

CITY OF GAINESVILLE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018

Prepared by
Department of Finance

LISTING OF CITY OFFICIALS

As of 9/30/2018

ELECTED OFFICIALS

<i>Lauren Poe</i>	<i>Mayor (At Large)</i>
<i>Gigi Simmons</i>	<i>Commissioner (District I)</i>
<i>Harvey Ward</i>	<i>Commissioner (District II)</i>
<i>David Arreola</i>	<i>Commissioner (District III)</i>
<i>Adrian Hayes-Santos</i>	<i>Commissioner (District IV)</i>
<i>Helen Warren</i>	<i>Commissioner (At Large)</i>
<i>Gail Johnson</i>	<i>Commissioner (At Large)</i>

APPOINTED OFFICIALS

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

BUDGET & FINANCE PROGRAM STAFF

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

INTRODUCTORY SECTION

**CITY OF GAINESVILLE, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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June 18, 2019

**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, 2018. 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 Purvis Gray & Company and Baker Tilly. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2018, 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

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City's financial statements for the fiscal year ended September 30, 2018 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, 2018, the official population estimate was 133,857.

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

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

- **building inspections**
- **codes enforcement**
- **community development**
- **cultural affairs**

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People empowered

City of Gainesville

Office of the City Manager
PO Box 490, Station 6
Gainesville, Florida 32627
352 334 5010

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

Internal support services include the following:

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

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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 2.7%, which is significantly lower than the state and national averages and is a decrease from 3.1% at the same time last year. Enrollment at the University of Florida, the engine for the area's economy, has remained steady with a 2018 fall enrollment of 56,079 students.

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

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

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

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

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

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

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

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

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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, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

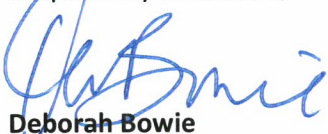
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal 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, 2017. The City of Gainesville has received this award consecutively since the fiscal year beginning October 1, 1984. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

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

Respectfully submitted,



Deborah Bowie
Interim City Manager



Diane Wilson
Interim Finance Director

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in Financial
Reporting**

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**City of Gainesville
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

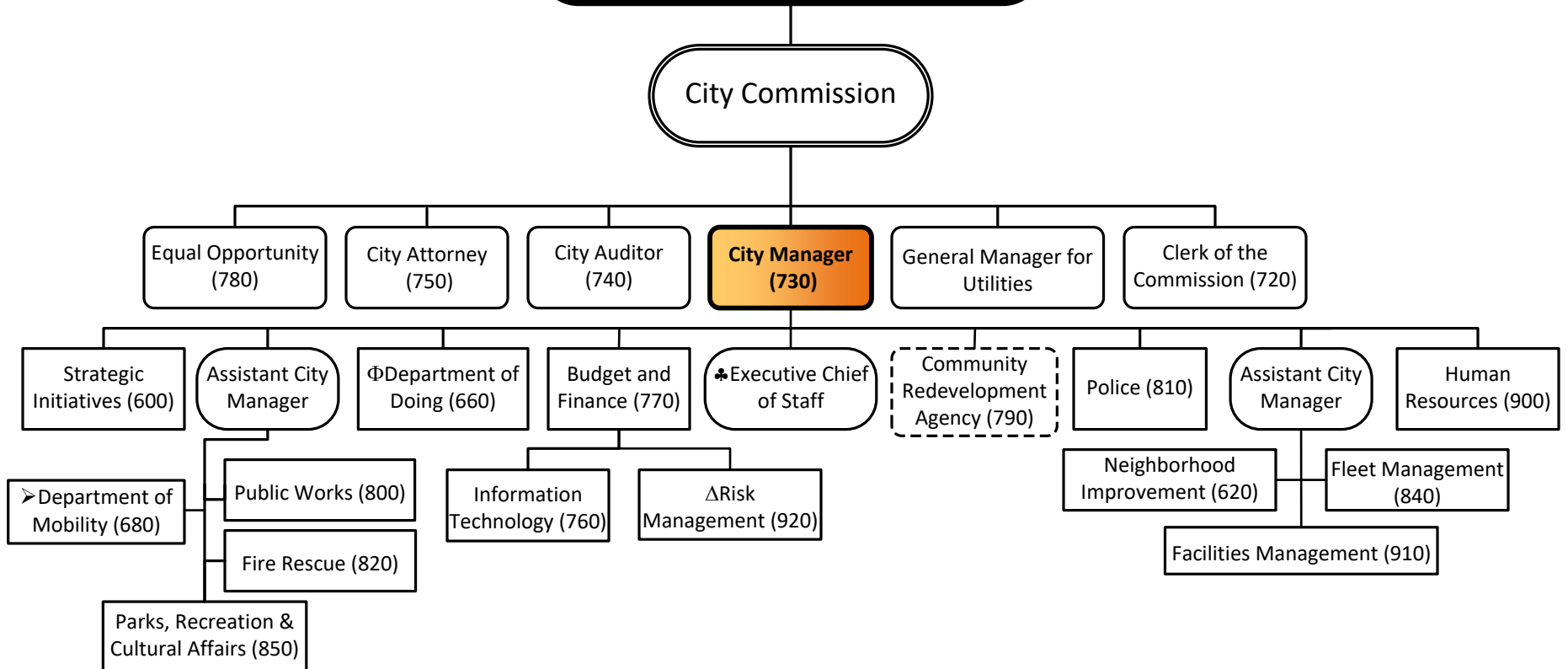
Christopher P. Morill

Executive Director/CEO

City of Gainesville

FY 2019 ADOPTED ORGANIZATION CHART

Citizens of Gainesville



ΔChange made during FY2018
 ➤Department Re-organization
 ΦDepartment Working Title
 ♣Temporary Time-Limited Position

FINANCIAL SECTION



INDEPENDENT AUDITORS' 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, 2018, 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 comprises 95 percent, 82 percent, and 91 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.

Certified Public Accountants

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Honorable Mayor and City Commissioners
City of Gainesville, Florida

INDEPENDENT AUDITORS' REPORT
(Continued)

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, 2018, 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.

Changes in Accounting Principles

As described in Note 20 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*. The City also changed the measurement date of its net pension liability for the Consolidated Police Officers' and Firefighters' pension plan to its reporting date rather than one year prior for consistency in reporting with other net pension and OPEB liabilities. Our opinion is not modified with respect to these matters.

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 non-major 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 non-major 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. In our opinion, the combining and individual non-major fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Honorable Mayor and City Commissioners
City of Gainesville, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters (Concluded)

Other Information (Concluded)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Purvis, Gray and Company, LLP

June 17, 2019
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Gainesville (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. 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 v-ix of this report, and the City's financial statements which begin on page 15.

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 \$661,909,742 (*net position*). This is a decrease of 3.73% from fiscal year 2017.
- The City's total net position increased \$153,549 as a result of fiscal year 2018 operations.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$85,236,635, a decrease of \$6,139,491 in comparison with the prior year. Of the total ending fund balances, \$33,623,752 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 \$17,023,490.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 15-17 of this report.

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

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

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

The City maintains seventy-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other seventy governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 18-21 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 non-major 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 22-28 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 29-30 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 31-100 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 101-110 of this report.

The combining statements referred to earlier in connection with non-major 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 111-148 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 \$661,909,742 at the close of the most recent fiscal year.

City of Gainesville's Net Position						
	Governmental Activities		Business-type Activities		Total	
	FY18	FY17	FY18	FY17	FY18	FY17
Current and other assets	\$ 108,137,648	\$ 129,444,877	\$ 428,594,592	\$ 469,380,437	\$ 536,732,240	\$ 598,825,314
Capital assets	<u>259,691,890</u>	<u>233,082,984</u>	<u>2,029,962,092</u>	<u>2,185,132,520</u>	<u>2,289,653,982</u>	<u>2,418,215,504</u>
Total assets	<u>367,829,538</u>	<u>362,527,861</u>	<u>2,458,556,684</u>	<u>2,654,512,957</u>	<u>2,826,386,222</u>	<u>3,017,040,818</u>
Deferred outflows	<u>20,609,067</u>	<u>19,331,812</u>	<u>77,404,641</u>	<u>109,869,539</u>	<u>98,013,708</u>	<u>129,201,351</u>
Long-term liabilities	199,812,272	207,927,004	1,814,736,794	1,899,587,117	2,014,549,066	2,107,514,121
Other liabilities	<u>21,476,233</u>	<u>17,423,237</u>	<u>115,546,567</u>	<u>247,023,455</u>	<u>137,022,800</u>	<u>264,446,692</u>
Total liabilities	<u>221,288,505</u>	<u>225,350,241</u>	<u>1,930,283,361</u>	<u>2,146,610,572</u>	<u>2,151,571,866</u>	<u>2,371,960,813</u>
Deferred inflows	<u>26,442,823</u>	<u>5,817,661</u>	<u>84,475,499</u>	<u>80,928,887</u>	<u>110,918,322</u>	<u>86,746,548</u>
Net position:						
Net investment in						
capital assets	215,537,449	195,530,215	369,448,747	326,814,049	584,986,196	522,344,264
Restricted	37,526,544	47,526,431	44,988,255	60,698,691	82,514,799	108,225,122
Unrestricted (Deficit)	<u>(112,356,716)</u>	<u>(92,364,875)</u>	<u>106,765,463</u>	<u>149,330,297</u>	<u>(5,591,253)</u>	<u>56,965,422</u>
Total net position	<u>\$ 140,707,277</u>	<u>\$ 150,691,771</u>	<u>\$ 521,202,465</u>	<u>\$ 536,843,037</u>	<u>\$ 661,909,742</u>	<u>\$ 687,534,808</u>

Approximately 88.4% 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, \$82,514,799 or 12.5% represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$(5,591,253) may be used to meet the government's ongoing obligations to citizens and creditors.

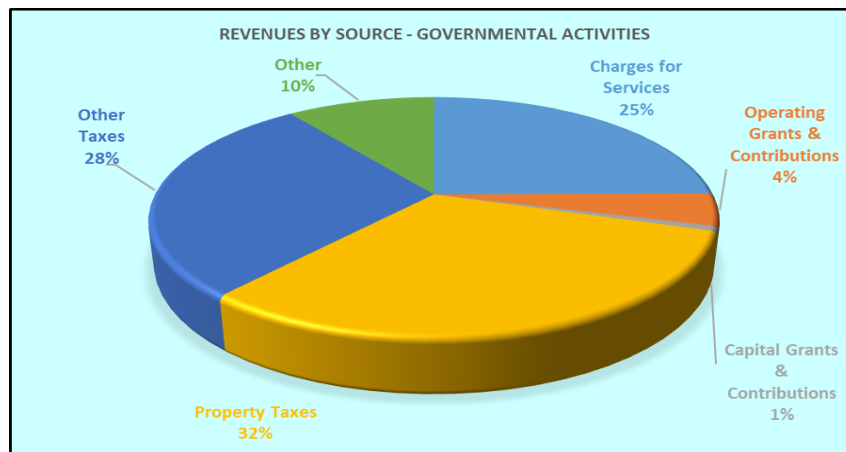
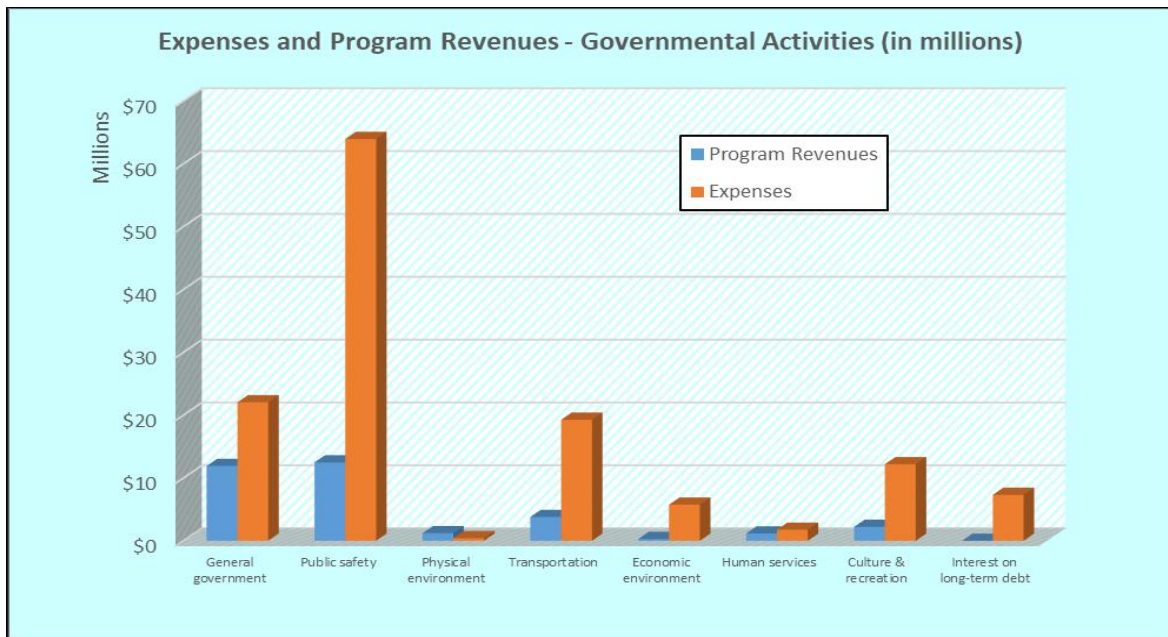
MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Gainesville Changes in Net Position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	FY18	FY17	FY18	FY17	FY18	FY17
Revenues:						
Program revenues:						
Charges for services	\$ 27,504,527	\$ 24,328,262	\$ 422,124,752	\$ 438,797,419	\$ 449,629,279	\$ 463,125,681
Operating grants and contrib.	4,818,258	6,822,748	13,120,255	10,315,741	17,938,513	17,138,489
Capital grants and contrib.	712,441	2,634,365	1,484,306	13,089,525	2,196,747	15,723,890
General revenues:						
Property taxes	34,925,769	31,116,558	-	-	34,925,769	31,116,558
Other taxes	31,468,891	22,105,551	-	-	31,468,891	22,105,551
State revenue sharing	4,841,716	4,648,650	-	-	4,841,716	4,648,650
Investment gain (loss)	1,797,724	443,618	8,324,132	5,234,036	10,121,856	5,677,654
Other revenues	4,584,282	8,127,699	21,858,387	61,488,630	26,442,669	69,616,329
Total revenues	<u>110,653,608</u>	<u>100,227,451</u>	<u>466,911,832</u>	<u>528,925,351</u>	<u>577,565,440</u>	<u>629,152,802</u>
Expenses:						
General government	22,040,757	13,257,529	-	-	22,040,757	13,257,529
Public safety	63,936,193	60,307,834	-	-	63,936,193	60,307,834
Physical environment	412,777	1,820,004	-	-	412,777	1,820,004
Transportation	19,259,842	17,941,779	-	-	19,259,842	17,941,779
Economic environment	5,756,671	8,879,794	-	-	5,756,671	8,879,794
Human services	1,758,977	1,340,199	-	-	1,758,977	1,340,199
Culture & recreation	12,182,553	17,049,901	-	-	12,182,553	17,049,901
Interest on long-term debt	7,309,426	6,374,794	-	-	7,309,426	6,374,794
Electric	-	-	288,723,340	331,139,770	288,723,340	331,139,770
Gas	-	-	21,383,577	21,284,174	21,383,577	21,284,174
Water	-	-	31,267,572	32,390,604	31,267,572	32,390,604
Wastewater	-	-	38,712,044	37,417,260	38,712,044	37,417,260
GRUCom	-	-	12,119,479	12,358,447	12,119,479	12,358,447
Regional transit system	-	-	31,230,329	33,640,219	31,230,329	33,640,219
Stormwater management	-	-	8,902,706	8,877,317	8,902,706	8,877,317
Ironwood golf course	-	-	1,731,357	1,632,760	1,731,357	1,632,760
Florida building code enf.	-	-	3,105,149	2,656,233	3,105,149	2,656,233
Solid waste	-	-	7,579,142	8,099,106	7,579,142	8,099,106
Total expenses	<u>132,657,196</u>	<u>126,971,834</u>	<u>444,754,695</u>	<u>489,495,890</u>	<u>577,411,891</u>	<u>616,467,724</u>
Change in net position before transfers	(22,003,588)	(26,744,383)	22,157,137	39,429,461	153,549	12,685,078
Transfers	<u>37,245,685</u>	<u>36,535,918</u>	<u>(37,245,685)</u>	<u>(36,535,918)</u>	-	-
Change in net position	15,242,097	9,791,535	(15,088,548)	2,893,543	153,549	12,685,078
Net position - beginning, as previously reported	<u>150,691,771</u>	<u>140,900,236</u>	<u>536,843,037</u>	<u>575,529,756</u>	<u>687,534,808</u>	<u>716,429,992</u>
Restatement	(25,226,591)	-	(552,024)	(41,580,262)	(25,778,615)	(41,580,262)
Net position - beginning, restated	<u>125,465,180</u>	<u>140,900,236</u>	<u>536,291,013</u>	<u>533,949,494</u>	<u>661,756,193</u>	<u>674,849,730</u>
Net position - ending	<u>\$ 140,707,277</u>	<u>\$ 150,691,771</u>	<u>\$ 521,202,465</u>	<u>\$ 536,843,037</u>	<u>\$ 661,909,742</u>	<u>\$ 687,534,808</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS

Governmental activities.

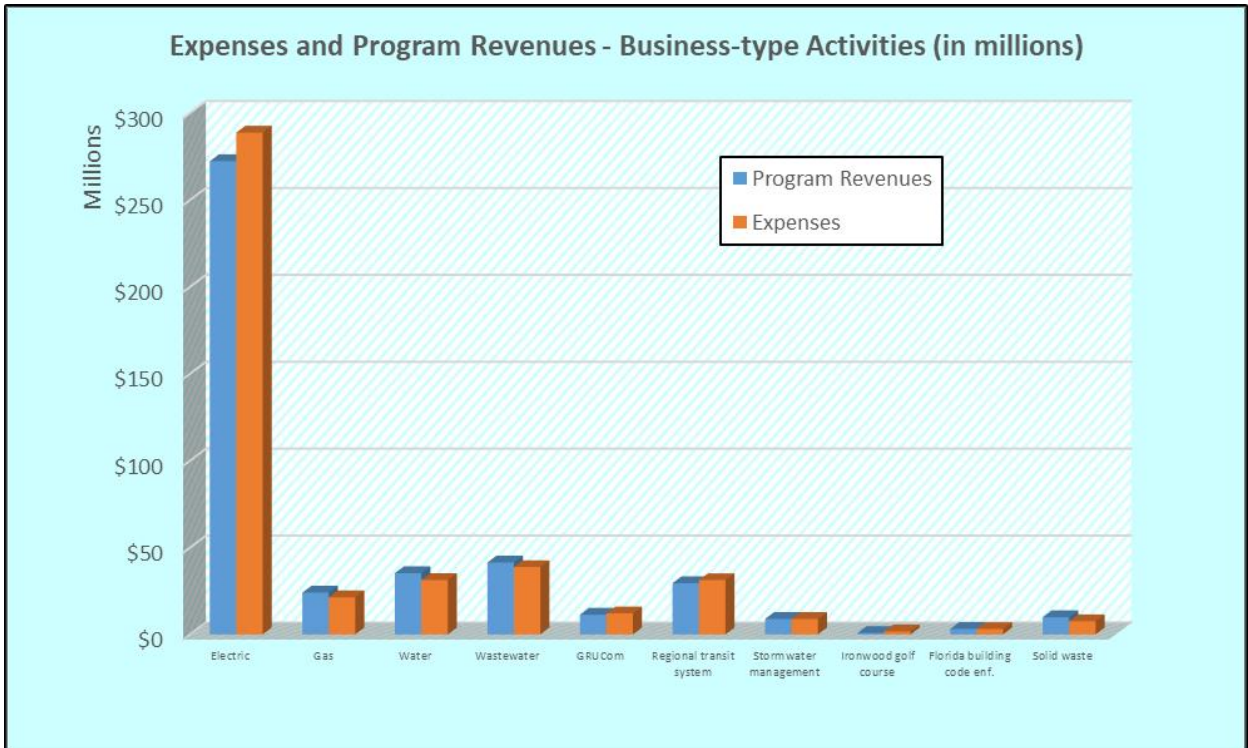
- Other taxes revenue increased by \$9,363,340 because of utility taxes, fire assessment fees and various other tax revenue.
- Other revenues decreased by \$3,543,417 including various fines and forfeitures, rental/lease revenue, and parking garage revenue.
- General government expenses increased from prior year by \$8,783,228. The 2017 amount was unusually low due to timing issues related to construction in progress projects finalization and move to depreciable assets.
- Public safety expenses increased from prior year by \$3,628,359, this includes final construction costs for Fire Station 1, radio equipment upgrades for fire and police, police body worn camera equipment, fire extrication equipment and police vehicle video cameras.
- Physical environment expenses decreased from prior fiscal year by \$1,407,227 due to less projects in process compared to 2017.
- Transportation expenses increased by \$1,318,063 which includes expenses related to South Main reconstruction.
- Cultural and recreation expenses decreased by \$4,867,348. The 2017 amount was unusually high due to timing issues related to construction in progress.
- As in prior years, fiscal year 2018 expenses were dominated by public safety expenses – almost 50% of Governmental expenses.



MANAGEMENT’S DISCUSSION AND ANALYSIS

Business-type activities. Business-type activities’ key elements for fiscal year 2018 are as follows:

- Gross utility plant in service increased \$799.8 million, or 40.1%, in fiscal year 2018 due primarily to the purchase of the Deerhaven Renewable Generating Station (DHR), as well as other items placed into service.
- Long-term utility debt increased \$696.9 million, or 75%, in fiscal year 2018, due to the issuance of \$680.9 million of new debt to fund the purchase of DHR and \$40 million of tax-exempt commercial paper notes.
- GRU is completing remediation efforts at a former manufactured gas plant site. The costs incurred to date total \$29.3 million. GRU accrued a regulatory asset and liability to account for the cost and cost recovery of the expense, which is being recognized as customer revenues are received.
- Sales and service charges decreased \$18 million or 4.5% in fiscal year 2018. The decrease in sales and service charges is due to a reduction in the electric fuel adjustment rate, partially offset by an increase in electric base rates as well as an increase in gas sales and service charges.
- Operating expenses decreased \$67.8 million or 17.1% in fiscal year 2018. This decrease is due to the purchase of DHR and concurrent termination of the Power Purchase Agreement (PPA) with Gainesville Renewable Energy Center (GREC). In addition, GRU has experienced more efficient operational results than what was required under the PPA, thereby decreasing the overall cost of operating the biomass plant.
- Transfers from rate stabilization were \$3.8 million in fiscal year 2018.
- The number of customers for electric services increased 2%, water services increased 0.8%, wastewater services increased 1.4%, and gas services increased 1.3% in fiscal year 2018.
- On October 1, 2018, GRU implemented a 2% increase in the revenue requirement for the electric system. There were no increases or decreases in the revenue requirements in any of the other systems.



MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$85,236,635, a decrease of \$6,139,491 in comparison with the prior year balance. Approximately 3% or \$2,621,317 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 57.5% or \$48,991,566 is *restricted*, indicating that funds can only be spent for specific purposes stipulated by external entities.

Approximately 21.4% (\$4,284,750 and \$13,929,331, respectively) are *committed and assigned* for spending at the government's discretion. The remaining 18.1% or \$15,409,671 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 \$17,023,490 in unassigned fund balance of the general fund, while total fund balance was \$18,671,306. 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 13.9% of total expenditures and transfers out, while total fund balance represents 15.2% of that same amount.

The fund balance of the City's general fund decreased \$1,094,938 during the current fiscal year. The original budget anticipated a decrease of fund balance in fiscal year 2018 of \$1,381,883. The general fund experienced a positive revenue variance of \$560,213 and departmental budgetary savings of \$2,765,528 compared to the final budget. The majority of the positive variance in expenditures for the year can be found in both general government and transportation expenditures.

The special revenue funds have a total fund balance of \$26,825,444, which represents a decrease of \$5,331,578 from last year's balance. The debt service funds have a total fund balance of \$1,068,796. The net increase in fund balance for the current year for these funds was \$333,747. Fund balance in the capital projects funds decreased by \$46,722 to end the fiscal year at \$38,671,089.

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

General Fund Budgetary Highlights

The difference between the original and final revenue budget was a decrease of \$301,699. The difference between the original and final general fund budget for expenditures was a decrease of \$1,841,232. There were no significant budget amendments.

The most significant variance between the final budget and actual results for general fund revenues was for Intergovernmental revenue, which was \$.8 million higher than expected, this was offset by Charges for Services revenue down by \$.8 million. Overall, the positive variance from budget in the taxes revenue item of \$.6 million gave us the overall positive variance to budget for revenues.

The most significant variances between final budget and actual expenditures are found in general government, and Transportation, both with more than \$1 million positive variance to budget. Due to regular budget monitoring, most departments ended the fiscal year with expenditures below budgeted amounts.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2018 totals \$2,283,345,664 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, utility plant & equipment, infrastructure, roads, bike paths and sidewalks. Major capital asset events during the fiscal year include:

- Approximately \$10.6 million in Buildings, the majority attributed to new Fire Station 1.
- Increases in Land of \$2.2 million include purchasing 245 acres of the Weiss property.
- GRU initially recorded a capital lease asset during fiscal year 2014 when GREC began commercial operations in December 2013. In November 2017, GRU purchased DHR and concurrently terminated the PPA with GREC. As a result, the capital lease asset was recorded at \$0 at September 30k 2018.
- Electric generation capital expenditures were \$760.7 million for fiscal year 2018. These expenditures included \$745.1 million for DHR, \$7.7 million for the Deerhaven Generating Station (DH) and \$3.5 million for the John R Kelly (JRK) generating station.
- Electric transmission and distribution expansion was \$17.2 million in 2018 of which approximately \$3.1 million was spent on underground system improvements.
- Water capital expenditures were \$12.7 million in fiscal year 2018 with \$7.6 million for supply, pumping and treatment facilities and \$4.6 million for transmission and distribution.
- Wastewater capital expenditures were \$18.2 million in 2018. This included \$4.6 million spent on treatment plant improvements and \$13.6 million in collection improvements.
- Gas distribution expansion expenditures were \$3.7 million in 2018. This expansion included expenditures of \$0.4 million in gas distribution mains and residential gas services.
- Telecommunication fiber and electronics expansion amounted to \$6.2 million which included fiber and related infrastructure installation and electronics upgrades.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY18</u>	<u>FY17</u>	<u>FY18</u>	<u>FY17</u>	<u>FY18</u>	<u>FY17</u>
Land	\$ 35,785,146	\$ 33,992,083	\$ 9,384,876	\$ 9,466,133	\$ 45,170,022	\$ 43,458,216
Utility Plant & Equipment	-	-	1,826,355,254	1,110,949,243	1,826,355,254	1,110,949,243
Utility Capital Lease	-	-	-	879,694,878	-	879,694,878
Buildings	56,948,069	48,722,162	38,244,826	39,503,107	95,192,895	88,225,269
Improvements	14,938,406	15,532,789	2,351,372	2,540,975	17,289,778	18,073,764
Machinery & Equipment	17,212,133	15,527,649	20,271,243	17,446,708	37,483,376	32,974,357
Infrastructure	103,864,648	108,580,442	31,102,918	31,600,677	134,967,566	140,181,119
Construction in Progress	30,943,488	10,727,859	102,251,603	93,930,799	133,195,091	104,658,658
Total Assets, Net	\$ 259,691,890	\$ 233,082,984	\$ 2,029,962,092	\$ 2,185,132,520	\$ 2,289,653,982	\$ 2,418,215,504

Additional information on the City's capital assets can be found in Note 10 on pages 86-87 of this report.

Bonded debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,757,981,011. This entire amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds and notes) and excludes issuance premiums and discounts.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Gainesville's Outstanding Bonded Debt			
	Governmental activities	Business-type activities	Total
Pension obligation bonds	\$ 69,520,877	\$ -	\$ 69,520,877
Revenue bonds & notes	<u>56,136,452</u>	<u>1,632,323,682</u>	<u>1,688,460,134</u>
Total	<u>\$ 125,657,329</u>	<u>\$ 1,632,323,682</u>	<u>\$ 1,757,981,011</u>

- During 2018, the City issued Series 2017 Capital Improvement Revenue Notes in the amount of \$10,365,000.
- The City's total bonded debt decreased by approximately \$4.3 million or 5.5% during the current fiscal year through scheduled principal payments.
- During fiscal year 2018, GRU reduced utilities system revenue bonds and commercial paper notes by \$24 million through scheduled principal payments.
- In November 2017, GRU issued three series of 2017 Utilities System Revenue Bonds for a total of \$680.9 million to fund the purchase of DHR.
- During fiscal year 2018, GRU issued \$40 million in tax exempt commercial paper to support the capital improvement program for the Utility as well as extending this line of credit with Bank of America to \$125 million.
- During fiscal year 2018, GRU obtained a \$25 million rolling three-year line of credit with Sun Trust Bank.
- As a result of the start of commercial operation of the GREC biomass plant in December 2013, and the purchase of DHR in November 2017 and concurrent termination of the PPA with GREG, GRU recorded a capital lease liability of \$0.

The Utility has ratings of AA-, Aa3, and AA- with Standard and Poor's, Moody's Investor Service, and Fitch Ratings, respectively, for utility system revenue bonds. The Utility has ratings of P-1, A-1+, and F1+ with Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively, for commercial paper notes. In September 2017, Moody's Investors Service adjusted GRU's long term rating to Aa3 from Aa2 due to a revised approach to their rating methodology.

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

Additional information on the City's long-term debt can be found in Note 8 on pages 74-82 of this report.

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

- GRU management, with the approval of the City Commission, entered into a long-term contract to obtain dependable capacity, energy, and environmental attributes from GREC's 102.5 megawatt biomass fueled power plant. The facility is located on a portion of land leased from GRU's Deerhaven power plant site and is owned by a third party. The plant became commercially operable in December 2013.
- On March 10, 2016, arbitration was filed by GREC with the American Arbitration Association (AAA) against GRU alleging that GREC did not have to perform a scheduled annual Planned Maintenance outage for April 2016. Prior to the dispute and the arbitration being filed with the AAA, GRU and GREC mutually agreed in writing to an annual Planned Maintenance Outage for twenty-one days, scheduled to take place April 9-29, 2016. GREC unilaterally cancelled the twenty-one day mutually agreed upon annual Planned Maintenance outage. Section 10.4.1(a) of the Power Purchase Agreement (PPA) requires GREC to submit a written annual maintenance plan containing its forecast of planned maintenance for the coming year no later than sixty (60)

MANAGEMENT'S DISCUSSION AND ANALYSIS

days prior to the start of each calendar year. Any and all changes to such plan shall be mutually agreeable to GREC and GRU. In April of 2016, GRU withheld \$4.1 million in Available Energy invoice payments related to the agreed upon annual Planned Maintenance outage. As of September 30, 2017, GRU has withheld approximately \$8.5 million for various commercial disputes related to the PPA. GRU entered into a Memorandum of Understanding with GREC on April 24, 2017, to explore the possible purchase of the biomass plant, the cancellation of the PPA and the resolution of the arbitration case. On September 12, 2017, GRU and GREC executed the Asset Purchase Agreement (APA) which defined the purchase of the biomass plant, the termination of the PPA and the resolution of the arbitration case. Closing occurred on November 7, 2017. Since GRU purchased DHR, it has experienced significant economical and operational efficiencies. The plan has been successfully integrated into GRU's generation fleet.

GRU's long-term energy supply strategy is to provide safe, reliable, cost effective power while meeting regulatory requirements. GRU has a diverse portfolio of generation including renewable energy. Based on the most recent forecasts, GRU has adequate reserves of generating capacity to meet forecasted loads plus maintaining the regulatory required reserve margin through 2022. This forecast incorporates new population forecasts and changed economic circumstances.

Economic Factors and Next Year's Budgets and Rates

Some of the significant factors considered in preparing the City's fiscal year 2019 budget were:

- The transfer to the General Fund from the Utility accounts for approximately 32% 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 2019.
- After experiencing relatively flat property tax revenues for several years, taxable values have begun rebounding, which combined with robust new construction results in the FY 2019 plan anticipating about 6.3% growth. The growth is primarily composed of approximately \$406 million of appreciation value of existing properties along with \$122 million in new construction. The City Commission approved an increase of the millage rate from 4.5079 to 4.7474 for FY2018 which will carry into FY2019.
- Due to the purchase of the biomass plant by GRU and an increase in base electric rates during FY2018, the amount of utility tax charged will increase by approximately \$2.7 million in FY2019.
- 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, on even-numbered years, therefore our FY2019 plan does not anticipate any increases.
- Two significant revenues which are expected to improve are State Revenue Sharing and Half Cent Sales Tax which are projected to generate just around 4% more revenue in FY 2019.
- 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. During FY2018 the City Commission increased the fee, therefore FY2019 Fire Assessment revenue will remain flat.
- Pension liabilities are long-term in nature and the investment plan and asset allocation strategy to fund these liabilities should be long-term as well. To that end, approximately 70% of the plan assets of the City's two defined benefit pension plans are invested in equities. The City has negotiated and implemented pension reform for the General and Consolidated Police & Fire pension plans to mitigate the increases in contributions due to poor market performance during the recession and changing employee and retiree demographics.
- Two of every three area jobs are supplied by the government, education and health services sectors. Such an economic structure tends to mitigate the impact of external economic stimuli. Gainesville's economy does not rise as much as the national average during economic expansions, nor fall as much during economic declines.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- This area's primary economic engine, the University of Florida (UF) has a number of ambitious expansion plans in progress which will contribute to long-term growth for the City.
- In November 2016, the citizens of Gainesville passed a 0.5% sales tax increase for eight years for the Wild Spaces Public Places recreation and land conservation initiative. The funds will be used to enhance current City owned parks and recreation programs.

Utility highlights for the 2019 fiscal year budget are as follows:

- The primary factors currently affecting the utility industry include environmental regulations, Operating, Planning and Critical Infrastructure Protection Standards promulgated by NERC under FERC jurisdiction, and the increasing strategic and price differences among various types of fuels. No state or federal legislation is pending or proposed at this time for retail competition in Florida.
- GRU and its operations are subject to federal, state, and local statutory and regulatory requirements with respect to the siting and licensing of facilities, safety and security, air and water quality, land use, and other environmental factors.
- Legislation and regulation at the federal level has been proposed to mandate the use of renewable energy and to constrain the emission of greenhouse gases. GRU's institution of a solar feed-in-tariff and purchase of a 102.5 megawatt biomass fueled power plant will hedge against these uncertainties.
- On February 21, 2019, the City Commission approved a supplemental utilities system revenue bond resolution authorizing the issuance of the 2019 Series A and B bonds. See Note 21, Subsequent Event, for additional information.

Requests for Information

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

Basic Financial Statements

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Total	GEZDA
	Assets			
Cash and cash equivalents	\$ 1,533,017	\$ 7,150	\$ 1,540,167	\$ -
Equity in pooled cash and investments	98,325,743	42,263,881	140,589,624	5,551
Investments	1,590,759	-	1,590,759	-
Receivables	6,811,517	70,114,607	76,926,124	-
Internal balances	(1,047,215)	1,047,215	-	-
Inventories	230,131	29,891,584	30,121,715	-
Fuel adjustment	-	2,376,941	2,376,941	-
Prepays	23,204	-	23,204	-
Other assets and regulatory assets	-	2,059,993	2,059,993	-
Assets held for evidence	670,492	-	670,492	-
Investment in The Energy Authority	-	2,257,296	2,257,296	-
Noncurrent regulatory assets	-	102,611,170	102,611,170	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	175,964,755	175,964,755	-
Capital assets (net of accumulated depreciation):				
Utility plant and equipment	-	1,826,355,254	1,826,355,254	-
Buildings	56,948,069	38,244,826	95,192,895	-
Improvements other than buildings	14,938,406	2,351,372	17,289,778	-
Machinery and equipment	17,212,133	20,271,243	37,483,376	-
Infrastructure	103,864,648	31,102,918	134,967,566	-
Capital assets (not depreciated):				
Land	35,785,146	9,384,876	45,170,022	-
Construction in progress	30,943,488	102,251,603	133,195,091	-
Total Assets	367,829,538	2,458,556,684	2,826,386,222	5,551
Deferred Outflows of Resources				
Unamortized loss on refunding of bonds	1,872,920	17,975,551	19,848,471	-
Accumulated decrease in fair value of hedging derivatives	-	36,890,504	36,890,504	-
Deferred amounts related to pensions	16,164,904	21,823,724	37,988,628	-
Deferred amounts related to OPEB	2,571,243	714,862	3,286,105	-
Total Deferred Outflows of Resources	20,609,067	77,404,641	98,013,708	-

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018
(Concluded)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	GEZDA
Liabilities				
Accounts payable	\$ 21,012,661	\$ 24,087,839	\$ 45,100,500	\$ -
Accrued interest payable	349,711	-	349,711	-
Unearned revenue	113,861	515,429	629,290	-
Other liabilities and regulatory liabilities	-	843,012	843,012	-
Liabilities payable from restricted assets:				
Utility deposits	-	9,078,180	9,078,180	-
Accrued interest payable	-	29,455,293	29,455,293	-
Other liabilities payable from restricted assets	-	8,354,150	8,354,150	-
Long-term debt due within one year	7,133,112	29,008,526	36,141,638	-
Long-term debt due in more than one year	122,684,330	1,692,256,636	1,814,940,966	-
Net pension liability	65,606,726	91,045,274	156,652,000	-
Net OPEB liability	4,388,104	2,426,358	6,814,462	-
Other noncurrent liabilities	-	4,447,377	4,447,377	-
Fair value of derivative instruments	-	38,765,287	38,765,287	-
Total Liabilities	221,288,505	1,930,283,361	2,151,571,866	-
Deferred Inflows of Resources				
Rate stabilization	-	58,529,252	58,529,252	-
Business taxes not yet earned	620,155	-	620,155	-
Deferred amounts related to pensions	25,217,073	25,590,061	50,807,134	-
Deferred amounts related to OPEB	605,595	356,186	961,781	-
Total Deferred Inflows of Resources	26,442,823	84,475,499	110,918,322	-
Net Position				
Net Investment in capital assets	215,537,449	369,448,747	584,986,196	-
Restricted for:				
Debt service	-	29,803,250	29,803,250	-
Capital projects	15,730,723	-	15,730,723	-
Utility plant improvement	-	14,716,405	14,716,405	-
Tax increment zones	11,650,110	-	11,650,110	-
Federal and state grants	2,192,925	-	2,192,925	-
Public safety	2,291,809	-	2,291,809	-
Cemetery care	1,617,449	-	1,617,449	-
Transportation	4,043,528	468,600	4,512,128	-
Unrestricted	(112,356,716)	106,765,463	(5,591,253)	5,551
Total Net Position	\$ 140,707,277	\$ 521,202,465	\$ 661,909,742	\$ 5,551

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, 2018**

Functions/Programs	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			Component Unit GEZDA
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 22,040,757	\$ 11,697,361	\$ 208,841	\$ -	\$ (10,134,555)	\$ -	\$ (10,134,555)	\$ -
Public safety	63,936,193	11,390,344	1,079,797	-	(51,466,052)	-	(51,466,052)	-
Physical environment	412,777	634,036	568,191	-	789,450	-	789,450	-
Transportation	19,259,842	1,498,388	1,580,108	712,441	(15,468,905)	-	(15,468,905)	-
Economic environment	5,756,671	206,578	78,186	-	(5,471,907)	-	(5,471,907)	-
Human services	1,758,977	-	1,156,529	-	(602,448)	-	(602,448)	-
Culture and recreation	12,182,553	2,077,820	146,606	-	(9,958,127)	-	(9,958,127)	-
Interest on long-term debt	7,309,426	-	-	-	(7,309,426)	-	(7,309,426)	-
Total governmental activities	132,657,196	27,504,527	4,818,258	712,441	(99,621,970)	-	(99,621,970)	-
Business-type activities:								
Electric	288,723,340	272,311,406	-	-	-	(16,411,934)	(16,411,934)	-
Gas	21,383,577	24,077,326	-	-	-	2,693,749	2,693,749	-
Water	31,267,572	34,665,428	-	600,208	-	3,998,064	3,998,064	-
Wastewater	38,712,044	40,785,747	-	590,034	-	2,663,737	2,663,737	-
GRUCom	12,119,479	11,362,989	-	-	-	(756,490)	(756,490)	-
Regional Transit System	31,230,329	16,607,754	12,812,680	73,927	-	(1,735,968)	(1,735,968)	-
Stormwater Management	8,902,706	8,464,512	307,575	148,955	-	18,336	18,336	-
Ironwood Golf Course	1,731,357	787,171	-	71,182	-	(873,004)	(873,004)	-
Florida Building Code Enforcement	3,105,149	3,144,352	-	-	-	39,203	39,203	-
Solid Waste	7,579,142	9,918,067	-	-	-	2,338,925	2,338,925	-
Total business-type activities	444,754,695	422,124,752	13,120,255	1,484,306	-	(8,025,382)	(8,025,382)	-
Total primary government	577,411,891	449,629,279	17,938,513	2,196,747	(99,621,970)	(8,025,382)	(107,647,352)	-
Component Unit								
Gainesville Enterprise Zone Development Agency	\$ -	\$ -	\$ -	\$ -	-	-	-	-
General revenues								
Property taxes					34,925,769	-	34,925,769	-
Franchise and utility taxes					11,950,808	-	11,950,808	-
Communications services tax					3,886,744	-	3,886,744	-
Half-Cent sales tax					7,834,602	-	7,834,602	-
Discretionary sales tax					7,796,737	-	7,796,737	-
State revenue sharing (unrestricted)					4,841,716	-	4,841,716	-
Other unrestricted general revenues					4,584,282	21,858,387	26,442,669	-
Investment gain					1,797,724	8,324,132	10,121,856	126
Transfers					37,245,685	(37,245,685)	-	-
Total general revenues and transfers					114,864,067	(7,063,166)	107,800,901	126
Change in net position					15,242,097	(15,088,548)	153,549	126
Net position - beginning of year, as previously reported					150,691,771	536,843,037	687,534,808	-
Restatement					(25,226,591)	(552,024)	(25,778,615)	-
Net position - beginning of year, restated					125,465,180	536,291,013	661,756,193	5,425
Net position - end of year					\$ 140,707,277	\$ 521,202,465	\$ 661,909,742	\$ 5,551

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

**CITY OF GAINESVILLE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in pooled cash and investments	\$ 2,462,800	\$ 72,914,036	\$ 75,376,836
Investments	-	1,590,759	1,590,759
Receivables	3,804,084	3,003,926	6,808,010
Due from other funds	16,453,134	25,688	16,478,822
Advances to other funds	1,596,337	-	1,596,337
Inventories	51,479	-	51,479
Assets held for evidence	-	670,492	670,492
Total Assets	24,367,834	78,204,901	102,572,735
Liabilities			
Accounts payable and accrued liabilities	5,076,373	6,965,631	12,042,004
Due to other funds	-	2,899,057	2,899,057
Unearned revenues	-	113,861	113,861
Advances from other funds	-	1,596,337	1,596,337
Total Liabilities	5,076,373	11,574,886	16,651,259
Deferred Inflows of Resources			
Business taxes not yet earned	620,155	-	620,155
Deferred revenue-notes receivable	-	59,838	59,838
Deferred revenue-assessments not yet available	-	4,848	4,848
Total deferred inflows of resources	620,155	64,686	684,841
Fund Balances			
Nonspendable	1,647,816	973,501	2,621,317
Restricted	-	48,991,566	48,991,566
Committed	-	4,284,750	4,284,750
Assigned	-	13,929,331	13,929,331
Unassigned	17,023,490	(1,613,819)	15,409,671
Total Fund Balances	18,671,306	66,565,329	85,236,635
Total liabilities, deferred inflows of resources and fund balances	\$ 24,367,834	\$ 78,204,901	\$ 102,572,735

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, 2018

Total Fund Balances: Governmental Funds Balance Sheet	\$	85,236,635
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$426,208,312 and the accumulated depreciation is \$190,145,030. This excludes internal service fund capital assets which are included in the internal service fund adjustment below.		242,371,600
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	\$ 127,178,558	
Compensated absences	3,258,180	
Net OPEB liability	4,181,766	
Net pension liability	<u>62,368,233</u>	(196,986,737)
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	1,872,920	
Deferred outflow amount on pension liabilities	15,388,605	
Deferred inflow amount on pension liabilities	(24,306,711)	
Deferred outflow amount on OPEB liabilities	2,450,338	
Deferred inflow amount on OPEB liabilities	<u>(577,119)</u>	(5,171,967)
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 and payable financial statements.		(349,711)
In fund financial statements, governmental fund types recognize discounts and premiums during the current period as other financing sources and uses. In the government-wide statements, discounts and premiums are applied against bonds payable.		
Discounts	(9,048)	
Premiums	<u>769,663</u>	760,615
Unavailable revenue is deferred in governmental funds but not in the government-wide financial statements.		64,686
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 \$17,320,290, compensated absences liabilities of \$141,319, deferred outflows related to pension of \$776,299, deferred inflows related to pensions of \$910,362, net pension liability of \$3,238,493, deferred outflows related to OPEB of \$120,905, deferred inflows related to OPEB of \$28,476, and net OPEB liability of \$206,338 are included in governmental activities in the statement of net position.		<u>14,782,156</u>
Net Position of Governmental Activities	\$	<u><u>140,707,277</u></u>

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, 2018

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 47,591,321	\$ 12,839,591	\$ 60,430,912
Permits, fees and special assessments	7,370,540	1,096	7,371,636
Intergovernmental	15,535,465	9,785,265	25,320,730
Charges for services	10,925,785	1,648,343	12,574,128
Fines and forfeitures	1,000,182	344,827	1,345,009
Miscellaneous	1,459,305	3,147,105	4,606,410
Total Revenues	<u>83,882,598</u>	<u>27,766,227</u>	<u>111,648,825</u>
Expenditures			
Current:			
General government	18,254,048	467,263	18,721,311
Public safety	59,956,795	3,654,693	63,611,488
Physical environment	165,030	225,802	390,832
Transportation	11,510,784	688,842	12,199,626
Economic environment	405,297	5,186,830	5,592,127
Human services	-	1,725,801	1,725,801
Culture and recreation	8,473,164	793,472	9,266,636
Debt service:			
Principal	-	8,200,392	8,200,392
Interest and fiscal charges	-	7,216,512	7,216,512
Capital outlay	-	38,501,041	38,501,041
Total Expenditures	<u>98,765,118</u>	<u>66,660,648</u>	<u>165,425,766</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(14,882,520)</u>	<u>(38,894,421)</u>	<u>(53,776,941)</u>
Other Financing Sources (Uses)			
Debt proceeds	-	10,365,000	10,365,000
Transfers in	37,153,705	37,951,532	75,105,237
Transfers (out)	(23,366,123)	(14,466,664)	(37,832,787)
Total Other Financing Sources (Uses)	<u>13,787,582</u>	<u>33,849,868</u>	<u>47,637,450</u>
Net Change in Fund Balances	(1,094,938)	(5,044,553)	(6,139,491)
Fund Balances - Beginning	<u>19,766,244</u>	<u>71,609,882</u>	<u>91,376,126</u>
Fund Balances - Ending	<u>\$ 18,671,306</u>	<u>\$ 66,565,329</u>	<u>\$ 85,236,635</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, 2018

Net Changes in Fund Balances - Total Governmental Funds \$ (6,139,491)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

This is the capital outlay recorded in the current period, excluding internal service fund activity.		35,269,995
This is the depreciation expense recorded in the current period, excluding internal service fund activity.		(9,990,346)
Net book value of disposals.		(501,511)

The repayment of the principal and proceeds 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 proceeds and repayment of principal of long-term debt.

Repayment of long-term debt	\$ 8,199,856	
Proceeds from long-term debt	<u>(10,365,000)</u>	(2,165,144)

Governmental funds report the effect of bond premiums and discounts when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.

This is the amount of the effect of the difference in treatment of bond premiums and discounts.

Amortization of bond premiums	93,682	
Amortization of bond discounts	<u>(768)</u>	92,914

Losses on refundings of debt are reported in governmental activities but not in governmental funds.

Amortization of loss on refunding		(246,419)
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The net change in net pension liability and deferred outflows and inflows are reported in the statement of activities, but not in the governmental funds.

Change in net pension liability	4,820,508	
Change in deferred outflows related to pensions	1,017,667	
Change in deferred inflows related to pensions	<u>(7,551,043)</u>	(1,712,868)

The net change in net OPEB liability and deferred outflows and inflows are reported in the statement of activities, but not in the governmental funds.

Change in net OPEB liability	(2,289,591)	
Change in deferred outflows related to OPEB	2,450,338	
Change in deferred inflows related to OPEB	<u>(577,119)</u>	(416,372)

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.

558,906

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.

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.

492,433

Change in Net Position of Governmental Activities		<u><u>\$ 15,242,097</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business-Type Activities -			Governmental
	Enterprise Funds			Activities-
	Utility	Other Enterprise Funds	Totals	Internal Service Funds
Assets				
Cash and cash equivalents	\$ -	\$ 7,150	\$ 7,150	\$ 522,000
Equity in pooled cash and investments	26,793,426	15,470,455	42,263,881	23,959,924
Receivables	59,977,348	10,137,259	70,114,607	3,507
Due from other funds	2,065,820	109,836	2,175,656	706,818
Inventories	28,448,355	1,443,228	29,891,583	178,657
Fuel Adjustment	2,376,941	-	2,376,941	-
Prepays	-	-	-	23,204
Other assets and regulatory assets	2,059,993	-	2,059,993	-
Restricted assets - cash and investments	175,964,755	-	175,964,755	-
Total current assets	297,686,638	27,167,928	324,854,566	25,394,110
Investment in The Energy Authority	2,257,296	-	2,257,296	-
Noncurrent regulatory assets	102,611,170	-	102,611,170	-
Capital assets (net of accumulated depreciation):				
Utility plant and equipment	1,826,355,254	-	1,826,355,254	-
Buildings	-	38,244,826	38,244,826	3,022,651
Improvements other than buildings	-	2,351,372	2,351,372	1,026,391
Machinery and equipment	-	20,271,243	20,271,243	12,402,286
Infrastructure	-	31,102,918	31,102,918	237,399
Capital assets (not depreciated):				
Land	-	9,384,876	9,384,876	631,563
Construction in progress	100,096,678	2,154,925	102,251,603	-
Total capital assets	1,926,451,932	103,510,160	2,029,962,092	17,320,290
Total noncurrent assets	2,031,320,398	103,510,160	2,134,830,558	17,320,290
Total Assets	2,329,007,036	130,678,088	2,459,685,124	42,714,400
Deferred Outflow of Resources				
Unamortized loss on refundings of bonds	17,975,551	-	17,975,551	-
Accumulated decrease in fair value of hedging derivatives	36,890,504	-	36,890,504	-
Deferred amounts related to pensions	17,061,446	4,762,278	21,823,724	776,299
Deferred amounts related to OPEB	-	714,862	714,862	120,905
Total Deferred Outflows of Resources	71,927,501	5,477,140	77,404,641	897,204

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018
(Concluded)

	Business-Type Activities -			Governmental
	Enterprise Funds			Activities-
	Utility	Other Enterprise Funds	Totals	Internal Service Funds
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 20,069,414	\$ 4,018,425	\$ 24,087,839	\$ 8,970,657
Due to other funds	4,078,809	12,383,430	16,462,239	-
Unearned revenue	-	515,429	515,429	-
Current portion of long-term debt	28,592,171	416,356	29,008,527	4,999
Other liabilities and regulatory liabilities	843,012	-	843,012	-
Current liabilities payable from restricted assets:				
Utility deposits	9,078,180	-	9,078,180	-
Accrued interest payable	29,455,293	-	29,455,293	-
Other liabilities payable from restricted assets	8,354,150	-	8,354,150	-
Total current liabilities	100,471,029	17,333,640	117,804,669	8,975,656
Noncurrent liabilities:				
Long-term debt	1,687,024,668	5,231,966	1,692,256,634	136,320
Fair value of derivative instruments	38,765,287	-	38,765,287	-
Net pension liability	71,178,444	19,866,830	91,045,274	3,238,493
Net OPEB liability	1,206,367	1,219,991	2,426,358	206,338
Other noncurrent liabilities	4,447,377	-	4,447,377	-
Total noncurrent liabilities	1,802,622,143	26,318,787	1,828,940,930	3,581,151
Total Liabilities	1,903,093,172	43,652,427	1,946,745,599	12,556,807
Deferred Inflows of Resources				
Rate stabilization	58,529,252	-	58,529,252	-
Deferred amounts related to pensions	20,005,353	5,584,708	25,590,061	910,362
Deferred amounts related to OPEB	187,818	168,368	356,186	28,476
Total Deferred Inflows of Resources	78,722,423	5,753,076	84,475,499	938,838
Net Position				
Net investment in capital assets	270,950,422	98,498,325	369,448,747	17,320,290
Restricted for:				
Debt service	29,803,250	-	29,803,250	-
Utility plant improvement	14,716,405	-	14,716,405	-
RTS grant	-	468,600	468,600	-
Unrestricted	103,648,865	(12,217,200)	91,431,665	12,795,669
Total Net Position	\$ 419,118,942	\$ 86,749,725	\$ 505,868,667	\$ 30,115,959

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

CITY OF GAINESVILLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF FUND NET POSITION OF
PROPRIETARY FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Total Net Position of Enterprise Funds on the Statement of Net Position of Property Funds	\$ 505,868,667
 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>15,333,798</u>
Net Position of Business-type Activities	 <u><u>\$ 521,202,465</u></u>

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities-
	Utility	Other Enterprise Funds	Totals	Internal Service Funds
Operating Revenues				
Sales and service charges	\$ 383,202,896	\$ 38,921,856	\$ 422,124,752	\$ 21,885,424
Employer contributions	-	-	-	13,013,679
Employee contributions	-	-	-	6,578,456
Other operating revenues	19,351,223	283,359	19,634,582	2,291,056
Total Operating Revenues	402,554,119	39,205,215	441,759,334	43,768,615
Operating Expenses				
Operations and maintenance	210,340,751	42,457,737	252,798,488	13,212,301
Administrative and general	24,515,688	3,659,528	28,175,216	183,747
Depreciation and amortization	94,080,133	7,104,888	101,185,021	2,584,316
Benefits paid and other expenses	-	-	-	26,497,829
Total Operating Expenses	328,936,572	53,222,153	382,158,725	42,478,193
Operating Income (Loss)	73,617,547	(14,016,938)	59,600,609	1,290,422
Nonoperating Revenues (Expenses)				
Investment income	8,245,230	78,902	8,324,132	534,820
Interest expense	(58,034,716)	(164,249)	(58,198,965)	-
Local option gas tax	-	2,223,805	2,223,805	-
Operating grants	-	13,120,255	13,120,255	-
Other expense	(6,016,654)	-	(6,016,654)	-
Total Nonoperating Revenue (Expenses)	(55,806,140)	15,258,713	(40,547,427)	534,820
Income (Loss) Before Capital Contributions and Transfers	17,811,407	1,241,775	19,053,182	1,825,242
Capital Contributions	1,190,242	294,064	1,484,306	313,605
Transfers in	-	1,892,668	1,892,668	57,735
Transfers (out)	(36,379,080)	(2,759,273)	(39,138,353)	(84,500)
Change in Net Position	(17,377,431)	669,234	(16,708,197)	2,112,082
Net Position - Beginning of Year, as Previously Reported	436,496,373	86,632,515	523,128,888	28,097,241
Restatement	-	(552,024)	(552,024)	(93,364)
Net Position - Beginning of Year, as Restated	436,496,373	86,080,491	522,576,864	28,003,877
Net Position - End of Year	\$ 419,118,942	\$ 86,749,725	\$ 505,868,667	\$ 30,115,959

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

CITY OF GAINESVILLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION OF PROPRIETY FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Change in Net Position - Enterprise Funds	\$ (16,708,197)
 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>1,619,649</u>
Change in Net Position of Business-Type Activities	 <u><u>\$ (15,088,548)</u></u>

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities -			Governmental
	Enterprise Funds			Activities-
	Utility	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities				
Cash received from customers	\$ 374,273,824	\$ 35,441,174	\$ 409,714,998	\$ 42,760,070
Cash paid to suppliers	(197,798,403)	(33,431,295)	(231,229,698)	(38,223,987)
Cash paid to employees	(57,472,298)	(11,586,946)	(69,059,244)	(1,428,300)
Cash paid for operating transactions with other funds	(9,644,733)	-	(9,644,733)	1,005,762
Other operating receipts	15,901,971	-	15,901,971	-
Net Cash Provided (Used) by Operating Activities	125,260,361	(9,577,067)	115,683,294	4,113,545
Cash Flows from Noncapital Financing Activities				
Local option gas tax	-	2,223,805	2,223,805	-
Operating grants	-	13,120,255	13,120,255	-
Interfund borrowing	-	5,631,733	5,631,733	102,237
Transfers from other funds	-	1,892,668	1,892,668	57,735
Transfers to other funds	(36,379,080)	(2,759,273)	(39,138,353)	(84,500)
Net Cash Provided (Used) by Noncapital Financing Activities	(36,379,080)	20,109,188	(16,269,892)	75,472
Cash Flows from Capital and Related Financing Activities				
Principal repayments and refundings on long-term debt	(24,020,000)	(323,104)	(24,343,104)	16,955
Capital contributions	-	294,064	294,064	313,605
Interest paid on long-term debt	(46,618,627)	(164,249)	(46,782,876)	-
Proceeds from new debt and commercial paper	794,125,458	-	794,125,458	-
Proceeds from interest rebate-Build America Bonds	5,259,227	-	5,259,227	-
Acquisition and construction of capital assets	(822,636,979)	(8,224,728)	(830,861,707)	(4,415,084)
Other expenses	(2,646,033)	-	(2,646,033)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(96,536,954)	(8,418,017)	(104,954,971)	(4,084,524)
Cash Flows from Investing Activities				
Interest received	2,986,003	291,623	3,277,626	-
Purchase of investments	(255,616,354)	-	(255,616,354)	-
Investment in The Energy Authority	(7,495,899)	-	(7,495,899)	-
Distributions from The Energy Authority	7,332,586	-	7,332,586	-
Proceeds from investment maturities	251,189,527	(212,721)	250,976,806	534,819
Net Cash Provided (Used) by Investing Activities	(1,604,137)	78,902	(1,525,235)	534,819
Net Increase (Decrease) in Cash	(9,259,810)	2,193,006	(7,066,804)	639,312
Cash - Beginning	36,491,757	13,284,599	49,776,356	23,842,612
Cash - Ending	\$ 27,231,947	\$ 15,477,605	\$ 42,709,552	\$ 24,481,924

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, 2018
(Concluded)

	Business-Type Activities -			Governmental
	Enterprise Funds			Activities-
	Utility	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash and cash equivalents classified as:				
Cash and cash equivalents	\$ -	\$ 7,150	\$ 7,150	\$ 522,000
Equity in pooled cash and investments	26,793,426	15,470,455	42,263,881	23,959,924
Restricted assets - cash and investments	175,964,755	-	175,964,755	-
Less: Investments	(175,526,234)	-	(175,526,234)	-
Total	<u>\$ 27,231,947</u>	<u>\$ 15,477,605</u>	<u>\$ 42,709,552</u>	<u>\$ 24,481,924</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 73,617,547	\$ (14,016,938)	\$ 59,600,609	\$ 1,290,422
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	94,080,133	7,104,888	101,185,021	2,584,316
Net costs to be recovered in future rates	(3,449,252)	-	(3,449,252)	-
(Increase)/decrease in receivables	(7,554,029)	(3,764,043)	(11,318,072)	(2,783)
(Increase)/decrease in inventories	(12,997,227)	(60,301)	(13,057,528)	(4,649)
(Increase)/decrease in other assets and regulatory assets	58,087	-	58,087	-
(Increase)/decrease in noncurrent assets	1,285,303	-	1,285,303	-
Increase/(decrease) in accounts payable and accrued liabilities	(16,612,929)	1,169,347	(15,443,582)	191,965
Increase/(decrease) in due to other funds	1,324,415	-	1,324,415	-
Increase/(decrease) in fuel adjustment	2,352,376	-	2,352,376	-
Increase/(decrease) in other liabilities and regulatory liabilities	-	-	-	-
Increase/(decrease) in other payables from restricted assets	(1,629,233)	-	(1,629,233)	-
(Increase)/decrease in rate stabilization	(3,839,787)	-	(3,839,787)	-
Increase/(decrease) in utility deposits	(1,375,043)	-	(1,375,043)	-
Pension expense adjustment	-	(131,498)	(131,498)	(1,263,190)
OPEB expense adjustment	-	121,478	121,478	1,317,464
Net Cash Provided by (Used in) Operating Activities	<u>\$ 125,260,361</u>	<u>\$ (9,577,067)</u>	<u>\$ 115,683,294</u>	<u>\$ 4,113,545</u>
Noncash Capital, Investing and Financing Activities				
Contribution of capital assets	\$ 1,190,242	\$ -	\$ 1,190,242	\$ -
Net costs recoverable in future years	61,574,434	-	61,574,434	-
Change in utility plant in service under long-term capital lease obligation	(941,269,071)	-	(941,269,071)	-
Acquisition of utility construction in progress with construction fund payable	(44,262,837)	-	(44,262,837)	-
Change in ineffective portion of hedging derivatives	1,587,824	-	1,587,824	-
Change in hedging derivatives - interest rate swaps	20,830,970	-	20,830,970	-
Change in hedging derivatives - fuel options and futures	(69,113)	-	(69,113)	-
Change in fair value of investments	(2,004,408)	-	(2,004,408)	-
Change in fair value of hedging derivatives	(22,418,793)	-	(22,418,793)	-
Other noncash capital, investing and financing activities	(1,551,681)	-	(1,551,681)	-
Net Noncash Capital, Investing and Financing Activities	<u>\$ (926,392,433)</u>	<u>\$ -</u>	<u>\$ (926,392,433)</u>	<u>\$ -</u>

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

**CITY OF GAINESVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018**

	Pension and OPEB Trust Funds
Assets	
Cash and cash equivalents	\$ 18,061,954
Equity in pooled cash and investments	5,836,993
Investments, at fair value:	
Equities	508,024,161
Limited partnership units	33,823,943
Real estate	6,985,614
Alternative investments	146,618,959
Fixed income:	
Government bonds	19,166,634
Corporate bonds	6,198,396
Mortgage and asset backed securities	9,419,465
Total investments, at fair value	730,237,172
Total Assets	754,136,119
 Liabilities	
Accounts payable and accrued liabilities	1,006,862
Total Liabilities	1,006,862
 Net Position Restricted for Pension and OPEB Benefits	\$ 753,129,257

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, 2018

	Pension and OPEB Trust Funds
Additions	
Contributions	
Employer contributions:	
Required	\$ 22,897,157
State on behalf payments, through general fund	1,366,304
Total employer contributions	<u>24,263,461</u>
Employee contributions	<u>12,673,982</u>
Total Contributions	<u>36,937,443</u>
Investment Income	
Net appreciation in fair value of investments	73,417,785
Dividends and interest	9,677,604
Total Investment Income	83,095,389
(Less Investment Expense)	<u>(3,568,951)</u>
Net Investment Income	<u>79,526,438</u>
Total Additions	<u>116,463,881</u>
Deductions	
Benefit payments	62,590,829
Refunds of contributions	638,493
Administrative expenses	1,411,119
Total Deductions	<u>64,640,441</u>
Change in Net Position	51,823,440
Net Position - Beginning	<u>701,305,817</u>
Net Position - Ending	<u><u>\$ 753,129,257</u></u>

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

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 (the 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).

Gainesville Regional Utilities (GRU or the Utility) is a combined municipal utility system operating electric, water, wastewater, natural gas and telecommunications utilities. GRU is a utility enterprise of the City and is reported as an enterprise fund of the City. GRU is required to follow the provisions in the Second Amended and Restated Utilities System Revenue Bond Resolution (the Resolution) adopted by the City on September 21, 2017. GRU's electric and gas accounts are maintained substantially in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC), as required by the Resolution, and in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting, including the application of regulatory accounting as described in Governmental Accounting Standards Board (GASB) Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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

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

(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.

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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(A) Reporting Entity (Concluded)

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 non-major governmental funds. This organization has a September 30 year-end. Separate financial statements of the CRA are prepared and are available by contacting the City at PO Box 490, MS 14, Gainesville, Florida 32627.

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

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

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

Gainesville-Alachua County Regional Airport Authority (GACRAA)—GACRAA is an independent special district created for the purpose of providing airport services for citizens of Gainesville and Alachua County, Florida and surrounding areas. 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 GACRAA.

The only joint venture in which the City participated in fiscal year 2018 was Gainesville Regional Utilities' investment in The Energy Authority, which is described in Note 15.

(B) Government-Wide and Fund Financial Statements

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) Government-Wide and Fund Financial Statements (Concluded)

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

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

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

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

- Enterprise Funds
- Internal Service Funds

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

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

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

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

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

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

<i>Ad Valorem Taxes</i>	<i>Intergovernmental Revenue</i>
<i>Sales and 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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

For purposes of measuring the net pension and other post-employment benefits (OPEB) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the General Employees' Pension Plan, the Consolidated Police Officers' and Firefighters' Retirement Plan, and the OPEB 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.

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Receivables (Concluded)

Advances between funds, as reported in the fund financial statements, are classified as non-spendable 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, 2018, according to the number of days applicable to the current fiscal year.

(E) Inventories

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

(F) Capital Assets

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

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date donated. The costs of capital assets include material, labor, vehicle and equipment usage, related overhead items, capitalized interest, and certain administrative and general expenses. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Buildings	20 to 50 Years
Improvement Other than Buildings	20 to 30 Years
Infrastructure – Roads, Curb, and Gutter	50 Years
Infrastructure – Roads, Non-Curb, and 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 2 to 86 years. The overall depreciation rate was 3.24% for the period ending September 30, 2018.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) Capital Assets (Concluded)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. An allowance for interest on borrowed funds used during construction of \$1.7 million for the year ended September 30, 2018, was included in construction in progress and as a reduction of interest expense. These amounts are computed by applying the effective interest rate on the funds borrowed to finance the projects to the monthly balance of projects under construction. The effective interest rate was approximately 3.8% for fiscal year 2018.

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

(G) Long-Term Obligations

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

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

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

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

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

(I) Deferred Outflows of Resources

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

Unamortized loss on refunding of bonds

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Deferred Outflows of Resources (Concluded)

Accumulated decrease in fair value of hedging derivatives

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

Pension and OPEB related

Increases in the net pension and OPEB liability resulting from changes of assumptions, differences between projected and actual earnings on plan investments, and differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension and OPEB liability are reported as deferred outflows of resources, to be recognized as an increase in expense as disclosed in Note 5 – Retirement Plans and Note 6 – Other Postemployment Benefits Plan.

(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 until that future time.

Rate stabilization

GRU designs its rates to recover costs of providing services. In order to stabilize future rate increases or decreases, GRU determines a rate stabilization amount to be charged or credited to revenues on an annual basis. These amounts are reflected as increases or decreases in deferred inflows.

Business taxes not yet earned

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

Pension and OPEB related

Decreases in the net pension and OPEB liability resulting from changes of assumptions, differences between projected and actual earnings on plan investments, and differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension and OPEB liability are reported as deferred inflows of resources, to be recognized as a decrease in expense as disclosed in Note 5 – Retirement Plans and Note 6 – Other Postemployment Benefits Plan.

(K) Contributions in Aid of Construction

Capital contributions to the electric and gas systems are recognized as revenues and 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*.

Capital contributions to the water, wastewater, and GRUCom systems, as well as to other proprietary funds of the City, are recognized as revenues in the periods received. Depreciation on these assets is recorded on a straight-line basis over the estimated lives of the assets.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(L) 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 recorded 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 Fund Net Position and the Statement of Activities.

(M) 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.

(N) Risk Management

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

All funds other than the Utility Fund participate in the general insurance program. Risk management/insurance related activities of the Utility Fund are accounted for within the Utility Fund. The Utility Fund purchases plant and machinery insurance from a commercial carrier. There have been no significant reductions in insurance coverage from that in the prior year and settlements have not exceeded insurance coverage for the past three fiscal years. In addition, an actuarially computed liability of \$3,337,000 is recorded in the Utility Fund as a fully amortized deferred credit. The present value calculation assumes a rate of return of 4.5% with a confidence level of 75%. All claims for fiscal year 2018 were paid from current year's revenues.

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

	Beginning of Fiscal Year <u>Liability</u>	<u>Incurred</u>	<u>Payments</u>	End of Fiscal Year <u>Liability</u>
2017-2018	\$ 3,337,000	\$ 1,729,406	\$ (1,729,406)	\$ 3,337,000
2016-2017	3,337,000	2,253,000	(2,253,000)	3,337,000

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(N) Risk Management (Concluded)

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

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

	Beginning of Fiscal Year		Incurred		Payments	End of Fiscal Year
	<u>Liability</u>	\$	<u>Liability</u>	\$	<u>Liability</u>	<u>Liability</u>
2017-2018	\$ 6,854,000		\$ 3,861,445		\$ (3,861,445)	\$ 6,854,000
2016-2017	6,854,000		2,466,244		(2,466,244)	6,854,000

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

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

	Beginning of Fiscal Year		Incurred		Payments	End of Fiscal Year
	<u>Liability</u>	\$	<u>Liability</u>	\$	<u>Liability</u>	<u>Liability</u>
2017-2018	\$ 1,310,671		\$ 23,412,606		\$ (23,412,606)	\$ 1,310,671
2016-2017	1,310,671		21,883,325		(21,883,325)	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.

(O) Interfund Activity

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

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

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

(P) 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 4.7474 mills per \$1,000. Taxes are levied and collected according to Florida State Statutes under the following calendar:

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(P) Property Taxes (Concluded)

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

The Alachua County Tax Collector (the 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.

(Q) Revenue Recognition

Revenue is recorded as earned. GRU accrues for services rendered but unbilled, which amounted to approximately \$16,427,280 for fiscal year 2018.

Fuel and purchased gas adjustment levelization revenue is recognized as fuel and fuel related expenses are incurred. Amounts charged to customers for fuel are based on estimated costs. GRU establishes this fuel and purchased gas adjustment charge based on ordinances approved by the City Commission. 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. 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, 2018:

	<u>Fuel Adjustment</u>	<u>Purchased Gas Adjustment</u>	<u>Total</u>
Revenues	\$ 102,559,336	\$ 6,916,481	\$ 109,475,817
Expenses	(99,281,397)	(7,842,044)	(107,123,441)
To (from) Levelization Account	<u>3,277,939</u>	<u>(925,563)</u>	<u>2,352,376</u>
Levelization Account Beginning Balance	(5,588,054)	858,737	(4,729,317)
To (from) Levelization Account	3,277,939	(925,563)	2,352,376
Levelization Account Ending Balance	<u>\$ (2,310,115)</u>	<u>\$ (66,826)</u>	<u>\$ (2,376,941)</u>

(R) 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.

(S) 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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(T) Use of Estimates

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

(U) Rates and Regulation

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

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

(V) Fund Balance/Net Position

Fund Balance

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. Fund balances for governmental funds are comprised of the following:

- **Non-Spendable**—includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts and long-term note receivables.
- **Restricted**—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**—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**—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**—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.

Encumbrance accounting, under which purchase orders and other commitments for expenditures are recorded in order to reserve that amount of the applicable appropriation, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures. Encumbrances are reported as restricted, committed, or assigned fund balance at year-end, depending on the level of constraint, and are reappropriated the following year.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(V) Fund Balance/Net Position (Concluded)

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.

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.

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.

Reserve Policy

The City Commission adopted a General Fund Reserve Policy to ensure the 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.

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

In those unanticipated emergency situations which demand immediate government action in the interest of public safety and welfare, the City Manager is authorized by the City Commission to spend up to a maximum of 20% of the minimum required level of the general fund unassigned fund balance in accordance with procedures provided in the City's 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.

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.

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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

(W) New Accounting Pronouncements

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*. This statement addresses accounting and financial reporting for postemployment benefits other than pensions (OPEB) provided to employees of state and local government employers. Additional information is included in Note 6—Other Postemployment Benefits Plan and Note 20—Restatements.

NOTE 2 – FUND BALANCE CLASSIFICATION AND RESTRICTED NET POSITION

Fund balances for major and non-major governmental funds as of September 30, 2018 are classified as follows:

	General Fund	Non-Major Governmental Funds	Totals
Non-Spendable			
Inventory	\$ 51,479	\$ -	\$ 51,479
Long-Term Receivable	1,596,337	-	1,596,337
Cemetery Trust	-	973,501	973,501
	<u>1,647,816</u>	<u>973,501</u>	<u>2,621,317</u>
Restricted for			
Cemetery Trust	-	643,948	643,948
Community Redevelopment	-	12,229,983	12,229,983
Depot Avenue Project	-	466,539	466,539
Fire Programs	-	18,219	18,219
Information Technologies	-	4,739,507	4,739,507
Homeless Assistance	-	430,386	430,386
Housing and Community Development	-	1,508,001	1,508,001
Land Acquisitions	-	218,458	218,458
Police Mentoring Programs	-	302,056	302,056
Police Programs	-	1,097,834	1,097,834
Police Programs	-	1,096,300	1,096,300
Recreation Facilities	-	10,481,864	10,481,864
Recreation Programs	-	314,680	314,680
Road Improvements	-	11,400,263	11,400,263
Transportation Improvements	-	4,043,528	4,043,528
	<u>-</u>	<u>48,991,566</u>	<u>48,991,566</u>
Committed for			
Cultural Events	-	127,370	127,370
Economic Development	-	412,661	412,661
Homeless Assistance	-	682,182	682,182
Housing and Community Development	-	101,201	101,201
Neighborhood Improvements	-	833,777	833,777
Tree Mitigation	-	2,127,559	2,127,559
	<u>-</u>	<u>4,284,750</u>	<u>4,284,750</u>

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 2 – FUND BALANCE CLASSIFICATION AND RESTRICTED NET POSITION (Concluded)

	General Fund	Non-Major Governmental Funds	Totals
Assigned for			
City Building Improvements	\$ -	\$ 1,579,023	\$ 1,579,023
Debt Service Principal and Interest	-	1,068,796	1,068,796
Depot Avenue Project	-	144,756	144,756
Economic Development	-	511,157	511,157
Fire Station	-	742,392	742,392
Homeless Assistance	-	821,615	821,615
Information Technologies	-	3,384,492	3,384,492
Land Acquisitions	-	827,500	827,500
Neighborhood Improvements	-	121,330	121,330
Other Purposes	-	440,653	440,653
Police Equipment	-	1,377,738	1,377,738
Recreation Programs	-	730,523	730,523
Road Improvements	-	2,050,590	2,050,590
Streetscapes	-	8,165	8,165
Traffic Signals	-	120,601	120,601
	-	13,929,331	13,929,331
Unassigned	17,023,490	(1,613,819)	15,409,671
Total	\$ 18,671,306	\$ 66,565,329	\$ 85,236,635

Encumbrances for major and non-major governmental funds as of September 30, 2018, are classified as follows:

	General Fund	Non-Major Governmental Funds	Totals
Community Redevelopment	\$ -	\$ 12,000	\$ 12,000
Employee Benefits	-	205,385	205,385
Fire Equipment	4,975	30,058	35,033
Gas, Oil and Grease	-	52,667	52,667
Neighborhood Improvements	-	7,414	7,414
Professional Services-Other	-	13,169	13,169
Recreation Programs	20,000	-	20,000
Roadway Improvements	-	29,361	29,361
	\$ 24,975	\$ 350,054	\$ 375,029

Restricted Net Position

The government-wide statement of net position reports \$77,518,971 of restricted net position, of which \$29,124,965 is restricted by enabling legislation.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits and Investments

Deposits and investments as of September 30, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and Cash Equivalents	\$ 1,540,167
Equity in Pooled Cash and Investments	140,589,624
Investments	1,590,759
Restricted Cash and Cash Equivalents	175,964,755

Statement of Fiduciary Net Position

Cash and Cash Equivalents	18,061,954
Equity in Pooled Cash and Investments	5,836,993
Investments:	
Equities	508,024,161
Limited Partnerships	33,823,943
Real Estate	6,985,614
Mutual Funds	146,618,959
Government Bonds	19,166,634
Corporate Bonds	6,198,396
Mortgage and Asset Backed Securities	9,419,465

Total Cash and Investments	<u>\$ 1,073,821,424</u>
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Deposits and investments as of September 30, 2018, consist of the following:

Defined Benefit Pension:

Deposits with Financial Institutions	\$ 21,978,808
Investments	664,650,352

Other Postemployment Benefit (OPEB):

Deposits with Financial Institutions	1,920,139
Investments	65,586,820

Other than Defined Benefit Pension and OPEB:

Deposits with Financial Institutions	31,411,281
Investments	288,274,024

Total Cash and Investments	<u>\$ 1,073,821,424</u>
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Investment Policies

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

Defined Benefit Pension Investments

These funds represent investments administered by the City's Defined Benefit Pension Fund Investment Managers. They comprise \$664,650,352 of the City's total fair value of investments, and are exclusive of the \$21,978,808 held in cash by the Trustees.

These investments are reported at fair value, which 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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Investment Policies (Continued)

Defined Benefit Pension Investments (Continued)

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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Investment Policies (Continued)

Defined Benefit Pension Investments (Continued)

Pooled or Commingled Funds

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

Derivatives

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

Restricted Direct Investments – Prohibited

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

Other Post-Employment Benefit (OPEB) Investments

These funds represent investments administered by the City’s OPEB Fund Investment Managers. They comprise \$65,586,820 of the City’s total fair value of investments, and are exclusive of the \$1,920,139 held in cash by the Trustees. These investments are reported at fair value, which 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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Investment Policies (Continued)

Other Post-Employment Benefit (OPEB) Investments (Continued)

Fixed Income Funds (domestic)

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

Fixed Income Funds (international)

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

Cash Equivalents

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

Real Estate and Alternative Assets

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

Pooled or Commingled Funds

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

Derivatives

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

Restricted Direct Investments – Prohibited

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Investment Policies (Continued)

Other Post-Employment Benefit (OPEB) Investments (Concluded)

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

Equity Managers

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

Fixed Income Managers

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

Other than Defined Benefit Pension and OPEB Investments

These funds comprise \$288,274,024 of the City’s total fair value of investments. This figure excludes \$31,411,281 of deposits with financial institutions.

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

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

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

- Any bonds or other obligations that, as to principal and interest, constitute direct obligations of, or are unconditionally guaranteed by, the United States of America.
- Certain bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any state.
- Bonds, debentures, or other evidences of indebtedness issued or guaranteed by an agency or corporation that is created pursuant to an Act of Congress as an agency or instrumentality of the United States of America.
- New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Investment Policies (Concluded)

Other than Defined Benefit Pension and OPEB Investments (Continued)

- 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.
- Domestic equity mutual funds rated four (4) stars or higher by Morningstar, Inc. and investment trusts rated AAA.

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.

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 name for the benefit of the City and are held by the counterparty’s trust department or agent.

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, 2018

NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Credit Risk (Concluded)

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

Defined Benefit Pension Investments

Investment Type	Fair Value	Exempt from Disclosure	AAA	AA	A	BBB
Equities	\$ 452,948,061	\$ 452,948,061	\$ -	\$ -	\$ -	\$ -
Limited Partnerships	25,948,774	25,948,774	-	-	-	-
Real Estate	6,985,614	6,985,614	-	-	-	-
Mutual Funds	146,618,959	146,618,959	-	-	-	-
U.S. Government Bonds	18,388,676	-	16,273,811	254,663	434,349	1,425,853
Corporate Bonds	5,288,522	-	3,558,117	208,368	355,389	1,166,648
Mortgage and Asset Backed	8,471,746	-	5,699,791	333,787	569,301	1,868,867
Totals	\$ 664,650,352	\$ 632,501,408	\$ 25,531,719	\$ 796,818	\$ 1,359,039	\$ 4,461,368

OPEB Investments

Investment Type	Fair Value	Exempt from Disclosure	AAA	AA	A	BBB
Equities	\$ 55,076,100	\$ 55,076,100	\$ -	\$ -	\$ -	\$ -
Limited Partnerships	7,875,169	7,875,169	-	-	-	-
U.S. Government Bonds	777,958	-	777,958	-	-	-
Corporate Bonds	909,874	-	34,189	176,795	341,158	357,732
Mortgage and Asset Backed	947,719	-	-	947,719	-	-
Totals	\$ 65,586,820	\$ 62,951,269	\$ 812,147	\$ 1,124,514	\$ 341,158	\$ 357,732

Other than Defined Benefit Pension and OPEB Investments

Investment Type	Fair Value	Average Rating
Florida PRIME	\$ 111,157,031	AAAm
Mutual Funds	1,590,759	NR
U.S. Government Bonds	9,734,843	Exempt
Commercial Paper ⁽¹⁾	89,247,709	A-1
Government Agencies	53,321,844	Exempt
Corporate Bonds ⁽²⁾	23,221,838	AA+
Totals	\$ 288,274,024	

(1) All of GRU's commercial paper investments were rated P-2 or better by Moody's Investor Service and/or A-1 or better by Standard & Poor's and/or F2 or better by Fitch, with the exception of Angelsea Funding and Chesham Finance for which there was no Fitch rating.

(2) All of GRU's corporate holdings were rated Aa2 or better by Moody's Investor Service and/or AA+ or better by Standard & Poor's and/or AA+ or better by Fitch, with the exception of Guardian Life which was not rated.

Concentration of Credit Risk

Investments in any one issuer that represent 5% or more of the City's investments are reported below. 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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Concentration of Credit Risk (Concluded)

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

As of September 30, 2018, GRU had more than 5% of the investment portfolio invested with the following issuers:

<u>Issuer</u>	<u>Percent</u>
Federal Home Loan Mortgage Corporation	9.75%
New York Life	7.44%
Federal Farm Credit Bank	5.15%
Federal National Mortgage Association	5.77%
Federal Home Loan Bank	9.72%

Other assets held by the City at September 30, 2018, were in mutual funds and local government investment pools, which are exempt from disclosure requirements.

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 the sensitivity of its fair value to changes in market interest rates. Except for GRU's investment policy, the City's investment policies do not provide specific restrictions as to maturity length of investments. GRU's investment policy limits investments to securities with terms of ten years or less to reduce exposure to rising interest rates, unless investments are matched to meet specific cash flow needs. Additionally, the average portfolio term is not to exceed seven years. GRU's Bond Resolution further limits GRU's investments in Utility Plant Improvement and Rate Stabilization accounts to five years.

Information about the sensitivity of the fair values of the investments to market interest rate fluctuations is provided below, using the segmented time distribution method:

Defined Benefit Pension Investments

<u>Investment Type</u>	<u>Fair Value</u>	<u>Exempt from Disclosure</u>	<u>< 2 Years</u>	<u>2-5 Years</u>	<u>5-10 Years</u>	<u>> 10 Years</u>
Equities	\$ 452,948,061	\$ 452,948,061	\$ -	\$ -	\$ -	\$ -
Limited Partnerships	25,948,774	25,948,774	-	-	-	-
Real Estate	6,985,614	6,985,614	-	-	-	-
Mutual Funds	146,618,959	146,618,959	-	-	-	-
U.S. Government Bonds	18,388,676	-	2,555,428	6,987,137	6,775,194	2,070,917
Corporate Bonds	5,288,522	-	515,261	1,854,516	2,072,086	846,659
Mortgage and Asset Backed	8,471,746	-	825,401	2,970,772	3,319,299	1,356,274
Totals	\$ 664,650,352	\$ 632,501,408	\$ 3,896,090	\$ 11,812,425	\$ 12,166,579	\$ 4,273,850

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Concluded)

Interest Rate Risk (Concluded)

OPEB Investments

Investment Type	Fair	Exempt from	< 2 Years	2-5 Years	5-10 Years	> 10 Years
	Value	Disclosure				
Equities	\$ 55,076,100	\$ 55,076,100	\$ -	\$ -	\$ -	\$ -
Limited Partnerships	7,875,169	7,875,169	-	-	-	-
U.S. Government Bonds	777,958	-	-	203,036	268,824	306,098
Corporate Bonds	909,874	-	-	-	909,874	-
Mortgage and Asset Backed	947,719	-	83,409	46,794	817,516	-
Totals	\$ 65,586,820	\$ 62,951,269	\$ 83,409	\$ 249,830	\$ 1,996,214	\$ 306,098

Other than Defined Benefit Pension and OPEB Investments

Investment Type	Fair	< 1 Years	1-5 Years
	Value		
Florida PRIME ⁽¹⁾	\$ 111,157,031	\$ 111,157,031	\$ -
Mutual Funds	1,590,759	1,590,759	-
Commercial Paper	89,247,709	89,247,709	-
Corporate Bonds	23,221,838	6,184,783	17,037,055
Government Agencies	53,321,844	-	53,321,844
U.S. Government Bonds	9,734,843	-	9,734,843
Totals	\$ 288,274,024	\$ 208,180,282	\$ 80,093,742

- (1) The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2018, is 33 days. The weighted average life (WAL) of Florida PRIME at September 30, 2018, is 72 days.

NOTE 4 – FAIR VALUE MEASUREMENTS

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

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

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

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

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

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

Defined Benefit Pension Investments

The City’s Defined Benefit Pension Plan categorizes its investments within the fair value hierarchy as follows:

Investments by Fair Value	September 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
U.S. Treasury Securities	\$ 18,388,676	\$ 18,388,676	\$ -	\$ -
Mortgage Backed Securities	5,288,522	-	5,288,522	-
Corporate Bonds	8,471,746	-	8,471,746	-
Total Debt Securities	32,148,944	18,388,676	13,760,268	-
Equity Securities:				
Communication Services	20,074,933	20,074,933	-	-
Consumer Discretionary	43,862,841	43,862,841	-	-
Consumer Staples	20,118,967	20,118,967	-	-
Energy	24,314,120	24,314,120	-	-
Financials	64,721,156	64,721,156	-	-
Health Care	57,072,343	57,072,343	-	-
Industrials	58,287,320	58,287,320	-	-
Information Technology	76,685,927	76,685,927	-	-
Materials	15,129,622	15,129,622	-	-
Utilities	5,606,614	5,606,614	-	-
Real Estate	6,985,614	6,985,614	-	-
Limited Partnership	25,948,774	22,201,633	-	3,747,141
Mutual Funds	146,618,959	119,687,856	26,931,103	-
Other	67,074,218	-	-	67,074,218
Total Equity Securities	632,501,408	534,748,946	26,931,103	70,821,359
Total Investments at Fair Value	\$ 664,650,352	\$ 553,137,622	\$ 40,691,371	\$ 70,821,359

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

Defined Benefit Pension Investments (Concluded)

Investments Measured at Fair Value

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

OPEB Investments

The City's OPEB Benefit Plan categorizes its investments within the fair value hierarchy as follows:

Investments Measured at Fair Value

Investments by Fair Value	September 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
U.S. Treasury Securities	\$ 777,958	\$ 777,958	\$ -	\$ -
Mortgage Backed Securities	947,719	-	947,719	-
Corporate Bonds	909,874	-	909,874	-
Total Debt Securities	2,635,551	777,958	1,857,593	-
Equity Securities:				
Communication Services	3,557,245	3,557,245	-	-
Consumer Discretionary	4,197,527	4,197,527	-	-
Consumer Staples	2,376,241	2,376,241	-	-
Energy	3,395,514	3,395,514	-	-
Financials	7,958,223	7,958,223	-	-
Health Care	7,645,555	7,645,555	-	-
Industrials	6,630,349	6,630,349	-	-
Information Technology	8,774,008	8,774,008	-	-
Materials	2,325,836	2,325,836	-	-
Utilities	1,340,027	1,340,027	-	-
Real Estate	35,716	35,716	-	-
Limited partnership units	7,875,169	-	7,875,169	-
Mutual Funds	-	-	-	-
Other	6,839,859	6,839,859	-	-
Total Equity Securities	62,951,269	55,076,100	7,875,169	-
Total Investments at Fair Value	\$ 65,586,820	\$ 55,854,058	\$ 9,732,762	\$ -

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 4 – FAIR VALUE MEASUREMENTS (Concluded)

Other than Defined Benefit Pension and OPEB Investments

The City’s financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The City’s assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the valuation of fair value assets and liabilities and their place within the fair value hierarchy levels. The City’s fair value measurements are performed on a recurring basis. The following table presents fair value balances and their levels within the fair value hierarchy as of September 30, 2018:

Investments by Fair Value	September 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Florida PRIME ⁽¹⁾	\$ 111,157,031	\$ -	\$ -	\$ -
Mutual Funds	1,590,739	1,590,739	-	-
Commercial Paper ⁽²⁾	89,247,709	-	-	-
U.S. Treasury Securities	9,734,843	-	9,734,843	-
U.S. Agencies:				
Federal Home Loan Mortgage Corp.	17,110,617	-	17,110,617	-
Federal National Mortgage Assn.	10,121,309	-	10,121,309	-
Federal Home Loan Bank	17,056,955	-	17,056,955	-
Federal Farm Credit Bank	9,032,963	-	9,032,963	-
Corporate Bonds:				
Massmutual Global Funding	4,841,490	-	4,841,490	-
Guardian Life	5,324,154	-	5,324,154	-
New York Life	13,056,194	-	13,056,194	-
Total Investments at Fair Value Level	\$ 288,274,004	\$ 1,590,739	\$ 86,278,525	\$ -
Liabilities				
Effective Interest Rate Swaps	\$ (36,890,504)	\$ -	\$ (36,890,504)	\$ -
Ineffective Interest Rate Swaps	(1,874,783)	-	(1,874,783)	-
Total Financial Instruments	\$ (38,765,287)	\$ -	\$ (38,765,287)	\$ -

(1) The City’s investment in Florida PRIME is administered by the State Board of Administration (SBA) and represents an investment in a pool of investments whereby the City owns a share of the respective pool, not the underlying securities. The City’s investment in Florida PRIME qualifies under the provisions of GASB Statement No. 79 to be measured at amortized cost for financial reporting purposes. As of September 30, 2018, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

(2) Money market investments and participating interest-earning investment contracts, including commercial paper, that have a remaining maturity at the time of purchase of one year or less are measured at amortized cost.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 5 - RETIREMENT PLANS

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

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

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

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

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

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

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

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

- Employees are eligible for normal retirement:
 - If the date of hire occurred on or before 10/02/2007, after accruing 20 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.
 - If the date of hire was between 10/02/2007 and 10/01/2012, after accruing 25 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.
 - If the date of hire was on or after 10/02/2012, after accruing 30 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 5 - RETIREMENT PLANS (Continued)

(A) Employees' Plan (Continued)

- 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 $5/12^{\text{ths}}$ 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 if the retiree has reached eligibility for COLA prior to that date. Eligibility for COLA is determined as follows:

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

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

Death benefits are paid as follows:

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 5 - RETIREMENT PLANS (Continued)

(A) Employees' Plan (Continued)

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, 2018, the following employees were covered by the benefit terms:

Active employees	1,514
Inactive employees:	
Retirees and beneficiaries currently receiving benefits	1,316
Terminated members and survivors of deceased members entitled to benefits but not yet receiving benefits	441
Total	3,271

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 2018 was 18.41% 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017.

The components of the net pension liability at September 30, 2018, were as follows:

Components of Net Pension Liability

Total pension liability	\$ 556,402,274
Plan fiduciary net position	(432,508,135)
City's net pension liability	\$ 123,894,139

Plan fiduciary net position as a percentage of the total pension liability	77.73%
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CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 5 - RETIREMENT PLANS (Continued)

(A) Employees' Plan (Continued)

Significant Actuarial Assumptions—The total pension liability as of September 30, 2018, was determined based on a roll-forward of entry age normal liabilities from the October 1, 2017, actuarial valuation to the pension plan's fiscal year end of September 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement.

<u>Actuarial Assumptions</u>	
Inflation	3.75%
Salary increases	Service Based
Investment rate of return	8.00%
Discount rate	8.00%

Mortality Rate:

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected generationally with Mortality Improvement Scale BB.

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. For 2018, the inflation rate assumption of the investment advisor was 2.50%. These ranges 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 geometric real rates of return for each major asset class included in the Employees' Plan target asset allocation are summarized in the following table:

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

	<u>Target</u>	<u>Long-Term</u>
	<u>Allocation</u>	<u>Expected Rate</u>
	<u>of Return</u>	<u>of Return</u>
Domestic Equity	47.00%	7.50%
International Equity	28.00%	8.50%
Broad Market Fixed Income	8.00%	2.50%
Real Estate	12.00%	4.50%
Alternative	5.00%	7.00%
Total	100.00%	

Discount Rate:

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 5 - RETIREMENT PLANS (Continued)

(A) Employees' Plan (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at October 1, 2017	\$ 537,712,710	\$ 396,313,562	\$ 141,399,148
Changes for the Year:			
Service Cost	8,196,544	-	8,196,544
Interest	42,877,827	-	42,877,827
Differences Between Expected and Actual Experience	(5,088,593)	-	(5,088,593)
Changes to Assumptions	5,721,214	-	5,721,214
Contributions - Buy Back	89,300	89,300	-
Benefit Payments, Including Refunds of Employee Contributions	(33,106,728)	(33,106,728)	-
Contributions - Employer	-	16,372,689	(16,372,689)
Contributions - Employee	-	4,317,403	(4,317,403)
Net Investment Income	-	49,219,793	(49,219,793)
Administrative Expense	-	(697,884)	697,884
Net Changes	18,689,564	36,194,573	(17,505,009)
Balance at September 30, 2018	\$ 556,402,274	\$ 432,508,135	\$ 123,894,139

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 8.00%, 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 (7.00%) or 1 percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability	\$ 186,848,559	\$ 123,894,139	\$ 71,089,691

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, 2018, the City recognized pension expense for the Employees' Plan of \$20,343,413. At September 30, 2018, the City reported deferred outflows of resources related to the Employees' Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,598,683	\$ 4,028,469
Changes of assumptions	24,099,243	-
Net difference between projected and actual earnings on pension plan investments	-	30,795,642
Total	\$ 29,697,926	\$ 34,824,111

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 5 - RETIREMENT PLANS (Continued)

(A) Employees' Plan (Concluded)

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

Fiscal Year	Net Deferred
Ending	Outflows/(Inflows)
of Resources	of Resources
2019	\$ 4,462,439
2020	(2,015,017)
2021	(4,149,860)
2022	(3,423,747)
2023	-
Thereafter	-

(B) 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.

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 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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 5 - RETIREMENT PLANS (Continued)

(B) Consolidated Plan (Continued)

Benefits Provided for Police Officers—(Concluded)

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

A 1-2% cost of living adjustment (COLA) is applied to retirement benefits each October 1 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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 5 - RETIREMENT PLANS (Continued)

(B) Consolidated Plan (Continued)

Benefits Provided for Firefighters—(Concluded)

- 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 if the retiree has reached eligibility for COLA prior to that date. Eligibility for COLA is determined as follows:

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

*Benefits Provided to Both Police Officers and Firefighters—*Employees are eligible to participate in the deferred retirement option plan (DROP) when they have completed 25 years of credited service and are still employed by the City (or meet the Rule of Seventy). Such employees retire from the Consolidated Plan but continue to work for the City. The retirement benefit is calculated as if the employee had terminated employment and is paid to a DROP account held within the pension plan until the employee actually leaves the employment of the City. While in DROP, these payments earn a guaranteed rate of annual interest, (5.5% for Firefighters and 4.5% for Police Officers) compounded monthly. Employees may continue in the DROP for a maximum of 5 years or until reaching 35 years of service, whichever occurs earlier

Upon actual separation from employment, the monthly retirement benefits begin being paid directly to the retiree and the retiree must take their DROP balance plus interest as a lump-sum cash disbursement, roll into a retirement account or choose a combination of the two options. The Consolidated Plan also provides for a reverse DROP option.

Death benefits are paid as follows:

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

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 5 - RETIREMENT PLANS (Continued)

(B) Consolidated Plan (Continued)

Employees Covered by Benefit Terms—At September 30, 2018, the following employees were covered by the benefit terms:

Active employees	396
Inactive employees:	
Retirees and beneficiaries currently receiving benefits	20
Retirees and beneficiaries receiving benefits	447
Total	863

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 2018 was 16.75% of covered payroll for police personnel and 21.45% for fire personnel. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003B. In addition, State contributions, which totaled \$1,366,304, are also made to the plan on behalf of the City under Chapters 175/185, Florida Statutes. These State contributions are recorded as revenue and personnel expenditures in the City’s general fund before they are recorded as contributions in the Consolidated Pension Fund. Differences between the required contribution and actual contribution are due to actual payroll experiences varying from the estimated total payroll used in the generation of the actuarially required contribution rate. Administrative costs are financed through investment earnings.

Net Pension Liability—The net pension liability related to the Consolidated Plan was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017. This reflects a change in methodology from the September 30, 2017 financial statements, which recorded the net pension liability for the Consolidated Plan based on a prior year measurement date.

The components of the net pension liability reported at September 30, 2018, were as follows:

Components of Net Pension Liability

Total pension liability	\$ 285,979,686
Plan fiduciary net position	(253,221,825)
City’s net pension liability	\$ 32,757,861

Plan fiduciary net position as a percentage of the total pension liability 88.55%

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

Actuarial Assumptions	
Inflation	3.00%
Salary increases	Service Based
Investment rate of return	8.00%
Discount rate	8.00%

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 5 - RETIREMENT PLANS (Continued)

(B) Consolidated Plan (Continued)

Mortality Rate:

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected generationally with Mortality Improvement Scale BB.

Other Assumptions:

The actuarial assumptions used as of September 30, 2017, 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 were 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 can be determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2018 the inflation rate assumption of the investment advisor was 2.20%. These ranges 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 geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

Development of Long-Term Discount Rate for the Consolidated Plan

	Target Allocation	Long-Term Expected Rate of Return *
Large Cap Equity	35.00%	6.60%
Small Cap Equity	15.00%	6.40%
International Equity	15.00%	6.90%
Securitized Credit	6.00%	4.50%
High Yield	4.50%	4.40%
EMD Sovereign	4.50%	4.00%
Private Markets	5.00%	5.50%
Real Estate	10.00%	5.60%
TIPS	2.50%	3.10%
Intermediate Government	2.50%	3.40%
Total	100.00%	

* Based on 10 year Returns

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 5 - RETIREMENT PLANS (Continued)

(B) Consolidated Plan (Continued)

Discount Rate:

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member and State contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at October 1, 2017	\$ 277,576,074	\$ 241,763,801	\$ 35,812,273
Changes for the Year:			
Service Cost	3,682,078	-	3,682,078
Interest	21,993,597	-	21,993,597
Differences Between Expected and Actual Experience	(2,419,821)	-	(2,419,821)
Changes to Assumptions	4,612,282	-	4,612,282
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(19,464,524)	(19,464,524)	-
Contributions - Employer	-	4,507,892	(4,507,892)
Contributions - State	-	1,366,304	(1,366,304)
Contributions - Employee	-	1,963,471	(1,963,471)
Net Investment Income	-	24,056,126	(24,056,126)
Administrative Expense	-	(699,346)	699,346
Net Changes	8,403,612	11,729,923	(3,326,311)
Adjustment to beginning of year	-	(271,899)	271,899
Balance at September 30, 2018	\$ 285,979,686	\$ 253,221,825	\$ 32,757,861

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 8.00%, 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 (7.00%) or 1 percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net Pension Liability	\$ 66,361,485	\$ 32,757,861	\$ 4,917,902

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 5 - RETIREMENT PLANS (Concluded)

(B) Consolidated Plan (Concluded)

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, 2018, the City recognized pension expense for the Consolidated Plan of \$3,133,105. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the Consolidated Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,439,353	\$ 4,593,511
Changes of Assumptions	6,851,349	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	11,389,514
Total	\$ 8,290,702	\$ 15,983,025

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>Net Deferred Outflows/(Inflows) of Resources</u>
2019	\$ (395,418)
2020	(4,292,530)
2021	(2,790,582)
2022	(298,119)
2023	84,326
Thereafter	-

(C) Defined Contribution Pension Plan

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

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

Funding Policy—The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission in accordance with applicable State Statute. Plan members are required to contribute 5% of their annual covered salary. The City is required to contribute 10% of covered payroll. During fiscal year 2018, plan members contributed \$197,877 and the City contributed \$330,240.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS PLAN

Plan Description—By ordinance enacted by the City Commission, the City has established the Retiree Health Care Plan (RHCP), a single-employer defined benefit postemployment health care plan that covers eligible retired employees. RHCP, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City’s retirement plans to continue medical coverage as a participant in the City’s plan. Administrative costs are financed through investment earnings.

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.

Benefits Provided—Prior to September 1, 2008, normal or early retirees are subsidized \$10.00 times the number of years of credited service plus one of the following:

- a. Plus \$5.00 times the numbers of years of age and portion thereof over 65, on the date that retiree first enters the retiree health insurance program or January 1, 2009, whichever is later; or
- b. Minus \$5.00 times the number of years of age and portion thereof under 65, on the date that retiree first enters the retiree health insurance program or January 1, 2009, whichever is later.

DROP participants who have entered a regular DROP before September 1, 2008, or who have declared their intention to reverse DROP before September 1, 2008, shall have the period of employment while in the regular DROP, or the period of employment after the effective date of commencement of participation in the (reverse) DROP, added to credited service for purposes of the calculation described above.

For disabled retirees, the amount that the City will contribute towards the required premium, for persons who become retirees based upon application for disability retirement submitted before September 1, 2008, will be an amount equal to:

- a. 80% of the individual premiums of the least costly city group health plan option being offered at that time.
- b. The City will contribute towards any other tier of coverage an amount equal to 150% of the individual premium of the least costly City group plan option being offered at that time.

For current retirees age 65 or older on January 1, 2009, the amount the City will contribute towards the required premium will be the greater of the amount contributed for the month of August 2008 or the amount determined under the provisions of the RHCP.

After August 31, 2008, normal or early retirees are subsidized \$10.00 times the number of years of credited service plus one of the following:

- a. Plus \$5.00 times the numbers of years of age and portion thereof over 65, on the date that retiree first enters the retiree health insurance program; or
- b. Minus \$5.00 times the number of years of age and portion thereof under 65, on the date that retiree first enters the retiree health insurance program.

DROP participants who have entered a regular DROP after August 31, 2008, or who have declared their intention to reverse DROP after August 31, 2008, shall not have the period of employment while in regular DROP, or the period of employment after the effective date of commencement of participation in the (reverse) DROP, count as credited service for purposes of the calculation described above.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)

Benefits Provided—(Concluded)

For disabled retirees, the amount that the City will contribute towards the required premium, for persons who become retirees based upon application for disability retirement submitted after August 31, 2008, will be:

- a. For approved “in-line-of-duty” disabilities under the Consolidated Plan or the City’s Employees’ Disability Plan, the City will contribute towards an individual premium an amount equal to:
 - i. 80% of the individual premiums of the least costly city group health plan option being offered at the time the disability retirement is approved.
 - ii. The City will contribute towards any other tier of coverage an amount equal to 150% of the individual premium of the least costly City group plan option being offered at the time the disability retirement is approved.
- b. For approved disabilities other than “in-line-of-duty”, the City will contribute 50% of the amount described above.

Those who do not meet the age and service requirements above are eligible for coverage only. Retirees must pay 100% of the active premium rates up to age 65, the 100% of the Medicare supplement premium rate.

Employees Covered by Benefit Terms—At September 30, 2018, the following employees were covered by the benefit terms:

Active Employees	2,068
Inactive Employees:	
Retirees and Beneficiaries Currently Receiving Benefits	869
Vested Terminated Members Entitled to Future Benefits	1,131
Total	4,068

Contributions—The contribution policy of the City is established and may be amended by the City at any time. The annual contribution consists of the normal cost amount developed annually plus, given there is any unfunded actuarial accrued liability (UAAL), an amount to amortize said UAAL over 10 years from inception. For the 2018 fiscal year, the City contributed a total of \$2,016,572 to pre-fund benefits.

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.

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

Net OPEB Liability—The City implemented GASB Statement No. 75 in 2018. The net OPEB liability related to the RHCP was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of October 1, 2017, rolled forward to September 30, 2018.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)

Net OPEB Liability—(Concluded)

The components of the net OPEB liability at September 30, 2018, were as follows:

Components of Net OPEB Liability

Total OPEB Liability	\$ 74,213,751
Plan Fiduciary Net Position	<u>67,399,291</u>
City’s Net OPEB Liability	<u>\$ 6,814,460</u>

Plan fiduciary net position as a percentage of the total OPEB liability 90.82%

Significant Actuarial Assumptions—The total OPEB liability was determined by an actuarial valuation as of October 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	3.00%
Investment Return Rate	8.00%
Salary Increase	Service Based
Discount Rate	8.00%
Healthcare Cost Trend Rate	8.30% to 4.50%

Mortality Rate—All mortality rates were based on the RP-2000 mortality tables. All mortality rates are those outlined in Milliman’s July 1, 2016, Florida Retirement System (FRS) valuation report.

Long-Term Expected Rate of Return—The long-term expected rate of return on RHCP investments can be determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of RHCP investment expenses and inflation) are developed for each major asset class. These ranges 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 geometric real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2018 are summarized in the following table:

	Target Allocation	Long-Term Expected Rate of Return
Equities	80.00%	9.00%
Real Estate	10.00%	6.00%
Alternative Investments	5.00%	8.00%
Fixed Income	<u>5.00%</u>	3.00%
Total	<u>100.00%</u>	

Discount Rate—The discount rate used to measure the total OPEB liability was 8.00%. 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 RHCPs 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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at October 1, 2017	\$ 67,590,558	\$ 63,500,353	\$ 4,090,205
Changes for the year:			
Service cost	1,467,086	-	1,467,086
Interest	5,676,583	-	5,676,583
Differences between expected and actual experience	3,158,374	-	3,158,374
Changes in assumptions	675,415	-	675,415
Contributions - employer	-	2,016,572	(2,016,572)
Net investment income	-	6,250,519	(6,250,519)
Benefit payments	(4,354,263)	(4,354,263)	-
Administrative expense	-	(13,890)	13,890
Net changes	6,623,195	3,898,938	2,724,257
Balance at September 30, 2018	\$ 74,213,753	\$ 67,399,291	\$ 6,814,462

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate—The following presents the net OPEB liability, calculated using the discount rate of 8.00%, as well as what the Plan’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7.00%) or 1 percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net OPEB Liability (Asset)	\$ 13,903,239	\$ 6,814,460	\$ 682,774

Sensitivity of the Net OPEB Liability to Changes in the Health Care Trend Rate—The following presents the net OPEB liability, calculated using the health care cost trend rate of 8.30%, as well as what the RHCP net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability (Asset)	\$ (459,802)	\$ 6,814,460	\$ 15,334,100

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS PLAN (Concluded)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources—For the year ended September 30, 2018, the City will recognize OPEB expense of \$2,416,505. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,707,178	\$ -
Changes of Assumptions	578,927	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	961,781
Total	\$ 3,286,105	\$ 961,781

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows:

Fiscal Year Ending	Net Deferred Outflows/(Inflows) of Resources
2019	\$ 307,238
2020	307,238
2021	307,238
2022	307,238
2023	547,684
Thereafter	547,688

NOTE 7 - 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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 8 – 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.
- **\$11,500,000 Capital Improvement Revenue Note, Series 2009** – 5.15%, issued July 3, 2009, final maturity November 1, 2028, payable solely from non-ad valorem revenues. Principal payable annually on November 1, beginning in fiscal year 2011, interest payable semi-annually beginning November 1, 2009. This note also funded an additional \$1.5 million of capital projects for which the debt and assets are reported in the Solid Waste and Stormwater enterprise funds. This note was partially refunded by Revenue Refunding Note Series 2016A. Final payment is due November 1, 2018.
- **\$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, 2018.
- **\$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.
- **\$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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 8 – LONG-TERM DEBT AND CAPITAL LEASES (Continued)

Governmental Activities (Concluded)

- **\$12,535,000 Capital Improvement Revenue Bonds, Series 2014** – 2.00% - 5.00%, issued December 17, 2014, final maturity October 2034, payable solely from non-ad valorem revenues. Principal payable annually on October 1, beginning 2015. Interest payable semi-annually beginning April 1, 2015. The bonds are not subject to redemption prior to maturity. This note also funded an additional \$2,000,000 of capital improvements for which the debt and assets are reported in the Solid Waste enterprise fund.
- **\$11,970,000 Revenue Refunding Note Series 2016A** – 2.3% fixed, issued April 15, 2016, final maturity November 1, 2028; payable solely from non-ad valorem revenues. Proceeds from the Note were used to refinance all of the First Florida Governmental Financing Commission Loan, Series 2005 and the First Florida Governmental Financing Commission Loan, Series 2007 and partial refunding of the Capital Improvement Revenue Note Series 2009 along with closing costs incurred.
- **\$6,630,000 Capital Improvement Revenue Notes, Series 2016B** – 2.4% fixed, issued April 15, 2016, final maturity October 1, 2031, payable solely from non-ad valorem revenues. Annual Principal payments begin on October 1, 2017. Semi-annual interest payments begin November 1, 2016. Proceeds from the Note are to be used for partial funding of the road resurfacing and repairs and streetscapes.
- **\$10,365,000 Capital Improvement Revenue Note, Series 2017** – 2.75% fixed, issued December 7, 2017 to finance the cost of: (1) acquiring, installing, and consulting costs related to implementing a Human Resources ERP system; (2) acquisition, construction, improvement and equipping a South Main Street firehouse; and (3) street, curb, storm water infrastructure improvements and other capital costs. Payable solely from non-ad valorem revenues, principal payments on the note is payable annually commencing October 1, 2018 with a maturity date of October 1, 2037. Interest payments on the note is payable semi-annually on April 1 and October 1 of each year.

Business-Type Activities – Utility Fund

- **\$196,950,000 Utilities System Revenue Bonds, 2005 Series A** – 4.75% - 5.00%, dated November 16, 2005, mature on various dates through October 1, 2036. The 2005 Series A Bonds are subject to redemption at the option of the City on and after October 1, 2015, as a whole or in part at any time, at a redemption price of 100% of the principal amount, plus accrued interest to the date of redemption. The 2005 Series A Bonds were issued to pay a portion of the cost of acquisition and construction of certain improvements to the City's utilities system and to refund the City's Utilities System Commercial Paper Notes, Series C. In March 2007, the 2007 Series A Bonds (\$139,505,000) were issued to advance-refund to the maturity dates a portion of the bonds maturing from October 1, 2030 to October 1, 2036. The proceeds related to the refunded bonds were deposited into an escrow account to refund the bonds on October 1, 2015, at 100% of par. In August 2012, the 2012 Series A Bonds (\$81,860,000) were issued to refund \$78,690,000 of bonds maturing from October 1, 2021 through October 1, 2028. In December 2014, the 2014 Series B Bonds (\$30,970,000) were issued to advance-refund \$12,725,000 for portions of bonds maturing from October 1, 2029, October 1, 2030, and October 1, 2036.
- **\$61,590,000 Utilities System Revenue Bonds, 2005 Series B (Federally Taxable)** – 5.31%, dated November 16, 2005, final maturity October 1, 2021. The 2005 Series B Bonds are subject to redemption at the option of the City, in whole or in part, on any date, at a redemption price equal to the greater of: 100% of the principal amount, plus accrued and unpaid interest to the date of redemption; or the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed discounted to the date of redemption on a semiannual basis plus 12.5 basis points. The 2005 Series B Bonds were issued to pay a portion of the cost of acquisition and construction of certain improvements to the City's utilities system and to refund the City's Utilities System Commercial Paper Notes, Series D originally issued in June 2000. In August 2012, the 2012 Series B Bonds (\$100,470,000) were issued to partially refund \$31,560,000 of bonds maturing from October 1, 2015 and October 1, 2021.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 8 – LONG-TERM DEBT AND CAPITAL LEASES (Continued)

Business-Type Activities – Utility Fund (Continued)

- **\$55,135,000 Utilities System Revenue Bonds, 2005 Series C** – Variable interest rates based on market rates, 1.67% at September 30, 2018, dated November 16, 2005, final maturity October 1, 2026. The 2005 Series C Bonds are subject to redemption at the option of the City at a redemption price of 100% of the principal amount, plus accrued interest to the date of redemption. The 2005 Series C Bonds were issued to refund a portion of the City’s Utilities System Revenue Bonds, 1996 Series A. A liquidity facility is provided by Helaba at 0.29% and expires November 24, 2020. In August 2012, the 2012 Series B Bonds (\$100,470,000) were issued to partially refund \$17,570,000 of bonds maturing from October 1, 2013 through October 1, 2017.
- **\$53,305,000 Utilities System Revenue Bonds, 2006 Series A** – Variable interest rates based on market rates, 1.67% at September 30, 2018, dated July 6, 2006, final maturity October 1, 2026. The 2006 Series A Bonds are subject to redemption at the option of the City, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption. The 2006 Series A Bonds were issued to pay a portion of the cost of acquisition and construction of certain improvements to the City’s utilities system and to refund a portion of the City’s Utilities System Revenue Bonds, 1996 Series A. In August 2012, the 2012 Series B Bonds (\$100,470,000) were issued to partially refund \$25,930,000 of bonds maturing from October 1, 2013 through October 1, 2020. A liquidity facility is provided by Helaba at 0.29% and expires November 24, 2020.
- **\$139,505,000 Utilities System Revenue Bonds, 2007 Series A** – Variable interest rates based on market rates, 1.57% at September 30, 2018, dated July 6, 2006, final maturity October 1, 2036. The 2007 Series A Bonds are subject to redemption at the option of the City, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption. The 2007 Series A Bonds were issued to refund a portion of the City’s Utilities System Revenue Bonds, 2003 Series A and a portion of the City’s Utilities System Revenue Bonds, 2005 Series A. A liquidity facility is provided by State Street Bank and Trust at 0.46% and expires April 1, 2021.
- **\$105,000,000 Utilities System Revenue Bonds, 2008 Series A (Federally Taxable)** – 5.27%, dated February 13, 2008, final maturity October 1, 2020. The 2008 Series A Bonds are subject to redemption prior to maturity at the election of the City in whole or in part, at a redemption price equal to the greater of: 100% of the principal amount, plus accrued and unpaid interest to the date of redemption; or the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed discounted to the date of redemption on a semiannual basis plus 12.5 basis points. The 2008 Series A Bonds were issued to pay costs of acquisition and construction of the City’s utilities system. In August 2012, the 2012 Series B Bonds (\$100,470,000) were issued to partially refund \$14,405,000 of bonds maturing from October 1, 2014 through October 1, 2017. In December 2014, the 2014 Series B Bonds (\$30,970,000) were issued to redeem \$19,915,000 for portions of bonds maturing from October 1, 2015 through October 1, 2020.
- **\$90,000,000 Utilities System Revenue Bonds, 2008 Series B** – Variable interest rates based on market rates, 1.58% at September 30, 2018, dated February 13, 2008, final maturity October 1, 2038. The 2008 Series B Bonds are subject to redemption prior to maturity at the election of the City in whole or in part, at a redemption price of 100% of the principal amount plus accrued interest to the date of redemption. The 2008 Series B Bonds were issued to pay costs of acquisition and construction of the City’s utilities system. A liquidity facility is provided by Barclay’s at 0.29% and expires June 29, 2020.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 8 – LONG-TERM DEBT AND CAPITAL LEASES (Continued)

Business-Type Activities – Utility Fund (Continued)

- **\$156,900,000 Utilities System Revenue Bonds, 2009 Series B – Issuer Subsidy – Build America Bonds (Federally Taxable)** – 4.60% – 5.65%, dated September 16, 2009, final maturity October 1, 2039. The 2009 Series B Bonds are subject to redemption prior to maturity at the election of the City at a redemption price equal to the greater of: 100% of the principal amount, plus accrued and unpaid interest to the date of redemption; or the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed discounted to the date of redemption on a semiannual basis plus 12.5 basis points. The 2009 Series B Bonds were issued to pay costs of acquisition and construction of the City’s utilities system.
- **\$12,930,000 Utilities System Revenue Bonds, 2010 Series A (Federally Taxable)** – 5.87%, dated November 1, 2010, final maturity October 1, 2030. The 2010 Series A Bonds are subject to redemption prior to maturity at the election of the City at a redemption price equal to the greater of: 100% of the principal amount, plus accrued and unpaid interest to the date of redemption; or the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed discounted to the date of redemption on a semiannual basis plus 12.5 basis points. The 2010 Series A Bonds were issued to (a) pay costs of acquisition and construction of the City’s utilities system, (b) to provide for the payment of certain capitalized interest on the Taxable 2010 Series A Bonds, and (c) to pay the costs of issuance of the Taxable 2010 Series A Bonds.
- **\$132,445,000 Utilities System Revenue Bonds, 2010 Series B – Issuer Subsidy – Build America Bonds (Federally Taxable)** – 6.02%, dated November 1, 2010, final maturity October 1, 2040. The 2010 Series B Bonds are subject to redemption prior to maturity at the election of the City at a redemption price equal to the greater of: 100% of the principal amount, plus accrued and unpaid interest to the date of redemption; or the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed discounted to the date of redemption on a semiannual basis plus 12.5 basis points. The 2010 Series B Bonds were issued to (a) pay costs of acquisition and construction of the City’s utilities system, (b) to provide for the payment of certain capitalized interest on the Taxable 2010 Series B Bonds, and (c) to pay the costs of issuance of the Taxable 2010 Series B Bonds.
- **\$16,365,000 Utilities System Revenue Bonds, 2010 Series C** – 5.00% – 5.25%, dated November 1, 2010, final maturity October 1, 2034. The 2010 Series C Bonds are subject to redemption prior to maturity at the election of the City at a redemption price so specified. The 2010 Series C Bonds were issued to (a) refund \$5,860,000 in aggregate principal amount of the 2003 Series A Bonds, and (b) to provide funds to refund \$10,505,000 in aggregate principal amount of the 2008 Series A Bonds.
- **\$81,860,000 Utilities System Revenue Bonds, 2012 Series A** – 2.50% – 5.00%, dated August 2, 2012, final maturity October 1, 2028. The 2012 Series A Bonds were issued to (a) provide funds to refund \$1,605,000 in aggregate principal amount of the 2003 Series A Bonds, (b) to provide funds to refund \$78,690,000 in aggregate principal amount of the 2005 Series A Bonds, and (c) to pay cost of issuance of the 2012 Series A Bonds. These bonds mature at various dates from October 1, 2021 to October 1, 2028. Those bonds maturing on and after October 1, 2023, are subject to redemption prior to maturity, at a redemption price so specified.
- **\$100,470,000 Utilities System Revenue Bonds, 2012 Series B** – Variable interest rates based on market rates, 1.59% at September 30, 2018, dated August 2, 2012, final maturity October 1, 2042. The 2012 Series B Bonds were issued to (a) refund \$31,560,000 in aggregate principal amount of the 2005 Series B Bonds, (b) provide funds to refund \$17,570,000 in aggregate principal amount of the 2005 Series C Bonds, (c) provide funds to refund \$25,930,000 in aggregate principal amount of the 2006 Series A Bonds, (d) provide funds to refund \$14,405,000 in aggregate principal amount of the 2008 Series A Bonds, and (e) pay costs of issuance of the 2012 Series B Bonds. These bonds mature at various dates through October 1, 2042. The 2012 Series B Bonds are subject to redemption prior to maturity, at a redemption price so specified. A liquidity facility is provided by Citibank at 0.33% and expires on June 29, 2020.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 8 – LONG-TERM DEBT AND CAPITAL LEASES (Continued)

Business-Type Activities – Utility Fund (Continued)

- **\$37,980,000 Utilities System Revenue Bonds, 2014 Series A** – 2.50% – 5.00%, dated December 19, 2014, with final maturity October 1, 2044. The 2014 Series A Bonds were issued to (a) provide funds for the payment of the cost and acquisition and construction of certain improvements to the System, and (b) pay costs of issuance of the 2014 Series A Bonds. These bonds mature at various dates beginning October 1, 2015, and from October 1, 2021 to October 1, 2034, October 1, 2039, and October 1, 2044. The bonds maturing prior to October 1, 2024 are not subject to redemption prior to maturity. The bonds maturing on and after October 1, 2025, are subject to redemption prior to maturity at the option of GRU on and after October 1, 2024, as whole or in part at any time, at a redemption price plus interest so specified.
- **\$30,970,000 Utilities System Revenue Bonds, 2014 Series B** – 3.13% – 5.00%, dated December 19, 2014, with final maturity October 1, 2036. The 2014 Series B Bonds were issued to (a) provide funds to refund \$12,725,000 in aggregate principal amount of a portion of the 2005 Series A Bonds; (b) provide funds to refund \$19,915,000 in aggregate principal amount of a portion of the 2008 Series A Bonds; and (c) pay costs of issuance of the 2014 Series B Bonds. These bonds mature at various dates beginning October 1, 2015 through October 1, 2020, from October 1, 2029 to October 1, 2030, and October 1, 2036. The bonds maturing prior to October 1, 2024, are not subject to redemption prior to maturity. The bonds maturing on and after October 1, 2025, are subject to redemption prior to maturity at the option of GRU on and after October 1, 2024, as whole or in part at any time, at a redemption price plus interest so specified.
- **\$415,920,000 Utilities System Revenue Bonds, 2017 Series A** – 4.00% – 5.00%, dated November 7, 2017, with final maturity on October 1, 2040. The 2017 Series A Bonds were issued concurrently with 2017 Series B and Series C bonds to (a) finance a portion of the costs of acquisition of the GREC Biomass Plant and (b) pay cost of issuance. These bonds mature at various dates beginning October 1, 2018 and ending October 1, 2040. The 2017 Series A Bonds were issued at a premium of \$73,205,458 as serial bonds with the first optional call date of October 1, 2027. These bonds are subject to redemption prior to maturity.
- **\$150,000,000 Utilities System Revenue Bonds, 2017 Series B** – Variable interest rates based on market rates, 2.22% at September 30, 2018, dated November 7, 2017, final maturity October 1, 2044, and issued concurrently with 2017 Series A and 2017 Series C Bonds to (a) finance a portion of the costs of acquisition of the GREC Biomass Plant and (b) paying cost of issuance. These bonds are direct placement bonds and the sale was awarded to Wells Fargo Bank, N.A. with the following terms: (a) GRU pays variable rate at 70% of 1 Month Libor times the margin rate factor (MRF) (b) bank fee of .35%, calculated on the basis of 360 days (c) contract termination date of November 7, 2020. These bonds mature at various dates beginning October 1, 2040, with final maturity date of October 1, 2044.
- **\$115,000,000 Utilities System Revenue Bonds, 2017 Series C** – Variable interest rates based on market rates, 2.30% at September 30, 2018, dated November 7, 2017, final maturity October 1, 2047, and issued concurrently with 2017 Series A and 2017 Series B Bonds to (a) finance a portion of the costs of acquisition of the GREC Biomass Plant and (b) pay cost of issuance. These bonds are direct placement bonds and the sale was awarded to Bank of America, N.A. with the following terms: (a) GRU pays variable rate at 70% of 1 Month Libor times MRF (b) bank fee of .41%, calculated on the basis of 360 days (c) contract termination date of November 7, 2020. These bonds mature at various dates beginning October 1, 2044, with final maturity date of October 1, 2047.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 8 – LONG-TERM DEBT AND CAPITAL LEASES (Continued)

Business-Type Activities – Utility Fund (Concluded)

- **\$125,000,000 Utilities System Commercial Paper Notes, Series C Notes** – These tax-exempt notes are subordinated debt and may continue to be issued to refinance maturing Series C Notes or provide for other costs. On May 17, 2018, the City Commission approved the Fourth Amendment of the *Second Supplemental Subordinated Utilities System Revenue Bond Resolution* authorizing the issuance of additional Series C Commercial Paper. GRU issued \$40,000,000 in Series C Commercial Paper Notes on July 19, 2018. The Commercial Paper proceeds are to partially fund the 2018 capital improvement program for the System. Liquidity support for the Series C Notes is provided under a long-term credit agreement effective November 30, 2015, with Bank of America, NA at 0.45% and was set to expire November 30, 2018, but has been extended to November 30, 2021. 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 \$125,000,000 with same day availability ending on the termination date, as defined in the agreement. Interest is at a variable market rate which was 1.69% at September 30, 2018. Series C Notes of \$85 million are outstanding as of September 30, 2018.

- **\$25,000,000 Utilities System Commercial Paper Notes, Series D Notes** – In June 2000, a Utilities System Commercial Paper Note Program, Series D (taxable) was established in a principal amount not to exceed \$25,000,000. On December 16, 2014, GRU issued \$8,000,000 of Series D Notes to provide funds for the cost of acquisition and construction of certain improvements to the telecommunications system. Interest is at a variable market rate of 2.24% at September 30, 2018. Series D Notes of \$8 million are outstanding as of September 30, 2018. These taxable notes are subordinated debt. Liquidity support for the Series D Notes is provided under a long-term credit agreement effective August 28, 2014, with State Street Bank and Trust Company at 0.42% and expires August 28, 2020.

- **\$25,000,000 Utilities System Variable Rate Subordinated Utilities System Revenue Bond, 2018 Series A** – On May 17, 2018, City Commission authorized a revolving line of credit on parity with commercial paper notes to finance from time to time tax exempt projects for the capital improvement plan for the electric system. The award of sale of purchase of the 2018 Series A Bond went to STI Institutional & Government, Inc. (SunTrust Bank), terms set forth in the purchase contract in the principal amount not to exceed \$25,000,000. The contract of purchase is effective on August 3, 2018 and expires August 3, 2021. The interest rate is 81% of 1M Libor plus 1.85% calculated on the basis of a 360 day year. The unused fee (liquidity fee) is .25%. As of September 30, 2018, there was \$0 outstanding.

Business-Type Activities - 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, 2018, was \$1,279,626.

- **\$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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 8 – LONG-TERM DEBT AND CAPITAL LEASES (Continued)

Business-Type Activities - Non-Utility Notes (Concluded)

- **\$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.

Debt Service Requirements for Long-Term Debt

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

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 7,002,113	\$ 7,110,242	\$ 28,275,355	\$ 52,841,153
2020	7,390,565	7,174,196	31,314,663	52,371,392
2021	7,768,791	7,241,351	40,024,216	51,292,856
2022	7,748,694	7,297,689	40,366,455	49,835,720
2023	7,492,977	7,365,428	42,174,877	48,273,711
2024-2028	38,342,984	34,227,579	242,555,103	216,322,507
2029-2033	46,496,181	6,591,097	309,108,820	166,649,929
2034-2038	3,415,024	207,211	341,494,193	112,059,295
2039-2043	-	-	345,505,000	48,329,359
2044-2048	-	-	205,930,000	13,842,263
2049	-	-	5,575,000	47,109
Total	\$ 125,657,329	\$ 77,214,793	\$ 1,632,323,682	\$ 811,865,294

See Note 9 – Hedging Activities, for additional debt service requirements for interest rate swaps.

The interest rates used in this table for variable rate debt are those in effect as of September 30, 2018 as described above for each individual issue.

The Utility’s 2009 Series B and 2010 Series B Bonds receive a federal interest subsidy of 32.7% of the annual interest expense and are assumed to remain at said rate for the duration of the bonds. The subsidy is recorded as non-operating revenue on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 8 – LONG-TERM DEBT AND CAPITAL LEASES (Continued)

Debt Service Requirements for Long-Term Debt (Concluded)

For GRU's utilities system variable rate demand obligations (VRDO), support is provided in connection with tenders for purchase with various liquidity providers pursuant to standby bond purchase agreements (SBPA) or credit agreements relating to that series of obligation. The purchase price of the obligations tendered or deemed tendered for purchase is payable solely from the proceeds of the remarketing thereof and moneys drawn under the applicable SBPA or credit agreement. The current stated termination dates of the SBPA and credit agreements range from June 29, 2020 to November 30, 2021. Each of the SBPA and credit agreement termination dates may be extended. At September 30, 2018, there were no outstanding draws under the SBPA. Available credits including interest, under each VRDO are as follows: \$26,535,389 for 2005 Series C, \$18,627,894 for 2006 Series A, \$138,161,093 for 2007 Series A, \$90,065,206 for 2008 Series B, and \$101,659,125 for 2012 Series B.

GRU has entered into revolving credit agreements with commercial banks to provide liquidity support for its commercial paper notes. If funds are not available to pay the principal of any maturing commercial paper notes during the term of the credit agreement, GRU is entitled to make a borrowing under the credit agreement. The termination dates of the credit agreements, as of September 30, 2018, are November 30, 2021 and August 28, 2020. The credit agreement supporting the tax-exempt Commercial Paper Notes, Series C had no outstanding draws as of September 30, 2018. The credit agreement supporting the taxable Commercial Paper Notes, Series D had no outstanding draws as of September 30, 2018.

Capital Leases

- **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. These assets are being amortized as part of depreciation expense. The principal portion of the capital lease was paid in full during fiscal year 2018.
- **Gainesville Renewable Energy Center Capital Lease** – GRU executed a PPA with the Gainesville Renewable Energy Center (GREC) in 2009. The plant, a 102.5 megawatt biomass-fired power production facility located in Alachua County, Florida, utilizes woody biomass comprised of urban wood waste, forest wood waste, and mill residue. The nature of these are further limited by Forest Sustainability Standards that were included as part of the PPA. The PPA required that GREC provide available energy, delivered energy, and environmental attributes exclusively to GRU and began commercial operations on December 17, 2013. GRU was required to pay for all available energy from the plant at fixed prices, adjusted for liquidated damages and other penalties. GRU was 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.

During November of 2017, GRU purchased the plant and terminated the PPA and capital lease. The PPA was 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 \$0 at September 30, 2018. The total payments applicable to the lease were \$6,291,676 for September 30, 2018. The payments for fiscal year 2018 included \$4,351,741 for interest expense included in fuel costs. The capital lease was being amortized over the life of the PPA. Amortization of \$3,449,252 was recorded at September 30, 2018. Due to the termination of the PPA, there were no minimum payments due as of September 30, 2018.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 8 – LONG-TERM DEBT AND CAPITAL LEASES (Concluded)

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, 2018 total \$6,570,000, payable semiannually through July 1, 2024. Pledged revenue was \$1,095,000 for fiscal year 2018, which was 100% of the annual debt requirement.

Under the terms of the Resolution relating to the sale of the Utilities System Revenue Bonds, payment of the principal and interest is secured by an irrevocable lien on GRU’s net revenue (exclusive of any funds that may be established pursuant to the Resolution for certain other specified purposes), including any investments and income thereof. The Utilities System Revenue Bonds have a first lien and the Commercial Paper Series C and D Notes have a second lien. For fiscal year 2018, principal and interest paid was \$90,095,336 and total pledged revenues was \$403,510,310. As of September 30, 2018, annual principal and interest payments are expected to require 20% of pledged revenues on average.

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

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental Activities					
Bonds Payable:					
Revenue bonds and loans	\$ 14,899,032	\$ -	\$ (854,040)	\$ 14,044,992	\$ 867,527
Bond premium	863,345	-	(93,685)	769,660	-
Pension obligation bonds	72,864,045	-	(3,343,168)	69,520,877	1,950,400
Less deferred amounts:					
For issuance discounts	(9,816)	-	768	(9,048)	-
Total bond payable	88,616,606	-	(4,290,125)	84,326,481	2,817,927
Capital lease	78,141	-	(78,141)	-	-
Revenue note	35,650,967	10,365,000	(3,924,507)	42,091,460	4,184,186
Compensated absences	3,941,453	4,941,132	(5,483,084)	3,399,501	130,999
Total	<u>\$ 128,287,167</u>	<u>\$ 15,306,132</u>	<u>\$ (13,775,857)</u>	<u>\$ 129,817,442</u>	<u>\$ 7,133,112</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Business-Type Activities					
Bonds payable:					
Utility revenue bonds	\$ 871,540,000	\$ 680,920,000	\$ (18,120,000)	\$ 1,534,340,000	\$ 27,885,000
Add: Issuance premiums	16,902,387	73,205,458	(6,349,460)	83,758,385	-
Total bonds payable	888,442,387	754,125,458	(24,469,460)	1,618,098,385	27,885,000
Utility notes payable	58,900,000	40,000,000	(5,900,000)	93,000,000	-
Capital lease	941,269,071	-	(941,269,071)	-	-
Other notes payable	5,354,397	-	(370,715)	4,983,682	390,355
Compensated absences	5,621,262	1,474,370	(1,912,537)	5,183,095	733,171
Total	<u>\$ 1,899,587,117</u>	<u>\$ 795,599,828</u>	<u>\$ (973,921,783)</u>	<u>\$ 1,721,265,162</u>	<u>\$ 29,008,526</u>

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 9 – HEDGING ACTIVITIES

Interest Rate Hedges

The Utility is a party to certain interest rate swap agreements to protect against the potential of rising interest rates. Under its interest rate swap programs, the Utility 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 the Utility 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 Fund Net Position and the Statement of Activities. No money is initially exchanged when the Utility enters into a new interest rate swap transaction.

Terms, Fair Values, and Counterparty Credit Ratings – The terms, fair values, and counterparty credit ratings of the outstanding swaps as of September 30, 2018, were as follows:

Associated Bond Issue	2005B*	2005C*	2006A*	2007A*
Notional amounts	\$ 25,230,000	\$ 26,225,000	\$ 23,375,000	\$ 136,545,000
Effective date	11/16/2005	11/16/2005	7/6/2006	3/1/2007
Fixed payer rate	SIFMA	3.200%	3.224%	3.944%
Variable receiver rate	77.14% of 1MO LIBOR	60.36% of 10YR LIBOR	68.00% of 10YR LIBOR Less 0.3635%	SIFMA
Fair value	\$ 77,683	\$ (938,709)	\$ (1,013,757)	\$ (24,513,913)
Termination date	10/1/2021	10/1/2026	10/1/2026	10/1/2036
Counterparty credit rating	Aa2/AA-	Aa3/A+/AA-	Aa2/AA-	Aa2/AA-
Associated Bond Issue	2008B*	2008B*	2017B*	2017B*
Notional amounts	\$ 58,500,000	\$ 31,500,000	\$ 105,000,000	\$ 45,000,000
Effective date	2/13/2008	2/13/2008	11/7/2017	11/7/2017
Fixed payer rate	4.229%	4.229%	2.119%	2.110%
Variable receiver rate	SIFMA	SIFMA	70.00% of 1MO LIBOR	70.00% of 1MO LIBOR
Fair value	\$ (11,249,169)	\$ (6,063,425)	\$ 3,419,417	\$ 1,516,588
Termination date	10/1/2038	10/1/2038	10/1/2044	10/1/2044
Counterparty credit rating	Aa3/A+/AA	Aa3/A+/AA	A1/A+/A+	A1/A+/A+

* See “Basis Risk” section below for details.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 9 – HEDGING ACTIVITIES (Continued)

Interest Rate Hedges (Continued)

Fair Value – All of the swap agreements, except for the 2005B and 2017B swaps, had a negative fair value as of September 30, 2018. As the interest rate environment has risen over the past year, the negative fair value of the swap agreements has improved. Due to the lower interest rate environment, as compared to the period when the swaps were entered into, the fixed payer rates currently exceed the variable receiver rates:

	Fair Value of Interest Rate Swaps at September 30, 2018	Changes in Fair Value	Changes in Deferred (Inflow) Outflow	Changes in Regulatory (Assets) Liability for Ineffective Instruments
2005B	\$ 77,683	\$ 45,293	\$ -	\$ (45,293)
2005C	(938,709)	741,679	-	(741,679)
2006A	(1,013,757)	800,851	-	(800,851)
2008B	(11,249,169)	4,047,671	(4,047,671)	-
2008B	(6,063,425)	2,180,720	(2,180,720)	-
2007A	(24,513,913)	9,546,595	(9,549,595)	-
2017B	3,419,416	3,419,416	(3,419,416)	-
2017B	1,516,588	1,516,588	(1,516,588)	-
	<u>\$ (38,765,286)</u>	<u>\$ 22,298,813</u>	<u>\$ (20,713,990)</u>	<u>\$ (1,587,823)</u>

Interest Rate Swap Payments – Debt service requirements on the interest rate swaps using interest rates in effect at September 30, 2018, would be as follows:

Year Ending September 30,	Swap Interest
2019	\$ 7,010,503
2020	6,913,376
2021	6,780,368
2022	6,631,034
2023	6,448,221
2024–2028	28,425,054
2029–2033	21,039,974
2034–2038	8,385,385
2039–2043	3,089,112
2044–2048	145,517
Total	<u>\$ 94,868,544</u>

Credit Risk – As of September 30, 2018, although most of the fair value of the interest rate swaps was negative, GRU has structured its swap documents to minimize credit risk. To mitigate the potential for credit risk, GRU has negotiated additional termination event and collateralization requirements in the event of a ratings downgrade. Failure to deliver the Collateral Agreement to GRU as negotiated and detailed in the Schedule to the International Swaps and Derivative Agreements (ISDA) master agreement for each counterparty would constitute an event of default with respect to that counterparty.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 9 – HEDGING ACTIVITIES (Continued)

Interest Rate Hedges (Concluded)

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

- The 2005 Series B swap is exposed to basis risk through the potential mismatch of 77.14% of one-month LIBOR and SIFMA rate. As a result, savings may not be realized. As of September 30, 2018, the one-month LIBOR rate was 2.26% and SIFMA rate was at 1.56%, which places the SIFMA at approximately 69% 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, 2018, the 10-year LIBOR rate was at 3.11%.
- The 2006 Series A swap is exposed to basis risk through the potential mismatch of 68% of 10-year LIBOR less 0.36% and the variable 31-day rollover rate. As a result, savings may not be realized.
- The 2007 Series A and the 2008 Series B swaps are exposed to the difference between SIFMA and the variable 31-day rollover rate.
- The 2017 Series B swap is exposed to the difference between 70% of the one-month LIBOR and 70% of the one-month LIBOR plus bank fee times the margin rate factor (corporate tax change from 35% to 21%, effective with the Tax Reform in January 1, 2018). As a result, savings may not be realized.
- The Commercial Paper Series C Notes swap (formerly the 2002 Series A swap) terminated October 1, 2018.

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

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

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

Market Access Risk – This risk is associated with the event that GRU will not be able to enter credit markets for interest rate swap agreements or that the credit market becomes more costly. GRU maintains a strong credit rating of Aa3 from Moody's, AA- from Standard and Poor's, and AA- from Fitch Ratings. Currently GRU has not encountered any credit market barriers.

Effectiveness – Of the interest rate swap agreements, four have been determined to be effective, while three have been deemed ineffective as of September 30, 2018. The ineffective portion related to interest rate swap agreements is recorded as a regulatory asset for \$1,874,783 as of September 30, 2018.

The unrealized loss on interest rate swap agreements of \$22,418,793 has been recorded in accumulated decrease in fair value of hedging derivatives at September 30, 2018. There were no realized gains or losses related to interest rate swaps as of September 30, 2018.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 9 – HEDGING ACTIVITIES (Concluded)

Fuel Hedges

GRU utilizes commodity price swap contracts to hedge the effects of fluctuations in the prices for natural gas. These transactions meet the requirements of GASB Statement No. 53. Realized losses related to gas hedging positions were recorded as an addition to fuel costs of \$188,687 for September 30, 2018. 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 2018.

	Fair Value of Cash Flow Hedges at September 30, 2018	Changes in Fair Value	Deferred (Inflow)/ Outflow of Resources	Notional Amount (MMBTU’s)
Natural Gas	\$ -	\$ (62,061)	\$ -	\$ -

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 33,992,083	\$ 2,231,219	\$ (438,156)	\$ 35,785,146
Construction in progress	10,727,859	22,055,710	(1,840,081)	30,943,488
Total Capital assets, not being depreciated	44,719,942	24,286,929	(2,278,237)	66,728,634
Capital assets, being depreciated:				
Buildings	79,680,940	10,568,965	(35,584)	90,214,321
Improvements other than buildings	24,700,609	818,310	(264,069)	25,254,850
Machinery and equipment	52,820,860	6,075,015	(2,648,629)	56,247,246
Infrastructure	230,360,076	-	-	230,360,076
Total capital assets, being depreciated	387,562,485	17,462,290	(2,948,282)	402,076,493
Less accumulated depreciation:				
Buildings	(30,958,778)	(2,345,580)	38,106	(33,266,252)
Improvements other than buildings	(9,167,820)	(1,395,540)	246,916	(10,316,444)
Machinery and equipment	(37,293,211)	(4,117,748)	2,375,846	(39,035,113)
Infrastructure	(121,779,634)	(4,715,794)	-	(126,495,428)
Total accumulated depreciation	(199,199,443)	(12,574,662)	2,660,868	(209,113,237)
Total Capital assets being depreciated, net	188,363,042	4,887,628	(287,414)	192,963,256
Governmental Activities Capital Assets, Net	\$ 233,082,984	\$ 29,174,557	\$ (2,565,651)	\$ 259,691,890

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 10 – CAPITAL ASSETS (Concluded)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets, not being depreciated:				
Land	\$ 9,466,133	\$ -	\$ (81,257)	\$ 9,384,876
Construction in progress	93,930,799	823,050,048	(814,729,244)	102,251,603
Total capital assets, not being depreciated	<u>103,396,932</u>	<u>823,050,048</u>	<u>(814,810,501)</u>	<u>111,636,479</u>
Capital assets, being depreciated:				
Utility plant and equipment	1,994,737,339	813,916,276	(14,074,012)	2,794,579,603
Utility plant and equipment - capital lease	1,006,808,995	-	(1,006,808,995)	-
Buildings	46,048,194	22,171	(46,423)	46,023,942
Improvements other than buildings	5,675,782	821,236	-	6,497,018
Machinery and equipment	48,191,167	7,158,952	(3,426,118)	51,924,001
Infrastructure	52,892,676	-	-	52,892,676
Total capital assets, being depreciated	<u>3,154,354,153</u>	<u>821,918,635</u>	<u>(1,024,355,548)</u>	<u>2,951,917,240</u>
Less accumulated depreciation:				
Utility plant and equipment (restated)	(883,788,096)	(90,489,767)	6,053,514	(968,224,349)
Utility plant and equipment - capital lease	(127,114,117)	(3,449,252)	130,563,369	-
Buildings	(6,545,087)	(1,269,466)	35,437	(7,779,116)
Improvements other than buildings	(3,134,807)	(1,010,839)	-	(4,145,646)
Machinery and equipment	(30,744,459)	(4,326,824)	3,418,525	(31,652,758)
Infrastructure	(21,291,999)	(497,759)	-	(21,789,758)
Total accumulated depreciation	<u>(1,072,618,565)</u>	<u>(101,043,907)</u>	<u>140,070,845</u>	<u>(1,033,591,627)</u>
Total capital assets being depreciated, net	<u>2,081,735,588</u>	<u>720,874,728</u>	<u>(884,284,703)</u>	<u>1,918,325,613</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 2,185,132,520</u></u>	<u><u>\$ 1,543,924,776</u></u>	<u><u>\$(1,699,095,204)</u></u>	<u><u>\$ 2,029,962,092</u></u>

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

Governmental Activities

General government	\$ 947,658
Public safety	1,840,074
Transportation	5,133,474
Culture and recreation	2,069,140
Depreciation on capital asset held by the City's internal service funds is charged to the various functions based on their usage of the assets	<u>2,584,316</u>

Total

\$ 12,574,662

Business-Type Activities

Utility	\$ 93,939,019
Regional transit system	5,367,676
Stormwater	1,538,860
Ironwood	173,475
Florida building code enforcement	5,895
Solid waste	<u>18,982</u>

Total

\$ 101,043,907

For the Utility, the average depreciation rate was 3.60% for utility plant and equipment for fiscal year 2018.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 11 - INDIVIDUAL FUND DEFICITS

The following funds had deficit net position or fund balances as of September 30, 2018:

Special Revenue Funds	
Community Development Block Grant	\$ (162,784)
Urban Development Action Grant	(6,581)
Home Grant	(426,368)
Police Billable Overtime	(413,788)
Community Redevelopment Agency	(579,873)
School Crossing Guard	(14,672)
Art in Public Places	(9,208)
Capital Projects Funds	
Downtown Parking Garage Sales Tax	(6)
CIRN 2009 Capital Projects Fund	(539)
Enterprise Fund	
Ironwood Golf Course	(518,425)

The Community Development Block Grant, Urban Development Action Grant, and Home Grant funds have negative balance due to incurring expenditures prior to receiving funding. Management anticipates receiving funding to recover these costs.

The Police Billable Overtime fund has a negative balance because the invoicing for all the police billable overtime was not sufficient to cover the cost. Management will evaluate the rate which is being charged and increase rates or subsidize any shortages in the future through the general fund.

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

The Art in Public Places fund's negative fund balance resulted from expenditures for 352Walls Initiative with funding coming from the Tax Increment Funds in fiscal year 2019.

The Downtown Parking Garage Sales Tax fund has a negative balance due to investment losses for fiscal year 2018. In fiscal year 2019, a transfer from other funds will cover the deficit.

The Capital Improvement Revenue Note 2009 CIP fund has a negative balance due to capital project expenditures were spent after the fund was closed down due to refinancing. The fund will be receiving funds from the General Fund to close out this fund in fiscal year 2019.

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, during 2010, the City began a ten-year series of transfers from the general fund to fully fund the deficit balance. In fiscal year 2020, the City plans to incorporate Ironwood Golf Course into the general fund as a part of the Parks, Recreation, and Cultural Affairs Department.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 12 – COMPOSITION OF RECEIVABLES AND PAYABLES

Receivables at year-end, including allowances for doubtful accounts, for governmental and business-type activities are as follow:

	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Governmental Activities</u>	<u>Utility Fund</u>	<u>Non-Major Enterprise Funds</u>	<u>Business-Type Activities</u>
Accounts Receivable, Gross	\$ 1,881,910	\$ 466,721	\$ 3,507	\$ 2,352,138	\$ 60,777,899	\$ 6,924,489	\$ 67,702,388
Allowance	(628,800)	-	-	(628,800)	(800,551)	(30,065)	(830,616)
Net, Accounts Receivable	1,253,110	466,721	3,507	1,723,338	59,977,348	6,894,424	66,871,772
Utility Tax Receivable	1,116,568	-	-	1,116,568	-	-	-
Assessments Receivable	-	2,611	-	2,611	-	-	-
Due from Other Governments	1,421,667	2,441,378	-	3,863,045	-	3,241,439	3,241,439
Due from Employees	10,987	-	-	10,987	-	-	-
Notes Receivable	-	61,227	-	61,227	-	-	-
Other	1,752	31,989	-	33,741	-	1,396	1,396
Total Receivables	\$ 3,804,084	\$ 3,003,926	\$ 3,507	\$ 6,811,517	\$ 59,977,348	\$ 10,137,259	\$ 70,114,607

Accounts payable and other liabilities at year-end consist of the following:

	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Governmental Activities</u>	<u>Utility Fund</u>	<u>Non-Major Enterprise Funds</u>	<u>Business-Type Activities</u>
Accounts Payable	\$ 2,075,910	\$ 5,149,317	\$ 648,090	\$ 7,873,317	\$ 15,299,930	\$ 3,545,001	\$ 18,844,931
Fuels Payable	-	-	-	-	4,769,484	-	4,769,484
Retainage	-	988,945	-	988,945	-	28,155	28,155
Payroll and Related Liabilities	2,233,616	23,911	64,333	2,321,860	-	439,085	439,085
Insurance Claims and Reserves	-	-	8,258,234	8,258,234	-	-	-
Due to Other Governments	17,188	5,615	-	22,803	-	6,184	6,184
Deposits	737,956	126,572	-	864,528	-	-	-
Assets Held in Evidence	-	670,492	-	670,492	-	-	-
Other	11,703	779	-	12,482	-	-	-
Total Accounts Payable and Accrued Liabilities	\$ 5,076,373	\$ 6,965,631	\$ 8,970,657	\$ 21,012,661	\$ 20,069,414	\$ 4,018,425	\$ 24,087,839

NOTE 13 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

Due to/from other funds

	<u>Due from</u>					<u>Total</u>
	<u>General</u>	<u>Utility</u>	<u>Non-Major Governmental</u>	<u>Internal Service</u>	<u>Non-Major Enterprise</u>	
Due to						
General	\$ -	\$ 3,236,467	\$ 2,319,270	\$ -	\$ 10,897,397	\$ 16,453,134
Utility	-	-	579,787	-	1,486,033	2,065,820
Non-major governmental	-	25,688	-	-	-	25,688
Internal service	-	706,818	-	-	-	706,818
Non-major enterprise	-	109,836	-	-	-	109,836
Total	\$ -	\$ 4,078,809	\$ 2,899,057	\$ -	\$ 12,383,430	\$ 19,361,296

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 13 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS (Continued)

Due to/from other funds (Continued)

The \$10,897,397 interfund payable from non-major enterprise funds to the general fund resulted from Ironwood and Regional Transit overdrawing their share of the pooled cash account. The \$3,915,607 due to the general fund from non-major governmental funds is composed of a \$2,319,270 interfund payable resulting from certain funds overdrawing their share of the pooled cash account, and \$1,596,337 of advances to the CRA as further described below. 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 Non-Major Governmental Funds resulted from various notes between the City and the Community Redevelopment Agency (CRA) blended component unit for various projects within the four CRA districts. A description of each note is listed below:

- **\$836,900 Commerce Building/AMJ Project, Downtown Promissory Note** – 1.05% to 4.28% fixed annual interest rate. In September 1999, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds associated with the Commerce Building project. In July 2004, the note was amended to specify that repayment will be from all tax increment proceeds from the Downtown Redevelopment Area. The final repayment is scheduled for January 2020.
- **\$434,955 The Lofts (Old Stringfellow) – 609 West University Avenue, College Park Promissory Note** – 1.57% to 4.96% fixed annual interest rate. In April 2001, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds. In October 2004, the note was amended for the redevelopment of the area known as The Lofts. The final repayment is scheduled for November 2024.
- **\$650,000 Fifth Avenue/Pleasant Street Projects, Fifth Avenue/Pleasant Street Promissory Note** – 6.72% fixed annual interest rate. In April 2002, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds. The final repayment is scheduled for July 2022.
- **\$1,400,600 Courthouse Parking Facility Project, Downtown Promissory Note** – 6.72% fixed annual interest rate. In April 2002, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds. The final repayment is scheduled for July 2024.
- **\$300,000 Eastside District Redevelopment Trust Promissory Note** – 4.5% to 6.2% fixed annual interest rate. In May 2005, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds. The final repayment is scheduled for July 2025.
- **\$800,000 College Park / 2nd Avenue Redevelopment Trust, College Park Promissory Note** – 4.5% to 6.2% fixed annual interest rate. In May 2005, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds. The final repayment is scheduled for July 2025.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 13 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS (Concluded)

Due to/from other funds (Concluded)

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

Fiscal Year Ending September 30,	Advances from General Fund to CRA		
	Principal	Interest	Total
2019	\$ 305,917	\$ 70,512	\$ 376,429
2020	292,270	57,600	349,870
2021	230,756	56,245	287,001
2022	243,278	34,877	278,155
2023	203,719	23,404	227,123
2024-25	320,397	18,019	338,416
Total	<u>\$ 1,596,337</u>	<u>\$ 260,657</u>	<u>\$ 1,856,994</u>

Interfund transfers

	Transfers from					Total
	General	Utility	Non-Major Governmental	Internal Service	Non-Major Enterprise	
Transfers to						
General	\$ -	\$ 36,379,080	\$ 398,710	\$ -	\$ 375,915	\$ 37,153,705
Non-Major governmental	21,861,094	-	13,622,580	84,500	2,383,358	37,951,532
Internal service	57,735	-	-	-	-	57,735
Non-Major enterprise	1,447,294	-	445,374	-	-	1,892,668
Total	<u>\$ 23,366,123</u>	<u>\$ 36,379,080</u>	<u>\$ 14,466,664</u>	<u>\$ 84,500</u>	<u>\$ 2,759,273</u>	<u>\$ 77,055,640</u>

The Utility transfer totaling \$36,379,080 to the General Fund is based on a formula adopted by the City Commission (see Note 14 for additional detail). \$10,432,325 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 14 - UTILITY FUND TRANSFERS TO GENERAL FUND

GRU transfers monies monthly to the City’s general fund that are historically based on a predefined formula that predominantly tied the transfer directly to the Utility’s revenue generation. 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.

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 (GFT) 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 receives related to the GREC Biomass Facility.

The transfer to the General Fund for the year ended September 30, 2018, was \$36,379,080.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 15 - COMMITMENTS AND CONTINGENCIES

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

General Utility

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

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

Environmental and Other Natural Resource Regulations

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

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

Further litigation is expected regardless of the D.C. Circuit Court of Appeals decision. In addition, the EPA has been given presidential direction to review the Clean Power Plan (CPP). The court has also ordered the parties to file supplemental briefs addressing whether the challenges should be remanded to the EPA rather than held in abeyance. The briefs were filed on May 15, 2017. On October 10, 2017, EPA proposed to repeal the CPP. The Whitehouse OMB received the EPA's proposal to replace the CPP on July 9, 2018. Then on August 21, 2018, EPA proposed the Affordable Clean Energy (ACE) plan as a replacement to the CPP. It is currently under review.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)

Internal Combustion Engine MACT

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

Climate Change

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

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

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

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)

Climate Change (Concluded)

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

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

On October 10, 2017, the EPA Administrator signed a rule proposing the repeal of the CPP and on October 16, 2017, the proposed repeal of the CPP was published in the *Federal Register*. On November 2, 2017, a hearing was announced for November 28 and 29, 2017, in West Virginia.

On January 11, 2018, the comment period was extended to April 26, 2018, and three listening sessions were announced for February and March in Missouri, California and Wyoming.

With respect to a replacement rule, the Advance Notice of Proposed Rulemaking for the CPP replacement was published on December 28, 2017. The Whitehouse OMB received the EPA’s proposal to replace the CPP on July 9, 2018. Then on August 21, 2018, EPA proposed the Affordable Clean Energy (ACE) plan as a replacement to the CPP. It is currently under review.

Coal Combustion Products

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

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

FCG has requested FDEP to apply to EPA for program approval through FDEP’s incorporation by reference of the federal CCR Rule, in the Department’s rules, which may include Florida specific provisions.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)

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 storage tank systems. GRU has eleven fuel oil storage tanks. The South Energy Center has two underground distillate (No. 2) oil tanks; the JRK Station has four above-ground distillate oil tanks, two of which are empty and out of service, and two above-ground No. 6 oil tanks which are also empty and out of service. DH has one above-ground distillate and two above-ground No. 6 oil tanks one of which is out of service.

All of GRU's fuel storage tanks have secondary containment and/or interstitial monitoring and the Utility is insured for the requisite amounts.

Remediation Sites

Several site investigations have been completed at the JRK Station, most recently in 2011. According to previous assessments, the horizontal extent of impacted soils 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.

Following the submittal of the August 2013 No Further Action Proposal, the Florida Department of Environmental Protection (FDEP) prepared comments regarding the No Further Action Proposal and provided them to GRU in a letter dated January 10, 2014. In August of 2014 GRU provided responses to the FDEP's January 2014 comment letter. In March of 2016 an attempt was made to meet with the FDEP, but a time was not set up for the meeting. The delay in responding to GRU's comments was due in part to the FDEP waiting on resolution of the request to use an active hydraulic containment system as an engineering control. Ultimately, the FDEP rejected the use of the active containment system as an engineering control. On April 17, 2017, the FDEP provided comments on GRU's August 2014 response to the FDEP January 2014 comment letter.

The FDEP requested further assessment of the extent of No. 6 fuel oil in the subsurface. GRU's response proposed additional soil investigation to assess the extent of No. 6 fuel oil; both as a non-aqueous phase liquid and as stained soils. GRU also proposed temporarily shutting down the groundwater recovery system and evaluating whether free product returns to the wells. This information will be used to evaluate what actions will be needed to recover free product, if any is detected.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)

Water Use Restrictions

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

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

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

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

Manufactured Gas Plant

Gainesville's natural gas system originally distributed blue water gas, which was produced in town by gasification of coal using distillate oil. Although manufactured gas was replaced by pipeline gas in the mid-1950's, coal residuals and spilt fuel contaminated soils remain on 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 \$2,204,402 from such policies. GRU received final approval of its Remedial Action Plan which included the excavation and landfilling of impacted soils. This plan was implemented pursuant to a Brownfield Site Rehabilitation Agreement with the State. Following remediation, the property has been redeveloped by the City as a park with storm-water ponds, nature trails, and recreational space, all of which were considered in the remediation plan's design. The duration of the groundwater monitoring program is unknown, and that timeframe is open to the results of the sampling data.

Based upon GRU's analysis of the cost to clean up this site, GRU has accrued a liability to reflect the costs associated with the cleanup effort. During fiscal year 2018, expenditures which reduced the liability balance were \$1,255,275. The reserve balance at September 30, 2018 was \$641,000.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Concluded)

Manufactured Gas Plant (Concluded)

GRU is recovering the costs of this cleanup through customer charges. A regulatory asset was established for the recovery of remediation costs from customers. Customer billings were \$1,261,255 as of September 30, 2018. The regulatory asset balance was \$11,741,332 as of September 30, 2018.

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

GREC

On March 10, 2016, GREC filed arbitration (American Arbitration Association Case No. 01-16-0000-8157) against the City doing business as Gainesville Regional Utilities, initially challenging GRU's withholding payment of invoiced amounts pursuant to the long-term power purchase agreement between GRU and GREC. Since January 31, 2017, \$8,514,656 (including accrued interest) had been withheld by GRU based on disputed amounts actually invoiced by GREC. In addition, GREC had alleged claims in contract and tort that it asserts could result in aggregate damages to GREC of over \$100 million. Likewise, GRU had alleged claims in contract that could result in aggregate damages to GRU of over \$100 million. GRU entered into a Memorandum of Understanding with GREC on April 24, 2017, to explore the possible purchase of the biomass plant, the cancellation of the PPA and the resolution of the arbitration case. On September 12, 2017, GRU and GREC executed the APA which defined the purchase of the biomass plant, the termination of the PPA and the resolution of the arbitration case. Pursuant to the terms of the APA, GRU purchased the biomass plant on November 7, 2017.

Operating Leases

GRU leases various equipment, facilities and property under operating leases that are cancelable only under certain circumstances. Rental costs under operating leases for the years ended September 30, 2018 was \$125,607.

Future minimum rental payments for various operating leases are:

<u>Year Ending September 30,</u>	<u>Future Minimum Rental Payments</u>
2019	\$ 52,538
2020	26,639
2021	17,507
2022	8,849
2023	8,849
2024-2028	30,250
2029-2033	30,250
2034-2038	30,250
2039-2043	30,250
2044-2046	18,150
	<u>\$ 253,532</u>

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 16 - LEASE REVENUE

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

Year Ending September 30,	Future Minimum Rental Payments
2019	\$ 1,752,200
2020	1,549,432
2021	1,457,456
2022	1,293,285
2023	903,207
2024-2028	3,572,765
2029-2033	1,842,893
Thereafter	96,411
	\$ 12,467,649

NOTE 17 - INVESTMENT IN THE ENERGY AUTHORITY

GRU has an equity investment in The Energy Authority (TEA), a power marketing corporation comprised of eight municipal utilities as of September 30, 2018: MEAG Power, JEA (Florida), South Carolina Public Service Authority, Nebraska Public Power District, GRU, City Utilities of Springfield (Missouri), Public Utility District No. 1 of Cowlitz County (Washington), and American Municipal Power, Inc. (Ohio). TEA provides energy products and resource management services to equity members and non-members and allocates transaction savings and operating expenses to equity members pursuant to Settlement Procedures under the Operating Agreement.

In the Statement of Revenues, Expenses, and Changes in Net Position, GRU's sales to and purchases from TEA are recorded in sales and service charges and operations and maintenance expenses, respectively. For the year ended September 30, 2018, sales to TEA totaled \$2,522,414 and purchases from TEA totaled \$7,843,994. GRU's equity interest was 5.6% for fiscal year 2018, and accounted for using the equity method of accounting. As of September 30, 2018, GRU's investment in TEA was \$2,257,295 million.

Through a combination of agreements, GRU guaranteed credit received by TEA for \$21,742,857 million as of September 30, 2018. 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, 2018, GRU had not recorded a liability related to these guarantees.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 17 – INVESTMENT IN THE ENERGY AUTHORITY (Concluded)

The table below contains unaudited condensed financial information for TEA for the period ended September 30, 2018.

Condensed Statement of Operations	(In Thousands)
Total revenue	\$ 1,334,738
Total cost of sales and expense	(1,252,868)
Operating income	81,870
Nonoperating income	105
Change in net position	81,975
Net position, beginning of period	36,417
Capital contributions	6
Member distributions	(77,767)
Net position, end of period	<u>\$ 40,631</u>
Condensed Balance Sheet	
Assets:	
Current assets	\$ 165,904
Noncurrent assets	21,510
Total assets	<u>187,414</u>
Liabilities:	
Current liabilities	146,768
Noncurrent liabilities	15
Total liabilities	146,783
Total net position	40,631
Total liabilities and net position	<u>\$ 187,414</u>

As of September 30, 2018, GRU's accounts receivable due from TEA totaled approximately \$483,286. 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 18 – CONDUIT DEBT

The City has previously 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. As of September 30, 2018, there were two Industrial Revenue Bonds outstanding, with an aggregate principal amount of \$5,000,000.

During the year, the City issued Continuing Care Retirement Community Revenue Refunding Notes 2017A and 2017B for the purpose of providing funds to refinance certain obligations of Oak Hammock at the University of Florida, Inc. (the Borrower). These Notes are payable solely from revenues of the Borrower. As of September 30, 2018, the aggregate principal amount remaining of the two notes is \$35,000,000.

There is no obligation on the part of the City, County, State, or any political subdivision for repayment of the bonds or notes. Accordingly, the conduit debt is not reported as liabilities in the accompanying financial statements.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2018

NOTE 19 – TAX ABATEMENTS

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

For fiscal year ended September 30, 2018, the City paid the following Tax Increment Recapture amounts for the following projects:

- \$160,613 of Tax Increment Fund Incentive Reimbursement for Union Street Station, a multi-family and commercial complex located in downtown Gainesville.
- \$141,259 of Tax Increment Fund Incentive Reimbursement for a façade and streetscape project located in the CRA’s 5th Avenue/Pleasant Street District.

NOTE 20 – RESTATEMENTS

The City restated the beginning net position as a result of two changes in accounting principles. The restatement resulted from the implementation of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as discussed in Note 1. The second adjustment was for the change in measurement dates of the Consolidated Plan in order to align the measurement dates used for the various plans sponsored by the City. The restatements of beginning net position are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Government- wide</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>
Net position - beginning of year, as previously reported	\$ 150,691,771	\$ 536,843,037	\$ 687,534,808	\$ 86,632,515	\$ 28,097,241
Restatement:					
Net pension liability	(5,191,767)	-	(5,191,767)	-	-
Net OPEB liability	(20,034,824)	(552,024)	(20,586,848)	(552,024)	(93,364)
Total Restatement	(25,226,591)	(552,024)	(25,778,615)	(552,024)	(93,364)
Net position - beginning of year, as restated	<u>\$ 125,465,180</u>	<u>\$ 536,291,013</u>	<u>\$ 661,756,193</u>	<u>\$ 86,080,491</u>	<u>\$ 28,003,877</u>

NOTE 21 – SUBSEQUENT EVENTS

Air Quality Control—GRU experienced a collapse of the Turbosorp Air Quality Control System at the Deerhaven Unit 2 generation facility during fiscal year 2016. This failure resulted in a loss of \$5,374,255 recorded as a receivable and regulatory asset during the fiscal year ended September 30, 2018. GRU filed an insurance claim after the incident and received a payment of \$3,931,250 on December 6, 2018, from one insurance carrier that will be applied against the receivable. On December 28, 2018, GRU received an additional payment of \$318,750 from another insurance carrier that will be applied against the regulatory asset.

Utility System Revenue Bonds—On February 21, 2019, the City Commission approved a supplemental utilities system revenue bond resolution authorizing the issuance of the 2019 Series A and B bonds. Approximately \$160 million in proceeds from Series A will be used to fund capital projects in 2019 and 2020, replenish Utility Plant Improvement Fund reserves, and convert GRU’s currently outstanding tax-exempt short-term commercial paper to long-term bonds. Approximately \$26.7 million in proceeds from Series B will be used to fund GRUCom capital projects over the next several years, convert outstanding taxable commercial paper to long-term bonds, and refund the outstanding 2005 Series B bonds.

Required Supplementary Information

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amount		Actual	Encumbrances	Budgetary Basis	Variance with Final Budget
	Original	Final				Positive
Revenues						
Taxes	\$ 46,951,564	\$ 46,976,196	\$ 47,591,321	\$ -	\$ 47,591,321	\$ 615,125
Licenses and permits	7,565,071	7,540,439	7,370,540	-	7,370,540	(169,899)
Intergovernmental	14,653,400	14,687,486	15,535,465	-	15,535,465	847,979
Charges for services	12,059,958	11,740,824	10,925,785	-	10,925,785	(815,039)
Fines and forfeitures	1,115,493	1,115,493	1,000,182	-	1,000,182	(115,311)
Miscellaneous	1,278,598	1,261,947	1,459,305	-	1,459,305	197,358
Total Revenues	83,624,084	83,322,385	83,882,598	-	83,882,598	560,213
Expenditures						
Current:						
General government	20,989,763	19,737,318	18,254,048	-	18,254,048	1,483,270
Public safety	59,692,637	59,893,359	59,956,795	4,975	59,961,770	(68,411)
Physical environment	370,342	196,446	165,030	-	165,030	31,416
Transportation	12,669,375	12,702,047	11,510,784	-	11,510,784	1,191,263
Economic environment	361,410	352,035	405,297	-	405,297	(53,262)
Human services	15,000	-	-	-	-	-
Culture and recreation	9,298,326	8,674,416	8,473,164	20,000	8,493,164	181,252
(Total Expenditures)	103,396,853	101,555,621	98,765,118	24,975	98,790,093	2,765,528
(Deficiency) Revenue						
(Under) Expenditures	(19,772,769)	(18,233,236)	(14,882,520)	(24,975)	(14,907,495)	3,325,741
Other Financing						
Sources (Uses)						
Transfers in	36,964,994	37,168,512	37,153,705	-	37,153,705	(14,807)
Transfers (out)	(18,574,108)	(24,417,231)	(23,366,123)	-	(23,366,123)	1,051,108
Total Other Financing						
Sources (Uses)	18,390,886	12,751,281	13,787,582	-	13,787,582	1,036,301
Net Changes in Fund Balances	\$ (1,381,883)	\$ (5,481,955)	\$ (1,094,938)	\$ (24,975)	\$ (1,119,913)	\$ 4,362,042

CITY OF GAINESVILLE, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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

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

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

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

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

As illustrated on the previous page, on the budgetary basis, total expenditures were \$2,765,528 less than the final budget. Revenues were recognized in an amount \$560,213 more than the final budget. Including other financing sources and uses, the General Fund balance increased by \$4,362,042 more than was budgeted.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service costs	\$ 8,196,544	\$ 8,355,553	\$ 7,789,638	\$ 7,153,541	\$ 6,612,646
Interest	42,877,827	39,934,706	38,189,162	35,741,289	36,171,225
Differences between expected and actual experience	(5,088,593)	7,646,058	1,125,190	1,954,558	1,105,967
Transfer from Disability Plan	-	-	-	2,455,848	-
Changes of assumptions	5,721,214	21,041,875	4,860,706	15,880,346	-
One time adjustment for DROP account balances	-	10,038,916	-	-	-
Contributions - buy back	89,300	-	-	-	-
Benefit payments, including refunds of employee contributions	(33,106,728)	(34,963,352)	(37,252,988)	(28,306,207)	(31,819,142)
Net change in total pension liability	18,689,564	52,053,756	14,711,708	34,879,375	12,070,696
Total pension liability-beginning	537,712,710	485,658,954	470,947,246	436,067,871	423,997,175
Total pension liability-ending (a)	<u>\$ 556,402,274</u>	<u>\$ 537,712,710</u>	<u>\$ 485,658,954</u>	<u>\$ 470,947,246</u>	<u>\$ 436,067,871</u>
Plan fiduciary net position					
Employer contributions	16,372,689	14,654,934	13,481,032	11,746,935	11,519,431
Employee contributions	4,317,403	4,829,122	7,947,069	4,429,289	4,260,476
Contributions - buy back	89,300	-	-	-	-
Net investment income	49,219,793	58,605,302	39,190,078	(2,486,089)	34,176,892
Transfer from Disability Plan	-	-	-	2,320,442	-
Benefit payments, including refunds of employee contributions	(33,106,728)	(38,469,162)	(37,252,988)	(28,306,207)	(26,161,924)
Administrative expense	(697,884)	(604,905)	(670,867)	(580,988)	(613,886)
Net change in plan fiduciary net position	36,194,573	39,015,291	22,694,324	(12,876,618)	23,180,989
Plan fiduciary net position-beginning	396,313,562	357,298,271	334,603,947	347,480,565	324,299,576
Plan fiduciary net position-ending (b)	<u>\$ 432,508,135</u>	<u>\$ 396,313,562</u>	<u>\$ 357,298,271</u>	<u>\$ 334,603,947</u>	<u>\$ 347,480,565</u>
City's net pension liability-ending (a)-(b)	<u>\$ 123,894,139</u>	<u>\$ 141,399,148</u>	<u>\$ 128,360,683</u>	<u>\$ 136,343,299</u>	<u>\$ 88,587,306</u>
Plan fiduciary net position as a percentage of the total pension liability	77.73%	73.70%	73.57%	71.05%	79.68%
Annual covered payroll	\$ 89,976,976	\$ 91,143,976	\$ 80,223,575	\$ 79,930,261	\$ 81,654,532
Net pension liability as a percentage of covered payroll	137.70%	155.14%	160.00%	170.58%	108.49%

Notes to Schedule:

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

Changes to assumptions resulted from reducing the investment return rate from 8.10% to 8.00% in 2018. The schedule will present ten years comparative data in the future.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF GAINESVILLE, FLORIDA
SCHEDULES OF CITY CONTRIBUTIONS
EMPLOYEES' PENSION PLAN
LAST SIX FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 16,777,348	\$ 14,654,934	\$ 13,481,032	\$ 13,211,521	\$ 12,700,223	\$ 10,927,391
Contributions in relation to the actuarially determined contribution	16,372,689	14,654,934	13,481,032	12,224,716	11,995,271	10,206,334
Contribution deficiency (excess)	<u>\$ 404,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 986,805</u>	<u>\$ 704,952</u>	<u>\$ 721,057</u>
Covered payroll	\$ 89,976,976	\$ 91,143,976	\$ 80,223,575	\$ 79,930,261	\$ 81,654,532	\$ 80,365,984
Contributions as percentage of covered payroll	18.20%	16.08%	16.80%	15.29%	14.69%	12.70%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age, level percent of pay
Amortization method	Level percentage, closed
Remaining amortization period	21 to 30 years based on year established; gains/losses, assumption plan changes over 30 years from inception
Asset valuation method	Actuarial value, based on 5-year recognition of returns greater or less than the assumed investment return
Inflation rate	3.75%
Investment return rate	8.00%, net of pension investment expenses
Salary increase rate	3.00%-5.00%
Mortality rates	Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected generationally with Mortality Improvement Scale BB

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service costs	\$ 3,682,078	\$ 4,254,335	\$ 3,812,252	\$ 4,094,841	\$ 3,730,365
Interest	21,993,597	21,463,554	20,156,185	23,375,806	19,299,422
Differences between expected and actual experience	(2,419,821)	2,311,687	(6,006,515)	(140,568)	-
Changes of assumptions	4,612,282	2,158,450	2,719,455	2,608,508	2,523,158
Benefit payments, including refunds of employee contributions	(19,464,524)	(16,100,144)	(15,444,821)	(17,602,583)	(12,898,782)
Net change in total pension liability	8,403,612	14,087,882	5,236,556	12,336,004	12,654,163
Total pension liability-beginning	277,576,074	263,488,192	258,251,636	245,915,632	233,261,469
Total pension liability-ending (a)	<u>\$ 285,979,686</u>	<u>\$ 277,576,074</u>	<u>\$ 263,488,192</u>	<u>\$ 258,251,636</u>	<u>\$ 245,915,632</u>
Plan fiduciary net position					
Employer contributions	\$ 4,507,892	\$ 4,294,312	\$ 3,716,354	\$ 3,682,847	\$ 3,855,020
Employee contributions	1,963,471	2,024,693	2,093,074	1,972,417	2,067,685
State contributions	1,366,304	1,254,172	1,242,740	1,269,827	1,259,995
Net investment income	24,056,126	31,854,789	22,310,321	(93,259)	21,911,535
Benefit payments, including refunds of employee contributions	(19,464,524)	(16,100,144)	(15,444,821)	(17,602,583)	(12,898,782)
Administrative expense	(699,346)	(564,203)	(585,416)	(609,229)	(609,264)
Net change in plan fiduciary net position	11,729,923	22,763,619	13,332,252	(11,379,980)	15,586,189
Plan fiduciary net position-beginning	241,763,801	219,000,182	205,667,930	217,047,910	201,461,721
Adjustment to beginning of year	(271,899)	-	-	-	-
Plan fiduciary net position-ending (b)	<u>\$ 253,221,825</u>	<u>\$ 241,763,801</u>	<u>\$ 219,000,182</u>	<u>\$ 205,667,930</u>	<u>\$ 217,047,910</u>
City's net pension liability-ending (a)-(b)	<u>\$ 32,757,861</u>	<u>\$ 35,812,273</u>	<u>\$ 44,488,010</u>	<u>\$ 52,583,706</u>	<u>\$ 28,867,722</u>
Plan fiduciary net position as a percentage of the total pension liability	88.55%	87.10%	83.12%	79.64%	88.26%
Annual covered payroll	\$ 25,263,376	\$ 25,501,291	\$ 23,885,642	\$ 25,539,198	\$ 24,364,333
Net pension liability as a percentage of covered payroll	129.67%	140.43%	186.25%	205.89%	118.48%

Notes to Schedule:

Changes of Assumptions: The investment rate of return was changed from 8.10% to 8.00% for 2018.

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

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF GAINESVILLE, FLORIDA
SCHEDULES OF POLICE OFFICERS' AND FIREFIGHTERS' CONSOLIDATED
PENSION PLAN EMPLOYER CONTRIBUTIONS
LAST FIVE FISCAL YEARS**

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 4,507,892	\$ 4,294,312	\$ 3,716,354	\$ 3,682,847	\$ 3,855,020
Contributions in relation to the actuarially determined contribution	4,507,892	4,294,312	3,716,354	3,682,847	3,855,020
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 25,263,376	\$ 25,501,291	\$ 23,885,642	\$ 25,539,198	\$ 24,364,333
Contributions as percentage of covered payroll	17.84%	16.84%	15.56%	14.42%	15.82%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed
Remaining amortization period	30 years
Asset valuation method	Actuarial value
Inflation rate	3.00%
Investment return rate	8.00%, net of investment expenses
Salary increase rate	2.00% to 6.00%
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 FIVE FISCAL YEARS
PENSION PLANS**

Fiscal Year	Annual Money-Weighted Rate of Return on Pension Plan Investments	
	General Pension Plan	Consolidated Plan
2018	12.63%	10.22%
2017	11.84%	11.20%
2016	11.84%	11.20%
2015	-0.74%	0.00%
2014	10.61%	11.01%

Note to Schedule

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service costs	\$ 1,467,084	\$ 1,282,158
Interest	5,676,583	5,274,094
Differences between expected and actual experience	3,158,374	(914,359)
Changes of assumptions	675,415	559,493
Benefit payments, including refunds of employee contributions	<u>(4,354,263)</u>	<u>(4,109,173)</u>
Net change in total OPEB liability	6,623,193	2,092,213
Total OPEB liability - beginning	67,590,558	65,498,345
Total OPEB liability - ending (a)	<u>\$ 74,213,751</u>	<u>\$ 67,590,558</u>
Plan fiduciary net position		
Employer contributions	2,016,572	1,622,729
Net investment income	6,250,519	6,550,405
Net benefit payments	(4,354,263)	(4,109,173)
Administrative expense	<u>(13,890)</u>	<u>(6,082)</u>
Net change in plan fiduciary net position	3,898,938	4,057,879
Plan fiduciary net position-beginning	63,500,353	59,442,474
Plan fiduciary net position-ending (b)	<u>\$ 67,399,291</u>	<u>\$ 63,500,353</u>
City's net OPEB liability-ending (a)-(b)	<u>\$ 6,814,460</u>	<u>\$ 4,090,205</u>
Plan fiduciary net position as a percentage of the total pension liability	90.82%	93.95%
Annual covered payroll	\$ 118,530,552	\$ 122,798,859
Net OPEB liability as a percentage of covered payroll	5.75%	3.33%

Notes to Schedule

A. Benefit changes: None

B. Changes to assumptions:

The discount rate was updated from 8.1% at 9/30/17 to 8.0% at 9/30/18.

The following assumption changes are reflected in both the total OPEB liability at the beginning of FY18 and the total OPEB liability at the end of FY18:

- The mortality assumptions was updated in accordance with the changes that were enacted in the 2015 legislative session to sections 112.63 and 112.664 of the Florida Statutes.
- The retirement rates for firefighters and the withdrawal rates and salary increase assumption for firefighters and police officers were updated to reflect the results of an experience study conducted by Conduent in 2018.
- The salary increase assumption for general employees was updated to reflect the results of an experience study conducted by Conduent in 2018.
- The healthcare claims cost per participant assumption was updated to include October 2017 through September 2018 actual claims.
- Updated valuation model for Medicare participants due to the implementation of Alternative Medicare options in 2016.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF CITY CONTRIBUTIONS
OPEB PLAN
LAST TWO FISCAL YEARS**

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 731,060	\$ 616,087
Contributions in relation to the actuarially determined contribution	2,016,572	1,622,729
Contribution deficiency (excess)	<u>\$ (1,285,512)</u>	<u>\$ (1,006,642)</u>
Covered payroll	\$ 118,530,552	\$ 122,798,859
Contributions as percentage of covered payroll	1.70%	1.30%

Notes to Schedule

A. Valuation date: Actuarially determined contribution calculated as of October 1, 2017, applies for the fiscal year ended September 30, 2018.

B. Methods and assumptions used to determine contribution:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage, closed
Amortization period	10 years
Asset valuation method	Actuarial value
Inflation rate	3.75%
Payroll growth	3.00% to 5.00%
Investment return rate	8.00%, net of investment expenses
Salary increase rate	3.75% to 7.00%
Retirement rates	Schedule of probabilities based on age and service, increasing as age and service increase
Mortality rates	RP-2000 Mortality Table

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year	Annual Money-Weighted Rate of Return on OPEB Plan Investments
2018	9.97%
2017	11.25%

Note to Schedule

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

Supplementary Information

NON-MAJOR 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 non-major 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.

SPECIAL REVENUE FUNDS

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

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

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

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

Emergency Events Fund – to account for funds accumulated for emergency preparedness.

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.

Fire Assessment Fund – to account for fire assessment fees not included in the general fund.

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.

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.

SPECIAL REVENUE FUNDS

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.

Guaranteed Entitlement Revenue and Refunding Bonds 1994 - to receive and account for funds (Guaranteed Entitlement funds) to accumulate the debt service requirements of the Guaranteed Entitlement Refunding Bonds of 1994.

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

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

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

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

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

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

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

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

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

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

Revenue Refunding Note Series 2016A – to account for funds to accumulate the debt service requirements of the Revenue Refunding Note of 2016.

Capital Improvement Revenue Note (CIRN) Series 2016B (5c Gas Tax) – to account for funds to accumulate the debt service requirements of the CIRN of 2016B.

Capital Improvement Revenue Bond 2017 - to account for funds to accumulate the debt service requirements of the CIRN of 2017.

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 non-refunding portion of the 1994 Guaranteed Entitlement Revenue & Refunding Bonds & interest earnings.

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

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

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

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

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Improvement Revenue Note 2016B Additional 5c Gas Tax CIP Fund – to account for the costs of various capital projects financed by the CIRN 2016B and interest earnings.

Capital Improvement Revenue Note (CIRN) 2017 CIP Fund – to account for the costs of various capital projects financed by the CIRN 2017 and interest earnings.

Wild Spaces Public Places ½ Cent Sales Tax 2017-2025 Capital Projects Fund – to account for the receipt of a portion of the Wild Spaces Public Places eight-year ½ cent sales tax and the related capital projects associated with public recreation funded by the tax and interest earnings.

Wild Spaces Public Places Joint Projects Fund – to account for joint capital projects funded by the Wild Spaces Public Places eight-year ½ cent sales tax.

**CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	Special Revenue Funds			
	Community Develop- ment Block Grant Fund	Urban Develop- ment Action Grant Fund	Home Grant Fund	Cultural and Nature Projects Fund
Assets				
Equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ 136,975
Investments	-	-	-	-
Receivables	53,409	-	282,389	1,507
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	53,409	-	282,389	138,482
Liabilities				
Accounts payable and accrued liabilities	42,898	-	90,248	11,112
Due to other funds	140,130	6,581	591,836	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	183,028	6,581	682,084	11,112
Deferred Inflows of Resources				
Deferred revenue-notes receivable	33,165	-	26,673	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	33,165	-	26,673	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	127,370
Assigned	-	-	-	-
Unassigned	(162,784)	(6,581)	(426,368)	-
Total Fund Balances	(162,784)	(6,581)	(426,368)	127,370
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 53,409	\$ -	\$ 282,389	\$ 138,482

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Special Revenue Funds			
	State Law Enforce- ment Contraband Forfeiture Fund	Federal Law Enforce- ment Contraband Forfeiture Fund	Police Billable Overtime Fund	Community Redevelop- ment Agency Fund
Assets				
Equity in pooled cash and investments	\$ 304,928	\$ 893,798	\$ -	\$ 1,166,310
Investments	-	-	-	-
Receivables	-	-	89,322	8,208
Due from other funds	-	-	834	-
Assets held for evidence	670,492	-	-	-
Total Assets	975,420	893,798	90,156	1,174,518
Liabilities				
Accounts payable and accrued liabilities	673,364	1,441	15,027	14,054
Due to other funds	-	-	488,917	144,000
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	1,596,337
Total Liabilities	673,364	1,441	503,944	1,754,391
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	302,056	892,357	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(413,788)	(579,873)
Total Fund Balances	302,056	892,357	(413,788)	(579,873)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 975,420	\$ 893,798	\$ 90,156	\$ 1,174,518

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Special Revenue Funds			
	Street Sidewalk and Ditch Improve- ment Fund	Economic Develop- ment Fund	Miscel- laneous Gifts and Grants Fund	Transport- ation Concurrency Exception Area Fund
Assets				
Equity in pooled cash and investments	\$ 185,107	\$ 373,760	\$ -	\$ 4,292,655
Investments	-	-	-	-
Receivables	2,611	39,459	2,198,092	-
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	187,718	413,219	2,198,092	4,292,655
Liabilities				
Accounts payable and accrued liabilities	-	558	331,926	249,127
Due to other funds	-	-	1,067,381	-
Unearned revenues	-	-	113,861	-
Advances from other funds	-	-	-	-
Total Liabilities	-	558	1,513,168	249,127
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	3,458	-	-	-
Total Deferred Inflows of Resources	3,458	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	184,260	-	684,924	4,043,528
Committed	-	412,661	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	184,260	412,661	684,924	4,043,528
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 187,718	\$ 413,219	\$ 2,198,092	\$ 4,292,655

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Special Revenue Funds			
	Water and Wastewater Surcharge Infra- structure Fund	SHIP Fund	Hurricane Irma 2017 Fund	Small Business Loan Fund
Assets				
Equity in pooled cash and investments	\$ 1,536,198	\$ 1,510,571	\$ 298,301	\$ 101,201
Investments	-	-	-	-
Receivables	-	-	-	-
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	1,536,198	1,510,571	298,301	101,201
Liabilities				
Accounts payable and accrued liabilities	787	2,570	-	-
Due to other funds	19,452	-	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	20,239	2,570	-	-
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	1,508,001	-	-
Committed	1,515,959	-	-	101,201
Assigned	-	-	298,301	-
Unassigned	-	-	-	-
Total Fund Balances	1,515,959	1,508,001	298,301	101,201
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,536,198	\$ 1,510,571	\$ 298,301	\$ 101,201

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Special Revenue Funds			
	Emergency Events Fund	Miscellaneous Special Revenue Fund	Fire Assessment Fund	Tourist Product Development FY13 Fund
Assets				
Equity in pooled cash and investments	\$ -	\$ 2,311,189	\$ 1,096	\$ -
Investments	-	-	-	-
Receivables	-	280,312	-	-
Due from other funds	-	24,854	-	-
Assets held for evidence	-	-	-	-
Total Assets	-	2,616,355	1,096	-
Liabilities				
Accounts payable and accrued liabilities	-	224,342	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	-	224,342	-	-
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	1,096,300	1,096	-
Committed	-	-	-	-
Assigned	-	1,295,713	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	2,392,013	1,096	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 2,616,355	\$ 1,096	\$ -

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Special Revenue Funds			
	Tree Mitigation Fund	Evergreen Cemetery Trust Fund	School Crossing Guard Trust Fund	Art in Public Places Trust Fund
Assets				
Equity in pooled cash and investments	\$ 2,197,650	\$ 27,981	\$ -	\$ -
Investments	-	1,590,759	-	-
Receivables	-	267	-	-
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	2,197,650	1,619,007	-	-
Liabilities				
Accounts payable and accrued liabilities	70,091	1,558	-	-
Due to other funds	-	-	14,672	9,208
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	70,091	1,558	14,672	9,208
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	973,501	-	-
Restricted	-	643,948	-	-
Committed	2,127,559	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(14,672)	(9,208)
Total Fund Balances	2,127,559	1,617,449	(14,672)	(9,208)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,197,650	\$ 1,619,007	\$ -	\$ -

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Special Revenue Funds			
	Downtown Redevelopment Tax Increment Fund	Fifth Avenue Tax Increment Fund	College Park Tax Increment Fund	Eastside Tax Increment Fund
Assets				
Equity in pooled cash and investments	\$ 4,026,749	\$ 983,681	\$ 7,407,155	\$ 989,045
Investments	-	-	-	-
Receivables	12,892	2,964	-	12,994
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	4,039,641	986,645	7,407,155	1,002,039
Liabilities				
Accounts payable and accrued liabilities	117,704	22,273	772,817	247,114
Due to other funds	338	-	39,457	4,404
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	118,042	22,273	812,274	251,518
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	1,390	-	-
Total Deferred Inflows of Resources	-	1,390	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	3,921,599	962,982	6,594,881	750,521
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	3,921,599	962,982	6,594,881	750,521
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,039,641	\$ 986,645	\$ 7,407,155	\$ 1,002,039

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Debt Service Funds			
	FFGFC Series 2005	Guaranteed Entitlement Revenue and Refunding Bonds 1994	Guaranteed Entitlement Revenue and Refunding Bonds 2004	Pension Obligation Bond Series 2003A
Assets				
Equity in pooled cash and investments	\$ -	\$ 11,138	\$ -	\$ 342,382
Investments	-	-	-	-
Receivables	-	-	-	-
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	-	11,138	-	342,382
Liabilities				
Accounts payable and accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	11,138	-	342,382
Unassigned	-	-	-	-
Total Fund Balances	-	11,138	-	342,382
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 11,138	\$ -	\$ 342,382

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Debt Service Funds			
	Pension Obligation Bonds Series 2003B	GPD Energy Conserv. Master Capital Lease	Capital Improvement Revenue Note (CIRN) 2009	Capital Improvement Revenue Bond (CIRB) Series 2010
Assets				
Equity in pooled cash and investments	\$ 100,477	\$ 37,460	\$ 17,029	\$ 104,324
Investments	-	-	-	-
Receivables	-	-	-	-
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	100,477	37,460	17,029	104,324
Liabilities				
Accounts payable and accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	100,477	37,460	17,029	104,324
Unassigned	-	-	-	-
Total Fund Balances	100,477	37,460	17,029	104,324
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 100,477	\$ 37,460	\$ 17,029	\$ 104,324

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Debt Service Funds			
	Revenue Refunding Note Series 2011	Capital Improvement Revenue Note Series 2011A	Revenue Refunding Note Series 2014	Capital Improvement Revenue Bond Series 2014
Assets				
Equity in pooled cash and investments	\$ 5,831	\$ 16,035	\$ 66,173	\$ 196,456
Investments	-	-	-	-
Receivables	-	-	-	-
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	5,831	16,035	66,173	196,456
Liabilities				
Accounts payable and accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	5,831	16,035	66,173	196,456
Unassigned	-	-	-	-
Total Fund Balances	5,831	16,035	66,173	196,456
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,831	\$ 16,035	\$ 66,173	\$ 196,456

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Debt Service Funds		
	Revenue Refunding Note Series 2016A	Capital Improvement Revenue Note 2016B	Capital Improvement Revenue Bond 2017
Assets			
Equity in pooled cash and investments	\$ 44,133	\$ 3,722	\$ 130,135
Investments	-	-	-
Receivables	-	-	-
Due from other funds	-	-	-
Assets held for evidence	-	-	-
Total Assets	44,133	3,722	130,135
Liabilities			
Accounts payable and accrued liabilities	6,499	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Advances from other funds	-	-	-
Total Liabilities	6,499	-	-
Deferred Inflows of Resources			
Deferred revenue-notes receivable	-	-	-
Deferred revenue-assessments not yet available	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	37,634	3,722	130,135
Unassigned	-	-	-
Total Fund Balances	37,634	3,722	130,135
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 44,133	\$ 3,722	\$ 130,135

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Capital Projects Funds			
	General Capital Projects Fund	Public Improvement Construction Fund	Greenspace and Community Improvement Fund	Roadway Construction Fund 96
Assets				
Equity in pooled cash and investments	\$ 3,964,828	\$ 1,526	\$ 827,500	\$ 3,404
Investments	-	-	-	-
Receivables	19,500	-	-	-
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	3,984,328	1,526	827,500	3,404
Liabilities				
Accounts payable and accrued liabilities	574,411	596	-	3,031
Due to other funds	2,205	-	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	576,616	596	-	3,031
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	3,407,712	930	827,500	373
Unassigned	-	-	-	-
Total Fund Balances	3,407,712	930	827,500	373
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,984,328	\$ 1,526	\$ 827,500	\$ 3,404

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Capital Projects Funds			
	Capital Projects Fund 02	Fifth Avenue/ Pleasant St. Rehab Proj. Fund 02	Downtown Parking Garage Sales Tax Fund	FFGFC 05 Capital Projects Fund
Assets				
Equity in pooled cash and investments	\$ 457,451	\$ 8,165	\$ -	\$ 121,103
Investments	-	-	-	-
Receivables	-	-	-	-
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	457,451	8,165	-	121,103
Liabilities				
Accounts payable and accrued liabilities	81,708	-	-	-
Due to other funds	-	-	6	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	81,708	-	6	-
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	375,743	8,165	-	121,103
Unassigned	-	-	(6)	-
Total Fund Balances	375,743	8,165	(6)	121,103
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 457,451	\$ 8,165	\$ -	\$ 121,103

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Capital Projects Funds			
	39th Avenue Fleet Garage Expansion Fund	Capital Improvement Revenue Bond (CIRB) 2005 CIP Fund	Kennedy Homes Acquisition/ Demolition Fund	Campus Development Agreement Capital Projects Fund
Assets				
Equity in pooled cash and investments	\$ 440	\$ 795,665	\$ 157,815	\$ 5,798,716
Investments	-	-	-	-
Receivables	-	-	-	-
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	440	795,665	157,815	5,798,716
Liabilities				
Accounts payable and accrued liabilities	-	53,273	36,485	621,865
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	-	53,273	36,485	621,865
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	4,230,448
Committed	-	-	-	-
Assigned	440	742,392	121,330	946,403
Unassigned	-	-	-	-
Total Fund Balances	440	742,392	121,330	5,176,851
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 440	\$ 795,665	\$ 157,815	\$ 5,798,716

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Capital Projects Funds			
	Energy Conservation Capital Projects Fund	Add'l 5 Cents Local Option Gas Tax (LOGT) Capital Projects Fund	Add'l 5 Cents Gas Tax (LOGT) CIRN 2009 Capital Projects Fund	Traffic Mgmt System Bldg. Capital Projects Fund
Assets				
Equity in pooled cash and investments	\$ 15,316	\$ 2,219,088	\$ 611,295	\$ 120,601
Investments	-	-	-	-
Receivables	-	-	-	-
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	15,316	2,219,088	611,295	120,601
Liabilities				
Accounts payable and accrued liabilities	338	1,007,760	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	338	1,007,760	-	-
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	1,211,328	466,539	-
Committed	-	-	-	-
Assigned	14,978	-	144,756	120,601
Unassigned	-	-	-	-
Total Fund Balances	14,978	1,211,328	611,295	120,601
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,316	\$ 2,219,088	\$ 611,295	\$ 120,601

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Capital Projects Funds			
	Capital Imp Revenue Note (CIRN) 2009 Capital Projects Fund	Wild Spaces Public Places 1/2 Cent Sales Tax Capital Projects Fund	Wild Spaces Public Places Land Acq. Capital Projects Fund	Senior Recreation Center Capital Projects Fund
Assets				
Equity in pooled cash and investments	\$ -	\$ 36,600	\$ 219,036	\$ 23,209
Investments	-	-	-	-
Receivables	-	-	-	-
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	-	36,600	219,036	23,209
Liabilities				
Accounts payable and accrued liabilities	-	-	578	-
Due to other funds	539	-	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	539	-	578	-
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	36,600	218,458	23,209
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(539)	-	-	-
Total Fund Balances	(539)	36,600	218,458	23,209
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 36,600	\$ 219,036	\$ 23,209

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Capital Projects Funds			
	Capital Imp Revenue Bonds (CIRB) 2010 Capital Projects Fund	Capital Imp Revenue Note (CIRN) 2011 Capital Projects Fund	Facilities Maintenance Recurring Capital Projects Fund	Equipment Replacement Capital Projects Fund
Assets				
Equity in pooled cash and investments	\$ 788,357	\$ 4,544	\$ 1,102,643	\$ 1,707,676
Investments	-	-	-	-
Receivables	-	-	-	-
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	788,357	4,544	1,102,643	1,707,676
Liabilities				
Accounts payable and accrued liabilities	-	-	9,494	92,632
Due to other funds	101,546	-	-	241,850
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	101,546	-	9,494	334,482
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	430,386	-	-	-
Committed	-	-	-	-
Assigned	256,425	4,544	1,093,149	1,373,194
Unassigned	-	-	-	-
Total Fund Balances	686,811	4,544	1,093,149	1,373,194
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 788,357	\$ 4,544	\$ 1,102,643	\$ 1,707,676

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Capital Projects Funds			
	Roadway Resurfacing Program Capital Projects Fund	Capital Imp Revenue Bond (CIRB) 2014 Capital Projects Fund	Capital Imp Beazer Settlement Capital Projects Fund	Capital Imp Revenue Note 2016B Add'l 5 Cent Gas Tax CIP Fund
Assets				
Equity in pooled cash and investments	\$ 1,722,862	\$ 1,526,434	\$ 21,097	\$ 5,486,522
Investments	-	-	-	-
Receivables	-	-	-	-
Due from other funds	-	-	-	-
Assets held for evidence	-	-	-	-
Total Assets	<u>1,722,862</u>	<u>1,526,434</u>	<u>21,097</u>	<u>5,486,522</u>
Liabilities				
Accounts payable and accrued liabilities	772,135	473,362	(152)	5,040
Due to other funds	299	26,236	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>772,434</u>	<u>499,598</u>	<u>(152)</u>	<u>5,040</u>
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	-
Deferred revenue-assessments not yet available	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	556,380	-	5,329,026
Committed	-	-	-	-
Assigned	950,428	470,456	21,249	152,456
Unassigned	-	-	-	-
Total Fund Balances	<u>950,428</u>	<u>1,026,836</u>	<u>21,249</u>	<u>5,481,482</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,722,862</u>	<u>\$ 1,526,434</u>	<u>\$ 21,097</u>	<u>\$ 5,486,522</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Concluded)

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Capital Imp Revenue Note (CIRN) 2017 Capital Projects Fund	Wild Spaces Public Places 1/2 Cent Sales Tax 2017-2025 CIP Fund	Wild Spaces Public Places Joint Projects Fund	
Assets				
Equity in pooled cash and investments	\$ 5,052,039	\$ 10,002,902	\$ 297,557	\$ 72,914,036
Investments	-	-	-	1,590,759
Receivables	-	-	-	3,003,926
Due from other funds	-	-	-	25,688
Assets held for evidence	-	-	-	670,492
Total Assets	5,052,039	10,002,902	297,557	78,204,901
Liabilities				
Accounts payable and accrued liabilities	200,338	137,227	-	6,965,631
Due to other funds	-	-	-	2,899,057
Unearned revenues	-	-	-	113,861
Advances from other funds	-	-	-	1,596,337
Total Liabilities	200,338	137,227	-	11,574,886
Deferred Inflows of Resources				
Deferred revenue-notes receivable	-	-	-	59,838
Deferred revenue-assessments not yet available	-	-	-	4,848
Total Deferred Inflows of Resources	-	-	-	64,686
Fund Balances				
Nonspendable	-	-	-	973,501
Restricted	4,739,507	9,865,675	297,557	48,991,566
Committed	-	-	-	4,284,750
Assigned	112,194	-	-	13,929,331
Unassigned	-	-	-	(1,613,819)
Total Fund Balances	4,851,701	9,865,675	297,557	66,565,329
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,052,039	\$ 10,002,902	\$ 297,557	\$ 78,204,901

**CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Special Revenue Funds			
	Community Develop- ment Block Grant Fund	Urban Develop- ment Action Grant Fund	Home Grant Fund	Cultural and Nature Projects Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,044,205	-	78,186	-
Charges for services	-	-	-	482,344
Fines and forfeitures	-	-	-	-
Miscellaneous	1,709	-	10,677	80,565
Total Revenues	1,045,914	-	88,863	562,909
Expenditures				
General government	-	-	-	-
Public safety	184,936	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	1,024,612	-	611,383	-
Human services	156,621	-	-	-
Culture and recreation	-	-	-	533,002
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
(Total Expenditures)	1,366,169	-	611,383	533,002
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	(320,255)	-	(522,520)	29,907
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	-	24,075	-	-
Transfers (out)	(14,991)	-	(2,443)	(32,577)
Total Other Financing Sources (Uses)	(14,991)	24,075	(2,443)	(32,577)
Net Change in Fund Balances	(335,246)	24,075	(524,963)	(2,670)
Fund Balances, Beginning	172,462	(30,656)	98,595	130,040
Fund Balances, Ending	\$ (162,784)	\$ (6,581)	\$ (426,368)	\$ 127,370

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Special Revenue Funds			
	State Law Enforce- ment Contraband Forfeiture Fund	Federal Law Enforce- ment Contraband Forfeiture Fund	Police Billable Overtime Fund	Community Redevelop- ment Agency Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	430,905	-
Fines and forfeitures	116,081	176,525	-	-
Miscellaneous	14,629	4,634	-	30,472
Total Revenues	130,710	181,159	430,905	30,472
Expenditures				
General government	-	-	-	80,316
Public safety	24,769	232,021	781,046	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	1,239,834
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	7,649
Interest and fiscal charges	-	-	-	70,412
Capital outlay	-	108,682	-	-
(Total Expenditures)	24,769	340,703	781,046	1,398,211
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	105,941	(159,544)	(350,141)	(1,367,739)
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	-	6,083	-	1,733,702
Transfers (out)	-	-	-	(45,508)
Total Other Financing Sources (Uses)	-	6,083	-	1,688,194
Net Change in Fund Balances	105,941	(153,461)	(350,141)	320,455
Fund Balances, Beginning	196,115	1,045,818	(63,647)	(900,328)
Fund Balances, Ending	\$ 302,056	\$ 892,357	\$ (413,788)	\$ (579,873)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Special Revenue Funds			
	Street Sidewalk and Ditch Improve- ment Fund	Economic Develop- ment Fund	Miscel- laneous Gifts and Grants Fund	Transport- ation Concurrency Exception Area Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	1,323,899	-
Charges for services	-	-	-	613,614
Fines and forfeitures	-	-	-	-
Miscellaneous	4,197	6,677	(2)	99,211
Total Revenues	4,197	6,677	1,323,897	712,825
Expenditures				
General government	-	-	-	-
Public safety	-	-	575,789	-
Physical environment	-	-	101,596	-
Transportation	-	-	526,410	38,627
Economic environment	-	60,557	-	-
Human services	-	-	-	-
Culture and recreation	-	-	94,574	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	139,150	561,116	795,222
(Total Expenditures)	-	199,707	1,859,485	833,849
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	4,197	(193,030)	(535,588)	(121,024)
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	-	337,000	436,753	-
Transfers (out)	-	-	(2,288)	-
Total Other Financing Sources (Uses)	-	337,000	434,465	-
Net Change in Fund Balances	4,197	143,970	(101,123)	(121,024)
Fund Balances, Beginning	180,063	268,691	786,047	4,164,552
Fund Balances, Ending	\$ 184,260	\$ 412,661	\$ 684,924	\$ 4,043,528

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Special Revenue Funds			
	Water and Wastewater Surcharge Infra- structure Fund	SHIP Fund	Hurricane Irma 2017 Fund	Small Business Loan Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	568,130	564,591	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	32,970	63,357	-	-
Total Revenues	601,100	627,948	-	-
Expenditures				
General government	-	-	-	-
Public safety	-	-	1,441,549	-
Physical environment	108,858	-	-	-
Transportation	-	-	-	-
Economic environment	-	615,235	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	35,821	-
(Total Expenditures)	108,858	615,235	1,477,370	-
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	492,242	12,713	(1,477,370)	-
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	-	-	1,775,671	80,000
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	1,775,671	80,000
Net Change in Fund Balances	492,242	12,713	298,301	80,000
Fund Balances, Beginning	1,023,717	1,495,288	-	21,201
Fund Balances, Ending	\$ 1,515,959	\$ 1,508,001	\$ 298,301	\$ 101,201

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Special Revenue Funds			
	Emergency Events Fund	Miscellaneous Special Revenue Fund	Fire Assessment Fund	Tourist Product Development FY13 Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	1,096	-
Intergovernmental	-	640,777	-	-
Charges for services	-	112,009	-	-
Fines and forfeitures	-	31,936	-	-
Miscellaneous	-	506,899	-	(1,289)
Total Revenues	-	1,291,621	1,096	(1,289)
Expenditures				
General government	-	386,947	-	-
Public safety	180,466	234,117	-	-
Physical environment	-	8,000	-	-
Transportation	-	-	-	-
Economic environment	-	14,515	-	-
Human services	-	1,569,180	-	-
Culture and recreation	-	158,816	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	34,077	-	-
(Total Expenditures)	180,466	2,405,652	-	-
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	(180,466)	(1,114,031)	1,096	(1,289)
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	180,466	2,997,513	-	-
Transfers (out)	-	(55,507)	-	-
Total Other Financing Sources (Uses)	180,466	2,942,006	-	-
Net Change in Fund Balances	-	1,827,975	1,096	(1,289)
Fund Balances, Beginning	-	564,038	-	1,289
Fund Balances, Ending	\$ -	\$ 2,392,013	\$ 1,096	\$ -

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Special Revenue Funds			
	Tree Mitigation Fund	Evergreen Cemetery Trust Fund	School Crossing Guard Trust Fund	Art in Public Places Trust Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	4,203	-	-
Fines and forfeitures	-	-	20,285	-
Miscellaneous	608,886	154,949	(135)	(545)
Total Revenues	608,886	159,152	20,150	(545)
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	695	6,653	-	-
Transportation	123,805	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	7,080
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	1,012,367	-	-	-
(Total Expenditures)	1,136,867	6,653	-	7,080
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	(527,981)	152,499	20,150	(7,625)
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	15,000
Transfers (out)	(87,020)	(160,000)	(50,000)	-
Total Other Financing Sources (Uses)	(87,020)	(160,000)	(50,000)	15,000
Net Change in Fund Balances	(615,001)	(7,501)	(29,850)	7,375
Fund Balances, Beginning	2,742,560	1,624,950	15,178	(16,583)
Fund Balances, Ending	\$ 2,127,559	\$ 1,617,449	\$ (14,672)	\$ (9,208)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Special Revenue Funds			
	Downtown	Fifth Avenue	College Park	Eastside
	Redevelopment Tax Increment Fund	Tax Increment Fund	Tax Increment Fund	Tax Increment Fund
Revenues				
Taxes	\$ 1,577,441	\$ 376,011	\$ 2,722,625	\$ 366,777
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	5,180	11	68	9
Fines and forfeitures	-	-	-	-
Miscellaneous	78,508	42,806	210,713	49,824
Total Revenues	1,661,129	418,828	2,933,406	416,610
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	911,399	168,406	395,345	145,544
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	221,850	52,528	9,111,394	2,028,438
(Total Expenditures)	1,133,249	220,934	9,506,739	2,173,982
(Deficiency) Excess of Revenues (Under) Over Expenditures	527,880	197,894	(6,573,333)	(1,757,372)
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	914,805	210,882	1,613,978	205,968
Transfers (out)	(637,692)	(279,661)	(669,364)	(161,634)
Total Other Financing Sources (Uses)	277,113	(68,779)	944,614	44,334
Net Change in Fund Balances	804,993	129,115	(5,628,719)	(1,713,038)
Fund Balances, Beginning	3,116,606	833,867	12,223,600	2,463,559
Fund Balances, Ending	\$ 3,921,599	\$ 962,982	\$ 6,594,881	\$ 750,521

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Debt Service Funds			
	FFGFC Series 2005	Guaranteed Entitlement Revenue and Refunding Bonds 1994	Guaranteed Entitlement Revenue and Refunding Bonds 2004	Pension Obligation Bond Series 2003A
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	1,095,000	-	2,216,665
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	11,138	-	55,803
Total Revenues	-	1,106,138	-	2,272,468
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	255,146	-	918,168
Interest and fiscal charges	-	839,854	-	2,427,607
Capital outlay	-	-	-	-
(Total Expenditures)	-	1,095,000	-	3,345,775
(Deficiency) Excess of Revenues (Under) Over Expenditures	-	11,138	-	(1,073,307)
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	1,289,823
Transfers (out)	(141,801)	-	(42,297)	-
Total Other Financing Sources (Uses)	(141,801)	-	(42,297)	1,289,823
Net Change in Fund Balances	(141,801)	11,138	(42,297)	216,516
Fund Balances, Beginning	141,801	-	42,297	125,866
Fund Balances, Ending	\$ -	\$ 11,138	\$ -	\$ 342,382

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Debt Service Funds			
	Pension Obligation Bonds Series 2003B	GPD Energy Conserv. Master Capital Lease	Capital Improvement Revenue Note (CIRN) 2009	Capital Improvement Revenue Bond (CIRB) Series 2010
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	66,645	437	(1,647)	5,736
Total Revenues	66,645	437	(1,647)	5,736
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	2,425,000	78,141	526,337	132,647
Interest and fiscal charges	2,224,352	14,802	56,804	87,112
Capital outlay	-	-	-	-
(Total Expenditures)	4,649,352	92,943	583,141	219,759
(Deficiency) Excess of Revenues (Under) Over Expenditures	(4,582,707)	(92,506)	(584,788)	(214,023)
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	4,649,352	117,926	568,364	219,481
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	4,649,352	117,926	568,364	219,481
Net Change in Fund Balances	66,645	25,420	(16,424)	5,458
Fund Balances, Beginning	33,832	12,040	33,453	98,866
Fund Balances, Ending	\$ 100,477	\$ 37,460	\$ 17,029	\$ 104,324

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Debt Service Funds			
	Revenue Refunding Note Series 2011	Capital Improvement Revenue Note Series 2011A	Revenue Refunding Note Series 2014	Capital Improvement Revenue Bond Series 2014
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	(1,415)	8,061	29,606	16,997
Total Revenues	(1,415)	8,061	29,606	16,997
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	610,000	390,000	1,355,000	466,248
Interest and fiscal charges	83,856	37,490	283,718	418,274
Capital outlay	-	-	-	-
(Total Expenditures)	693,856	427,490	1,638,718	884,522
(Deficiency) Excess of Revenues (Under) Over Expenditures	(695,271)	(419,429)	(1,609,112)	(867,525)
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	685,992	427,213	1,638,440	884,244
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	685,992	427,213	1,638,440	884,244
Net Change in Fund Balances	(9,279)	7,784	29,328	16,719
Fund Balances, Beginning	15,110	8,251	36,845	179,737
Fund Balances, Ending	\$ 5,831	\$ 16,035	\$ 66,173	\$ 196,456

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Debt Service Funds		
	Revenue Refunding Note Series 2016A	Capital Improvement Revenue Note 2016B	Capital Improvement Revenue Bond 2017
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Miscellaneous	(183)	214	19,192
Total Revenues	(183)	214	19,192
Expenditures			
General government	-	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Human services	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	331,056	375,000	330,000
Interest and fiscal charges	248,588	150,836	272,807
Capital outlay	-	-	-
(Total Expenditures)	579,644	525,836	602,807
(Deficiency) Excess of Revenues			
(Under) Over Expenditures	(579,827)	(525,622)	(583,615)
Other Financing Sources (Uses)			
Debt proceeds	-	-	10,365,000
Transfers in	610,234	529,620	648,750
Transfers (out)	-	-	(10,300,000)
Total Other Financing Sources (Uses)	610,234	529,620	713,750
Net Change in Fund Balances	30,407	3,998	130,135
Fund Balances, Beginning	7,227	(276)	-
Fund Balances, Ending	\$ 37,634	\$ 3,722	\$ 130,135

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Capital Projects Funds			
	General Capital Projects Fund	Public Improvement Construction Fund	Greenspace and Community Improvement Fund	Roadway Construction Fund 96
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	850	43	41,025	126
Total Revenues	850	43	41,025	126
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	3,650,700	11,914	507,735	65,294
(Total Expenditures)	3,650,700	11,914	507,735	65,294
(Deficiency) Excess of Revenues (Under) Over Expenditures	(3,649,850)	(11,871)	(466,710)	(65,168)
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	2,050,152	-	-	-
Transfers (out)	(8,476)	-	-	-
Total Other Financing Sources (Uses)	2,041,676	-	-	-
Net Change in Fund Balances	(1,608,174)	(11,871)	(466,710)	(65,168)
Fund Balances, Beginning	5,015,886	12,801	1,294,210	65,541
Fund Balances, Ending	\$ 3,407,712	\$ 930	\$ 827,500	\$ 373

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	<u>Capital Projects Funds</u>			
	<u>Capital Projects Fund 02</u>	<u>Fifth Avenue/ Pleasant St. Rehab Proj. Fund 02</u>	<u>Downtown Parking Garage Sales Tax Fund</u>	<u>FFGFC 05 Capital Projects Fund</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	11,341	186	1	2,746
Total Revenues	<u>11,341</u>	<u>186</u>	<u>1</u>	<u>2,746</u>
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	164,697	-	960	177
(Total Expenditures)	<u>164,697</u>	<u>-</u>	<u>960</u>	<u>177</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(153,356)</u>	<u>186</u>	<u>(959)</u>	<u>2,569</u>
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(153,356)	186	(959)	2,569
Fund Balances, Beginning	<u>529,099</u>	<u>7,979</u>	<u>953</u>	<u>118,534</u>
Fund Balances, Ending	<u>\$ 375,743</u>	<u>\$ 8,165</u>	<u>\$ (6)</u>	<u>\$ 121,103</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Capital Projects Funds			
	39th Avenue Fleet Garage Expansion Fund	Capital Improvement Revenue Bond (CIRB) 2005 CIP Fund	Kennedy Homes Acquisition/ Demolition Fund	Campus Development Agreement Capital Projects Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	19,739	-	140,148
Total Revenues	-	19,739	-	140,148
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	448,814	294,335	1,027,468
(Total Expenditures)	-	448,814	294,335	1,027,468
(Deficiency) Excess of Revenues (Under) Over Expenditures	-	(429,075)	(294,335)	(887,320)
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	(429,075)	(294,335)	(887,320)
Fund Balances, Beginning	440	1,171,467	415,665	6,064,171
Fund Balances, Ending	\$ 440	\$ 742,392	\$ 121,330	\$ 5,176,851

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Capital Projects Funds			
	Energy Conservation Capital Projects Fund	Add'l 5 Cents Local Option Gas Tax (LOGT) Capital Projects Fund	Add'l 5 Cents Gas Tax (LOGT) CIRN 2009 Capital Projects Fund	Traffic Mgmt System Bldg. Capital Projects Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	2,253,812	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	384	57,186	13,844	179
Total Revenues	384	2,310,998	13,844	179
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	1,836	3,020,844	-	-
(Total Expenditures)	1,836	3,020,844	-	-
(Deficiency) Excess of Revenues (Under) Over Expenditures	(1,452)	(709,846)	13,844	179
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	(1,482,246)	-	-
Total Other Financing Sources (Uses)	-	(1,482,246)	-	-
Net Change in Fund Balances	(1,452)	(2,192,092)	13,844	179
Fund Balances, Beginning	16,430	3,403,420	597,451	120,422
Fund Balances, Ending	\$ 14,978	\$ 1,211,328	\$ 611,295	\$ 120,601

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Capital Projects Funds			
	Capital Imp Revenue Note (CIRN) 2009 Capital Projects Fund	Wild Spaces Public Places 1/2 Cent Sales Tax Capital Projects Fund	Wild Spaces Public Places Land Acq. Capital Projects Fund	Senior Recreation Center Capital Projects Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	(12)	895	5,459	526
Total Revenues	(12)	895	5,459	526
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	99,167	20,712	-
(Total Expenditures)	-	99,167	20,712	-
(Deficiency) Excess of Revenues (Under) Over Expenditures	(12)	(98,272)	(15,253)	526
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(12)	(98,272)	(15,253)	526
Fund Balances, Beginning	(527)	134,872	233,711	22,683
Fund Balances, Ending	\$ (539)	\$ 36,600	\$ 218,458	\$ 23,209

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Capital Projects Funds			
	Capital Imp Revenue Note (CIRB) 2010 Capital Projects Fund	Capital Imp Revenue Note (CIRN) 2011 Capital Projects Fund	Facilities Maintenance Recurring Capital Projects Fund	Equipment Replacement Capital Projects Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	18,970	104	26,156	40,174
Total Revenues	18,970	104	26,156	40,174
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	101,546	-	500,164	820,351
(Total Expenditures)	101,546	-	500,164	820,351
(Deficiency) Excess of Revenues (Under) Over Expenditures	(82,576)	104	(474,008)	(780,177)
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	-	-	562,500	977,500
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	562,500	977,500
Net Change in Fund Balances	(82,576)	104	88,492	197,323
Fund Balances, Beginning	769,387	4,440	1,004,657	1,175,871
Fund Balances, Ending	\$ 686,811	\$ 4,544	\$ 1,093,149	\$ 1,373,194

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Capital Projects Funds			
	Roadway Resurfacing Program Capital Projects Fund	Capital Imp Revenue Bond (CIRB) 2014 Capital Projects Fund	Capital Imp Beazer Settlement Capital Projects Fund	Capital Imp Revenue Note 2016B Add'l 5 Cent Gas Tax CIP Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	48,853	46,965	480	132,171
Total Revenues	48,853	46,965	480	132,171
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	2,163,052	6,090,181	-	101,312
(Total Expenditures)	2,163,052	6,090,181	-	101,312
(Deficiency) Excess of Revenues (Under) Over Expenditures	(2,114,199)	(6,043,216)	480	30,859
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	2,072,069	-	-	-
Transfers (out)	(13,659)	-	-	-
Total Other Financing Sources (Uses)	2,058,410	-	-	-
Net Change in Fund Balances	(55,789)	(6,043,216)	480	30,859
Fund Balances, Beginning	1,006,217	7,070,052	20,769	5,450,623
Fund Balances, Ending	\$ 950,428	\$ 1,026,836	\$ 21,249	\$ 5,481,482

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Concluded)

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Capital Imp Revenue Note (CIRN) 2017 Capital Projects Fund	Wild Spaces Public Places 1/2 Cent Sales Tax 2017-2025 CIP Fund	Wild Spaces Public Places Joint Projects Fund	
Revenues				
Taxes	\$ -	\$ 7,796,737	\$ -	\$ 12,839,591
Licenses and permits	-	-	-	1,096
Intergovernmental	-	-	-	9,785,265
Charges for services	-	-	-	1,648,343
Fines and forfeitures	-	-	-	344,827
Miscellaneous	112,552	197,661	18,057	3,147,105
Total Revenues	112,552	7,994,398	18,057	27,766,227
Expenditures				
General government	-	-	-	467,263
Public safety	-	-	-	3,654,693
Physical environment	-	-	-	225,802
Transportation	-	-	-	688,842
Economic environment	-	-	-	5,186,830
Human services	-	-	-	1,725,801
Culture and recreation	-	-	-	793,472
Debt service:				
Principal	-	-	-	8,200,392
Interest and fiscal charges	-	-	-	7,216,512
Capital outlay	3,657,142	1,651,995	-	38,501,041
(Total Expenditures)	3,657,142	1,651,995	-	66,660,648
(Deficiency) Excess of Revenues (Under) Over Expenditures	(3,544,590)	6,342,403	18,057	(38,894,421)
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	10,365,000
Transfers in	9,200,000	8,476	279,500	37,951,532
Transfers (out)	-	(279,500)	-	(14,466,664)
Total Other Financing Sources (Uses)	9,200,000	(271,024)	279,500	33,849,868
Net Change in Fund Balances	5,655,410	6,071,379	297,557	(5,044,553)
Fund Balances, Beginning	(803,709)	3,794,296	-	71,609,882
Fund Balances, Ending	\$ 4,851,701	\$ 9,865,675	\$ 297,557	\$ 66,565,329

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Actual</u>	<u>Encumbrances</u>	<u>Budgetary Basis</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 1,044,205	\$ -	\$ 1,044,205	\$ 1,244,102	\$ (199,897)
Miscellaneous	1,709	-	1,709	1,709	-
Total Revenues	<u>1,045,914</u>	<u>-</u>	<u>1,045,914</u>	<u>1,245,811</u>	<u>(199,897)</u>
Expenditures					
Public safety	184,936	-	184,936	280,691	95,755
Transportation	-	-	-	7,240	7,240
Economic environment	1,024,612	-	1,024,612	2,077,403	1,052,791
Human services	156,621	-	156,621	278,889	122,268
(Total Expenditures)	<u>1,366,169</u>	<u>-</u>	<u>1,366,169</u>	<u>2,644,223</u>	<u>1,278,054</u>
(Deficiency) of Revenues (Under) Expenditures	(320,255)	-	(320,255)	(1,398,412)	1,078,157
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers (out)	(14,991)	-	(14,991)	(14,991)	-
Total Other Financing Sources (Uses)	<u>(14,991)</u>	<u>-</u>	<u>(14,991)</u>	<u>(14,991)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (335,246)</u>	<u>\$ -</u>	<u>\$ (335,246)</u>	<u>\$ (1,413,403)</u>	<u>\$ 1,078,157</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
URBAN DEVELOPMENT ACTION GRANT FUND
SEPTEMBER 30, 2018

	<u>Actual</u>	<u>Encumbrances</u>	<u>Budgetary Basis</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Culture and Recreation	-	-	-	2,042	2,042
(Total Expenditures)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,042</u>	<u>2,042</u>
(Deficiency) of Revenues (Under) Expenditures	-	-	-	(2,042)	2,042
Other Financing Sources (Uses)					
Transfers in	24,075	-	24,075	24,075	-
Transfers (out)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>24,075</u>	<u>-</u>	<u>24,075</u>	<u>24,075</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 24,075</u>	<u>\$ -</u>	<u>\$ 24,075</u>	<u>\$ 22,033</u>	<u>\$ 2,042</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
HOME GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Actual</u>	<u>Encumbrances</u>	<u>Budgetary Basis</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 78,186	\$ -	\$ 78,186	\$ 439,775	\$ (361,589)
Miscellaneous	10,677	-	10,677	10,679	(2)
Total Revenues	<u>88,863</u>	<u>-</u>	<u>88,863</u>	<u>450,454</u>	<u>(361,591)</u>
Expenditures					
Economic environment	611,383	-	611,383	1,465,193	853,810
(Total Expenditures)	<u>611,383</u>	<u>-</u>	<u>611,383</u>	<u>1,465,193</u>	<u>853,810</u>
(Deficiency) of Revenues (Under) Expenditures	(522,520)	-	(522,520)	(1,014,739)	492,219
Other Financing Sources (Uses)					
Transfers (out)	(2,443)	-	(2,443)	(2,443)	-
Total Other Financing Sources (Uses)	<u>(2,443)</u>	<u>-</u>	<u>(2,443)</u>	<u>(2,443)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (524,963)</u>	<u>\$ -</u>	<u>\$ (524,963)</u>	<u>\$ (1,017,182)</u>	<u>\$ 492,219</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CULTURAL AND NATURE PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Actual</u>	<u>Encumbrances</u>	<u>Budgetary Basis</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Charges for services:					
Entry fees and ticket sales	\$ 482,344	\$ -	\$ 482,344	\$ 429,516	\$ 52,828
Miscellaneous:					
Donations	80,565	-	80,565	73,157	7,408
Other miscellaneous	-	-	-	21,803	(21,803)
Total Revenues	<u>562,909</u>	<u>-</u>	<u>562,909</u>	<u>524,476</u>	<u>38,433</u>
Expenditures					
Culture and recreation	533,002	-	533,002	544,502	11,500
(Total Expenditures)	<u>533,002</u>	<u>-</u>	<u>533,002</u>	<u>544,502</u>	<u>11,500</u>
(Deficiency) of Revenues (Under) Expenditures	29,907	-	29,907	(20,026)	49,933
Other Financing Sources (Uses)					
Operating transfers in	-	-	-	-	-
Transfers (out)	(32,577)	-	(32,577)	(32,577)	-
Total Other Financing Sources (Uses)	<u>(32,577)</u>	<u>-</u>	<u>(32,577)</u>	<u>(32,577)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (2,670)</u>	<u>\$ -</u>	<u>\$ (2,670)</u>	<u>\$ (52,603)</u>	<u>\$ 49,933</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
STATE LAW ENFORCEMENT CONTRABAND FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Actual</u>	<u>Encumbrances</u>	<u>Budgetary Basis</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures:					
Confiscated property	116,081	-	116,081	-	116,081
Miscellaneous:					
Other miscellaneous	14,629	-	14,629	-	14,629
Total Revenues	<u>130,710</u>	<u>-</u>	<u>130,710</u>	<u>-</u>	<u>130,710</u>
Expenditures					
Public safety	24,769	-	24,769	66,554	41,785
Excess of Revenues Over Expenditures	<u>\$ 105,941</u>	<u>\$ -</u>	<u>\$ 105,941</u>	<u>\$ (66,554)</u>	<u>\$ 172,495</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FEDERAL LAW ENFORCEMENT CONTRABAND FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Actual</u>	<u>Encumbrances</u>	<u>Budgetary Basis</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Fines and forfeitures:					
Confiscated property	\$ 176,525	\$ -	\$ 176,525	\$ -	\$ 176,525
Miscellaneous	4,634	-	4,634	-	4,634
Total Revenues	<u>181,159</u>	<u>-</u>	<u>181,159</u>	<u>-</u>	<u>181,159</u>
Expenditures					
Public safety	232,021	-	232,021	560,002	327,981
Capital outlay	108,682	-	108,682	-	(108,682)
Total Expenditures	<u>340,703</u>	<u>-</u>	<u>340,703</u>	<u>560,002</u>	<u>219,299</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(159,544)</u>	<u>-</u>	<u>(159,544)</u>	<u>(560,002)</u>	<u>400,458</u>
Other Financial Sources (Uses)					
Transfers in	6,083	-	6,083	6,083	-
Total Other Financial Sources (Uses)	<u>6,083</u>	<u>-</u>	<u>6,083</u>	<u>6,083</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (153,461)</u>	<u>\$ -</u>	<u>\$ (153,461)</u>	<u>\$ (553,919)</u>	<u>\$ 400,458</u>

**CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
POLICE BILLABLE OVERTIME FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual</u>	<u>Encumbrances</u>	<u>Budgetary Basis</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Charges for services:					
Billable overtime	\$ 430,905	\$ -	\$ 430,905	\$ 658,632	\$ (227,727)
Expenditures					
Public safety	781,046	-	781,046	781,046	-
(Deficiency) of Revenues Over Expenditures	<u>\$ (350,141)</u>	<u>\$ -</u>	<u>\$ (350,141)</u>	<u>\$ (122,414)</u>	<u>\$ (227,727)</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Actual</u>	<u>Encumbrances</u>	<u>Budgetary Basis</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Miscellaneous:					
Investment income	\$ 30,472	\$ -	\$ 30,472	\$ -	\$ 30,472
Expenditures					
Current:					
General government	80,316	-	80,316	87,184	6,868
Economic environment	1,239,834	-	1,239,834	1,652,243	412,409
Debt service:					
Principal	7,649	-	7,649	-	(7,649)
Interest	70,412	-	70,412	-	(70,412)
(Total Expenditures)	<u>1,398,211</u>	<u>-</u>	<u>1,398,211</u>	<u>1,739,427</u>	<u>341,216</u>
(Deficiency) of Revenues (Under)					
Expenditures	<u>(1,367,739)</u>	<u>-</u>	<u>(1,367,739)</u>	<u>(1,739,427)</u>	<u>371,688</u>
Other Financial Sources (Uses)					
Transfers in	1,733,702	-	1,733,702	1,733,702	-
Transfer (out)	(45,508)	-	(45,508)	(45,508)	-
Total Other Financial Sources (Uses)	<u>1,688,194</u>	<u>-</u>	<u>1,688,194</u>	<u>1,688,194</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 320,455</u>	<u>\$ -</u>	<u>\$ 320,455</u>	<u>\$ (51,233)</u>	<u>\$ 371,688</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 2018

	<u>Actual</u>	<u>Encumbrances</u>	<u>Budgetary Basis</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Miscellaneous:					
Investment income	\$ 6,677	\$ -	\$ 6,677	\$ -	\$ 6,677
Expenditures					
General government	-	-	-	181,772	181,772
Economic environment	60,557	-	60,557	363,457	302,900
Capital outlay	139,150	-	139,150	-	(139,150)
(Total Expenditures)	<u>199,707</u>	<u>-</u>	<u>199,707</u>	<u>545,229</u>	<u>345,522</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(193,030)</u>	<u>-</u>	<u>(193,030)</u>	<u>(545,229)</u>	<u>352,199</u>
Other Financing Sources					
Transfers in	<u>337,000</u>	<u>-</u>	<u>337,000</u>	<u>337,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 143,970</u>	<u>\$ -</u>	<u>\$ 143,970</u>	<u>\$ (208,229)</u>	<u>\$ 352,199</u>

**CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
EVERGREEN CEMETERY TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 2018**

	<u>Actual</u>	<u>Encumbrances</u>	<u>Budgetary Basis</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Charges for services	\$ 4,203	\$ -	\$ 4,203	\$ 4,194	\$ 9
Miscellaneous:					
Investment income	154,949	-	154,949	28,442	126,507
Other miscellaneous income	-	-	-	2,307	(2,307)
Total Revenues	<u>159,152</u>	<u>-</u>	<u>159,152</u>	<u>34,943</u>	<u>124,209</u>
Expenditures					
Physical environment	<u>6,653</u>	<u>-</u>	<u>6,653</u>	<u>73,369</u>	<u>66,716</u>
Excess of Revenues Over (Under) Expenditures	152,499	-	152,499	(38,426)	190,925
Other Financing Uses					
Transfers (out)	<u>(160,000)</u>	<u>-</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (7,501)</u>	<u>\$ -</u>	<u>\$ (7,501)</u>	<u>\$ (198,426)</u>	<u>\$ 190,925</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
SCHOOL CROSSING GUARD TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 2018

	<u>Actual</u>	<u>Encumbrances</u>	<u>Budgetary Basis</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Fines and forfeitures	\$ 20,285	\$ -	\$ 20,285	\$ 40,000	\$ (19,715)
Miscellaneous:					
Investment income	(135)	-	(135)	-	(135)
Total Revenues	<u>20,150</u>	<u>-</u>	<u>20,150</u>	<u>40,000</u>	<u>(19,850)</u>
Expenditures	-	-	-	-	-
Excess Revenues Over (Under) Expenditures	20,150	-	20,150	40,000	(19,850)
Other Financing (Uses)					
Transfers out	(50,000)	-	(50,000)	(50,000)	-
Net Change in Fund Balances	<u>\$ (29,850)</u>	<u>\$ -</u>	<u>\$ (29,850)</u>	<u>\$ (10,000)</u>	<u>\$ (19,850)</u>

**CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
ART IN PUBLIC PLACES TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 2018**

	<u>Actual</u>	<u>Encumbrances</u>	<u>Budgetary Basis</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Miscellaneous:					
Investment income	\$ (545)	\$ -	\$ (545)	\$ -	\$ (545)
Expenditures					
Culture and recreation	7,080	-	7,080	54,665	47,585
(Deficiency) of Revenues(Under) Expenditures	<u>(7,625)</u>	<u>-</u>	<u>(7,625)</u>	<u>(54,665)</u>	<u>47,040</u>
Other Financing Sources (Uses)					
Transfers in	15,000	-	15,000	15,000	-
Net Change in Fund Balances	<u>\$ 7,375</u>	<u>\$ -</u>	<u>\$ 7,375</u>	<u>\$ (39,665)</u>	<u>\$ 47,040</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 2005
FOR THE YEAR ENDED SEPTEMBER 2018

	Actual	Budget	Variance with Final Budget Positive (Negative)
Revenues			
Miscellaneous:			
Investment income	\$ -	\$ -	\$ -
Expenditures			
General government	-	-	-
Economic environment	-	-	-
Transportation	-	-	-
Total Expenditures	-	-	-
(Deficiency) of Revenues			
Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers (out)	(141,801)	(141,801)	-
Total Other Financing Sources (Uses)	(141,801)	(141,801)	-
Net Change in Fund Balances	\$ (141,801)	\$ (141,801)	\$ -

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, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Miscellaneous:			
Investment income	\$ -	\$ 5,000	\$ (5,000)
Total Revenues	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>
(Total Expenditures)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue Over Expenditures	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers (out)	(42,297)	(42,297)	-
Total Other Financing Sources (Uses)	<u>(42,297)</u>	<u>(42,297)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (42,297)</u>	<u>\$ (37,297)</u>	<u>\$ (5,000)</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
PENSION OBLIGATION BOND SERIES 2003A
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental:			
Local cost sharing - GRU	\$ 2,216,665	\$ -	\$ 2,216,665
Total intergovernmental	<u>2,216,665</u>	<u>-</u>	<u>2,216,665</u>
Miscellaneous:			
Investment income	55,803	-	55,803
Total Revenues	<u>2,272,468</u>	<u>-</u>	<u>2,272,468</u>
 Expenditures			
Debt service:			
Principal	918,168	918,168	-
Interest and fiscal charges	2,427,607	2,427,607	-
(Total Expenditures)	<u>3,345,775</u>	<u>3,345,775</u>	<u>-</u>
 (Deficiency) of Revenue (Under) Expenditures	 (1,073,307)	 (3,345,775)	 2,272,468
 Other Financing Sources			
Transfers in	<u>1,289,823</u>	<u>3,345,775</u>	<u>(2,055,952)</u>
 Net Change in Fund Balances	 <u>\$ 216,516</u>	 <u>\$ -</u>	 <u>\$ 216,516</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
PENSION OBLIGATION BOND SERIES 2003B
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Miscellaneous:			
Investment income	\$ 66,645	\$ 5,000	\$ 61,645
Expenditures			
Debt service:			
Principal	2,425,000	2,425,000	-
Interest and fiscal charges	2,224,352	2,224,352	-
(Total Expenditures)	<u>(4,649,352)</u>	<u>(4,649,352)</u>	<u>-</u>
(Deficiency) of Revenue (Under) Expenditures	(4,582,707)	(4,644,352)	61,645
Other Financing Sources			
Transfers in	4,649,352	4,649,352	-
Net Change in Fund Balances	<u>\$ 66,645</u>	<u>\$ 5,000</u>	<u>\$ 61,645</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GPD ENERGY CONSERVATION
MASTER CAPITAL LEASE
FOR THE YEAR ENDED SEPTEMBER 2018

	Actual	Budget	Variance with Final Budget Positive (Negative)
Revenues			
Miscellaneous:			
Investment income	\$ 437	\$ 1,000	\$ (563)
Expenditures			
Debt service:			
Principal	78,141	107,465	29,324
Interest and fiscal charges	14,802	2,376	(12,426)
(Total Expenditures)	92,943	109,841	16,898
(Deficiency) of Revenue (Under) Expenditures	(92,506)	(108,841)	16,335
Other Financing Sources (Uses)			
Transfers in	117,926	117,926	-
Net Change in Fund Balances	\$ 25,420	\$ 9,085	\$ 16,335

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, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Miscellaneous:			
Investment income	\$ (1,647)	\$ 2,000	\$ (3,647)
Expenditures			
Debt service:			
Principal	526,337	526,337	-
Interest and fiscal charges	56,804	57,407	603
(Total Expenditures)	<u>583,141</u>	<u>583,744</u>	<u>603</u>
(Deficiency) of Revenue (Under) Expenditures	(584,788)	(581,744)	(3,044)
Other Financing Sources (Uses)			
Transfers in	568,364	219,481	348,883
Net Change in Fund Balances	<u>\$ (16,424)</u>	<u>\$ (362,263)</u>	<u>\$ 345,839</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE BOND (CIRB) - SERIES 2010
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Actual	Budget	Variance with Final Budget Positive (Negative)
Revenues			
Miscellaneous:			
Investment income	\$ 5,736	\$ 2,000	\$ 3,736
Expenditures			
Debt service:			
Principal	132,647	132,647	-
Interest and fiscal charges	87,112	87,112	-
(Total Expenditures)	219,759	219,759	-
(Deficiency) of Revenue (Under) Expenditures	(214,023)	(217,759)	3,736
Other Financing Sources (Uses)			
Transfers in	219,481	219,481	-
Net Change in Fund Balances	\$ 5,458	\$ 1,722	\$ 3,736

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
REVENUE REFUNDING NOTE SERIES 2011
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance with Final Budget Positive (Negative)
Revenues			
Miscellaneous:			
Investment income	\$ (1,415)	\$ -	\$ (1,415)
Expenditures			
Debt service:			
Principal	610,000	610,000	-
Interest and fiscal charges	83,856	83,856	-
(Total Expenditures)	<u>693,856</u>	<u>693,856</u>	<u>-</u>
(Deficiency) of Revenue (Under) Expenditures	(695,271)	(693,856)	(1,415)
Other Financing Sources (Uses)			
Transfers in	685,992	685,992	-
Net Change in Fund Balances	<u>\$ (9,279)</u>	<u>\$ (7,864)</u>	<u>\$ (1,415)</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE NOTE SERIES 2011A
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance with Final Budget Positive (Negative)
Revenues			
Miscellaneous:			
Investment income	\$ 8,061	\$ -	\$ 8,061
Expenditures			
Debt service:			
Principal	390,000	390,000	-
Interest and fiscal charges	37,490	37,490	-
(Total Expenditures)	<u>427,490</u>	<u>427,490</u>	<u>-</u>
(Deficiency) of Revenue (Under) Expenditures	(419,429)	(427,490)	8,061
Other Financing Sources (Uses)			
Transfers in	<u>427,213</u>	<u>427,213</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 7,784</u>	<u>\$ (277)</u>	<u>\$ 8,061</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
REVENUE REFUNDING NOTE SERIES 2014
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance with Final Budget Positive (Negative)
Revenues			
Miscellaneous:			
Investment income	\$ 29,606	\$ -	\$ 29,606
Expenditures			
Debt service:			
Principal	1,355,000	1,355,000	-
Interest and fiscal charges	283,718	283,718	-
(Total Expenditures)	<u>1,638,718</u>	<u>1,638,718</u>	<u>-</u>
(Deficiency) of Revenue (Under) Expenditures	(1,609,112)	(1,638,718)	29,606
Other Financing Sources (Uses)			
Transfers in	1,638,440	1,638,440	-
Net Change in Fund Balances	<u>\$ 29,328</u>	<u>\$ (278)</u>	<u>\$ 29,606</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE BOND SERIES 2014
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Miscellaneous:			
Investment income	\$ 16,997	\$ -	\$ 16,997
Expenditures			
Debt service:			
Principal	466,248	466,248	-
Interest and fiscal charges	418,274	418,274	-
(Total Expenditures)	<u>884,522</u>	<u>884,522</u>	<u>-</u>
(Deficiency) of Revenue (Under) Expenditures	(867,525)	(884,522)	16,997
Other Financing Sources (Uses)			
Transfers in	<u>884,244</u>	<u>884,244</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 16,719</u>	<u>\$ (278)</u>	<u>\$ 16,997</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE REFUNDING NOTE 2016A
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Miscellaneous:			
Investment income	\$ (183)	\$ -	\$ (183)
Expenditures			
Debt service:			
Principal	331,056	331,056	-
Interest and fiscal charges	248,588	270,020	21,432
(Total Expenditures)	<u>579,644</u>	<u>601,076</u>	<u>21,432</u>
(Deficiency) of Revenue (Under) Expenditures	(579,827)	(601,076)	21,249
Other Financing Sources (Uses)			
Transfers in	610,234	610,234	-
Total Other Financing Sources (Uses)	<u>610,234</u>	<u>610,234</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 30,407</u>	<u>\$ 9,158</u>	<u>\$ 21,249</u>

**CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE NOTE 2016B
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Miscellaneous:			
Investment income	\$ 214	\$ -	\$ 214
Expenditures			
Debt service:			
Principal	375,000	375,000	-
Interest and fiscal charges	150,836	150,836	-
(Total Expenditures)	<u>525,836</u>	<u>525,836</u>	<u>-</u>
(Deficiency) of Revenue (Under) Expenditures	(525,622)	(525,836)	214
Other Financing Sources (Uses)			
Transfers in	529,620	529,620	-
Net Change in Fund Balances	<u>\$ 3,998</u>	<u>\$ 3,784</u>	<u>\$ 214</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE BOND 2017
FOR THE YEAR ENDED SEPTEMBER 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Miscellaneous:			
Investment income	\$ 19,192	\$ -	\$ 19,192
Expenditures			
Debt service:			
Principal	330,000	602,807	272,807
Interest and fiscal charges	272,807	-	(272,807)
(Total Expenditures)	<u>602,807</u>	<u>602,807</u>	<u>-</u>
(Deficiency) of Revenue (Under) Expenditures	<u>(583,615)</u>	<u>(602,807)</u>	<u>19,192</u>
Other Financing Sources (Uses)			
Debt proceeds	10,365,000	10,365,000	-
Transfers in	648,750	648,750	-
Transfers (out)	(10,300,000)	(10,300,000)	-
Total Other Financing Sources (Uses)	<u>713,750</u>	<u>713,750</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 130,135</u>	<u>\$ 110,943</u>	<u>\$ 19,192</u>

ENTERPRISE FUNDS

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

The City maintains the following non-major Enterprise Funds:

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

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

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

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

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

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2018

	Regional Transit System Fund	Stormwater Management Utility Fund	Ironwood Golf Course Fund
Assets			
Cash and cash equivalents	\$ 3,750	\$ -	\$ 3,400
Equity in pooled cash and investments	-	4,259,198	-
Receivables	8,656,697	752,811	1,400
Due from other funds	6,563	103,273	-
Inventories	1,373,681	-	65,403
Total current assets	<u>10,040,691</u>	<u>5,115,282</u>	<u>70,203</u>
Capital assets (net of accumulated depreciation):			
Buildings	36,076,125	1,411,662	311,548
Improvements other than buildings	1,508,194	-	843,178
Machinery and equipment	19,836,359	194,390	194,513
Infrastructure	-	31,102,918	-
Capital assets (not depreciated):			
Land	4,690,877	4,154,002	520,266
Construction in progress	764,074	1,390,851	-
Total noncurrent assets	<u>62,875,629</u>	<u>38,253,823</u>	<u>1,869,505</u>
Total Assets	<u>72,916,320</u>	<u>43,369,105</u>	<u>1,939,708</u>
Deferred Outflows of Resources			
Deferred amounts related to pensions	3,367,167	734,731	39,254
Deferred amounts related to OPEB	492,269	116,897	8,387
Total Deferred Outflows of Resources	<u>3,859,436</u>	<u>851,628</u>	<u>47,641</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	1,873,416	810,639	84,429
Due to other funds	9,616,226	722,280	1,281,171
Unearned revenue	501,616	-	13,813
Current portion of long-term debt	15,358	198,820	60,865
Total current liabilities	<u>12,006,616</u>	<u>1,731,739</u>	<u>1,440,278</u>
Noncurrent liabilities:			
Long-term debt	383,960	1,704,438	839,417
Net pension liability	14,046,834	3,065,081	163,757
Net OPEB liability	840,111	199,497	14,314
Total noncurrent liabilities	<u>15,270,905</u>	<u>4,969,016</u>	<u>1,017,488</u>
Total Liabilities	<u>27,277,521</u>	<u>6,700,755</u>	<u>2,457,766</u>
Deferred Inflows of Resources			
Deferred amounts related to pensions	3,948,666	861,616	46,033
Deferred amounts related to OPEB	115,942	27,532	1,975
Total Deferred Inflows of Resources	<u>4,064,608</u>	<u>889,148</u>	<u>48,008</u>
Net Position			
Net investment in capital assets	62,862,589	36,458,096	982,035
Restricted for:			
RTS grant	468,600	-	-
Unrestricted	<u>(17,897,562)</u>	<u>172,734</u>	<u>(1,500,460)</u>
Total Net Position	<u>\$ 45,433,627</u>	<u>\$ 36,630,830</u>	<u>\$ (518,425)</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2018
(Concluded)

	Florida Building Code Enforcement Fund	Solid Waste Fund	Total Non-Major Enterprise Fund
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 7,150
Equity in pooled cash and investments	6,530,277	4,680,980	15,470,455
Receivables	-	726,351	10,137,259
Due from other funds	-	-	109,836
Inventories	4,144	-	1,443,228
Total current assets	6,534,421	5,407,331	27,167,928
Capital assets (net of accumulated depreciation):			
Buildings	-	445,491	38,244,826
Improvements other than buildings	-	-	2,351,372
Machinery and equipment	16,741	29,240	20,271,243
Infrastructure	-	-	31,102,918
Capital assets (not depreciated):			
Land	-	19,731	9,384,876
Construction in progress	-	-	2,154,925
Total noncurrent assets	16,741	494,462	103,510,160
Total Assets	6,551,162	5,901,793	130,678,088
Deferred Outflows of Resources			
Deferred amounts related to pensions	430,205	190,921	4,762,278
Deferred amounts related to OPEB	68,268	29,041	714,862
Total Deferred Outflows of Resources	498,473	219,962	5,477,140
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	645,834	604,107	4,018,425
Due to other funds	32	763,721	12,383,430
Unearned revenue	-	-	515,429
Current portion of long-term debt	3,319	137,994	416,356
Total current liabilities	649,185	1,505,822	17,333,640
Noncurrent liabilities:			
Long-term debt	82,969	2,221,182	5,231,966
Net pension liability	1,794,692	796,466	19,866,830
Net OPEB liability	116,506	49,563	1,219,991
Total noncurrent liabilities	1,994,167	3,067,211	26,318,787
Total Liabilities	2,643,352	4,573,033	43,652,427
Deferred Inflows of Resources			
Deferred amounts related to pensions	504,501	223,892	5,584,708
Deferred amounts related to OPEB	16,079	6,840	168,368
Total Deferred Inflows of Resources	520,580	230,732	5,753,076
Net Position			
Net investment in capital assets	16,741	(1,821,136)	98,498,325
Restricted for:			
RTS grant	-	-	468,600
Unrestricted	3,868,962	3,139,126	(12,217,200)
Total Net Position	\$ 3,885,703	\$ 1,317,990	\$ 86,749,725

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2018

	Regional Transit System Fund	Stormwater Management Utility Fund	Ironwood Golf Course Fund
Operating Revenues			
Sales and service charges	\$ 16,607,754	\$ 8,464,512	\$ 787,171
Other operating revenues	27,014	348,593	(10,987)
Total Operating Revenues	<u>16,634,768</u>	<u>8,813,105</u>	<u>776,184</u>
Operating Expenses			
Operations and maintenance	24,712,301	6,511,996	1,312,962
Administrative and general	1,692,229	1,001,378	232,114
Depreciation and amortization	5,367,676	1,538,860	173,475
Total Operating Expenses	<u>31,772,206</u>	<u>9,052,234</u>	<u>1,718,551</u>
Operating Income (Loss)	<u>(15,137,438)</u>	<u>(239,129)</u>	<u>(942,367)</u>
Non-Operating Revenues (Expenses)			
Investment income/(loss)	(212,721)	96,889	(28,677)
Interest expense	-	(40,832)	(39,218)
Local option gas tax	2,223,805	-	-
Operating grants	12,812,680	307,575	-
Total Non-Operating Revenues (Expenses)	<u>14,823,764</u>	<u>363,632</u>	<u>(67,895)</u>
Income/(Loss) Before Capital Contributions and Transfers	<u>(313,674)</u>	<u>124,503</u>	<u>(1,010,262)</u>
Capital contributions	<u>73,927</u>	<u>148,955</u>	<u>71,182</u>
Transfers in	1,067,210	5,374	813,684
Transfers (out)	(456,821)	(418,554)	(5,736)
Total Transfers	<u>610,389</u>	<u>(413,180)</u>	<u>807,948</u>
Change in Net Position	<u>370,642</u>	<u>(139,722)</u>	<u>(131,132)</u>
Net position - Beginning of Year, as Previously Reported	45,443,120	36,860,821	(380,816)
Restatement	(380,135)	(90,269)	(6,477)
Net Position - Beginning of Year, as Restated	<u>45,062,985</u>	<u>36,770,552</u>	<u>(387,293)</u>
Net Position - End of Year	<u>\$ 45,433,627</u>	<u>\$ 36,630,830</u>	<u>\$ (518,425)</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2018
(Concluded)

	Florida Building Code Enforcement Fund	Solid Waste Fund	Total Non-Major Enterprise Fund
Operating Revenues			
Sales and service charges	\$ 3,144,352	\$ 9,918,067	\$ 38,921,856
Other operating revenues	-	(81,261)	283,359
Total Operating Revenues	<u>3,144,352</u>	<u>9,836,806</u>	<u>39,205,215</u>
Operating Expenses			
Operations and maintenance	2,849,531	7,070,947	42,457,737
Administrative and general	299,466	434,341	3,659,528
Depreciation and amortization	5,895	18,982	7,104,888
Total Operating Expenses	<u>3,154,892</u>	<u>7,524,270</u>	<u>53,222,153</u>
Operating Income (Loss)	<u>(10,540)</u>	<u>2,312,536</u>	<u>(14,016,938)</u>
Non-Operating Revenues (Expenses)			
Investment income/(loss)	151,679	71,732	78,902
Interest expense	-	(84,199)	(164,249)
Local option gas tax	-	-	2,223,805
Operating grants	-	-	13,120,255
Total Non-Operating Revenues (Expenses)	<u>151,679</u>	<u>(12,467)</u>	<u>15,258,713</u>
Income/(Loss) Before Capital Contributions and Transfers	<u>141,139</u>	<u>2,300,069</u>	<u>1,241,775</u>
Capital contributions	<u>-</u>	<u>-</u>	<u>294,064</u>
Transfers in	-	6,400	1,892,668
Transfers (out)	(50,054)	(1,828,108)	(2,759,273)
Total Transfers	<u>(50,054)</u>	<u>(1,821,708)</u>	<u>(866,605)</u>
Change in Net Position	<u>91,085</u>	<u>478,361</u>	<u>669,234</u>
Net position - Beginning of Year, as Previously Reported	3,847,335	862,055	86,632,515
Restatement	(52,717)	(22,426)	(552,024)
Net Position - Beginning of Year, as Restated	<u>3,794,618</u>	<u>839,629</u>	<u>86,080,491</u>
Net Position - End of Year	<u>\$ 3,885,703</u>	<u>\$ 1,317,990</u>	<u>\$ 86,749,725</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2018

	Regional Transit System Fund	Stormwater Management Utility Fund	Ironwood Golf Course Fund
Cash Flows from Operating Activities			
Cash received from customers	\$ 12,437,762	\$ 8,944,050	\$ 776,186
Cash paid to suppliers	(18,126,521)	(4,858,580)	(1,192,315)
Cash paid to employees	(7,548,713)	(2,270,166)	(300,550)
Net Cash Provided (Used) by Operating Activities	<u>(13,237,472)</u>	<u>1,815,304</u>	<u>(716,679)</u>
Cash Flows from Noncapital Financing Activities			
Local option gas tax	2,223,805	-	-
Operating grants	12,812,680	307,575	-
Interfund borrowing	4,836,975	158,608	21,788
Transfers from other funds	1,067,210	5,374	813,684
Transfers to other funds	(456,821)	(418,554)	(5,736)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>20,483,849</u>	<u>53,003</u>	<u>829,736</u>
Cash Flows from Capital and Related Financing Activities			
Principal repayments on long-term debt	1,447	(166,168)	(56,148)
Interest paid on long-term debt	-	(40,832)	(39,218)
Capital contributions	73,927	148,955	71,182
Acquisition and construction of capital assets	(7,109,030)	(1,096,703)	(60,196)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,033,656)</u>	<u>(1,154,748)</u>	<u>(84,380)</u>
Cash Flows from Investing Activities			
Interest received	-	96,889	(28,677)
Proceeds from investment maturities	(212,721)	-	-
Net Cash Provided (Used) by Investing Activities	<u>(212,721)</u>	<u>96,889</u>	<u>(28,677)</u>
Net Increase (Decrease) in Cash	-	810,448	-
Cash - Beginning of Year	<u>3,750</u>	<u>3,448,750</u>	<u>3,400</u>
Cash - End of Year	<u>\$ 3,750</u>	<u>\$ 4,259,198</u>	<u>\$ 3,400</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2018
(Continued)

	Florida Building Code Enforcement Fund	Solid Waste Fund	Total Non-Major Enterprise Fund
Cash Flows from Operating Activities			
Cash received from customers	\$ 3,144,352	\$ 10,138,824	\$ 35,441,174
Cash paid to suppliers	(2,070,764)	(7,183,115)	(33,431,295)
Cash paid to employees	(631,880)	(835,637)	(11,586,946)
Net Cash Provided (Used) by Operating Activities	<u>441,708</u>	<u>2,120,072</u>	<u>(9,577,067)</u>
Cash Flows from Noncapital Financing Activities			
Local option gas tax	-	-	2,223,805
Operating grants	-	-	13,120,255
Interfold borrowing	46,106	568,256	5,631,733
Transfers from other funds	-	6,400	1,892,668
Transfers to other funds	(50,054)	(1,828,108)	(2,759,273)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(3,948)</u>	<u>(1,253,452)</u>	<u>20,109,188</u>
Cash Flows from Capital and Related Financing Activities			
Principal repayments on long-term debt	24,583	(126,818)	(323,104)
Interest paid on long-term debt	-	(84,199)	(164,249)
Capital contributions	-	-	294,064
Acquisition and construction of capital assets	(10,934)	52,135	(8,224,728)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>13,649</u>	<u>(158,882)</u>	<u>(8,418,017)</u>
Cash Flows from Investing Activities			
Interest received	151,679	71,732	291,623
Proceeds from investment maturities	-	-	(212,721)
Net Cash Provided (Used) by Investing Activities	<u>151,679</u>	<u>71,732</u>	<u>78,902</u>
Net Increase (Decrease) in Cash	603,088	779,470	2,193,006
Cash - Beginning of Year	<u>5,927,189</u>	<u>3,901,510</u>	<u>13,284,599</u>
Cash - End of Year	<u>\$ 6,530,277</u>	<u>\$ 4,680,980</u>	<u>\$ 15,477,605</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

	Regional Transit System Fund	Stormwater Management Utility Fund	Ironwood Golf Course Fund
<u>Cash and cash equivalents classified as:</u>			
Cash and cash equivalents	\$ 3,750	\$ -	\$ 3,400
Equity in pooled cash and investments	-	4,259,198	-
Total	\$ 3,750	\$ 4,259,198	\$ 3,400
 <u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>			
Operating income (loss)	\$ (15,137,438)	\$ (239,129)	\$ (942,367)
 Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	5,367,676	1,538,860	173,475
(Increase)/decrease in receivables	(4,197,006)	130,945	-
(Increase)/decrease in inventories	(60,301)	-	-
Increase/(decrease) in accounts payable and accrued liabilities	1,021,041	449,098	55,319
Pension expense adjustment	(315,093)	(84,334)	(4,533)
OPEB expense adjustment	83,649	19,864	1,427
 Net Cash Provided (Used) by Operating Activities	\$ (13,237,472)	\$ 1,815,304	\$ (716,679)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Concluded)

	Florida Building Code Enforcement Fund	Solid Waste Fund	Total Non-Major Enterprise Fund
<u>Cash and cash equivalents classified as:</u>			
Cash and cash equivalents	\$ -	\$ -	\$ 7,150
Equity in pooled cash and investments	6,530,277	4,680,980	15,470,455
Total	\$ 6,530,277	\$ 4,680,980	\$ 15,477,605
 <u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>			
Operating income (loss)	\$ (10,540)	\$ 2,312,536	\$ (14,016,938)
 Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	5,895	18,982	7,104,888
(Increase)/decrease in receivables	-	302,018	(3,764,043)
(Increase)/decrease in inventories	-	-	(60,301)
Increase/(decrease) in accounts payable and accrued liabilities	66,360	(422,471)	1,169,347
Pension expense adjustment	368,393	(95,931)	(131,498)
OPEB expense adjustment	11,600	4,938	121,478
Net Cash Provided (Used) by Operating Activities	\$ 441,708	\$ 2,120,072	\$ (9,577,067)

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, 2018

	General Insurance Fund	Employees Health and Accident Benefits Fund	Fleet Management Fund	Totals
Assets				
Cash and cash equivalents	\$ 400,000	\$ 122,000	\$ -	\$ 522,000
Equity in pooled cash and investments	9,694,415	8,960,594	5,304,915	23,959,924
Receivables	555	169	2,783	3,507
Due from other funds	455,358	-	251,460	706,818
Inventories	-	-	178,657	178,657
Prepaid expenses	23,204	-	-	23,204
Total current assets	10,573,532	9,082,763	5,737,815	25,394,110
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Buildings	-	-	3,022,651	3,022,651
Improvements other than buildings	-	-	1,026,391	1,026,391
Machinery and equipment	451	-	12,401,835	12,402,286
Infrastructure	-	-	237,399	237,399
Capital assets (non depreciable):				
Land	-	-	631,563	631,563
Total noncurrent assets	451	-	17,319,839	17,320,290
Total Assets	10,573,983	9,082,763	23,057,654	42,714,400
Deferred Outflows of Resources				
Deferred amounts related to pensions	330,584	29,689	416,026	776,299
Deferred amounts related to OPEB	50,798	4,041	66,066	120,905
Total Deferred Outflows of Resources	381,382	33,730	482,092	897,204
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	7,096,195	1,507,141	367,321	8,970,657
Due to Other Funds	-	-	-	-
Current portion of long-term debt	2,432	19	2,548	4,999
Total current liabilities	7,098,627	1,507,160	369,869	8,975,656
Noncurrent liabilities:				
Long-term debt	60,810	483	75,027	136,320
Pension liability	1,379,101	123,852	1,735,540	3,238,493
OPEB liability	86,693	6,897	112,748	206,338
Total Liabilities	8,625,231	1,638,392	2,293,184	12,556,807
Deferred Inflows of Resources				
Deferred amounts related to pensions	387,674	34,816	487,872	910,362
Deferred amounts related to OPEB	11,964	952	15,560	28,476
Total Deferred Inflows of Resources	399,638	35,768	503,432	938,838
Net Position				
Net investment in capital assets	451	-	17,319,839	17,320,290
Unrestricted	1,930,045	7,442,333	3,423,291	12,795,669
Total Net Position	\$ 1,930,496	\$ 7,442,333	\$ 20,743,130	\$ 30,115,959

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2018

	General Insurance Fund	Employees Health and Accident Benefits Fund	Fleet Management Fund	Totals
Operating Revenues				
Sales and service charges	\$ 5,590,851	\$ 6,925,658	\$ 9,368,915	\$ 21,885,424
Employer contributions	-	13,013,679	-	13,013,679
Employee contributions	-	6,578,456	-	6,578,456
Other operating revenues	764,266	1,285,294	241,496	2,291,056
Total Operating Revenues	6,355,117	27,803,087	9,610,411	43,768,615
Operating Expenses				
Operations and maintenance	5,913,967	129,736	7,168,598	13,212,301
Administrative and general	-	183,747	-	183,747
Depreciation and amortization	2,594	-	2,581,722	2,584,316
Benefits paid and other expenses	-	26,497,829	-	26,497,829
Total Operating Expenses	5,916,561	26,811,312	9,750,320	42,478,193
Operating Income (Losses)	438,556	991,775	(139,909)	1,290,422
Non-operating Revenues				
Investment income	227,416	174,165	133,239	534,820
Total Non-operating Revenues	227,416	174,165	133,239	534,820
Income (Loss) Before Capital Contributions and Transfers	665,972	1,165,940	(6,670)	1,825,242
Capital contributions	-	-	313,605	313,605
Transfers in	-	-	57,735	57,735
Transfers (out)	(40,012)	(2,570)	(41,918)	(84,500)
Change in Net Position	625,960	1,163,370	322,752	2,112,082
Net position - Beginning of Year, as Previously Reported	1,343,763	6,282,084	20,471,394	28,097,241
Restatement	(39,227)	(3,121)	(51,016)	(93,364)
Net Position - Beginning of Year, as Restated	1,304,536	6,278,963	20,420,378	28,003,877
Net Position - End of Year	\$ 1,930,496	\$ 7,442,333	\$ 20,743,130	\$ 30,115,959

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Insurance Fund	Employees Health and Accident Benefits Fund	Fleet Management Fund	Totals
Cash Flow from Operating Activities				
Cash received from customers	\$ 5,590,851	\$ 27,803,087	\$ 9,366,132	\$ 42,760,070
Cash paid to suppliers	(4,417,302)	(26,304,539)	(7,502,146)	(38,223,987)
Cash paid to employees	(1,401,527)	(307,984)	281,211	(1,428,300)
Other operating receipts	764,266	-	241,496	1,005,762
Net Cash Provided (Used) by Operating Activities	<u>536,288</u>	<u>1,190,564</u>	<u>2,386,693</u>	<u>4,113,545</u>
Cash Flows from Noncapital and Related Financing Activities				
Interfund borrowing	(351,469)	-	453,706	102,237
Transfers from other funds	-	-	57,735	57,735
Transfers to other funds	(40,012)	(2,570)	(41,918)	(84,500)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(391,481)</u>	<u>(2,570)</u>	<u>469,523</u>	<u>75,472</u>
Cash Flows from Capital and Related Financing Activities				
Principal repayments on long-term debt	10,185	(931)	7,701	16,955
Capital contributions	-	-	313,605	313,605
Acquisition and construction of capital assets	-	-	(4,415,084)	(4,415,084)
Net Cash Flows Used by Capital and Related Financing Activities	<u>10,185</u>	<u>(931)</u>	<u>(4,093,778)</u>	<u>(4,084,524)</u>
Cash Flows from Investing Activities				
Interest received	-	-	-	-
Proceeds from investment maturities	227,416	174,164	133,239	534,819
Net Cash Provided (Used) by Investing Activities	<u>227,416</u>	<u>174,164</u>	<u>133,239</u>	<u>534,819</u>
Net Increase (Decrease) in Cash	382,408	1,361,227	(1,104,323)	639,312
Cash - Beginning of Year	<u>9,712,007</u>	<u>7,721,367</u>	<u>6,409,238</u>	<u>23,842,612</u>
Cash - End of Year	<u>\$ 10,094,415</u>	<u>\$ 9,082,594</u>	<u>\$ 5,304,915</u>	<u>\$ 24,481,924</u>

**CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Concluded)**

	General Insurance Fund	Employees Health and Accident Benefits Fund	Fleet Management Fund	Totals
<u>Cash and cash equivalents classified as:</u>				
Cash and cash equivalents	\$ 400,000	\$ 122,000	\$ -	\$ 522,000
Equity in pooled cash and investments	9,694,415	8,960,594	5,304,915	23,959,924
Total	\$ 10,094,415	\$ 9,082,594	\$ 5,304,915	\$ 24,481,924
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>				
Operating income (loss)	\$ 438,556	\$ 991,775	\$ (139,909)	\$ 1,290,422
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	2,594	-	2,581,722	2,584,316
(Increase)/decrease in receivables	-	-	(2,783)	(2,783)
(Increase)/decrease in inventories	-	-	(4,649)	(4,649)
Increase/(decrease) in accounts payable and accrued liabilities	138,406	194,173	(140,614)	191,965
Pension expense adjustment	(1,408,710)	(125,050)	270,570	(1,263,190)
Pension and OPEB expense adjustment	1,365,442	129,666	(177,644)	1,317,464
Net Cash Provided (Used) by Operating Activities	\$ 536,288	\$ 1,190,564	\$ 2,386,693	\$ 4,113,545

FIDUCIARY FUNDS

TRUST FUNDS

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

The City maintains the following Trust Funds:

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

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

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

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS
SEPTEMBER 30, 2018

	Employees' Pension Fund	Police Officers' and Firefighters' Consolidated Retirement Fund	Other Post- Employment Benefits (OPEB) Fund	Totals
Assets				
Cash and cash equivalents	\$ 5,057,825	\$ 12,126,781	\$ 877,348	\$ 18,061,954
Equity in pooled cash and investments	1,822,407	2,971,795	1,042,791	5,836,993
Employer Contributions:				
Investments, at fair value:				
Equities	260,826,448	192,121,613	55,076,100	508,024,161
Limited partnerships units	22,201,633	3,747,141	7,875,169	33,823,943
Real estate	3,144,742	3,840,872	-	6,985,614
Mutual funds	119,687,856	26,931,103	-	146,618,959
Fixed income:				
Government bonds	6,463,524	11,925,152	777,958	19,166,634
Corporate bonds	5,288,522	-	909,874	6,198,396
Mortgage and asset backed securities	8,471,746	-	947,719	9,419,465
Total investments, at fair value	<u>426,084,471</u>	<u>238,565,881</u>	<u>65,586,820</u>	<u>730,237,172</u>
Total Assets	<u>432,964,703</u>	<u>253,664,457</u>	<u>67,506,959</u>	<u>754,136,119</u>
Liabilities				
Accounts payable and accrued liabilities	456,565	442,629	107,668	1,006,862
Due to other funds	-	-	-	-
Due to employees	-	-	-	-
Total Liabilities	<u>456,565</u>	<u>442,629</u>	<u>107,668</u>	<u>1,006,862</u>
Net Position Restricted for Pension and OPEB Benefits	<u>\$ 432,508,138</u>	<u>\$ 253,221,828</u>	<u>\$ 67,399,291</u>	<u>\$ 753,129,257</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS
SEPTEMBER 30, 2018

	Employees' Pension Fund	Police Officers' and Firefighters' Consolidated Retirement Fund	Other Post- Employment Benefits (OPEB) Fund	Totals
Additions				
Contributions				
Employer contributions:				
Required	\$ 16,372,691	\$ 4,507,893	\$ 2,016,573	\$ 22,897,157
State on behalf payments, through general fund	-	1,366,304	-	1,366,304
Total employer contributions	16,372,691	5,874,197	2,016,573	24,263,461
Employee contributions	4,406,703	4,644,864	3,622,415	12,673,982
Total Contributions	20,779,394	10,519,061	5,638,988	36,937,443
Investment income				
Net appreciation/(depreciation) in fair value of investments	46,305,668	21,908,859	5,203,258	73,417,785
Dividends and interest	5,339,000	2,868,600	1,470,004	9,677,604
Total investment income	51,644,668	24,777,459	6,673,262	83,095,389
(Less investment expense)	(2,424,875)	(721,331)	(422,745)	(3,568,951)
Net investment income	49,219,793	24,056,128	6,250,517	79,526,438
Total Additions	69,999,187	34,575,189	11,889,505	116,463,881
Deductions				
Benefit payments	32,754,401	21,859,750	7,976,678	62,590,829
Refunds of contributions	352,326	286,167	-	638,493
Administrative expenses	697,884	699,346	13,889	1,411,119
Total Deductions	33,804,611	22,845,263	7,990,567	64,640,441
Change in Net Position	36,194,576	11,729,926	3,898,938	51,823,440
Net Position - Beginning	396,313,562	241,491,902	63,500,353	701,305,817
Net Position - Ending	\$ 432,508,138	\$ 253,221,828	\$ 67,399,291	\$ 753,129,257

STATISTICAL SECTION

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>	189
<i>These schedules provide financial trend information, which shows how the City's financial performance has changed over time.</i>	
<u>Revenue Capacity</u>	194
<i>These schedules provide additional information about Property Tax and Utility Revenues, the City's most significant local revenue sources.</i>	
<u>Debt Capacity</u>	204
<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>	
<u>Demographic and Economic Information</u>	207
<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>	
<u>Operating Information</u>	209
<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>	

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

Financial Trends

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Invested in capital assets, net of related debt	\$ 109,776,558	\$ 116,698,998	\$ 127,383,906	\$ 133,198,609	\$ 147,982,728	\$ 163,117,931	\$ 167,469,862	\$ 190,440,482	\$ 195,530,215	\$ 215,537,449
Restricted	54,338,573	63,393,549	66,834,959	63,041,610	52,874,367	42,462,127	53,090,288	41,905,152	47,526,431	37,526,544
Unrestricted	8,569,078	10,754,370	17,050,427	16,993,135	11,105,349	17,334,531	(85,660,620)	(91,445,398)	(92,364,875)	(112,356,716)
Total governmental activities net position	\$ 172,684,209	\$ 190,846,917	\$ 211,269,292	\$ 213,233,354	\$ 211,962,444	\$ 222,914,589	\$ 134,899,530	\$ 140,900,236	\$ 150,691,771	\$ 140,707,277
Business-type activities:										
Invested in capital assets, net of related debt	\$ 355,449,225	\$ 373,193,617	\$ 350,932,231	\$ 368,031,597	\$ 362,258,572	\$ 387,916,136	\$ 379,583,536	\$ 361,120,054	\$ 326,814,049	\$ 369,448,747
Restricted	59,072,730	74,411,130	84,940,717	85,067,843	88,409,575	60,971,377	78,925,696	82,756,292	60,698,691	44,988,255
Unrestricted	57,894,750	55,460,731	102,951,974	110,159,236	113,807,653	134,105,632	115,418,059	131,653,410	149,330,297	106,765,463
Total business-type activities net position	\$ 472,416,705	\$ 503,065,478	\$ 538,824,922	\$ 563,258,676	\$ 564,475,800	\$ 582,993,145	\$ 573,927,291	\$ 575,529,756	\$ 536,843,037	\$ 521,202,465
Total primary government:										
Invested in capital assets, net of related debt	\$ 465,225,783	\$ 489,892,615	\$ 478,316,137	\$ 501,230,206	\$ 510,241,300	\$ 551,034,067	\$ 547,053,398	\$ 551,560,536	\$ 522,344,264	\$ 584,986,196
Restricted	113,411,303	137,804,679	151,775,676	148,109,453	141,283,942	103,433,504	132,015,984	124,661,444	108,225,122	82,514,799
Unrestricted	66,463,828	66,215,101	120,002,401	127,152,371	124,913,002	151,440,163	29,757,439	40,208,012	56,965,422	(5,591,253)
Total primary government net position	\$ 645,100,914	\$ 693,912,395	\$ 750,094,214	\$ 776,492,030	\$ 776,438,244	\$ 805,907,734	\$ 708,826,821	\$ 716,429,992	\$ 687,534,808	\$ 661,909,742

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

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

(concluded)

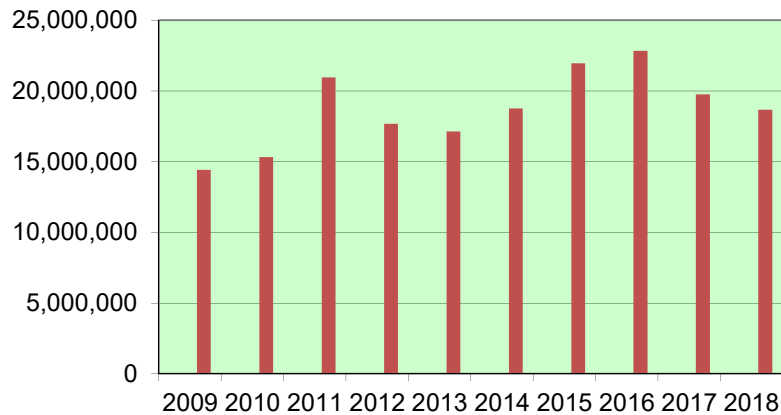
City of Gainesville
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	\$ 16,176,189	\$ 20,042,296	\$ 23,812,563	\$ 13,257,529	\$ 22,040,757
Public safety	64,021,054	58,122,081	72,097,913	60,307,834	63,936,193
Physical environment	2,871,836	1,007,994	637,207	1,820,004	412,777
Transportation	15,142,893	18,412,980	5,723,450	17,941,779	19,259,842
Human services	2,216,579	1,726,374	7,397,884	8,879,794	1,758,977
Economic environment	8,602,592	5,930,125	1,393,939	1,340,199	5,756,671
Interest on long-term debt	6,711,350	7,216,312	8,802,512	17,049,901	7,309,426
Culture & recreation	9,332,876	11,042,060	7,113,163	6,374,794	12,182,553
Total governmental activities expenses	<u>125,075,369</u>	<u>123,500,222</u>	<u>126,978,631</u>	<u>126,971,834</u>	<u>132,657,196</u>
Business-type activities:					
Electric	\$ 291,110,843	\$ 313,776,108	\$ 322,959,616	\$ 331,139,770	\$ 288,723,340
Gas	22,764,377	23,086,959	21,999,919	21,284,174	21,383,577
Water	25,516,070	25,990,135	28,179,472	32,390,604	31,267,572
Wastewater	27,740,855	27,852,572	32,454,104	37,417,260	38,712,044
GRUCOM	11,761,638	13,733,955	12,491,683	12,358,447	12,119,479
Regional transit system	24,279,240	26,170,257	28,302,063	33,640,219	31,230,329
Stormwater management	6,351,290	6,574,131	7,504,695	8,877,317	8,902,706
Ironwood golf course	1,456,632	1,573,460	1,701,930	1,632,760	1,731,357
Florida building code enforcement	2,306,430	2,324,819	2,661,425	2,656,233	3,105,149
Solid waste	7,594,037	8,623,125	9,002,895	8,099,106	7,579,142
Total business-type activities expenses	<u>420,881,412</u>	<u>449,705,521</u>	<u>467,257,802</u>	<u>489,495,890</u>	<u>444,754,695</u>
Total primary government expenses	<u>\$ 545,956,781</u>	<u>\$ 573,205,743</u>	<u>\$ 594,236,433</u>	<u>\$ 616,467,724</u>	<u>\$ 577,411,891</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 13,124,551	\$ 12,900,012	\$ 10,423,187	\$ 11,795,746	\$ 11,697,361
Public safety	8,399,721	9,105,760	8,464,495	7,640,035	11,390,344
Other charges for services	3,962,570	6,233,296	5,180,923	4,892,481	4,416,822
Operating grants and contributions	7,036,634	7,169,569	8,809,447	6,822,748	4,818,258
Capital grants and contributions	5,061,574	3,999,209	1,698,750	2,634,365	712,441
Total governmental activities program revenues	<u>37,585,050</u>	<u>39,407,846</u>	<u>34,576,802</u>	<u>33,785,375</u>	<u>33,035,226</u>
Business-type activities:					
Charges for services:					
Electric	268,774,902	277,077,555	276,623,151	293,065,520	272,311,406
Other utilities	99,880,653	101,823,558	103,207,375	108,125,440	110,891,490
Other charges for services	34,576,794	36,298,907	37,515,391	37,606,459	38,921,856
Operating grants and contributions	25,213,077	9,435,118	5,828,801	10,315,741	13,120,255
Capital grants and contributions	5,658,720	1,962,901	5,305,542	13,089,525	1,484,306
Total business-type activities program revenues	<u>434,104,146</u>	<u>426,598,039</u>	<u>428,480,260</u>	<u>462,202,685</u>	<u>436,729,313</u>
Total primary government program revenues	<u>\$ 471,689,196</u>	<u>\$ 466,005,885</u>	<u>\$ 463,057,062</u>	<u>\$ 495,988,060</u>	<u>\$ 469,764,539</u>
Net (Expense)/Revenue					
Governmental activities	\$ (87,490,319)	\$ (84,092,376)	\$ (92,401,829)	\$ (93,186,459)	\$ (99,621,970)
Business-type activities	13,222,734	(23,107,482)	(38,777,542)	(27,293,205)	(8,025,382)
Total primary government net revenue	<u>\$ (74,267,585)</u>	<u>\$ (107,199,858)</u>	<u>\$ (131,179,371)</u>	<u>\$ (120,479,664)</u>	<u>\$ (107,647,352)</u>
General Revenues and Other					
Changes in Net Position					
Governmental activities:					
Taxes:					
Property taxes	\$ 26,476,044	\$ 28,558,490	\$ 29,161,493	\$ 31,116,558	\$ 34,925,769
Other taxes	21,516,536	21,359,992	21,670,989	22,105,551	31,468,891
State revenue sharing	3,945,358	4,214,442	4,316,493	4,648,650	4,841,716
Investment gain (loss)	6,061,874	4,712,920	4,176,684	443,618	1,797,724
Other revenues	3,495,904	3,849,507	3,567,795	8,127,699	4,584,282
Total governmental activities	<u>61,495,716</u>	<u>62,695,351</u>	<u>62,893,454</u>	<u>66,442,076</u>	<u>77,618,382</u>
Business-type activities:					
Interest	6,871,499	12,109,749	19,569,675	5,234,036	8,324,132
Other revenues	39,459,939	51,373,445	56,319,413	61,488,630	21,858,387
Total business-type activities	<u>46,331,438</u>	<u>63,483,194</u>	<u>75,889,088</u>	<u>66,722,666</u>	<u>30,182,519</u>
Total primary government	<u>\$ 107,827,154</u>	<u>\$ 126,178,545</u>	<u>\$ 138,782,542</u>	<u>\$ 133,164,742</u>	<u>\$ 107,800,901</u>
Changes in Net Position (including transfers, special items and extraordinary items)					
Governmental activities	\$ 12,751,251	\$ 14,225,269	\$ 6,000,706	\$ 9,791,535	\$ 15,242,097
Business-type activities	20,988,318	4,753,418	1,602,465	2,893,543	(15,088,548)
Total primary government	<u>\$ 33,739,569</u>	<u>\$ 18,978,687</u>	<u>\$ 7,603,171</u>	<u>\$ 12,685,078</u>	<u>\$ 153,549</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund:										
Nonspendable	\$ -	\$ -	\$ 3,474,278	\$ 3,363,691	\$ 2,959,587	\$ 2,753,498	\$ 2,487,568	\$ 2,238,498	\$ 1,959,310	\$ 1,647,816
Assigned	-	-	1,060,672	2,236,549	772,730	1,494,098	1,985,914	3,551,786	1,607,428	-
Unassigned	-	-	16,433,938	12,087,485	13,408,146	14,520,395	17,476,507	17,050,156	16,199,506	17,023,490
Reserved *	4,768,553	4,051,937	-	-	-	-	-	-	-	-
Unreserved *	9,659,258	11,264,725	-	-	-	-	-	-	-	-
Total general fund	\$ 14,427,811	\$ 15,316,662	\$ 20,968,888	\$ 17,687,725	\$ 17,140,463	\$ 18,767,991	\$ 21,949,989	\$ 22,840,440	\$ 19,766,244	\$ 18,671,306
All other governmental funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 973,501	\$ 973,501	\$ 973,501	\$ 973,501
Restricted	-	-	70,813,952	64,831,266	56,363,125	45,981,942	40,819,050	36,886,125	42,831,122	48,991,566
Committed	-	-	782,237	782,237	901,448	1,361,332	2,714,703	3,684,544	4,186,209	4,284,750
Assigned	-	-	10,370,993	16,633,174	12,555,440	9,632,021	31,481,786	29,243,195	25,434,776	13,929,331
Unassigned	-	-	(29,288)	(3,067,169)	(2,499,106)	(2,121,436)	(1,734,610)	(1,571,393)	(1,815,726)	(1,613,819)
Reserved *	12,958,151	12,066,838	-	-	-	-	-	-	-	-
Unreserved, reported in: *										
Special revenue funds	20,652,435	17,677,648	-	-	-	-	-	-	-	-
Capital projects funds	47,356,632	54,624,332	-	-	-	-	-	-	-	-
Debt service funds	819,434	965,256	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 81,786,652	\$ 85,334,074	\$ 81,937,894	\$ 79,179,508	\$ 67,320,907	\$ 54,853,859	\$ 74,254,430	\$ 69,215,972	\$ 71,609,882	\$ 66,565,329

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 48,660,333	\$ 55,238,898	\$ 49,781,834	\$ 45,404,192	\$ 45,099,581	\$ 44,949,416	\$ 46,728,963	\$ 45,455,100	\$ 51,600,589	\$ 60,430,912
Licenses and permits	770,664	745,274	832,814	866,236	899,441	950,644	965,536	943,444	5,901,029	7,371,636
Intergovernmental	35,152,327	26,966,627	28,665,033	24,685,016	29,719,620	27,502,531	26,925,019	26,204,076	26,303,362	25,320,730
Charges for services	8,918,343	9,134,011	13,375,534	15,054,350	14,389,653	15,533,253	17,043,277	16,977,893	12,076,001	12,574,128
Fines and forfeitures	2,502,515	1,726,229	2,629,506	1,796,110	1,985,956	1,824,055	2,145,183	1,483,244	1,160,249	1,345,009
Miscellaneous	4,263,958	4,727,669	3,936,894	4,450,048	(1,599,295)	7,020,464	7,224,161	5,592,138	3,186,221	4,606,410
Total revenues	100,268,140	98,538,708	99,221,615	92,255,952	90,494,956	97,780,363	101,032,139	96,655,895	100,227,451	111,648,825
Expenditures										
General government	\$ 16,588,882	\$ 16,110,505	\$ 14,707,657	\$ 14,999,927	\$ 14,857,602	\$ 15,191,905	\$ 15,432,428	\$ 16,769,826	\$ 17,882,912	\$ 18,721,311
Public safety	51,474,948	52,936,750	54,085,573	55,405,967	57,644,637	60,050,160	57,211,291	58,725,485	60,949,388	63,611,488
Physical environment	1,220,036	949,027	746,462	1,020,714	3,422,270	2,345,811	728,714	179,148	1,638,851	390,832
Transportation	12,043,680	12,669,257	13,165,523	12,481,951	12,117,326	13,493,390	14,799,718	14,357,357	13,506,968	12,199,626
Economic environment	7,938,012	9,710,604	9,040,688	7,961,882	7,324,538	8,322,502	5,679,667	6,110,015	8,449,753	5,592,127
Human services	293,829	593,420	1,123,442	554,740	390,769	819,536	1,379,014	1,354,828	1,342,820	1,725,801
Culture and recreation	8,727,210	8,813,164	7,683,761	7,998,869	8,282,530	8,138,572	8,758,008	10,795,803	9,697,565	9,266,636
Debt service:										
Principal	7,822,049	8,511,383	9,192,493	10,332,810	9,886,531	12,884,423	6,084,283	6,205,471	7,512,126	8,200,392
Interest	7,125,182	7,472,387	7,489,706	7,283,092	7,127,610	6,803,431	6,946,531	6,963,319	6,129,579	7,216,512
Advance refunding escrow	-	-	-	-	-	-	-	2,027,758	-	-
Bond issuance costs	36,004	84,974	-	67,243	-	41,837	242,746	78,691	-	-
Capital outlay	9,801,087	13,410,389	15,369,816	17,741,445	21,958,840	18,682,145	10,242,908	19,494,913	10,296,971	38,501,041
Total expenditures	123,070,919	131,261,860	132,605,121	135,848,640	143,012,653	146,773,712	127,505,308	143,062,614	137,406,933	165,425,766
Excess of revenues under expenditures	(22,802,779)	(32,723,152)	(33,383,506)	(43,592,688)	(52,517,697)	(48,993,349)	(26,473,169)	(46,406,719)	(37,179,482)	(53,776,941)
Other Financing Sources (Uses)										
Debt issuance	11,500,000	3,036,907	-	9,960,000	-	14,715,000	12,435,000	18,600,000	-	10,365,000
Bond premium/(discount)	-	(15,320)	-	-	-	-	947,278	-	-	-
Transfers in	67,675,683	54,268,164	54,072,623	67,533,715	61,955,075	59,810,683	71,442,628	63,795,920	59,041,563	75,105,237
Transfers out	(29,013,693)	(20,130,326)	(18,433,071)	(30,755,032)	(21,843,241)	(21,656,854)	(35,769,168)	(28,212,063)	(22,542,367)	(37,832,787)
Payments to refunded bond escrow agent	-	-	-	(6,230,000)	-	(14,715,000)	-	(11,925,145)	-	-
Total other financing sources (uses)	50,161,990	37,159,425	35,639,552	40,508,683	40,111,834	38,153,829	49,055,738	42,258,712	36,499,196	47,637,450
Net change in fund balances	\$ 27,359,211	\$ 4,436,273	\$ 2,256,046	\$ (3,084,005)	\$ (12,405,863)	\$ (10,839,520)	\$ 22,582,569	\$ (4,148,007)	\$ (680,286)	\$ (6,139,491)
Debt service as a percentage of noncapital expenditures	14.57%	14.26%	14.80%	14.33%	13.22%	15.92%	11.22%	11.47%	10.88%	10.05%

Revenue Capacity

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

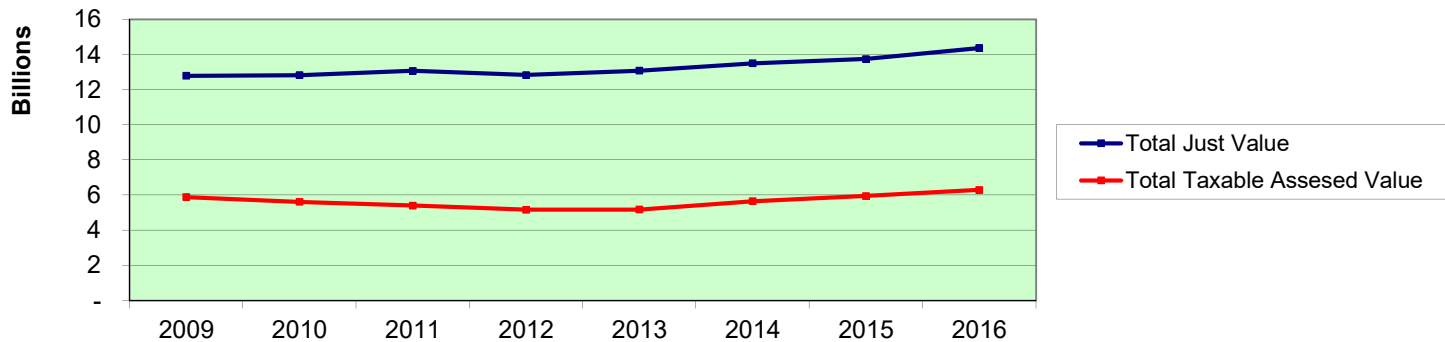
Fiscal Year Ended September 30,	Tax Year	Just Value			Exemptions					Total Taxable Assessed Value	Total Direct Tax Rate
		Real Property	Personal Property	Centrally Assessed Property	Governmental	Agricultural	Institutional	Homestead	Other		
2009	2008	10,599,500,250	1,732,004,529	1,149,322	4,195,267,980	35,549,700	647,733,978	1,773,423,757	14,341,607	5,666,337,079	4.2544
2010	2009	10,534,674,944	2,245,414,910	1,234,487	4,251,801,982	39,408,200	874,389,881	1,594,957,710	134,747,020	5,886,019,548	4.3963
2011	2010	10,570,350,300	2,241,373,073	987,726	4,815,548,071	37,517,700	896,937,822	1,313,405,085	141,081,893	5,608,220,528	4.2544
2012	2011	10,756,478,800	2,308,068,145	1,130,083	5,343,081,038	39,115,900	1,029,746,160	1,134,254,774	117,240,859	5,402,238,297	4.2544
2013	2012	10,437,604,712	2,386,565,278	1,073,991	5,408,327,315	37,576,500	1,112,522,902	993,996,869	109,161,684	5,163,658,711	4.4946
2014	2013	10,480,490,440	2,587,608,797	2,138,554	5,609,545,384	39,389,400	1,095,790,104	916,778,157	234,075,511	5,174,659,235	4.5780
2015	2014	10,508,455,900	2,979,114,148	2,210,823	5,603,063,413	39,298,000	1,129,921,784	895,414,243	178,766,271	5,643,317,160	4.5079
2016	2015	10,815,607,700	2,912,715,109	2,251,700	5,651,530,893	40,988,400	1,094,785,940	992,344,032	181,396,571	5,769,528,673	4.5079
2017	2016	11,183,742,495	3,179,982,350	2,303,808	5,923,396,413	42,466,700	1,065,499,494	1,041,502,131	267,520,476	6,025,643,439	4.5079
2018	2017	11,231,867,455	3,208,636,215	2,347,682	5,961,428,856	43,012,432	1,096,499,331	1,016,923,482	215,439,707	6,109,547,544	4.5079

368,134,795
3.40%

267,267,241
9.18%

52,108
2.31%

Just and Taxable Values



Source:

Alachua County Property Appraiser

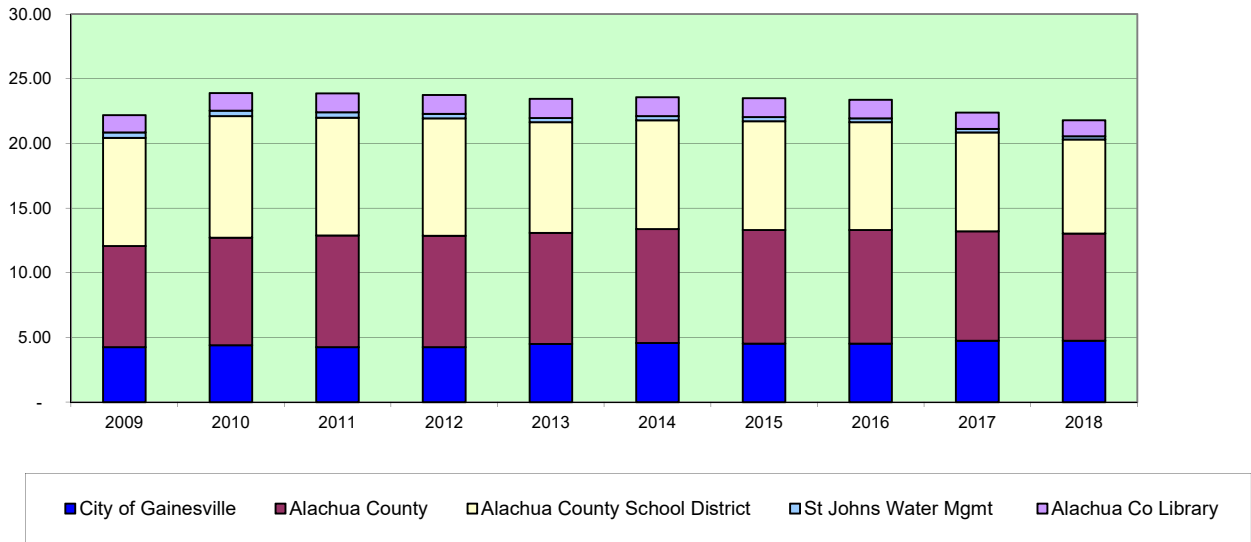
Note:

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 assessed value. Disclosing the nature of the exemptions provides more relevant information than detailing real property categories.

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

Year Fiscal	Year Tax	City of Rate Direct	Overlapping Rates				Total Rates Overlapping
			County Alachua	Alachua District School	St. Johns District Management	Alachua District Library	
2009	2008	4.2544	7.8208	8.3590	0.4158	1.3406	22.1906
2010	2009	4.3963	8.2995	9.4080	0.4158	1.3771	23.8967
2011	2010	4.2544	8.6263	9.1070	0.4158	1.4736	23.8771
2012	2011	4.2544	8.5956	9.0920	0.3313	1.4790	23.7523
2013	2012	4.4946	8.5956	8.5490	0.3313	1.4768	23.4473
2014	2013	4.5780	8.7990	8.4020	0.3283	1.4588	23.5661
2015	2014	4.5079	8.7990	8.4100	0.3164	1.4588	23.4921
2016	2015	4.5079	8.7950	8.3240	0.3023	1.4538	23.3830
2017	2016	4.7474	8.4648	7.6250	0.2724	1.2655	22.3751
2018	2017	4.7474	8.2829	7.2640	0.2562	1.2303	21.7808

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



Source: Alachua County Property Appraiser

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

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

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

	2018			2008		
	Total Assessed	Percentage of Total Taxable Assessed		Total Assessed	Percentage of Total Taxable Assessed	
Gainesville Renewable Energy Center Inc.	\$ 301,247,900	1	4.93%	\$ -	n/a	
Argos Cement LLC	151,760,610	2	2.48%	-	n/a	
Oaks Mall Gainesville LTD	137,760,630	3	2.25%	137,000,000	1	2.42%
Wal-Mart Stores East LP	98,911,970	4	1.62%	-	n/a	
HCA Health Services of Florida, Inc.	82,134,250	5	1.34%	62,372,800	2	1.10%
Duke Energy Florida Inc	77,893,413	6	1.27%	-	n/a	
AT & T Mobility LLC	67,961,543	7	1.11%	-	n/a	
Stanley Robert E	66,068,500	8	1.08%	-	n/a	
Bellsouth Telecommunications	63,788,606	9	n/a	55,611,559	4	0.98%
North Florida Regional Medical Center Inc.	59,142,690	10	0.97%	-	n/a	
Oak Hammock at the Univ of Florida, Inc.	-		n/a	59,947,600	3	1.06%
Florida Power Corp	-		n/a	40,857,502	5	0.72%
Gainesville Place LLC	-		n/a	34,909,000	6	0.62%
CoxCom LLC	-		n/a	34,871,840	7	0.62%
Inland American Lodging Gaineville LLC	-		n/a	33,533,600	8	0.59%
Anheuser Busch Companies	-		n/a	30,349,070	9	0.54%
Campus Lodge of Gainesville, LTD	-		n/a	30,281,900	10	0.53%
Total	<u>\$ 1,106,670,112</u>		<u>17.07%</u>	<u>\$ 519,734,871</u>		<u>9.17%</u>

Source: Alachua County Property Appraiser

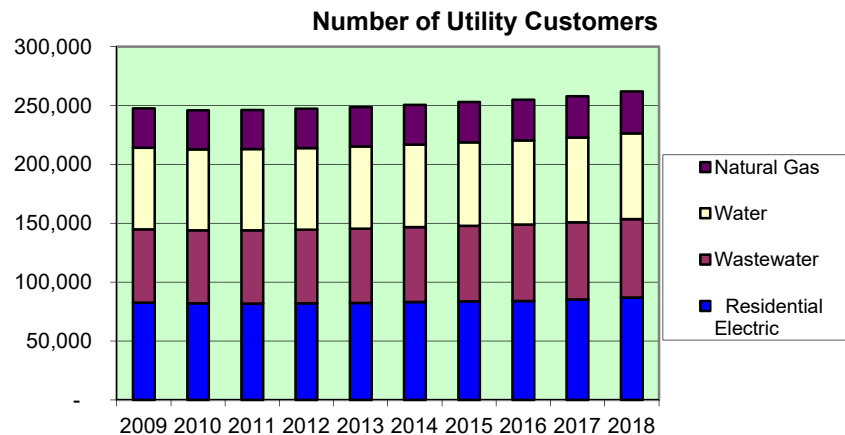
**City of Gainesville
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 24,020,009	\$ 23,191,605	96.6%	\$ 63,122	\$ 23,254,727	96.8%
2010	25,782,262	24,912,341	96.6%	82,380	24,994,721	96.9%
2011	23,802,971	23,007,885	96.7%	30,552	23,038,437	96.8%
2012	22,865,258	22,085,295	96.6%	60,850	22,146,145	96.9%
2013	23,068,205	22,259,404	96.5%	93,905	22,353,309	96.9%
2014	23,449,920	22,573,803	96.3%	133,066	22,706,869	96.8%
2015	25,292,699	24,342,225	96.2%	69,006	24,411,231	96.5%
2016	25,854,421	24,924,172	96.4%	44,837	24,969,009	96.6%
2017	26,996,390	26,030,596	96.4%	20,629	26,051,225	96.5%
2018	30,885,614	29,766,402	96.4%	n/a	29,766,402	96.4%

Source: Alachua County Tax Collector

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Number of Customers</u>										
Residential Electric	82,668	82,038	81,900	82,039	82,440	83,117	83,796	84,069	85,229	86,952
Non-residential Electric	10,461	10,383	10,372	10,422	10,467	10,602	10,677	10,726	11,043	11,220
Water	69,496	68,819	68,952	69,329	69,847	70,300	70,903	71,546	72,136	73,043
Wastewater	62,071	61,999	62,164	62,536	63,001	63,501	64,121	64,781	65,591	66,483
Natural Gas	33,451	33,202	33,208	33,264	33,465	33,780	34,152	34,496	34,942	35,389
<u>Sales</u>										
Electric (gigawatt hours):										
Residential Electric	807	857	821	754	752	772	793	819	797	822
Non-residential Electric	964	994	967	945	930	942	951	978	963	989
Gallons of Water (million gallons)	7,892	7,371	7,775	7,369	6,964	6,822	6,786	6,837	7,211	6,922
Gallons of Wastewater (million gallons)	4,899	4,696	4,666	4,706	4,603	4,528	4,491	4,510	4,657	4,969
Therms of Natural Gas (million therms)	21	23	22	18	19	21	21	20	20	23



Source: GRU Annual Reports

City of Gainesville
Utility Rates
Last Ten Fiscal Years

		2009	2010	2011	2012
Electric:					
Residential Service - Standard					
Customer Charge	per month	\$ 7.60	\$ 8.45	\$ 8.45	\$ 8.67
Energy Charge ²	per kWh				
0-250 kWh		0.02600	0.02800	0.03200	0.03400
250-750 kWh		0.06600	0.06700	0.06800	0.06800
over 750 kWh		0.09800	0.10200	0.10200	0.10200
	Since 2015				
0-850 kWh					
over 850 kWh					
Residential Service - Peak Periods					
Customer Charge	per month	17.60	17.60	17.60	17.60
Energy Charge ²	per kWh				
On-Peak		0.13900	0.13900	0.13900	0.13900
Off-Peak		0.03500	0.03500	0.03500	0.03500
General Service Non-Demand & Demand < 50 kW					
Customer Charge	per month	16.00	25.50	26.00	26.00
Energy Charge ²	per kWh				
0-1500 kWh		0.06800	0.07000	0.08000	0.08000
over 1500 kWh		0.09500	0.10300	0.10800	0.10800
Business Partner Discount Rate		0%	0%	0%	0%
General Service Demand - 50kW > Demand < 1000 kW					
Customer Charge	per month	45.00	45.00	50.00	50.00
Demand Charge	per kW	9.20	9.25	9.25	9.25
Energy Charge ²	per kWh	0.03200	0.04200	0.05100	0.05100
Business Partner Discount Rate		0%	0%	0%	2%
Large Power Service - Demand > 1000 kW					
Customer Charge	per month	300.00	300.00	300.00	300.00
Demand Charge	per kW	9.20	9.25	9.25	9.25
Energy Charge ²	per kWh	0.03100	0.03900	0.04600	0.04600
Business Partner Discount Rate		0%	0%	0%	2%
Water:					
Residential Service					
Customer Charge ⁵	per month	7.00	7.30	7.75	8.65
Usage Charge ³	per kGal				
1,000 - 6,000		1.59	1.65	1.99	2.05
7,000 - 20,000		3.11	3.30	3.65	3.65
Over 21,000		5.50	6.00	6.00	6.00
Non-Residential Service					
Customer Charge ⁵	per month	7.00	7.30	7.75	8.65
Usage Charge	per kGal	3.11	3.30	3.40	3.65
Irrigation Service					
Customer Charge ^{4,5}	per month	4.86	7.30	7.75	8.65
Usage Charge	per kGal				
1,000 - 12,000		3.11	3.30	3.65	3.65
13,000 or more		5.50	6.00	6.00	6.00
Non-residential		n/a	4.35	4.40	4.40
University of Florida					
Customer Charge ⁵	per month	7.00	7.30	7.75	8.65
Usage Charge	per kGal				
On-Campus		1.54	1.92	1.67	2.17
Off-Campus		1.80	2.67	2.57	3.21
City of Alachua					
Customer Charge ⁵	per month	7.00	7.30	7.75	8.65
Usage Charge	per kGal	1.45	1.51	1.62	1.62
Fire Hydrant History of Monthly Charges					
Installed, Maintained, Supported					
Maintained, Supported					
Supported only (UF)					

City of Gainesville
Utility Rates
Last Ten Fiscal Years

		2013	2014	2015	2016	2017	2018
Electric:							
Residential Service - Standard							
Customer Charge	per month	\$ 8.67	\$ 11.90	\$ 12.75	\$ 14.25	\$ 14.25	\$ 14.25
Energy Charge ²	per kWh						
0-250 kWh		0.03400	0.03900	0.03100			
250-750 kWh		0.06800	0.05000	0.04200			
over 750 kWh		0.10200	0.09400	0.08400			
	Since 2015						
0-850 kWh					0.04300	0.04300	0.04400
over 850 kWh					0.06400	0.06400	0.06600
Residential Service - Peak Periods							
Customer Charge	per month	17.60	17.60	n/a	n/a	n/a	n/a
Energy Charge ²	per kWh						
On-Peak		0.13900	0.13900	n/a	n/a	n/a	n/a
Off-Peak		0.03500	0.03500	n/a	n/a	n/a	n/a
General Service Non-Demand & Demand < 50 kW							
Customer Charge	per month	26.00	30.00	29.50	29.50	29.50	29.50
Energy Charge ²	per kWh						
0-1500 kWh		0.08000	0.07600	0.06900	0.06900	0.06900	0.07000
over 1500 kWh		0.10800	0.10600	0.10000	0.10000	0.10000	0.10300
Business Partner Discount Rate		0%	0%	0%	0%	0%	0%
General Service Demand - 50kW > Demand < 1000 kW							
Customer Charge	per month	50.00	100.00	100.00	100.00	100.00	100.00
Demand Charge	per kW	9.25	9.25	8.50	8.50	8.50	8.50
Energy Charge ²	per kWh	0.05100	0.04500	0.04000	0.04000	0.04000	0.04120
Business Partner Discount Rate		2%	2%	0%	0%	0%	0%
Large Power Service - Demand > 1000 kW							
Customer Charge	per month	300.00	350.00	350.00	350.00	350.00	350.00
Demand Charge	per kW	9.25	9.25	8.50	8.50	8.50	8.50
Energy Charge ²	per kWh	0.04600	0.04050	0.03600	0.03600	0.03600	0.03700
Business Partner Discount Rate		2%	2%	0%	0%	0%	0%
Water:							
Residential Service							
Customer Charge ⁵	per month	8.70	9.00	9.20	9.20	9.45	9.45
Usage Charge ³	per kGal						
1,000 - 6,000		2.20	2.30	2.35	2.35	2.45	2.45
7,000 - 20,000		3.75	3.75	3.75	3.75	3.75	3.75
Over 21,000		6.00	6.00	6.00	6.00	6.00	6.00
Non-Residential Service							
Customer Charge ⁵	per month	8.70	9.00	9.20	9.20	9.45	9.45
Usage Charge	per kGal	3.75	3.80	3.85	3.85	3.85	3.85
Irrigation Service							
Customer Charge ^{4,5}	per month	8.70	9.00	9.20	9.20	9.45	9.45
Usage Charge	per kGal						
1,000 - 12,000		3.75	3.75	3.75	3.75	3.75	3.75
13,000 or more		6.00	6.00	6.00	6.00	6.00	6.00
Non-residential		4.45	4.50	4.55	4.60	4.60	4.60
University of Florida							
Customer Charge ⁵	per month	8.70	9.00	9.20	9.20	9.45	9.45
Usage Charge	per kGal						
On-Campus		2.16	2.18	2.22	2.30	2.84	2.29
Off-Campus		3.13	2.77	2.64	2.91	3.67	2.83
City of Alachua							
Customer Charge ⁵	per month	8.70	9.00	9.20	9.20	9.45	9.45
Usage Charge	per kGal	1.62	1.62	1.62	1.62	1.62	1.62
Fire Hydrant History of Monthly Charges							
Installed, Maintained, Supported							
Maintained, Supported							
Supported only (UF)							

City of Gainesville
Utility Rates
Last Ten Fiscal Years

	2009	2010	2011	2012
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(continued)

Wastewater:

Residential Service

Customer Charge	per month	6.00	6.00	6.50	7.40
Usage Charge	per kGal	4.94	5.07	5.29	5.50

Residential not connected, but required to be by ordinance

		23.22	31.35	32.95	34.90
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Residential, on wells, flat rate per month

		23.22	31.35	32.95	34.90
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Multi-family

Customer Charge	per month	6.00	6.00	6.50	7.40
Usage Charge- flat rate	per month	24.70	25.35	26.45	27.50

Non-Residential Service

Customer Charge ⁵	per month	6.00	6.00	6.50	7.40
Usage Charge	per kGal	4.94	5.07	5.29	5.50

Tacachale

Customer Charge	per month	5,259.69	n/a	n/a	n/a
Usage Charge	per kGal	1.44	n/a	n/a	n/a

University of Florida - Maguire Village

Customer Charge	per month	n/a	n/a	n/a	n/a
Usage Charge	per kGal	n/a	n/a	n/a	n/a

Natural Gas:

Residential Service

Customer Charge	per month	9.52	9.52	9.52	9.52
Energy Charge ¹	per therm	0.48300	0.48300	0.48300	0.48300
MGP	per therm	0.03700	0.03700	0.04340	0.05050

General Firm Service

Customer Charge	per month	\$ 30.00	\$ 30.00	\$ 35.00	\$ 35.00
Energy Charge ¹	per therm	\$ 0.30800	\$ 0.30800	\$ 0.34300	\$ 0.34300
MGP	per therm	\$ 0.03700	\$ 0.03700	\$ 0.04340	\$ 0.05050

Interruptible Service

Customer Charge	per month	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00
Energy Charge ²	per therm	\$ 0.28600	\$ 0.28600	\$ 0.31500	\$ 0.31500
MGP	per therm	\$ 0.03700	\$ 0.03700	\$ 0.04340	\$ 0.05050

Contract Interruptible Service

Customer Charge	per month	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00
Energy Charge ³	per therm	\$ 0.03700	\$ 0.03700	\$ 0.04340	\$ 0.05050
MGP	per therm	\$ 0.03700	\$ 0.03700	\$ 0.04340	\$ 0.05050

Large Volume Interruptible Service

Customer Charge	per month	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00
Energy Charge ²	per therm	\$ 0.14268	\$ 0.14268	\$ 0.15730	\$ 0.15730
MGP	per therm	\$ 0.03700	\$ 0.03700	\$ 0.04340	\$ 0.05050

Liquid Propane (LP) Service

Customer Charge	per month	\$ 9.52	\$ 9.52	\$ 9.52	\$ 9.52
Energy Charge ⁴	per gallon	\$ 0.64513	\$ 0.64513	\$ 0.64513	\$ 0.64513
3-yr recovery		\$ 0.59513	\$ 0.59513	\$ 0.59513	\$ 0.59513
5-yr recovery		\$ 0.57013	\$ 0.57013	\$ 0.57013	\$ 0.57013
7-yr recovery		\$ 0.52513	\$ 0.52513	\$ 0.52513	\$ 0.52513
> 7-yr recovery		\$ 0.52513	\$ 0.52513	\$ 0.52513	\$ 0.52513
Basic (no recovery)		n/a	n/a	n/a	n/a

Average Annual PGA per therm

Notes:

1 Includes \$0.06906 per therm of fuel

2 Includes 6.5 mills/kWh of fuel

3 Effective October 1, 2013; previously

2011-2012 0-7,000,7001-20,000;

Source: GRU Annual Reports

4 Effective October 1, 2013 previously 0-15,000, over 15,00

5 Effective October 1, 2015 monthly charge for 0.625"

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City of Gainesville
Utility Rates
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018
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(continued)

Wastewater:

Residential Service

Customer Charge	per month	7.40	7.85	8.40	9.00	9.10	9.10
Usage Charge	per kGal	5.80	5.85	6.05	6.20	6.30	6.30

Residential not connected, but required to be by ordinance 36.40 37.10 38.65 40.00 40.60 40.60

Residential, on wells, flat rate 36.40 37.10 38.65 40.00 40.60 40.60

Multi-family

Customer Charge	per month	7.40	7.85	8.40	9.00	9.10	9.10
Usage Charge- flat rate	per month	29.00	29.25	30.25	31.00	n/a	n/a

Non-Residential Service

Customer Charge ⁵	per month	7.40	7.85	8.40	9.00	9.10	9.10
Usage Charge	per kGal	5.80	5.85	6.05	6.20	6.30	6.30

Tacachale

Customer Charge	per month	n/a	n/a	n/a	n/a	n/a	n/a
Usage Charge	per kGal	n/a	n/a	n/a	n/a	n/a	n/a

University of Florida - Maguire Village

Customer Charge	per month	n/a	n/a	n/a	n/a	n/a	n/a
Usage Charge	per kGal	n/a	n/a	n/a	n/a	n/a	n/a

Natural Gas:

Residential Service

Customer Charge	per month	9.52	9.52	9.75	9.75	9.75	9.75
Energy Charge ¹	per therm	0.47370	0.48200	0.50200	0.54000	0.63000	0.63000
MGP	per therm	0.05050	0.05050	0.05660	0.05660	0.05560	0.05560

General Firm Service

Customer Charge	per month	\$ 35.00	\$ 40.00	\$ 40.00	\$ 45.00	\$ 45.00	\$ 45.00
Energy Charge ¹	per therm	\$ 0.34300	\$ 0.34300	\$ 0.36500	\$ 0.38000	\$ 0.44000	\$ 0.44000
MGP	per therm	\$ 0.05050	\$ 0.05000	\$ 0.05560	\$ 0.05560	\$ 0.05560	\$ 0.05560

Interruptible Service

Customer Charge	per month	\$ 375.00	n/a	n/a	n/a	n/a	n/a
Energy Charge ²	per therm	\$ 0.31500	n/a	n/a	n/a	n/a	n/a
MGP	per therm	\$ 0.05050	n/a	n/a	n/a	n/a	n/a

Contract Interruptible Service

Customer Charge	per month	n/a	n/a	n/a	n/a	n/a	n/a
Energy Charge ³	per therm	n/a	n/a	n/a	n/a	n/a	n/a
MGP	per therm	n/a	n/a	n/a	n/a	n/a	n/a

Large Volume Interruptible Service

Customer Charge	per month	\$ 375.00	\$ 375.00	\$ 375.00	\$ 400.00	\$ 400.00	\$ 400.00
Energy Charge ²	per therm	\$ 0.20394	\$ 0.20394	\$ 0.20500	\$ 0.23000	\$ 0.27000	\$ 0.27000
MGP	per therm	\$ 0.05050	\$ 0.05050	\$ 0.05560	\$ 0.05560	\$ 0.05560	\$ 0.05560

Liquid Propane (LP) Service

Customer Charge	per month	\$ 9.52	\$ 9.52	\$ 9.75	\$ 9.75	\$ 9.75	\$ 9.75
Energy Charge ⁴	per gallon	n/a	n/a	n/a	n/a	n/a	n/a
3-yr recovery		n/a	n/a	n/a	n/a	n/a	n/a
5-yr recovery		n/a	n/a	n/a	n/a	n/a	n/a
7-yr recovery		\$ 0.63846	\$ 0.64676	\$ 0.66676	\$ 0.70476	n/a	n/a
> 7-yr recovery		\$ 0.59346	\$ 0.60176	\$ 0.62176	\$ 0.65976	n/a	n/a
Basic (no recovery)		\$ 0.56346	\$ 0.57176	\$ 0.59176	\$ 0.62976	n/a	n/a

Average Annual PGA per therm

Notes:

1 Includes \$0.06906 per therm of fuel

2 Includes 6.5 mills/kWh of fuel

3 Effective October 1, 2013; previously

2011-2012 0-7,000,7001-20,000;

Source: GRU Annual Reports

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

	<u>2018</u>			<u>2008</u>		
	<u>Total Payments</u>	<u>Rank</u>	<u>Percentage of Total Utility Value</u>	<u>Total Payments</u>	<u>Rank</u>	<u>Percentage of Total Utility Value</u>
City of Gainesville	\$ 78,049,210	1	16.49%	\$ 4,366,918	2	1.31%
Alachua County School Board	5,845,064	2	1.23%	5,054,314	1	1.52%
Shands Teaching Hospital and Clinics	4,871,825	3	1.03%	1,903,940	8	0.57%
North FL Regional Medical Center	4,664,679	4	0.99%	3,026,018	5	0.91%
Publix	4,524,178	5	0.96%	3,428,944	3	1.03%
University of Florida	4,151,354	6	0.88%	1,968,194	7	0.59%
Alachua County Board of County Comm	2,682,495	7	0.57%	2,157,617	6	0.65%
Wal Mart Stores Inc	1,699,386	8	0.36%	-		n/a
SiVance LLC	1,576,487	9	0.33%	-		n/a
State of FL Dept. Of Children & Family Svc	1,566,734	10	0.33%	-		n/a
VA Medical Center	-		-	3,351,540	4	1.01%
Santa Fe Community College	-		-	1,662,912	9	0.50%
Metal Container Corp	-	-	n/a	1,627,782	10	0.49%
Total	\$ 109,631,412		23.16%	\$ 28,548,179		8.58%

Source: GRU Annual Reports

Debt Capacity

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

Presented by Governmental and Business-Type Activities

Year	Governmental Activities			Business-Type Activities			Total Primary Government	Total	
	Bonds	Notes	Lease	Bonds	Notes	Lease		% of Personal Income	Per Capita
2009	155,428,350	11,500,000	740,339	869,464,359	78,965,901	-	1,116,098,949	26.83%	8,865
2010	149,961,998	11,500,000	669,111	841,502,667	66,036,166	-	1,069,669,942	22.80%	8,090
2011	141,168,262	11,128,468	594,846	946,381,178	65,690,256	-	1,164,963,010	25.41%	9,365
2012	125,440,277	20,643,225	517,414	918,731,703	65,337,135	-	1,130,669,754	23.99%	9,125
2013	117,168,774	19,326,461	436,681	923,700,771	64,974,623	-	1,125,607,310	23.86%	9,049
2014	92,086,614	32,562,746	352,505	896,179,836	66,181,064	99,410,828	1,186,773,593	24.55%	9,444
2015	100,957,376	30,991,592	264,740	924,958,029	70,811,880	977,280,085	2,105,263,702	42.35%	16,453
2016	93,276,839	38,508,036	173,550	907,065,208	65,189,668	959,678,852	2,063,892,153	40.90%	16,047
2017	88,616,606	35,650,967	78,141	888,442,387	64,254,397	941,269,071	2,018,311,569	38.44%	15,547
2018	84,326,481	42,091,460	-	1,618,098,385	93,000,000	-	1,837,516,326	33.61%	13,727

Presented by City Government and Gainesville Regional Utilities (GRU)

Fiscal Year	City Government	Utility (GRU)	Primary Government	City Government		Utility (GRU)	
				% of Personal Income	Per Capita	% of Personal Income	Per Customer
2009	167,668,689	948,430,260	1,116,098,949	4.03%	1,332	10.85%	3,584
2010	162,131,109	907,538,833	1,069,669,942	3.46%	1,226	9.71%	3,446
2011	152,891,576	1,012,071,434	1,164,963,010	3.33%	1,229	10.43%	3,845
2012	146,600,916	984,068,838	1,130,669,754	3.11%	1,183	9.79%	3,724
2013	136,931,916	988,675,394	1,125,607,310	2.90%	1,101	9.79%	3,713
2014	125,001,865	1,061,771,728	1,186,773,593	2.59%	995	10.36%	3,984
2015	132,213,708	1,973,049,994	2,105,263,702	2.66%	1,033	18.83%	7,313
2016	131,958,425	1,931,933,728	2,063,892,153	2.62%	1,026	18.54%	7,273
2017	124,345,714	1,893,965,855	2,018,311,569	2.37%	958	16.95%	6,855
2018	126,417,941	1,711,098,385	1,837,516,326	2.31%	944	15.34%	6,266

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, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Alachua County:			
Gas Tax Bank Note	\$ 6,308,000	42.33%	\$ 2,669,977
Capital Improvement Revenue Note	6,300,000	42.33%	2,666,590
Public Improvement Revenue Note	40,771,000	42.33%	17,257,073
Local Option Gas Tax bank loan	1,337,000	42.33%	565,910
Local Option Gas Tax Revenue Note	2,640,000	42.33%	1,117,428
Capital Lease Payable	144,435	45.68%	65,978
Alachua County School Board District			
State Motor Vehicle License Tax Revenue Bonds	225,000	41.66%	93,726
Certificates of Participation	51,539,597	41.66%	<u>21,469,340</u>
Subtotal, Overlapping Debt			45,906,022
City of Gainesville Governmental Activities Direct Debt			<u>131,958,425</u>
			<u>\$ 177,864,447</u>
Total Direct and Overlapping Governmental Activities Debt			

Notes:

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

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

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

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

State Guaranteed Entitlement Revenue Bonds					Utilities System Revenue Bonds					
Fiscal Year	State Guaranteed Entitlement Revenue	Debt Service			Utilities Revenues (1)	Less: Operating Expenses (2)	Net Available Revenues	Debt Service		
		Principal	Interest	Coverage				Principal	Interest	Coverage
2009	1,100,340	670,000	370,713	1.0573	363,585,373	237,644,597	125,940,776	21,985,000	29,077,280	2.4664
2010	1,100,340	700,000	341,163	1.0568	376,339,759	234,351,801	141,987,958	35,045,000	27,123,819	2.2839
2011	1,100,340	735,000	309,362	1.0536	376,167,181	222,620,162	153,547,019	31,055,000	32,952,046	2.3989
2012	1,100,340	770,000	272,683	1.0553	356,680,648	207,130,769	149,549,879	31,900,000	31,855,940	2.3457
2013	1,100,340	810,000	234,813	1.0531	356,409,450	214,466,006	141,943,444	31,900,000	21,964,939	2.6352
2014	1,100,340	850,000	194,313	1.0536	412,169,722	255,797,502	156,372,220	26,845,000	23,392,328	3.1127
2015	1,100,340	890,000	151,813	1.0562	439,576,909	270,982,823	168,594,086	49,020,000	22,227,180	2.3663
2016	1,100,340	935,000	104,088	1.0589	453,177,915	280,634,777	172,543,138	16,805,000	21,544,385	4.4992
2017	1,100,340	1,000,000	55,000	1.0430	473,426,619	331,097,206	142,329,413	23,135,000	38,892,441	2.2946
2018	1,095,000	255,146	839,854	1.0000	409,003,588	293,014,320	115,989,268	24,020,000	46,618,627	1.6420

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.

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4,008,502
1299699

Demographic and Economic Information

City of Gainesville
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	(1) Median Age (Alachua County)	(3) Public School Enrollment (Alachua County)	(4) Unemployment Rate
2009	125,904	9,240,924,000	33,044	29.7	27,100	7.40%
2010	132,217	8,706,501,000	35,488	30.1	28,581	8.30%
2011	124,397	9,386,000,000	36,858	30.5	28,085	8.10%
2012	123,903	9,819,000,000	38,045	30.8	27,491	6.90%
2013	124,391	10,514,601,000	37,929	25.8	27,506	5.30%
2014	125,661	10,255,284,000	38,462	25.8	27,390	4.90%
2015	127,955	10,619,747,010	38,847	25.8	27,802	4.50%
2016	128,612	10,725,944,480	39,235	25.7	27,343	4.20%
2017	129,816	11,352,822,000	40,444	26.6	26,881	3.50%
2018	133,857	11,863,698,990	40,848	31.3	30,807	2.70%

Note:

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

Sources:

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

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

Employer	2018			2009		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Florida	28,118	1	21.01%	14,723	1	12.41%
UF Health	12,959	2	9.68%	12,588	2	10.61%
VA Medical Center	6,250	3	4.67%	4,317	3	3.64%
Alachua County School Board	3,943	4	2.95%	4,299	4	3.62%
City of Gainesville	2,120	5	1.58%	2,200	5	1.85%
North Florida Regional Medical Ctr.	2,098	6	1.57%	1,700	7	1.43%
Gator Dining Services	1,200	7	0.90%	625	10	0.53%
Nationwide Insurance	973	8	0.73%	1,300	8	1.10%
Alachua County	812	9	0.61%	1,120	9	0.94%
Publix Supermarkets	783	10	0.58%	2,056	6	n/a
Total	59,256		44.27%	44,928		36.14%

Source: Gainesville Area Chamber of Commerce

Note:

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

Operating Information

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Charter Offices:										
City Commission	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Clerk of the Commission	8.00	6.50	6.50	5.50	5.50	5.50	5.00	5.00	5.00	6.00
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	5.00	4.00	4.00	5.00	5.00	5.00	4.35	4.35	8.35	8.35
City Auditor's Office	5.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	5.50	5.50
City Attorney's Office	16.00	15.00	15.00	17.00	17.00	18.00	17.00	17.00	17.00	16.00
Equal Opportunity Office	6.00	6.00	6.00	6.00	6.00	7.00	7.00	9.00	8.00	8.00
General Government:										
Administrative Services	4.50	4.00	4.00	4.00	4.00	4.00	3.70	3.70	3.65	
Computer Services	17.00	19.00	17.00	-	-	-	-	-	-	5.00
Budget & Finance	47.00	36.00	37.00	37.00	37.00	37.00	37.00	36.50	38.50	40.50
Human Resources	19.00	15.00	15.00	16.00	16.00	17.00	16.00	16.00	25.00	25.00
Risk Management	15.00	15.00	15.00	16.00	16.00	16.50	16.50	16.50	16.50	16.50
Communications and Marketing	5.00	4.00	4.00	4.00	4.00	4.00	4.50	4.00	5.00	13.90
Public Safety:										
Police										
Officers	299.00	295.00	301.00	301.00	301.00	306.00	305.00	307.00	308.00	303.00
Civilians	87.00	80.00	80.00	80.00	80.00	85.00	83.00	86.00	89.00	94.00
Fire Rescue										
Officers	144.00	155.00	158.00	158.00	158.00	166.00	167.00	166.00	167.00	169.00
Civilians	9.00	10.00	7.00	7.00	7.00	8.00	7.00	8.00	7.00	10.00
Physical Environment:										
Codes Enforcement	19.00	16.00	16.00	16.08	16.08	16.02	16.02	16.30	16.30	16.70
Planning & Development Services	48.00	38.00	38.50	39.50	39.50	40.50	40.50	41.50	49.50	51.00
Community Development	-	-	-	-	-	-	-	-	-	-
Building Inspection	-	-	-	-	-	-	-	-	-	-
Public Works	164.75	160.38	161.87	163.38	163.38	162.38	157.38	158.75	159.00	164.00
Facilities Management	-	-	-	-	-	-	-	-	-	-
Transportation:										
Regional Transit System	236.00	238.00	262.50	272.50	269.50	289.50	289.50	296.50	298.50	304.25
General Services/Facilities Management	51.00	48.38	48.38	48.38	48.38	22.00	22.00	22.00	23.00	24.00
Fleet Management	-	-	-	-	-	25.38	25.38	25.00	26.00	26.00
Economic Environment:										
Housing	5.00	1.00	1.70	1.57	1.60	1.57	2.00	1.57	1.57	1.13
Community Development Block Grant	4.00	9.00	8.30	8.30	8.30	8.41	7.98	8.13	8.13	8.17
Community Redevelopment Agency	10.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Economic Development	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Culture & Recreation:										
Parks, Recreation and Cultural Affairs	102.00	80.50	80.50	78.50	78.50	79.50	77.00	83.25	89.25	88.13
Cultural Affairs	-	-	-	-	-	-	-	-	-	-
Recreation & Parks	-	-	-	-	-	-	-	-	-	-
General Manager for Utilities	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: City of Gainesville Budget Division, FTE Report

Notes: In 2014 the General Services Department was restructured into Facilities Management and Fleet Management.

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

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

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

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

Note:

¹ GASB Statement 44 was implemented in fiscal year 2005, in future years, additional years will be reported.

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

² In 2011 the Fire department adapted new reporting software for tracking operational indicators using the 90th percentile
The 90th percentile is the performance baseline that indicates that 90% of the performance occurs below the time stated in

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

	2014	2015	2016	2017	2018
Fire & EMS ³					
Total EMS incidents per 1,000 population served	143.92	147.66	147.79	143.43	145.70
Total Non-EMS incidents per 1,000 population served	17.19	17.84	28.34	26.37	24.18
Total arson incidents per 10,000 population served	1.84	1.02	1.02	0.77	1.16
90 th percentile Turnout Time for Fire Apparatus to EMS Incidents	1:34	1:21	1:15	1:20	1:21
90 th percentile Turnout Time for Fire Apparatus to Building Fires	1:41	1:34	1:31	1:32	1:31
90 th percentile Travel Time for Fire Apparatus to EMS Incidents	6:37	6:42	6:50	6:40	6:38
90 th percentile Travel Time for First Arriving Unit at Building Fires	6:24	5:59	5:26	5:21	5:22
Fleet					
Average age of police vehicles (months)	49	48	54	58	46
Average age of fire apparatus (months)	128	102	101	95	99
Hours billed as a percentage of hours available	78.0%	83.0%	86.0%	84.0%	85.0%
No. of work orders completed - police vehicles	1,243	1,159	1,246	1,179	1,195
No. of work orders completed - fire apparatus	190	213	217	236	214
Total vehicle and heavy equipment work orders	9,397	8,262	7,937	7,720	7,973
Highway and Road Maintenance					
Number of potholes repaired	6,094	4,609	1,358	1,279	2,835
% lane miles assessed as satisfactory or better	75.0%	74.0%	73.7%	73.7%	73.7%
Number of linear miles swept	14,337	13,894	13,894	3,473	14,042
Housing					
# of homes purchased or constructed	8	14	14	15	13
Number of properties rehabilitated	30	28	13	16	22
Number of families served through housing programs	210	175	164	263	203
Police					
Police 911 calls received	121,872	157,685	162,375	161,201	160,867
UCR Part I violent crimes reported per 1,000 pop	6.56	6.64	7.00	7.33	6.88
% of UCR Part I violent crimes cleared	63.83%	76.44%	66.89%	55.46%	65.66%
UCR Part I property crimes reported per 1,000 pop	37.70	34.88	38.51	36.81	36.97
% of UCR Part I property crimes cleared	31.07%	36.54%	32.63%	20.69%	29.23%
Injury-producing traffic accidents per 1,000 pop	6.77	14.23	7.63	8.07	9.23
Traffic fatalities per 1,000 population	0.08	0.11	0.12	0.12	0.11
Moving violation citations issued per 1,000 pop	198.72	159.43	117.31	179.89	153.75
DUI arrests per 1,000 population	2.38	2.37	1.40	1.76	1.83
Purchasing					
Dollar amount of purchasing card expenditures	\$ 4,139,136	\$ 4,159,386	\$ 4,491,334	\$ 4,364,407	\$ 4,308,507
Number of purchasing card transactions	14,586	15,888	17,341	16,227	16,011
Average number of days for a formal bid process	45	45	45	45	45
Refuse & Recycling					
Avg # accounts served per on-route hour	139	136	134	101	126
Tons of refuse collected & disposed	20,522	20,827	20,679	20,688	20,679
Tons yard waste collected & composted ²	9,079	9,127	9,886	8,612	9,176
Tons recycling materials collected	5,043	4,809	4,833	4,964	4,912
Complaints per 1,000 accounts	119	120	156	156	138
Utility					
Residential customers - Electric	83,117	83,796	84,069	85,229	86,952
Commercial & industrial - Electric	10,602	10,677	10,726	11,043	11,220
Customers - Natural Gas	33,780	34,152	34,496	34,942	35,389
Customers - Water	70,300	70,903	71,546	72,136	73,043
Customers - Wastewater	63,501	64,121	64,781	65,591	66,483

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

Note:

¹ GASB Statement 44 was implemented in fiscal year 2005, in future years, additional years will be reported.

¹ As of 2008 the yard trash situation has changed; it all still gets reused, but much of it becomes boiler fuel instead of being composted now.

It depends on the markets for composted materials vs. boiler fuel.

² In 2011 the Fire department adapted new reporting software for tracking operational indicators using the 90th percentile

The 90th percentile is the performance baseline that indicates that 90% of the performance occurs below the time stated in

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire & EMS										
Total number of fire apparatus	13	13	14	14	14	14	15	17	21	21
Average age of fire apparatus (in months)	92	106	107	79	120	128	102	101	95	95
Average annual mileage per fire apparatus	8,998	13,912	8,345	8,561	8,244	7,819	7,521	7,306	7,053	7,106
Number of fire stations	7	7	8	8	8	8	8	9	9	9
Fleet										
Light vehicles:										
Number	347	339	616	574	670	877	1,330	1,330	1,314	1,314
Number using alternative fuel	4	4	40	52	136	172	216	301	309	309
Average age (in months)	67	78	73	73	79	86	103	96	106	106
Medium-duty vehicles:										
Number	79	82	68	120	122	127	180	172	178	176
Average age (in months)	91	68	72	91	98	101	103	112	121	116
Heavy-duty vehicles:										
Number	128	107	90	96	46	47	48	58	46	46
Average age (in months)	103	89	103	78	72	88	99	95	112	112
Heavy equipment:										
Number	22	13	14	18	75	90	18	17	23	20
Average age (in months)	132	67	126	121	172	130	149	145	138	136
Highway and Road Maintenance										
Total paved lane miles maintained	764	773	773	777	857	778	789	789	789	789
Number of traffic signals (LEDs)	7,994	8,042	8,279	8,279	8,279	8,279	8,279	8,279	8,279	8,279
Parks and Recreation										
Park acres per 1,000 population	18.90	20.28	21.56	21.64	21.55	21.34	27.64	27.06	26.81	26.81
Total park acres	2,379	2,681	2,681	2,681	2,681	2,681	3,471	3,481	3,481	3,481
Recreation/community centers	8	8	8	8	8	8	8	8	8	8
Athletic fields	35	35	35	36	36	24	24	24	24	24
Play structures	112	98	98	98	98	96	96	96	96	96
Tennis courts	23	23	23	23	23	23	23	23	23	23
Basketball courts	23	23	23	23	23	23	23	23	23	23
Swimming pools	3	3	3	3	3	3	3	3	3	3
Miles of bike, walking, and hiking trails	31.4	37.4	49.8	50.9	50.9	51.0	52.4	52.4	31.4	31.4
Police										
Number of police vehicles - marked	268	210	227	232	222	239	238	250	265	265
Average age of police vehicles (in months)	44	50	46	49	53	49	48	54	58	58
Average annual mileage per police vehicle	5,311	8,472	9,087	10,783	9,180	9,411	8,396	7,764	7,070	7,268
Regional Transit System										
Number of buses	105	105	106	116	123	123	128	128	131	131
Number of buses using alternative fuel	2	3	-	-	-	-	-	-	-	-
Average age of buses (in months)	108	82	88	77	89	98	107	106	130	123
Electricity										
Combined system net capability (megawatts)	611	611	616	610	532	523	525	521	525	525
Distribution - overhead (circuit miles)	580	575	575	568	567	564	562	560	558	558
Distribution - underground (circuit miles)	832	838	849	846	850	852	857	866	871	871
Distribution substations	10	11	11	11	11	11	11	11		
Natural Gas										
Distribution mains (miles)	739	742	747	752	758	766	774	781	789	789
Delivery points	6	6	5	5	6	6	6	6	6	6
Water										
FDEP permitted treatment capacity (mgd)	54	54	54	54	54	54	54	54	54	54
Storage capacity (million gallons)	19.5	19.5	19.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5
Consumptive Use Permit (mgd)	29.4	29.9	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Distribution mains (miles)	1,102	1,106	1,115	1,128	1,130	1,139	1,141	1,141	1,169	1,169
Supply wells	16	16	16	16	16	16	16	16	16	16
Wastewater										
Gravity mains (miles)	608	612	618	629	630	631	633	636	661	661
Force mains (miles)	137	137	139	139	139	139	140	142	153	153
Lift stations	164	164	164	165	165	165	167	168	170	170
Treatment capacity (million gallons per day)	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4
GRUCom										
Fiber optic cable (miles)	341	351	389	420	449	438	473	513	528	528
Maximum bandwidth (2.5 gigabits/second)*10gbs	OC-48	OC-192	OC-192	OC-192	OC-192*	OC-192*	OC-192*	OC-192*	OC-192*	OC-192*
On-net locations	463	454	524	503	523	555	577	625	752	752

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

Note:
GASB Statement 44 was implemented in fiscal year 2005, in future years, additional years will be reported, cumulating in a ten year presentation.

SINGLE AUDIT SECTION

**INDEPENDENT ACCOUNTANTS' 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, 2018. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018.

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.

Purvis, Gray and Company, LLP

June 17, 2019
Gainesville, Florida

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

**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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 17, 2019. Our report includes a reference to other auditors who audited the financial statements of the Utility, 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-01, 2018-02, and 2018-03 that we consider to be material weaknesses.

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Honorable Mayor and City Commissioners
City of Gainesville, Florida

**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*
(Concluded)**

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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

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

Purpose of this Report

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.



June 17, 2019
Gainesville, Florida

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2018

Federal Grantor/Program Title	Federal CFDA NUMBER	Contract/Grant No.	Expenditures	Program Total	Cluster Total	Federal Amount Provided to Subrecipients
U.S. Department of Interior						
Historic Preservation Fund Grants-In-Aid	15.904	18.h.sm.200.056	\$ 36,870			
U.S. Department of Agriculture						
Tree Inventory Data Collection & Improvements	10.664	991-365	1,190			
Department of Homeland Security						
2011 State Homeland Security Grant Program	97.067	12-DS-20-13-00-16-501	25			
Hazmat Sustainment	97.067	EMW-2016-SS-092-S01/17-DS-	1,333			
Homeland Security Grant for Hazmat	97.067	18-DS-X1-03-11-01-290	16,060	\$ 17,418		
Executive Office of the President-Office of National Drug Policy						
Passed Through St. Johns County Sheriff Office:						
North Florida HIDTA-Highway Interdiction	95.001	G15/16NF0001A	11,881			
North Florida HIDTA-Cadet Initiative-via Alachua County Sheriff Office	95.001	G17NF0001A	16,653	28,534		
U.S. Department of Housing & Urban Development						
Community Development Block Grant-Entitlement Program	14.218	B-14-17/MC-12-0007	1,381,159			187,057
HOME Investment Partnership Grant	14.239	M-11-17/MC-12-0206	613,826			117,655
U.S. Department of Justice						
Federal Equitable Sharing Proceeds	16.922	N/A	340,703			
2015 HERO Child Rescue-Enhancing Forensic Capacity	16.543	2015-MC-FX-K011	54,826			
2015 Internet Crimes Against Children	16.543	2015-MC-FX-K025	300,504	355,330		
OVW FY 15 Grants To Encourage Arrests Policies and Enforcement of Protection Orders	16.590	2015-WE-AX-0033	115,964			111,340
Edward Byrne Memorial Justice Assistance -FY15	16.738	2015-DJ-BX-1035	18,765			18,765
Edward Byrne Memorial Justice Assistance -FY16	16.738	2016-DJ-BX-1078	22,424			
Passed Through Florida Department of Law Enforcement:						
FY-17 Robbery, Burglary & Retail Fraud Details	16.738	2017-JAGC-ALAC-10-F9-213	10,523			
FY-17 BOLD	16.738	2017-JAGC-ALAC-9-F9-204	300			
FY-17 Problem Oriented Policing	16.738	2017-JAGC-ALAC-11-F9-194	42			
2014 Problem Oriented Police Grant (POP)	16.738	2014-JAGC-ALAC-7-D7-088	1,496			
Drug/Firearms K-9 Awareness Program	16.738	2015-JAGC-ALAC-4-R3-113	200	53,750		

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2018
(Continued)

Federal Grantor/Program Title	Federal CFDA NUMBER	Contract/Grant No.	Expenditures	Program Total	Cluster Total	Federal Amount Provided to Subrecipients
U.S. Department of Justice (Concluded)						
US Marshalls Regional Fugitive Task Force	16.XXX	MOU	\$ 4,138			
DEA OT Reimbursement	16.XXX	MOU	40,104			
US Marshalls Regional Fugitive Task Force	16.XXX	MOU	10,720			
FBI Cost Reimbursement Agreement OT	16.XXX	MOU	1,407	\$ 56,369		
U.S. Department of Transportation						
FY12 State of Good Repair	20.500	FL-04-0175	38,222			
FY13 Urbanized Area Formula Grant	20.507	FL-90-X824	23,468			
FY13 Urbanized Area Formula Grant - Revised Apportionment	20.507	FL-2018-032-00	10,464			
FY14 Urbanized Area Formula Grant	20.507	FL-90-X851	8,307			
FY15 Urbanized Area Formula Grant	20.507	FL-90-X889	366,381			
FY15 Surface Transportation	20.507	FL-95-X104	243,844			
FY16 Urbanized Area Formula Grant	20.507	FL-2016-026	1,482,595			
FY16 Surface Transportation	20.507	FL-2017-008	4,047,384			
FY17 Urbanized Area Formula Grant	20.507	FL-2017-1084	1,070,265			
FY18 Urbanized Area Formula Grant	20.507	FL-2018-094	3,600,000	10,852,708		
FY18 Small Urbanized Area	20.526	FL-2018-016-00	259,662			
FY2016 Sec. 5339 Small Urbanized Ares Capital Assistance	20.526	FL-2018-016-00	270,444	530,106		
Total Federal Transit Cluster					11,421,036	
Passed Through Florida Department of Transportation						
FY18/19 - Route 23	20.509	G0WQ4/427250-1-84-18	39,073			
Non-Urbanized Alachua County	20.509	GOK53	394,171	433,244		
NOGA Sec. 5310- ADA Capital Assistance	20.513	435210-8-93-04	103,200			
FY 15/16 Sec. 5310- Operating Assistance	20.513	G0861	54,000	157,200		
GPD Occupant Protection Enforcement Program	20.616	G0Q46/M2HVE-18-20-04	7,719			
City of Gainesville Safe Gator Program	20.616	G0P46/M5HVE-18-06-04	7,650			
City of Gainesville Safe Gator Program	20.616	ARN60/M5HVE-15-06-05	238	15,607		
Passed Through Florida Department Transportation:						
2017 Motorcycle/Scooter Safety and Education Program	20.600	MC-17-10-07	5			
City of Gainesville Motorcycle/Scooter Safety and Education Program	20.600	G0P28/MC-18-10-06	17,088	17,093		
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	381,482			
LAP-PD&E Norton Elementary Trail	20.205	435559-1-38-02/ G0M82	262,012			
LAP-PD&E NW 19th Ln. Bike Lane and Sidewalks	20.205	437333-1-38-02/ G0J57	345			
NE 18th Ave - Metcalfe Sidewalk	20.205	439495-1-38.01	31			
LAP-PD&E SW Williston Rd to SW 35th Place	20.205	433989-1-38-02/ G0J43	3,758	647,628		
Total Expenditures of Federal Awards			<u>\$ 15,692,921</u>			

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2018
(Concluded)

<u>State Grantor/Program Title</u>	<u>State CSFA NUMBER</u>	<u>Contract/Grant No.</u>	<u>Expenditures</u>	<u>Program Total</u>
Florida Housing Finance Corporation				
SHIP 2015/2016	40.901	N/A	\$ 714	
SHIP 2016/2017	40.901	N/A	537,985	
SHIP 2017/2018	40.901	N/A	76,536	\$ 615,235
Department of Environmental Protection				
Depot Park Stormwater Monitoring	37.039	S0826	77,752	
Department of Economic Opportunity				
Visit Florida	40.04	N/A	768	
Department of Highway Safety and Motor Vehicles				
Florida Arts License Plate Project	76.041	N/A	19,302	
Department of State				
Division of Cultural Affairs General Program Support	45.061	18.C.PS.500.195	45,412	
Division of Cultural Affairs General Program Support	45.061	19.C.PS.500.405	1,875	47,287
Executive Office of the Governor				
SDEM Residential Construction Mitigation Program	31.066	18HL-AG-03-11-02-375/HLMP2018-027	64,726	
Department of Transportation				
FY16/17 vRide	55.007	G0D10	117,655	
CIGP for SW 40th Blvd	55.008	434594-1-54-01	98,567	
FY 17/18 Block Grant	55.010	G0P16/411757-1-84-18	1,871,517	
FY15/16 Bus Stop Amenities	55.012	G0635/437362-1-94-16	42,167	
FY16/17 Route 62 Yr. 3	55.012	G0H53	17,452	
FY16/17 - Bus Stop Amenities	55.012	G0H54/439975-1-84-17	30,000	
FY16/17 Route 27 Yr.3	55.012	ARN04/435123-1-84-17	19,918	
FY15-FY18 Route 37 Yr. 2 & 3	55.012	G0636/437363-1-84-17/8	179,362	
FY15/16 Route 40 Yr.2,Yr.3	55.012	G0637/437364-1-84-17/8	77,905	
FY17/18 Enhanced Operating- Route 300, Yr. 2	55.012	G0H56/439980-1-84-18	18,375	
FY16/17 Holiday Bus Service	55.012	G0H55/439977-1-84-18	41,600	
FY16/17 Enhanced Operating- Route 39 Yr.3	55.012	G0J50	26,994	
FY17/18 Autonomous Bus	55.012	G0270/43307-6-1-84-01	10,757	
FY17/18 - Route 33	55.012	G0R44/441702-1-84-18	334,656	799,186
Transportation Regional Incentive Program	55.026	423306-1-58-01 & 423306-3-58-01	137,445	
Total Expenditures of State Awards			\$ 3,849,440	

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
CITY OF GAINESVILLE, FLORIDA**

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Gainesville, Florida and is presented in accordance with the requirements of 2CFR Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards; and the Florida Single Audit Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The schedule is prepared using the modified accrual basis of accounting.

Note 2 - Sub Recipients

The City provided federal awards to sub recipients as follows:

	<u>Federal CFDA</u>	
Community Development Block Grant – Entitlement Program	14.218	\$ 187,057
Sub Recipients:		
Alachua Habitat for Humanity, Inc.		
Black on Black Crime Task Force		
Central Florida Community Action Agency, Inc.		
Child Advocacy Center, Inc.		
Elder Care of Alachua County, Inc.		
Family Promise of Gainesville, Florida		
Gardenia Garden, Inc.		
Girl Scouts of Gateway Council, Inc.		
Girls Place, Inc.		
Helping Hands Clinic, Inc.		
Meridian Behavioral Healthcare, Inc.		
Neighborhood Housing & Development Corp.		
St. Francis House, Inc.		
Three Rivers Legal Services, Inc.		
Transitional Living of North Central Florida		
HOME Investment Partnership Grant	14.239	\$ 117,655
Sub Recipients:		
Alachua Habitat for Humanity, Inc.		
Neighborhood Housing & Development Corp.		
Rebuilding Together North Central Florida		
OVW FY 15 Grant	16.590	\$ 111,340
Sub Recipients:		
Alachua County Board of County Commissioners		
Black on Black Crime Task Force		
FY15 JAG Grant	16.738	\$ 18,765
Sub Recipients:		
Alachua County Sheriff’s Office		

Note 3 - Indirect Costs

The City has not elected to use the 10% de minimis cost rate as covered in the 200.414 indirect (F&A) costs.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and City Commissioners
City of Gainesville, Florida

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

We have audited the City of Gainesville, Florida's (the City) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services' State Projects *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2018. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements of Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Certified Public Accountants

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Honorable Mayor and City Commissioners
City of Gainesville, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

(Continued)

Opinion on Each Major Federal Program and Each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and each of its major state projects for the year ended September 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Honorable Mayor and City Commissioners
City of Gainesville, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
(Concluded)**

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated June 17, 2019, which contained unmodified opinions on those financial statements. Our report on the basic financial statements included a reference to the report of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance, Chapter 69I-5, *Rules of the Florida Department of Financial Services*, 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.

Purvis, Gray and Company, LLP

June 17, 2019
Gainesville, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
CITY OF GAINESVILLE, FLORIDA**

Part I – Summary of Auditors’ Results

- 1) The auditors’ report on the basic financial statements contained unmodified opinions.
- 2) The audit disclosed significant deficiencies and material weaknesses in internal control over financial reporting.
- 3) No instances of non-compliance 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 auditors’ report on compliance for the major federal programs and major state projects was unmodified.
- 6) The audit did not disclose findings relative to the major federal programs and major state projects.
- 7) The City's major programs/projects were:

<u>Federal Programs</u>	<u>CFDA No.</u>
Federal Transit Cluster	20.500, 20.507, 20.526
Community Development Block Grants	14.218
<u>State Projects</u>	<u>CSFA No.</u>
Public Transit Block Grant Program	55.010
State Housing Initiatives Partnership Program	40.901

- 8) A threshold of \$750,000 was used to distinguish between Type A and Type B programs for federal programs and \$300,000 was used for state projects.
- 9) The City qualified as a low-risk auditee as that term is defined in the Uniform Guidance.

Part II – Financial Statement Findings

2018-01 Bank Reconciliations

Condition: During the year, bank reconciliations were not completed on a timely basis and included unreconciled differences. Additionally, we noted that certain transactions, such as credit card receipts, are not reconciled monthly, but rather unreconciled differences are carried forward and adjusted each month by the monthly net activity of those transactions, so discrepancies may exist that are not identified and investigated.

Criteria: Timely and accurate bank reconciliations are a key component of internal control over multiple financial reporting processes, including cash receipting, cash disbursements, and payroll functions, as one of the means of detecting potential errors or irregularities.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
CITY OF GAINESVILLE, FLORIDA
(Continued)**

Part II – Financial Statement Findings (Continued)

2018-01 Bank Reconciliations (Concluded)

Effect of Condition: Lack of timely and accurate bank reconciliations could result in errors or irregularities not being detected in a timely basis.

Recommendation: We recommend the City implement procedures to ensure that all bank accounts are reconciled within the following month, and that any identified discrepancies be properly investigated and corrected.

2018-02 Financial Close and Reporting

Condition: During our audit we identified several accounts which were materially misstated, including revenue and accounts receivable, expenditures/expenses and accounts payable, capital assets, and equity. Additionally, we assisted accounting staff with other material adjustments and reconciliations, including entries related to net pension liability, net OPEB liability, and various government-wide accrual adjustments.

Criteria: Proper internal control over financial reporting should be designed to allow management or employees to prevent, or detect and correct, material misstatements on a timely basis. Auditors are prohibited from acting as a segment of the City's internal control over financial reporting.

Cause of Condition: Several account balances were not reconciled to subsidiary ledgers during the year or at year-end in preparation for the audit. The finance department has experienced significant turnover resulting in limited staff availability to perform the necessary reconciliations and a significant loss of institutional knowledge.

Effect of Condition: If the errors corrected by audit adjustments had not been detected during our audit, which is designed only to provide reasonable assurance the financial statements are fairly presented, the City's financial statements may have been materially misstated. The lack of reconciliations and loss of institutional knowledge also resulted in significant delays to the audit.

Recommendation: We recommend the City review the sufficiency of its current staffing within the finance department to ensure complete, accurate and timely financial information is available. In addition, we recommend that financial close and reporting processes be documented and periodically reviewed to ensure consistency in the implementation of those processes.

2018-03 Capital Outlay Reconciliation

Condition: During the audit we noted that funds expended for capital outlay exceeded the additions to capital assets by approximately \$8 million. After review, management identified approximately \$6 million of additional assets that should have been capitalized.

Criteria: Proper internal control over financial reporting should be designed to allow management or employees to prevent, or detect and correct, material misstatements on a timely basis. Auditors are prohibited from acting as a segment of the City's internal control over financial reporting.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
CITY OF GAINESVILLE, FLORIDA
(Concluded)**

Part II – Financial Statement Findings (Concluded)

2018-03 Capital Outlay Reconciliation (Concluded)

Effect of Condition: Certain capital projects were not capitalized, resulting in a material error identified during the audit process.

Recommendation: We recommend the City review and document its processes over capital assets to determine what changes should be made to prevent errors in the future. Those processes should include maintaining an accurate and complete capital assets sub-ledger, reviewing projects in process to determine when they should be placed in service and depreciated, and reconciling capital outlay accounts to capital asset additions.

Part III – Findings and Questioned Costs – Federal Programs and State Projects

None reported

MANAGEMENT LETTER

Honorable Mayor and City Commissioners
City of Gainesville, Florida

Report on the Financial Statements

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, 2018, and have issued our report thereon dated June 17, 2019. 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.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 17, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is included in Note 1 to the financial statements.

Certified Public Accountants

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MANAGEMENT LETTER
(Continued)

Financial Condition and Management

Sections 10.554(1)(i).5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i).5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i).2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendations:

■ **2018-04 Segregation of Duties**

Effective internal controls over financial reporting require that the functions of authorizing transactions, custody of assets and recording of transactions be separated in order to provide reasonable assurance that assets are adequately safeguarded and transactions are properly authorized, executed and recorded in accordance with the assertions of management. During the year we noted the following financial reporting processes that lacked adequate segregation of incompatible duties:

- *Payroll*—Members of the payroll division are able to make corrections to an employees' time as may be necessary to ensure payroll is processed timely and accurately. However, there was no process in place to review changes made by members of the payroll division, making it possible for them to adjust their own time.
- *Payroll*—Departmental timekeepers enter employee time into the remote time entry system. A secondary review and approval of each batch is performed to ensure no timekeeper is able to approve his or her own time. However, during the year, there were no controls in place to prevent timekeepers from changing pay rates in the system within their department.
- *Journal Entries*—The City's internal control process over journal entry reporting properly includes a secondary review of journal entries before they are posted into the system. However, we noted that the system itself does not prevent one person from posting a journal entry, and there is no review of the entries posted to ensure that all were properly approved. We recommend the City implement procedures to either limit the ability of one person to post a journal entry without secondary review, or that all entries posted in the system be reviewed periodically to ensure all were properly reviewed.

We noted several mitigating controls exist. However, detection controls are not as effective as preventive controls. We recommend that the City review its processes and separate incompatible duties when possible.

Honorable Mayor and City Commissioners
City of Gainesville, Florida

MANAGEMENT LETTER
(Concluded)

Financial Condition and Management (Concluded)

■ **2018-05 Database Documentation**

In working with IT and from our discussions with the internal audit personnel, it appears that there is a lack of documentation of the current ERP databases and various data elements (data field attributes) used by the ERP application modules. Documentation should describe the purpose of each of the databases and the relationship between the database components. At the field level, documentation should, at a minimum describe the purpose of the field, its attributes and acceptable field values, where and how the field is updated, and how the field supports critical calculations. Furthermore, the above information will be important if in the future the City migrates to a new ERP implementation, as the migration will need to ensure that the correct data from the old ERP application implementation correctly matches to the new ERP implementation.

Special District Component Units

10.554(1)(i).5.a. and 10.556(7), *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unity of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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.



June 17, 2019
Gainesville, Florida

June 18, 2019

Purvis, Gray and Company, LLP
222 NE 1st Street
Gainesville, FL 32601

Re: City of Gainesville Fiscal Year 2018 Audit Findings

Dear Auditors,

Please find below written statement of explanation and corrective actions related to your findings as a result of your audit.

2018-01 Bank Reconciliations: Management is aware of this issue due to unexpected turnover of multiple positions in accounting during the second half of FY2018. We continue to work on staffing the vacancies and are reviewing the need for additional staff. Additionally, we will be implementing processes for timely reconciliation of bank statements to remedy this issue.

2018-02 Financial Close and Reporting: Management is aware of this issue due to unexpected turnover of multiple positions in accounting during the second half of FY2018. We continue to work on staffing the vacancies and are reviewing the need for additional staff. Additionally, we will be implementing processes for timely reconciliation of all funds and additional review to ensure proper controls are adhered to. Along with the updated work processes, staffing and assignments, revised business processes will be included in the implementation of WorkDay, the new financial system that will add an additional layer of system controls as well.

2018-03 Capital Outlay Reconciliation: Management is aware of this issue and new business processes are being written and applicable training will be given to new employees as our vacancies are filled. These business process will be applied through the implementation of WorkDay as well.

2018-04 Segregation of Duties: Management is aware of these issues. Specific to payroll, due to the inability to add these security levels within the current financial system, this issue will be corrected with the implementation of WorkDay. Regarding the finding related to journal entries, the WorkDay system will not allow for an employee to post a journal entry without approval of a reviewer so this issue will be resolved upon implementation. In the interim, a process will be put in place that states all journal entries must be reviewed by another accountant or the accounting manager before being posted, and a periodic review will be completed to ensure entries are property reviewed.

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Management began a process review and improvement project, which includes the Internal Control Manager, to identify areas of concern and opportunities for improvement. Management has also added a Finance Operations Manager to oversee Billing and Collections and Accounts Payable/Payroll areas to fully implement appropriate internal controls through collaboration with the Internal Control Manager and the Accounting Manager. When Accounting is fully staffed, an Accountant will be assigned to work with the Finance Operations Manager to ensure proper posting and reconciliations are being done on a timely basis.

2018-05 Database Documentation: Management is aware of the lack of documentation with the current ERP. In preparation for the implementation of a new ERP, all business processes underwent analysis and flowcharting, which does identify the current databases and their relationships; however, with the transition to WorkDay, many of these ancillary databases will no longer be used, and WorkDay documentation will be developed and maintained up-to-date.

Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,



Diane Wilson
Interim Finance Director