schedules</u>   | <u>Page</u> |
|--|-------------|
| <u>Financial Trends</u><br><i>These schedules provide financial trend information, which shows how the City's financial performance has changed over time.</i>   | 173         |
| <u>Revenue Capacity</u><br><i>These schedules provide additional information about Property Tax and Utility Revenues, the City's most significant local revenue sources.</i>   | 179         |
| <u>Debt Capacity</u><br><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>     | 189         |
| <u>Demographic and Economic Information</u><br><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>        | 193         |
| <u>Operating Information</u><br><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> | 195         |

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



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

|  | <b>2006</b>           | <b>2007</b>           | <b>2008</b>           | <b>2009</b>           | <b>2010</b>           | <b>2011</b>           | <b>2012</b>           | <b>2013</b>           | <b>2014</b>           | <b>2015</b>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Governmental activities:</b>                    |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Invested in capital assets, net of related debt    | \$ 81,644,688         | \$ 92,860,038         | \$ 96,668,703         | \$ 109,776,558        | \$ 116,698,998        | \$ 127,383,906        | \$ 133,198,609        | \$ 147,982,728        | \$ 163,117,931        | \$ 167,469,862        |
| Restricted   | 23,804,426            | 24,744,773            | 32,633,862            | 54,338,573            | 63,393,549            | 66,834,959            | 63,041,610            | 52,874,367            | 42,462,127            | 53,090,288            |
| Unrestricted                                       | 4,675,292             | 8,536,785             | 11,236,904            | 8,569,078             | 10,754,370            | 17,050,427            | 16,993,135            | 11,105,349            | 17,334,531            | (85,660,620)          |
| <b>Total governmental activities net position</b>  | <b>\$ 110,124,406</b> | <b>\$ 126,141,596</b> | <b>\$ 140,539,469</b> | <b>\$ 172,684,209</b> | <b>\$ 190,846,917</b> | <b>\$ 211,269,292</b> | <b>\$ 213,233,354</b> | <b>\$ 211,962,444</b> | <b>\$ 222,914,589</b> | <b>\$ 134,899,530</b> |
| <b>Business-type activities:</b>                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Invested in capital assets, net of related debt    | \$ 331,146,120        | \$ 349,405,887        | \$ 355,005,449        | \$ 355,449,225        | \$ 373,193,617        | \$ 350,932,231        | \$ 368,031,597        | \$ 362,258,572        | \$ 387,916,136        | \$ 379,583,536        |
| Restricted   | 41,927,823            | 38,409,591            | 47,479,252            | 59,072,730            | 74,411,130            | 84,940,717            | 85,067,843            | 88,409,575            | 60,971,377            | 78,925,696            |
| Unrestricted                                       | 12,602,059            | 21,512,560            | 30,115,444            | 57,894,750            | 55,460,731            | 102,951,974           | 110,159,236           | 113,807,653           | 134,105,632           | 115,418,059           |
| <b>Total business-type activities net position</b> | <b>\$ 385,676,002</b> | <b>\$ 409,328,038</b> | <b>\$ 432,600,145</b> | <b>\$ 472,416,705</b> | <b>\$ 503,065,478</b> | <b>\$ 538,824,922</b> | <b>\$ 563,258,676</b> | <b>\$ 564,475,800</b> | <b>\$ 582,993,145</b> | <b>\$ 573,927,291</b> |
| <b>Total primary government:</b>                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Invested in capital assets, net of related debt    | \$ 412,790,808        | \$ 442,265,925        | \$ 451,674,152        | \$ 465,225,783        | \$ 489,892,615        | \$ 478,316,137        | \$ 501,230,206        | \$ 510,241,300        | \$ 551,034,067        | \$ 547,053,398        |
| Restricted   | 65,732,249            | 63,154,364            | 80,113,114            | 113,411,303           | 137,804,679           | 151,775,676           | 148,109,453           | 141,283,942           | 103,433,504           | 132,015,984           |
| Unrestricted                                       | 17,277,351            | 30,049,345            | 41,352,348            | 66,463,828            | 66,215,101            | 120,002,401           | 127,152,371           | 124,913,002           | 151,440,163           | 29,757,439            |
| <b>Total primary government net position</b>       | <b>\$ 495,800,408</b> | <b>\$ 535,469,634</b> | <b>\$ 573,139,614</b> | <b>\$ 645,100,914</b> | <b>\$ 693,912,395</b> | <b>\$ 750,094,214</b> | <b>\$ 776,492,030</b> | <b>\$ 776,438,244</b> | <b>\$ 805,907,734</b> | <b>\$ 708,826,821</b> |

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

|   | 2006                   | 2007                   | 2008                   | 2009                   | 2010                   | 2011                   |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Expenses</b>   |                        |                        |                        |                        |                        |                        |
| Governmental activities:  |                        |                        |                        |                        |                        |                        |
| General government  | \$ 24,048,427          | \$ 17,066,712          | \$ 19,676,597          | \$ 20,156,210          | \$ 18,762,647          | \$ 18,698,649          |
| Public safety   | 47,701,143             | 49,394,763             | 51,608,781             | 52,968,413             | 56,238,741             | 57,166,952             |
| Physical environment  | 3,243,727              | 2,790,089              | 1,144,211              | 1,126,951              | 1,510,055              | 1,116,462              |
| Transportation  | 10,506,470             | 12,220,979             | 11,787,373             | 4,527,795              | 14,089,516             | 13,982,396             |
| Economic environment  | 5,787,916              | 8,492,950              | 8,118,429              | 7,537,152              | 7,239,951              | 6,402,656              |
| Human services  | 1,043,843              | 284,999                | 367,706                | 293,829                | 593,420                | 1,250,715              |
| Culture & recreation  | 5,916,408              | 6,527,215              | 8,784,045              | 9,479,058              | 8,713,366              | 8,433,374              |
| Interest on long-term debt  | 7,539,632              | 7,504,485              | 7,420,509              | 7,367,850              | 7,632,165              | 7,580,944              |
| Total governmental activities expenses  | 105,787,566            | 104,282,192            | 108,907,651            | 103,457,258            | 114,779,861            | 114,632,148            |
| Business-type activities:   |                        |                        |                        |                        |                        |                        |
| Electric  | 200,086,670            | 192,569,894            | 226,444,987            | 230,822,719            | 234,835,876            | 228,544,484            |
| Gas   | 30,563,089             | 27,732,906             | 29,688,866             | 24,405,725             | 24,599,071             | 24,336,197             |
| Water   | 18,267,647             | 18,895,269             | 21,282,566             | 21,323,742             | 22,290,808             | 22,945,996             |
| Wastewater  | 22,266,780             | 22,704,103             | 26,027,811             | 24,722,167             | 24,925,561             | 27,068,964             |
| GRUCom  | 8,481,545              | 8,421,765              | 10,437,988             | 9,993,228              | 10,719,866             | 10,907,359             |
| Regional transit system   | 16,521,738             | 17,282,667             | 19,234,349             | 18,275,948             | 20,299,166             | 20,196,358             |
| Stormwater management   | 5,061,984              | 5,095,939              | 4,774,960              | 4,650,703              | 5,486,082              | 5,030,742              |
| Ironwood golf course  | 1,309,847              | 1,325,727              | 1,317,753              | 1,259,517              | 1,304,741              | 1,419,653              |
| Florida building code enforcement   | -                      | 1,783,856              | 2,025,997              | 2,577,306              | 2,362,379              | 2,263,325              |
| Solid waste   | 6,635,067              | 10,009,758             | 6,993,233              | 6,285,562              | 7,101,229              | 7,320,642              |
| Total business-type activities expenses   | 309,194,367            | 305,821,884            | 348,228,510            | 344,316,617            | 353,924,779            | 350,033,720            |
| Total primary government expenses   | <b>\$ 414,981,933</b>  | <b>\$ 410,104,076</b>  | <b>\$ 457,136,161</b>  | <b>\$ 447,773,875</b>  | <b>\$ 468,704,640</b>  | <b>\$ 464,665,868</b>  |
| <b>Program Revenues</b>   |                        |                        |                        |                        |                        |                        |
| Governmental activities:  |                        |                        |                        |                        |                        |                        |
| Charges for services:   |                        |                        |                        |                        |                        |                        |
| General government  | \$ 8,120,988           | \$ 8,923,828           | \$ 9,822,901           | \$ 9,949,536           | \$ 10,078,544          | \$ 10,434,927          |
| Public safety   | 4,704,098              | 3,903,871              | 3,571,167              | 3,824,888              | 2,692,994              | 8,696,812              |
| Other charges for services  | 3,983,052              | 4,958,140              | 4,648,919              | 3,933,103              | 4,474,776              | 3,427,670              |
| Operating grants and contributions  | 8,097,602              | 6,109,549              | 7,606,468              | 7,634,880              | 6,817,388              | 8,405,085              |
| Capital grants and contributions  | 1,617,534              | 8,093,971              | 6,822,160              | 15,249,638             | 8,224,492              | 7,130,480              |
| Total governmental activities program revenues  | 26,523,274             | 31,989,359             | 32,471,615             | 40,592,045             | 32,288,194             | 38,094,974             |
| Business-type activities:   |                        |                        |                        |                        |                        |                        |
| Charges for services:   |                        |                        |                        |                        |                        |                        |
| Electric  | 207,023,570            | 206,552,756            | 238,595,628            | 249,761,764            | 262,530,880            | 250,057,292            |
| Other utilities   | 78,332,531             | 85,133,356             | 94,775,804             | 96,097,911             | 95,053,793             | 101,100,900            |
| Other charges for services  | 22,639,670             | 29,289,277             | 28,055,330             | 27,672,309             | 28,617,567             | 30,630,504             |
| Operating grants and contributions  | 3,567,605              | 6,191,062              | 9,103,954              | 7,739,337              | 11,661,662             | 5,886,603              |
| Capital grants and contributions  | 9,492,873              | 15,903,334             | 5,134,693              | 4,253,489              | 3,554,922              | 5,146,531              |
| Total business-type activities program revenues   | 321,056,249            | 343,069,785            | 375,665,409            | 385,524,810            | 401,418,824            | 392,821,830            |
| Total primary government program revenues   | <b>\$ 347,579,523</b>  | <b>\$ 375,059,144</b>  | <b>\$ 408,137,024</b>  | <b>\$ 426,116,855</b>  | <b>\$ 433,707,018</b>  | <b>\$ 430,916,804</b>  |
| <b>Net (Expense)/Revenue</b>  |                        |                        |                        |                        |                        |                        |
| Governmental activities   | \$ (79,264,292)        | \$ (72,292,833)        | \$ (76,436,036)        | \$ (62,865,213)        | \$ (82,491,667)        | \$ (76,537,174)        |
| Business-type activities  | 11,861,882             | 37,247,901             | 27,436,899             | 41,208,193             | 47,494,045             | 42,788,110             |
| Total primary government net revenue  | <b>\$ (67,402,410)</b> | <b>\$ (35,044,932)</b> | <b>\$ (48,999,137)</b> | <b>\$ (21,657,020)</b> | <b>\$ (34,997,622)</b> | <b>\$ (33,749,064)</b> |
| <b>General Revenues and Other</b>   |                        |                        |                        |                        |                        |                        |
| <b>Changes in Net Position</b>  |                        |                        |                        |                        |                        |                        |
| Governmental activities:  |                        |                        |                        |                        |                        |                        |
| Taxes:  |                        |                        |                        |                        |                        |                        |
| Property taxes  | \$ 22,094,936          | \$ 25,974,094          | \$ 26,163,266          | \$ 26,499,911          | \$ 29,016,964          | \$ 26,833,852          |
| Other taxes   | 19,989,122             | 19,906,074             | 22,432,162             | 24,326,238             | 27,865,426             | 25,444,169             |
| State revenue sharing   | 4,258,238              | 4,190,182              | 3,919,560              | 3,523,204              | 3,487,190              | 3,653,017              |
| Investment gain (loss)  | 3,413,776              | 5,862,894              | 2,744,915              | 3,240,737              | 2,706,332              | 2,317,663              |
| Other revenues  | 2,312,756              | 1,318,358              | 3,142,232              | 2,817,165              | 3,593,703              | 3,082,853              |
| Total governmental activities   | 52,068,828             | 57,251,602             | 58,402,135             | 60,407,255             | 66,669,615             | 61,331,554             |
| Business-type activities:   |                        |                        |                        |                        |                        |                        |
| Interest  | 10,217,610             | 11,581,622             | 9,370,421              | 6,930,659              | 7,176,761              | 9,242,257              |
| Other revenues  | 6,944,982              | 5,880,934              | 18,896,561             | 26,280,406             | 9,962,727              | 19,357,072             |
| Total business-type activities  | 17,162,592             | 17,462,556             | 28,266,982             | 33,211,065             | 17,139,488             | 28,599,329             |
| Total primary government  | <b>\$ 69,231,420</b>   | <b>\$ 74,714,158</b>   | <b>\$ 86,669,117</b>   | <b>\$ 93,618,320</b>   | <b>\$ 83,809,103</b>   | <b>\$ 89,930,883</b>   |
| <b>Changes in Net Position (including transfers, special items and extraordinary items)</b> |                        |                        |                        |                        |                        |                        |
| Governmental activities   | \$ 3,115,884           | \$ 16,017,190          | \$ 14,397,873          | \$ 32,049,638          | \$ 18,162,708          | \$ 20,422,375          |
| Business-type activities  | (1,286,874)            | 23,652,036             | 23,272,107             | 39,911,662             | 30,648,773             | 35,759,444             |
| Total primary government  | <b>\$ 1,829,010</b>    | <b>\$ 39,669,226</b>   | <b>\$ 37,669,980</b>   | <b>\$ 71,961,300</b>   | <b>\$ 48,811,481</b>   | <b>\$ 56,181,819</b>   |

(continued)

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

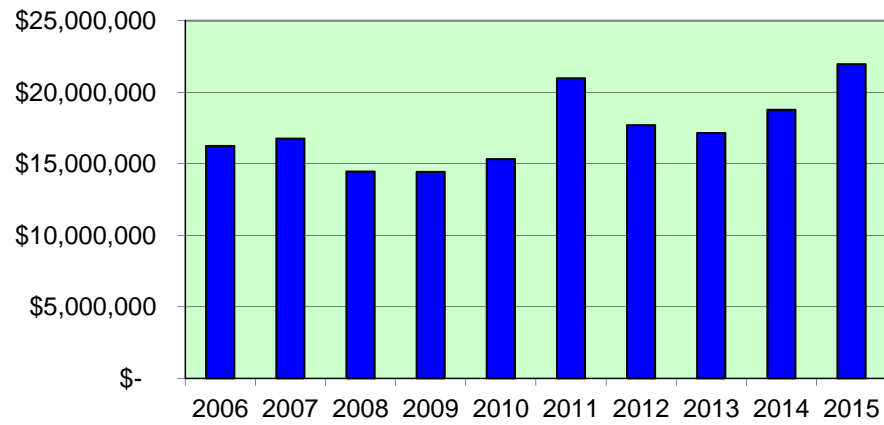
|   | 2012                          | 2013                          | 2014                          | 2015                           |
|---|-------------------------------|-------------------------------|-------------------------------|--------------------------------|
| <b>Expenses</b>   |                               |                               |                               |                                |
| Governmental activities:  |                               |                               |                               |                                |
| General government  | \$ 16,546,820                 | \$ 17,814,078                 | \$ 16,176,189                 | \$ 20,042,296                  |
| Public safety   | 59,735,600                    | 62,938,271                    | 64,021,054                    | 58,122,081                     |
| Physical environment  | 2,218,153                     | 3,799,039                     | 2,871,836                     | 1,007,994                      |
| Transportation  | 18,686,598                    | 18,410,169                    | 15,142,893                    | 18,412,980                     |
| Economic environment  | 9,164,986                     | 6,809,885                     | 8,602,592                     | 5,930,125                      |
| Human services  | 581,239                       | 384,825                       | 2,216,579                     | 1,726,374                      |
| Culture & recreation  | 9,705,943                     | 9,551,902                     | 9,332,876                     | 11,042,060                     |
| Interest on long-term debt  | 7,390,511                     | 7,248,291                     | 6,711,350                     | 7,216,312                      |
| Total governmental activities expenses  | <u>124,029,850</u>            | <u>126,956,460</u>            | <u>125,075,369</u>            | <u>123,500,222</u>             |
| Business-type activities:   |                               |                               |                               |                                |
| Electric  | 221,494,502                   | 227,350,282                   | 291,110,843                   | 313,776,108                    |
| Gas   | 21,898,283                    | 21,436,501                    | 22,764,377                    | 23,086,959                     |
| Water   | 24,458,151                    | 24,988,038                    | 25,516,070                    | 25,990,135                     |
| Wastewater  | 27,072,938                    | 27,618,138                    | 27,740,855                    | 27,852,572                     |
| GRUCom  | 11,160,732                    | 10,504,492                    | 11,761,638                    | 13,733,955                     |
| Regional transit system   | 21,458,507                    | 23,167,649                    | 24,279,240                    | 26,170,257                     |
| Stormwater management   | 6,376,271                     | 6,283,365                     | 6,351,290                     | 6,574,131                      |
| Ironwood golf course  | 1,454,435                     | 1,401,017                     | 1,456,632                     | 1,573,460                      |
| Florida building code enforcement   | 2,156,163                     | 2,042,119                     | 2,306,430                     | 2,324,819                      |
| Solid waste   | 7,377,876                     | 7,237,205                     | 7,594,037                     | 8,623,125                      |
| Total business-type activities expenses   | <u>344,907,858</u>            | <u>352,028,806</u>            | <u>420,881,412</u>            | <u>449,705,521</u>             |
| Total primary government expenses   | <u><b>\$ 468,937,708</b></u>  | <u><b>\$ 478,985,266</b></u>  | <u><b>\$ 545,956,781</b></u>  | <u><b>\$ 573,205,743</b></u>   |
| <b>Program Revenues</b>   |                               |                               |                               |                                |
| Governmental activities:  |                               |                               |                               |                                |
| Charges for services:   |                               |                               |                               |                                |
| General government  | \$ 10,701,617                 | \$ 11,418,234                 | \$ 13,124,551                 | \$ 12,900,012                  |
| Public safety   | 7,945,799                     | 8,238,633                     | 8,399,721                     | 9,105,760                      |
| Other charges for services  | 4,500,224                     | 3,769,211                     | 3,962,570                     | 6,233,296                      |
| Operating grants and contributions  | 8,537,676                     | 8,170,095                     | 7,036,634                     | 7,169,569                      |
| Capital grants and contributions  | 2,862,493                     | 7,570,791                     | 5,061,574                     | 3,999,209                      |
| Total governmental activities program revenues  | <u>34,547,809</u>             | <u>39,166,964</u>             | <u>37,585,050</u>             | <u>39,407,846</u>              |
| Business-type activities:   |                               |                               |                               |                                |
| Charges for services:   |                               |                               |                               |                                |
| Electric  | 230,805,656                   | 228,822,572                   | 268,774,902                   | 277,077,555                    |
| Other utilities   | 96,875,398                    | 97,083,057                    | 99,880,653                    | 101,823,558                    |
| Other charges for services  | 32,257,122                    | 33,332,016                    | 34,576,794                    | 36,298,907                     |
| Operating grants and contributions  | 6,384,981                     | 14,074,581                    | 25,213,077                    | 9,435,118                      |
| Capital grants and contributions  | 7,148,130                     | 3,004,490                     | 5,658,720                     | 1,962,901                      |
| Total business-type activities program revenues   | <u>373,471,287</u>            | <u>376,316,716</u>            | <u>434,104,146</u>            | <u>426,598,039</u>             |
| Total primary government program revenues   | <u><b>\$ 408,019,096</b></u>  | <u><b>\$ 415,483,680</b></u>  | <u><b>\$ 471,689,196</b></u>  | <u><b>\$ 466,005,885</b></u>   |
| <b>Net (Expense)/Revenue</b>  |                               |                               |                               |                                |
| Governmental activities   | \$ (89,482,041)               | \$ (87,789,496)               | \$ (87,490,319)               | \$ (84,092,376)                |
| Business-type activities  | 28,563,429                    | 24,287,910                    | 13,222,734                    | (23,107,482)                   |
| Total primary government net revenue  | <u><b>\$ (60,918,612)</b></u> | <u><b>\$ (63,501,586)</b></u> | <u><b>\$ (74,267,585)</b></u> | <u><b>\$ (107,199,858)</b></u> |
| <b>General Revenues and Other Changes in Net Position</b>                                   |                               |                               |                               |                                |
| Governmental activities:  |                               |                               |                               |                                |
| Taxes:  |                               |                               |                               |                                |
| Property taxes  | \$ 25,871,976                 | \$ 26,077,888                 | \$ 26,476,044                 | \$ 28,558,490                  |
| Other taxes   | 21,952,397                    | 21,899,384                    | 21,516,536                    | 21,359,992                     |
| State revenue sharing   | 3,712,905                     | 3,723,420                     | 3,945,358                     | 4,214,442                      |
| Investment gain (loss)  | 3,556,870                     | (4,908,204)                   | 6,061,874                     | 4,712,920                      |
| Other revenues  | 2,993,407                     | 2,826,862                     | 3,495,904                     | 3,849,507                      |
| Total governmental activities   | <u>58,087,555</u>             | <u>49,619,350</u>             | <u>61,495,716</u>             | <u>62,695,351</u>              |
| Business-type activities:   |                               |                               |                               |                                |
| Interest  | 9,234,751                     | 6,653,021                     | 6,871,499                     | 12,109,749                     |
| Other revenues  | 23,308,136                    | 7,175,429                     | 39,459,939                    | 51,373,445                     |
| Total business-type activities  | <u>32,542,887</u>             | <u>13,828,450</u>             | <u>46,331,438</u>             | <u>63,483,194</u>              |
| Total primary government  | <u><b>\$ 90,630,442</b></u>   | <u><b>\$ 63,447,800</b></u>   | <u><b>\$ 107,827,154</b></u>  | <u><b>\$ 126,178,545</b></u>   |
| <b>Changes in Net Position (including transfers, special items and extraordinary items)</b> |                               |                               |                               |                                |
| Governmental activities   | \$ 5,278,076                  | \$ (1,270,910)                | \$ 12,571,251                 | \$ 14,225,269                  |
| Business-type activities  | 24,433,754                    | 1,217,124                     | 20,988,318                    | 4,753,418                      |
| Total primary government  | <u><b>\$ 29,711,830</b></u>   | <u><b>\$ (53,786)</b></u>     | <u><b>\$ 33,559,569</b></u>   | <u><b>\$ 18,978,687</b></u>    |

(concluded)

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

|   | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund:                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                              | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ 3,474,278         | \$ 3,363,691         | \$ 2,959,587         | \$ 2,753,498         | \$ 2,487,568         |
| Assigned                                  | -                    | -                    | -                    | -                    | -                    | 1,060,672            | 2,236,549            | 772,730              | 1,494,098            | 1,985,914            |
| Unassigned                                | -                    | -                    | -                    | -                    | -                    | 16,433,938           | 12,087,485           | 13,408,146           | 14,520,395           | 17,476,507           |
| Reserved *                                | 8,397,572            | 4,925,724            | 4,629,909            | 4,768,553            | 4,051,937            | -                    | -                    | -                    | -                    | -                    |
| Unreserved *                              | 7,844,042            | 11,826,843           | 9,818,911            | 9,659,258            | 11,264,725           | -                    | -                    | -                    | -                    | -                    |
| <b>Total general fund</b>                 | <b>\$ 16,241,614</b> | <b>\$ 16,752,567</b> | <b>\$ 14,448,820</b> | <b>\$ 14,427,811</b> | <b>\$ 15,316,662</b> | <b>\$ 20,968,888</b> | <b>\$ 17,687,725</b> | <b>\$ 17,140,463</b> | <b>\$ 18,767,991</b> | <b>\$ 21,949,989</b> |
| All other governmental funds:             |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                              | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ 973,501           |
| Restricted                                | -                    | -                    | -                    | -                    | -                    | 70,813,952           | 64,831,266           | 56,363,125           | 45,981,942           | 40,819,050           |
| Committed                                 | -                    | -                    | -                    | -                    | -                    | 782,237              | 782,237              | 901,448              | 1,361,332            | 2,714,703            |
| Assigned                                  | -                    | -                    | -                    | -                    | -                    | 10,370,993           | 16,633,174           | 12,555,440           | 9,632,021            | 31,481,786           |
| Unassigned                                | -                    | -                    | -                    | -                    | -                    | (29,288)             | (3,067,169)          | (2,499,106)          | (2,121,436)          | (1,734,610)          |
| Reserved *                                | 4,744,154            | 5,215,953            | 8,635,651            | 12,958,151           | 12,066,838           | -                    | -                    | -                    | -                    | -                    |
| Unreserved, reported in: *                |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Special revenue funds                     | 14,016,419           | 17,059,686           | 19,457,506           | 20,652,435           | 17,677,648           | -                    | -                    | -                    | -                    | -                    |
| Capital projects funds                    | 32,065,513           | 30,400,097           | 26,667,704           | 47,356,632           | 54,624,332           | -                    | -                    | -                    | -                    | -                    |
| Debt service funds                        | 231,073              | 544,869              | 784,834              | 819,434              | 965,256              | -                    | -                    | -                    | -                    | -                    |
| <b>Total all other governmental funds</b> | <b>\$ 51,057,159</b> | <b>\$ 53,220,605</b> | <b>\$ 55,545,695</b> | <b>\$ 81,786,652</b> | <b>\$ 85,334,074</b> | <b>\$ 81,937,894</b> | <b>\$ 79,179,508</b> | <b>\$ 67,320,907</b> | <b>\$ 54,853,859</b> | <b>\$ 74,254,430</b> |

### 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)**

|  | 2006                 | 2007                | 2008               | 2009                 | 2010                | 2011                | 2012                  | 2013                   | 2014                   | 2015                 |
|--|----------------------|---------------------|--------------------|----------------------|---------------------|---------------------|-----------------------|------------------------|------------------------|----------------------|
| <b>Revenues</b>  |                      |                     |                    |                      |                     |                     |                       |                        |                        |                      |
| Taxes  | \$ 35,853,540        | \$ 40,954,740       | \$ 44,919,849      | \$ 48,660,333        | \$ 55,238,898       | \$ 49,781,834       | \$ 45,404,192         | \$ 45,099,581          | \$ 44,949,416          | \$ 46,728,963        |
| Licenses and permits                                       | 3,073,214            | 648,571             | 1,060,465          | 770,664              | 745,274             | 832,814             | 866,236               | 899,441                | 950,644                | 965,536              |
| Intergovernmental  | 26,284,052           | 28,253,027          | 25,763,178         | 35,152,327           | 26,966,627          | 28,665,033          | 24,685,016            | 29,719,620             | 27,502,531             | 26,925,019           |
| Charges for services                                       | 8,755,754            | 9,285,755           | 9,380,880          | 8,918,343            | 9,134,011           | 13,375,534          | 15,054,350            | 14,389,653             | 15,533,253             | 17,043,277           |
| Fines and forfeitures                                      | 1,615,725            | 2,119,270           | 2,274,774          | 2,502,515            | 1,726,229           | 2,629,506           | 1,796,110             | 1,985,956              | 1,824,055              | 2,145,183            |
| Miscellaneous  | 5,186,443            | 6,875,578           | 7,227,407          | 4,263,958            | 4,727,669           | 3,936,894           | 4,450,048             | (1,599,295)            | 7,020,464              | 7,224,161            |
| <b>Total revenues</b>                                      | <b>80,768,728</b>    | <b>88,136,941</b>   | <b>90,626,553</b>  | <b>100,268,140</b>   | <b>98,538,708</b>   | <b>99,221,615</b>   | <b>92,255,952</b>     | <b>90,494,956</b>      | <b>97,780,363</b>      | <b>101,032,139</b>   |
| <b>Expenditures</b>  |                      |                     |                    |                      |                     |                     |                       |                        |                        |                      |
| General government   | 15,054,459           | 15,920,764          | 16,470,644         | 16,588,882           | 16,110,505          | 14,707,657          | 14,999,927            | 14,857,602             | 15,191,905             | 15,432,428           |
| Public safety  | 48,188,830           | 48,197,056          | 49,867,812         | 51,474,948           | 52,936,750          | 54,085,573          | 55,405,967            | 57,644,637             | 60,050,160             | 57,211,291           |
| Physical environment                                       | 2,783,658            | 2,853,920           | 971,472            | 1,220,036            | 949,027             | 746,462             | 1,020,714             | 3,422,270              | 2,345,811              | 728,714              |
| Transportation   | 10,128,414           | 10,993,376          | 11,590,424         | 12,043,680           | 12,669,257          | 13,165,523          | 12,481,951            | 12,117,326             | 13,493,390             | 14,799,718           |
| Economic environment                                       | 5,530,992            | 6,009,987           | 7,634,661          | 7,938,012            | 9,710,604           | 9,040,688           | 7,961,882             | 7,324,538              | 8,322,502              | 5,679,667            |
| Human services   | 1,031,754            | 336,491             | 410,920            | 293,829              | 593,420             | 1,123,442           | 554,740               | 390,769                | 819,536                | 1,379,014            |
| Culture and recreation                                     | 6,117,126            | 6,206,272           | 8,165,959          | 8,727,210            | 8,813,164           | 7,683,761           | 7,998,869             | 8,282,530              | 8,138,572              | 8,758,008            |
| Debt service:  |                      |                     |                    |                      |                     |                     |                       |                        |                        |                      |
| Principal  | 6,227,053            | 6,920,902           | 7,747,796          | 7,822,049            | 8,511,383           | 9,192,493           | 10,332,810            | 9,886,531              | 12,884,423             | 6,084,283            |
| Interest   | 7,422,640            | 7,442,180           | 7,336,659          | 7,125,182            | 7,472,387           | 7,489,706           | 7,283,092             | 7,127,610              | 6,803,431              | 6,946,531            |
| Bond issuance costs  | 301,727              | 26,566              | -                  | 36,004               | 84,974              | -                   | 67,243                | -                      | 41,837                 | 242,746              |
| Capital outlay   | 5,801,349            | 13,609,187          | 12,967,402         | 9,801,087            | 13,410,389          | 15,369,816          | 17,741,445            | 21,958,840             | 18,682,145             | 10,242,908           |
| <b>Total expenditures</b>                                  | <b>108,588,002</b>   | <b>118,516,701</b>  | <b>123,163,749</b> | <b>123,070,919</b>   | <b>131,261,860</b>  | <b>132,605,121</b>  | <b>135,848,640</b>    | <b>143,012,653</b>     | <b>146,773,712</b>     | <b>127,505,308</b>   |
| Excess of revenues<br>under expenditures                   | (27,819,274)         | (30,379,760)        | (32,537,196)       | (22,802,779)         | (32,723,152)        | (33,383,506)        | (43,592,688)          | (52,517,697)           | (48,993,349)           | (26,473,169)         |
| <b>Other Financing Sources (Uses)</b>                      |                      |                     |                    |                      |                     |                     |                       |                        |                        |                      |
| Debt issuance  | 25,956,621           | 1,540,000           | -                  | 11,500,000           | 3,036,907           | -                   | 9,960,000             | -                      | 14,715,000             | 12,435,000           |
| Bond premium/(discount)                                    | 39,168               | (13,434)            | -                  | -                    | (15,320)            | -                   | -                     | -                      | -                      | 947,278              |
| Transfers in   | 70,441,342           | 46,789,277          | 50,638,004         | 67,675,683           | 54,268,164          | 54,072,623          | 67,533,715            | 61,955,075             | 59,810,683             | 71,442,628           |
| Transfers out  | (39,695,572)         | (15,261,684)        | (18,079,465)       | (29,013,693)         | (20,130,326)        | (18,433,071)        | (30,755,032)          | (21,843,241)           | (21,656,854)           | (35,769,168)         |
| Payments to refunded bond escrow agent                     | -                    | -                   | -                  | -                    | -                   | -                   | (6,230,000)           | -                      | (14,715,000)           | -                    |
| <b>Total other financing sources (uses)</b>                | <b>56,741,559</b>    | <b>33,054,159</b>   | <b>32,558,539</b>  | <b>50,161,990</b>    | <b>37,159,425</b>   | <b>35,639,552</b>   | <b>40,508,683</b>     | <b>40,111,834</b>      | <b>38,153,829</b>      | <b>49,055,738</b>    |
| <b>Net change in fund balances</b>                         | <b>\$ 28,922,285</b> | <b>\$ 2,674,399</b> | <b>\$ 21,343</b>   | <b>\$ 27,359,211</b> | <b>\$ 4,436,273</b> | <b>\$ 2,256,046</b> | <b>\$ (3,084,005)</b> | <b>\$ (12,405,863)</b> | <b>\$ (10,839,520)</b> | <b>\$ 22,582,569</b> |
| Debt service as a percentage of<br>noncapital expenditures | 14.11%               | 13.95%              | 13.99%             | 14.61%               | 14.33%              | 14.80%              | 14.38%                | 13.22%                 | 15.96%                 | 11.43%               |

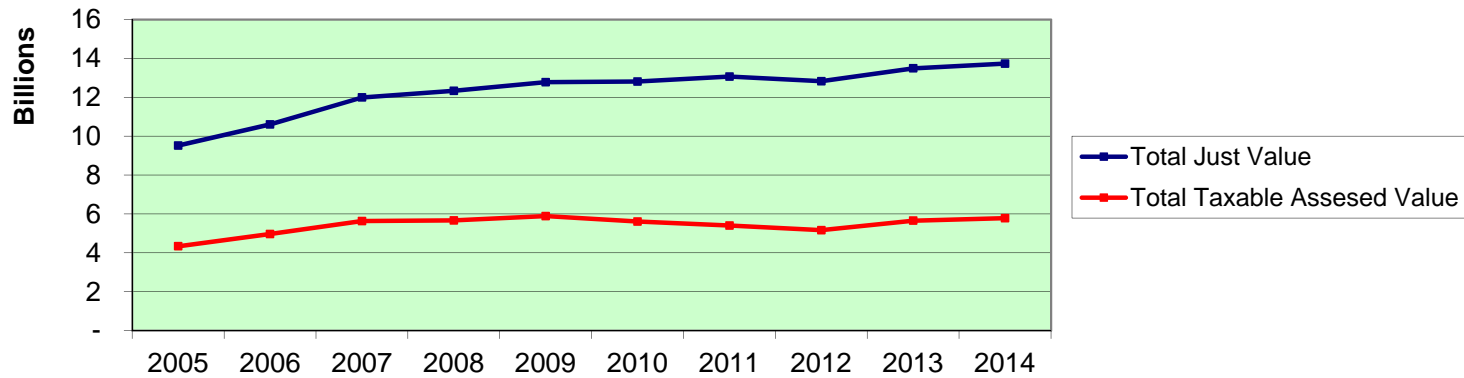




**City of Gainesville  
Assessed Value of Taxable Property  
Last Ten Fiscal Years**

| 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       |                              |                       |
| 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                |
| 2014                            | 2013     | 10,508,455,900 | 2,979,114,148     | 2,210,823                   | 5,603,063,413 | 39,298,000   | 1,119,027,154 | 895,414,243   | 178,841,271 | 5,654,136,790                | 4.5780                |
| 2015                            | 2014     | 10,815,607,700 | 2,912,715,109     | 2,251,700                   | 5,651,530,893 | 40,988,400   | 1,083,076,980 | 992,178,652   | 181,446,571 | 5,781,353,013                | 4.5079                |

**Just and Taxable Values**

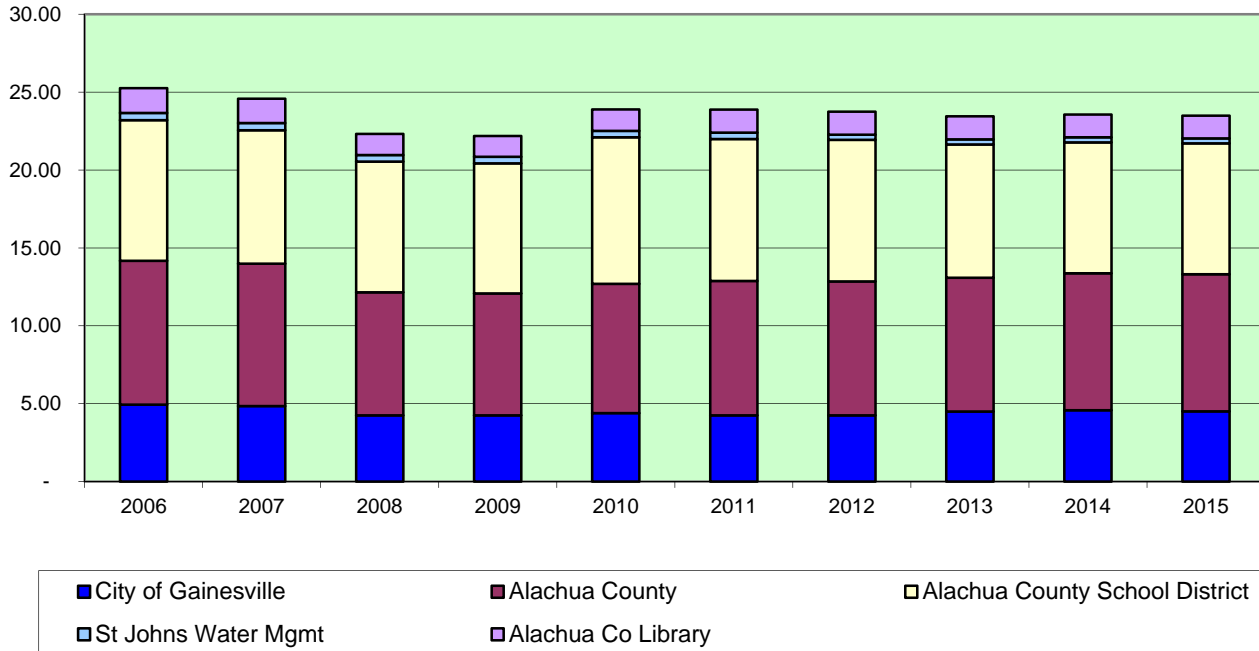


Source: Alachua County Property Appraiser  
 Note: The Property Appraiser assesses the value of property in a manner that does not provide a reasonable basis for estimating the actual value of property. Exempt property makes up 57% of total assed value. Disclosing the nature of the exemptions provides more relevant information than detailing real property categories.

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

| 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 |                                  |
| 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                          |
| 2014        | 2013     | 4.5780                          | 8.7990            | 8.4020                         | 0.3283                              | 1.4588                          | 23.5661                          |
| 2015        | 2014     | 4.5079                          | 8.7990            | 8.4100                         | 0.3164                              | 1.4588                          | 23.4921                          |

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



Source: Alachua County Property Appraiser

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

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

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

|  | 2015                  |      |  | 2006                  |      |  |
|--|-----------------------|------|--|-----------------------|------|--|
|  | Total Assessed Value  | Rank | Percentage of Total Taxable Assessed Value | Total Assessed Value  | Rank | Percentage of Total Taxable Assessed Value |
| Gainesville Renewable Energy Center Inc. | \$ 354,433,640        | 1    | 6.13%                                      | \$ -                  | -    | -  |
| Oaks Mall Gainesville LTD                | 126,023,560           | 2    | 2.18%                                      | 140,444,800           | 1    | 3.24%                                      |
| HCA Health Services of Florida, Inc.     | 81,781,900            | 3    | 1.41%                                      | 55,878,800            | 4    | 1.29%                                      |
| AT & T Mobility LLC                      | 56,020,039            | 4    | 0.97%                                      | -                     | -    | -  |
| Oak Hammock at the Univ of Florida, Inc. | 55,249,990            | 5    | 0.96%                                      | 56,457,600            | 3    | 1.30%                                      |
| North Florida Regional Hospital          | 53,378,590            | 6    | 0.92%                                      | -                     | -    | -  |
| S Clark Butler Properties Land Trust     | 41,001,110            | 7    | 0.71%                                      | -                     | -    | -  |
| Duke Energy Florida Inc.                 | 34,786,712            | 8    | 0.60%                                      | -                     | -    | -  |
| Cox Comm Inc.                            | 34,693,506            | 9    | 0.60%                                      | 30,290,180            | 7    | 0.70%                                      |
| Inland American Lodging Gaineville LLC   | 30,038,470            | 10   | 0.52%                                      | -                     | -    | -  |
| Bellsouth Telecommunications             | -                     |      | n/a  | 60,793,730            | 2    | 1.40%                                      |
| Florida Power Corp                       | -                     |      | n/a  | 40,525,190            | 5    | 0.93%                                      |
| Anheuser Busch Companies                 | -                     |      | n/a  | 30,529,840            | 6    | 0.70%                                      |
| Campus Lodge of Gainesville, LTD         | -                     |      | n/a  | 23,116,300            | 8    | 0.53%                                      |
| Kings Ganesville Aprtments, LLC          | -                     |      | n/a  | 22,175,900            | 9    | 0.51%                                      |
| Columbia/HCA Health Care Corporation     | -                     |      | n/a  | 21,834,390            | 10   | 0.50%                                      |
|  | -                     |      | n/a  | -                     |      | -  |
| <b>Total</b>                             | <b>\$ 867,407,517</b> |      | <b>15.00%</b>                              | <b>\$ 482,046,730</b> |      | <b>11.10%</b>                              |

Source: Alachua County Property Appraiser

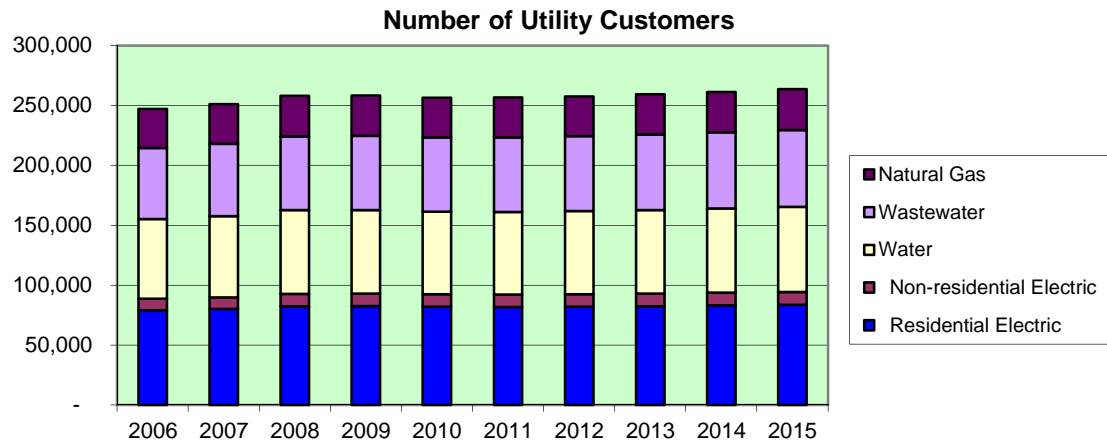
**City of Gainesville  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

| <b>Fiscal Year<br/>Ended<br/>September 30,</b> | <b>Total Tax<br/>Levy for<br/>Fiscal Year</b> | <b>Collected within the<br/>Fiscal Year of the Levy</b> |                           | <b>Collections in<br/>Subsequent<br/>Years</b> | <b>Total Collections to Date</b> |                           |
|--|---|---|---------------------------|--|----------------------------------|---------------------------|
|  |   | <b>Amount</b>   | <b>Percentage of Levy</b> |  | <b>Amount</b>                    | <b>Percentage of Levy</b> |
| <b>2006</b>                                    | 21,201,414                                    | 20,448,202  | 96.4%                     | 38,116   | 20,486,318                       | 96.6%                     |
| <b>2007</b>                                    | 24,010,640                                    | 23,172,540  | 96.5%                     | 27,822   | 23,200,363                       | 96.6%                     |
| <b>2008</b>                                    | 23,854,419                                    | 23,035,894  | 96.6%                     | 32,294   | 23,068,188                       | 96.7%                     |
| <b>2009</b>                                    | 24,020,009                                    | 23,191,605  | 96.6%                     | 52,556   | 23,244,160                       | 96.8%                     |
| <b>2010</b>                                    | 25,782,262                                    | 24,912,341  | 96.6%                     | 70,221   | 24,982,562                       | 96.9%                     |
| <b>2011</b>                                    | 23,802,971                                    | 23,007,885  | 96.7%                     | 14,385   | 23,022,269                       | 96.7%                     |
| <b>2012</b>                                    | 22,865,258                                    | 22,085,295  | 96.6%                     | 40,697   | 22,125,992                       | 96.8%                     |
| <b>2013</b>                                    | 23,160,030                                    | 22,259,404  | 96.1%                     | 45,567   | 22,304,971                       | 96.3%                     |
| <b>2014</b>                                    | 23,552,030                                    | 22,573,803  | 95.8%                     | 82,387   | 22,656,191                       | 96.2%                     |
| <b>2015</b>                                    | 25,419,417                                    | 24,342,225  | 95.8%                     | n/a  | 24,342,225                       | 95.8%                     |

Source: Alachua County Tax Collector

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

|   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b><u>Number of Customers</u></b>       |        |        |        |        |        |        |        |        |        |        |
| Electric:                               |        |        |        |        |        |        |        |        |        |        |
| Residential Electric                    | 79,262 | 80,237 | 82,399 | 82,668 | 82,038 | 81,900 | 82,039 | 82,440 | 83,117 | 83,796 |
| Non-residential Electric                | 9,555  | 9,675  | 10,450 | 10,461 | 10,383 | 10,372 | 10,422 | 10,467 | 10,602 | 10,677 |
| Water                                   | 66,405 | 67,774 | 69,784 | 69,496 | 68,819 | 68,952 | 69,329 | 69,847 | 70,300 | 70,903 |
| Wastewater                              | 59,206 | 60,205 | 61,552 | 62,071 | 61,999 | 62,164 | 62,536 | 63,001 | 63,501 | 64,121 |
| Natural Gas                             | 32,520 | 33,125 | 33,777 | 33,451 | 33,202 | 33,208 | 33,264 | 33,465 | 33,780 | 34,152 |
| <b><u>Sales</u></b>                     |        |        |        |        |        |        |        |        |        |        |
| Electric (gigawatt hours):              |        |        |        |        |        |        |        |        |        |        |
| Residential Electric                    | 901    | 878    | 829    | 807    | 857    | 821    | 754    | 752    | 772    | 793    |
| Non-residential Electric                | 981    | 983    | 992    | 964    | 994    | 967    | 945    | 930    | 942    | 951    |
| Gallons of Water (million gallons)      | 8,315  | 9,053  | 8,435  | 7,892  | 7,371  | 7,775  | 7,369  | 6,964  | 6,822  | 6,786  |
| Gallons of Wastewater (million gallons) | 5,402  | 6,271  | 5,229  | 4,899  | 4,696  | 4,666  | 4,706  | 4,603  | 4,528  | 4,491  |
| Therms of Natural Gas (million therms)  | 22     | 21     | 21     | 21     | 23     | 22     | 18     | 19     | 21     | 21     |



Source: GRU Annual Reports

City of Gainesville  
Utility Rates  
Last Ten Fiscal Years

|   |           | 2006    | 2007    | 2008    | 2009    | 2010    |
|---|-----------|---------|---------|---------|---------|---------|
| <b>Electric:</b>  |           |         |         |         |         |         |
| <b>Residential Service - Standard</b>                         |           |         |         |         |         |         |
| Customer Charge   | per month | \$ 5.17 | \$ 5.17 | \$ 5.54 | \$ 7.60 | \$ 8.45 |
| Energy Charge <sup>2</sup>                                    | per kWh   |         |         |         |         |         |
| 0-250 kWh   |           | n/a     | 0.02400 | 0.02500 | 0.02600 | 0.02800 |
| 250-750 kWh   |           | 0.04982 | 0.05800 | 0.06500 | 0.06600 | 0.06700 |
| over 750 kWh  |           | 0.07398 | 0.08300 | 0.09700 | 0.09800 | 0.10200 |
| <b>Residential Service - Peak Periods</b>                     |           |         |         |         |         |         |
| Customer Charge   | per month | 8.75    | 8.75    | 9.36    | 17.60   | 17.60   |
| Energy Charge <sup>2</sup>                                    | per kWh   |         |         |         |         |         |
| On-Peak   |           | 0.12251 | 0.10280 | 0.11000 | 0.13900 | 0.13900 |
| Off-Peak  |           | 0.03351 | 0.03230 | 0.03500 | 0.03500 | 0.03500 |
| <b>General Service Non-Demand &amp; Demand &lt; 50 kW</b>     |           |         |         |         |         |         |
| Customer Charge   | per month | 15.18   | 15.18   | 16.00   | 16.00   | 25.50   |
| Energy Charge <sup>2</sup>                                    | per kWh   |         |         |         |         |         |
| 0-1500 kWh  |           | 0.05548 | 0.05548 | 0.06200 | 0.06800 | 0.07000 |
| over 1500 kWh   |           | 0.07183 | 0.07183 | 0.08000 | 0.09500 | 0.10300 |
| Business Partner Discount Rate                                |           | 7%      | 7%      | 0%      | 0%      | 0%      |
| <b>General Service Demand - 50kW &gt; Demand &lt; 1000 kW</b> |           |         |         |         |         |         |
| Customer Charge   | per month | 30.92   | 30.92   | 33.00   | 45.00   | 45.00   |
| Demand Charge   | per kW    | 7.56    | 7.56    | 9.00    | 9.20    | 9.25    |
| Energy Charge <sup>2</sup>                                    | per kWh   | 0.02633 | 0.02633 | 0.02900 | 0.03200 | 0.04200 |
| Business Partner Discount Rate                                |           | 10%     | 10%     | 0%      | 0%      | 0%      |
| <b>Large Power Service - Demand &gt; 1000 kW</b>              |           |         |         |         |         |         |
| Customer Charge   | per month | 245.05  | 245.05  | 265.00  | 300.00  | 300.00  |
| Demand Charge   | per kW    | 7.08    | 7.08    | 9.00    | 9.20    | 9.25    |
| Energy Charge <sup>2</sup>                                    | per kWh   | 0.02597 | 0.02597 | 0.02700 | 0.03100 | 0.03900 |
| Business Partner Discount Rate                                |           | 13%     | 13%     | 0%      | 0%      | 0%      |
| <b>Water:</b>   |           |         |         |         |         |         |
| <b>Residential Service</b>                                    |           |         |         |         |         |         |
| Customer Charge   | per month | 4.86    | 4.86    | 5.35    | 7.00    | 7.30    |
| Usage Charge <sup>3</sup>                                     | per kGal  |         |         |         |         |         |
| 1,000 - 6,000   |           | 1.42    | 1.42    | 1.56    | 1.59    | 1.65    |
| 7,000 - 20,000  |           | 2.35    | 2.35    | 2.82    | 3.11    | 3.30    |
| Over 21,000   |           | 4.04    | 4.04    | 4.93    | 5.50    | 6.00    |
| <b>Non-Residential Service</b>                                |           |         |         |         |         |         |
| Customer Charge   | per month | 4.86    | 4.86    | 5.35    | 7.00    | 7.30    |
| Usage Charge  | per kGal  | 2.35    | 2.35    | 2.82    | 3.11    | 3.30    |
| <b>Irrigation Service</b>                                     |           |         |         |         |         |         |
| Customer Charge <sup>4</sup>                                  | per month | 4.86    | 4.86    | 4.86    | 4.86    | 7.30    |
| Usage Charge  | per kGal  |         |         |         |         |         |
| 1,000 - 14,000  |           | 2.35    | 2.35    | 2.82    | 3.11    | 3.30    |
| 15,000 or more  |           | 4.04    | 4.04    | 4.93    | 5.50    | 6.00    |
| Non-residential   |           | n/a     | n/a     | n/a     | n/a     | 4.35    |
| <b>University of Florida</b>                                  |           |         |         |         |         |         |
| Customer Charge   | per month | 4.86    | 4.86    | 5.35    | 7.00    | 7.30    |
| Usage Charge  | per kGal  |         |         |         |         |         |
| On-Campus   |           | 1.04    | 1.04    | 1.13    | 1.54    | 1.92    |
| Off-Campus  |           | 1.15    | 1.15    | 1.30    | 1.80    | 2.67    |
| <b>City of Alachua</b>  |           |         |         |         |         |         |
| Customer Charge   | per month | 3.53    | 4.86    | 5.35    | 7.00    | 7.30    |
| Usage Charge  | per kGal  | 1.35    | 1.21    | 1.33    | 1.45    | 1.51    |

**Fire Hydrant History of Monthly Charges**

Installed, Maintained, Supported  
Maintained, Supported  
Supported only (UF)

City of Gainesville  
Utility Rates  
Last Ten Fiscal Years

|   | 2011      | 2012    | 2013    | 2014    | 2015     |          |
|---|-----------|---------|---------|---------|----------|----------|
| <b>Electric:</b>  |           |         |         |         |          |          |
| <b>Residential Service - Standard</b>                         |           |         |         |         |          |          |
| Customer Charge   | per month | \$ 8.45 | \$ 8.67 | \$ 8.67 | \$ 11.90 | \$ 12.75 |
| Energy Charge <sup>2</sup>                                    | per kWh   |         |         |         |          |          |
| 0-250 kWh   |           | 0.03200 | 0.03400 | 0.03400 | 0.03900  | 0.03100  |
| 250-750 kWh   |           | 0.06800 | 0.06800 | 0.06800 | 0.05000  | 0.04200  |
| over 750 kWh  |           | 0.10200 | 0.10200 | 0.10200 | 0.09400  | 0.08400  |
| <b>Residential Service - Peak Periods</b>                     |           |         |         |         |          |          |
| Customer Charge   | per month | 17.60   | 17.60   | 17.60   | 17.60    | n/a      |
| Energy Charge <sup>2</sup>                                    | per kWh   |         |         |         |          |          |
| On-Peak   |           | 0.13900 | 0.13900 | 0.13900 | 0.13900  | n/a      |
| Off-Peak  |           | 0.03500 | 0.03500 | 0.03500 | 0.03500  | n/a      |
| <b>General Service Non-Demand &amp; Demand &lt; 50 kW</b>     |           |         |         |         |          |          |
| Customer Charge   | per month | 26.00   | 26.00   | 26.00   | 30.00    | 29.50    |
| Energy Charge <sup>2</sup>                                    | per kWh   |         |         |         |          |          |
| 0-1500 kWh  |           | 0.08000 | 0.08000 | 0.08000 | 0.07600  | 0.06900  |
| over 1500 kWh   |           | 0.10800 | 0.10800 | 0.10800 | 0.10600  | 0.10000  |
| Business Partner Discount Rate                                |           | 0%      | 0%      | 0%      | 0%       | 0%       |
| <b>General Service Demand - 50kW &gt; Demand &lt; 1000 kW</b> |           |         |         |         |          |          |
| Customer Charge   | per month | 50.00   | 50.00   | 50.00   | 100.00   | 100.00   |
| Demand Charge   | per kW    | 9.25    | 9.25    | 9.25    | 9.25     | 8.50     |
| Energy Charge <sup>2</sup>                                    | per kWh   | 0.05100 | 0.05100 | 0.05100 | 0.04500  | 0.04000  |
| Business Partner Discount Rate                                |           | 0%      | 2%      | 2%      | 2%       | 0%       |
| <b>Large Power Service - Demand &gt; 1000 kW</b>              |           |         |         |         |          |          |
| Customer Charge   | per month | 300.00  | 300.00  | 300.00  | 350.00   | 350.00   |
| Demand Charge   | per kW    | 9.25    | 9.25    | 9.25    | 9.25     | 8.50     |
| Energy Charge <sup>2</sup>                                    | per kWh   | 0.04600 | 0.04600 | 0.04600 | 0.04050  | 0.03600  |
| Business Partner Discount Rate                                |           | 0%      | 2%      | 2%      | 2%       | 0%       |
| <b>Water:</b>   |           |         |         |         |          |          |
| <b>Residential Service</b>                                    |           |         |         |         |          |          |
| Customer Charge   | per month | 7.75    | 8.65    | 8.70    | 9.00     | 9.20     |
| Usage Charge <sup>3</sup>                                     | per kGal  |         |         |         |          |          |
| 1,000 - 6,000   |           | 1.99    | 2.05    | 2.20    | 2.30     | 2.35     |
| 7,000 - 20,000  |           | 3.65    | 3.65    | 3.75    | 3.75     | 3.75     |
| Over 21,000   |           | 6.00    | 6.00    | 6.00    | 6.00     | 6.00     |
| <b>Non-Residential Service</b>                                |           |         |         |         |          |          |
| Customer Charge   | per month | 7.75    | 8.65    | 8.70    | 9.00     | 9.20     |
| Usage Charge  | per kGal  | 3.40    | 3.65    | 3.75    | 3.80     | 3.85     |
| <b>Irrigation Service</b>                                     |           |         |         |         |          |          |
| Customer Charge <sup>4</sup>                                  | per month | 7.75    | 8.65    | 8.70    | 9.00     | 9.20     |
| Usage Charge  | per kGal  |         |         |         |          |          |
| 1,000 - 14,000  |           | 3.65    | 3.65    | 3.75    | 3.75     | 3.75     |
| 15,000 or more  |           | 6.00    | 6.00    | 6.00    | 6.00     | 6.00     |
| Non-residential   |           | 4.40    | 4.40    | 4.45    | 4.50     | 4.55     |
| <b>University of Florida</b>                                  |           |         |         |         |          |          |
| Customer Charge   | per month | 7.75    | 8.65    | 8.70    | 9.00     | 9.20     |
| Usage Charge  | per kGal  |         |         |         |          |          |
| On-Campus   |           | 1.67    | 2.17    | 2.16    | 2.18     | 2.22     |
| Off-Campus  |           | 2.57    | 3.21    | 3.13    | 2.77     | 2.64     |
| <b>City of Alachua</b>  |           |         |         |         |          |          |
| Customer Charge   | per month | 7.75    | 8.65    | 8.70    | 9.00     | 9.20     |
| Usage Charge  | per kGal  | 1.62    | 1.62    | 1.62    | 1.62     | 1.62     |
| <b>Fire Hydrant History of Monthly Charges</b>                |           |         |         |         |          |          |
| Installed, Maintained, Supported                              |           |         |         |         |          |          |
| Maintained, Supported   |           |         |         |         |          |          |
| Supported only (UF)   |           |         |         |         |          |          |

City of Gainesville  
Utility Rates  
Last Ten Fiscal Years

|   |            | 2006        | 2007       | 2008       | 2009       | 2010       |
|---|------------|-------------|------------|------------|------------|------------|
| <b>Wastewater:</b>  |            |             |            |            |            |            |
| <b>Residential Service</b>  |            |             |            |            |            |            |
| Customer Charge   | per month  | 3.52        | 3.52       | 4.00       | 6.00       | 6.00       |
| Usage Charge  | per kGal   | 3.94        | 3.94       | 4.63       | 4.94       | 5.07       |
| <b>Residential not connected, but required to be by ordinance</b> |            | 23.22       | 23.22      | 23.22      | 23.22      | 31.35      |
| <b>Residential, on wells, flat rate</b>                           |            | 23.22       | 23.22      | 23.22      | 23.22      | 31.35      |
| <b>Multi-family</b>   |            |             |            |            |            |            |
| Customer Charge   | per month  | 3.52        | 3.52       | 4.00       | 6.00       | 6.00       |
| Usage Charge - flat rate  | per month  | 19.70       | 19.70      | 23.15      | 24.70      | 25.35      |
| <b>Non-Residential Service</b>                                    |            |             |            |            |            |            |
| Customer Charge   | per month  | 3.52        | 3.52       | 4.00       | 6.00       | 6.00       |
| Usage Charge  | per kGal   | 3.94        | 3.94       | 4.63       | 4.94       | 5.07       |
| <b>Tacachale</b>  |            |             |            |            |            |            |
| Customer Charge   | per month  | 4,213.36    | 4,213.36   | 4,929.63   | 5,259.69   | n/a        |
| Usage Charge  | per kGal   | 1.34        | 1.34       | 1.36       | 1.44       | n/a        |
| <b>University of Florida - Maguire Village</b>                    |            |             |            |            |            |            |
| Customer Charge   | per month  | 2.70        | n/a        | n/a        | n/a        | n/a        |
| Usage Charge  | per kGal   | 1.98        | n/a        | n/a        | n/a        | n/a        |
| <b>Natural Gas:</b>   |            |             |            |            |            |            |
| <b>Residential Service</b>  |            |             |            |            |            |            |
| Customer Charge   | per month  | 7.04        | 7.04       | 7.15       | 9.52       | 9.52       |
| Energy Charge <sup>1</sup>  | per therm  | 0.40537     | 0.40537    | 0.42400    | 0.48300    | 0.48300    |
| MGP   | per therm  | 0.03210     | 0.03210    | 0.03210    | 0.03700    | 0.03700    |
| <b>General Firm Service</b>                                       |            |             |            |            |            |            |
| Customer Charge   | per month  | \$ 17.60    | \$ 17.60   | \$ 19.89   | \$ 30.00   | \$ 30.00   |
| Energy Charge <sup>1</sup>  | per therm  | \$ 0.23490  | \$ 0.23490 | \$ 0.26990 | \$ 0.30800 | \$ 0.30800 |
| MGP   | per therm  | \$ 0.03210  | \$ 0.03210 | \$ 0.32100 | \$ 0.03700 | \$ 0.03700 |
| <b>Interruptible Service</b>                                      |            |             |            |            |            |            |
| Customer Charge   | per month  | \$ 351.90   | \$ 351.90  | \$ 360.00  | \$ 375.00  | \$ 375.00  |
| Energy Charge <sup>2</sup>  | per therm  | \$ 0.17153  | \$ 0.17153 | \$ 0.20590 | \$ 0.28600 | \$ 0.28600 |
| MGP   | per therm  | \$ 0.03210  | \$ 0.03210 | \$ 0.03210 | \$ 0.03700 | \$ 0.03700 |
| <b>Contract Interruptible Service</b>                             |            |             |            |            |            |            |
| Customer Charge   | per month  | \$ 351.90   | \$ 351.90  | \$ 360.00  | \$ 375.00  | \$ 375.00  |
| Energy Charge <sup>3</sup>  | per therm  | by contract |            |            |            |            |
| MGP   | per therm  | \$ 0.03210  | \$ 0.03210 | \$ 0.03210 | \$ 0.03700 | \$ 0.03700 |
| <b>Large Volume Interruptible Service</b>                         |            |             |            |            |            |            |
| Customer Charge   | per month  | \$ 351.90   | \$ 351.90  | \$ 351.90  | \$ 375.00  | \$ 375.00  |
| Energy Charge <sup>2</sup>  | per therm  | \$ 0.10486  | \$ 0.10486 | \$ 0.11990 | \$ 0.14268 | \$ 0.14268 |
| MGP   | per therm  | \$ 0.03210  | \$ 0.03210 | \$ 0.03210 | \$ 0.03700 | \$ 0.03700 |
| <b>Liquid Propane (LP) Service</b>                                |            |             |            |            |            |            |
| Customer Charge   | per month  | \$ 7.04     | \$ 7.04    | \$ 7.15    | \$ 9.52    | \$ 9.52    |
| Energy Charge <sup>4</sup>  | 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        |
| <b>Average Annual PGA</b>   | per therm  | \$ 1.03350  |            |            |            |            |

Notes:

1 Includes \$0.06906 per therm of fuel

2 Includes 6.5 mills/kWh of fuel

3 Effective October 1, 2013; previously

2011-2012 0-7,000,7001-20,000;

Source: GRU Annual Reports

4 Effective October 1, 2013 previously 0-15,000, over 15,000



City of Gainesville  
Utility Rates  
Last Ten Fiscal Years

|   |            | 2011       | 2012       | 2013       | 2014       | 2015       |
|---|------------|------------|------------|------------|------------|------------|
| <b><u>Wastewater:</u></b>   |            |            |            |            |            |            |
| <b>Residential Service</b>  |            |            |            |            |            |            |
| Customer Charge   | per month  | 6.50       | 7.40       | 7.40       | 7.85       | 8.40       |
| Usage Charge  | per kGal   | 5.29       | 5.50       | 5.80       | 5.85       | 6.05       |
| <b>Residential not connected, but required to be by ordinance</b> |            | 32.95      | 34.90      | 36.40      | 37.10      | 38.65      |
| <b>Residential, on wells, flat rate</b>                           |            | 32.95      | 34.90      | 36.40      | 37.10      | 38.65      |
| <b>Multi-family</b>   |            |            |            |            |            |            |
| Customer Charge   | per month  | 6.50       | 7.40       | 7.40       | 7.85       | 8.40       |
| Usage Charge - flat rate  | per month  | 26.45      | 27.50      | 29.00      | 29.25      | 30.25      |
| <b>Non-Residential Service</b>                                    |            |            |            |            |            |            |
| Customer Charge   | per month  | 6.50       | 7.40       | 7.40       | 7.85       | 8.40       |
| Usage Charge  | per kGal   | 5.29       | 5.50       | 5.80       | 5.85       | 6.05       |
| <b>Tacachale</b>  |            |            |            |            |            |            |
| 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        |
| <b>University of Florida - Maguire Village</b>                    |            |            |            |            |            |            |
| 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        |
| <b><u>Natural Gas:</u></b>  |            |            |            |            |            |            |
| <b>Residential Service</b>  |            |            |            |            |            |            |
| Customer Charge   | per month  | 9.52       | 9.52       | 9.52       | 9.52       | 9.75       |
| Energy Charge <sup>1</sup>  | per therm  | 0.48300    | 0.48300    | 0.47370    | 0.48200    | 0.50200    |
| MGP   | per therm  | 0.04340    | 0.05050    | 0.05050    | 0.05050    | 0.05660    |
| <b>General Firm Service</b>                                       |            |            |            |            |            |            |
| Customer Charge   | per month  | \$ 35.00   | \$ 35.00   | \$ 35.00   | \$ 40.00   | \$ 40.00   |
| Energy Charge <sup>1</sup>  | per therm  | \$ 0.34300 | \$ 0.34300 | \$ 0.34300 | \$ 0.34300 | \$ 0.36500 |
| MGP   | per therm  | \$ 0.04340 | \$ 0.05050 | \$ 0.05050 | \$ 0.05000 | \$ 0.05560 |
| <b>Interruptible Service</b>                                      |            |            |            |            |            |            |
| Customer Charge   | per month  | \$ 375.00  | \$ 375.00  | \$ 375.00  | n/a        | n/a        |
| Energy Charge <sup>2</sup>  | per therm  | \$ 0.31500 | \$ 0.31500 | \$ 0.31500 | n/a        | n/a        |
| MGP   | per therm  | \$ 0.04340 | \$ 0.05050 | \$ 0.05050 | n/a        | n/a        |
| <b>Contract Interruptible Service</b>                             |            |            |            |            |            |            |
| Customer Charge   | per month  | \$ 375.00  | \$ 375.00  | n/a        | n/a        | n/a        |
| Energy Charge <sup>3</sup>  | per therm  |            |            |            |            |            |
| MGP   | per therm  | \$ 0.04340 | \$ 0.05050 | n/a        | n/a        | n/a        |
| <b>Large Volume Interruptible Service</b>                         |            |            |            |            |            |            |
| Customer Charge   | per month  | \$ 375.00  | \$ 375.00  | \$ 375.00  | \$ 375.00  | \$ 375.00  |
| Energy Charge <sup>2</sup>  | per therm  | \$ 0.15730 | \$ 0.15730 | \$ 0.20394 | \$ 0.20394 | \$ 0.20500 |
| MGP   | per therm  | \$ 0.04340 | \$ 0.05050 | \$ 0.05050 | \$ 0.05050 | \$ 0.05560 |
| <b>Liquid Propane (LP) Service</b>                                |            |            |            |            |            |            |
| Customer Charge   | per month  | \$ 9.52    | \$ 9.52    | \$ 9.52    | \$ 9.52    | \$ 9.75    |
| Energy Charge <sup>4</sup>  | per gallon |            |            |            |            |            |
| 3-yr recovery   |            | \$ 0.64513 | \$ 0.64513 | n/a        | n/a        | n/a        |
| 5-yr recovery   |            | \$ 0.59513 | \$ 0.59513 | n/a        | n/a        | n/a        |
| 7-yr recovery   |            | \$ 0.57013 | \$ 0.57013 | \$ 0.63846 | \$ 0.64676 | \$ 0.66676 |
| > 7-yr recovery   |            | \$ 0.52513 | \$ 0.52513 | \$ 0.59346 | \$ 0.60176 | \$ 0.62176 |
| Basic (no recovery)   |            | n/a        | n/a        | \$ 0.56346 | \$ 0.57176 | \$ 0.59176 |
| <b>Average Annual PGA</b>   |            |            |            |            |            |            |
|   | per therm  |            |            |            |            |            |

Notes:

- 1 Includes \$0.06906 per therm of fuel
- 2 Includes 6.5 mills/kWh of fuel
- 3 Effective October 1, 2013; previously 2011-2012 0-7,000,7001-20,000;

Source: GRU Annual Reports

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

|                                     | 2015                 |      |  | 2005                 |      |  |
|-------------------------------------|----------------------|------|--|----------------------|------|--|
|                                     | Total<br>Payments    | Rank | Percentage<br>of<br>Total Utility<br>Value | Total<br>Payments    | Rank | Percentage<br>of<br>Total Utility<br>Value |
| City of Gainesville                 | \$ 9,591,166         | 1    | 2.25%                                      | \$ 7,802,558         | 1    | 3.07%                                      |
| Alachua County School Board         | 5,831,585            | 2    | 1.37%                                      | 3,454,908            | 2    | 1.36%                                      |
| Shands Healthcare                   | 4,845,042            | 3    | 1.14%                                      | 2,082,081            | 4    | 0.82%                                      |
| Publix Super Markets Inc            | 4,636,197            | 4    | 1.09%                                      | 2,419,960            | 3    | 0.95%                                      |
| North FL Regional Medical Center    | 4,519,182            | 5    | 1.06%                                      | 1,915,038            | 5    | 0.75%                                      |
| University of Florida               | 3,802,484            | 6    | 0.89%                                      | 1,723,409            | 6    | 0.68%                                      |
| VA Medical Center                   | 2,953,149            | 7    | 0.69%                                      | 1,177,283            | 9    | 0.46%                                      |
| Alachua County Board of County Comm | 2,558,387            | 8    | 0.60%                                      | 1,409,286            | 7    | 0.55%                                      |
| Santa Fe College                    | 2,104,490            | 9    | 0.49%                                      | 1,220,500            | 8    | 0.48%                                      |
| SiVance LLC                         | 1,868,958            | 10   | 0.44%                                      | -                    | -    | n/a  |
| Metal Container Corp                | -                    | -    | 0.00%                                      | 1,082,807            | 10   | 0.43%                                      |
| <b>Total</b>                        | <b>\$ 42,710,640</b> |      | <b>10.03%</b>                              | <b>\$ 24,287,830</b> |      | <b>9.55%</b>                               |

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                 | Notes      | Capital Lease | Revenue                  | Revenue    | Capital Lease |                          | % of Personal Income | Per Capita |
|             | Bonds                   |            |               | Bonds                    | Notes      |               |                          |                      |            |
| 2006        | 175,249,431             | 2,319,485  | 942,136       | 605,329,742              | -          | -             | 783,840,794              | 19.94%               | 6,482      |
| 2007        | 170,352,693             | 1,836,310  | 879,513       | 592,718,901              | -          | -             | 765,787,417              | 18.61%               | 6,303      |
| 2008        | 163,229,892             | -          | 808,654       | 708,588,045              | 63,704,015 | -             | 936,330,606              | 21.30%               | 7,521      |
| 2009        | 155,428,350             | 11,500,000 | 740,339       | 869,464,359              | 78,965,901 | -             | 1,116,098,949            | 26.83%               | 8,865      |
| 2010        | 149,961,998             | 11,500,000 | 669,111       | 841,502,667              | 66,036,166 | -             | 1,069,669,942            | 22.80%               | 8,090      |
| 2011        | 141,168,262             | 11,128,468 | 594,846       | 946,381,178              | 65,690,256 | -             | 1,164,963,010            | 25.41%               | 9,365      |
| 2012        | 125,440,277             | 20,643,225 | 517,414       | 918,731,703              | 65,337,135 | -             | 1,130,669,754            | 23.99%               | 9,125      |
| 2013        | 117,168,774             | 19,326,461 | 436,681       | 923,700,771              | 64,974,623 | -             | 1,125,607,310            | 23.86%               | 9,049      |
| 2014        | 92,086,614              | 32,562,746 | 352,505       | 896,179,836              | 66,181,064 | 994,108,278   | 2,081,471,043            | 43.07%               | 16,564     |
| 2015        | 99,928,451              | 30,991,592 | 264,740       | 924,958,029              | 70,811,880 | 977,280,085   | 2,104,234,777            | 42.33%               | 16,445     |

**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 |
| 2006        | 178,511,052     | 605,329,742   | 783,840,794              | 4.54%                | 1,476      | 7.36%                | 2,394        |
| 2007        | 173,068,516     | 592,718,901   | 765,787,417              | 4.21%                | 1,424      | 6.81%                | 2,306        |
| 2008        | 164,038,546     | 772,292,060   | 936,330,606              | 3.73%                | 1,318      | 8.27%                | 2,920        |
| 2009        | 167,668,689     | 948,430,260   | 1,116,098,949            | 4.03%                | 1,332      | 10.85%               | 3,584        |
| 2010        | 162,131,109     | 907,538,833   | 1,069,669,942            | 3.46%                | 1,226      | 9.71%                | 3,446        |
| 2011        | 152,891,576     | 1,012,071,434 | 1,164,963,010            | 3.33%                | 1,229      | 10.43%               | 3,845        |
| 2012        | 146,600,916     | 984,068,838   | 1,130,669,754            | 3.11%                | 1,183      | 9.79%                | 3,724        |
| 2013        | 136,931,916     | 988,675,394   | 1,125,607,310            | 2.90%                | 1,101      | 9.79%                | 3,713        |
| 2014        | 125,001,865     | 1,956,469,178 | 2,081,471,043            | 2.59%                | 995        | 19.09%               | 7,342        |
| 2015        | 131,184,783     | 1,973,049,994 | 2,104,234,777            | 2.64%                | 1,025      | 18.83%               | 7,313        |

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

Notes: Details regarding the City's outstanding debt may be found in the Notes to the Financial Statements.  
The debt ratios for the primary government include both General Government and GRU. These ratios are shown separately as well to provide more meaningful information.

**City of Gainesville**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2015**

| Governmental Unit   | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Direct and Overlapping Debt |
|---|------------------|---------------------------------|--|
| Alachua County:   |                  |                                 |  |
| Sales Tax Revenue Bonds                                   | \$ 44,848,287    | 47.72%                          | \$ 21,400,468                                  |
| Alachua County Forever bank loan                          | 2,275,700        | 47.72%                          | 1,085,906                                      |
| Capital Improvement bank loan                             | 4,768,000        | 47.72%                          | 2,275,169                                      |
| Local Option Gas Tax bank loan                            | 5,178,000        | 47.72%                          | 2,470,811                                      |
| Public Improvement Revenue Note                           | 9,900,000        | 47.72%                          | 4,724,030                                      |
| Alachua County Library District:                          |                  |                                 |  |
| Bank loan   | 2,063,000        | 47.52%                          | 980,366  |
| Alachua County School Board District                      |                  |                                 |  |
| General Obligation Bonds                                  | 1,323,973        | 43.74%                          | 579,164  |
| State Motor Vehicle License Tax Revenue Bonds             | 1,070,417        | 43.74%                          | 468,247  |
| Certificates of Participation                             | 71,242,059       | 43.74%                          | <u>31,164,418</u>                              |
| Subtotal, Overlapping Debt                                |                  |                                 | 65,148,580                                     |
| City of Gainesville Governmental Activities Direct Debt   |                  |                                 | <u>131,184,783</u>                             |
| Total Direct and Overlapping Governmental Activities Debt |                  |                                 | <u><u>\$ 196,333,363</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 |            |          | Utilities Revenues (1)         | Less: Operating Expenses (2) | Net Available Revenues | Debt Service |               |          |  |
|             |  | Principal    | Interest   | Coverage |                                |                              |                        | Principal    | Interest      | Coverage |  |
| 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   |  |
| 2014        | 1,100,340                                  | 850,000      | 194,313    | 1.0536   | 412,169,722                    | 255,797,502                  | 156,372,220            | 26,845,000   | 23,392,328    | 3.1127   |  |
| 2015        | 1,100,340                                  | 890,000      | 151,813    | 1.0562   | 439,576,909                    | 270,982,823                  | 168,594,086            | 49,020,000   | 22,227,180    | 2.3663   |  |

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  
Demographic and Economic Statistics  
Last Ten Fiscal Years

| <b>Fiscal Year</b> | <b>(1)<br/>Population</b> | <b>(2) Personal<br/>Income</b> | <b>(2) Per<br/>Capita<br/>Personal<br/>Income</b> | <b>(1) Median<br/>Age<br/>(Alachua<br/>County)</b> | <b>(3) Public<br/>School<br/>Enrollment<br/>(Alachua<br/>County)</b> | <b>(4)<br/>Unemployment<br/>Rate</b> |
|--------------------|---------------------------|--------------------------------|---|--|--|--------------------------------------|
| <b>2006</b>        | 120,919                   | \$ 8,313,660,000               | \$ 32,510   | 29.2   | 28,118   | 2.80%                                |
| <b>2007</b>        | 121,497                   | 8,781,243,000                  | 33,866  | 29.3   | 27,535   | 3.00%                                |
| <b>2008</b>        | 124,491                   | 9,240,924,000                  | 35,313  | 29.6   | 28,198   | 4.70%                                |
| <b>2009</b>        | 125,904                   | 8,706,501,000                  | 33,044  | 29.7   | 27,100   | 7.40%                                |
| <b>2010</b>        | 132,217                   | 9,386,000,000                  | 35,488  | 30.1   | 28,581   | 8.30%                                |
| <b>2011</b>        | 124,397                   | 9,819,000,000                  | 36,858  | 30.5   | 28,085   | 8.10%                                |
| <b>2012</b>        | 123,903                   | 10,205,000,000                 | 38,045  | 30.8   | 27,491   | 6.90%                                |
| <b>2013</b>        | 124,391                   | 10,255,284,000                 | 37,929  | 25.8   | 27,506   | 5.30%                                |
| <b>2014</b>        | 125,661                   | 10,514,601,000                 | 38,462  | 25.8   | 28,390   | 4.90%                                |
| <b>2015</b>        | 127,955                   | 10,619,747,010                 | 38,847  | N/A  | 27,802   | 4.50%                                |

Note:

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

Sources:

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

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

| <u>Employer</u>                     | <u>2015</u>      |             |  | <u>2006</u>      |             |  |
|-------------------------------------|------------------|-------------|--|------------------|-------------|--|
|                                     | <u>Employees</u> | <u>Rank</u> | <u>Percentage<br/>Of Total City<br/>Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage<br/>of Total City<br/>Employment</u> |
| University of Florida               | 27,567           | 1           | 22.56%   | 12,212           | 1           | 10.39%   |
| UF Health                           | 12,705           | 2           | 10.40%   | 7,508            | 2           | 6.39%  |
| VA Medical Center                   | 6,127            | 3           | 5.01%  | 2,700            | 4           | 2.30%  |
| Alachua County School Board         | 3,904            | 4           | 3.19%  | 4,195            | 3           | 3.57%  |
| City of Gainesville                 | 2,072            | 5           | 1.70%  | 2,427            | 6           | 2.06%  |
| North Florida Regional Medical Ctr. | 2,000            | 6           | 1.64%  | 1,646            | 10          | 1.40%  |
| Gator Dining Services               | 1,200            | 7           | 0.98%  | -                | -           | 0.00%  |
| Nationwide Insurance                | 960              | 8           | 0.79%  | -                | -           | n/a  |
| Alachua County                      | 809              | 9           | 0.66%  | 1,938            | 8           | 1.65%  |
| Publix Supermarkets                 | 780              | 10          | 0.64%  | 1,935            | 9           | n/a  |
| Oaks Mall                           | -                | -           | n/a  | 2,500            | 5           | n/a  |
| Florida Dept. Of Children & Family  | -                | -           | n/a  | 2,219            | 7           | 1.89%  |
| <b>Total</b>                        | <b>58,124</b>    |             | <b>47.57%</b>                                      | <b>39,280</b>    |             | <b>29.65%</b>                                      |

Source: Gainesville Area Chamber of Commerce

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**

|  | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Charter Offices:</b>                |        |        |        |        |        |        |        |        |        |        |
| City Commission                        | 7.00   | 7.00   | 7.00   | 7.00   | 7.00   | 7.00   | 7.00   | 7.00   | 7.00   | 7.00   |
| Clerk of the Commission                | 8.00   | 8.00   | 8.00   | 8.00   | 6.50   | 6.50   | 5.50   | 5.50   | 5.50   | 5.00   |
| Assistant City Manager                 | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   |
| City Manager's Office                  | 6.00   | 6.00   | 6.00   | 5.00   | 4.00   | 4.00   | 5.00   | 5.00   | 5.00   | 4.35   |
| City Auditor's Office                  | 5.50   | 5.50   | 5.50   | 5.50   | 4.50   | 4.50   | 4.50   | 4.50   | 4.50   | 4.50   |
| City Attorney's Office                 | 16.00  | 16.00  | 16.00  | 16.00  | 15.00  | 15.00  | 17.00  | 17.00  | 18.00  | 17.00  |
| Equal Opportunity Office               | 6.00   | 6.00   | 6.00   | 6.00   | 6.00   | 6.00   | 6.00   | 6.00   | 7.00   | 9.00   |
| <b>General Government:</b>             |        |        |        |        |        |        |        |        |        |        |
| Administrative Services                | 5.00   | 4.50   | 4.50   | 4.50   | 4.00   | 4.00   | 4.00   | 4.00   | 4.00   | 3.70   |
| Computer Services                      | 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  | 37.00  | 36.50  |
| Human Resources                        | 19.00  | 19.00  | 19.00  | 19.00  | 15.00  | 15.00  | 16.00  | 16.00  | 17.00  | 16.00  |
| Risk Management                        | 15.00  | 15.00  | 15.00  | 15.00  | 15.00  | 15.00  | 16.00  | 16.00  | 16.50  | 16.50  |
| Communications and Marketing           | 7.00   | 7.00   | 7.00   | 5.00   | 4.00   | 4.00   | 4.00   | 4.00   | 4.00   | 4.00   |
| <b>Public Safety:</b>                  |        |        |        |        |        |        |        |        |        |        |
| <b>Police</b>                          |        |        |        |        |        |        |        |        |        |        |
| Officers                               | 284.00 | 284.00 | 284.00 | 299.00 | 295.00 | 301.00 | 301.00 | 301.00 | 306.00 | 307.00 |
| Civilians                              | 90.00  | 88.00  | 94.00  | 87.00  | 80.00  | 80.00  | 80.00  | 80.00  | 85.00  | 86.00  |
| <b>Fire Rescue</b>                     |        |        |        |        |        |        |        |        |        |        |
| Officers                               | 144.00 | 144.00 | 144.00 | 144.00 | 155.00 | 158.00 | 158.00 | 158.00 | 166.00 | 166.00 |
| Civilians                              | 10.00  | 10.00  | 10.00  | 9.00   | 10.00  | 7.00   | 7.00   | 7.00   | 8.00   | 8.00   |
| <b>Physical Environment:</b>           |        |        |        |        |        |        |        |        |        |        |
| Codes Enforcement                      | -      | 19.00  | 19.00  | 19.00  | 16.00  | 16.00  | 16.08  | 16.08  | 16.02  | 16.30  |
| Planning & Development Services        | -      | 45.50  | 46.50  | 48.00  | 38.00  | 38.50  | 39.50  | 39.50  | 40.50  | 41.50  |
| Community Development                  | 82.50  | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Public Works                           | 161.75 | 163.75 | 163.75 | 164.75 | 160.38 | 161.87 | 163.38 | 163.38 | 162.38 | 158.75 |
| <b>Transportation:</b>                 |        |        |        |        |        |        |        |        |        |        |
| Regional Transit System                | 232.00 | 232.00 | 235.00 | 236.00 | 238.00 | 262.50 | 272.50 | 269.50 | 289.50 | 296.50 |
| General Services/Facilities Management | 53.00  | 52.00  | 52.00  | 51.00  | 48.38  | 48.38  | 48.38  | 48.38  | 22.00  | 22.00  |
| Fleet Management                       | -      | -      | -      | -      | -      | -      | -      | -      | 25.38  | 25.00  |
| <b>Economic Environment:</b>           |        |        |        |        |        |        |        |        |        |        |
| Housing                                | -      | 8.00   | 8.00   | 5.00   | 1.00   | 1.70   | 1.57   | 1.60   | 1.57   | 1.57   |
| Community Development Block Grant      | -      | 4.00   | 4.00   | 4.00   | 9.00   | 8.30   | 8.30   | 8.30   | 8.41   | 8.13   |
| Community Redevelopment Agency         | -      | -      | 8.00   | 10.00  | 11.00  | 11.00  | 11.00  | 11.00  | 11.00  | 11.00  |
| Economic Development                   | 3.00   | 3.00   | -      | -      | -      | -      | 1.00   | 1.00   | 1.00   | 1.00   |
| <b>Culture &amp; Recreation:</b>       |        |        |        |        |        |        |        |        |        |        |
| Parks, Recreation and Cultural Affairs | 108.13 | 103.13 | 103.00 | 102.00 | 80.50  | 80.50  | 78.50  | 78.50  | 79.50  | 83.25  |
| 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 2014 the General Services Department was restructured into Facilities Management and Fleet Management.

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

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

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

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

|   | Fiscal Year  |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
|   | 2006         | 2007         | 2008         | 2009         | 2010         |
| <b>Fire &amp; EMS <sup>3</sup></b>  |              |              |              |              |              |
| Total EMS incidents per 1,000 population served                                   | 1.15         | 33.78        | 29.90        | 33.70        | 27.80        |
| Total Non-EMS incidents per 1,000 population served                               | 84.65        | 81.10        | 90.12        | 96.20        | 92.70        |
| Total arson incidents per 10,000 population served                                | 0.66         | 0.41         | 1.46         | 0.64         | 0.54         |
| 90 <sup>th</sup> percentile Turnout Time for Fire Apparatus to EMS Incidents      | -            | -            | -            | -            | -            |
| 90 <sup>th</sup> percentile Turnout Time for Fire Apparatus to Building Fires     | -            | -            | -            | -            | -            |
| 90 <sup>th</sup> percentile Travel Time for Fire Apparatus to EMS Incidents       | -            | -            | -            | -            | -            |
| 90 <sup>th</sup> percentile Travel Time for First Arriving Unit at Building Fires | -            | -            | -            | -            | -            |
| <b>Fleet</b>  |              |              |              |              |              |
| Average age of police vehicles (months)   | 40           | 52           | 56           | 44           | 50           |
| Average age of fire apparatus (months)  | 91           | 88           | 81           | 92           | 106          |
| Hours billed as a percentage of hours available                                   | 82.9%        | 82.4%        | 79.1%        | 78.3%        | 79.9%        |
| No. of work orders completed - police vehicles                                    | n/a          | 1,106        | 1,697        | 1,736        | 1,822        |
| No. of work orders completed - fire apparatus                                     | n/a          | 164          | 170          | 152          | 279          |
| Total vehicle and heavy equipment work orders                                     | 8,025        | 8,814        | 8,025        | 7,711        | 7,327        |
| <b>Highway and Road Maintenance</b>   |              |              |              |              |              |
| Number of potholes repaired   | 17,848       | 23,062       | 14,335       | 16,943       | 16,375       |
| % lane miles assessed as satisfactory or better                                   | 88.0%        | 70.0%        | 66.0%        | 64.0%        | 60.0%        |
| Number of linear miles swept  | 16,073       | 20,319       | 19,293       | 18,337       | 14,016       |
| <b>Housing</b>  |              |              |              |              |              |
| # of homes purchased or constructed   | 6            | 31           | 30           | 2            | 10           |
| Number of properties rehabilitated  | 66           | 58           | 68           | 66           | 49           |
| Number of families served through housing programs                                | 697          | 978          | 784          | 798          | 558          |
| <b>Police</b>   |              |              |              |              |              |
| Police 911 calls received   | 119,090      | 124,138      | 124,955      | 133,768      | 142,486      |
| UCR Part I violent crimes reported per 1,000 pop                                  | 8.62         | 9.43         | 8.46         | 9.18         | 7.11         |
| % of UCR Part I violent crimes cleared  | 54.03%       | 43.72%       | 56.41%       | 65.14%       | 66.60%       |
| UCR Part I property crimes reported per 1,000 pop                                 | 57.77        | 49.78        | 47.11        | 50.71        | 43.05        |
| % of UCR Part I property crimes cleared   | 20.53%       | 19.00%       | 23.56%       | 29.95%       | 29.85%       |
| Injury-producing traffic accidents per 1,000 pop                                  | 27.33        | 5.89         | 5.35         | 6.03         | 5.67         |
| Traffic fatalities per 1,000 population   | 0.03         | 0.15         | 0.05         | 0.06         | 0.05         |
| Moving violation citations issued per 1,000 pop                                   | 168.82       | 219.08       | 233.25       | 176.48       | 216.00       |
| DUI arrests per 1,000 population  | 1.58         | 2.06         | 2.96         | 2.75         | 3.06         |
| <b>Purchasing</b>   |              |              |              |              |              |
| Dollar amount of purchasing card expenditures                                     | \$ 2,824,290 | \$ 2,731,400 | \$ 4,049,230 | \$ 4,370,367 | \$ 4,001,232 |
| Number of purchasing card transactions  | 17,442       | 15,575       | 17,008       | 14,919       | 13,815       |
| Average number of days for a formal bid process                                   | 45           | 45           | 45           | 53           | 53           |
| <b>Refuse &amp; Recycling</b>   |              |              |              |              |              |
| Avg # accounts served per on-route hour   | 150          | 139          | 133          | 133          | 138          |
| Tons of refuse collected & disposed   | 18,000       | 20,423       | 19,720       | 19,501       | 19,189       |
| Tons yard waste collected & composted <sup>2</sup>                                | 11,280       | 4,604        | 8,494        | 8,481        | 8,099        |
| Tons recycling materials collected  | 6,000        | 4,783        | 4,693        | 4,692        | 5,017        |
| Complaints per 1,000 accounts   | 137          | 135          | 93           | 67           | 51           |
| <b>Utility</b>  |              |              |              |              |              |
| Residential customers - Electric  | 79,125       | 80,237       | 82,399       | 82,668       | 82,038       |
| Commercial & industrial - Electric  | 9,538        | 9,675        | 10,450       | 10,461       | 10,383       |
| Customers - Natural Gas   | 32,522       | 33,125       | 33,777       | 33,451       | 33,202       |
| Customers - Water   | 66,475       | 67,774       | 69,784       | 69,496       | 68,819       |
| Customers - Wastewater  | 59,206       | 60,205       | 61,552       | 62,071       | 61,999       |

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

Note:  
<sup>1</sup> GASB Statement 44 was implemented in fiscal year 2005, in future years, additional years will be reported.  
<sup>1</sup> 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.  
<sup>2</sup> In 2011 the Fire department adapted new reporting software for tracking operational indicators using the 90th percentile  
 The 90<sup>th</sup> percentile is the performance baseline that indicates that 90% of the performance occurs below the time stated in

(continued)

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

|   | Fiscal Year  |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
|   | 2011         | 2012         | 2013         | 2014         | 2015         |
| <b>Fire &amp; EMS <sup>3</sup></b>  |              |              |              |              |              |
| Total EMS incidents per 1,000 population served                                   | 99.60        | 114.30       | 118.01       | 143.92       | 14.77        |
| Total Non-EMS incidents per 1,000 population served                               | 27.90        | 23.15        | 24.74        | 17.19        | 17.84        |
| Total arson incidents per 10,000 population served                                | -            | 1.13         | 1.29         | 1.84         | 1.02         |
| 90 <sup>th</sup> percentile Turnout Time for Fire Apparatus to EMS Incidents      | 1:08         | 1:18         | 1:27         | 1:34         | 1:21         |
| 90 <sup>th</sup> percentile Turnout Time for Fire Apparatus to Building Fires     | 1:26         | 1:27         | 1:28         | 1:41         | 1:34         |
| 90 <sup>th</sup> percentile Travel Time for Fire Apparatus to EMS Incidents       | 7:27         | 7:04         | 7:47         | 6:37         | 6:42         |
| 90 <sup>th</sup> percentile Travel Time for First Arriving Unit at Building Fires | 6:21         | 6:20         | 6:33         | 6:24         | 5:59         |
| <b>Fleet</b>  |              |              |              |              |              |
| Average age of police vehicles (months)   | 46           | 49           | 53           | 49           | 48           |
| Average age of fire apparatus (months)  | 107          | 79           | 120          | 128          | 102          |
| Hours billed as a percentage of hours available                                   | 95.2%        | 82.7%        | 80.3%        | 78.0%        | 83.0%        |
| No. of work orders completed - police vehicles                                    | 1,063        | 1,362        | 1,220        | 1,243        | 1,159        |
| No. of work orders completed - fire apparatus                                     | 235          | 160          | 174          | 190          | 213          |
| Total vehicle and heavy equipment work orders                                     | 7,466        | 8,243        | 8,175        | 9,397        | 8,262        |
| <b>Highway and Road Maintenance</b>   |              |              |              |              |              |
| Number of potholes repaired   | 10,940       | 2,630        | 2,360        | 6,094        | 4,609        |
| % lane miles assessed as satisfactory or better                                   | 71.5%        | 73.7%        | 72.0%        | 75.0%        | 74.0%        |
| Number of linear miles swept  | 11,998       | 13,668       | 14,337       | 14,337       | 13,894       |
| <b>Housing</b>  |              |              |              |              |              |
| # of homes purchased or constructed   | 7            | 26           | 12           | 8            | 14           |
| Number of properties rehabilitated  | 50           | 48           | 40           | 30           | 28           |
| Number of families served through housing programs                                | 314          | 367          | 344          | 210          | 175          |
| <b>Police</b>   |              |              |              |              |              |
| Police 911 calls received   | 136,085      | 137,943      | 132,229      | 121,872      | 157,685      |
| UCR Part I violent crimes reported per 1,000 pop                                  | 7.26         | 7.33         | 6.37         | 6.56         | 6.64         |
| % of UCR Part I violent crimes cleared  | 62.56%       | 62.22%       | 64.65%       | 63.83%       | 76.44%       |
| UCR Part I property crimes reported per 1,000 pop                                 | 42.17        | 42.08        | 40.88        | 37.70        | 34.88        |
| % of UCR Part I property crimes cleared   | 29.93%       | 30.42%       | 31.19%       | 31.07%       | 36.54%       |
| Injury-producing traffic accidents per 1,000 pop                                  | 6.42         | 6.80         | 11.21        | 6.77         | 14.23        |
| Traffic fatalities per 1,000 population   | 0.05         | 0.07         | 0.02         | 0.08         | 0.11         |
| Moving violation citations issued per 1,000 pop                                   | 215.89       | 214.18       | 208.44       | 198.72       | 159.43       |
| DUI arrests per 1,000 population  | 3.88         | 2.50         | 2.93         | 2.38         | 2.37         |
| <b>Purchasing</b>   |              |              |              |              |              |
| Dollar amount of purchasing card expenditures                                     | \$ 3,898,638 | \$ 4,167,550 | \$ 4,450,648 | \$ 4,139,136 | \$ 4,159,386 |
| Number of purchasing card transactions  | 14,971       | 14,917       | 15,191       | 14,586       | 1,588        |
| Average number of days for a formal bid process                                   | 53           | 53           | 53           | 45           | 45           |
| <b>Refuse &amp; Recycling</b>   |              |              |              |              |              |
| Avg # accounts served per on-route hour   | 138          | 133          | 133          | 139          | 136          |
| Tons of refuse collected & disposed   | 18,274       | 19,856       | 20,081       | 20,522       | 20,827       |
| Tons yard waste collected & composted <sup>2</sup>                                | 7,814        | 8,325        | 8,576        | 9,079        | 9,127        |
| Tons recycling materials collected  | 4,890        | 4,795        | 4,912        | 5,043        | 4,809        |
| Complaints per 1,000 accounts   | 48           | 50           | 54           | 119          | 120          |
| <b>Utility</b>  |              |              |              |              |              |
| Residential customers - Electric  | 81,900       | 82,039       | 82,440       | 83,117       | 83,796       |
| Commercial & industrial - Electric  | 10,372       | 10,422       | 10,467       | 10,602       | 10,677       |
| Customers - Natural Gas   | 33,208       | 33,264       | 33,465       | 33,780       | 34,152       |
| Customers - Water   | 68,952       | 69,329       | 69,847       | 70,300       | 70,903       |
| Customers - Wastewater  | 62,164       | 62,536       | 63,001       | 63,501       | 64,121       |

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

Note:

<sup>1</sup> GASB Statement 44 was implemented in fiscal year 2005, in future years, additional years will be reported.

<sup>1</sup> 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.

<sup>2</sup> In 2011 the Fire department adapted new reporting software for tracking operational indicators using the 90th percentile  
The 90<sup>th</sup> percentile is the performance baseline that indicates that 90% of the performance occurs below the time stated in

(concluded)

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

|   | Fiscal Year |        |       |       |        |        |        |         |         |         |
|---|-------------|--------|-------|-------|--------|--------|--------|---------|---------|---------|
|   | 2006        | 2007   | 2008  | 2009  | 2010   | 2011   | 2012   | 2013    | 2014    | 2015    |
| <b>Fire &amp; EMS</b>                         |             |        |       |       |        |        |        |         |         |         |
| Total number of fire apparatus                | 13          | 13     | 13    | 13    | 13     | 14     | 14     | 14      | 14      | 15      |
| Average age of fire apparatus (in months)     | 91          | 89     | 81    | 92    | 106    | 107    | 79     | 120     | 128     | 102     |
| Average annual mileage per fire apparatus     | 7,673       | 8,337  | 8,839 | 8,998 | 13,912 | 8,345  | 8,561  | 8,244   | 7,819   | 7,521   |
| Number of fire stations                       | 7           | 7      | 7     | 7     | 7      | 8      | 8      | 8       | 8       | 8       |
| <b>Fleet</b>                                  |             |        |       |       |        |        |        |         |         |         |
| Light vehicles:                               |             |        |       |       |        |        |        |         |         |         |
| Number  | 591         | 543    | 549   | 347   | 339    | 616    | 574    | 670     | 877     | 1,330   |
| Number using alternative fuel                 | 6           | 4      | 4     | 4     | 4      | 40     | 52     | 136     | 172     | 216     |
| Average age (in months)                       | 92          | 44     | 52    | 67    | 78     | 73     | 73     | 79      | 86      | 103     |
| Medium-duty vehicles:                         |             |        |       |       |        |        |        |         |         |         |
| Number  | 48          | 36     | 36    | 79    | 82     | 68     | 120    | 122     | 127     | 180     |
| Average age (in months)                       | 87          | 112    | 87    | 91    | 68     | 72     | 91     | 98      | 101     | 103     |
| Heavy-duty vehicles:                          |             |        |       |       |        |        |        |         |         |         |
| Number  | 126         | 48     | 36    | 128   | 107    | 90     | 96     | 46      | 47      | 48      |
| Average age (in months)                       | 93          | 108    | 101   | 103   | 89     | 103    | 78     | 72      | 88      | 99      |
| Heavy equipment:                              |             |        |       |       |        |        |        |         |         |         |
| Number  | 12          | 11     | 11    | 22    | 13     | 14     | 18     | 75      | 90      | 18      |
| Average age (in months)                       | 132         | 142    | 67    | 132   | 67     | 126    | 121    | 172     | 130     | 149     |
| <b>Highway and Road Maintenance</b>           |             |        |       |       |        |        |        |         |         |         |
| Total paved lane miles maintained             | 1,473       | 779    | 779   | 764   | 773    | 773    | 777    | 857     | 778     | 789     |
| Number of traffic signals (LEDs)              | 4,049       | 4,275  | 4,495 | 7,994 | 8,042  | 8,279  | 8,279  | 8,279   | 8,279   | 8,279   |
| <b>Parks and Recreation</b>                   |             |        |       |       |        |        |        |         |         |         |
| Park acres per 1,000 population               | 20.77       | 19.10  | 19.24 | 18.90 | 20.28  | 21.56  | 21.64  | 21.55   | 21.34   | 27.64   |
| Total park acres                              | 2,512       | 2,321  | 2,395 | 2,379 | 2,681  | 2,681  | 2,681  | 2,681   | 2,681   | 3,471   |
| Recreation/community centers                  | 8           | 8      | 8     | 8     | 8      | 8      | 8      | 8       | 8       | 8       |
| Athletic fields                               | 37          | 37     | 35    | 35    | 35     | 35     | 36     | 36      | 24      | 24      |
| Play structures                               | 89          | 93     | 112   | 112   | 98     | 98     | 98     | 98      | 96      | 96      |
| Tennis courts                                 | 23          | 23     | 23    | 23    | 23     | 23     | 23     | 23      | 23      | 23      |
| Basketball courts                             | 24          | 24     | 23    | 23    | 23     | 23     | 23     | 23      | 23      | 23      |
| Swimming pools                                | 3           | 3      | 3     | 3     | 3      | 3      | 3      | 3       | 3       | 3       |
| Miles of bike, walking, and hiking trails     | 24.7        | 24.7   | 30.6  | 31.4  | 37.4   | 49.8   | 50.9   | 50.9    | 51.0    | 52.4    |
| <b>Police</b>                                 |             |        |       |       |        |        |        |         |         |         |
| Number of police vehicles - marked            | 244         | 223    | 201   | 268   | 210    | 227    | 232    | 222     | 239     | 238     |
| Average age of police vehicles (in months)    | 40          | 52     | 56    | 44    | 50     | 46     | 49     | 53      | 49      | 48      |
| Average annual mileage per police vehicle     | 11,000      | 10,554 | 6,856 | 5,311 | 8,472  | 9,087  | 10,783 | 9,180   | 9,411   | 8,396   |
| <b>Regional Transit System</b>                |             |        |       |       |        |        |        |         |         |         |
| Number of buses                               | 113         | 107    | 110   | 105   | 105    | 106    | 116    | 123     | 123     | 128     |
| Number of buses using alternative fuel        | 2           | 2      | 2     | 2     | 3      | -      | -      | -       | -       | -       |
| Average age of buses (in months)              | 126         | 125    | 118   | 108   | 82     | 88     | 77     | 89      | 98      | 107     |
| <b>Electricity</b>                            |             |        |       |       |        |        |        |         |         |         |
| Combined system net capability (megawatts)    | 611         | 611    | 611   | 611   | 611    | 616    | 610    | 532     | 523     | 525     |
| Distribution - overhead (circuit miles)       | 595         | 589    | 583   | 580   | 575    | 575    | 568    | 567     | 564     | 562     |
| Distribution - underground (circuit miles)    | 772         | 798    | 814   | 832   | 838    | 849    | 846    | 850     | 852     | 857     |
| Distribution substations                      | 9           | 10     | 10    | 10    | 11     | 11     | 11     | 11      | 11      | 11      |
| <b>Natural Gas</b>                            |             |        |       |       |        |        |        |         |         |         |
| Distribution mains (miles)                    | 713         | 723    | 731   | 739   | 742    | 747    | 752    | 758     | 766     | 774     |
| Delivery points                               | 6           | 6      | 6     | 6     | 6      | 5      | 5      | 6       | 6       | 6       |
| <b>Water</b>                                  |             |        |       |       |        |        |        |         |         |         |
| 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   | 18.5   | 18.5    | 18.5    | 18.5    |
| Consumptive Use Permit (mgd)                  | 29.0        | 29.0   | 29.0  | 29.4  | 29.9   | 30.0   | 30.0   | 30.0    | 30.0    | 30.0    |
| Distribution mains (miles)                    | 1,051       | 1,069  | 1,095 | 1,102 | 1,106  | 1,115  | 1,128  | 1,130   | 1,139   | 1,141   |
| Supply wells                                  | 15          | 16     | 16    | 16    | 16     | 16     | 16     | 16      | 16      | 16      |
| <b>Wastewater</b>                             |             |        |       |       |        |        |        |         |         |         |
| Gravity mains (miles)                         | 568         | 568    | 607   | 608   | 612    | 618    | 629    | 630     | 631     | 633     |
| Force mains (miles)                           | 127         | 127    | 133   | 137   | 137    | 139    | 139    | 139     | 139     | 140     |
| Lift stations                                 | 154         | 154    | 165   | 164   | 164    | 164    | 165    | 165     | 165     | 167     |
| 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    |
| <b>GRUCom</b>                                 |             |        |       |       |        |        |        |         |         |         |
| Fiber optic cable (miles)                     | 275         | 301    | 318   | 341   | 351    | 389    | 420    | 449     | 438     | 473     |
| Maximum bandwidth (2.5 gigabits/second)*10gbs | OC-48       | OC-48  | OC-48 | OC-48 | OC-192 | OC-192 | OC-192 | OC-192* | OC-192* | OC-192* |
| On-net locations                              | 343         | 363    | 436   | 463   | 454    | 524    | 503    | 523     | 555     | 577     |

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, 2015, and have issued our report thereon dated March 29, 2016. 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, 2015, was filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, and is in substantial agreement with the audit report.
- The scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, *Determination of Financial Emergency*. We determined that the City has not met one or more of the conditions described in that section that are indicative of a state of financial emergency.
- As required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(8). It is management’s responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of “deteriorating financial condition” as that term is defined in Rule 10.554.
- The Rules of the Auditor General stipulate that auditors should review the status of prior-audit findings. If the audit findings in the preceding audit report are uncorrected, auditors are required to identify those findings that were also included in the second preceding audit report. In that regard, there are no uncorrected prior audit findings.

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

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

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

*Carly Riggs & Ingram, L.L.C.*

Gainesville, Florida

March 29, 2016

## INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and City Commissioners  
City of Gainesville, Florida

We have examined the City of Gainesville's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

This report is intended solely for the information and use of the Honorable Mayor and City Commissioners, management, and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

Gainesville, Florida  
March 29, 2016

**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, 2015, 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 29, 2016. 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.

*Cary Riggs & Ingram, L.L.C.*

Gainesville, Florida

March 29, 2016

**Schedule of Federal Awards and State Financial Assistance  
September 30, 2015  
City of Gainesville, FL**

| Federal Grantor/ Program Title   | Federal<br>CFDA<br>NUMBER | Contract/Grant No.        | Expenditures | Program<br>Total | Cluster Total | Federal<br>Amount<br>Provided to<br>Subrecipients |
|--|---------------------------|---------------------------|--------------|------------------|---------------|---|
| <u>DEPARTMENT OF AGRICULTURE FOREST SERVICE</u>  |                           |                           |              |                  |               |   |
| Passed Through Florida Department of Agriculture and Consumer Services<br>Tree Inventory Data Collection & Improvements              | 10.664                    | 991-365                   | 2,110        |                  |               |   |
| <u>DEPARTMENT OF HOMELAND SECURITY</u>   |                           |                           |              |                  |               |   |
| FEMA   |                           |                           |              |                  |               |   |
| FY 2013 Staffing for Adequate Fire and Emergency Response (SAFER)<br>Passed Through DEM via Florida Department of Financial Services | 97.083                    | EMW-2013-FH-00366         | 572,963      |                  |               |   |
| 2013 State Homeland Security Grant Program   | 97.067                    | 14-DS-L5-03-11-01-416     | 15,000       |                  |               |   |
| 2014 State Homeland Security Grant Program   | 97.067                    | 15-DS-P4-03-11-01-407     | 3,390        | 18,390           |               |   |
| <u>EXECUTIVE OFFICE OF THE PRESIDENT-OFFICE OF NATIONAL DRUG POLIC'</u>  |                           |                           |              |                  |               |   |
| Passed Through St. Johns County Sheriff Office   |                           |                           |              |                  |               |   |
| North Florida HIDTA-Highway Interdiction   | 95.001                    | G14/15NF0001A             | 8,832        |                  |               |   |
| North Florida HIDTA-Cadet Initiative-via Alachua County Sheriff Office   | 95.001                    | G14/15NF0001A             | 22,547       |                  |               |   |
| North Florida HIDTA-Vehicle Allowance  | 95.001                    |                           | 7,830        | 39,209           |               |   |
| <u>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</u>  |                           |                           |              |                  |               |   |
| Community Development Block Grant-Entitlement Program  | 14.218                    | B-12/13-MC-12-007         | 1,018,467    |                  |               |   |
| HOME Investment Partnership Grant  | 14.239                    | M-12/13/MC-12-0206        | 759,766      |                  |               |   |
| <u>U.S. DEPARTMENT OF JUSTICE</u>  |                           |                           |              |                  |               |   |
| Federal Equitable Sharing Proceeds   | 16.922                    | N/A                       | 382,422      |                  |               |   |
| 2012 Internet Crimes Against Children  | 16.543                    | 2012-MC-FX-K014           | 407,972      |                  |               | 132,345   |
| 2010 COPS Hiring Program   | 16.710                    | 2010-UM-WX-0066           | 283,565      |                  |               |   |
| 2013 COPS Hiring Program   | 16.710                    | 2013-UM-WX-0067           | 81,371       | 364,936          |               |   |
| BPV  | 16.607                    | 2013 Regular Solicitation | 2,429        |                  |               |   |
| FY 14 JAG  | 16.738                    | 2014-DJ-BX-0689           | 90,942       |                  |               |   |
| Edward Byrne Memorial Justice Assistance -FY12   | 16.738                    | 2012-DJ-BX-0810           | 1,500        |                  |               |   |
| Edward Byrne Memorial Justice Assistance -FY13   | 16.738                    | 2013-DJ-BX-1051           | 46,525       |                  |               |   |
| Passed Through Florida Department of Law Enforcement:  |                           |                           |              |                  |               |   |
| BOLD   |                           |                           |              |                  |               |   |
| 2015 Problem Oriented Policing   | 16.738                    | 2015-JAGC-ALAC-3-R3-041   | 6,819        |                  |               |   |
| Drug/Firearms K-9 Awareness Program  | 16.738                    | 2015-JAGC-ALAC-7-R3-112   | 19,065       |                  |               |   |
| Passed Through The Center for Childrens Law of Policy  | 16.738                    | 2015-JAGC-ALAC-4-R3-113   | 5,986        | 170,838          |               |   |
| Racial and Ethic Disparities Project   | 16.541                    | 2011-JF-FX-0014           | 30,242       |                  |               |   |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u>   |                           |                           |              |                  |               |   |
| FY11 SGR Facility Expansion  | 20.500                    | FL-04-0126                | 231,333      |                  |               |   |
| FY11 Livability Grant  | 20.500                    | FL-04-0150                | 27,025       |                  |               |   |
| FY12 SGR -RTS Facility   | 20.500                    | FL-04-0175                | 1,969,901    | 2,228,259        |               |   |
| FY08 Urbanized Area Formula Grant  | 20.507                    | FL-90-X655                | 42,651       |                  |               |   |
| FY10 Urbanized Area Formula Grant  | 20.507                    | FL-90-X737                | 100,352      |                  |               |   |
| FY11 Urbanized Area Formula Grant  | 20.507                    | FL-90-X763                | 4,415        |                  |               |   |
| FY12 Urbanized Area Formula Grant  | 20.507                    | FL-90-X798                | 40,736       |                  |               |   |
| FY13 Urbanized Area Formula Grant  | 20.507                    | FL-90-X824                | 1,449,322    |                  |               |   |
| FY14 Urbanized Area Formula Grant  | 20.507                    | FL-90-X851                | 1,731,133    |                  |               |   |
| FY15 Urbanized Area Formula Grant  | 20.507                    | FL-90-X889                | 1,800,000    | 5,168,609        | 7,396,868     |   |
| Bus Rapid Transit Analysis   | 20.522                    | FL-39-0009                | 19,829       |                  |               |   |
| Passed Through Florida Department of Transportation  |                           |                           |              |                  |               |   |
| Non-Urbanized Alachua County Transit   | 20.509                    | AR915                     | 78,317       |                  |               |   |
| FY 14/15- Route 75   | 20.509                    | ARS22                     | 329,161      | 407,478          |               |   |
| FY 12/13 Sec. 5310 Operating Assistance  | 20.513                    | ARH23                     | 14,012       |                  |               |   |
| NGOA Sec. 5310   | 20.513                    | FL-16-X038                | 6,300        |                  |               |   |
| NGOA Sec. 5310   | 20.513                    | FL-16-X009                | 240,570      |                  |               |   |
| NGOA Sec. 5310   | 20.513                    | NGOA                      | 55,867       | 316,749          |               |   |
| Sec. 5317 Operating. Assistance  | 20.521                    | ARB02                     | 5,225        |                  |               |   |
| FY13/14 Sec. 317 Capital Assistance  | 20.521                    | ARI137                    | 207,022      | 212,247          | 528,995       |   |
| GPD Comprehensive Traffice Enforcement & Education Project   | 20.600                    | PT-14-12-13/ARD10         | 323          |                  |               |   |
| Safe Gator Program   | 20.616                    | M5HVE-15-06-05/ARN60      | 83,747       |                  | 84,070        |   |
| Passed Through NHTSA via Western Michigan University   |                           |                           |              |                  |               |   |
| GPD Aggressive Driving Project   | 20.614                    | DTNH22-06-00036           | 5,804        |                  |               |   |
| Passed Through Florida Department of Environmental Protection  |                           |                           |              |                  |               |   |
| LAP-PD&E Study SW 62nd Blvd/4-Lane Arterial Connector  | 20.205                    | 211365-6-28-01-03         | 72,019       |                  |               |   |
| RTP-Depot Park Trail   | 20.219                    | T2616                     | 7,272        |                  |               |   |
| Recreational Trails Program  | 20.219                    | T1223/RTP T12023          | 20,893       | 28,165           | 100,184       |   |
| TOTAL EXPENDITURES OF FEDERAL AWARDS   |                           | 204                       | 12,312,972   |                  |               | 132,345   |

**Schedule of Federal Awards and State Financial Assistance  
September 30, 2015  
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 FISH AND WILDLIFE CONSERVATION COMMISSION</u> |                          |                                 |                     |                      |
| Aquatic Habitat Restoration and Enhancement Sub-Section  | 77.016                   | FWC12096                        | 151,835             |                      |
| <u>EXECUTIVE OFFICE OF THE GOVERNOR</u>                  |                          |                                 |                     |                      |
| Hurricane Shelter Retrofit-Senior Center                 | 31.068                   | 14-SR-94-03-11-02-492           | 57,677              |                      |
| <u>FLORIDA HOUSING FINANCE CORPORATION</u>               |                          |                                 |                     |                      |
| SHIP 2012/2013   | 52.901                   | N/A                             | 31,094              |                      |
| SHIP 2013/2014   | 52.901                   | N/A                             | 220,828             |                      |
| SHIP 2014/2015   | 52.901                   | N/A                             | 69,505              | 321,427              |
| <u>DEPARTMENT OF HEALTH</u>                              |                          |                                 |                     |                      |
| Pass through Alachua County<br>County Grant Award        | 64.005                   | C0001                           | 1,459               |                      |
| <u>DEPARTMENT OF STATE</u>                               |                          |                                 |                     |                      |
| Division of Cultural Affairs General Program Support     | 45.061                   | 15.6.500.407                    | 150,000             |                      |
| Division of Cultural Affairs General Program Support     | 45.061                   | 16.6.500.229                    | 3,228               |                      |
| <u>DEPARTMENT OF TRANSPORTATION</u>                      |                          |                                 |                     |                      |
| County Incentive Grant Program                           | 55.008                   | 426044-1-58-01                  | 2,921,387           |                      |
| FY15 State Block Grant                                   | 55.010                   | ARQ95                           | 1,807,516           |                      |
| FY12-14 Service Development Funds- Route 46, Yr.s 2 & 3  | 55.012                   | AQC93: # 2 & 3                  | 53,528              |                      |
| FY13/14 Service Development Funds - Route 76 Yr. 2       | 55.012                   | AQT70: #2                       | 32,600              |                      |
| FY12/13 Service Development Funds - Route 62, Yr. 2      | 55.012                   | AQD46: #2                       | 33,320              |                      |
| FY13/14 Service Development Funds - Route 41             | 55.012                   | ARA52                           | 32,463              |                      |
| FY13/14 Service Development Funds - Route 77             | 55.012                   | ARA53                           | 19,100              |                      |
| FY14/15 Route 77 Yr. 3                                   | 55.012                   | ARN06                           | 32,969              |                      |
| FY14/15 Route 2 & 24 Yr.2                                | 55.012                   | ARN03                           | 103,763             |                      |
| FY14/15 Route 27 Yr.2                                    | 55.012                   | ARN04                           | 37,870              |                      |
| FY13/14 Service Development Funds - Route 39             | 55.012                   | ARA64                           | 28,408              |                      |
| FY13-15 Bus Pass Program Yr. 2 & 3                       | 55.012                   | AQT98: #2 & 3                   | 8,244               | 382,265              |
| FY11/12 Bus Stop Amenities                               | 55.013                   | AQE90                           | 29,784              |                      |
| Comprehensive Operational Analysis                       | 55.030                   | AQA46                           | 35                  |                      |
| Transportation Regional Incentive Program                | 55.026                   | 423306-1-58-01 & 423306-3-58-01 | 836,354             |                      |
| <b>TOTAL EXPENDITURES OF STATE AWARDS</b>                |                          |                                 | <b>6,662,967</b>    |                      |

**Notes to the Schedule of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended September 30, 2015  
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. The schedule is prepared using the modified accrual basis of accounting.

**Note 2. Sub recipients**

The City provided federal awards to sub recipients as follows:

|  | Federal CFDA |            |
|--|--------------|------------|
| 2012 Internet Crimes Against Children                              | 16.543       | \$ 132,345 |
| 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                                      |              |            |
| Leon County Sheriff's Office                                       |              |            |
| Marion County Sheriff's Office                                     |              |            |
| NCIS   |              |            |
| Okaloosa County Sheriff's Office                                   |              |            |
| Pensacola Police Department  |              |            |
| St Johns County Sherriff's Office                                  |              |            |
| Tallahassee Police Department                                      |              |            |
| Escambia County Sheriffs Office                                    |              |            |
| Volusia County Sheriff's Office                                    |              |            |
| Walton County Sheriff's Office                                     |              |            |
| 7th Judicial Circuit-Flagler, Putnam, St. Johns , & Volusia County |              |            |

**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, 2015. 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 each major state project. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program and 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, 2015.

### **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, 2015, 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 29, 2016, 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.

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

Gainesville, Florida  
March 29, 2016

**Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended September 30, 2015  
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> |
|---|-----------------|
| Community Development Block Grant             | 14.218          |
| Home Investment Partnerships Program          | 14.239          |
| Missing Children’s Assistance                 | 16.543          |
| Federal Transit Cluster                       | 20.500 & 20.507 |
| Formula Grants for Rural Areas                | 20.509          |
| Transit Services Programs Cluster             | 20.513 & 20.521 |
| <br>  |                 |
| <u>State Projects</u>                         | <u>CSFA No.</u> |
| State Housing Initiatives Partnership Program | 52.901          |
| County Incentive Grant Program                | 55.008          |
| Public Transit Block Grant Program            | 55.010          |

8. A threshold of \$369,389 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 Projects**

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, 2014 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, 2015 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.



**INDEPENDENT AUDITORS' 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**

To the Honorable Mayor and City Commissioners  
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 Gainesville Regional Utilities (the Utility) of the City of Gainesville, Florida (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements and have issued our report thereon dated February 24, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Utility'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 Utility's internal control. Accordingly, we do not express an opinion on the effectiveness of the Utility'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 Utility'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.

**Certified Public Accountants**

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS



To the Honorable Mayor and City Commissioners  
Gainesville, Florida

**INDEPENDENT AUDITORS' 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  
(Concluded)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Utility'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 Utility'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 Utility's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Duroso, Gray and Company, LLP*

February 24, 2016  
Gainesville, Florida

